



OPERA QUEENSLAND LIMITED
ACN 010 258 750

FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The Directors present their report together with the financial report of Opera Queensland Ltd ("the Company") for the year ended 31 December 2015 and the auditor's report thereon.

Directors

The Directors of the Company at any time during or since the end of the financial year are:

Robert Hubbard

BA (Hons), FCA
Chairman since April 2012
Treasurer, April 2006 to April 2012
Member, Audit and Risk Committee
Director since April 2006

Kim Challenor

BComm, BA, CA
Treasurer since June 2012
Chair, Audit and Risk Committee
Director since June 2012

Lady Jane Edwards, AM

ONM(Fr), BA, FAICD, FAIM
Director since 1992

Colin Furnival

PhD, FRCS, FRACS, GAICD
Chair, Opera Queensland Foundation
Member, Nominations Committee
Director since December 2009

Ieuan Hyde

BA
Director since June 2013

David Janetzki

BEcon, LLB (Hons), A.Mus.A (piano)
Member, Audit and Risk Committee
Director since September 2014

Sally Pitkin

LL.B, LL.M, PhD, FAICD
Chair, Nominations Committee
Director since April 2012

David Siddle

BA (Hons), PhD, FASSA
Member, Audit and Risk Committee
Director since September 2014

Nancy Underhill

BA, M.Phil., PhD
Director since August 1999
(Retired 1 April 2015)

Directors' meetings

The number of Directors' meetings and number of meetings attended by each of the Directors of the Company during the financial year were:

	Directors Meetings		Audit & Risk Committee	
	Attended	Held*	Attended	Held*
K Challenor	7	8	7	7
J Edwards	6	8		
C Furnival	7	8		
R Hubbard	7	8	4	7
I Hyde	6	8		
D Janetzki	6	8	6	7
S Pitkin	6	8		
D Siddle	7	8	6	7
N Underhill	1	1		

* Reflects the number of meetings held during the time the Director held office during the year.

Our vision

A boundless landscape of opera experiences.

Our mission

To reflect, celebrate and enrich life in our communities.

Our five core goals

- Connection to the world
- Connection to our communities
- Excellence, Leadership and Innovation
- Powerful Brand and Reputation
- Sustainability and Financial Strength

Our strategy

To respond to the continually evolving demands of audiences and the artform in order to stay relevant to the communities we serve.

To develop a new business model characterised by a flexible cost structure and collaborative partnerships.

To develop a diverse portfolio of bold, high-quality opera and music theatre experiences for a broader, more engaged audience.

To increase our relevance to the community, increasing non-government revenues and developing a reputation for artistic independence and adventure.

To connect the artistic program to our broader community and business aspiration through three equally valued activity streams:

- metropolitan Brisbane
- regional Queensland
- education and community engagement

Principal activities

The principal activities of the Company in 2015 were:

- The presentation of a season of two main stage operas, Verdi's *La traviata*, and Leonard Bernstein's *Candide*, at the Queensland Performing Arts Centre (QPAC).
- The creation and presentation of the small touring production *The Adventures of Figaro*, based on Rossini's *The Barber of Seville*, to 14 regional Queensland communities.
- The production of *Opera at Jimbour*, in collaboration with Queensland Music Festival: a presentation Strauss' *Die Fledermaus*, to an audience of over 7,500 at Jimbour Station, 240km from Brisbane CBD.
- The presentation of the primary schools touring production *Fizz!*, based on Donizetti's *Elixir of Love*, to 11,133 primary school students in metropolitan and regional Queensland.
- In-schools programs and residencies, and community workshops attended by 513 participants.
- Audience development and fundraising events and initiatives.

The difference in income and expenditure between 2015 and 2014 reflects the cyclical nature of the Company's annual program of activities, particularly in relation to the difference in scale of regional touring activity from year to year. A more detailed review of the operations of the Company during the financial year is contained in Chairman's Message and Artistic Director's Message in the Annual Report.

