

**OPERA AUSTRALIA
AND ITS CONTROLLED ENTITIES**

Financial Report

**FOR THE YEAR ENDED 31 DECEMBER 2020
A.C.N. 000 755 153**

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OPERA AUSTRALIA DIRECTORS' REPORT

The Board of Directors of Opera Australia has pleasure in submitting its report in respect of the financial year ended 31 December 2020.

DIRECTORS

The names and details of the Directors in office during or since the end of the financial year are:

Names	Qualifications, experience and special responsibilities
David Mortimer AO (Chairman from April 2013)	Mr Mortimer has over 40 years of corporate finance and commercial experience both as a Chief Financial Officer and Chief Executive Officer of TNT Limited the worldwide transport and logistics group. He was a founding Shareholder and Chairman of private equity group Crescent Capital Partners until his retirement in December 2017. He is a Director of public and private companies and has interests in property, agriculture and portfolio investments. Mr Mortimer was a Fellow of the Senate of the University of Sydney until November 2017. He continued as Chairman of the Investment Committee of the University until May 2020. He has chaired several publicly listed companies and government businesses in addition to his current directorships; he continues to serve as Chairman and Director of not for profit organisations and foundations. Mr Mortimer has a Bachelor of Economics (First Class Honours) from the University of Sydney. He was appointed as an Officer of the Order of Australia in 2005 for "Service to business and commerce through innovation and visionary leadership, as an advisor to government and to the community." He joined the Board of Opera Australia in January 2013 and was elected Chairman in April 2013. Mr Mortimer is a member of the People Remuneration and Nominations Committee and the Audit and Risk Committee.
Philip Bacon AM	Mr Bacon is Director, Philip Bacon Galleries Pty Ltd, Deputy Chairman, Brisbane Festival, Chairman of Opera Australia Capital Fund, Trustee, Gordon Darling Foundation, Trustee, Margaret Olley Art Trust, Trustee, Historic Houses Trust and Sydney Living Museums, NSW, Member of the Board of the Foundation of Queensland Art Gallery Gallery of Modern Art and Member of the Board of the Foundation of the National Gallery of Australia. From 1996 to 2003 he was a Council Member, National Gallery of Australia. From 1994 to 2011 he was a Director of Opera Australia, and since 2001 he has been a Director of the Opera Australia Capital Fund. Mr Bacon was made a Member, Order of Australia in 1999 receiving in the same year a Doctor of Philosophy (honoris causa) from the University of Queensland. In 2002 Mr Bacon received a Doctor of the University from Griffith University, and Doctor of the University from Queensland University of Technology in 2005. Mr Bacon was re-appointed to the Board of Opera Australia in March 2014.
Brian Benjamin	Mr Benjamin, BEc, DipEd, GradDipTRP, MBA, has over 30 years experience in corporate finance including 14 years with Macquarie Corporate Finance and the balance in his own advisory business. He specialised in mergers, acquisitions and advisory roles in telecoms, mining and infrastructure. He was instrumental in the establishment and success of Melbourne Chamber Orchestra (formerly Australia Pro Arte) where he was Executive Chairman for five years until 2010. In that role, he initiated and guided the group's transition to the Melbourne Recital Centre and the appearance there in its opening year of the legendary Sir Neville Marriner CH, CBE, founder of The Academy of St Martin in the Fields. The governance, management and marketing strategies implemented under Mr Benjamin's leadership were recognised by the Australia Council when MCO was one of only two Australian music companies to be elevated to the funding category of Key Organisations (Emerging) in 2008. In 2009, MCO was the most successful presenter of an annual program in the inaugural year of the Recital Centre's stunning Elizabeth Murdoch Hall. He was appointed to the Board of Opera Australia in February 2017 and is a member of the the People Remuneration and Nominations Committee..

DIRECTORS REPORT (Continued)

- Jonathan Feder Mr Feder, LLB (Hons)/BSc is a Partner and global leader of the Intellectual Property team at K&L Gates. He is a current Board member of Melbourne Theatre Company, a role he has held since 2010 as well as a member of the Advisory Board to the Department of Fine Arts and Music at the University of Melbourne. Mr Feder has also raised investment funds for numerous theatrical productions which have been presented throughout the world including shows in New York, London and Australia. Mr Feder joined the Opera Australia Board in February 2017 and is a member of the Audit and Risk Committee.
- Jane Hansen AO Ms Hansen joined the Board of the Melbourne Theatre Company in February 2015, founded the theatre company's Foundation and is now Chair of the management company. She is Deputy Chancellor and Member of the Council of the University of Melbourne, Deputy Chair of the Believe Campaign and sits on the Melbourne University Humanities Foundation. Ms Hansen also sits on the Board of the Lord Mayor's Charitable Foundation and is a Fellow of the University of Melbourne. Previous directorships include the MCG Trust, the State Sport Centres Trust, the federal body of Athletics Australia and the Foundation of the State Library of Victoria. Ms Hansen holds a Bachelors Degree in Economics from Monash University, a Masters Degree in Finance and Business Administration from Columbia University in New York, and an Arts Degree majoring in History from Melbourne University. Ms Hansen has been admitted as member of Chief Executive Women. Ms Hansen is a member of the People, Remuneration and Nominations Committee.
- Tim McFarlane AM Mr McFarlane, BEc, is the Executive Chairman of Trafalgar Entertainment Group since 2018 and a Director of Entertainment Assist, a national health promotion charity. He is a former President and Life Member of Live Performance Australia. From 1996 to 2005 he was a Trustee of the Sydney Opera House, from 1986 to 1994 he was General Manager of the Adelaide Festival Centre Trust and the Adelaide Festival, from 1994 to 2013, he was the Managing Director of The Really Useful Company Asia Pacific and from 2013 to 2017 he was the CEO of the Ambassador Theatre Group Asia Pacific. Mr McFarlane was made a Member of the Order of Australia in 2016. He joined the Board of Opera Australia in August 2006 and was a member of the Audit and Risk Committee, and the People, Remuneration and Nominations Committee. Mr McFarlane resigned as a Director on the 22nd of June 2020.
- Alison Pert Dr Pert, LLB (Manc) LLM (Lond) PhD (Sydney) Adjunct Associate Professor, University of Sydney, is a lawyer with extensive experience in commercial contracts, litigation, insurance and public international law. Her career has spanned the government, private and academic sectors, both in Australia and overseas. Dr Pert has worked for the governments of Papua New Guinea and Australia, representing the latter in treaty negotiations. She has worked in private practice and as in-house counsel, and currently lectures in public international law at the University of Sydney. She is the author of two books and many articles and papers; she also gives media interviews on the issues of public international law arising from current events. Dr Pert was appointed to the Board of Opera Australia in June 2017 and is a member of People, Remuneration and Nominations Committee.

