

**PERTH SYMPHONY ORCHESTRA
LIMITED**

ANNUAL FINANCIAL REPORT



**FOR THE 18 MONTH PERIOD ENDED
31 DECEMBER 2019**

ACN 601 770 932

**PERTH
SYMPHONY
ORCHESTRA**

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DIRECTORS' REPORT

The Directors of Perth Symphony Orchestra Limited ACN 601 770 932 (“the Company” or “PSO”) present their report together with the financial report of PSO for the 18 month period from 1 July 2018 to 31 December 2019 (hereafter referred to as the “financial year” or “FY19”) and the independent auditor’s report thereon.

Directors

The directors, at any time during or since end of the financial year, are:

Mr Maurice Timothy Spillane	Appointed 11 September 2014, Resigned 18 November 2018
Mr Alec John O’Connell	Appointed 18 November 2014 Resigned 16 January 2019
Ms Joanne Claire Palmer	Appointed 18 November 2014
Ms Rachel Elizabeth Webster	Appointed 11 September 2014
Mr Simon Joyner	Appointed 5 April 2016 Resigned 12 October 2018
Ms Suzanne Ardagh	Appointed 19 September 2017 Resigned 9 August 2019
Ms Niamh O’Connor	Appointed 28 March 2018
Mr Philip Andrew Thick	Appointed 18 November 2018
Mr Kim Grist	Appointed 17 September 2019
Mr Julian Donaldson	Appointed 18 February 2020
Mr Ashley Smith	Appointed 8 March 2020

Patrons

Timothy Roberts remains Patron of Perth Symphony Orchestra, after becoming Patron in July 2017.

Charles Hazlewood became Artistic Patron of Perth Symphony Orchestra in March 2019.

Secretaries

The secretaries, at any time during or since the financial year, are:

Ms Joanne Claire Palmer Appointed 18 November 2014

Qualifications and experience of Directors and Secretaries

Mr Maurice Spillane, Senior Member State Administrative Tribunal (appointed 11 September 2014, resigned 18 November 2018)

Maurice graduated in Law in Ireland in 1978 where he practiced for 10 years before coming to Perth in 1988 with his family. In Western Australia he practiced mainly in the areas of Medical Law, Professional Indemnity, Planning and Local Government Law. Maurice was appointed a full time Member of SAT at its inception in January 2005 and in June 2011 he was appointed as a Senior Member. In addition to his position as Chair of the Perth Symphony Orchestra, Maurice is also currently Chair of the Clinical Ethics Committee at Princess Margaret Hospital and King Edward Memorial Hospital, having previously been the Chair of the Research Ethics Committee for many years. He is also a past board member of Mercycare and a past Member of the Scientific Advisory Committee for the World Health Organisation Collaborating Centre for Research on Children's Environmental Health. Maurice is an accredited mediator with a particular interest in the role of facilitative dispute resolution generally and the application of ethical decision making in the clinical context.

Dr Alec O'Connell FACE, FNAAUC, DipT, BEd, GradDip Lang St, DipRSA (Lon), MEd, DBA (appointed 18 November 2014, resigned 16 January 2019)

Dr Alec O'Connell commenced as the 7th Headmaster of Scotch College in June 2011. Before taking on the role of Headmaster at Scotch College, Dr O'Connell was the Assistant Director at the Catholic Education Office of WA where he held the portfolio of People and Organisational Services. He graduated as a teacher in 1982 and since graduating has worked across K-Tertiary, including holding a variety of both teaching and administrative positions.

Alec was the foundation Head and CEO of Trinity at the University of WA and held the positions of the Executive Director, Vice Chancellery and Executive of Academic and Student Services at The University of Notre Dame Australia. He

was the WA Chairperson and a member of the National Board of the Australian College of Educators.

Alec is a Fellow of the Australian College of Educators, the Australian Institute of Management and the National Association of University Colleges and Halls and a Life Member of Trinity Residential College at the University of Western Australia.

Alec has a Doctor of Business Administration from the University of Western Australia where he investigated the concept of Values Congruence and its effect on Organisational Commitment. He also holds a Diploma of Teaching, Bachelor and Master of Education, Graduate Diploma of Language Studies and Diploma Royal Society of Arts London. He has provided a number of guest lectures on the topic of Leadership and Values.

He currently is a member of the Board of Kidsafe Western Australia, the UWA Business School Ambassadorial Committee and has recently been appointed to the Forrest Foundation Committee of the University of Western Australia.

Ms Joanne Palmer RCA, FCA (ICAEW & CAANZ), GAICD, BSc Hons (appointed 18 November 2014)

Joanne Palmer is a fellow of Chartered Accountants Australia and New Zealand (CAANZ), and currently an audit partner at Pitcher Partners in Perth. She is a chartered accountant. She was previously at EY for 19 years, seven as an equity partner, and led EY's Financial Accounting Advisory Services team in Perth.

At EY, prior to her role leading the Financial Accounting Advisory Services team, Joanne worked principally in the field of assurance and audit services. Joanne has over 23 years' experience providing audit and assurance services on company listings, mergers, acquisitions and takeovers and has significant experience in auditing the operations of mining companies, particularly those that have international operations.

Joanne is currently a council member of the Association of Mining & Exploration Company (AMEC)

Ms Rachel (“Bourby”) Webster MBA, BA Hons (Oxon), PGDip Perf. (RCM)
(appointed 11 September 2014)

Bourby is a graduate of Oxford University in Music, the Royal College of Music in London in music performance (viola), and the University of Western Australia with an MBA for which she was awarded the Charles Harper Prize for contribution to the course and a Director's letter for academic achievement.

She has been a recording artist, professional musician, and worked in several corporate roles in Marketing and Business Development for both private companies including Moore Stephens, DTZ, BBC Television, and MWH Global; and not for profit organisations such as the WA Institute of Sport and the Perth Festival.

In 2008 she left employment to set up North Street Consulting and North Street Music, the former generating income to support the latter. North Street Music founded the Perth Symphony Orchestra which first performed in November 2011.

Bourby is on the Committee of the Oxford University Society in WA, plays viola in the Western Australian String Quartet, and lectures business skills to musicians at the WA Academy of Performing Arts. She is in demand as a producer, presenter and guest speaker.

Mr Simon Joyner (appointed 5 April 2016, resigned 12 October 2018)

Simon has over 30 years of advising, corporate and investment experience in Western Australia.

Simon founded and ran his own advisory firm Keysbrook Financial Services for 13 years. He subsequently sold the firm into Shadforth Financial Group and stayed on as State Manager of the merged group for three years.

After that Simon formed Aberfoyle Partners, a boutique consulting and business development firm. Aberfoyle Partners has worked with a number of ASX listed companies as well as a variety of private firms.

Simon has been on the Board of Kidsafe WA for 11 years including holding the

position of Chairman for eight years. He was previously Treasurer of the MS Society of WA for seven years.

He currently sits on the Boards of ASX Listed companies Westoz Investment Company and Ozgrowth Investment Company. Simon was previously on the Board of Shadforth Financial Group. The group was listed on the ASX prior to be taken over by IOOF Holdings Limited.

Ms Suzanne Ardagh (appointed 19 September 2017, resigned 9 August 2019)

Suzanne is a professional director and leads the Board Advisory Service for Executive Search Firm Lester Blades. Her career has spanned diplomacy, corporate affairs, tertiary education and professional associations. She has lived and worked in Europe, Latin America and South East Asia where most recently she established the Australian Institute of Company Directors' international division.

As a Director, Suzanne has served on both international and national Boards. In addition to current roles with West Coast Fever Board and the Cancer Council, she is also the independent Chair of Stanley College, a private VET provider and Councilor of HBF Health Fund and a WA Committee member of the Australian British Chamber of Commerce.

Ms Niamh O'Connor (appointed 28 March 2018)

Niamh is the Director of Donald Cant Watts Corke's business, a multi-discipline advisory and project delivery firm that delivers strategic and innovative solutions in high risk projects in Western Australia and nationally.

From commencement of her role as director in 2017, Niamh has trebled the size of the WA PM Business through the principles of LEAN Six Sigma into an industry leader and long-term sustainable business.

Niamh is a member of Curtin University Project Management Advisory Board and a member of the Australian Institute of Company directors. Her skills include: Strategic Planning, Governance, Project Management, Contract

Negotiations, Procurement and Contract Management, Dispute Resolution, Risk Management, Independent Certification.

Mr Philip Thick (appointed 18 November 2018)

Phil is a Civil Engineer whose career commenced with Alcoa at their Kwinana alumina refinery. He then moved to Shell where he had a 20-year career in Australia and around the world and was Downstream Director for Shell Australia for his last 3 years. This was followed by a 5-year stint as CEO of Coogee Chemicals in Kwinana and then as Managing Director of New Standard Energy Limited, a junior listed oil and gas explorer based in Perth.

Phil joined Tianqi Lithium Australia as General Manager in August 2016. He is responsible for the construction and operation of the \$700 million Lithium Hydroxide Processing Plant in Kwinana, which commenced construction in October 2016.

In addition to his “day jobs” Phil has been on the Board of Avivo, one of WA’s largest Not-for-Profits, for 10 years and Chairperson for the past 7 years. He has also had other Board roles with Esperance Port Authority, Disability Services Commission and Wesley College.

Kim Grist (appointed 17 September 2019)

Kim was the founding partner of Grist Consulting where he recently passed the baton to Peter Grist who will lead the company and is now the major shareholder. Kim remains involved in the psychology of leadership, leadership coaching, goal setting and building accountability with executives who really want to make a difference through his new role at Ventana Consulting Group.

