

THE WESTERN AUSTRALIAN OPERA COMPANY INCORPORATED

Financial Report

for the year ended 31 December 2022

Directors' Report

Your Directors submit the financial report of The Western Australian Opera Company Incorporated for the year ended 31 December 2022.

1. Directors during the financial year and until the date of this report:

Mr Andrew Pascoe (Chairman)
Ms Catherine Ferrari (Deputy Chair)
Ms Janet Barnes
Ms Alison Gaines – appointed 20 April 2022
Mr Anthony Gianotti
Mr Christiaan Heyning
Mr Darren Lewsen
Dr Ingrid O'Brien
Ms Jan Stewart

2. Principal Activities

The principal activity of The Western Australian Opera Company Incorporated is the presentation of opera.

3. Significant Changes

COVID-19 caused the cancellation of Carmen in February 2022 and affected production costs during the year, in addition to returning box office sales to patrons who had purchased tickets.

COVID19 funding of \$126,910 was received from the state government's Getting the Show Back on the Road program to support payment of artist contracts.

4. Operating Result

The operating deficit from ordinary activities for the financial year was \$29,472 (2021: surplus of \$631,773).

5. Auditor's Independence Declaration

The auditor's independence declaration under section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 is included in this Annual Report and forms part of the Directors' Report of The Western Australian Opera Company Inc for the year ended 31 December 2022.

Signed in accordance with a Resolution of the Board.



Andrew Pascoe (Chairman)



Catherine Ferrari (Deputy Chair)

Dated 13 April 2023

Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2022

	NOTES	2022 \$	2021 \$
Revenue	2	1,425,666	1,462,051
Other income	2	5,323,514	6,230,975
Employee expenses		(3,392,468)	(3,228,284)
Depreciation	8	(90,584)	(71,958)
Other expenses			
Production sets, costumes and sound		(672,754)	(885,595)
Theatre rental and associated costs		(695,881)	(871,428)
Other costs of production		(441,447)	(296,177)
Finance costs		(5,090)	(4,936)
Administration expenditure		(473,472)	(408,881)
Marketing and promotion expenditure		(1,006,956)	(1,144,135)
Opera Conference contribution		-	(149,859)
Net (deficit) / surplus attributable to the Association		(29,472)	631,773
Other comprehensive income			
Decrease in investment revaluation reserve		(85,824)	(661,484)
Total comprehensive loss for the year		(115,296)	(29,711)

The accompanying notes form part of these financial statements

Statement of Financial Position as at 31 December 2022

	NOTES	2022 \$	2021 \$
CURRENT ASSETS			
Cash and cash equivalents	3	1,710,481	5,769,946
Deposits	4	100,000	-
Trade and other receivables	6	366,365	284,886
Other current assets	7	119,494	93,625
TOTAL CURRENT ASSETS		2,296,340	6,148,457
NON-CURRENT ASSETS			
Restricted cash deposits	5	-	650,000
Property, plant and equipment	8	122,970	251,917
Financial assets at fair value through other comprehensive income	9	7,824,524	3,341,518
TOTAL NON-CURRENT ASSETS		7,947,493	4,243,435
TOTAL ASSETS		10,243,833	10,391,892
CURRENT LIABILITIES			
Trade and other payables	10	1,391,909	1,381,286
Short-term provisions	11	122,984	110,397
Lease liability	12	42,298	47,565
TOTAL CURRENT LIABILITIES		1,557,191	1,539,248
NON-CURRENT LIABILITIES			
Long-term provisions	11	45,413	47,624
Lease liability	12	27,030	75,525
TOTAL NON-CURRENT LIABILITIES		72,443	123,149
TOTAL LIABILITIES		1,629,634	1,662,397
NET ASSETS		8,614,199	8,729,495
EQUITY			
Retained profits		3,866,507	3,895,979
Reserves	13	4,747,692	4,833,516
TOTAL EQUITY		8,614,199	8,729,495