The result of the Company for the year was a surplus of \$420,037 (2014 deficit of \$60,005).

The Company is exempt from income tax.

National Opera Review

The National Opera Review was announced by the Australian Government in July 2014 with an original reporting date of 30 June 2015. Its focus was on the artistic vibrancy, engagement with audiences and the financial performance of the four opera companies funded by the Government in association with the relevant State Government funding agencies.

The final recommendations of the Review are still awaited; now nearly 12 months behind schedule, the Company is eager for its finalisation, so as to redirect the efforts of Management to longer term strategic direction.

Opera Queensland supported the creation of the Review and has engaged fully with the needs of its fact-based analytical approach. The company responded in detail to the Review's Discussion Paper issued in September 2015, clarifying certain points of factual error and misrepresentation and provided our strong views as to the sustainability and longer term opportunities available for Opera Queensland.

We await the completion of the Review in the hope it will provide support to the opera companies to address the challenges they face and ensure that our audiences can continue to enjoy opera of the highest quality and the companies can operate in a financially sustainable way.

Performance measure

The Company measures performance through agreed outcomes and performance indicators established in collaboration with the Queensland and Federal Governments. These performance indicators and measures are directly aligned to the achievement of our five core goals through the

actions and activities as articulated in our *Strategic Plan 2012-2017*. Performances measures and benchmarks are reviewed, and new measures set on an annual basis.

Members guarantee

The Company is limited by guarantee and does not have share capital. The liability of its members is limited to \$50 for each member and the total amount liable for 2015 is \$3,950.

Events subsequent to balance date

On 13 April 2016, a new Tripartite Funding Agreement for 2016 to 2017 was signed acknowledging that the Company's change and transformation process as anticipated in 2012 to 2014 Tripartite Funding Agreement is still underway and expected to continue during the term of the new Agreement. Arts Queensland has agreed to provide forward payments if necessary for each year of this agreement. Forward payments may be subject to Queensland Treasury approval and depend on the final outcomes of the National Opera Review and its impact on the delivery of opera in Queensland.

Apart from the matter referred to above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the results of the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

Lead auditor's independence declaration

The Lead Auditor's independence declaration is set out on page 6 and forms part of the directors' report for financial year 2015.

Signed in accordance with a resolution of the Directors:



Robert Hubbard
Chairman
Brisbane, 21 April 2016

DIRECTORS' DECLARATION

In the opinion of the Directors of Opera Queensland Ltd ("the Company"):

- (a) The financial statements and notes set out on pages 7 to 24 are in accordance with the Australian Charities and Not-for-profits Commission 2012, including:
 - (i) giving a true and fair view of the financial position of the Company as at 31 December 2015 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Australian Charities and Not-for-profits Commission 2012; and
- (b) 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 report is made in accordance with a resolution of the directors.



Robert Hubbard
Chairman
Brisbane, 21 April 2016



**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 Opera Queensland Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2015 there have been:

- 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
- no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

A handwritten signature in blue ink, appearing to read 'Tracey Barker'.

Tracey Barker
Partner

Brisbane
21 April 2016

OPERA QUEENSLAND LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 \$	2014 \$
INCOME			
Event Income		1,142,214	1,939,688
Sponsorships & Donations	8	486,236	955,139
Other Income		266,179	152,147
Government Income			
Queensland government			
Operational grant		2,492,001	2,447,938
Project funding		213,983	399,954
Arts Leverage Fund		157,229	-
Other grants		100,000	100,000
Opera Conference funding	6	53,515	52,569
Federal government			
Operational grant		416,249	407,289
Project funding		39,791	-
Opera Conference funding	6	223,879	219,060
Local government		40,000	40,000
TOTAL INCOME		<u>5,631,275</u>	<u>6,713,784</u>
 EXPENDITURE			
Production & Touring		3,241,432	4,534,178
Community Programs & Education		167,650	230,647
Marketing & Business Development		740,204	811,371
Infrastructure & Administration		1,061,952	1,197,593
TOTAL EXPENDITURE		<u>5,211,239</u>	<u>6,773,789</u>
 Net surplus/(deficit)		420,037	(60,005)
 Other comprehensive income attributable to members of the company		-	-
 TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS OF THE COMPANY		<u>420,037</u>	<u>(60,005)</u>

The Statement of Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements set out on pages 11 to 24.