Kim has worked with many of Australia’s leading organisations in the areas of business growth strategies, leadership development and organisational change. Kim is also engaged for coaching and mentoring of Senior Executives for performance improvement, communication, developing high performing teams and strategy and leadership.

Kim has a Bachelor of Science (Psychology) and a Master of Arts degree in Psychology from Oregon State University where he studied while on a Track

and Field Scholarship. Kim has been a registered psychologist for 25+ years and he is considered one of the Australia's leading business development and change management consultants and psychologists.

Kim's work involves understanding his client's vision, mission and purpose and translating that into clear and concise business actions and strategies that will produce sustainable change for all stakeholders. He is employed by clients to assist their organisation get a broad level of 'buy-in' as he develops strategies for building an effective 'team' approach throughout the company.

Julian Donaldson BA, DipEd, GAICD, M.ICOMOS (appointed 18 Feb 2020)

Julian is Chief Executive Officer of the National Trust of Western Australia. Julian's mission is to connect West Australians to their diverse natural and cultural heritage by illuminating the heritage values of National Trust places with stories and events. Through the National Trust's activation program, Julian's team manages the preservation of the significant places under the Trust's care for future generations to enjoy.

Prior to joining the National Trust Julian was the Chief Executive of the Perth International Arts Festival. During his tenure with Perth Festival, the festival grew its audience, artistic influence, reputation, community reach, and won substantial increases in sponsorship and funding. Throughout the time Julian led the Perth Festival the community enjoyed a richly textured festival under several artistic directors, each of whom delivered a different and innovative programming intent.

A highlight for the community was Julian's leadership in winning support and funding to achieve the long-held ambition to bring Royal Deluxe's *The Giants* to Perth in 2015. The successful and multi-award-winning co-presentation of *REST* with WA Youth Theatre Company at East Perth Cemeteries in the 2019 Fringe Festival spoke to Julian's ambition to invoke a valued sense of our heritage through a marriage of creativity and place.

Julian brings broad experience in governance and management in both the cultural and commercial sectors.

Ashley Smith (appointed 8 March 2020)

Described as *'Incandescent... a masterly display of skill and insight... as an apologist for contemporary music-making, you would search hard to find this young clarinettist's equal'* (The Age), clarinettist Ashley William Smith is an internationally demanded clarinet soloist and chamber musician. Ashley is a laureate of several the Australian industry's most prestigious prizes including the APRA Performance of the Year, the Music Council of Australia Freedman Fellowship, an ABC Symphony International Young Performer Award, and a Churchill Fellowship.

Ashley has performed throughout Australia, the USA, Europe and Asia in performances with Bang on a Can, the Chamber Music Society of the Lincoln Center, Chamber Music Northwest, the Kennedy Center, the Beijing Modern Music Festival, and IRCAM. As a soloist and director he has performed alongside several international and Australian orchestras. His performance of Lachlan Skipworth's Clarinet Concerto with the West Australian Symphony Orchestra was awarded the APRA 2015 Performance of the Year.

Ashley is an Assistant Professor at the University of Western Australia where he is the Head of Winds and Contemporary Performance. A graduate of Yale University, the University of Western Australia, and a Fellow of the Australian National Academy of Music, Ashley was awarded the highest honours as the most outstanding performance graduate of each institution.

Ashley is passionate about fitness and in 2019 competed in Melbourne as a national finalist in the Australian Allstar CrossFit Masters.

Principal Activities

The vision of PSO is "To provide amazing experiences for everyone through music".

The mission of PSO is 'Music for Everyone'.

The principal activity of the Company during the year was the performance of orchestral music. In addition to the performance of music, PSO provides:

- Corporate Entertainment, including non-symphonic music

- Education & Community Engagement Programs
- New concert and event experiences, experimenting with formats, programs and presentation
- Musicians and ensembles for hire; and
- Concert programming, production and planning

There were no significant changes in the nature of the activities of the Company during the financial year.

Business Objectives

Below are the 2020 business objectives and progress for the financial year:

Business Objective 1

Develop a strong reputation for amazing concerts and experiences within WA, and have a national and international reputation for unique, exciting, innovative performances.

July 2018 - December 2019 Progress

PSO experienced both growth and consolidation across the financial period. Existing concerts were developed such as our major community concerts for the Cities of Kwinana and Rockingham which again attracted significant numbers of patrons.

During the financial year PSO was invited back to deliver performances for Town of Claremont, Ministry of Sound (both December 2018) and our ECU/WAAPA partnership, Music Under the Stars (MUTS) (November 2018 and 2019). New relationships were developed with communities including the City of Bayswater and several regional towns through PSO's first ever regional tour.

For the City of Bayswater in February 2019, PSO performed a *'family favourites'* concert which was incredibly well received.

Also, in February 2019, PSO was delighted to perform for the first time ever as part of the Perth Festival, collaborating with the British ParaOrchestra, an outcome of which was inviting the BPO's Artistic Director and Conductor, Charles Hazlewood, to become a patron of PSO, giving us a more global presence.

PSO continued to build on the successful *'re-imagined'* series of concerts delivered in prior years, with PSO delivering UNPLUGGED: Nirvana Reimagined

in September 2018 and a new concert: Love Him Madly: The Doors Reimagined in August 2019. Furthermore, PSO continued the popular, 'Music of...' series at The Astor Theatre, presenting 'Signed, Sealed, Delivered: The Music of Stevie and Aretha' in May 2018 and 'Girls' Night Out: The Music of Amazing Women in Music' in May 2019.

In April 2019, PSO undertook its first major regional tour, which took PSO's brand into the regions, and PSO delivered several sell out concerts and received numerous standing ovations. PSO was also chosen as the WA orchestra invited to perform for a brand-new musical written and developed in WA, 'Mimma'. A musical for which several thousands of people were fortunate to see.

Within the WA business community, PSO's profile was maintained through performing for the West Australian AIM Pinnacle Awards in March 2019 and as part of the West Australian Newspaper's Resources Technology Conference in November 2019 to over a thousand international delegates, working in partnership with Noongar artistic leader, Karla Hart.

In July 2019, PSO undertook our first major aboriginal collaboration resulting in a memorable performance for many reasons. Firstly, cementing our objective to build a reputation as an orchestra that truly wishes to be connected to communities across WA, as well as creating a lasting impression on all those that work on the project or saw PSO's performance of WOMAK as part of the Fremantle Festival.

Finally, in December 2018, 'Faith & Freedom: The Music of George Michael, first performed by PSO and created for PSO, was toured to Singapore, with marketing materials from PSO's performance used to promote the show, thus ensuring the PSO's reputation has continued to spread.

Business Objective 2

Secure base funding to cover running costs with a core staff in place and have a dedicated PSO Office.

July 2018 - December 2019 Progress

In January 2020 PSO's support from the Minderoo Foundation ("Minderoo") increased to \$200,000 per annum, with the first amount of \$100,000 received in March 2018. Minderoo's support was used to fund several core initiatives

such as the Women on the Podium conducting course which commenced in 2019; the development of core concerts produced and promoted by PSO; and administrative costs to ensure the orchestra can continue to pursue its goals.

During the financial year, Tim Roberts Giving sustained its previous annual contribution of \$92,000 to PSO including supporting PSO through the provision of our current place of business, 1 Station Street in Cottesloe, a highly visible street front location in the heart of the Western suburbs.

Additionally, PSO welcomed two new sponsors in Programmed and Coogee Chemicals, considerably growing our sponsorship income.

PSO undertook new initiatives in pursuing sponsorship opportunities, including the hosting of 'Chairman's Lunches' to welcome incoming Chair, Phil Thick, and introduce business leaders to PSO. These lunches inducted a number of business leaders as PSO 'Major Players', whereby building a new Chairman's Circle for the continued support of PSO's business objectives.

PSO had four full-time staff and one part-time staff by end of 2019 due to the appointment of an Artistic Planning Assistant. Casual staff also increased with the appointment of a digital marketing assistant in December 2019 bringing the total number of employees as at December 31, 2019 to 11.

In May 2019, PSO applied to the WA State Government for AOIP funding (Arts Organisation Investment Funding). In October that same year we were awarded 25% of the amount applied for. The grant money will be paid in 2020.

Jessica Gethin continued as PSO's principal conductor during the term, however, her work commitments led to her moving on from working with PSO in the Artistic Planning team at the end of 2019 to make more time to pursue her conducting career. Her Artistic Planning tasks were absorbed by CEO, Bourby Webster and Artistic Planning Assistant, Jonty Coy.

Business Objective 3

Grow PSO's Education and Community Program to reach 20,000 school children by 2020, grow *PSO on the Streets* and create initiatives to continually improve and develop our musicians to be world-class.

July 2018 - December 2019 Progress

During the financial year, PSO reached 14,618 children (11,279 during the 2019 calendar year alone) in education programs delivered to primary and high schools in Rockingham and Kwinana. We also reached children in several regional towns on our 2019 Baroque tour and engaged with students at St Hilda's Anglican Girls School in a partnership across the third term in 2019.

Our partnership with WAAPA continues, with mentoring opportunities provided by our musicians performing alongside WAAPA students at Music Under the Stars, where they performed music that had also been arranged by WAAPA composition students. Additionally, WAAPA students have been provided with opportunities to perform with PSO during the financial year, especially at our large community concert. In November 2019, WAAPA students performed alongside PSO musicians for a recording for the WA Ballet.

