

Pinchgut Opera Ltd.

ABN 67 095 974 191

Financial Report

For the Year Ended 31 December 2019

Pinchgut Opera Ltd.

ABN 67 095 974 191

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For the Year Ended 31 December 2019

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Pinchgut Opera Ltd

67 095 974 191

Corporate Information

31 December 2019

Directors

Norman Gillespie, Chair
Virginia Braden OAM
Nicola Craddock
Jeremy Davis AM
Mark Gaal
Anthony Gill
John Pitman

Registered office and principal place of business

480 Elizabeth Street
Surry Hills NSW 2010

Auditor

W. W. Vick & Co.
Chartered Accountants

Pinchgut Opera Limited acknowledges the traditional owners of country throughout Australia and pays its respect to their Elders past and present.

Pinchgut Opera Ltd

67 095 974 191

Directors' Report For the year ended 31 December 2019

The directors present their report on Pinchgut Opera Ltd ("the Company") for the financial year ended 31 December 2019.

1. Directors

The names of the directors of the Company in office at any time during, or since the end of, the year are:

Names	Date of Appointment
Norman Gillespie, Chair	1 January 2013
Virginia Braden OAM	28 February 2017
Nicola Craddock	1 January 2019
Jeremy Davis AM	28 February 2017
Mark Gaal	28 February 2017
Anthony Gill	1 May 2019
John Pitman	1 January 2010

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

2. Principal activities

The principal activity of Pinchgut Opera Ltd during the financial year was presenting two fully staged productions of operatic masterpieces from the seventeenth and eighteenth centuries and two concert series.

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

3. Review of operations

2019 was a year of considerable and sustainable growth for Pinchgut Opera, resulting in a surplus of \$18,702 (2018: \$20,738). Reaching more people than ever before, over 9,000 came to 13 public performances across the year - a 29% growth from 2018. In addition, over 200,000 people engaged with performance broadcasts via ABC Classic or streamed our music via Spotify from locations around the world.

The 2019 season featured two critically acclaimed operas, Monteverdi's *The Return of Ulysses* and, in its Australian premiere, Vivaldi's *Farnace*. Both received rapturous reviews from audiences and reviewers.

A popular addition to the Pinchgut Opera season has been the concerts. In 2019, the model was expanded to include two concert series; *Bach and Telemann*, in Sydney and Melbourne (both performances were close to being sold out), and countertenor Valer Sabadus with Erin Helyard and the Orchestra of the Antipodes in a spine-tingling performance at Sydney's City Recital Hall in August.

Box office revenue grew by 24% to its highest in the company's history due to growth in audiences and the increased number of public performances. Philanthropic income increased by 14% via individual gifts, trust and foundation donations, plus a single government grant of \$5,000. Loyal supporters remain an essential part of the company as we forge ahead.

Pinchgut Opera's artistic acclaim was widely recognised in 2019, both locally and internationally. The 2018 production *Artaserse* won Best Rediscovered Work at the International Opera Awards in London; the first Australian opera company to achieve such an award, and Erin Helyard won the Helpmann Award for Best Music Direction for the same production.

Through the Pinchgut LIVE label, a recording of *Artaserse* was released via CD and global digital distribution, marking the company's 18th recorded release.

Directors' Report

For the year ended 31 December 2019

The surplus realised in 2019 strengthened reserves before heading into the challenges of a COVID-19 world in 2020. This has provided a strong basis on which to maintain viability throughout the current uncertainties until public events are again permitted.

4. Purpose

To delight, move, and educate our audiences with world-class performances of seventeenth- and eighteenth-century opera and vocal music.

5. Vision

To be one of the world's finest early music companies. To enthrall, move, and educate our audiences with performances that bring contemporary relevance to rediscovered masterworks of seventeenth- and eighteenth-century opera and vocal music.

6. Values

(i) Excellence

Unstinting dedication to artistic excellence in all aspects of music performance.

(ii) Discovery

Rediscovery of music masterworks of the seventeenth and eighteenth century.

(iii) Integrity

Act with integrity in how we collaborate and approach our work.

(iv) Passion

We are passionate about our art, our audiences and our supporters.

(v) Inclusive

We believe that our music can and should be for everyone and prioritise ways to make this happen.

