



**OPERA QUEENSLAND LIMITED
ACN 010 258 750**

FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors present their report together with the financial report of Opera Queensland Limited ("the Company") for the year ended 31 December 2023 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:

Linda Apelt *BEd, GradDipC, MEdSt, GAICD*

Appointed Chair January 2022

Member, Audit and Risk Committee since January 2022

Member, HR Committee since January 2022

Director since January 2022

Katie McNamara *BPharm (Hons), MBA, GAICD*

Appointed Deputy Chair May 2023

Director since September 2020

Member, Audit and Risk Committee since April 2022

Will Fellowes *BCom, GradDipCA, GAICD*

Appointed Treasurer May 2023

Chair, Audit & Risk Committee from May 2023

Member, Audit and Risk Committee since September 2016

Director since July 2019

David Gow *BCom, LLB, FAICD*

Treasurer May 2019 – May 2023

Chair, Audit and Risk Committee May 2019 – May 2023

Director since April 2018

Judith Mather *MBus (HR Management), MBus (Philanthropy and NFP)*

Director since September 2019

Member, HR Committee

Jody Currie *BA Gender Studies*

Director since October 2021

Chair, HR Committee since May 2023

Member, HR Committee since April 2022

James Walker *DipBus, DipAgric, DipMarketing, DipFin*

Director since August 2023

Member, HR Committee since March 2024

Mark Fenton *F CPA, MBA, BBus, FAICD*

Director since March 2024

Member, Audit & Risk Committee

Anne Cross AM *BSW, MSW, FAICD*

Deputy Chair May 2020 – May 2023

Chair, HR Committee from February 2020 – May 2023

Director since April 2017

Retired May 2023

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		HR Committee	
	Attended	Held*	Attended	Held*	Attended	Held*
L Apelt	6	6	3	4	2	4
A Cross	2	3	-	-	2	2
D Gow	6	6	3	4	-	-
W Fellowes	6	6	4	4	-	-
J Mather	6	6	-	-	1	1
K McNamara	4	6	4	4	-	-
J Currie	5	6	-	-	2	2
J Walker	1	2	-	-	-	-
J Keating**	-	-	-	-	1	1

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

** External Committee Member

Vision

Growing a community connected by the transformative power of opera.

Purpose

Creating a vibrant and sustainable program of classic, contemporary and new work by diverse artists for diverse audiences across Queensland and beyond.

Our strategy

As one of the country's leading arts organisations we take our responsibility for the development of the sector seriously, fostering collaborations with other companies and artists to create opportunities for artistic exploration and development. We are committed to rebuilding a skilled workforce as we emerge from the COVID-19 pandemic that can deliver a broad range of work – from grand productions in the Lyric Theatre to festivals in the Outback.

We are also committed to the creation of new work and embrace the ongoing challenge it presents in building trust with audiences. We will address this challenge by increasing our annual mainstage offering to three fully staged works. These productions provide the greatest platform for sustained connection with our audiences and balanced artistic risk taking.

We are conscious that we need to share our stages and tell the stories of the many different cultures and backgrounds that make up our audiences. To achieve this, we will embrace artists, creative workers and audiences who reflect Australia's diverse community.

Key to our success are the relationships we build with other Queensland artists and organisations, First Nations communities, culturally and linguistically diverse people (CALD) and people with disabilities. Collaborating to share costs and leverage investments will continue be a high priority, including utilising existing networks such as Opera Conference. Through these relationships we enable the creation of new Australian productions and increase the capacity of communities across the state to participate in the joy of telling stories with music.

Opera Queensland is a major employer of artists and a wide range of other arts professionals, including administrators, music and language staff, stage managers and production crew. This makes us uniquely placed to produce work of exceptional quality and scale. In doing this we have an important role to play in preparing the Queensland arts sector for the important role culture will play in the upcoming Cultural Olympiad and 2032 Brisbane Olympics.