During calendar year 2019, PSO saw the exciting beginning of Women on the Podium, a program aimed at teaching conducting skills to women and to grow their skills as leaders in music in Western Australia. Our first program, in March 2019, saw twelve participants, two observers and six masterclass participants working closely with Alice Farnham (a UK based conducting teacher) and our own Jessica Gethin. From these women, eight were selected to participate again in August in a smaller, more intensive course aimed at extending already established skills. These women are all still pursuing conducting opportunities and have grown and developed as conductors under these programs. PSO is pleased that Women on The Podium continues to be supported by our donors into 2020.

In July 2019, PSO's musicians collaborated with Indigenous dance groups and musicians to create WOWAK, a ground-breaking one-off performance at Freo.Social in July 2019, as part of the Fremantle Festival. This collaboration included four indigenous musicians and twenty dancers along with twenty PSO musicians. The musicians shared their music with local composer Rebecca Smith who then arranged them for orchestra. The performance of these compositions included the improvised sections by PSO musicians, as well as singing and dancing from the indigenous music groups. It was a remarkable performance and all the musicians involved felt that they learned and grew from the experience and were part of something special that evening.

The above performance led to a strong demand from the community for similar performances, and PSO is proud to continue a strong commitment to

collaborating with and engaging with indigenous people and people from culturally diverse backgrounds.

Business Objective 4

Deliver an Annual Concert Program to over 50,000 patrons per year featuring at least ten self-promoted concerts.

July 2018 - December 2019 Progress

During the financial year, PSO produced and promoted the following concerts:

- C.A.L.M - Come and Listen to Music
- UNPLUGGED: Nirvana Reimagined (encore performance)
- A Performance for our Planet
- Girls Night Out (two performances)
- Love Him Madly: The Doors Reimagined
- Mozart by Candlelight
- The Snowman (three performances)

PSO still does not have the capacity to promote ten self-promoted concerts per calendar year, only producing seven concerts across an 18-month period. This is, in part, due to the demand for for-hire concerts which bring in secure revenue, whereas self-promoted concerts remain of higher risk and lower return. As PSO continues to obtain sponsorship and government support, the annual programme of self-promoted concerts is expected to increase.

Of the seven self-promoted concerts, PSO performed to almost 8,000 patrons over ten performances (some concerts have more than one performance).

In total across all concerts, workshops and ensemble performances, PSO performed 184 times to more than 126,000 people, an increase on the annual rate per month from the prior financial year (2018: 113 times to 70,400 patrons).

Business Objective 5

Reach communities that currently do not have access to live world-class music on their doorstep – aiming for at least five significant community concerts per year.

July 2018 - December 2019 Progress

PSO returned to Rockingham, Kwinana, Joondalup and Town of Claremont. In addition, PSO added City of Bayswater to the list of metropolitan councils, who welcomed at least 5,000 patrons for their first community concert. As a result, PSO performed five significant community concerts during the financial period, reaching our objective.

In April 2019, we were excited to undertake our first regional tour supported by the State Government and coordinated by CircuitWest. During this tour, PSO visited the following towns, with all but one a debut performance:

- Geraldton
- Esperance
- Merredin
- Narrogin
- Margaret River
- Mandurah (repeat visit)

Business Objective 6

Grow the PSO database of subscribers to 20,000+

July 2018 - December 2019 Progress

The PSO email database grew by 26% over the financial year, bringing PSO's database of subscribers to 9000 people.

PSO's focus is still largely on social media with PSO's Facebook and Instagram accounts growing by 45% and 37% respectively across the period. PSO also recognises the corporate market that often engages us and has started using Linked In as another platform and will continue to grow this area in future.

PSO performs to a huge number of people in free community concerts. As a result of this, patrons do not need to submit an email address: they simply turn up. Therefore, capturing patron data and contact details remains a huge challenge.

Whilst email restrictions exist with these *free concert* patrons, it also represents an opportunity which, if we can solve, will lead to significant increase in the number of people we can contact directly through email. PSO remains reliant

on reaching these community patrons via social media, and their willingness to connect is clearly demonstrated by the increase in followers and likes on our social media channels.

Business Objective 7

Continually strive for artistic excellence, establishing the orchestra's reputation as of the highest standard.

July 2018 - December 2019 Progress

PSO measures how well it is received by tracking our Net Promoter Score via surveys after every self-promoted concert. An NPS ranges from -100 to +100 and anything over zero is deemed good. Over 50 is deemed excellent and over 70 is deemed exceptional.

Our highest NPS for a self-promoted concert in the period was for The Snowman in December 2019 with an NPS score of 93 from 28 survey respondents. Our lowest score was for Performance for the Planet in March 2019, scoring 55 from 29 respondents, which tried out a new concert concept involving interviewing scientists and entrepreneurs and included numerous works by contemporary Australian composers – usually a very difficult 'sell' and for a niche audience.

The average NPS score across all performances where NPS was measured was 84, and 77 across our self-promoted concerts. Therefore, we understand our patrons consider our performance to be in the main 'exceptional' and are highly likely to recommend our concerts to others.

In addition to NPS, we consider critical reviews from the media as a measure of excellence. A selection of PR reviews and quotes are below. Of note is the 9/10 rating for Nirvana in 2018, 5/5 rating for Performance for our Planet in 2019 and 3.5/5 from Limelight, the National Classical Music Magazine:

C.A.L.M.:

Xpress: 6.5 /10

Oz arts review (no star rating) - Neville Cohn "*This was an important event. I hope there will be more of them. There is clearly a demand for it.*"

UNPLUGGED: Nirvana Reimagined:

Xpress: 9/10 *"The song and show culminating with two violinists smashing their, hopefully, just prop instruments in ultimate grunge fashion, further cemented the fact PSO are the rebels of the orchestral world. That finale was met with a lengthy standing ovation probably heard outside the venue."*

Scenstr: (no star rating) *"From the sounds of violins and trumpet delightfully messing with my expectations during 'The Man Who Sold The World', to the tuba and harp features during 'Plateau' and 'Oh Me' respectively, it was a performance to be respected for its alluring complexity."*

Seesaw / Noted: (no star rating) *"...the masses approved with a raucous standing ovation"*

Amnplify: 3.5 stars

A Performance for our Planet:

Artshub: 5 stars

Limelight Magazine: (no star rating) *"PCO's restrained interpretation of Dvořák's Nocturne for Strings, with its ceaseless undercurrents and paradoxical weightlessness, complemented both the stunning visuals of windmills and the bite-sized lecture on renewable energy."*

Girls Night Out:

Xpress: 8/10

SeeSaw: (no star rating) *"Straddling classical and popular genres is not as easy as it looks; fortunately, PSO commissioned arrangements which ensured neither the song nor the orchestra come out looking foolish."*

Amnplify: (no star rating) *"The Perth Symphony Orchestra really outdid themselves with this show... Every, single person who walked out of the Astor Theatre was heard raving about just how good the evening was."*

LOVE HIM MADLY: The Doors Reimagined:

Out in Perth: 4.5 stars

Around the Sound: (no star rating) *"If they'd played it straight down the line, there wouldn't really have been any point. By painting themselves into a neo-psychedelic corner and being willing to take the risk of the trip going bad, Perth Symphony Orchestra breathed new life into The Doors' music"*

Xpress: 8.5/10

Amnplify: (no star rating) *"Overall, it was a brilliant night and both the PSO and Burford did a fabulous job."*

Mozart by Candlelight:

Limelight: 3.5 stars

SeeSaw: (no star rating) *“The centrepiece of the evening was the premiere of a chamber work by Australian pianist and composer Joe Chindamo (who was in attendance), commissioned by the PSO... An exciting premiere which elicited much applause.”*

Business Objective 8

Give regular, high quality, meaningful performance opportunities to at least 60 musicians, aiming long-term for 50% of their annual income to come from performances with PSO.

July 2018 - December 2019 Progress

PSO engaged 214 Western Australian musicians across the year. The highest was paid \$13,300 with the average of the top 60 being paid \$5,358. This is an increase on the previous year (see Chart 1 below).