7. Strategic goals

- To be international leaders in the historically informed performance of baroque operas and in presentations of vocal orchestra concerts through commitment to highest-quality artistic excellence in all our work.
- Increase national and international audience reach.
- Nurture the next generation of Australian baroque and performing arts specialists.
- Ensure a sustainable arts company with viable growth of activity and a sufficiently resourced organisational structure to meet those goals.

8. Members' guarantee

Pinchgut Opera 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 \$ 10 for members, subject to the provisions of the company's constitution.

At 31 December 2019 the collective liability of members was \$ 70 (2018: \$ 50).

Corporate Information

31 December 2019

9. Information on Directors

Norman Gillespie, Chair

Qualifications

BA (Double Hons) in Music and English Literature, PhD at London University in English 17th and early 18th century English Theatre Music, and entering the UK Civil Service to be trained in Finance and Tax legislation.

Experience

Corporate career in oil exploration and telecommunications in BP as Tax Controller of BP Exploration in the North Sea (Glasgow), Head of the Chairman and CEO's Private Office (London), Director of Planning for BP Exploration in the US (Houston), Finance Director of Cable & Wireless (London) and CFO of Optus (Sydney). Combining his passion for the Arts and Business he was appointed CEO of Sydney Opera House, served on the Board of Australian Business Arts Foundation under James Strong and became Deputy Chair of the Australian Brandenburg Orchestra. In 2010 Norman entered the world of humanitarian and overseas development as CEO of UNICEF Australia and represented the worldwide network of National Committees as Chair at the UN. Currently utilising his experience to mentor and consult with Australian Entrepreneurs and as Executive Director of The Orana Foundation and Co-Chair of the University of Adelaide Scientific Research Committee (Native Food), bringing the extraordinary sophistication of Indigenous food culture and practice to wider recognition. He was appointed to the Board of Pinchgut Opera in 2013.

Virginia Braden OAM

Qualifications

Company Director

Experience

Virginia has experience working in the Arts both in Australia and overseas. She established her firm Arts Management Pty Limited in 1979, providing personal management for over one hundred and fifty Australian and international conductors, instrumentalists, singers, directors and designers. The firm also undertook a range of management projects in all fields of the arts. She handed over Arts Management to new owners in 2008 and is now undertaking freelance consulting. She served as Deputy Chairman (1999-2000) and then Chairman (2000-2003) of the UK based International Artist Managers' Association. She was a Director of Opera Australia 2010-2017 and Director of the National Institute of Dramatic Art (NIDA) 2010-2016 also serving on the Audit, Finance and Risk Committee until 2018. She joined the board of the Sydney International Piano Competition in December 2016 and was elected Chairman in 2017. She is an Honorary Life Member of the International Artist Managers' Association and the Australian Music Centre. She was awarded a Medal of the Order of Australia for services to Arts Administration in 2010.

Nicola Craddock

Qualifications

MBA Australian Graduate School of Management, UNSW. Member of Australian Institute of Company Directors.

Experience

Nicola has a background in the media entertainment industry with Roadshow Films (Village Roadshow Ltd) with her latest role being Chief Commercial Officer responsible for acquisition and distribution of home entertainment content across Australia and New Zealand. More recently, Nicola was appointed Executive Director of the Zoo and Aquarium Association where she had been able to further employ her skills in strategic business development, commercial planning, marketing, operations and business analytics and insights.

Nicola has held a number of Board Committee and Executive Committee roles including Australian Home Entertainment Association (AHEDA) Digital Committee, Roadshow

Directors' Report

For the year ended 31 December 2019

Films Senior Executive Committee, Risk and Governance Committee and Business Continuity Committee. Currently Nicola sits on the Species360 Board as a member and Treasurer / Chair of the Finance, Audit and Risk Committee, and is a member of the World Association of Zoos and Aquariums Animal Welfare Committee.

