OPERA QUEENSLAND LIMITED
ACN 010 258 750

FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their report together with the financial report of Opera Queensland Limited ("the Company") for the year ended 31 December 2019 and the auditor's report thereon.

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

David Siddle *BA (Hons), PhD, FASSA*
Appointed Chair October 2018
Deputy Chair August 2016 – September 2018
Member, Audit and Risk Committee
Director since September 2014

Kim Challenor *BComm, BA, CA*
Appointed Deputy Chair October 2018
Treasurer June 2012 – May 2018
Director since June 2012

Anne Cross AM *BSW, MSW, FAICD*
Member, Audit and Risk Committee
Director since April 2017

David Gow *BCom, LLB, FAICD*
Appointed Treasurer May 2019
Chair, Audit and Risk Committee from May 2019
Director since April 2018

Daniel Tobin *BA Visual Arts, DipDramArt (Design)*
Director since August 2018

Will Fellowes *BComm, GradDipCA, GAICD*
Member, Audit and Risk Committee since September 2016
Director since July 2019

Judith Mather *MBus (HR Management), MBus (Philanthropy and NFP)*
Director since September 2019

Teresa Dyson *LL.B (Hons), BA, MTax, MAppFin*
Treasurer June 2018 – May 2019
Chair, Audit and Risk Committee to May 2019
Director since August 2016
(Retired May 2019)

Colin Furnival *PhD, FRCS, FRACS, GAICD*
Chair, Opera Queensland Foundation
Director since December 2009
(Retired September 2019)

Directors' meetings

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

	Directors Meetings		Audit & Risk Committee	
	Attended	**Held***	**Attended**	**Held***
D Siddle	7	7	4	5
K Challenor	7	7	-	-
A Cross	7	7	5	5
T Dyson	3	3	2	2
W Fellowes**	4	4	3	5
C Furnival	4	5	-	-
D Gow	4	7	4	5
D Tobin	3	7	-	-
J Mather	3	3	-	-

* Reflects the number of meetings held during the time the Director or External Committee Member held office during the year.
** External Committee Member until 29th July

Purpose
To make Opera an integral part of Queensland life.

Vision
To enrich the lives of our diverse audience by creating thrilling opera, with exceptional artists and partners, courageously supporting and advancing the art form.

Our strategy

Over the three years 2019-2021, Opera Queensland's strategy is to invest in a third major production each year, build upon the success of our highly regarded regional and schools programs, work with Indigenous and culturally and linguistically diverse artists to tell their stories through music, implement a dynamic long term sponsorship and development strategy, and create bold new works collaborating with local, national and international artists.

Artistic productions will reflect:

- Main stage performances of traditional and modern large scale opera, revealing the works as relevant to our time
- Deeper connection with regional and remote Queensland through performances and other activities born of local stories
- Collaborations with local, national and international artists to create new works that develop the art form, artists and audiences

Successfully increasing income and support from private and corporate donors and sponsors is vital to the future of Opera Queensland is the focus of the revitalised philanthropy strategy.

Opera Queensland has launched into a triennium of strong and diverse works, inspired by the unique energy of Queensland with a view to celebrating our 40th birthday in 2021 as one of Queensland and Australia's most successful and dynamic arts organisations.

Principal activities

The principal activities of the Company in 2019 were:

- Presentation of three main stage operas at the Queensland Performing Arts Centre (QPAC):
    - a new production of John Adam's *A Flowering Tree*
    - a new production of Puccini's *Tosca*
    - a new production of Gluck's *Orpheus & Eurydice*, presented in association with Circa
- A collaboration to present Verdi's *Requiem* as part of Bleach* Festival, which was presented by Bleach* Festival, Griffith University and HOTA at the outdoor stage on the Gold Coast.
- The touring of a new Opera Queensland production, *Songs to Die For,* presented in 16 regional Queensland communities.
- The co-commission and co-production of a new Australian work, *Oscar & Lucinda* with Sydney Chamber Opera and Victorian Opera, presented at Carriageworks in Sydney.
- The presentation of Alexandra Flood and Alex Raineri recital in the intimate setting of Opera Queensland's studio space.
- Nicole Car in concert with Etienne Dupuis and Jayson Gillham at the QPAC Concert Hall.
- The presentation of a new re-telling of Humperdinck's *Hansel & Gretel* in collaboration with shake & stir theatre company in the third year of touring this production to primary schools. This year *Hansel & Gretel* was delivered to 6,139 primary school students across metropolitan, regional and remote Queensland.
- Five community participation events of *Sing Sing Sing* at locations throughout South Bank.
- Regional performances including Opera at Jimbour with Queensland Music Festival, Opera by the Lake as part of the Childers Festival, and Opera at the Vineyard at Ballandean Estate.
- In-school programs and residencies, and community workshops were attended by participants as part of our Learning, Regional & Community activities.
- Audience development and fundraising events and initiatives.