OPERA QUEENSLAND LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
	\$	\$
Total accumulated funds at 1 January	(94,873)	(34,868)
Total surplus/(deficit) for the year	420,037	(60,005)
Other comprehensive income	-	-
Total accumulated funds attributable to members at 31 December	325,164	(94,873)

The Statement of Changes In Equity is to be read in conjunction with the Notes to the Financial Statements set out on pages 11 to 24.

OPERA QUEENSLAND LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2015

	Notes	2015	2014
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	9	76,831	701,055
Term deposit		400,000	-
Trade receivables and other assets	10	359,012	309,108
Total Current Assets		<u>835,843</u>	<u>1,010,163</u>
NON-CURRENT ASSETS			
Property, plant and equipment	11	697,121	725,558
Total Non-Current Assets		<u>697,121</u>	<u>725,558</u>
TOTAL ASSETS		<u>1,532,964</u>	<u>1,735,721</u>
CURRENT LIABILITIES			
Trade and other payables	12	89,936	117,489
Employee benefits	13	205,693	199,411
Other	14	912,171	1,502,985
Total Current Liabilities		<u>1,207,800</u>	<u>1,819,885</u>
NON-CURRENT LIABILITIES			
Employee benefits	13	-	10,709
Total Non-Current Liabilities		<u>-</u>	<u>10,709</u>
TOTAL LIABILITIES		<u>1,207,800</u>	<u>1,830,594</u>
NET ASSETS	16	<u>325,164</u>	<u>(94,873)</u>
<i>Represented by:</i>			
ACCUMULATED FUNDS			
Subordinated loan	15	200,000	200,000
Accumulated surplus/(deficit)		125,164	(294,873)
TOTAL ACCUMULATED FUNDS		<u>325,164</u>	<u>(94,873)</u>

The Balance Sheet is to be read in conjunction with the Notes to the Financial Statements set out on pages 11 to 24.

OPERA QUEENSLAND LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 \$	2014 \$
Cash flow from operating activities			
Cash receipts from customers and grantors		4,836,680	6,657,208
Cash paid to suppliers and employees		(5,075,774)	(6,580,818)
Interest Received		14,870	16,957
Net cash from operating activities	18	<u>(224,224)</u>	<u>93,347</u>
Cash flow from investing activities			
Acquisition of term deposit		(400,000)	-
Acquisition of plant and equipment		-	(4,029)
Net cash from investing activities		<u>(400,000)</u>	<u>(4,029)</u>
Net increase/(decrease) in cash & cash equivalents		(624,224)	89,318
Cash and cash equivalents at 1st January		701,055	611,737
Cash and cash equivalents at 31st December	9	<u>76,831</u>	<u>701,055</u>

The Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements set out on pages 11 to 24.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

1. Reporting entity

Opera Queensland Ltd (the “Company”) is a not-for-profit company limited by guarantee and incorporated under the Australian Charities and Not-for-profit Commission. The company is domiciled in Australia and its registered offices are at 140 Grey Street South Bank Queensland.

The principal activities of the Company are to reflect, celebrate and enrich life in our communities through opera experiences.

The financial report was authorised for issue by the directors on 20 April 2016.

2. Basis of preparation

(a) Statement of compliance

The finance report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board and the Corporations Act 2001.

A statement of compliance with International Financial Reporting Standards cannot be made due to the Company applying the not-for-profit sector specific requirements contained in Australian Accounting Standards.