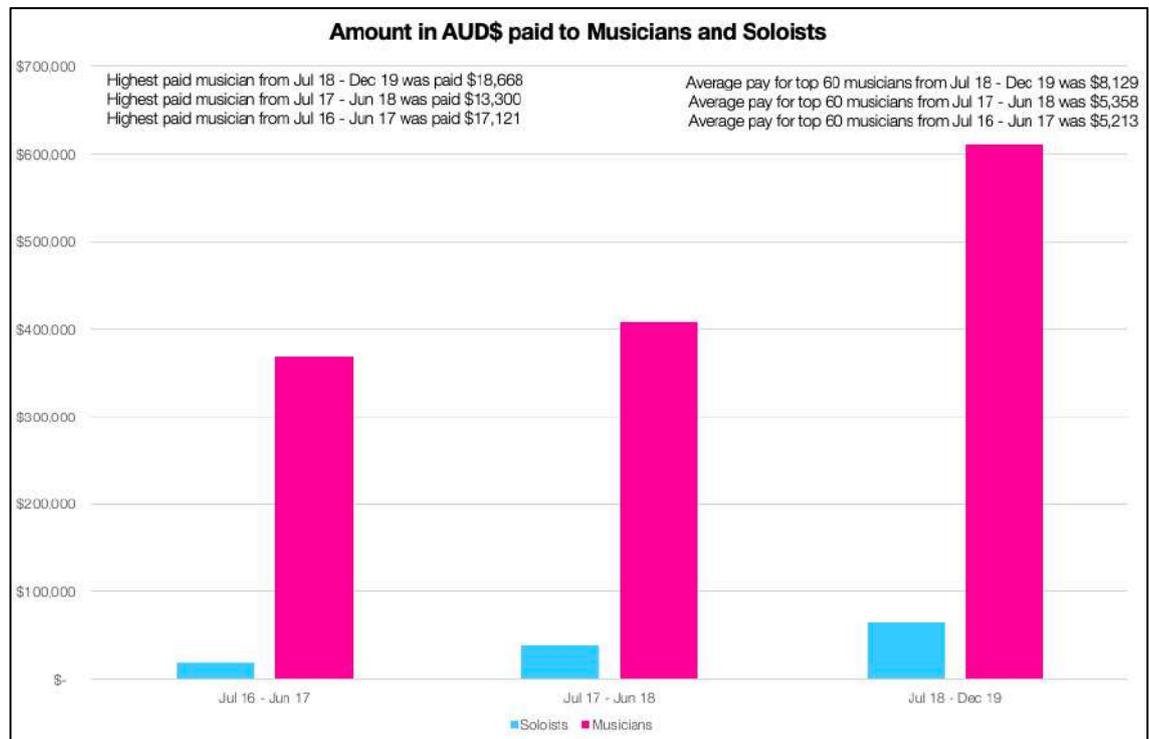


Chart 1: Total \$ paid to musicians FY17, FY18 and FY19

Business Objective 9

Be in a position to no longer be reliant on Founding Director, Bourby Webster.

July 2018 - December 2019 Progress

Following the appointment of a new chairman, Phil Thick, in November 2018, in November 2018 to March 2019, PSO undertook (in conjunction with the Board) a strategic review of the organisation. This included looking at:

- the sustainability of existing roles and structures to support PSO’s continued growth objectives; and
- the board composition, including experience relevant to PSO’s growth objectives.

As at the date of this report, the ongoing structure and sustainability of roles within the organisation remains under review.

Review and results of operations

The profit for the Company for financial year was \$70,642 (2018: \$105,019).

During the period of 18 months PSO undertook the following programme of events and performances:

- C.A.L.M.
- UNPLUGGED: Nirvana reimaged (encore)
- Altitude Ball
- AICD Dinner
- Music Under the Stars
- Tianqi Lithium Symphony Spectacular Kwinana
- Final Fantasy
- Claremont Christmas concert
- Ministry of Sound Orchestrated
- Morning Melodies
- Romance under the Stars – City of Bayswater
- ‘All You Need is Love’ – Joondalup Valentine's concert
- The Nature of Why - Perth Festival
- Romance on the Green – City of Rockingham
- AIM WA Pinnacle Awards

- A Performance for our Planet
- Mimma Musical
- Baroque by Candlelight – Regional tour
- Girls Night Out
- WA Ballet Peter and the Wolf (recording)
- WOWAK [Breathe]
- LOVE HIM MADLY: The Doors Reimagined
- Stairway to Heaven - Led Zeppelin Masters
- Mozart by Candlelight
- CLCRF's Family Night Out
- Music under the Stars
- Resources Technology Showcase
- Claremont Christmas concert
- Summer Symphony for the City of Kwinana
- The Snowman

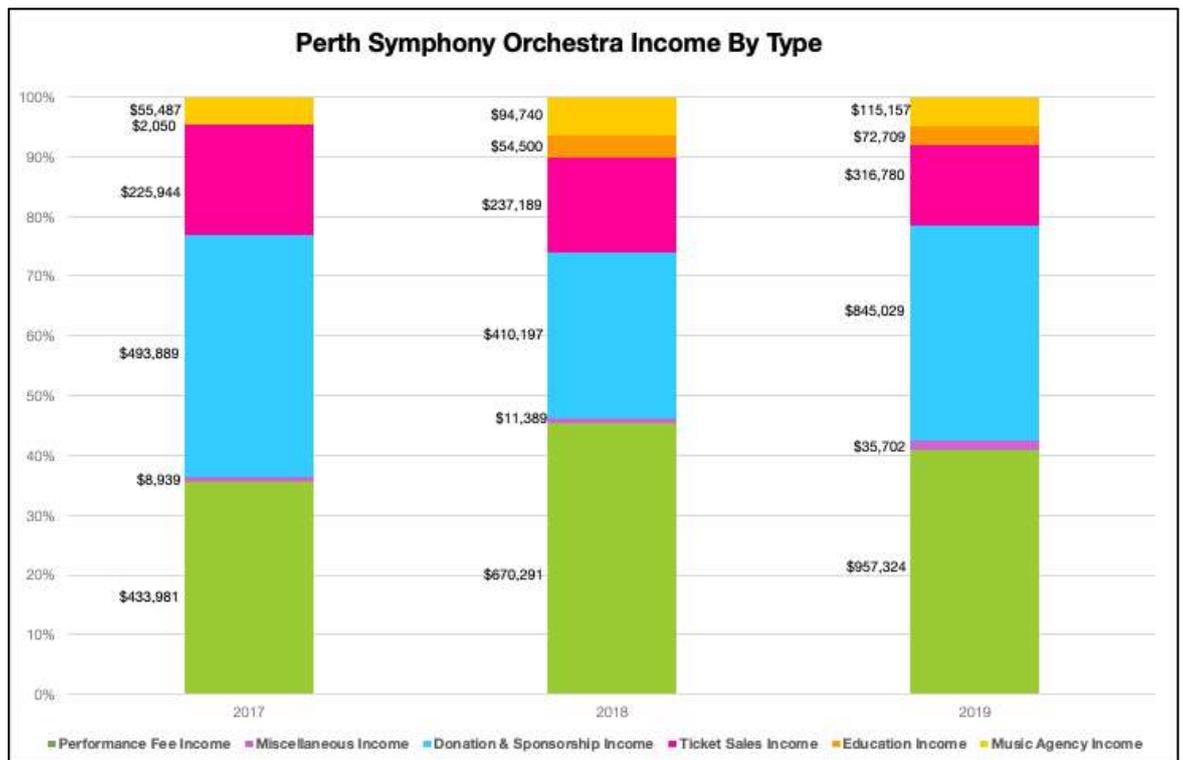
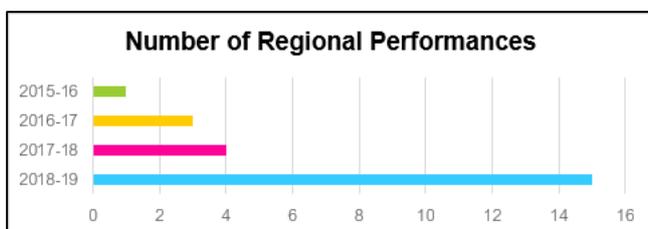
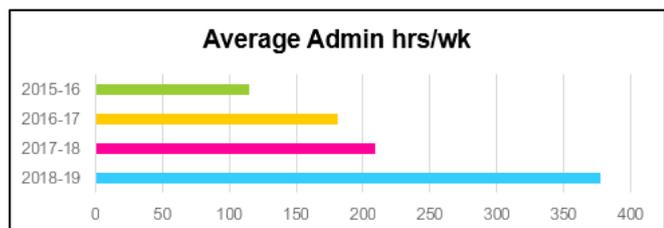
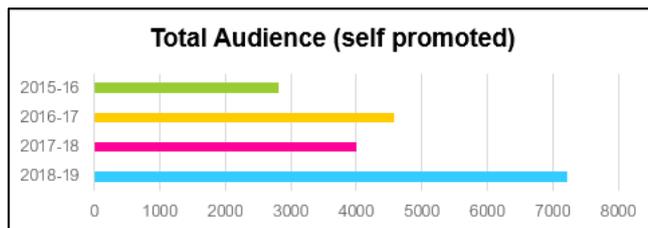
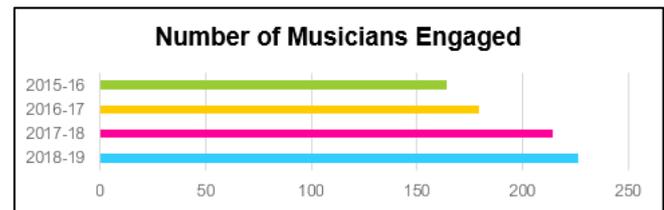
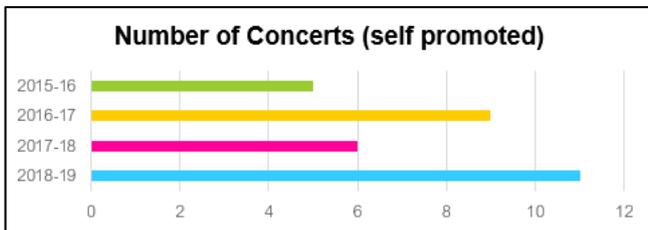
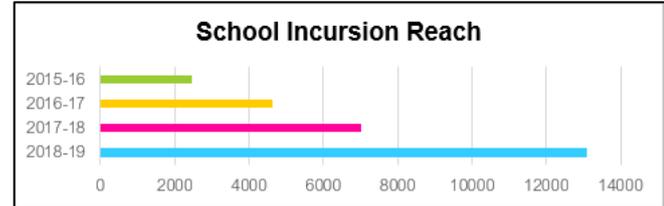
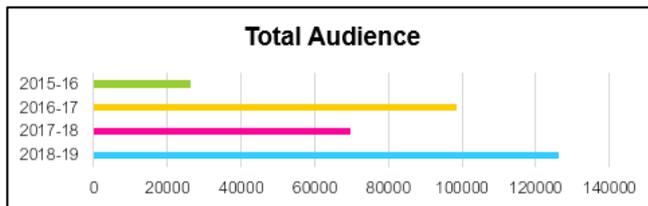
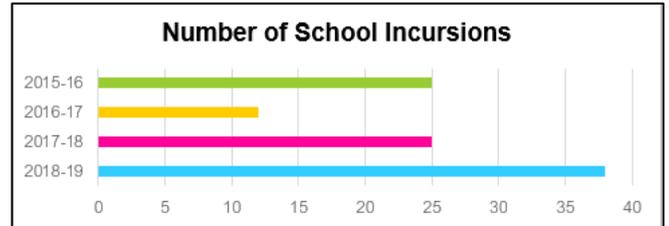
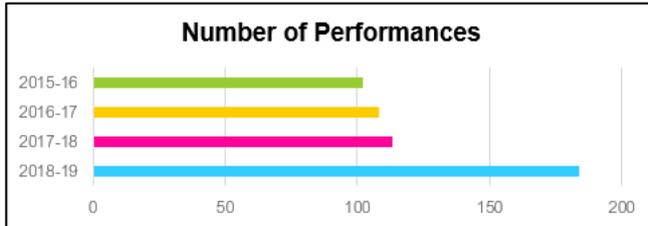