Review and Result of Operations

The result of the Company for the year was a total surplus of $1,297,349 (2018: $209,506), of which the operating surplus (total surplus less restricted Bequest funds and revenue from non-operating activities) was $273,331.

The difference in income and expenditure between 2019 and 2018 reflects the cyclical nature of the Company's annual program of activities, particularly in relation to the difference in scale of regional touring activity from year to year. In addition to the operating surplus, the Company received $824,018 from a bequest during the year and accrued $200,000 non-operating revenue for reserves matched funding. A more detailed review of the operations of the Company during the financial year is contained in Chair's Message, CEO & Artistic Director's Message, and Executive Director's Message in the Annual Report.

The Company is exempt from income tax.

Performance measurement

The Company measures performance through agreed outcomes and performance indicators established in collaboration with the Queensland and Federal Governments. These performance indicators and measures are aligned directly to the achievement of our four core goals listed below through the actions and activities as articulated in our *Strategic Plan 2019-2021*. Performance measures and benchmarks are reviewed, and new measures set on an annual basis.

- To lead change in opera
- To nurture and grow audiences
- To create new pathways for artists and arts workers
- To ensure financial and operational sustainability

Members guarantee

The Company is limited by guarantee and does not have share capital. The liability of its members is limited to $50 for each member and the total amount liable for 2019 is $850 (2018: $1,600).

Events subsequent to balance date

On 11 March 2020, the World Health Organisation declared COVID-19 a pandemic, and the Australian Government began restricting public gatherings from 13 March 2020. The operational impact of this public health emergency on the Company includes the cancellation of live performances in the first half of 2020. An estimate of the financial impact for 2020 and future financial years cannot reliably be made at this time due to the uncertainty surrounding the duration of the public gathering restrictions.

While social distancing measures are in place, the Company is continuing to engage artists and arts workers through the delivery of online and digital activity for our audiences and supporters. Planned creative developments are also continuing. The Queensland Government, administered by Arts Queensland, and the Federal Government, administered by The Australia Council, (collectively the Funding Agencies) have advised that they will honour existing grant agreements and will be adopting a flexible approach to grant conditions, including removing requirements on meeting audience KPI's, delaying or simplifying reporting requirements, varying the purposes and outcomes of funding and extending deadlines for projects.

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

Lead Auditor's independence declaration

The Lead Auditor's independence declaration is set out on page 6 and forms part of the directors' report for financial year 2019.

Signed in accordance with a resolution of the Directors:

David Siddle

David Siddle
Chair
Brisbane, 21 April 2020

DIRECTORS' DECLARATION

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

(a) The financial statements and notes set out on pages 7 to 27 are in accordance with the *Australian Charities and Not-for-profits Commission 2012*, including:
   (i) giving a true and fair view of the financial position of the Company as at 31 December 2019 and of its performance for the financial year ended on that date; and
   (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Australian Charities and Not-for-profits Commission 2012*; and

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This report is made in accordance with a resolution of the directors.