Deena Shiff Ms Shiff BSc (Econ) Hons LSE, BA (Law) Cambridge is a Non-Executive Director on the board of ASX listed Appen Ltd.; the Chairman of the Supervisory Board of ASX listed Marley Spoon AG; a Non-Executive Director on the Board of ASX listed Pro Medicus, where she Chairs the People and Culture Committee, and a Director on the board of Infrastructure Australia, where she Chairs the People and Culture Committee. Deena is also the Chairman of the Government's Australian Broadband Advisory Council, the Chairman of the Advisory Board of the Australian Centre for China in the World and the Chairman of the Advisory Board of a research Centre of Excellence on Automated Decisions and Society. Previous board roles include Chairman of the global board of the BAI Communications Group, the Chairman of a Co-operative Research Centre in health sciences, and Deputy Chair of EFIC. Ms Shiff is on the Member Council of Musica Viva and was until February 2018 the Chair of the Sydney Writers' Festival. Ms Shiff was previously a Group Managing Director at Telstra, running Telstra Wholesale and then Telstra Business. In 2011, Ms Shiff established Telstra's corporate venture capital arm, Telstra Ventures. Ms Shiff has also been a partner at Mallesons Stephen Jacques. Ms Shiff was appointed to the Board of Opera Australia in June 2017 and is a member of the Audit and Risk Committee and Chair of the People, Remuneration and Nominations Committee.

Andrew Sisson AO Mr Sisson has over 40 years of investment management experience and in 1988 founded Balanced Equity Management to manage portfolios of Australian shares. In 2011, Balanced Equity Management was acquired by Franklin Resources Inc, a funds management company listed on the New York Stock Exchange. Prior to establishing Balanced Equity Management, Andrew worked at National Mutual Life Association as a Portfolio Manager, progressing through various roles. Andrew also completed a secondment to the UK merchant bank Samuel Montagu as a Corporate Finance Manager. Andrew holds a Bachelor of Science (Mathematics & Statistics) from The University of Melbourne and is a Fellow of the Australian Institute of Company Directors (FAICD). Andrew joined the Board of Opera Australia in February 2017 and was appointed Chairman of the Audit and Risk Committee in November 2017. He is a member of the Council of the University of Melbourne and has recently been a Trustee of the National Gallery of Victoria and a Director of Save the Children Australia.

Josephine Sukkar AM Ms Sukkar, BSc (Hons), Grad Dip Ed, is a co-owner and Principal of construction company Buildcorp and chair of the Buildcorp Foundation. Ms Sukkar is a professional company Director who works across a range of industries, including property, construction, finance, sport, the arts, medical research and social services. Ms Sukkar serves on a number of private, public, government and not-for-profit boards, including Growthpoint Properties Australia, Parramatta Park Trust, the Australian Museum, Centenary Institute of Medical Research, Melbourne University Infrastructure Committee and the Australian Rugby Foundation. She is President of Australian Women's Rugby and through Buildcorp has been a major sponsor of rugby in Australia for nearly 30 years. She has previously served as a Director of The Trust Company, and was Co-President of the YWCA NSW. In 2017 she was made a Member of the Order of Australia for her services to the community, the arts and sports. Ms Sukkar joined the Board of Opera Australia in 2011.

DIRECTORS' INTERESTS

The Group is limited by guarantee and accordingly, does not issue shares.

DIRECTORS' MEETINGS

The number of Directors' meetings (including meetings of Board Committees) and number of meetings attended by each Director in their capacity as a Director or member of a Board Committee during 2020 are set out in the table below:

	2020 Board and Committee Meetings							
	Board of Directors		Audit and Risk Committee		People Remuneration and Nominations Committee		Property Advisory Committee	
	A	B	A	B	A	B	A	B
Mr David Mortimer AO	14	14	5	5	3	3	1	1
Mr Phillip Bacon AM	14	14	-	-	-	-	-	-
Mr Brian Benjamin	14	14	-	-	3	3	1	1
Mr Jonathan Feder	10	14	4	5	-	-	-	-
Ms Jane Hansen AO	13	14	-	-	1	1	-	-
Mr Tim McFarlane AM	8	8	2	2	1	1	1	1
Ms Alison Pert	14	14	-	-	3	3	1	1
Ms Deena Shiff	14	14	4	5	3	3	-	-
Mr Andrew Sisson AO	14	14	5	5	-	-	-	-
Ms Josephine Sukkar AM	14	14	-	-	-	-	1	1

A Number of meetings attended by the Director during the year while the Director was a member of the Board or Committee

B Number of meetings held during the year while the Director was a member of the Board or Committee

The Property Advisory Committee was disbanded during the year and the responsibilities of the Committee were assumed by the Board of Directors.

OPERATING AND FINANCIAL REVIEW

The details of the consolidated result including operating entities and the Opera Australia Capital Fund Group are set out in the following table:

	2020	2019
	\$	\$
Opera Australia – Trading Result	(7,105,727)	198,534
Opera Australia – Bequests received in the year	622,413	3,198,884
Opera Australia net (deficit)/surplus for the year	(6,483,314)	3,397,418
Opera Australia Capital Fund and controlled entities after distribution to Opera Australia of \$1,020,000 (2019: \$1,745,173)	3,508,898	2,915,808
Consolidated (deficit)/surplus for the year	(2,974,416)	6,313,226

Opera Australia (the parent entity) returned a deficit from trading activities during the 2020 year of \$7,105,727. This deficit was, inter alia, the result of the mandatory cancellation of all performances effective from the end of March 2020 due to the Covid-19 pandemic. The final reported deficit of \$6,483,314 (2019: surplus \$3,397,418) as reported in Note 26, was significantly enhanced by \$11,441,985 of Job Keeper subsidies as well as \$622,413 of bequest related funds received during the year as reported in Note 21. The Opera Australia Capital Fund and controlled entities' favourable result for the year reflected strong philanthropic support and investment income. The result also benefited significantly from \$2,720,625 worth of Bequests received in 2020.

A detailed review of the operations of each operating entity is contained in the reports of the Chairman and Chief Executive within the annual report.

DIRECTORS' REPORT (Continued)

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group from last year.