The accompanying notes form part of these financial statements

Statement of Changes in Equity for the year ended 31 December 2022

	Retained Profits \$	Restricted Funds Reserve \$ (Note 13)	Unrestricted Funds Reserve \$ (Note 13)	Investment Revaluation Reserve \$ (Note 13)	Total \$
Balance at 1 January 2021	3,264,206	650,000	1,475,000	3,370,000	8,759,206
Net surplus attributable to the Association	631,773	-	-	-	631,773
Increase in investment revaluation reserve	-	-	-	(661,484)	(661,484)
Balance at 31 December 2021	<u>3,895,979</u>	<u>650,000</u>	<u>1,475,000</u>	<u>2,708,516</u>	<u>8,729,495</u>
Balance at 1 January 2022	3,895,979	650,000	1,475,000	2,708,516	8,729,495
Net deficit attributable to the Association	(29,472)	-	-	-	(29,472)
Decrease in investment revaluation reserve	-	-	-	(85,824)	(85,824)
Balance at 31 December 2022	<u>3,866,507</u>	<u>650,000</u>	<u>1,475,000</u>	<u>2,622,692</u>	<u>8,614,199</u>

The accompanying notes form part of these financial statements

Statement of Cash Flows for the year ended 31 December 2022

	NOTES	2022 \$	2021 \$
Cash flows from operating activities			
Donations and sponsorship received		716,732	1,359,164
Grants received		3,280,595	4,601,955
Government Covid-19 relief		126,910	263,633
Dividends and investment income received		598,344	723,735
Interest received		28,811	44,588
Receipts in the course of operations		1,424,203	1,447,121
Payments to suppliers and employees		(6,180,832)	(6,798,327)
Net cash (used in) / provided by operating activities	16(b)	<u>(5,237)</u>	<u>1,641,869</u>
Cash flows from investing activities			
Payments for plant and equipment		(9,624)	(9,337)
Payments for managed investments		(4,568,829)	(340,706)
Investments in term deposits		-	4,175,000
Net cash (used in) / provided by investing activities		<u>(4,578,453)</u>	<u>3,824,957</u>
Cash flows from financing activities			
Lease principal payments		(25,775)	(48,784)
Net cash used in financing activities		<u>(25,775)</u>	<u>(48,784)</u>
Net (decrease) / increase in cash held		(4,609,465)	5,418,042
Cash at beginning of the financial year		6,419,946	1,001,904
Cash at the end of the financial year	16(a)	<u>1,810,481</u>	<u>6,419,946</u>

The accompanying notes form part of these financial statements

Notes to the financial statements for the year ended 31 December 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The Financial Report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the Associations Incorporation Act (WA) 2015.

The financial report covers The Western Australian Opera Company Incorporated as an individual entity. The Western Australian Opera Company Incorporated is an Association incorporated in Western Australia under the Associations Incorporation Act (WA) 2015.

The Western Australian Opera Company Incorporated is a not-for-profit entity. The principal activity of the Association during the financial year was the presentation of opera.

The financial report is presented in Australian dollars, which is the Association's functional currency.

The financial report is prepared on an accruals basis and is based on historical costs. It does not take into account changing money values, or, except where stated, current valuations of non-current assets. Cost is based on the fair values of consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

b) New accounting standards and interpretations

Certain new Accounting Standards and Interpretations have been published that are not mandatory for 31 December 2022 reporting periods. None of the standards set out below are expected to have a material impact on the Association and the Association has elected not to early adopt any of these standards:

- AASB 2020-1 Amendments to Australian Accounting Standards: Classification of Liabilities as Current or Non-Current – application date 1 January 2024
- AASB 2021-2 Disclosure of Accounting Policies and Definition of Accounting Estimates – application date 1 January 2023
- AASB 2021-6 Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards – application date 1 January 2023
- AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards – application date 1 January 2023

The following is a summary of the material accounting policies adopted by the Association in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Notes to the financial statements for the year ended 31 December 2022

c) **Property, plant and equipment**

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation.

The carrying amount of plant and equipment is reviewed annually by the Association to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal.

Depreciation

The depreciable amounts of all property, plant and equipment are depreciated on a straight-line basis over the useful lives of the assets to the Association, commencing from the time the assets are held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of property, plant and equipment	Depreciation Rate
Office equipment, furniture & fittings	20%
Pianos	10%
Music library	10%
Production equipment	33.3%
Right-of-use asset (office and car park lease)	33.3%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

d) **Employee benefits**

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to settle within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employees, departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Notes to the financial statements for the year ended 31 December 2022

e) **Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short term highly liquid investments with maturities of three months or less.

f) **Revenue**

The Association generates revenue from performance income, sponsorships, donations, government grants and investment income, including dividends from FMG shares and other investments.