David Siddle

David Siddle
Chair
Brisbane, 21 April 2020

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

To: the directors of Opera Queensland Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2019 there have been:

i. no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and

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

KPMG

E. Neville-Stanley

KPMG

Erin Neville-Stanley
Partner

Brisbane
21 April 2020

OPERA QUEENSLAND LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 $	2018 $
REVENUE FROM OPERATIONS			
Event Income	8	1,530,660	2,253,455
Sponsorships & Donations	9	1,868,034	778,663
Other Income		202,511	167,757
Grant Income			
Queensland government			
Operational grant		3,291,770	2,855,220
Project funding		197,878	368,531
Other grants		100,000	100,000
Opera Conference funding	6	56,687	55,904
Federal government			
Operational grant		562,391	434,833
Project funding		24,683	-
Opera Conference funding	6	237,616	233,874
Local government		4,000	30,000
TOTAL REVENUE FROM OPERATIONS		**8,076,230**	**7,278,237**
Financial income (interest and dividends received)		6,656	12,657
Revenue from non-operating activities	20	200,000	-
TOTAL REVENUE AND OTHER INCOME		**8,282,886**	**7,290,894**
EXPENDITURE			
Production & Touring	10	4,475,471	4,669,445
Community Programs & Education		193,072	207,085
Marketing & Business Development		1,136,271	984,369
Infrastructure & Administration		1,180,723	1,220,489
TOTAL EXPENDITURE	11	**6,985,537**	**7,081,388**
Net surplus		**1,297,349**	**209,506**
Other comprehensive income attributable to members of the company		-	-
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS OF THE COMPANY		**1,297,349**	**209,506**

The Statement of Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements set out on pages 11 to 27.

OPERA QUEENSLAND LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

		Subordinated Loan	Donation and Endowment Reserve	Restricted Reserve	Accumulated Surplus	Total Accumulated Funds
		$	$	$	$	$
Balance at 1 January 2018		**200,000**	**-**	**-**	**248,904**	**448,904**
Surplus for the year		-	-	-	209,506	209,506
Other comprehensive income		-	-	-	-	-
Balance at 31 December 2018		**200,000**	**-**	**-**	**458,410**	**658,410**
Adjustment on initial application of AASB 16	2e)	-	-	-	1,513	1,513
Adjusted Balance at 1 January 2019		**200,000**	**-**	**-**	**459,923**	**659,923**
Operating Surplus for the year	i	-	-	200,000	73,331	273,331
Revenue from non-operating activities	i	-	-	200,000	-	200,000
Bequests and endowment funds received	ii	-	824,018	-	-	824,018
Other comprehensive income		-	-	-	-	-
Balance at 31 December 2019		**200,000**	**824,018**	**400,000**	**533,254**	**1,957,272**

The Statement of Changes In Equity is to be read in conjunction with the Notes to the Financial Statements set out on pages 11 to 27.

(i) During the year $200,000 was transferred from the current year surplus to the Restricted Reserve to meet the conditions of the Reserves Incentive Matched Funding Scheme Agreement. The matched funding is included as revenue from non-operating activities. Refer to Note 20.

(ii) During the year $824,018 was transferred from the current year surplus to the Donation and Endowment Reserve. This represents restricted philanthropic funds received, with the income generated from the endowed funds to be contributed towards Opera Queensland's young artist programming activity.

OPERA QUEENSLAND LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Notes	2019	2018[1]
		$	$
CURRENT ASSETS			
Cash and cash equivalents	12	1,322,025	723,011
Trade receivables and other assets	13	530,857	373,171
Total Current Assets		1,852,882	1,096,182
NON-CURRENT ASSETS			
Property, plant and equipment[2]	14	781,923	650,738
Other investments	15	200,000	-
Total Non-Current Assets		981,923	650,738
TOTAL ASSETS		2,834,805	1,746,920
CURRENT LIABILITIES			
Trade and other payables	16	117,895	228,560
Employee benefits	17	145,538	114,948
Other[2]	18	488,385	745,002
Total Current Liabilities		751,818	1,088,510
NON-CURRENT LIABILITIES			
Employee benefits	17	29,497	-
Other[2]	18	96,218	-
Total Current Liabilities		125,715	-
TOTAL LIABILITIES		877,533	1,088,510
NET ASSETS		**1,957,272**	**658,410**
Represented by:			
ACCUMULATED FUNDS			
Subordinated loan	19	200,000	200,000
Donation and Endowment Reserve	9	824,018	-
Restricted Reserve	20	400,000	-
Accumulated surplus		533,254	458,410
TOTAL ACCUMULATED FUNDS		**1,957,272**	**658,410**

The Balance Sheet is to be read in conjunction with the Notes to the Financial Statements set out on pages 11 to 27.

1. See note 2e). The Company has initially adopted AASB 16 at 1 January 2019. Under the transition method chosen, comparative information has not been restated.