SIGNIFICANT EVENTS AFTER YEAR END

The Group sold its warehouse property in Alexandria, NSW on the 15th of January 2021, for the sum of \$46,000,000 (excluding GST) and has entered into a leaseback arrangement with the purchaser on a six month lease (with options to extend). This property asset has been reported at carrying value in Current Assets as an asset held for sale as at 31 December 2020 for \$6,128,486. The proceeds from the sale will be used to support the operations of Opera Australia as it continues to operate in a market still heavily impacted by Covid-19.

LIKELY DEVELOPMENTS AND FUTURE RESULTS

There are no changes expected to the current nature of operations or the principal activities of the Group. The Group continues to operate in a very challenging external environment which is still significantly impacted by the Covid-19 pandemic. These challenges are expected to persist for the remainder of 2021 which will likely to lead to a significant trading deficit for the year, offset by a surplus from the sale of the Alexandria property.

DIVIDENDS

The parent entity's constitution prohibits the distribution of income and property by way of dividend or bonus and no dividend or bonus has been paid or declared since the end of the previous financial year.

DIRECTORS' REMUNERATION

The parent entity's constitution prohibits the payment of remuneration to Directors and no Director has received or become entitled to receive any remuneration during the financial year.

Contracts are entered into in the normal course of business by the Group with companies of which some Directors are common to both. Since the end of the previous year, no Director has received or become entitled to receive a benefit by reason of a contract made by the Group with the Director, with a firm of which he or she is a member, or with a company in which he or she has a substantial interest.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

Insurance and indemnity arrangements established in previous years concerning officers of the Group were renewed and continued during 2020. Opera Australia paid the premium on a contract insuring each of the Directors of the Group, named earlier in this report, and each of the full-time executive officers of the Group, against all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration is set out on Page 38 and forms part of the Directors' Report for the financial year 2020.



A.R.N. SISSON AO
Director

Date: 16th April 2021



D. MORTIMER AO
Director

Date: 16th April 2021

**OPERA AUSTRALIA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

		Consolidated	
	Note	2020	2019
		\$	\$
Current Assets			
Cash and cash equivalents	7	17,641,093	17,222,190
Trade and other receivables	8	2,004,899	5,103,841
Financial assets	9	30,797,815	26,836,965
Prepayments	10	983,197	2,006,443
Asset held for sale		6,128,486	-
Total Current Assets		57,555,490	51,169,439
Non-Current Assets			
Other financial assets	11	284,977	139,525
Right-of-use asset	12	2,559,990	3,873,393
Property, plant and equipment	13	22,779,824	29,202,355
Intangible assets	14	295,147	1,107,849
Total Non-Current Assets		25,919,938	34,323,122
Total Assets		83,475,428	85,492,561
Current Liabilities			
Trade and other payables	15	6,112,710	7,871,037
Lease liabilities	12	708,145	869,064
Provisions	17	5,896,436	6,053,060
Government grants received in advance	18	17,870,289	677,089
Contract liabilities	19	4,455,689	5,306,297
Advance bookings	20	6,696,556	17,980,579
Total Current Liabilities		41,739,825	38,757,126
Non-Current Liabilities			
Provisions	17	761,747	1,408,147
Lease liabilities	12	1,915,531	2,753,350
Government grants received in advance	18	-	541,197
Total Non-Current Liabilities		2,677,278	4,702,694
Total Liabilities		44,417,103	43,459,820
Net Assets		39,058,325	42,032,741
Equity			
Other reserves	21	10,183,361	10,887,266
Retained earnings		28,874,964	31,145,475
Total Equity		39,058,325	42,032,741

The accompanying notes form an integral part of this consolidated Statement of Financial Position.

**OPERA AUSTRALIA
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	Consolidated	
		2020 \$	2019 \$
INCOME			
Sales revenue	4	11,741,051	81,494,281
Government grants	5	37,792,517	26,553,780
Other revenue and income	4	16,336,193	22,605,695
Total revenue and income		65,869,761	130,653,756
EXPENDITURE			
Staff and employment expenses	6	42,005,341	63,349,307
Travel and transport expenses		1,929,768	8,191,432
Venue expenses		3,216,113	11,868,176
Marketing and promotion expenses		3,298,250	17,627,276
Depreciation, amortisation and impairment expenses	6	5,508,707	3,092,445
Finance costs	6	100,787	63,889
Share of loss of an associate		199,359	814,966
Other expenses	6	12,921,940	22,359,496
Total expenditure		69,180,265	127,366,987
Net gain on financial assets		316,874	3,012,623
Surplus / (Deficit) for the year		(2,993,630)	6,299,392
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation gain	21	19,214	13,834
Total other comprehensive income for the year		19,214	13,834
Total comprehensive income / (loss) for the year		(2,974,416)	6,313,226

The accompanying notes form an integral part of this consolidated Statement of Profit or Loss and Comprehensive Income.

OPERA AUSTRALIA
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 \$	Consolidated 2019 \$
Operating activities			
Receipts from operations		79,662,363	139,234,896
Payments to suppliers and employees		(70,933,811)	(135,145,640)
Interest received		89,908	305,285
Franking credits received		-	219,622
Dividends received		146,291	257,838
Interest paid		(142)	(31)
Interest on leases	12	(100,645)	(49,454)
Net cash flows from operating activities		8,863,964	4,822,516
Investing activities			
Purchase of property, plant and equipment, intangibles and capital work-in-progress assets		(4,467,377)	(5,986,263)
Purchase of units held in managed funds		(3,035,200)	(705,002)
Proceeds from sale of property, plant and equipment		-	17,500
Proceeds from disposal of units held in managed funds		-	1,252,156
Contribution to equity-accounted associate		(344,810)	(679,159)
Net cash flows used in investing activities		(7,847,387)	(6,100,768)
Financing activities			
Repayment of lease liabilities		(590,341)	(794,965)
Net cash flows used in financing activities		(590,341)	(794,965)
Net (decrease)/increase in cash and cash equivalents		426,236	(2,073,217)
Net foreign exchange differences		(7,333)	13,834
Cash and cash equivalents at 1 January		17,222,190	19,281,573
Cash and cash equivalents at 31 December	7	17,641,093	17,222,190

The accompanying notes form an integral part of this consolidated Statement of Cash Flows.