Jeremy Davis AM

Qualifications

B Ec (Hons) University of Sydney, MBA Stanford University

Experience

Jeremy is a company director and strategy consultant. He had spent ten years with The Boston Consulting Group in the USA and Europe. He then was appointed Dean of the Australian Graduate School of Management at UNSW, where he is now an Emeritus Professor. Jeremy has served as a Director of a wide range of companies and institutions including Transurban, Singapore Power and the Australian Stock Exchange

Mark Gaal

Qualifications

Bachelor of Arts (B.A.), Graduate of NIDA

Experience

Mark is Executive Director Pathways and Partnerships at National Institute of Dramatic Art (NIDA). Mark has directed plays, musicals and operas for some of Australia's leading performing arts organisations including Sydney Theatre Company, Belvoir Street Theatre, Opera Australia and at NIDA. Mark was Director/CEO of ATYP and has worked in the UK and Germany for The Really Useful Group. He directed live productions for television's Hi 5 which toured nationally and to Malaysia, Singapore, New Zealand and the UK.

Anthony (Tony) Gill

Qualifications

Bachelor of Commerce, Chartered Accountant

Experience

Tony is the Chairman of Australia Finance Group, with a background in the finance industry, mostly with First American Title Insurance. He sits on the Board of the Butterfly Foundation for Eating Disorders and is a member of ASIC's External Advisory Panel. Tony is a former member of the Board of Genworth Mortgage Insurance Limited and ACO's Development Committee.

John Pitman

Qualifications

Company Director, Master of Arts, Cambridge University and MBA from IMD Business School, Lausanne

Experience

John has had a corporate career spanning more than 30 years with key roles at The Dow Chemical Company, Coca Cola Amatil, and e Ventures, a News Corporation Softbank joint venture.

He was Managing Director of A.Royale for 12 years, following which he co-founded 'Krunchbox', a cloud based retail data analytics company. He is the CEO of Krunchbox, which today operates in Europe, North America and Australia/NZ.

John has been on the Board of Pinchgut for ten years, and has sung in the chorus in eight Pinchgut productions.

Directors' Report

For the year ended 31 December 2019

10. Directors' Meetings

During the financial year, 5 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:


Norman Gillespie, Chair
Virginia Braden OAM
Nicola Craddock
Jeremy Davis AM
Mark Gaal
Anthony Gill
John Pitman

Directors' Meetings	
Number eligible to attend	Number attended
5	5
5	5
5	4
5	5
5	4
4	4
5	5

11. Auditor's Independence Declaration

The auditor's independence declaration in accordance with section 60-40 of the Australian Charities and Not-for-Profits Commission Act 2012 for the year ended 31 December 2019 has been received and can be found on page 8 of the financial report.

This report is made in accordance with a resolution of the directors. For and on behalf of the Board

Director: 

Norman Gillespie

Dated: 12 June 2020

W. W. Vick & Co.

Chartered Accountants

ABN 14 568 923 714



Auditor's Independence Declaration under Section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 to the Directors of Pinchgut Opera Ltd.

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2019, there have been:

- (i) no contraventions of the auditor independence requirements as set out in section 60-40 of 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.

W W Vick & CO

Chartered Accountants

Peter Vlahopol

Registered Company Auditor - No 4554

Chartered Accountants

Dated: 12 June 2020

North Sydney

Level 3, 1 James Place, North Sydney, NSW, 2060.
PO Box 20037, World Square, NSW 2002
Phone: 02 8071 0300

Liability limited by
scheme approved
under Professional
Standards
Legislation



Pinchgut Opera Ltd

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2019

		2019	2018
	Note	\$	\$
Revenue	5	1,351,862	1,077,448
Other income	5	791,324	687,378
Finance income	6	675	734
Employee benefits expense		(1,052,351)	(860,294)
Depreciation expense		(8,179)	(5,229)
Other operating expenses	7	(1,064,629)	(879,299)
Surplus for the year before income tax		18,702	20,738
Income tax expense		-	-
Total comprehensive income for the year		18,702	20,738

The accompanying notes form part of these financial statements.

Pinchgut Opera Ltd

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Statement of Financial Position As At 31 December 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	488,880	459,840
Trade and other receivables	9	43,577	78,562
Other assets	10	66,160	50,863
TOTAL CURRENT ASSETS		598,617	589,265
NON-CURRENT ASSETS			
Property, plant and equipment	11	39,156	23,005
TOTAL NON-CURRENT ASSETS		39,156	23,005
TOTAL ASSETS		637,773	612,270
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	106,239	97,498
Employee benefits	13	17,830	24,033
Other liabilities	14	161,342	160,133
TOTAL CURRENT LIABILITIES		285,411	281,664
NON-CURRENT LIABILITIES			
Employee benefits	13	3,054	-
TOTAL NON-CURRENT LIABILITIES		3,054	-
TOTAL LIABILITIES		288,465	251,061
NET ASSETS		349,308	330,606
EQUITY			
Accumulated Surplus		349,308	330,606
TOTAL EQUITY		349,308	330,606

The accompanying notes form part of these financial statements.