The Association recognises revenue when it transfers control over a good or a service to a customer in an amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services.

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Government grants are initially recognised in the balance sheet as a liability when the grant is received. When the grant relates to an expense item it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Revenue from donations is recognised on receipt.

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

g) **Goods and services tax**

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 Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from or payable to, the ATO is included as a current asset or liability in the Balance Sheet.

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

h) **Income tax**

The Association is deemed a non-profit organisation for income tax purposes and has tax exempt status under Section 50-45 9.2 of the Income Tax Assessment Act 1997.

Notes to the financial statements for the year ended 31 December 2022

i) Financial instruments

AASB 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. The Association applied AASB 9 from 1 January 2018.

Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Association becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value, plus for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

Financial assets are not reclassified from their initial recognition unless the Association changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

On initial recognition of an equity investment that is not held for trading, the Association may irrevocably elect to present subsequent changes in the investment's fair value through other comprehensive income (FVOCI). This election is made on an investment by investment basis.

All assets not classified as measured at amortised cost or FVOCI, are measured at FVTPL.

Financial assets

Financial assets at amortised cost are measured using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at FVOCI are measured at fair value with gains and losses being recognised in other comprehensive income.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Interest expense and any gain or loss on derecognition is also recognised in profit or loss.

Notes to the financial statements for the year ended 31 December 2022

i) **Financial instruments (cont.)**

Derecognition

Financial assets

The Association derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Association neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Association enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Association derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Association also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

j) **Leases**

The Association recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to restore the underlying asset or the site on which it is located less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease.

The Association presents right-of-use assets in 'property, plant and equipment'.

The Association has elected not to recognise right-of-use assets and lease liabilities for leases of low value assets and short-term leases. The Association recognises the lease payments associated with these leases as an expense over the lease term.

k) **Economic dependency**

The Western Australian Opera Company Incorporated is economically dependent on government funding and corporate sponsorship for the majority of its revenue. At the date of this report the Board of Directors have no reason to believe these parties will not continue to support the Association.

Notes to the financial statements for the year ended 31 December 2022

	2022	2021
	\$	\$
2 REVENUE, OTHER INCOME AND EXPENSES		
(a) Revenue		
Performance income	1,395,975	1,430,400
Interest received	28,811	30,706
Members' subscriptions	880	945
Total Revenue	<u>1,425,666</u>	<u>1,462,051</u>
(b) Other income		
Department of Local Government, Sport & Cultural Industries - base grant	2,034,138	1,984,138
Department of Local Government, Sport & Cultural Industries - additional grants	165,000	233,000
Australia Council	512,793	507,716
Other government grants and sponsorship	493,000	512,833
Private and corporate support	1,432,506	1,990,972
Government Covid-19 Relief	126,910	192,712
Dividends and investment income received	549,531	800,715
Sundry income	9,636	8,889
Total Other income	<u>5,323,514</u>	<u>6,230,975</u>
Total Revenue and other income	<u>6,749,180</u>	<u>7,693,026</u>
(c) Expenses		
Audit fees in kind	44,000	40,000

Notes to the financial statements for the year ended 31 December 2022

	2022 \$	2021 \$
3 CASH AND CASH EQUIVALENTS		
Cash at bank, on at-call deposits and on hand	1,710,481	5,769,946
4 DEPOSITS		
Deposits with a maturity of 3 months or less	100,000	-
5 RESTRICTED CASH DEPOSIT		
Restricted cash deposit	-	650,000

Access to this cash is restricted under terms of the \$500,000 Bendat Family Foundation Deed of Gift and \$150,000 Bel Canto Fund. During 2022, these funds were transferred to the managed investment portfolio. Refer Notes 9 and 13 for more details.

6 TRADE AND OTHER RECEIVABLES

Trade debtors	50,050	39,550
Sponsorship and grants receivable	119,072	11,000
Franking credit receivables	86,103	141,347
GST receivables	85,398	88,977
Accrued investment income	7,742	-
Other receivables	18,000	4,012
	<u>366,365</u>	<u>284,886</u>

These amounts are non-interest-bearing receivables.