2. Following the adoption of AASB 16, the Company has presented Right-of-use assets within Property, plant and equipment. The Company has presented lease liabilities within the Other-caption.

OPERA QUEENSLAND LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019	2018
		$	$
Cash flow from operating activities			
Cash receipts from customers and grantors		7,667,182	7,196,993
Cash paid to suppliers and employees		(6,815,203)	(6,661,892)
Interest Received		16,281	12,657
Net cash from operating activities	22	868,260	547,758
Cash flow from investing activities			
Contributions to Reserve Incentive Scheme		(200,000)	-
Acquisition of plant and equipment		(33,312)	(21,282)
Net cash used in investing activities		(233,312)	(21,282)
Cash flow from financing activities			
Payment of lease liabilities		(35,934)	-
Net cash used in financing activities		(35,934)	-
Net increase in cash and cash equivalents		599,014	526,476
Cash and cash equivalents at 1st January		723,011	196,535
Cash and cash equivalents at 31st December	12	1,322,025	723,011

The Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements set out on pages 11 to 27.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. Reporting entity

Opera Queensland Limited (the "Company") is a not-for-profit company limited by guarantee and incorporated under the *Corporations Act 2001*. The company is domiciled in Australia and its registered offices are at 140 Grey Street, South Bank Queensland.

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

The financial report was authorised for issue by the directors on 21 April 2020.

2. Basis of preparation

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board and the *Australian Charities and Not-for-profit Commission*.

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

(b) Basis of preparation

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

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

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

(c) Going concern

The Company made an operating surplus of $273,331 (total surplus less restricted Bequest funds and revenue from non-operating activities), continuing to build on its accumulated funds. The Company's operations are funded by the Queensland and Federal Governments (the Funding Agencies), subject to the company meeting its funding and reporting obligations under the special conditions in the *2019-2021 Multi-partite Funding Agreement.* The Company continues to be subject to the Fair Notice Protocols of the Multi-partite Funding Agreement. The terms of the Multi-partite Funding Agreement are set out in Note 26.

The Company also receives additional funding from the Funding Agencies under the *2018-2021 Tri-partite Structural Adjustment and Temporary Funding Uplift Agreement.*

As disclosed in Note 23, the Company has access to $300,000 by way of an overdraft facility. Forecasts of cash flows have been prepared for the 12 month period from the date the Directors have approved this financial report which support the Directors' view that the Company will be able to pay its debts as and when they fall due in this period.

As noted in the Director's report and disclosed at Note 27, while COVID-19 will have an impact on the Company's operations due to the mass gathering restrictions, the Funding Agencies have advised that they will honour existing grant agreements.

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

(d) Economic dependency

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

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

(e) New Accounting Standards

AASB 16 *Leases*

The Company has applied AASB 16 *Leases* from 1 January 2019. The Company applied AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for the year ended 31 December 2018 is not restated – i.e. it is presented, as previously reported, under AASB 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in AASB 16 have not generally been applied to comparative information.

Definition of a lease:
Previously, the Company determined at contract inception whether an arrangement was or contained a lease under AASB interpretation 4 Determining whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 3 (d).

As a lessee, the Company leases photocopier equipment only that has been recognised as an operating lease in previous periods. Under AASB 16, the Company recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

Impact on financial statements:
On transition to AASB 16, the Company recognised an additional $153,421 of right-of-use assets and $151,908 of lease liabilities, recognising the difference in retained earnings.

When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 5.95%

	1 January 2019 $
Operating lease commitment at 31 December 2018 as disclosed under AASB 117 in the Company's financial statements	176,676
Discounted using the incremental borrowing rate at 1 January 2019	(24,768)
Lease liabilities recognised at 1 January 2019	151,908

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

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. There was no material impact of applying these standards to revenue and no adjustments were made on transition for the results for the year ended 31 December 2019.

3. Significant accounting policies

(a) Revenue

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or service to a customer.

Event Income
Event income from performance ticket sales are recognised when performances, for which the tickets were sold takes place.