Pinchgut Opera Ltd

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Statement of Changes in Equity For the Year Ended 31 December 2019

2019

Balance at 1 January 2019

Surplus and total comprehensive income for the year

Balance at 31 December 2019

Accumulated Surplus	Total
\$	\$
330,606	330,606
18,702	18,702
349,308	349,308

2018

Balance at 1 January 2018

Surplus and total comprehensive income for the year

Balance at 31 December 2018

Accumulated Surplus	Total
\$	\$
309,868	309,868
20,738	20,738
330,606	330,606

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Year Ended 31 December 2019

	2019	2018
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	1,407,478	1,111,514
Payments to suppliers and employees	(2,125,477)	(1,598,820)
Donations received	770,693	678,833
Interest received	675	734
Net cash provided by operating activities	53,369	192,261
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of intangible asset	-	(16,043)
Purchase of property, plant and equipment	(24,329)	(3,704)
Net cash (used in) investing activities	(24,329)	(19,747)
Net increase in cash and cash equivalents held	29,040	172,514
Cash and cash equivalents at beginning of year	459,840	287,326
Cash and cash equivalents at end of financial year	8 488,880	459,840

Notes to the Financial Statements

For the Year Ended 31 December 2019

The financial report covers Pinchgut Opera Ltd ("the company") as an individual entity. Pinchgut Opera Ltd is a not-for-profit Company, registered and domiciled in Australia.

The functional and presentation currency of Pinchgut Opera Ltd is Australian dollars.

The financial report was authorised for issue by those charged with governance on 12 June 2020.

Comparatives are consistent with prior years, unless otherwise stated.

1. Basis of Preparation

Pinchgut Opera Ltd. applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the Australian Charities and Not for Profits Commission Act 2012.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, 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. The amounts presented in the financial statements have been rounded to the nearest dollar.

2. Change in Accounting policy

Revenue from Contracts with Customers – Adoption of AASB 15 and Income of Not-for-Profit Entities – Adoption of AASB 1058

The Company has adopted AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities for the first time in the current year with a date of initial application of 1 January, 2019.

The Company has applied AASB 15 and AASB 1058 using the cumulative effect method which means the comparative information has not been restated and continues to be reported under AASB 118, AASB 1004 and related interpretations.

Comparison of financial statement line items under AASB 15 and AASB 1058 compared to previous standards for the current year

There are no impacts of adopting AASB 15 and AASB 1058 on the Company's Statement of Profit and Loss and Other Comprehensive income, Statement of Financial Position, and Statement of Cash flows for the year ended 31 December 2019. The carrying amounts prior to adoption of AASB 15 and AASB 1058 are the same as AASB 15 and AASB 1058 carrying amounts.

3. Summary of Significant Accounting Policies

(a) Income Tax

The Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

Notes to the Financial Statements

For the Year Ended 31 December 2019

(b) Revenue and other income

For comparative year

Revenue is recognised when the Company is legally entitled to the income and the amount can be quantified with reasonable accuracy. Revenues are recognised net of the amounts of goods and services tax (GST) payable to the Australia Taxation Office.

Donations

Donations collected are recognised as revenue when the Company gains control, economic benefits are probable, and the amount of the donation can be measured reliably.

Revenue from Rendering of Services

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

Interest

Interest income is recognised as it accrues, using the effective interest method.

Revenue from contracts with customers

For current year

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for these goods and services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer.
2. Identify the performance obligations.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations.
5. Recognise revenue as and when control of the performance obligations is transferred.

Grant Income

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations, then the revenue is recognised when control of each performance obligation is satisfied.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements, there may be some performance obligations where control transfers at a point in time and other which have continuous transfer of control over the life of the contract.

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

Donations

Where donation income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligations is satisfied.

Pinchgut Opera Ltd

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Notes to the Financial Statements

For the Year Ended 31 December 2019

Interest

Interest income is recognised as it accrues, using the effective interest method.