**OPERA AUSTRALIA
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	Other Reserves \$	Retained Earnings \$	Total \$
Consolidated				
Balance as at 31 Dec 2018		4,853,800	30,865,715	35,719,515
Net surplus for the year		-	6,299,392	6,299,392
Other comprehensive income		13,834	-	13,834
Transfer to/(from) Investment Revaluation Reserve		2,050,913	(2,050,913)	-
Transfer to Bequests Reserve		3,968,719	(3,968,719)	-
At 31 December 2019		<u>10,887,266</u>	<u>31,145,475</u>	<u>42,032,741</u>
Net (deficit) for the year		-	(2,993,630)	(2,993,630)
Other comprehensive income		19,214	-	19,214
Transfer to/(from) Investment Revaluation Reserve	21	(1,391,717)	1,391,717	-
Transfer to Bequests Reserve		668,598	(668,598)	-
At 31 December 2020		<u><u>10,183,361</u></u>	<u><u>28,874,964</u></u>	<u><u>39,058,325</u></u>

The accompanying notes form an integral part of this consolidated Statement of Changes in Equity.

OPERA AUSTRALIA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. CORPORATE INFORMATION

The financial report of Opera Australia (OA) and its controlled entities (collectively, the Group) for the year ended 31 December 2020 was authorised for issue in accordance with a resolution of the Directors on the 16th of April 2021.

Opera Australia (the parent entity) is a not-for-profit organisation and a public company limited by guarantee, with its registered offices being located at 480 Elizabeth Street, Surry Hills NSW 2010.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Australian Charities and Not-for-Profits Commission Act 2012*, Australian Accounting Standards – Reduced Disclosure Requirements, and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has also been prepared on a historical cost basis and does not take account of changes in either the general purchasing power of the Australian dollar or in the price of specific assets, except for land and buildings stated at net book value (Note 13) and financial assets measured at fair value (Note 9).

The financial report is presented in Australian dollars, and all values have been rounded to the nearest dollar unless otherwise stated.

STATEMENT OF COMPLIANCE

The Group has elected to present Tier 2 General Purpose Financial Statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASB-RDRs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB), and the Australian Charities and Not-for-Profits Commissions Act 2012.

The accounting policies are consistent with those of the previous financial year.

Financial risk management objectives and policies

The Group's principal financial instruments comprise cash and short-term deposits, trade receivables, payables, managed funds and listed equity investments.

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

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the parent entity, Opera Australia, and its controlled entities as at 31 December each year. Note 24 (a) provides details of the entities comprising the Group.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee;
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

OPERA AUSTRALIA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The financial statements of the controlled entities are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring in line any dissimilar accounting policies that may exist. All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full.

GOING CONCERN

The financial report has been prepared on a going concern basis which assumes the Group will be able to pay its debts as and when they become payable for a period of at least 12 months from the date of the financial report.

The Group generated a deficit for the year of \$2,974,416 (2019: \$6,299,392). At year end, Opera Australia's current liabilities exceeded current assets by \$9,515,206 (2019: \$9,409,660). The current liabilities of Opera Australia includes \$17,870,289 of government grants received in advance and \$4,455,689 of contract liabilities that will not result in cash outflows. The Group's current assets exceeded current liabilities by \$15,815,665 (2019: \$12,412,313). The Group generated net cash inflows from operating activities of \$8,863,964 (2019: \$4,822,516). The Group does not have any bank or other external debt at reporting date.

The ability of the Group to maintain its operations is dependent inter alia on the continuing support of various Governments by way of grants. The Multipartite Agreement is current for the period 2019-2021 and funding has been confirmed for 2022-2023 with the Australia Council for the Arts, Create Victoria and Create NSW, subject to the Group continuing to meet certain requirements, to be agreed.

The Group's Directors have undertaken a thorough assessment of going concern. This review considered the operating budgets, projected balance sheet position and detailed cash flow for the Group for the period 12 months from the date of these financial statements. The Group has sufficient cash reserves to sustain activities over the next 12 months assisted by the sale of the Alexandria warehouse in January 2021 as disclosed in Note 27.

REVENUE

AASB 15 Revenue from Contracts with Customers establishes a comprehensive framework for recognising revenue. AASB15 is applied where an entity has an enforceable, sufficiently specific obligation to provide goods or services. Under AASB 15, income is recognised as the performance obligations under the contract are satisfied. If no contract exists or the obligations under the contract are not sufficiently enforceable or specific, then the revenue will be recognised immediately under AASB 1058 Income of Not-for-Profit Entities.

Box Office

Revenue from ticket sales is recognised in the Statement of Profit or Loss and Comprehensive Income upon presentation of the performance. Cash received from ticket sales in respect of productions not yet performed is included in the Statement of Financial Position as under the heading "Advance bookings".

Commercial Activities

Commercial Activities include production hires, distribution of recordings as well as activities involving provision of orchestral and artists' services. Revenue from these activities is recognised as the activity is completed. Program sales revenue is recognised in line with contractual arrangements.

Sponsorship

Sponsorship commitments are brought to account as income in the year that the performance obligations in the contract are satisfied. If sponsorship contracts are terminated prior to the end of the term of the contract, the Group would refund the proportion of any pre-paid sponsorship fee to the sponsor having regard to the proportion of benefits not provided.

OPERA AUSTRALIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Donations

Donations are generally recognised as revenue when the Group obtains control of the contribution and its amount can be measured reliably. Where donations are linked to a contract with distinct performance obligations, revenue is recognised consistent with the satisfaction of those performance obligations.

Bequests

Bequests are generally recognised as revenue when the Group obtains control of the contribution and its amount can be measured reliably. Where bequests are linked to a contract with distinct performance obligations, revenue is recognised consistent with the satisfaction of those performance obligations.

When the transaction price is received before the performance obligations are fulfilled, the Group recognises the received contribution as a contract liability at the end of the reporting period.

Government Grants

The annual grants from the Australian Government through the Major Performing Arts Board of the Australia Council, the New South Wales Government through Create NSW and the Victorian Government through Creative Victoria are received on a calendar basis. Grants are recognised when the performance obligations of the contract are fulfilled. Project-specific grants are brought to account based on timing of the project, when the performance obligations of the contracts are fulfilled.

When the transaction price is received before the performance obligations are fulfilled, the Group recognises the received consideration as a contract liability at the end of the reporting period. Any funding not spent on the planned activities agreed between the parties at the start of each calendar year is required to be repaid.

As part of its response to COVID-19, the Australian Government announced in March 2020, that "Job Keeper" payments would be made to companies adversely impacted by Covid-19. As the Job Keeper arrangement with Government does not contain sufficiently specific performance obligations, AASB 15 Revenue from Contracts with Customers does not apply, and income is recognised in profit or loss under AASB 1058 Income of Not-for-Profit Entities.

Interest

Interest income is recognised as the interest accrues.