Chart 2: Income by type for FY17, FY18 vs FY19

Key performance data



State of affairs

During the financial year, PSO applied to change its financial year from June to December to better align with PSO's annual program.

With the exception of the above, and the change in directors as noted earlier in this report, there were no significant changes in the underlying state of affairs of the Company that occurred during the financial year.

Non-cash contributions by Sponsors

During the financial year, the Company received non-cash contributions in the form of services with a fair value of \$83,147 (2018: \$91,524) from the following sponsors.

Third Party	Nature of service provided	Fair Value FY19 \$	Fair Value FY18 \$
AHG	Use of vehicle	22,500	15,000
Hall Chadwick	Audit Assurance Services	10,000	10,000
Anthologie (formerly Linkletters)	Re-branding & web design services	-	14,023
Scotch College	Office space & venue hire	40,647	29,184
The West Australian	Advertising	-	23,318
Warner Consulting	HR Services	10,000	-

The Board would like to thank our sponsors for their ongoing support.

Events subsequent to reporting date

Subsequent to 31 December 2019, PSO appointed Julian Donaldson and Ashley Smith as Non-Executive Directors on 18 February 2020 and 8 March respectively.

Julian Donaldson

Julian is a highly experienced Arts Administrator, CEO and company director. He was the General Manager of the then Perth International Arts Festival and is currently CEO of the National Trust (WA).

Ashley Smith

Ashley Smith is widely regarded as one of Australia's leading clarinetists, regularly performing in recital both in Australia and abroad. He is a contemporary classical music specialist and is currently Chair of Woodwind and Contemporary Performance at the University of Western Australia.

The Board welcomes both Julian and Ashley to PSO and is looking forward to their contribution.

Likely developments

The Company will continue to deliver high quality performances of symphonic and non-symphonic music as well as its education and community engagement programmes during the next financial year.

As at the date of this report, in accordance with Government imposed restrictions, PSO’s concert programme has been suspended indefinitely. Given that PSO, in common with many other non-for-profit (and for profit) organisations, is operating in a time of heightened business risk, the Company is not currently in a position to reliably measure or accurately predict the impact that the COVID-19 pandemic may have on future activities, or on the timing of the delivery of our program of concerts.

Capital

The Company is limited by guarantee and does not have any shares on issue.

Directors’ meetings

The number of directors’ meetings held during the financial year, and the number of meetings attended by each director, were as follows:

<u>Director</u>	<u>No. of meetings attended</u>	<u>No. of meetings held during office</u>
Mr Maurice Timothy Spillane	2	2
Mr Alec John O’Connell	-	4
Ms Joanne Claire Palmer	8	9
Ms Rachel Elizabeth Webster	9	9
Mr Simon Joyner	1	2
Ms Suzanne Ardagh	5	6
Ms Niamh O’Connor	9	9
Mr Philip Andrew Thick	7	7
Kim Grist	2	2

Directors' remuneration

Directors are not paid any fees for their services as directors of the Company. Details of remuneration of other key management personnel are disclosed in Note 15.

Indemnification and insurance of directors'

The Company has indemnified all directors against any liability to any person (other than the Company or a Related Body Corporate of the Company), incurred as a director or employee of the Company. The indemnity does not extend to any claim arising out of conduct involving a lack of good faith or breach of duty.

During the financial year, the Company paid premiums in respect of directors' and officers' liability, legal expenses and insurance contracts with the next annual premiums due in September 2020. Such insurance contracts insure persons who are or have been directors or officers of the Company against certain liabilities (subject to certain exclusions).

The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid as such disclosure is prohibited under the terms of the contract.

Auditor's Independence

The Directors have received a declaration of independence from the auditors. This declaration can be found on page 57 and forms part of this report.

Signed in accordance with a resolution of the directors:



Philip Andrew Thick
Chairman
Perth, dated 27 May 2020

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE 18 MONTH PERIOD ENDED 31 DECEMBER 2019**

	Notes	18 mths ended 31 Dec 2019	12 mths ended 30 June 2018
Revenue		\$	\$
Performance fees and ticket sales	4	1,274,104	907,480
Sponsorships and donations	5	845,029	410,197
Music agency		115,157	94,740
Education programmes		72,709	54,500
Other revenue		35,702	11,389
Total revenue		2,342,701	1,478,306
Expenses			
Player and artist expenses		675,171	449,103
Production expenses		297,997	219,515
Media expenses		47,870	71,115
Player travel and accommodation expense		19,698	27,601
Sound and stage expense		108,647	70,979
Transport and logistics expense		22,500	15,187
Venue and office hire expense		124,686	67,583
Accounting and audit expenses		27,936	37,650
Employee expenses		802,770	333,214
Insurance		35,461	12,287
HR Expenses		10,110	-
Other expenses		102,457	69,897
	7	2,275,302	1,374,128
Results from operating activities		67,397	104,178
Net finance income	6	3,245	841
Profit for the year		70,642	105,019
Other Comprehensive Income			
Items that may be reclassified subsequently to profit or loss		-	-
Total comprehensive income for the year		70,642	105,019

The accompanying notes form part of this financial report.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Notes	31 Dec 2019 \$	30 June 2018 \$
Assets			
Current Assets			
Cash and cash equivalents	14	633,607	357,101
Trade and other receivables	9(a)	78,882	5,612
Inventories		2,946	3,033
Prepayments	9(b)	26,330	3,814
Total current assets		741,765	369,560
Non-current assets			
Property, plant and equipment	10	20,646	31,967
Intangible assets	11	-	2
Total non-current assets		20,646	31,969
Total assets		762,411	401,529
Liabilities			
Current liabilities			
Trade and other payables	12	116,358	40,569
Deferred Income	13	282,568	69,045
Payroll Liabilities		12,574	11,646
Total current liabilities		411,500	121,260
Total liabilities		411,500	121,260
Net Assets		350,911	280,269
Equity			
Reserves		-	-
Retained Profits		350,911	280,269
Total Equity		350,911	280,269

The accompanying notes form part of this financial report.

**STATEMENT OF CHANGES IN EQUITY FOR THE 18 MONTH PERIOD
ENDED 31 DECEMBER 2019**

FY19:	Retained profits	Total Equity
	\$	\$
At 1 July 2018	280,269	280,269
Comprehensive income for the period:		
Net profit	70,642	70,642
Other comprehensive income	-	-
Total comprehensive income for the period	70,642	70,642
As at 31 December 2019	350,911	350,911

FY18:	Retained profits	Total Equity
	\$	\$
At 1 July 2017	175,250	175,250
Comprehensive income for the period:		
Net profit	105,019	105,019
Other comprehensive income	-	-
Total comprehensive income for the period	105,019	105,019
As at 30 June 2018	280,269	280,269

The accompanying notes form part of this financial report.

**CASHFLOW STATEMENT FOR THE 18 MONTH PERIOD ENDED 31
DECEMBER 2019**

	Notes	18 mths ended 31 Dec 2019	12 mths ended 30 June 2018
		\$	\$
Cashflows from operating activities			
Cash receipts from customers		1,594,878	1,065,252
Cash receipts from sponsors and donors		804,888	315,610
Cash payments to suppliers, players and artists		(2,121,327)	(1,285,218)
Net cash provided by operating activities	14	278,440	95,644
Cashflows from investing activities			
Interest received		3,245	841
Payments for property, plant & equipment		(5,178)	(21,317)
Net cash used in investing activities		(1,933)	(20,476)
Cashflows from financing activities			
Related party loan repayments		-	-
Net cashflows used in financing activities		-	-
Net increase in cash held		276,506	75,168
Cash and cash equivalents at the beginning of the period		357,101	281,933
Cash and cash equivalents at the end of the period	14	633,607	357,101

The accompanying notes form part of this financial report.