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

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. 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.

(c) Property, plant and equipment

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

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(k) for details of impairment).

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

Plant and equipment is depreciated on a straight-line basis over the assets' useful life to the Company, commencing when the asset is ready for use.

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

Fixed asset class	Useful life
Plant and Equipment	5 - 10 Years
Office Equipment & Musical Equipment	5 Years
Computer Equipment	2 - 3 Years

Notes to the Financial Statements

For the Year Ended 31 December 2019

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.

(d) Financial instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI - equity)
- fair value through other comprehensive income - debt investments (FVOCI - debt)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for financial assets measured at amortised cost.

When determining whether the credit risk of financial assets has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk. The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions

Notes to the Financial Statements

For the Year Ended 31 December 2019

such as realising security (if any is held); or

- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade and other payables.

(e) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(f) 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 wholly 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 one year 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 high quality corporate bond rates, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

(g) Impairment of Assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Notes to the Financial Statements

For the Year Ended 31 December 2019

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(h) Comparative figures

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(i) Adoption of new and revised accounting

The Company has adopted all Standards which became effective for the first time at 31 December 2019. The adoption of these Standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company. Refer Note 2 for details of the changes due to Standards adopted.

4. Critical Accounting Estimates and Judgments

Those charged with governance 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.

The significant estimates and judgements made have been described below.

Key estimates-revenue recognition-long term contracts

The Company undertakes long term contracts which span a number of reporting periods. Recognition of revenue in relation to these contracts involves estimation of future costs of completing the contract and the expected outcome of the contract. The assumptions are based on the information available to management at the reporting date, however future changes or additional information may mean the expected revenue recognition pattern has to be amended.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Key judgments - Employee Benefits

For the purpose of measurement, AASB 119: Employee Benefits defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. As the company expects that most employees will not use all of their annual leave entitlements in the same year in which they are earned or during the 12-month period that follows (despite an informal company policy that requires annual leave to be used within 18 months), the directors believe that obligations for annual leave entitlements satisfy the definition of other long-term employee benefits and, therefore, are required to be measured at the present value of the expected future payments to be made to employees.

Notes to the Financial Statements

For the Year Ended 31 December 2019

5. Revenue and Other Income

Revenue from contracts with customers

- Audience revenue

Revenue from other sources

- Fees and services revenue

- Program and CD Sales

Total Revenue

Other income

- Royalties

- Sponsorship

- Reimbursement and recoveries

- Other income

- Donation – Trusts and foundations

- Donations

- Grants

Total Revenue and other income

6. Finance income

Interest income

Total finance income

7. Results of the year

The result for the year includes the following specific expenses:

Impairment losses on financial assets

Advertising and marketing

Fundraising expense

Instrument expense

Performance expense

Ticketing

Travel

Venue

Miscellaneous

2019	2018
\$	\$
1,314,179	1,043,612
1,314,179	1,043,612
13,345	8,824
24,338	25,012
37,683	33,836
1,351,862	1,077,448

1,546	2,620
10,133	-
3,952	2,298
-	3,627
250,000	160,000
520,693	518,833
5,000	-
791,324	687,378
2,143,186	1,764,826

675	734
675	734

-	16,043
184,501	146,689
34,662	29,834
34,376	15,924
157,071	134,223
93,825	42,707
185,752	166,594
301,237	249,631
73,205	77,654
1,064,629	879,299

Notes to the Financial Statements

For the Year Ended 31 December 2019

	2019 \$	2018 \$
8. Cash and Cash Equivalents		
Cash at bank and in hand	488,880	459,840
	488,880	459,840

Cash at bank includes balance held under Pinchgut Opera Public Fund \$143,064 (2018: \$186,224).

9. Trade and Other Receivables

CURRENT

Trade receivables	13,600	47,759
GST receivable	29,777	30,603
Other receivable	200	200
Total current trade and other receivables	43,577	78,562

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

The collectibility of debts is assessed at balance date, bad debts are written off in the Profit and Loss Statement and specific provision is made for any doubtful accounts. There were no specific debts considered doubtful as at 31 December 2019. Trade debtors are generally settled within 30 days and are past due but not impaired.

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

(a) Impairment of receivables

The Company applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 31 December 2019 is determined as Nil.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (ECL). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings or when the trade receivables are over - years past due, whichever occurs first.