Grants
The annual grants from the Queensland (Arts Queensland) and Federal (Australia Council) Governments are received in instalments as scheduled under Multi-Partite Funding Agreement (Note 26). Grant revenue is brought to account when controlled, at the fair value of the consideration received. Grant revenue is subject to fulfilment of conditions as stipulated in the Multi-Partite Funding Agreement. In 2019, the Company satisfied all conditions of the Agreement, including reserves held, but the restricted reserves percentage is below 20% (refer Note 20).

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

Annual grants from the Queensland (Arts Queensland) and Federal (Australia Council) Governments for the *2018-2021 Tri-partite Structural Adjustment and Temporary Funding Uplift Agreement* are received in instalments and recognised at the time the obligation is fulfilled. In 2019, the Company carried forward a portion of its 2018 and 2019 Temporary Funding Uplift to 2020, to match the related strategic activity expenditure not yet completed. The amount carried forward into 2020 is shown in the Balance Sheet as an Other Current Liability (Note 18).

Other special purpose reciprocal grants, including local government grants and other State grants awarded are recognised at the time the obligation is fulfilled. All such grant funding provided in 2019 has been spent on the activity as required, and in accordance with each agreement. The Company did not receive any other forms of Government assistance.

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

Donations and Bequests
Cash donations, bequests and endowment funds are recognised as income on receipt of the monies. Non-cash donations and bequests are recognised when the gift is received by the Company and is recorded at fair value. Pledged donations are not recognised as income until received.

Financial Income
Unrestricted interest and dividends are recognised as income on receipt of the monies. Restricted interest and dividends earned on Bequest Investments are recognised as deferred income (refer Note 18) until the specific performance obligations of the Bequest are met.

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

(b) Production costs

Direct costs relating to operas
The total cost of staging productions, including the manufacturing of costumes, scenery and properties, is charged as expenditure in the period in which the production is performed by the Company.

Costs of production and other associated expenditure in respect of performances not yet performed by the Company are included in 'Prepayments' (Note 13) for productions programmed within 12 months.

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

(c) Property, plant and equipment

Items of leasehold property, plant, equipment and motor vehicles are stated at cost or deemed cost less accumulated depreciation/amortisation and impairment losses (see accounting policy 3 (f)).

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

• Leasehold property	100 years
• Plant and equipment	3-10 years
• Lease plant and equipment	5 years
• Motor vehicles	3-6 years

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

The Company has a long-term peppercorn lease of its premises at a rent of $1 per annum. This lease is included in the balance sheet at deemed costs within property, plant & equipment and is amortised over the life of the lease. Refer to Note 14.

(d) Leases

The Company has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117 and AASB interpretation 4. The details of accounting policies under AASB 117 and AASB Interpretation 4 are disclosed below and the impact of changes is disclosed in Note 2.

Policy applicable from 1 January 2019
At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in AASB 16.

This policy is applied to contracts entered into on or after 1 January 2019.

i. As a lessee
At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot readily be determined, the Company's incremental borrowing rate.

Lease payments comprises of fixed payments.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets in "property, plant and equipment" and lease liabilities in "other liabilities" in the statement of financial position.

Policy applicable before 1 January 2019
For contracts entered into before 1 January 2019, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

- Fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- The arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
    - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
    - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
    - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

i. As a lessee
In the comparative period, as a lessee the Company classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

(e) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

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

(f) Impairment

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

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

Impairment of receivables is measured at an amount equal to lifetime expected credit losses. Receivables are individually assessed for impairment.

(g) Employee benefits

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

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

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

(h) Accounting Standards

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2020 and early application is permitted. However, the Company has not applied the following new or amended standards in preparing these financial statements.

AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material* will become effective for annual reporting periods beginning on 1 January 2020. The amendment clarifies the definition of 'material' and its application across AASB Standards and other pronouncements. The principal amendments are to *AASB 101 Presentation of Financial Statements*. The Company does not plan to adopt this Standard early and the extent of the impact has not been determined.

AASB 2019-5 *Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued* will become effective for annual reporting periods beginning on 1 January 2020. It adds a disclosure requirement to AASB 1054 on the potential effect on an entity's financial statements of issued IFRS Standards that have not yet been issued. The Company does not plan to adopt this Standard early and the extent of the impact has not been determined.

(i) Financial instruments

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

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

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

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

(j) Joint arrangements

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

The Company has one joint arrangement, being an interest in Opera Conference, which is an entity established for the purpose described in Note 6. The Company's contribution in 2019 to Opera Conference was $294,303 which was funded by the Queensland and Federal Governments. This joint arrangement is not material to the Company and consequently has not been accounted for as a joint arrangement.