The outcome of this approach will include:

- Making Queensland a focal point of creative energy in opera
- Create meaningful employment for a strong community of artists and arts workers
- Increase capacity of the Queensland arts sector
- Artists, arts workers and audiences who are reflective of the diverse Australian community
- Audiences who are advocates for the joy and connection opera creates in their lives and the wider community
- Deeper relationships with our audiences and extended communities across the state
- Greater opportunities for diverse audiences to participate in the art form
- Establishing Opera Queensland as an internationally renowned centre of creative excellence
- Increasing representation of women, First Nations and people with disabilities working in creative leadership roles
- New works added to the opera repertoire
- Works of scale illuminating the complex array of creative forces involved in producing opera
- Collaborations that precipitate new creative opportunities

The greatest challenge over the coming years is to build income levels to enable Opera Queensland to capitalise on opportunities to create works and events that nurture a Queensland voice, engaging audiences locally, nationally and internationally.

Opera Queensland's business development strategy builds upon the success of recent years, increasing income and support from private donors and corporate sponsors to ensure the ambitious goals of the organisation are realised.

Principal activities

The principal activities of the Company in 2023 were:

- Presentation of three mainstage productions at Queensland Performing Arts Centre (QPAC):
 - *Macbeth*, a new concert production with Director Laura Hansford and Conductor Umberto Clerici
 - Mozart's *Così fan tutte*, a new production directed by Patrick Nolan, with Conductor Zoe Zeniodi
 - *Aida*, a co-production between Opera Queensland and Opera Australia
- A tour of the new Opera Queensland production, *Lady Sings the Maroons*, presented in Caloundra, Maryborough, Bundaberg, Gladstone, Rockhampton, Mackay, Proserpine, Cloncurry, Mount Isa, Winton, Longreach, Barcaldine, Blackall-Tambo, Quilpie, Charleville, Goondiwindi, Roma, Kingaroy, Toowoomba, Gold Coast and Brisbane.
- The third year of the Festival of Outback Opera, in Winton and Longreach.
- The presentation of 5 recitals in the Opera Queensland studio:
 - Irena Lysiuk & Alex Raineri – Poulenc
 - Paul Tabone, Mirusia & Alex Raineri – I Still Call Australia Home
 - Conal Coad & Sarka Budinska – Forty Years on Forty Stages
 - Lorina Gore & Alex Raineri – Reaching for the Moon
 - Michael Honeyman & Simon Kenway – A Queer Romance
- Presentations of *FiZZ!* and Puccini's *La Bohème* in collaboration with shake & stir theatre co were delivered to primary and secondary students across metropolitan Queensland as part of the schools touring program. A school holiday performance was also held in the Opera Queensland studio.
- Three community events of *Sing Sing Sing* at Bacchus, Rydges Hotel South Bank.
- Opera Queensland's 2023 Young Artists were singers, Maia Andrews, Yuan Gao, Jess Hitchcock, Nick Kirkup, Nina Korbe, Olivia Payne, Shikara Ringdahl and Emily Turner. These artists were provided with extraordinary opportunities to challenge and extend themselves, receiving specialised tuition, participating in performances on our mainstage, touring with our regional program and Festival of Outback Opera.

- In-school programs and residencies, and community workshops as part of our Learning, Regional & Community activities.
- Creative developments of a number of new works, including *Straight from the Strait* with First Nations artists from Torres Strait, *Do We Need Another Hero* a new regional touring production, led by Director & writer Laura Hansford and Musical Director & Arranger Luke Volker which is a celebration of songs about bravery and heroism and explores what it means to be a hero.
- Various audience development and fundraising events and initiatives.

Review and Result of Operations

The result for the Company for the year was a total surplus of \$169,314 (2022 deficit: (\$281,587)).

A four-year summary of results is presented below.

Financial Performance	2023	2022	2021	2020
	\$	\$	\$	\$
OPERATING REVENUE				
Event Income	1,641,686	1,612,336	1,415,857	139,927
Sponsorships & Donations	2,246,728	1,876,535	1,236,631	848,212
Grant Income	4,105,296	4,347,595	4,815,247	4,655,791
Other Income	649,401	531,187	465,847	121,236
Total operating income	8,643,111	8,367,654	7,933,582	5,765,166
OPERATING EXPENSES				
Production & Touring Costs	5,607,407	5,295,876	4,458,509	2,063,364
Community Programs & Education	211,820	471,285	312,309	87,781
Marketing & Business Development	1,362,270	1,488,690	1,385,589	1,036,429
Infrastructure and Administration	1,407,176	1,227,358	1,324,069	1,376,303
Total operating expenses	8,588,673	8,483,210	7,480,476	4,563,877
Net Result from Operating Activities¹	54,438	(115,556)	453,106	1,201,289
Bequests & Endowments	-	317	550	1,716,493
Fair value adjustment (endowment)	114,876	(166,348)	449,262	193,287
Reserves Matched Funding	-	-	100,000	200,000
Total Income from Restricted Items²	114,876	(166,031)	549,812	2,109,780
COMPREHENSIVE RESULT	169,314	(281,587)	1,002,918	3,311,069