Notes to the Financial Statements

For the Year Ended 31 December 2019

10. Other Assets

	2019	2018
	\$	\$
CURRENT		
Prepayments	20,118	14,653
Deposits	46,042	36,210
Total current other assets	66,160	50,863

11. Property, Plant and Equipment

Office equipment		
Cost	8,475	6,182
Accumulated depreciation	(4,619)	(3,183)
Net carrying value	3,856	2,999
Leasehold improvements		
Cost	22,037	-
Accumulated depreciation	(4,012)	-
Net carrying value	18,025	-
Musical instruments		
Cost	73,392	73,392
Accumulated depreciation	(56,117)	(53,386)
Net carrying value	17,275	20,006
Total Property, Plant and Equipment	39,156	23,005

(a) Movements in carrying amounts of property, plant and equipment

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

	Office Equipment	Leasehold Improvements	Musical Instruments	Total
	\$	\$	\$	\$
Year ended 31 December 2019				
Balance beginning of year	2,999	-	20,006	23,005
Additions	2,293	22,037	-	24,330
Depreciation expense	(1,436)	(4,012)	(2,731)	(8,179)
Balance at the end of the year	3,856	18,025	17,275	39,156

Pinchgut Opera Ltd

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Notes to the Financial Statements For the Year Ended 31 December 2019

12. Trade and Other Payable

	2019	2018
CURRENT	\$	\$
Trade payables	13,070	19,998
PAYG Withholding payable	22,474	25,768
Other payables	70,695	51,732
Total current other assets	106,239	97,498

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

13. Employee benefits

CURRENT		
Long service leave	11,225	10,040
Annual leave	6,605	13,993
Total employee benefits	17,830	24,033
NON CURRENT		
Long service leave	3,054	-
	3,054	-

14. Other liabilities

CURRENT		
Advance sponsorship fees	161,342	160,133
Total current other assets	161,342	160,133

15. Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, and receivables and payables.

The totals for each category of financial instruments, measured in accordance with AASB 9: Financial Instruments as detailed in the accounting policies of these financial statements, are as follows:

Financial assets	Note		
Cash and Cash Equivalents	8	488,880	459,840
Trade and other receivables	9	43,577	78,562
Total financial assets		532,457	538,402
Financial liabilities			
Trade and other payables	12	106,239	97,498
Other Financial liabilities	14	161,342	160,133
Total financial liabilities		267,581	257,631

Notes to the Financial Statements

For the Year Ended 31 December 2019

16. Key Management Personnel Remuneration

The totals of remuneration paid to the key management personnel of Pinchgut Opera Ltd. during the year are as follows:

The total remuneration paid to key management personnel of the Company is \$ 178,802 (2018: \$ 122,219).

17. Contingencies and Capital Commitments

In the opinion of those charged with governance, the Company did not have any contingencies and capital commitments at 31 December 2019 (2018: None).

18. Related Parties

(a). The Company's main related parties are as follows:

Key management personnel - refer to Note 16.

19. Events after the end of the Reporting Period

The Covid-19 Pandemic was announced by the World Health Organisation post January 2020. This impacted significantly on the Company's revenue. A ban has been put in place on live events. Two concerts and an opera season has been cancelled. The Company managed this loss by reducing its expenditure. The Company has a small, mainly part-time administrative and artistic team with minimal overheads. The Company is also dependent on donors and will be receiving support from the federal government via economic stimulus packages and JobKeeper. These various different streams of revenue will sustain Pinchgut Opera throughout 2020.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

20. Statutory Information

The registered office and principal place of business of the company is:

Pinchgut Opera Ltd
C/- Opera Australia
480 Elizabeth Street
Surry Hills NSW 2010

Responsible Persons' Declaration

The responsible persons declare that in the responsible persons' opinion:

- there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
- the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.

Responsible person



Norman Gillespie

Dated: 12 June 2020



Independent Auditor's Report to the Members of Pinchgut Opera Ltd.

Opinion

We have audited the financial report of Pinchgut Opera Ltd, which comprises the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the responsible persons' declaration.

It is not always practicable for the Registered Entity to establish accounting controls over all forms of donations prior to receipt of these funds and accordingly it is not possible for our examination to include procedures which extend beyond the amounts of such income recorded in the accounting records of the Registered Entity.