NOTES TO THE FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

Perth Symphony Orchestra Limited is a public company limited by guarantee, incorporated and domiciled in Australia. The address of the registered office is:

HALL CHADWICK 'BARRINGTONS HOUSE'
283 ROKEBY ROAD, SUBIACO WA 6008

The nature of the operations and the principal activities of the Company during the year was the performance of Symphonic music. In addition to the performance of Symphonic music, PSO additionally provided:

- Corporate Entertainment, including non-symphonic music;
- Education & Community Engagement Programs;
- New concert and event experiences, experimenting with formats, programs and presentation;
- Musicians and ensembles for hire; and
- Concert programming, production and planning.

The Company is a not-for-profit organisation registered under the Australian Charities and Not-for-profits Commission (“ACNC”).

2 BASIS OF PREPARATION

Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-for-profits Commission Act 2012 (“ACNC Act”). This financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

During the 2019 calendar year, PSO changed its financial year end from June to December. As a result, the financial statements presented are for the 18-month period commencing 1 July 2018 and ending on 31 December 2019 (hereafter referred to as the “financial year” or “FY19”). The comparatives are for the 12 months ended 30 June 2018.

The financial statements were authorised for issue by the Board of Directors on 14 of May 2020.

Basis of measurement

The financial report has been prepared on a historical cost basis and is presented in Australian dollars.

Comparatives

Comparatives have been reclassified where required for consistency with current financial year disclosures.

(a) Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts in the financial statements. Actual results may differ from these estimates. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Revision to accounting estimates are recognised in the period which the estimates are revised and in any future periods affected. The following critical accounting policies have been identified for which significant judgements, estimates and assumptions are made.

Impairment of non-financial assets

The Company assesses impairment of its non-financial assets at each reporting date by evaluating conditions specific to the Company and to the specific asset. If an impairment trigger exists, the recoverable amount of the asset is determined.

Estimate of useful lives

The estimation of useful lives of assets is based on historical experience. The condition of the assets is assessed periodically and considered in relation to the remaining useful life of the asset and adjustments made to useful lives as appropriate.

(b) Changes in accounting policies

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the ACNC Act and the significant accounting policies disclosed below, which the directors have determined are appropriate

to meet the needs of the members. Such accounting policies are consistent with the previous period unless stated otherwise.

New standards adopted as at 1 July 2018

AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss; model for impairment of financial assets.

When adopting AASB 9, the Company has applied the transitional relief and opted not to restate prior periods. Differences arising from the adoption of AASB 9 in relation to classification, measurement, and impairment are recognised in opening retained earnings as at 1 July 2018.

The adoption of AASB 9 has impacted the following areas:

Impairment of trade receivables

For trade receivables, the Company has applied a simplified approach of recognising lifetime expected credit losses as these items do not have a significant financing component. The impairment allowance for trade receivables was increased by \$nil at 1 July 2018.

(c) Going concern

The financial report has been prepared using the going concern basis. As at 31 December 2019, the Company had net current assets of \$330,266 (FY18: \$248,300) and had generated \$278,437 (FY18: \$95,644) in cash from operating activities after receiving the following amounts in sponsorship and donations: Cash receipts, totalling \$759,054 (FY18: \$315,630); and Non-cash contributions of services with a fair value of \$88,147 (FY18: 91,524).

As at the date of this report, in accordance with Government imposed restrictions, PSO's concert programme has been suspended indefinitely. Given that PSO, in common with many other non-for-profit (and for profit) organisations, is operating in a time of heightened business risk, the Company is not currently in a position to reliably measure or accurately predict the impact that the Corona Virus 2019 (Covid-19) pandemic may

have on future activities, or on the timing of the delivery of our program of concerts.

Notwithstanding the above, the ability of the Company to pursue its medium-term objectives is dependent on the continuing support of its existing sponsors and the introduction of new sponsorships and donations.

In the Directors' opinion there is a reasonable expectation that adequate sponsorship and donations will become available when necessary, otherwise the Company will reduce its operating activities accordingly. This expectation is based on documented confirmation from stakeholders that their financial support of Perth Symphony will continue as contracted or promised during 2020 despite physical distancing measures preventing the orchestra from performing. Confirmed financial support to March 2021 includes:

Sponsorship income	\$250,000
State Government Support (AOIP)	\$100,000
Donation income	\$50,000
Total commitment	\$400,000

Perth Symphony wishes to acknowledge the continued support of the following sponsors and donors during this time:

Minderoo Foundation
Tim Roberts Giving
Government of Western Australia
Coogee Chemicals
Automotive Holdings Group (AHG)

In addition to confirmed income from the above partners, Perth Symphony has also successfully applied for the Federal Government's JobKeeper scheme and stimulus package both of which are currently supporting Perth Symphony's ongoing operations.

In light of the above, the Directors' are confident that PSO is able to continue operations during Covid-19 and beyond allowing enough in reserve to re-commence fully operating once restrictions are lifted.

3 SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue recognition/ deferred income

Revenue is measured at the fair value of the consideration received or receivable. Amounts are disclosed net of goods and services tax (GST). Revenue is recognised for the major business activities as follows:

Donations and sponsorships

Donations are recognised on a receipts basis when the amount can be measured reliably.

Sponsorship is recognised when the right to the sponsorship has been attained. Where sponsorship is received to support orchestral performances, amounts are recognised over the period to which the sponsorship relates. Where service conditions are included in contractual terms, revenue is not recognised until such time that the sponsor has been compensated for the service. Sponsorship that are received without any specific conditions attached are recognised at the time of receipt and all other unearned sponsorship amounts are recognised as deferred income until the conditions for recognition are met.

Rendering of services

Revenue from services is recognised when the control of a right to be compensated for the services has been attained. This occurs upon provision of the agreed service. All revenues received prior to date of service are recognised as a liability for advanced bookings. The liability for deferred income is the unutilised amounts of income received until the specified services are delivered or conditions are fulfilled. The services are usually provided, or the conditions usually fulfilled, within 12 months of the receipt of the income.

Interest income

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Contribution Income

Contribution income represents the fair value of assets received in excess of the cost of the assets where there is a non-reciprocal transfer and is recognised as income once the asset is controlled by the Company.

In addition, the Company recognises the non-reciprocal transfer of services from third parties at fair value where the services require specialised skills provided by those entities or persons possessing those skills, and the Company would otherwise need to purchase those services if not donated. This accounting treatment has no impact on the profit/(loss) of the Company.

(b) Foreign currency translation

Both the functional and presentation currency of the Company is Australian dollars.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Foreign currency gain and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss and other Comprehensive Income.

(c) Income tax and other taxes

The Company are exempt from income tax, capital gains tax and payroll tax by virtue of being a cultural organisation established for the encouragement of music and a charitable institution.

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 Tax 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 the expense. Receivables and payables are stated with the amount of GST included. The net amount

of GST recoverable from, or payable to, the ATO is included as a current asset or liabilities in the Statement of Financial Position. Cashflows are included in the statements of cashflows on a gross basis. The GST components of cashflows arising from investing and financing activities which is recoverable from, or payable to, the ATO are classified as operating cashflows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(d) Acquisition of assets

Acquired assets are accounted for at cost. Cost is measured as the fair value of assets given or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

(e) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand, and short-term deposits with an original maturity of three months or less.

(f) Trade and other receivables

The Company recognises trade receivables at invoice date given this represents the date the Company establishes a contractual right of receipt. Trade receivables, which generally have 30-90-day terms, are recognised and carried at original invoice amount less an allowance (the “loss allowance”) for any uncollectible amounts.

The Company makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Company uses its historical experience and external indicators to calculate the expected credit losses.

(g) Inventories

Inventories are required to be valued at the lower of cost and current replacement cost. Costs incurred in bringing each product to its present location and condition. Current replacement cost is the cost that would be incurred to acquire the inventories at reporting date. Net realisable value is the estimated selling price in the ordinary course of business,

less estimated costs of completion and the estimated costs necessary to make the sale.

(h) Plant & equipment

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

- Sheet Music Library: 10 years
- Other Plant & Equipment: 5 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(i) Intangible assets

Intangible assets comprise software licences and web-site development costs. These assets have a finite useful life and are carried at cost less accumulated amortisation and impairment losses and are tested for impairment where an indicator of impairment exists. Amortisation is calculated using the straight-line method to allocate the cost over the estimated useful life of three years.

(j) Impairment of plant and equipment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with a recoverable amount being estimated when events or changes in circumstances indicate the carrying value may not be recoverable.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. Value in use shall be determined as the depreciated replacement cost of the asset. Impairment losses are recognised in the statement of Profit or Loss and other Comprehensive Income.

(k) Leased plant & equipment

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or asset and the arrangement conveys a right to use the

asset. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of Profit and Loss and other Comprehensive income on a straight-line basis over the period of the lease.

(l) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

(m) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provisions due to the passage of time is recognised as a borrowing cost.

(n) Employee benefits

Wages and salaries

The provisions for employee benefits to wages and salaries represent the amount which the Company has a present obligation to pay resulting from employees' services provided up to the reporting date. The provisions have been calculated at undiscounted amounts based on wage and salary rates which are expected to be paid when the liability is settled and include related on-costs.

Superannuation plans

The Company contributes to employee's superannuation plans. Employer contributions are recognised as an expense as they are made. The Company has no ongoing liability for superannuation benefits ultimately payable to employees.

Long service and annual leave

The long service and annual leave liability represent the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the reporting date. Liabilities for employee benefits which are not expected to be settled within twelve months are discounted using the rates attaching to corporate bonds at reporting date which most closely match the terms of maturity of the related liabilities. In determining the liability for employee benefits, consideration is given to future increases in wage and salary rates, and the Company's experience with staff departures. Related on-costs have also been included in the liability.