4. Company membership

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

Membership of the Company consists of the following:

	No. of members	
	2019	**2018**
Life Membership	7	8
Annual Membership	17	32
	24	40

5. Income tax

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

6. Opera Conference

In 1995 the state opera companies – Opera Queensland, West Australian Opera, State of South Australia united with the national company, Opera Australia, in a formally constituted partnership known as the Opera Conference, where the companies collaborate to produce and present one new production in most years, and to support opera regional touring throughout Australia. The Australian Government and the respective state governments fund the Opera Conference through each opera company's Funding Agreement. Funding identified for this purpose is redirected by each opera company to the Opera Conference partnership to fund the collaborative initiatives undertaken.

	2019	**2018**
	$	**$**
Annual funding amount contributed to Opera Conference by Opera Queensland from:		
State Government funding	56,687	55,904
Federal Government funding	237,616	233,874
	294,303	289,778

7. Auditors' Remuneration

KPMG provide their audit services on an honorary basis and receive Corporate Partner status	35,000	35,000

8. Event Income

Differences in event income between 2019 and 2018 are largely due to number of Lyric stage performances. There were 5 performances of *Tosca* in 2019 (2018: *The Merry Widow* had 7 performances).

		2019 $	2018 $
9.	**Sponsorships & Donations**		
	Sponsorships - cash	125,000	96,550
	Sponsorships – in kind	311,926	259,169
	Philanthropic Trusts and Foundations	260,000	208,153
	Bequests	824,018	-
	General Donations	347,090	214,791
		1,868,034	778,663

The Company received bequest funds of $824,018 during the year. The terms of the bequest require these corpus funds to be held by the Company and invested, with the income generated from the endowed funds to be contributed towards Opera Queensland's young artist programming activity.

10. Production & Touring

As noted within the Director's Report, differences in expenditure between 2019 and 2018 reflect the cyclical nature of the Company's annual program of activities, particularly in relation to the difference in scale of regional touring activity with *Ruddigore, Or the Witch's Curse!* presented in 2018 being of a materially larger scale to the *Songs to Die For* touring production in 2019.

11.	**Employee expenses included within total expenditure**		
	Productions & touring	2,070,131	2,533,221
	Community programs & education	88,007	78,401
	Marketing & business development	402,160	261,393
	Infrastructure & administration	744,527	622,681
		3,304,825	3,495,696

12.	**Cash and cash equivalents**		
	Cash balances	727	800
	Bank balances	497,280	722,211
	Short-term deposits	824,018	301,299
		1,322,025	723,011

		2019 $	2018 $
13.	**Trade receivables and other assets**		
	Trade receivables	303,631	272,752
	Prepayments	227,226	100,419
		530,857	373,171

The 2019 prepayments balance includes $152,456 for certain costume and set expenses associated with the *Tosca* production that will be fully utilised in 2020 when the production tours regionally.

14.	**Property, plant & equipment**		
	Lease premium and leasehold improvements at deemed cost	797,102	797,102
	Accumulated amortisation	(188,826)	(180,941)
		608,276	616,161

The Company has a long term lease of its premises at a rent of $1 per annum. This peppercorn lease is exempt from AASB 16 implementation.

Plant and Equipment at cost	464,732	431,420
Accumulated depreciation	(413,302)	(396,843)
	51,430	34,577
Right-of-use assets - photocopiers	153,421	-
Accumulated depreciation	(31,204)	-
	122,217	-
Net book value property, leases, plant and equipment.	781,923	650,738

At 31 December 2019, $432,224 of assets has been fully written down (2018: $407,200).

Reconciliations

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

Lease and leasehold improvements

Carrying amount at the beginning of the year	616,161	624,047
Amortisation charge for the year	(7,885)	(7,886)
Carrying amount at the end of the year	608,276	616,161

	2019 $	2018 $
Plant and equipment		
Carrying amount at the beginning of the year	34,577	21,781
Acquisitions during the year	33,312	21,282
Depreciation charge for the year	(16,459)	(8,486)
Carrying amount at the end of the year	51,430	34,577
Right-of-use assets		
Carrying amount at the beginning of the year	-	-
Acquisitions during the year	153,421	-
Depreciation charge for the year	(31,204)	-
Carrying amount at the end of the year	122,217	-

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

Right-of-use assets consists of the Company's photocopier lease. The Company has applied AASB 16 *Leases* from 1 January 2019 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117. This lease was previously reported at Note 21 Commitments.