(b) Basis of preparation

The financial report is presented in Australian dollars and prepared on the historical cost basis.

There are no estimates or assumptions that have a significant risk of causing a material adjustments to the financial report.

The accounting policies below have been applied consistently to all periods presented in the financial report.

(c) Going concern

The Company made a surplus of \$420,037, returning net assets to a positive position of \$325,164. The Company’s Tripartite Funding Agreement with the Queensland and Federal Governments (the Funding Agencies) allowed the Company to draw from its 2016 guaranteed funding from Arts Queensland to meet its 2015 cash flow requirements.

The Funding Agencies have agreed that they will continue to fund the Company’s operations in 2016 and 2017 subject to the Company meeting its funding and reporting obligations under the special conditions in the Tripartite Funding Agreement for 2016-2017. The Company

continues to be subject to the Fair Notice Protocols of the Agreement as set out in Clause 6.1. The terms of the Tripartite Funding Agreement are set out in Note 22.

As disclosed in Note 19, the Company has access to \$300,000 by way of an overdraft facility. Forecasts of cash flows have been prepared for the 12 month period from the date the Directors have approved this financial report which support the Directors' view that the Company will be able to pay its debts as and when they fall due in this period. The forecasts include the Company drawing a partial instalment from Arts Queensland in 2016 from the four instalments available in 2017.

Having regard to the above the Directors are of the opinion that it is appropriate to prepare the financial statements on the going concern basis. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the assets carrying amounts or the amounts and classifications of liabilities that might be necessary should the Company not continue as a going concern.

(d) Economic dependency

The ability of the Company to maintain its operations is dependent, inter alia, on the continuing financial support of the Queensland Government through Arts Queensland and the Federal Government through the Australia Council as set out in its Tripartite Funding Agreement.

This in turn is dependent upon the Queensland Performing Arts Centre providing its venues on the planned dates for productions.

3. Significant accounting policies

(a) Revenue

Box Office

Revenue from ticket sales is recognised on presentation of the final performance for each production. Advance sales monies received prior to the date of performance are recognised as a liability, 'Ticket sales in advance' (Note 14). Revenue is recognised at the fair value of the consideration received or receivable.

Grants

The annual grants from the Queensland (Arts Queensland) and Federal (Australia Council) Governments are received in instalments as scheduled under a Tripartite Funding Agreement (Note 22). Grant revenue is brought to account when controlled, at the fair value of the consideration received. Advance grant monies received in the year prior to the funding year are recognised as a liability (Note 14). Grant revenue is subject to fulfilment of conditions as stipulated in the Tripartite Funding Agreement. In 2015, the Company satisfied all conditions of the Agreement with the exception of reserves held (Note 16).

Grant revenue includes an amount that is paid directly to the Opera Conference to fund joint productions across states (refer Note 6).

Special purpose reciprocal grants, including local government grants are recognised at the time the obligation is fulfilled. All grant funding provided in 2015 has been spent on the activity as required, and in accordance with each agreement. The company did not receive any other forms of Government assistance.

Sponsorships and Donations

Cash sponsorship and donations are recognised as income on receipt of the monies, at the fair value of the consideration received. The fair values of in-kind sponsorships are agreed between the Company and the sponsors having regard to the services being provided and are recognised as revenue as earned.

Other Income

Other income comprises fees and income earned from workshops held, tickets to fundraising and other company-held events, venue and equipment hires, provision of services, and other minor subsidiary activities. Other income is recognised at the time of invoicing, at the fair value of the consideration received or receivable.

(b) Production costs

Direct costs relating to operas

The total cost of staging productions, including the manufacturing of costumes, scenery and properties, is charged as expenditure in the period in which each production is first performed by the Company notwithstanding that the production may also be performed in subsequent periods.

Costs of production and other associated expenditure in respect of performances not yet performed by the Company are included in 'Prepayments' (Note 9).