7 OTHER CURRENT ASSETS

Prepayments	119,494	93,625
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Notes to the financial statements for the year ended 31 December 2022

	2022	2021
	\$	\$
8 PROPERTY, PLANT AND EQUIPMENT		
Office furniture and equipment – at cost	141,269	133,595
Less accumulated depreciation	(103,235)	(79,927)
	<u>38,034</u>	<u>53,668</u>
Pianos – at cost	141,920	161,920
Less accumulated depreciation	(116,274)	(97,863)
	<u>25,646</u>	<u>64,057</u>
Music library – at cost	1,257	1,257
Less accumulated depreciation	(1,257)	(1,257)
	<u>-</u>	<u>-</u>
Production equipment – at cost	60,013	64,105
Less accumulated depreciation	(57,077)	(51,823)
	<u>2,936</u>	<u>12,282</u>
Right-of-use asset (office and car park lease) – at cost	118,306	146,293
Less accumulated depreciation	(61,952)	(24,383)
	<u>56,354</u>	<u>121,910</u>
	<u>122,970</u>	<u>251,917</u>

Notes to the financial statements for the year ended 31 December 2022

8 PROPERTY, PLANT AND EQUIPMENT (cont.)

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

2022	Office Furniture & Equipment	Pianos	Production Equipment	Right-of- use Asset	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2022	53,668	64,057	12,282	121,910	251,917
Additions	7,674	-	1,950	-	9,624
Adjustment – rent reduction	-	-	-	(27,987)	(27,987)
Depreciation	(23,308)	(18,411)	(11,296)	(37,569)	(90,584)
Disposals	-	(20,000)	-	-	(20,000)
Carrying amount at 31 December 2022	38,034	25,646	2,936	56,354	122,970

2021	Office Furniture & Equipment	Pianos	Production Equipment	Right-of- use Asset	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2021	59,617	69,348	18,423	23,582	170,970
Additions	9,337	-	-	146,700	156,037
Depreciation	(12,154)	(5,291)	(6,141)	(48,372)	(71,958)
Disposals	(3,132)	-	-	-	(3,132)
Carrying amount at 31 December 2021	53,668	64,057	12,282	121,910	251,917

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022	2021
	\$	\$
Listed shares - FMG	3,205,877	3,002,677
Managed investment portfolio	3,968,647	338,841
Managed investment portfolio – restricted	650,000	-
	<u>7,824,524</u>	<u>3,341,518</u>

The Association placed funds in a managed investment portfolio in 2021. During 2022, further funds including restricted cash representing the Bendat Family Foundation Deed of Gift and Bel Canto Fund was transferred to this investment portfolio. Refer to Note 13 for more details.

In 2011 the Association acquired an investment in ASX-listed shares of Fortescue Metals Group (FMG) by donation.

The fair value of the shares and managed investments is determined by reference to published market price quotations on the ASX.

Notes to the financial statements for the year ended 31 December 2022

	2022 \$	2021 \$
10 TRADE AND OTHER PAYABLES		
Trade creditors	104,680	44,661
Other payables	107,847	50,113
Accruals	27,698	35,604
Loan from UWA	-	20,000
Income received in advance	1,151,684	1,230,908
	<u>1,391,909</u>	<u>1,381,286</u>

The loan from UWA was based on an agreed value of a piano loaned to the Association from the University of Western Australia. The piano was returned during 2022.

11 PROVISIONS

Current

Annual leave	44,456	47,121
Long service leave	78,528	63,276
	<u>122,984</u>	<u>110,397</u>

Non-current

Long service leave	45,413	47,624
	<u>45,413</u>	<u>47,624</u>

Total provisions	<u>168,397</u>	<u>158,021</u>
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	Annual Leave \$	Long Service Leave \$	Total \$
Opening balance at 1 January 2022	47,121	110,900	158,021
Additional provisions raised during the year	76,485	13,041	89,526
Amounts used	(79,150)	-	(79,150)
Balance at 31 December 2022	<u>44,456</u>	<u>123,941</u>	<u>168,397</u>
Opening balance at 1 January 2021	63,482	99,817	163,299
Additional provisions raised during the year	80,586	11,083	91,669
Amounts used	(96,947)	-	(96,947)
Balance at 31 December 2021	<u>47,121</u>	<u>110,900</u>	<u>158,021</u>

A provision has been recognised for employee entitlements relating to annual and long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been included in Note 1.

The current provision for long service leave represents the value of employee entitlements expected to be paid within the next year.

Notes to the financial statements for the year ended 31 December 2022

12 LEASES

The Association has a lease agreement for business premises for a 3-year term from 1 July 2021.