15. Other investments

Term deposit – Reserve Incentive Scheme	200,000	-

The funds held on term deposit were contributed by the Company towards the Reserves Incentive Matched Funding Scheme Agreement (refer Note 20). These funds are held in quarantine during the period of the agreement and are not available for funding of ordinary activities and have not been used to secure any liabilities of the Company.

16. Trade and other payables

Trade payables	13,271	71,071
Other payables and accrued expenses	104,624	157,489
	117,895	228,560

17. Employee benefits

Current

Liability for long service leave		
Carrying amount at the beginning of the year	34,848	60,621
Leave accrued/(expensed) during the year	2,777	(25,773)
Carrying amount at the end of the year	37,625	34,848

	2019 $	2018 $
Liability for annual leave and TOIL		
Carrying amount at the beginning of the year	80,100	130,151
Leave accrued/expensed during the year	27,813	(50,051)
Carrying amount at the end of the year	107,913	80,100
Total Current Employee Benefits	145,538	114,948
Non-Current		
Liability for long service leave		
Carrying amount at the beginning of the year	-	-
Leave (expensed)/accrued during the year	29,497	-
Carrying amount at the end of the year	29,497	-
Total Non-Current Employee Benefits	29,497	-

18. Other Liabilities

	2019 $	2018 $
Current		
Government Grants in advance	364,332	286,078
Other income received in advance	85,000	182,865
Ticket sales in advance	-	276,059
Deferred revenue – Bequest (interest earned)	9,625	-
Lease liability – right-of-use assets	29,428	-
	488,385	745,002
Non-Current		
Lease liability	96,218	-
	96,218	-

Grants in advance includes $265,980 of the 2018 and 2019 Arts Queensland Temporary Funding Uplift due to activity being carried forward to 2020 at which point the revenue will be recognised. There was no revenue received in advance in 2019 for 2020 subscription tickets (Ticket sales in advance).

Deferred income comprises restricted interest and dividends earned on Bequest Investments and are not recognised as earned until the specific performance obligations of the Bequest are met.

The lease liability relates to the Company's photocopier lease.

	2019 $	2018 $
19. Subordinated Deferred Loan	200,000	200,000

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

20. Grant Conditions – Reserves Held

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

Total Reserves as at 31 December 2019 are above 20%, however unrestricted Reserves remain below 20%. The Company intends to build unrestricted reserves to the required level of 20% through recurring annual operating surpluses.

Subject to KPI eligibility, the Company can access additional contributions to be used to build reserves from the Australia Council under the *2019-2021 Reserves Incentive Matched Funding Scheme Agreement*. Funds are held in quarantine during the period of the agreement and are not available for funding of ordinary activities or to secure any liabilities of the Company. In 2019, $200,000 was accrued as revenue from non-operating activities and held a restricted reserve within equity, which represents the Australia Council matched funding of the $200,000 quarantined by the Company.

21. Commitments and Contingent Liabilities

The Company, by the nature of its operations, has entered into contracts with artists, theatre proprietors, suppliers and others for productions, commissions and performances scheduled to be delivered or to take place through to 31 December 2020. Total amounts payable under these contracts are set out below.

The Company has applied AASB 16 *Leases* from 1 July 2019 using the modified retrospective approach and therefore the comparative information for operating lease commitments in respect of photocopier equipment rental agreements has not been restated and continues to be reported under AASB 117 and included in the total amounts payable comparatives below.