1 Net result from Operating Activities excludes a number of restricted income streams which are not available for operating purposes.

2 Restricted Items include:

- Philanthropic bequest and endowments
- Fair value of adjustment of financial assets (shares) attributed to the donation and endowment reserve
- Reserves matched funding from Creative Australia

A more detailed review of the operations of the Company during the financial year is contained in Chair's Message and CEO & Artistic 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 measures align with the three strategic actions and five core goals listed below, as articulated in the *Strategic Plan 2023-2024* written alert to the impacts of COVID-19. Performance measures and benchmarks are reviewed, and new measures set on an annual basis.

Develop – establish opportunities for the creation of new work across all areas of practice.

- Develop and produce works by First Nations artists
- Create pathways for artists and arts workers

Connect – build relationships with artists, audiences, companies, and sponsors that look to strengthen the company and the sector for the long term.

- Nurture and grow audiences
- Celebrate diversity to build strong, vibrant communities
- Build audiences via digital platforms

Produce – present diverse repertoire of works drawn from the canon and new commissions.

- Lead change in opera
- Ensure financial, operational and environmental sustainability and resilience

Members guarantee

The Company is limited by guarantee and does not have share capital. The liability of its ordinary members is limited to \$50 for each member and the total amount liable for 2023 is \$600 (2022: \$550).


Events subsequent to balance date

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 7 and forms part of the directors' report for financial year 2023.

Signed in accordance with a resolution of the Directors:



Linda Apelt
Chair
Brisbane, 1 May 2024

DIRECTORS' DECLARATION

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

- (a) The financial statements and notes set out on pages 8 to 27 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:
 - (i) giving a true and fair view of the financial position of the Company as at 31 December 2023 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards – Simplified Disclosures; 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.



Linda Apelt
Chair

Brisbane, 1 May 2024

DECLARATION OF INDEPENDENCE BY A J WHYTE TO THE DIRECTORS OF OPERA QUEENSLAND LIMITED

As lead auditor of Opera Queensland Limited for the year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.



A J Whyte
Director

BDO Audit Pty Ltd

Brisbane, 1 May 2024

OPERA QUEENSLAND LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

		2023	2022
		\$	\$
REVENUE FROM OPERATIONS	Notes		
Event Income	8	1,641,686	1,612,336
Sponsorships & Donations	9	2,246,728	1,876,852
Other Income		472,616	458,374
Net gain/(loss) on financial assets	10	114,876	(166,348)
Grant Income			
Queensland government			
Operational grant		2,856,181	2,811,202
Project funding		354,000	650,000
Other grants		100,000	100,000
Opera Conference funding	6	-	-
Federal government			
Operational grant		724,627	708,336
Project funding		-	18,293
Opera Conference funding	6	-	-
Local government		70,488	59,764
TOTAL REVENUE FROM OPERATIONS		8,581,202	8,128,810
Financial income		176,785	72,813
TOTAL REVENUE AND OTHER INCOME		8,757,987	8,201,623
EXPENDITURE			
Production & Touring	11	5,607,407	5,295,876
Community Programs & Education		211,820	471,285
Marketing & Business Development		1,362,270	1,488,690
Infrastructure & Administration		1,407,176	1,227,358
TOTAL EXPENDITURE	12	8,588,673	8,483,210
Net surplus / (deficit)		169,314	(281,587)
Other comprehensive income attributable to members of the company		-	-
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS OF THE COMPANY		169,314	(281,587)

The Statement of Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements set out on pages 12 to 28.