Season launch and brochure costs

Costs associated with the season launch and the development and printing of the season brochure are expensed when the launch occurs and when the brochures are sent out.

(c) Property, plant and equipment

Items of leasehold property, plant, equipment and motor vehicles are stated at cost or deemed cost less accumulated depreciation/amortisation and impairment losses (see accounting policy (e)).

Depreciation/amortisation is charged to the statement of comprehensive income on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives in the current and comparative periods are as follows:

- Leasehold property 100 years
- Plant and equipment 3-10 years

- Motor vehicles 3-6 years

The residual value, if not insignificant, is reassessed annually for impairment.

(d) 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.

(e) Impairment

The carrying amount of the Company's assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying value of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income. The recoverable amounts of the Company's plant and equipment assets are calculated as the depreciated replacement cost of the asset.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Receivables are individually assessed for impairment.

(f) Employee benefits

Wages, salaries and annual leave:

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Company expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

Long service leave:

The Company's net obligation in respect of long service leave is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the Commonwealth Government corporate bond rate at the balance sheet date which have maturity dates approximating to the terms of the Company's obligations.

Superannuation:

The Company contributes to industry defined contribution superannuation funds in accordance with current legislation and to authorised personal superannuation funds. Contributions are recognised as an expense in the statement of comprehensive income as incurred.

(g) Accounting Standards

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016 and early application is permitted. However, the Company has not applied the following new or amended standards in preparing these financial statements. AASB 9 *Financial Instruments* becomes effective for annual reporting periods beginning on 1 January 2018. This Standard replaces existing guidance in AASB 139 *Financial Instruments: Recognition and Measurement* and includes revised guidance on the classification and measurement of financial instruments and a new expected credit loss model for calculating impairment on financial assets. The Company does not plan to adopt this Standard early and the extent of the impact has not been determined.

AASB 15 *Revenue from Contracts with Customers* becomes effective for annual reporting periods beginning on 1 January 2018. This Standard replaces existing revenue recognition guidance in AASB 118 *Revenue* and establishes a comprehensive framework for the recognition of revenue. The Company does not plan to adopt this Standard early and the extent of the impact has not been determined.

(h) Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowing, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment loss.

A financial instrument is recognised if the Company becomes a party to the contractual provision of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(i) Joint arrangements

Under AASB 11, the Company classifies material interests in joint arrangements as either joint operations (if the Company has rights to the assets, and obligations for the liabilities, relating to an arrangement) or joint ventures (if the Company has rights only to the net assets of an arrangement). When making this assessment, the Company considers the structure of the arrangements, the contractual terms of the arrangements and other facts and circumstances.

The Company has one joint arrangement, being an interest in Opera Conference, which is an entity established for the purpose described in Note 6. The Company's contribution in 2015 to Opera Conference was \$277,394 which was funded by the Queensland and Federal Governments. This joint arrangement is not material to the Company and consequently has not been accounted for as a joint arrangement.

4. Company membership

The Company is limited by guarantee and does not have share capital. The liability of the members is limited. Every member of the Company undertakes to contribute to the assets of the Company, in the event of the same being wound up while a member, or within one year after ceasing to be a member, for payment of the debts and liabilities of the Company (contracted before membership ceases) and of the costs, charges and expenses of winding up and for the adjustment of the rights of the contributories amount themselves, such amount as may be required, not exceed \$50 per member.

In 2015, the Company amended the existing basis of admission to Company Membership, previously conferred automatically upon membership to the Opera Club. The reason for this amendment was to separate the constitutional responsibilities of Company Membership from the social benefits of the Opera Club. From 2015, any individual who has purchased tickets to two or more events to a total value greater than \$100, to Opera Queensland events in the current year, or elects to pay a \$100 annual membership, can apply to be a Member.

Membership of the Company consists of the following:

	No of Members	
	2015	2014
Life Membership	7	5
Annual Membership	79	165
	<hr/>	<hr/>
	86	170

5. Income tax

In accordance with Section 50-45 of the Income Tax Assessment Act the Company is not liable for income tax.