Payable within one year		
Artists' fees	269,300	341,696
Venue hire & production	191,515	341,349
Photocopier lease	-	35,934
Other	30,000	-
	490,815	718,979
Payable within 2 – 5 years		
Photocopier lease	-	140,742
	490,815	859,721

22. Reconciliation of cash flows from operating activities

	2019 $	2018 $
Cash flows from operating activities		
Net surplus for the year	1,297,349	209,506
Lease payments	35,934	
Depreciation	16,459	8,486
Amortisation	7,885	7,886
Operating profit before changes in working capital and provisions	1,357,627	225,878
Changes in:		
Trade receivables & other assets	(157,686)	(90,368)
Other non-current assets	(122,217)	-
Trade & other payables	(110,665)	75,546
Employee benefits	60,087	(75,824)
Other current liabilities	(255,104)	412,526
Other non-current liabilities	96,218	-
Net cash from / (used in) operating activities	868,260	547,758

23. Financing Arrangements

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

24. Financial instruments

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

The Company has not entered into any derivative transactions.

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

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

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

	Notes	2019 $ 6 Months or less	2018 $ 6 Months or less
Financial Assets			
Cash and cash equivalents:	12		
floating interest rate - 0.15% (2018: 0.4%)		492,226	404,393
non-interest bearing		5,781	17,320
Term deposits		824,018	301,298
Trade receivables:			
non-interest bearing	13	303,631	272,752
		1,625,656	995,763

25. Related party disclosures

The following were key management personnel during the year:

Directors

Ms Kim Challenor

Ms Anne Cross

Ms Teresa Dyson *(retired 20 May 2019)*

Dr Colin Furnival *(retired 2 September 2019)*

Prof David Siddle

Mr David Gow

Mr Daniel Tobin

Mr Will Fellowes *(from 29 July 2019)*

Ms Judith Mather *(from 2 September 2019)*

Executives

Mr Patrick Nolan

Ms Sandra Willis

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

Key Management Personnel provided donations to the Company during the year of $91,802 (2018: $11,000).

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

	2019 $	2018 $
Short term employee benefits	344,615	345,036
Post-employment benefits	30,400	30,400
	375,015	375,436

26. Tripartite and Multi-partite funding

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

Grant funding for 2019 was received subject to the conditions of the *2019 to 2021 Multi-Partite Funding Agreement*, which was signed on 20 December 2018. The funding detailed therein being subject to the Company complying with various conditions which are in general that the Company continues to meet the designation criteria of a Major Performing Arts Company and and achieve Outcomes and Performance Indicators as agreed and reviewed annually. These conditions include to the Company continuing to meet its reporting obligations, the condition of a surplus result, and ongoing close monitoring of budgets and programs.

The approved funding for the year 2020 is:

	$
Australia Council	690,278
Arts Queensland	2,739,536
	3,429,814

27. Subsequent Events

On 11 March 2020, the World Health Organisation declared COVID-19 a pandemic, and the Australian Government began restricting public gatherings from 13 March 2020. The operational impact of this public health emergency on the Company includes the cancellation of live performances in the first half of 2020. An estimate of the financial impact for 2020 and future financial years cannot reliably be made at this time due to the uncertainty surrounding the duration of the public gathering restrictions.

While social distancing measures are in place, the Company is continuing to engage artists and arts workers through the delivery of online and digital activity for our audiences and supporters. Planned creative developments are also continuing. The Queensland Government, administered by Arts Queensland, and the Federal Government, administered by The Australia Council, (collectively the Funding Agencies) have advised that they will honour existing grant agreements and will be adopting a flexible approach to grant conditions, including removing requirements on meeting audience KPI's, delaying or simplifying reporting requirements, varying the purposes and outcomes of funding and extending deadlines for projects.

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

Independent Auditor's Report

To the members of Opera Queensland Limited

Opinion

We have audited the ***Financial Report***, of the Opera Queensland Limited (the Company).

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

- giving a true and fair view of the Company's financial position as at 31 December 2019, and of its financial performance and its cash flows for the year ended on that date; and
- complying with *Australian Accounting Standards* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The ***Financial Report*** comprises:

- Balance Sheet as at 31 December 2019.
- Statement of comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended.
- Notes including a summary of significant accounting policies.
- Directors' declaration of the Company.

Basis for opinion

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

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

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

Other information

Other Information is financial and non-financial information in Opera Queensland Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. This includes the Directors' Report The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report for the year ended 31 December 2019.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

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

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

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

We also:

- Identify and assess the risks of material misstatement of the Financial Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered 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 registered Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

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

KPMG

E. NevilleStanley

KPMG

Erin Neville-Stanley
Partner

Brisbane
21 April 2020