OPERA QUEENSLAND LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

		Subordinated Loan	Donation and Endowment Reserve	Restricted Reserve	Accumulated Surplus	Total Accumulated Funds
		\$	\$	\$	\$	\$
Balance at 1 January 2022		200,000	3,183,611	1,000,000	1,887,649	6,271,260
Surplus / (deficit) for the year	i	-	(166,348)	-	(115,556)	(281,904)
Revenue from non-operating activities	ii	-	-	(1,000,000)	1,000,000	-
Bequests and endowment funds received	iii	-	317	-	-	317
Other comprehensive income		-	-	-	-	-
Balance at 31 December 2022		200,000	3,017,580	-	2,772,093	5,989,673
Surplus / (deficit) for the year	i	-	114,876	-	54,438	169,314
Revenue from non-operating activities		-	-	-	-	-
Bequests and endowment funds received	iii	-	-	-	-	-
Other comprehensive income		-	-	-	-	-
Balance at 31 December 2023		200,000	3,132,456	-	2,826,531	6,158,987

The Statement of Changes In Equity is to be read in conjunction with the Notes to the Financial Statements set out on pages 12 to 28.

- i During the year \$114,876 was recorded as a net gain (2022: \$166,348 net loss) on financial assets (shares). This relates to investments held for restricted endowed funds.
- ii In 2022, \$1,000,000 was transferred from the Restricted Reserve to Accumulated Surplus as the conditions of the Reserves Incentive Matched Funding Scheme Agreement have been completed. Refer to Note 21.
- iii During the year \$0 was transferred from the current year surplus to the Donation and Endowment Reserve (2022: \$317). 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 2023

	Notes	2023 \$	2022 \$
CURRENT ASSETS			
Cash and cash equivalents	13	3,317,627	3,696,657
Trade receivables and other assets	14	829,533	187,526
Total Current Assets		<u>4,147,160</u>	<u>3,884,183</u>
NON-CURRENT ASSETS			
Property, plant and equipment	15	941,014	828,637
Investments	16	2,121,102	2,006,226
Total Non-Current Assets		<u>3,062,116</u>	<u>2,834,863</u>
TOTAL ASSETS		<u>7,209,276</u>	<u>6,719,046</u>
CURRENT LIABILITIES			
Trade and other payables	17	286,899	143,956
Employee benefits	18	185,931	153,012
Lease liabilities		45,036	64,714
Other	19	380,284	228,339
Total Current Liabilities		<u>898,150</u>	<u>590,021</u>
NON-CURRENT LIABILITIES			
Employee benefits	18	46,334	36,152
Lease liabilities		105,806	103,200
Total Non-Current Liabilities		<u>152,140</u>	<u>139,352</u>
TOTAL LIABILITIES		<u>1,050,289</u>	<u>729,373</u>
NET ASSETS		<u><u>6,158,987</u></u>	<u><u>5,989,673</u></u>
<i>Represented by:</i>			
ACCUMULATED FUNDS			
Subordinated loan	20	200,000	200,000
Donation and Endowment Reserve	9	3,132,456	3,017,580
Restricted Reserve	21	-	-
Accumulated surplus		2,826,531	2,772,093
TOTAL ACCUMULATED FUNDS		<u><u>6,158,987</u></u>	<u><u>5,989,673</u></u>

The Balance Sheet is to be read in conjunction with the Notes to the Financial Statements set out on pages 12 to 28.

OPERA QUEENSLAND LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023	2022
		\$	\$
Cash flow from operating activities			
Cash receipts from customers and grantors		7,564,380	7,796,900
Cash paid to suppliers and employees		(7,915,826)	(8,425,299)
Interest Received		109,833	20,997
Net cash (used in) / from operating activities	23	<u>(241,613)</u>	<u>(607,402)</u>
 Cash flow from investing activities			
Contributions (to) / from Reserve Incentive Scheme		-	900,000
Interest and dividends received		102,650	86,197
Acquisition of plant and equipment		(172,414)	(15,718)
Net cash (from) / used in investing activities		<u>(69,765)</u>	<u>970,479</u>
 Cash flow from financing activities			
Payment of lease liabilities		(67,652)	(62,785)
Net cash used in financing activities		<u>(67,652)</u>	<u>(62,785)</u>
 Net (decrease)/increase in cash & cash equivalents		 (379,030)	 300,291
 Cash and cash equivalents at 1st January		 3,696,657	 3,396,366
 Cash and cash equivalents at 31st December	13	 <u>3,317,627</u>	 <u>3,696,657</u>

The Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements set out on pages 12 to 28.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

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, celebrate and enrich life in our communities through opera experiences.