Disaggregation of revenue

2020 (\$)	Revenue from contracts with customers	Other revenue	Total Revenue
Box Office	10,633,499	-	10,633,499
Commercial Activities	1,107,552	-	1,107,552
Government Grants	26,350,532	11,441,985	37,792,517
Donations and Bequests	200,000	10,034,664	10,234,664
Corporate Sponsorship	3,065,747	-	3,065,747
Other income	1,986,215	1,049,567	3,035,782
TOTAL	43,343,545	22,526,216	65,869,761

OPERA AUSTRALIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2019 (\$)	Revenue from contracts with customers	Other revenue	Total Revenue
Box Office	73,622,285	-	73,622,285
Commercial Activities	7,871,996	-	7,871,996
Government Grants	26,553,780	-	26,553,780
Donations and Bequests	-	8,658,384	8,658,384
Corporate Sponsorship	9,741,144	-	9,741,144
Other income	3,623,755	582,412	4,206,167
TOTAL	121,412,960	9,240,796	130,653,756

CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the consolidated Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

CURRENT ASSETS HELD FOR SALE

The Group classifies current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

PROPERTY, PLANT AND EQUIPMENT

Land and buildings are carried at net book value.

Property, plant and equipment excluding freehold land and buildings are valued at cost less accumulated depreciation and any impairment in value.

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

Buildings	50 years
Building additions	5-10 years
Musical instruments	4-20 years
Leasehold improvements	10 years
Plant and equipment	4-20 years

OPERA AUSTRALIA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INTANGIBLE ASSETS

Intangible assets are valued at cost less accumulated amortisation and any impairment in value.

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

Software	3-5 years
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IMPAIRMENT AND RECOVERABLE AMOUNT OF NON-CURRENT ASSETS

Impairment

The carrying values of property, plant and equipment (including costumes, scenery sets and props) are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Recoverable Amount

The recoverable amount of an asset is the greater of net selling price and value in use. Value in use is taken to be the depreciated replacement cost of the asset concerned.

TRADE AND OTHER RECEIVABLES

Trade receivables, which generally have 30 day terms, are recognised at fair value less an allowance for any expected credit loss which is raised pursuant to AASB 9 Financial Instruments.

Collectability of trade receivables is reviewed on an ongoing basis. Under AASB 9 Financial Instruments, the Group uses an expected credit loss ("ECL") model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For trade receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

INVESTMENT IN ASSOCIATES AND JOINT VENTURES

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's investments in its associates and joint ventures are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date.

OPERA AUSTRALIA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the Statement of Profit or Loss and Comprehensive Income.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss in the Statement of Profit or Loss and Comprehensive Income.

TRADE AND OTHER PAYABLES

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

INTEREST BEARING LOANS AND BORROWINGS

All loans and borrowings are initially recognised at fair value of the consideration received less directly attributable transaction costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

BORROWING COSTS

Borrowing costs are recognised as an expense when incurred.

LEASES

A lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration.

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.

The lease term is determined as being the non-cancellable period of a lease, together with periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

Where the lease contract includes non-consecutive periods, the lease term is the aggregate of the non-consecutive periods.

At the commencement date of the lease, a right-of-use (ROU) asset and lease liability are recognised.

OPERA AUSTRALIA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ROU assets are initially measured at cost with the cost comprising:

- a) the amount of the initial measurement of the lease liability;
- b) any lease payments made at or before the commencement date, less any lease incentives received;
- c) any initial direct costs;
- d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The obligation for those costs are incurred either at the commencement date or as a consequence of having used the underlying asset during a particular period.

Subsequent to the commencement date, right-of-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses and adjusted for any remeasurement of the lease liability.

The lease liability is initially measured as the present value of the remaining lease payments as at the commencement date, based on an incremental borrowing rate (average rate of 2.8%) over the remaining lease term. The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

Where there are variable lease payments that depend on an index or rate – such as CPI – these payments are measured using the index (or rate) at the commencement date of the lease. Future changes in the index or rate are not estimated.

The Group has not recognised short-term leases where the non-consecutive period of use in the lease is less than 12 months. Such leases are expensed in the *Statement of Profit or Loss and Comprehensive Income* either on a straight-line basis over the lease term or consistent with usage or benefits received. In 2020, these short-term leases, as well as any low value leases, are expected to be of a similar amount and nature to the current year expense.

The Group's ROU asset are depreciated over the respective lease terms on a straight-line basis and recognised in the Consolidated Statement of Profit or Loss and Comprehensive Income under "Depreciation, amortisation and impairment expenses". The interest calculated on the lease liability is recognised under "Finance Costs".

Subsequent to the commencement date, lease liabilities are measured by:

- a) increasing the carrying amount to reflect interest on the lease liability;
- b) reducing the carrying amount to reflect the lease payments made; and
- c) remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

OA has accounted for lease modifications as a re-measurement of the lease liability by:

- a) decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, recognising in profit or loss any gain or loss relating to the partial or full termination of the lease; and
- b) making a corresponding adjustment to the right-of-use asset.

OPERA AUSTRALIA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROVISIONS AND EMPLOYEE LEAVE BENEFITS

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

Employee Leave Benefits

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within twelve months of the reporting date are recognised in respect of employee services up to the reporting date. They are measured at the amounts expected to be paid when the liability is settled.

Long service leave

The liability for long service leave is recognised and measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS

Both the functional and presentation currency of the Group is Australian dollars. Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are remeasured at the rate of exchange ruling at the reporting date. All differences in the consolidated financial report are taken to the Consolidated Statement of Profit or Loss and Comprehensive Income.

INCOME TAX

The Group is an income tax exempt charitable entity under Subdivision 50-B of the Income Tax Assessment Act 1997.

COMPARATIVE INFORMATION

Where necessary, comparatives have been reclassified or repositioned for consistency with current year disclosures.

OPERA AUSTRALIA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

NOTE 3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Impairment of non-financial assets

Management reviews non-financial assets periodically to determine whether there is evidence that the present value of future cash flows is lower than the net book value recorded on the consolidated Statement of Financial Position. In such cases, an impairment charge is calculated and recorded as an expense in current year earnings.

Estimated useful lives

Upon capitalisation of non-financial assets, management estimates the useful life over which to depreciate the asset. Useful lives are based on management experience and judgement.

Incremental borrowing rate (Leases)

As the Group has no external borrowings, an incremental borrowing rate has been calculated by taking the average Australian Financial Markets Association (AFMA) Bank Bill Swap rate over the Group's leases with a margin applied pursuant to the line fee attached to Opera Australia's most recent bill facility with the Commonwealth Bank.