(o) New and amended standards adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations and effective for the current annual reporting period as follows;

- AASB 15: Revenue from Contracts with Customers
- AASB 1058: Income of Not-for-profit Entities

The adoption of these amendments had an impact on the financial performance or position of the Company during the financial year. Sponsorship that are received without any specific conditions attached are recognised at the time of receipt and all other unearned sponsorship amounts are recognised as deferred income until the conditions for recognition are met.

New standards and interpretations not yet adopted

The following new standards are effective for annual periods beginning after 1 January 2019;
AASB 16: Leases (effective for annual reporting periods beginning on or after 1 January 2019)

During FY19, PSO entered into a lease agreement with Colliers International for the PSO's 1 Station Street, Cottesloe premises. Management is yet to assess the impact of the adoption of AASB 16 Leases standard may have on the Company.

4 PERFORMANCE FEES AND TICKET SALES

	18 mths ended 31 Dec 2019	12 mths ended 30 June 2018
	\$	\$
Performance fees	957,324	638,592
Ticket sales	316,780	268,888
Total performance fees and ticket sales	1,274,104	907,480

5 SPONSORSHIPS AND DONATIONS

	18 mths ended 31 Dec 2019	12 mths ended 30 June 2018
	\$	\$
Sponsorships	550,551	248,840
Donations	294,478	161,357
Total sponsorships and donations	845,029	410,197

6 FINANCE INCOME AND FINANCE EXPENSES

	18 mths ended 31 Dec 2019 \$	12 mths ended 30 June 2018 \$
Finance income:		
Interest income	3,245	841
Net finance income	3,245	841

7 EXPENSES

The net profit from operating activities has been arrived at after charging the following items:

	18 mths ended 31-Dec 2019 \$	12 mths ended 30-Jun 2018 \$
Depreciation:		
Computers	5,331	2,553
Plant & Equipment	11,168	5,154
	16,499	7,707
Amortisation of Intangible Assets	2	1,078
Total Depreciation and Amortisation	16,501	8,785
Operating lease rental expense	63,000	21,000

Employee expense

Wages & Salaries	682,467	284,902
Superannuation – Staff	65,373	26,666
Superannuation - Musicians	53,928	-
Leave Pay Accrual Expense	852	11,646
Staff Travel & Phone Allowance	150	10,000
	802,770	333,214

The Company had eleven employees at the end of FY19 (FY18: Nine Employees). There was a change in policies for superannuation. Musicians and contractors are now paid superannuation for work performed provided they meet the legislative requirements.

8 NSM MANAGEMENT FEES

As mentioned in prior years, on 18 November 2014, a Transfer, Royalty and Management Services Agreement (the ‘Agreement’) was signed between the Company, ACN 157 689 882 Pty Limited (formerly Perth Symphony Orchestra Pty Limited, deregistered on 25 November 2015), Westbase Holdings Pty Limited (ACN 129 202 115) trading as North Street Music and Ms Bourby Webster.

Under this agreement, PSO appointed NSM to provide promoter and event management services with a variable reward mechanism, structured in a way that allowed consideration of PSO’s financial position as a new not-for-profit entity with limited financial capacity.

On the 28 May 2017, a Restated Transfer, Royalty and Management Services Agreement (the ‘Restated Agreement’) was signed between the Company, North Street Music and Ms Bourby Webster to allow for the suspension of NSM’s services, if agreed, in writing.

On the same day, the Company, North Street Music and Ms Bourby Webster (together “The Parties”) agreed to suspend NSM’s services retrospectively from 1 December 2016 until 30 November 2018 – to allow for the appointment of Ms Bourby Webster as an employee of PSO given PSO’s increased financial capacity.

For the year ended 30 June 2018, no management fees or retainer were paid or payable to NSM given the suspension of the Restated Agreement during the full financial year.

On 29 November 2018, the Parties agreed to an extension of the suspension of NSM's services from 1 December 2018 until 31 March 2019. Subsequently, on 1 April 2019 the parties agreed to further suspend NSM's from 1 April 2019 until 31 December 2020.

9 TRADE, OTHER RECEIVABLES AND PREPAYMENTS

a) Trade and other receivables

	31 Dec 2019	30 June 2018
	\$	\$
Current		
Trade debtors	77,794	4,524
Provision for impairment loss	-	-
Carrying amount of trade receivables	77,794	4,524
Accrued revenue	-	-
Other receivables	1,088	1,088
Total trade and other receivables	78,882	5,612

Past due but not impaired:

	31 Dec 2019	30 June 2018
	\$	\$
Trade debtors ageing:		
0 to 30 days	66,618	770
31 to 60 days	150	2,500
61 to 90 days	4,808	-
Over 90 days	6,218	1,254
Total trade receivables	77,794	4,524

Due to the short-term nature of these receivables, the carrying value is considered to approximate their fair value.

b) Prepayments

	31 Dec 2019	30 June 2018
	\$	\$
Other	26,330	3,814
Total prepayments	26,330	3,814

10 PROPERTY, PLANT & EQUIPMENT

Reconciliation of carrying amounts at the end of the year:

	Music Library Scores \$	Plant & Equipment \$	Computer \$	Total \$
As at 1 July 2018, net of accumulated depreciation and impairment	12,269	13,678	6,020	31,967
Additions	807	836	3,535	5,178
Depreciation expense	(2,632)	(8,535)	(5,332)	(16,499)
Balance as 31 December 2019 net of accumulated depreciation	10,444	5,979	4,223	20,646

At 31 December 2019

Cost	17,739	21,577	12,562	51,878
Accumulated depreciation	(7,295)	(15,598)	(8,339)	(31,232)
Net carrying amount	<u>10,444</u>	<u>5,979</u>	<u>4,223</u>	<u>20,646</u>

	Music Library Scores \$	Plant & Equipment \$	Computer \$	Total \$
As at 1 July 2017, net of accumulated depreciation and impairment	10,147	6,847	1,363	18,357
Additions	3,702	10,406	7,209	21,317
Depreciation expense	(1,580)	(3,575)	(2,552)	(7,707)
Balance as 30 June 2018 net of accumulated depreciation	<u>12,269</u>	<u>13,678</u>	<u>6,020</u>	<u>31,967</u>

At 30 June 2018

Cost	16,932	20,740	9,027	46,699
Accumulated depreciation	(4,663)	(7,062)	(3,007)	(14,732)
Net carrying amount	<u>12,269</u>	<u>13,678</u>	<u>6,020</u>	<u>31,967</u>

	31 Dec 2019	30 June 2018
	\$	\$
11 INTANGIBLES ASSETS		
Opening balance, net of accumulated depreciation and impairment	2	1,080
Additions	-	-
Amortisation charge for the period	(2)	(1,078)
Balance as 30 June net of accumulated depreciation	<u>-</u>	<u>2</u>
At 30 June:	31 Dec 2019	30 June 2018
	\$	\$
Cost	2	9,352
Accumulated depreciation	(2)	(9,350)
Net carrying amount	<u>-</u>	<u>2</u>

Intangible assets comprise web-based design costs.

12 TRADE AND OTHER PAYABLES

	31 Dec 2019	30 June 2018
	\$	\$
Current		
Trade creditors	34,621	7,689
Other payables	33,273	22,004
Accruals	48,464	10,876
Total trade and other payables	<u>116,358</u>	<u>40,569</u>

Trade and other payables will be settled within 60 days. Due to the short-term nature of these payables, the carrying value is considered to approximate their fair value.

13 DEFERRED INCOME

	31 Dec 2019	30 June 2018
	\$	\$
Unearned sponsorships	78,718	33,334
Unearned other	1,500	7,186
Prepaid other	7,000	28,525
Prepaid Income (i)	195,350	-
Total prepaid revenue	282,568	69,045

13 (i) Prepaid Income

	31Dec 2019	30 Jun 2018
	\$	\$
Prepaid Concert Income for Mar 2020	76,000	-
Prepaid Concert Income for Feb 2020	119,350	-
	195,350	-

14 CASHFLOW STATEMENT RECONCILIATION

For the purposes of the cashflow statement, cash includes cash on hand and at bank and short-term deposits at call. Cash and cash equivalents as at the end of the financial year are shown in the cashflow statement are as follows:

(a) Reconciliation of cash

	31 Dec 2019	30 June 2018
	\$	\$
Cash	633,607	357,101

Included in cash are sponsorship receipts readily available for use by PSO but set aside for obligation under such arrangements. See PSO's accounting policy in 3(a) for sponsorships.