The financial report was authorised for issue by the directors on 1 May 2024.

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

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

As disclosed in Note 24, 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.

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 Company’s operations are funded in part 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 *2021 to 2024 Tri-Partite Funding Agreement*. The terms of the Tri-partite Funding Agreement are set out in Note 27.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

The Tri-Partite agreement has been made under the National Performing Arts Partnership Framework (NPAPF). It is the stated intention of the Funding Agencies that organisations will also be funded for the period 2025-2028.

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 Creative Australia as set out in the relevant Tri-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**

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current year. Their adoption has not had any material impact on the disclosures and/or amounts reported in these financial statements.

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, take place.

Grants

The annual grants from the Queensland (Arts Queensland) and Federal (Creative Australia) Governments are received in instalments as scheduled under Tri-Partite Funding Agreement (Note 27). 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 Tri-Partite Funding Agreement. In 2023, the Company satisfied all conditions of the Agreement.

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

Other special purpose 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 2023 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 19) 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 performance obligation is met, at the fair value of the consideration received or receivable.

(b) Production costs

Direct costs relating to productions

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.

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 - peppercorn 100 years
- Leasehold property - other 3-6 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. The Company has elected to recognise this lease in the balance sheet at deemed cost within property, plant & equipment and is amortised over the life of the lease. Refer to Note 15.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

(d) Leases

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.

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 included in the measurement of the lease liability comprise of both fixed payments and variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

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 the statement of financial position.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

(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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

(h) *Provisions*

Provisions are recorded when the Company has a present obligation, either legal or constructive as a result of a past event. They are recognised at the amount expected at reporting date for which the obligation will be settled in a future period. Where the settlement of the obligation is expected after twelve (12) or more months, the obligation is discounted to the present value using an appropriate discount rate.

(i) *Accounting Standards*

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2024 and early application is permitted. The Company has not applied any of the new or amended standards in preparing these financial statements. The Company does not expect the new or amended standards will have a material impact on the financial statements on initial application.

(j) *Financial instruments*

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

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.

Share investments

The Company measures all share investments initially at fair value. Subsequent to initial recognition, investments are measured at fair value as the contractual terms of the financial asset do not give rise to cash flows that are solely payments of principal and interest. Any profit or loss due to subsequent change in fair value is recorded in the profit or loss in the statement of comprehensive income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

(k) 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 2023 to Opera Conference was \$0 (2022: \$0). 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 ordinary member.

Membership of the Company consists of the following:

	No. of members	
	2023	2022
Life Membership	8	7
Ordinary Membership	12	11
	<hr/>	<hr/>
	20	18

5. Income tax

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

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. In 2023, no tranche payments were made, with the Funding Bodies approving that the funds be used by each company to assist financially through the recovery of the COVID-19 pandemic. Tranche payments are planned to recommence in 2024.

	2023	2022
	\$	\$
Annual funding amount contributed to Opera Conference by Opera Queensland from:		
State Government funding	-	-
Federal Government funding	-	-
	-	-
	-	-

7. Auditors' Remuneration

Audit services – cash	29,000	25,000
	29,000	25,000

8. Event Income

There is no material change in overall event income between 2023 and 2022, however there was a reduction in box office income and an increase in performance and co-producer fees due to the different presentation arrangements for mainstage productions in 2023.