6. Opera Conference

In 1995 the state opera companies – Opera Queensland, West Australian Opera, State of South Australia united with the national company, Opera Australia, in a formally constituted

partnership known as the Opera Conference, where the companies collaborate to produce and present one new production in most years, and to support opera regional touring throughout Australia. The Australian Government and the respective state governments fund the Opera Conference through each company's Funding Agreement. Funding identified for this purpose is redirected by each company to the Opera Conference partnership to fund the collaborative initiatives undertaken.

	2015	2014
	\$	\$
Annual funding amount contributed to Opera Conference by Opera Queensland from:		
Federal Government funding	53,515	52,569
State Government funding	223,879	219,060
	<u>277,394</u>	<u>271,629</u>
7. Auditors Remuneration		
KPMG provide their audit services on an honorary basis and receive Corporate Partner status	25,000	25,000
	<u>25,000</u>	<u>25,000</u>
8. Sponsorships & Donations		
Sponsorships - cash	55,000	50,000
Sponsorships – in kind	140,350	366,046
Philanthropic Trusts and Foundations	145,000	283,000
General Donations	145,886	256,093
	<u>486,236</u>	<u>955,139</u>
	<u>486,236</u>	<u>955,139</u>
9. Cash and cash equivalents		
Cash balances	800	800
Bank balances	76,031	700,255
	<u>76,831</u>	<u>701,055</u>
	<u>76,831</u>	<u>701,055</u>
10. Trade receivables and other assets		
Trade receivables	73,126	24,565
Prepayments	285,886	284,543
	<u>359,012</u>	<u>309,108</u>
	<u>359,012</u>	<u>309,108</u>

	2015	2014
	\$	\$
11. Property, plant & equipment and motor vehicles		
Lease premium and leasehold improvements at deemed cost	797,102	797,102
Accumulated amortisation	(157,284)	(149,399)
	<u>639,818</u>	<u>647,703</u>

The Company has a long term lease of its premises at an insignificant rent of \$1 per annum

Plant and Equipment at cost	404,204	404,204
Accumulated Depreciation	(346,901)	(326,349)
	<u>57,303</u>	<u>77,855</u>
Net book value property, leases, plant and equipment.	<u>697,121</u>	<u>725,558</u>

At 31 December 2015, \$326,678 of assets has been fully written down.

Reconciliations

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below

Lease and leasehold improvements

Carrying amount at the beginning of the year	647,703	655,558
Depreciation charge for the year	(7,885)	(7,855)
Carrying amount at the end of the year	<u>639,818</u>	<u>647,703</u>

Plant and equipment

Carrying amount at the beginning of the year	77,855	93,992
Acquisitions during the year	-	4,029
Depreciation charge for the year	(20,552)	(20,166)
Carrying amount at the end of the year	<u>57,303</u>	<u>77,855</u>

Depreciation expenses for the year are included under Infrastructure/Administration expenses in the Statement of Comprehensive Income.

	2015	2014
	\$	\$
12. Trade and other payables		
Trade payables	19,496	97,509
Other payables and accrued expenses	70,439	19,980
	<u>89,936</u>	<u>117,489</u>
13. Employee benefits		
Current		
<i>Liability for long service leave</i>		
Carrying amount at the beginning of the year	47,850	44,807
Leave accrued/ (expensed) during the year	6,931	3,043
Carrying amount at the end of the year	<u>54,781</u>	<u>47,850</u>
<i>Liability for annual leave</i>		
Carrying amount at the beginning of the year	151,561	128,745
Leave accrued/ (expensed) during the year	(648)	22,816
Carrying amount at the end of the year	<u>150,913</u>	<u>151,561</u>
<i>Total Current Leave Liabilities</i>	<u>205,693</u>	<u>199,411</u>
Non-Current		
<i>Liability for long service leave</i>		
Carrying amount at the beginning of the year	10,709	10,061
Leave accrued/ (expensed) during the year	(10,709)	648
Carrying amount at the end of the year	<u>-</u>	<u>10,709</u>
14. Other Current Liabilities		
Queensland government 2016 (2015) operational grant (refer to Note 22 Tripartite Funding)	646,561	1,272,758
Other income received in advance	8,920	720
2016 ticket sales in advance	256,690	229,507
	<u>912,171</u>	<u>1,502,985</u>