Extension and termination options (Leases)

There is judgment involved in assessing whether it is reasonably certain that a renewal clause will be exercised.

Allocation of transaction price to performance obligations (Revenue from contracts with customers)

Management applies judgment to allocate transaction prices to the performance obligations contained specifically in corporate sponsorship contracts where such allocations are not explicit in the contract.

OPERA AUSTRALIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 4. REVENUE AND INCOME

Surplus from operations is after crediting the following revenues:

	2020	Consolidated
	\$	2019
		\$
<i>Sales revenue</i>		
Box office	10,633,499	73,622,285
Commercial activities	1,107,552	7,871,996
Total sales revenue	<u>11,741,051</u>	<u>81,494,281</u>
<i>Other revenue and income</i>		
Contributions (donations and sponsorship)	9,957,373	15,078,438
Bequest revenue (a)	3,343,038	3,321,090
Gain on disposal of fixed assets	-	17,500
Other revenue (b)	2,066,765	2,657,518
Interest income (c)	89,908	305,285
Investment income (c)	879,109	1,225,864
Total other revenue and income	<u>16,336,193</u>	<u>22,605,695</u>

- a) Bequest revenue includes \$622,413 attributable to Opera Australia as the parent entity (2019: \$3,198,884).
- b) Includes investment from government destination organisations and equity accounting contributions.
- c) Interest and investment income includes \$693,071 (2019: \$936,210) attributable to Opera Australia Capital Fund entities.

OPERA AUSTRALIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

NOTE 5. GOVERNMENT GRANTS

	2020	Consolidated	2019
	\$		\$
<i>Australia Council</i>			
Base Funding Major Performing Arts Board	21,853,022		21,508,880
Playing Australia	-		547,390
	<hr/>		<hr/>
Total Australia Council	21,853,022		22,056,270
<i>Create NSW</i>			
Base Funding	3,429,622		3,429,622
Primary Schools Touring	66,625		66,625
	<hr/>		<hr/>
Total Create NSW	3,496,247		3,496,247
<i>Creative Victoria</i>			
Base Funding	1,001,263		1,001,263
Touring Victoria	-		-
	<hr/>		<hr/>
Total Creative Victoria	1,001,263		1,001,263
Job Keeper contribution	11,441,985		-
	<hr/>		<hr/>
Total government grants	<u>37,792,517</u>		<u>26,553,780</u>

OPERA AUSTRALIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

NOTE 6. EXPENDITURE

Net surplus / (deficit) from operations is after charging the following expenses:

	2020	Consolidated	2019
	\$		\$
Staff and employment expenses	42,005,341		63,349,307
	<u>42,005,341</u>		<u>63,349,307</u>
<i>Depreciation and amortisation:</i>			
- Buildings	137,784		155,033
- Leasehold improvements	258,796		31,667
- Property, plant and equipment	828,029		747,344
- Right-of-use asset	900,865		801,049
- Costumes, scenery sets and props	633,955		1,314,343
- Software	75,973		43,009
<i>Impairment:</i>			
- Costumes, scenery sets and props	2,673,305		-
	<u>5,508,707</u>		<u>3,092,445</u>
<i>Finance Costs:</i>			
Line/overdraft fees	-		14,404
Interest paid or payable to other unrelated parties	142		31
Interest on lease liability	100,645		49,454
	<u>100,787</u>		<u>63,889</u>
<i>Other Expenses:</i>			
Production expenses	4,165,011		6,751,646
Premises	1,200,675		1,647,901
Scores, royalties & instruments	1,141,254		8,986,084
Insurance	533,177		521,509
IT	1,562,305		1,287,286
Recording and surtitles	45,139		71,188
Professional fees	3,206,344		1,188,867
Administration expenses	1,068,035		1,905,015
	<u>12,921,940</u>		<u>22,359,496</u>

NOTE 7. CASH AND CASH EQUIVALENTS

Cash at bank and on hand	17,641,093	17,222,190
Total cash and cash equivalents	<u>17,641,093</u>	<u>17,222,190</u>

OPERA AUSTRALIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

NOTE 8 TRADE AND OTHER RECEIVABLES (CURRENT)

	2020	Consolidated	2019
	\$		\$
Trade and other receivables	2,430,058		5,648,410
Allowance for expected credit losses	(425,159)		(544,569)
	<u>2,004,899</u>		<u>5,103,841</u>
Total trade and other receivables (Current)	<u>2,004,899</u>		<u>5,103,841</u>

NOTE 9. FINANCIAL ASSETS (CURRENT)

Managed funds (a)	24,739,063	20,800,095
Listed equity investments	6,058,752	6,036,870
Total financial assets (Current)	<u>30,797,815</u>	<u>26,836,965</u>

(a) Units held in managed funds are readily saleable with no fixed term.

The fair value of financial assets is equivalent to the carrying amount at the reporting date as disclosed in the consolidated Statement of Financial Position and related notes. This is because either the carrying amounts approximate to the fair value or because of their short-term to maturity.

NOTE 10. PREPAYMENTS (CURRENT)

Deferred production costs	584,610	1,127,781
Prepaid expenditure	398,587	873,494
Materials to be utilised in future productions	-	5,168
Total prepayments (Current)	<u>983,197</u>	<u>2,006,443</u>

NOTE 11. OTHER FINANCIAL ASSETS (NON-CURRENT)

The following shares and investments are carried at fair value:

Shares in controlled companies (unlisted)	2	2
Equity Investment (unlisted)	284,975	139,523
Total other financial assets (Non-Current)	<u>284,977</u>	<u>139,525</u>

Opera Australia has a 40% interest in The Opera Conference Partnership, involved in the production of opera performances in Australia. The Group's interest in The Opera Conference Partnership is accounted for using the equity method in the consolidated financial statements. The Partnership cannot distribute its profits without majority consent of the four partners.

OPERA AUSTRALIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

NOTE 12. LEASES

Opera Australia leases several assets across the underlying asset categories of venue hire, storage and office space.