	2022	2021
	\$	\$
Lease liabilities		
Balance at start of year	123,090	25,174
Additions	-	146,700
Rent adjustments	(27,987)	-
Payments	(25,775)	(48,784)
Carrying amount at end of year	<u>69,328</u>	<u>123,090</u>
Current	42,298	47,565
Non-current	<u>27,030</u>	<u>75,525</u>
	<u>69,328</u>	<u>123,090</u>
Lease expenses in profit or loss		
Depreciation expense of right-of-use assets	37,569	48,372
Interest expense on lease liabilities	5,090	4,936
Total amount recognised in profit or loss	<u>42,659</u>	<u>53,308</u>
Future minimum lease payments		
Less than 12 months	45,765	53,720
Between 12 months and five years	<u>28,381</u>	<u>80,580</u>
	<u>74,146</u>	<u>134,300</u>

Refer to Note 8 for information about the right-of-use asset associated with the lease.

Notes to the financial statements for the year ended 31 December 2022

13 RESERVES

Restricted Funds Reserves:

Bendat Family Foundation Deed of Gift

This \$500,000 (2021: \$500,000) reserve is for the purpose of establishing the Bendat Scholarship Fund and the Bendat Scholarship Fund No.2 to assist the Western Australian Opera Company to fund scholarships awarded to talented young artists. These funds are to be held, with income earned on the funds to be used to fund scholarships.

Bel Canto Fund Reserve

This \$150,000 (2021: \$150,000) reserve was established for the purpose of providing interest earnings to assist the Western Australian Opera Company to develop and nurture talented local artists. These funds are to be held, with income earned on the funds to be used to assist local artists.

Unrestricted Funds Reserves:

Reserve Incentive Scheme Agreement

This \$300,000 reserve (2021: \$300,000) was established with contributions received from the Australia Council through the Major Performing Arts Board (\$100,000), Department of Local Government, Sport & Cultural Industries (\$100,000) and the transfer from the Association's retained profits (\$100,000).

Production Loss Reserve

This \$500,000 (2021: \$500,000) reserve has been established to provide against costs incurred should a production or a number of performances of a production be cancelled due to the unavoidable unavailability of artists or other essential personnel.

Capacity Building Reserve

This \$675,000 (2021: \$675,000) reserve has been established to provide against additional development costs incurred in the presentation of additional production seasons in future years.

Other Reserves:

Investment Revaluation Reserve

This \$2,622,692 reserve (2021: \$2,708,515) is used to record increases and decreases in the fair value of financial assets through other comprehensive income.

14 FORWARD PLANNING COMMITMENTS

At 31 December 2022 the Association had committed to financial commitments totalling \$842,672 (2021: \$835,349) for principal artists and creative and production teams for *Carmen* in February 2023, *Into the Woods* in March 2023, *Oratorio* in April 2023, *Otello* in July 2023, *Koolbardi wer Wardong* in August 2023, and *La bohème* in October 2022. The majority of these planned expenditures are dependent on the productions taking place.

Notes to the financial statements for the year ended 31 December 2022

15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Association's principal instruments are cash, short term deposits from grants and donations received, accounts receivable and accounts payable.

Risk Exposures and Responses:

(a) Interest rate risk

The Association's exposure to interest rate risk arises from assets and liabilities bearing variable interest rates.

At balance date, the Association had the following financial assets and liabilities exposed to variable interest rate risk:

	2022	2021
	\$	\$
Financial Assets		
Cash and cash equivalents	1,405,350	6,226,294
Total	<u>1,405,350</u>	<u>6,226,294</u>

The Association does not enter into any form of hedging instruments to mitigate this risk.

At 31 December 2022, if there was a 1% movement in interest rates and all other variables were held constant, there would have been a \$14,054 impact on profit and equity (2021: \$62,263).

(b) Credit risk

The Association's maximum exposures to credit risk in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Balance Sheet. There are no long outstanding trade receivables.

(c) Foreign exchange risk

The Association is not exposed to fluctuations in foreign currencies.

(d) Liquidity risk

The Association manages liquidity risk by monitoring forecast cash flows.

(e) Price risk

The Association is not exposed to any material price risk.

(f) Fair values

The carrying amount of the Association's financial assets and financial liabilities approximate their fair value.