In respect to the qualification above, based on our review of the internal controls, nothing has come to our attention, which would cause us to believe that the internal controls over income from fundraising and donations by the Registered Entity are not appropriate.

In our opinion the financial report of Pinchgut Opera Ltd has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) giving a true and fair view of the Registered Entity's financial position as at 31 December 2019 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Registered Entity in accordance with the auditor independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

W. W. Vick & Co.

Chartered Accountants
ABN 14 568 923 714



Responsibilities of Responsible Entities for the Financial Report

The responsible entities of the Registered Entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the ACNC Act, and for such internal control as the responsible entities determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the responsible entities are responsible for assessing the Registered Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible entities either intends to liquidate the Registered Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Registered Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf This description forms part of our auditor's report.

W W Vick & CO

Chartered Accountants

Peter Vlahopol

Registered Company Auditor - No 4554
Chartered Accountants

Dated: 12 June 2020

North Sydney



Compilation Report

31 December 2019

We have compiled the accompanying general purpose financial statement of Pinchgut Opera Ltd, which comprise the Detailed Statement of Surplus or Deficit. The specific purpose for which the general purpose financial statement has been prepared is to provide information relating to the performance of the entity that satisfies the information needs of the directors.

The Responsibility of the Directors

The director are solely responsible for the information contained in the general purpose financial statements and have determined that the financial reporting framework used is appropriate to meet their needs and for the purpose that the financial statements were prepared.

Our Responsibility

On the basis of the information provided by the directors we have compiled the accompanying general purpose financial statements in accordance with the financial reporting framework adopted and APES 315: *Compilation of Financial Information*.

We have applied professional expertise in accounting and financial reporting to assist management in the preparation and presentation of these financial statements on the financial reporting framework described in notes to the financial statements. We have complied with the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants*.

Assurance Disclaimer

Since a compilation engagement is not an assurance engagement, we are not required to verify the reliability, accuracy or completeness of the information provided to us by management to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on these financial statements.

The general purpose financial statements were compiled for the benefit of the director who are responsible for the reliability, accuracy and completeness of the information used to compile them. We do not accept responsibility for the contents of the general purpose financial statements.

W W Vick & Co

Chartered Accountants

Peter Vlahopol

Sydney

12 June 2020

Level 3, 1 James Place, North Sydney, NSW, 2060.
PO Box 20037, World Square, NSW 2002
Phone: (02) 8071 0300

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Standards Legislation



Detailed Statement of Surplus

	2019 \$	2018 \$
Revenue		
Fees and services	13,345	8,824
Interest income	675	734
Royalty income	1,546	2,620
Grant income	5,000	-
Sponsorship	10,133	-
Donations	520,693	518,833
Donations - Trusts and foundations	250,000	160,000
Audience revenue	1,314,179	1,043,612
Program and CD/DVD Sales	24,338	25,012
Other revenue	3,952	5,925
Total revenue	2,143,861	1,765,560
Less: Expenditure		
Accounting fees	27,673	25,265
Advertising and marketing	184,501	146,689
Auditors remuneration	8,000	7,581
Bank charges	16,369	17,283
Consulting and professional fees	1,240	7,525
Depreciation	8,179	5,229
Employment	70,221	42,746
Function costs - non-fundraising	34,662	29,834
Insurance	21,600	16,177
Instrument expenses	34,376	15,924
Impairment	-	16,043
Annual leave	(7,387)	2,967
Long service leave	4,238	3,328
Meeting expenses	422	625
Office equipment and supplies	3,444	3,051
Performer and associated expenses	491,541	440,621
Performance expenses	157,071	134,223
Postage and couriers	2,798	3,075
Printing and stationery	1,076	3,827
Recruitment	700	-
Relocation	3,063	-
Research	173	-
Salaries	391,121	320,136
Staff development and training	4,441	4,365
Staff amenities	2,289	443
Subscriptions	5,521	5,457
Superannuation contributions	78,242	32,220
Telephone and internet	3,048	960
Ticketing expenses	81,209	37,926
Travel	185,752	166,594
Venue Hire	301,237	248,866
Website expenses	8,339	5,842
Total Expenditure	2,125,159	1,744,822
Surplus for the year	18,702	20,738