	2020	2019		
	\$	\$		
a) Right-of-use asset				
Non-current				
Right-of-use asset	2,559,990	3,873,393		
Reconciliation of Right-of-use asset				
2020	Venue hire	Storage	Office space	Total
At 1 January 2020	817,294	491,242	2,564,857	3,873,393
Lease modification	(244,695)	-	(163,702)	(408,397)
Depreciation	(298,747)	(319,620)	(282,498)	(900,865)
Other	-	-	(4,141)	(4,141)
Right-of-use asset	273,852	171,622	2,114,516	2,559,990
b) Lease Liabilities				
Current				
Lease Liabilities			708,145	869,064
Non-current				
Lease Liabilities			1,915,531	2,753,350
			2,623,676	3,622,414
Reconciliation of Lease Liabilities				
2020	Venue hire	Storage	Office space	Total
At 1 January 2020	815,200	499,034	2,308,180	3,622,414
Lease modification	(244,695)	-	(163,702)	(408,397)
Interest expense	10,767	10,320	79,558	100,645
Lease payments	(159,828)	(332,349)	(198,809)	(690,986)
Lease Liabilities	421,444	177,005	2,025,227	2,623,676

Extension and termination options

The Group has used hindsight in determining the lease term where contracts have contained options to extend or terminate the lease.

The ROU asset for the new Melbourne Opera Centre at City Rd Melbourne has been measured based on the initial lease term of 10 years (expiring December 2029). The 10 year extension option has not been factored into the ROU asset as it cannot be reasonably certain at this point that this option will be taken.

No extension has been applied to the Sydney Opera House lease (expiring December 2021). This lease is a 3 year agreement with no extension option included.

No termination options are expected to be exercised.

OPERA AUSTRALIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

	Land and Buildings (a)	Leasehold Improvements	Plant and Equipment (b)	Costumes, Scenery, Sets and Props	Capital work-in-progress	Total Property Plant and Equipment
At 1 January 2020 Deemed cost	20,421,965	72,857	10,757,887	35,783,613	1,059,480	68,095,802
Additions	-	3,924,752	458,434	-	-	4,383,186
Transfer	-	886,462	630,439	(464,429)	(1,052,472)	-
Asset held for sale	(6,995,314)	-	-	-	-	(6,995,314)
Disposals*	(1,214,857)	(35,000)	(1,099,524)	-	(7,008)	(2,356,389)
Cost at 31 December 2020	12,211,794	4,849,071	10,747,236	35,319,184	-	63,127,285
At 1 January 2020 Accumulated depreciation and impairment	(2,901,082)	(69,524)	(5,952,432)	(29,970,409)	-	(38,893,447)
Depreciation/ Amortisation charge for the year	(137,784)	(258,796)	(828,029)	(633,955)	-	(1,858,564)
Impairment	-	-	-	(2,673,305)	-	(2,673,305)
Asset held for sale	866,828	-	-	-	-	866,828
Disposals*	1,110,910	35,000	1,065,117	-	-	2,211,027
Accumulated depreciation and impairment at 31 December 2020	(1,061,128)	(293,320)	(5,715,344)	(33,277,669)	-	(40,347,461)
Net carrying amount						
At 1 January 2020	17,520,883	3,333	4,805,455	5,813,204	1,059,480	29,202,355
At 31 December 2020	11,150,666	4,555,751	5,031,892	2,041,515	-	22,779,824

The Group sold its warehouse property in Alexandria, NSW on the 15th of January 2021, for the sum of \$46,000,000 (excluding GST). The property asset has been reported at carrying value in Current Assets as an asset held for sale as at 31 December 2020 for \$6,128,486, being the net of its cost (\$6,995,314) and accumulated depreciation (\$866,828).

- (a) Freehold land and building values are stated at deemed cost
(b) Plant and equipment is inclusive of musical instruments and hardware

*The difference of \$145,362 (being the difference between the cost of \$2,356,389 and accumulated depreciation of \$2,211,027) has been recognised in "other expenses" in note 6. This relates to assets identified with no future benefits.

OPERA AUSTRALIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

NOTE 14. INTANGIBLE ASSETS

	Computer Software	Capital work-in-progress (Computer Software)	Total Intangible assets
At 1 January 2020 Deemed cost	921,213	960,099	1,881,312
Additions	223,390	-	223,390
Disposals*	(230,843)	(960,099)	(1,190,942)
Cost at 31 December 2020	913,760	-	913,760
At 1 January 2020			
Accumulated depreciation and impairment	(773,463)	-	(773,463)
Depreciation/ Amortisation charge for the year	(75,973)	-	(75,973)
Disposals*	230,823	-	230,823
Accumulated depreciation and impairment at 31 December 2020	(618,613)	-	(618,613)
Net carrying amount			
At 1 January 2020	147,750	960,099	1,107,849
At 31 December 2020	295,147	-	295,147

*The difference of \$960,119 (being the difference between the cost of \$1,190,942 and accumulated depreciation of \$230,823) has been recognised in "other expenses" in note 6. This relates to assets identified with no future benefits.

OPERA AUSTRALIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

NOTE 15. TRADE AND OTHER PAYABLES (CURRENT)

	Consolidated	
	2020	2019
	\$	\$
Trade payables	1,029,059	2,290,731
Other payables	3,533,153	1,813,978
Accruals	1,550,498	3,766,328
Total trade and other payables (Current)	<u>6,112,710</u>	<u>7,871,037</u>

The fair value of financial liabilities is equivalent to the carrying amount at the reporting date as disclosed in the Consolidated Statement of Financial Position and related notes. This is because of their short-term to maturity.

NOTE 16. INTEREST BEARING LOANS AND BORROWINGS

At the reporting date the Group had no financing facilities in place.

There were no borrowings as at the end of 2020.

NOTE 17. PROVISIONS

Annual leave	2,385,528	2,160,170
Long service leave	3,510,908	3,857,890
Leasehold make good provision	-	35,000
Total provisions (Current)	<u>5,896,436</u>	<u>6,053,060</u>
Long service leave	495,460	1,151,083
Leasehold make good provision	266,287	257,064
Total provisions (Non-Current)	<u>761,747</u>	<u>1,408,147</u>

OPERA AUSTRALIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

NOTE 18. GOVERNMENT GRANTS RECEIVED IN ADVANCE

	Consolidated	
	2020	2019
	\$	\$
Grants received in advance:		
Multipartite agreement	17,870,289	677,089
Total grants received in advance (Current)	<u>17,870,289</u>	<u>677,089</u>
Grants received in advance:		
Federal	-	541,197
Total grants received in advance (Non-Current)	<u>-</u>	<u>541,197</u>

NOTE 19. Contract liabilities (CURRENT)

Deferred Food and Beverage Income	25,295	4,615
Customer/ Sponsor Advances	4,377,500	5,266,000
Other contract liabilities	52,894	35,682
Total contract liabilities	<u>4,455,689</u>	<u>5,306,297</u>

Reconciliation of contract liabilities

2020	
Opening balance	5,306,297
2019 contract liabilities recognised in 2020	(3,461,297)
2020 contract liabilities to be recognised in 2021	2,610,689
TOTAL	<u>4,455,689</u>

NOTE 20. Advance bookings (CURRENT)

Advance bookings	6,696,556	17,980,579
Total advance bookings	<u>6,696,556</u>	<u>17,980,579</u>

OPERA AUSTRALIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

NOTE 21. OTHER RESERVES

	Consolidated	
	2020	2019
	\$	\$
Foreign Exchange Translation Reserve:		
Opening balance	44,312	30,478
Exchange differences on translation of foreign operations	19,214	13,834
Closing balance	<u>63,526</u>	<u>44,312</u>

The Foreign Exchange Translation Reserve was created to account for all GBP/AUD foreign exchange translations on consolidation of a controlled entity, Opera Australia Capital Fund (UK) Ltd.