9. Sponsorships & Donations

Sponsorships - cash	305,091	394,545
Sponsorships – in kind	913,487	272,000
Philanthropic Trusts and Foundations	300,000	300,000
Bequests	-	317
General Donations	728,150	909,990
	2,246,728	1,876,852
	2,246,728	1,876,852

The Company received bequest funds of \$0 during the year (2022: \$317). 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. The total of the donation and endowment reserve as at 31 December 2023 was \$3,132,456 (\$2,541,379 corpus plus \$591,077 fair value adjustment on shares) (2022: \$3,017,580 (\$2,541,379 corpus plus \$476,201 fair value adjustment on shares)).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

	2023	2022
	\$	\$
10. Net gain/(loss) on financial assets		
	114,876	(166,348)
Net gain/(loss) on financial assets represents the fair value adjustment on shares held for bequest investments.		
11. Production & Touring		
Differences in expenditure between 2023 and 2022 reflect the increase of regional performance activity costs during the year.		
12. Employee expenses included within total expenditure		
Productions & touring	2,992,752	3,060,330
Community programs & education	131,131	265,486
Marketing & business development	695,829	670,162
Infrastructure & administration	686,104	602,792
	<u>4,505,815</u>	<u>4,598,769</u>
13. Cash and cash equivalents		
Cash balances	500	500
Bank balances	2,097,577	198,917
Short-term deposits	1,219,550	3,497,240
	<u>3,317,627</u>	<u>3,696,657</u>
14. Trade receivables and other assets		
Trade receivables	730,539	105,645
Prepayments	98,994	81,881
	<u>829,533</u>	<u>187,526</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

	2023	2022
	\$	\$
15. Property, plant & equipment		
Lease premium and leasehold improvements at deemed cost	797,102	797,102
Accumulated amortisation	(220,368)	(212,483)
	576,734	584,619

The Company has a long-term peppercorn lease of its premises at a rent of \$1 per annum. The Company has elected to apply relief under the accounting standards and measured the peppercorn lease at deemed costs.

Plant and Equipment at cost	747,337	574,922
Accumulated depreciation	(519,682)	(482,458)
	227,654	92,464
Right-of-use assets – photocopiers & storage	204,001	354,608
Accumulated depreciation	(67,375)	(203,055)
	136,626	151,553
Net book value property, leases, plant and equipment.	941,014	828,637

At 31 December 2023, \$487,117 of assets has been fully written down (2022: \$440,395).

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

Reconciliations

Lease and leasehold improvements

Carrying amount at the beginning of the year	584,619	592,505
Amortisation charge for the year	(7,885)	(7,885)
Carrying amount at the end of the year	576,734	584,619

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

	2023	2022
	\$	\$
<i>Plant and equipment</i>		
Carrying amount at the beginning of the year	92,464	105,286
Acquisitions during the year	172,414	15,718
Disposals during the year	-	-
Depreciation charge for the year	(37,225)	(28,540)
Carrying amount at the end of the year	227,654	92,464
 <i>Right-of-use assets</i>		
Carrying amount at the beginning of the year	151,553	216,288
Acquisitions during the year	50,580	-
Disposals during the year	-	-
Depreciation charge for the year	(65,507)	(64,735)
Carrying amount at the end of the year	136,626	151,553

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 and storage lease.

16. Investments

Bequest shares – at cost	1,530,025	1,530,025
Bequest shares – revaluation	591,077	476,201
Bequest shares – at fair value	2,121,102	2,006,226

17. Trade and other payables

Trade payables	27,374	34,663
Other payables and accrued expenses	259,525	109,293
	286,899	143,956

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

	2023	2022
	\$	\$
18. Employee benefits		
Current		
<i>Liability for long service leave</i>		
Carrying amount at the beginning of the year	65,655	44,293
Leave accrued/(expensed) during the year	(6,652)	21,361
Carrying amount at the end of the year	59,003	65,655
 <i>Liability for annual leave and TOIL</i>		
Carrying amount at the beginning of the year	87,358	111,316
Leave accrued/(expensed) during the year	39,571	(23,958)
Carrying amount at the end of the year	126,928	87,358
<i>Total Current Employee Benefits</i>	185,931	153,012
 Non-Current		
<i>Liability for long service leave</i>		
Carrying amount at the beginning of the year	36,152	57,448
Leave accrued/(expensed) during the year	10,181	(21,296)
Carrying amount at the end of the year	46,334	36,152
<i>Total Non-Current Employee Benefits</i>	46,334	36,152
 19. Other Liabilities		
Current		
Government grants in advance	100,000	-
Other income received in advance	78,378	114,169
Ticket sales in advance	52,038	-
Deferred revenue – Bequest (dividends and interest earned)	149,868	114,170
	380,284	228,339

Deferred revenue 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

	2023	2022
	\$	\$
20. 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.