(b) Reconciliation of net profit from ordinary activities to net cash provided by operating activities

	18 mths ended 31 Dec 2019 \$	12 mths ended 30 June 2018 \$
Net profit	70,643	105,019
Adjustments for:		
Depreciation and amortisation	16,501	8,785
Interest received	(3,245)	(841)
Net cash provided by operating activities before change in assets and liabilities	83,899	112,963
Changes in assets & liabilities:		
Decrease/ (increase) in receivables	(73,310)	167,030
Decrease/ (increase) in other assets	(22,476)	(1,912)
Decrease/ (increase) in inventory	87	(2,632)
(Decrease)/ increase in payables	75,790	(23,501)
Increase in employee entitlements	927	11,646
(Decrease)/ increase in deferred income	213,523	(167,950)
Changes in assets & liabilities	194,541	(17,319)
Net cash provided by operating activities	278,440	95,644

Non-cash transactions

During the year, the Company received non-cash contributions in the form of services with a fair value of \$83,147 (2018: \$91,524) from the following sponsors:

Third Party	Nature of service provided	Fair Value FY19 \$	Fair Value FY18 \$
AHG	Use of vehicle	22,500	15,000
Hall Chadwick	Audit Assurance Services	10,000	10,000
Anthologie (formerly Linkletters)	Re-branding & web design services	-	14,023
Scotch College	Office space & venue hire	40,647	29,184
The West Australian	Advertising	-	23,318
Warner Consulting	HR Services	10,000	-

15 DIRECTORS AND EXECUTIVE DISCLOSURES

Details of key management personnel

Directors:

Mr Maurice Spillane	Appointed 11 September 2014, Resigned 18 November 2018
Mr Alec O'Connell	Appointed 18 November 2014 Resigned 16 January 2019
Ms Joanne Palmer	Appointed 18 November 2014
Ms Rachel Webster	Appointed 11 September 2014
Mr Simon Joyner	Appointed 5 April 2016, Resigned 12 October 2018
Ms Suzanne Ardagh	Appointed 19 September 2017 Resigned 9 August 2019
Ms Niamh O'Connor	Appointed 28 March 2018
Mr Philip Thick	Appointed 18 November 2018

Executives:

Ms Rachel Webster	Founder & CEO
Ms Tina Nguyen	General Manager

	18 mths ended 31 Dec 2019 \$	12 mths ended 30 June 2018 \$
Compensation of key management personnel	\$306,516	\$189,371

Ms Jessica Gethin is not a part of key management personnel in FY 2019, in accordance with her international work commitments. Jess is continuing to support PSO.

The directors have not received any payments for their services as directors.

16 RELATED PARTIES

(a) Directors

Transactions with Directors

During the financial year, Ms Webster contributed cash donations to the Company of \$1,500 (FY18: \$250). Ms. Webster was paid \$2,810 for music performances during this year.

Mr. Phil Thick contributed cash donations to the Company of \$5,000

(b) Others

NSM in which Bourby is a Director, was paid \$25,135 for Music Arrangements.

Transactions between the Company, the Directors and the entities of which the Directors have declared an interest, are transacted under normal terms and conditions of business.

17 COMMITMENTS AND CONTINGENCIES

Operating lease commitments

	31Dec 2019 \$	30June 2018 \$
One year or less	38,500	21,000
From one to five years	-	-
Over five years	-	-
Total operating lease commitments	-	-

The Company holds an operating lease for the 1 Station Street Cottesloe with Onix Investments Pty Ltd, a related party of Tim Roberts. This lease is for a period of 1 year and renewable at the option of Tim Roberts. This lease was entered into on 13 December 2017 and renewed on 17 December 2019 until 13 November 2020.

Scotch College provides the office accommodation for PSO free of charge.

Royalty payable to Ms Webster:

Under the Restated Agreement, as described in prior years and Note 8, Ms Rachel Elizabeth Webster is entitled to a Founder Royalty. If the Agreement is terminated by NSM in the first three years no such royalty is payable. As at the date of this report, the Restated Agreement has not been terminated.

The Founders Royalty acknowledges that Ms Rachel Elizabeth Webster and/or her Affiliates have created Perth Symphony Orchestra and Perth Chamber Orchestra and have contributed the entire Perth Symphony Orchestra and Perth Chamber Orchestra enterprises to the Company in conjunction with ongoing support. In agreeing to the Founder Royalty the Board recognises that

the Company would not likely develop as the parties' desire without this immediate ongoing support of Ms Webster following the Company's incorporation.

Under the Restated Agreement;

- (1) The Founders Royalty is payable from the date the Agreement is terminated, or otherwise expires, and shall continue for a minimum of 5 years (plus 1 year for every year the Agreement was in place) to a maximum period of 10 years from the expiry or termination of the Agreement.
- (2) The Founders Royalty is the greater of:
 - a. 1% of gross revenue (excluding sponsorships, donations, sale of assets or contributions/gifts in kind); and
 - b. an amount equivalent to a principal player fee per concert up to a maximum amount of \$1,000 per event or per season.

18 FINANCIAL RISK MANAGEMENT

The Company's principal financial instruments comprise cash and short-term deposits, receivables and payables.

Risk management is carried out by management under delegation from the Board.

The Company does not enter into derivative financial instruments for trade or speculative purposes.

The Company manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Company's financial risk management policy.

- a) Interest rate risk exposures

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was:

	31 Dec 2019	30 June 2018
	\$	\$
Fixed rate instruments Financial assets	201,729	
Variable rate instruments Financial assets	354,144	136,561

The weighted average interest rate at 31 December 2019 was 0.013% (30 June 2018: 0.4%). From time to time PSO sees to put funds on deposit in order to obtain benefit from higher interest rates. The Company regularly analyses its interest rate exposure to ensure that it achieves the best available position.

b) Interest rate sensitivity

The following sensitivity analysis is based on the interest rate exposures in existence at the balance sheet date. The 0.25% sensitivity is based on reasonably possible changes, over a financial year, using an observed range of historical deposit rate movements over the last 3 years.

At 31 December 2019, if interest rates had moved, as illustrated in the table below, with all other variables held constant, net profit and equity relating to the financial assets of the Company would have been affected as follows:

		31 Dec 2019	30 June 2018
		\$	\$
Judgements of reasonable possible movements:			
Net profit – higher/ (lower)	+0.25%	-	332
	- 0.25%	-	(332)
	+0.1%	556	-
	-0.1%	(556)	-

c) Net fair value

The net fair value of financial assets and liabilities is equivalent to the carrying amount at balance date as disclosed in the statement of financial position and related notes. This is because either the carrying amounts approximate net fair value or because of their short term to maturity.

d) Credit risk exposure

Receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. The Company holds all its banking with ANZ.

The carrying amount of financial assets represents the maximum credit exposure. The maximum credit exposure at the report date was:

		31 Dec 2019 \$	30 June 2018 \$
Cash and cash equivalents	14	633,607	357,101
Trade and other receivables	9	78,882	5,612
Related party loans & receivables	15	-	-
		712,489	362,713

e) Capital management and liquidity risk

The Company does not have any share capital. The Company's liquidity objective is to secure sufficient funding from private and other sources and to grow its cash reserves. In addition, under the existing Agreement with NSM, the Company is not exposed to the risk of underwriting events, instead operating as an "Orchestra for hire" unless at a future time sufficient cash balance can support such a position.

f) Exchange rate risk

The Company has a minimal exposure to changes in foreign exchange rates.

19 AUDITOR'S REMUNERATION

	18 mths ended 31 Dec 2019	12 mths ended 30 June 2018
	\$	\$
Hall Chadwick Audit (WA) Pty Ltd		
Audit Payable	6,310	5,000
In Kind	10,000	10,000
	16,310	15,000

20 SUBSEQUENT EVENTS

Except as otherwise disclosed in the notes to the financial statements, no events have occurred subsequent to reporting date that materially affect the accounts and are not already reflected in the Statement of Profit or Loss and other Comprehensive Income and Statement of Financial Position.

There were two Board Directors appointments took place after the reporting date. Julian Donaldson was appointed on 18 Feb 2020 and Ashley Smith was appointed on 8 March 2020.

Directors' Declaration

In the opinion of the directors of Perth Symphony Orchestra Limited:

- a) The Company is not publicly accountable
- b) The financial statements and notes that are set out on pages 26 to 55 are in accordance with the Australian Charities and Non-for-profits Commission Act 2012, including:
 - (i) Giving a true and fair view of the Company's financial position as at 31 December 2019 and of its performance for 18 month period ended 31 December 2019; and
 - (ii) Complying with the Australian Accounting Standards and the Australian Charities and Not-for-profits Regulation 2013; and
- c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Phil Thick
Chairman
Perth

AUDITOR'S INDEPENDENCE DECLARATION PERTH SYMPHONY ORCHESTRA LTD

In accordance with the requirements of section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012, I am pleased to provide the following declaration of independence to the directors of Perth Symphony Orchestra Limited. As audit partner of Perth Symphony Orchestra Limited for the 18 month period ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.



Hall Chadwick Audit (WA) Pty Ltd
ABN 42 163 529 682



Nikki Shen
Director

Dated 27 May 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PERTH SYMPHONY ORCHESTRA LIMITED

Report on the Financial Report

Opinion

We have audited the financial report of Perth Symphony Orchestra Limited ("the company"), comprising the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the 18 month period then ended, notes comprising a summary of significant accounting policies and the directors' declaration.

In our opinion, the accompanying financial report of Perth Symphony Orchestra Limited has been prepared in accordance with Division 60 of the Australian Charities and Not-for-Profits Commission Act 2012 (ACNC Act), including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2019 and of its financial performance for the 18 month period then ended; and
- (b) complying with Australian Accounting 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's Responsibility section of our report.

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

Independence

We are independent of the company in accordance with the requirements of section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 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.

Directors' Responsibility

The directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and have determined the accounting policies used are consistent with its financial reporting requirements, and have determined that the basis of preparation is appropriate to meet the requirements of the Australian Charities and Not-For-Profits Commission Act 2012. The directors' responsibility also includes such internal control as management determines necessary to enable the preparation of financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole are 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, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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 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.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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 conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information or business activities within the company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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



Hall Chadwick Audit (WA) Pty Ltd
ABN 42 163 529 682



Nikki Shen
Director

Dated 27 May 2020