Notes to the financial statements for the year ended 31 December 2022

16 CASH FLOW INFORMATION

a) Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash at bank and short-term deposits at call, including cash held for investment by an advisor but which can be immediately recalled. Cash as at the end of the financial year is as follows for the purposes of the Statement of Cash Flows:

	NOTE	2022 \$	2021 \$
Cash at bank, on at-call deposits and on hand	3	1,710,481	5,769,946
Deposits – maturity of 3 months or less	4	100,000	-
Restricted cash deposits	5	-	650,000
		<u>1,810,481</u>	<u>6,419,946</u>

b) Reconciliation of Cash Flows from Operations with Surplus / (Deficit) from Ordinary Activities

(Deficit) / surplus from ordinary activities	(29,472)	631,773
Adjustments for non-cash income and expense items:		
Depreciation	90,584	71,958
Loss on sale of fixed assets	-	3,132
Change in assets and liabilities during the financial year:		
Increase in trade and other receivables	(81,479)	(56,539)
(Increase) / decrease in other current assets	(25,869)	15,249
Increase in trade and other payables	30,623	981,574
Increase / (decrease) in provisions	10,376	(5,278)
Net cash (used in) / provided by operating activities	<u>(5,237)</u>	<u>1,641,869</u>

The Association has no credit stand-by or financing facilities in place.

Notes to the financial statements for the year ended 31 December 2022

17 SEGMENT REPORTING

For management purposes, the Association is organised into one main operating segment, which involves productions. All of the Association's activities are interrelated, and discrete financial information is reported to the Board (the chief operating decision makers) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Association as one segment. The financial results from this segment are equivalent to the financial statements of the Association as a whole.

18 EVENTS SUBSEQUENT TO BALANCE DATE

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Association's operations, the results of those operations, or the Association's state of affairs in future financial years.

The directors are satisfied that the Association will continue operating as a going concern.

19 RELATED PARTY TRANSACTIONS

Directors perform their duties on an honorary basis. No related party transactions occurred during the financial year.

20 AUDITOR'S REMUNERATION

The auditor of The Western Australian Opera Company is KPMG. The audit by KPMG is a donation in-kind.

	2022	2021
	\$	\$
Value of donation in-kind	44,000	40,000

21 COMPANY DETAILS

The principal place of business of the Association is:

Level 3, His Majesty's Theatre
825 Hay Street
PERTH WA 6000

Statement by Directors

In the opinion of the Board the accompanying accounts as set out on pages 2 to 20:

- (a) Represent a true and fair view of the financial position of The Western Australian Opera Company Incorporated as at 31 December 2022 and its performance for the year ended on that date in accordance with the Associations Incorporation Act (WA) 2015 and Australian Accounting Standards (including the Australian Accounting Interpretations) and the Australian Charities and Not-for-profits Commission Act 2012.
- (b) At the date of this statement, there are reasonable grounds to believe that The Western Australian Opera Company Incorporated will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Board and is signed for and on behalf of the Board by:



Andrew Pascoe (Chairman)



Catherine Ferrari (Deputy Chair)

Dated 13 April 2023



Independent Auditor's Report

To the members of The Western Australian Opera Company Incorporated

Opinion

We have audited the **Financial Report**, of The Western Australian Opera Company Incorporated (the registered Association).

In our opinion the accompanying Financial Report of the registered Association is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, and the *Associations Incorporation Act 2015* including:

- Giving a true and fair view of the registered Association's financial position as at 31 December 2022, and of its financial performance and its cash flows for the year ended on that date; and
- Complying with *Australian Accounting Standards* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The **Financial Report** comprises:

- Statement of financial position as at 31 December 2022;
- 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 including a summary of significant accounting policies; and
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 registered Association in accordance with the auditor independence requirements of the *ACNC Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.



Other Information

Other Information is financial and non-financial information in The Western Australian Opera Company Incorporated's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and the ACNC;
- Preparing the Financial Report in accordance with the Associations Incorporations Act 2015;
- Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- Assessing the registered Association's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the registered Association or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 *Australian Auditing Standards*, we exercise professional judgement 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 registered Association'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 registered Association'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 registered Association to cease to continue as a going concern; and
- 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.

We communicate with the Directors of the registered Association 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.

KPMG

Graham Hogg

Partner

Perth

13 April 2023



Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To the Directors of The Western Australian Opera Company Incorporated

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2022 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.

KPMG

GL + 177

KPMG

Graham Hogg
Partner
Perth
13 April 2023