21. 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 Creative Australia. Reserves exist and are maintained in order to protect the Company in the event of unanticipated adverse financial circumstances. As at 31 December 2023, unrestricted Reserves are above the required level of 20%.

The Company accessed additional contributions to build reserves from Creative Australia under the *2019-2021 Reserves Incentive Matched Funding Scheme Agreement*. Funds were held in quarantine during the period of the agreement. The \$1,000,000 held in restricted reserves within equity as at 31 December 2021 was transferred to accumulated surplus in 2022 when terms of the agreement had been fulfilled.

22. 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 after 31 December 2023. Total amounts payable under these contracts are set out below.

Payable within one year		
Artists' fees	463,075	388,500
Venue hire & production	298,304	177,274
Other	-	-
	761,379	565,774
Payable within 2 – 5 years		
Other	-	-
	761,379	565,774

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

	2023	2022
	\$	\$
23. Reconciliation of cash flows from operating activities		
<i>Cash flows from operating activities</i>		
Net (deficit) / surplus for the year	169,314	(281,587)
Bequest financial assets	(114,876)	181,251
Investment income	(66,952)	(86,197)
Disposal of fixed asset	-	-
Depreciation	45,110	28,540
Amortisation	65,507	7,885
<i>Operating profit before changes in working capital and provisions</i>	98,103	(150,108)
<i>Changes in:</i>		
Trade receivables & other assets	(642,007)	70,971
Other non-current assets	-	64,735
Trade & other payables	142,943	(287,578)
Employee benefits	43,100	(23,893)
Provisions	-	-
Other current liabilities	116,247	(281,528)
<i>Net cash from / (used in) operating activities</i>	(241,613)	(607,402)

24. Financing Arrangements

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

25. Financial instruments

The Company is exposed to market risks (price risk) on financial instruments held for investments of the Bequest. These investments are Level 1 instruments as they are listed equities valued using quoted prices available in active markets. Refer Note 16.

The Company is not exposed to any material credit risks.

The Company has not entered into any derivative transactions.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

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.

		2023	2022
		\$	\$
	Notes	6 Months or less	6 Months or less
Financial Assets			
Cash and cash equivalents:	13		
<i>floating interest rate - 1.35% (2022: 1.25%)</i>		2,012,385	76,572
<i>non-interest bearing</i>		85,692	122,845
Term deposits		1,219,550	3,497,240
Trade receivables:			
<i>non-interest bearing</i>	14	730,539	105,645
		<u>4,048,166</u>	<u>3,802,302</u>

26. Related party disclosures

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 \$60,859 (2022: \$70,727) and in-kind sponsorship of \$3,080 (2022: \$0)

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

Short term employee benefits	534,321	506,023
Long term employee benefits	9,718	7,629
Post-employment benefits	53,374	48,186
	<u>597,413</u>	<u>561,838</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

27. Tri-partite funding

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

Grant funding for 2023 was received subject to the conditions of the *2021 to 2024 Tri-Partite Funding Agreement*, which was signed on 23 July 2021. The funding detailed therein being subject to the Company complying with various conditions which are in general that the Company achieves the Government Priorities, Key Performance Indicators and Special Conditions as agreed and reviewed annually. These conditions include the Company continuing to meet its reporting obligations and ongoing close monitoring of budgets and programs.

The approved funding for the year 2024, excluding indexation is:

	\$
Creative Australia	754,337
Arts Queensland	<u>2,883,601</u>
	<u>3,637,939</u>

28. Subsequent Events

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Opera Queensland Limited (the Company), which comprises the balance sheet as at 31 December 2023, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including material accounting policy information, and the directors declaration.

In our opinion the accompanying financial report of Opera Queensland Limited, is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) Giving a true and fair view of the company's financial position as at 31 December 2023 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards - Simplified Disclosures and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2022*.

Basis for opinion

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

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

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Opera Queensland Limited's directors' report but does not include the financial report and our auditor's report thereon.

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 and, in doing so, 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.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd



A J Whyte

Director

Brisbane, 1 May 2024