	2015	2014
	\$	\$
15. Subordinated Deferred Loan	<u>200,000</u>	<u>200,000</u>

The directors consider that as the subordinated deferred loan is only repayable on the winding up of the Company, or earlier by mutual consent between the Company and the loan holder, (being the Queensland Government) and it is subordinated to all other loans and creditors, it should be disclosed with the members' funds in the balance sheet.

The loan is interest free.

16. Grant Conditions – Reserves Held

Opera Queensland's minimum required level of reserves held is 20% (net assets as a percentage of total expenditure) as defined by the Australia Council for all Major Performing Art companies. Reserves exist and are maintained in order to protect the Company in the event of unanticipated adverse financial circumstances.

Reserves as at 31 December 2015 remain below 20%, however, the Company intends to build reserves to the required level of 20% through recurring annual operating surpluses. Reserves in excess of 20% can be applied to fund future deficit budgets where the deficit is supporting expenditure or investment on a non-recurrent special project.

17. Commitments and Contingent Liabilities

The Company, by the nature of its operations, has entered into contracts with artists, theatre proprietors, suppliers and others for productions, commissions and performances scheduled to be delivered or to take place through to 31 December 2016. Total amounts payable under these contracts are set out below. The terms and conditions of such contracts place a liability under certain circumstances on the Company to pay some or all of these amounts should the service or supply not be called upon.

	2015	2014
	\$	\$
Payable within one year		
Artists' fees	540,864	286,000
Venue hire & production	221,812	238,484
Other	32,388	32,388
	<u>795,064</u>	<u>556,872</u>

	2015	2014
	\$	\$
18. Reconciliation of cash flows from operating activities		
<i>Cash flows from operating activities</i>		
Net surplus/(deficit) for the year	420,037	(60,005)
Depreciation	20,552	20,166
Amortisation	7,885	7,855
<i>Operating profit before changes in working capital and provisions</i>	<u>448,474</u>	<u>(31,984)</u>
<i>Changes in:</i>		
Trade receivables & other assets	(49,904)	46,998
Trade & other payables	(27,553)	(89,780)
Employee benefits	(4,427)	26,507
Other current liabilities	(590,814)	141,606
<i>Net cash from operating activities</i>	<u><u>(224,224)</u></u>	<u><u>93,347</u></u>

19. Financing Arrangements

The Company has a bank overdraft facility for \$300,000 which is secured by a first registered mortgage over the Company's lease at South Bank.

20. Financial instruments

The Company is not exposed to any material credit risks or market risks on financial instruments.

The Company has not entered into any derivative transactions.

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company monitors the level of expected cash inflows together with expected cash outflows. The Company aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities over the succeeding 60 days.

In respect of income-earning financial assets and interest bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the period in which they reprice. Non-derivative financial liabilities have a contractual maturity within 6 months. The carrying value for each class of financial assets and liabilities is in line with fair value.

		2015	2014
		\$	\$
	Notes	6 Months or less	6 Months or less
Financial Assets			
Cash and cash equivalents:			
<i>floating interest rate - 1.3% (2014: 2.25%)</i>	9	60,361	206,076
<i>fixed interest rate - 3.5%</i>		-	400,000
<i>non-interest bearing</i>		16,470	94,979
Term deposits:			
<i>fixed interest rate - 2.85%</i>		400,000	-
Trade receivables:			
<i>non-interest bearing</i>	10	73,126	24,565
		<u>549,957</u>	<u>725,620</u>

21. Related party disclosures

The following were key management personnel during the year:

Directors

Ms Kim Challenor

Lady Jane Edwards

Dr Colin Furnival

Mr Robert Hubbard

Mr Ian Hyde

Mr David Janetzki

Dr Sally Pitkin

Prof David Siddle

Dr Nancy Underhill (*retired 1 April 2015*)

Executives

Ms Lindy Hume

Mr Russell Mitchell

All directors are non-executive and are required to be members of the company. Several members of the Board are also patrons of Opera Queensland. No remuneration is payable to the Directors of the Company and there were no amounts paid to superannuation funds or as retirement allowance in connection with the retirement of any Directors of the Company. Directors are provided with tickets free of charge to represent the Company at promotional events.

Executive compensation included in the Statement of Comprehensive Income is as follows:

	2015	2014
	\$	\$
Short term employee benefits	287,169	281,538
Post- employment benefits	26,163	25,338
	<u>313,332</u>	<u>306,876</u>

22. Tripartite funding

The Company receives funding from both the Queensland Government, administered by Arts Queensland, and from the Federal Government, administered by The Australia Council, (collectively the Funding Agencies).

A Tripartite Funding Agreement for 2012 to 2014 was signed on 16 December 2011 with funding detailed therein being dependent on the Company complying with various conditions which in general are that the Company develops a distinctive artistic identity and market position that draws on its strengths and potential, including education and community engagement programs. A Deed of Variation to the 2012 to 2014 Tripartite Funding Agreement was signed on 19 December 2014 to extend the existing funding agreement for another 12 months to 31 December 2015. The Company was able to bring forward agreed amounts of Queensland Government funding from 2016, subject to regular monitoring meetings and continuous open dialogue between the Company and Arts Queensland. In 2015, the Company brought forward \$646,561 from its 2016 agreed funding to meet its 2015 cash flow requirements. The Government funding received for 2015 is shown in the Statement of Comprehensive Income, and the amount brought forward from 2016 is shown in the Balance Sheet.

On 30 March 2015, the Funding Agencies agreed to continue to provide funding to the Company in 2016 subject to the Company continuing to meet its reporting obligations, ongoing close monitoring of 2016 budgets and proposed programs, and the condition of a 2015 surplus result.

The approved funding for the year 2016, including the amount brought forward in 2015 is:

	\$
Australia Council	650,370
Arts Queensland	<u>2,586,244</u>
	<u>3,236,614</u>

23. Subsequent Events

On 13 April 2016, a new Tripartite Funding Agreement for 2016 to 2017 was signed acknowledging that the Company's change and transformation process as anticipated in 2012 to 2014 Tripartite Funding Agreement is still underway and expected to continue during the term of the new Agreement. Arts Queensland has agreed to provide forward payments if necessary for each year of this agreement. Forward payments may be subject to Queensland Treasury approval and depend on the final outcomes of the National Opera Review and its impact on the delivery of opera in Queensland.



Independent auditor's report to the members of Opera Queensland Limited

We have audited the accompanying financial report of Opera Queensland Limited (the Company), which comprises the balance sheet as at 31 December 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 23 comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

This audit report has also been prepared for the members of the Company pursuant to the *Australian Charities and Not-for-profits Commission Act 2012* and the *Australian Charities and Not-for-profits Commission Regulation 2013* (ACNC).

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 and the ACNC and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 entity'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 entity'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 performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with Australian Accounting Standards and the ACNC, a true and fair view which is consistent with our understanding of the Company's financial position and of its performance.

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 *Australian Charities and Not-for-profits Commission Act 2012*.

Auditor's opinion

In our opinion the financial report of Opera Queensland Limited is in accordance with 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 2015 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the Australian Charities and Not-for-profits Commission Regulation 2013.

KPMG

Tracey Barker
Partner

Brisbane
21 April 2016