Net Investment Revaluation Reserve:

Opening balance	1,391,717	(659,196)
Net unrealised gains / (losses) on financial assets	<u>(1,391,717)</u>	<u>2,050,913</u>
Closing balance	<u>-</u>	<u>1,391,717</u>

The Net Investment Revaluation Reserve was created to record accumulated unrealised fair value adjustments in respect of the managed funds and listed equity investment held by the Group at balance date.

This Reserve was removed pursuant to the fifth Supplemental Opera Australia Capital Fund Trust Deed dated 25 June 2020, with the deletion of Clause 2A.5 which described the need of maintenance of an account which represents the unrealized capital gain or loss which would be earned or incurred as a result of the sale by the Trust/the consolidated entity of any of its financial assets in the ordinary course of the operation of the Trust.

New Works and Touring Reserve:

Opening balance	1,000,000	1,000,000
Movement during the year	<u>-</u>	<u>-</u>
Closing balance	<u>1,000,000</u>	<u>1,000,000</u>

The New Works and Touring Reserve was created to provide for the development of new Australian operatic works and to support the group in touring on national and international tours.

OPERA AUSTRALIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

NOTE 21. OTHER RESERVES (CONTINUED)

	Consolidated	
	2020	2019
	\$	\$
Bequest Reserve:		
Opening balance	8,451,237	4,482,518
Bequests received	622,413	3,198,884
Transfer from retained earnings		
Net income earned	177,794	315,012
Net unrealised gains /(losses) on financial assets	(15,088)	920,759
Expenditure against bequests	<u>(116,521)</u>	<u>(465,936)</u>
Closing Balance	<u>9,119,835</u>	<u>8,451,237</u>

The Bequest Reserve was created to record the application of bequest monies and financial assets received by the parent where these gifts are designated for a specific purpose in accordance with the instructions of the deceased. Funds and assets received have been invested in accordance with the Opera Australia investment policy and expenditure against these funds is monitored to ensure that the Group's legal obligations with respect to the bequests are appropriately satisfied.

Total Other Reserves	<u>10,183,361</u>	<u>10,887,266</u>
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NOTE 22. COMMITMENTS AND CONTINGENCIES

(A) ARTISTS AND CO-PRODUCTION CONTRACTS

Committed expenditure is payable as follows:

Within one year	1,813,143	8,787,476
After one year but not more than five years	-	2,363,300
	<u>1,813,143</u>	<u>11,150,776</u>

The Group, by the nature of its operations, has entered into contracts for performances scheduled to take place during 2021 and subsequent years. These amounts include the maximum expenditure required to satisfy the contracts with artists, creatives and co-production partners. The terms and conditions of the contracts place a liability on the Group under certain circumstances to pay specified sums should artists not be engaged or the performances not take place.

(B) CONTINGENT LIABILITIES

The Group has bank guarantees in place with the Commonwealth Bank of Australia as at 31 December 2020 in relation to Melbourne office premises.

Within one year	-	59,083
After one year but not more than ten years	405,197	-
	<u>405,197</u>	<u>59,083</u>

OPERA AUSTRALIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

NOTE 23. KEY MANAGEMENT PERSONNEL COMPENSATION

The following compensation was made to the 12 employees (2019: 11) on the executive team for their contributions as employees for the Group and for conducting and directing services:

	Consolidated	
	2020	2019
	\$	\$
Employee benefits (a)	2,568,323	2,700,459
Total compensation	2,568,323	2,700,459

(a) Employee benefits include short-term employee benefits and termination benefits. Short-term employee benefits include annual salary, superannuation payments, paid leave, and all other compensation.

NOTE 24. RELATED PARTY DISCLOSURE

(A) CONTROLLED ENTITIES:

The entities listed in the summary below were controlled entities at 31 December 2020. Opera Australia Capital Fund, Opera Australia Capital Fund UK and Opera Australia Capital Fund Limited have the same reporting date as that of the parent entity and have been included in the consolidated financial statements.

Name of controlled entity	Reporting date	Place of Incorporation	Ownership Interest	
			2020	2019
Opera Australia Capital Fund *	31 December	Australia	0%	0%
Opera Australia Capital Fund UK *	31 December	United Kingdom	0%	0%
Opera Australia Capital Fund Limited *	31 December	Australia	0%	0%

* Opera Australia Capital Fund Limited is the trustee of the Opera Australia Capital Fund. These entities and Opera Australia Capital Fund UK are controlled entities as Opera Australia's Board has the right of veto over independent appointments to Opera Australia Capital Fund Limited's Board and Opera Australia is the predominant beneficiary of the Opera Australia Capital Fund.

Although included in the consolidated result of Opera Australia Group, the Opera Australia Capital Fund reserves of \$25,330,872 are only accessible to Opera Australia through the provisions of the Opera Australia Capital Fund's Trust Deed.

OPERA AUSTRALIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

NOTE 24. RELATED PARTY DISCLOSURE (CONTINUED)

(B) TRANSACTIONS WITH RELATED PARTIES IN THE GROUP

The parent entity entered into loans that were received and repayments made on short-term intercompany accounts during the year with related parties in the group.

These transactions were undertaken on commercial terms and conditions.

(C) TRANSACTIONS WITH DIRECTORS

The parent entity's constitution prohibits the payment of remuneration to Directors and no Director has received or become entitled to receive any remuneration during the financial year.

Since the end of the previous year, no Director has received or become entitled to receive a benefit by reason of a contract made by the Group with the Director, with a firm of which he or she is a member, or with a company in which he or she has a substantial interest.

NOTE 25. GUARANTEE

Every member of the parent entity undertakes to contribute to the assets of the parent entity, if it is wound up while he/she is a member or within one year after he/she ceases to be a member, for payment of the debts and liabilities of the company, contracted before he/she ceased to be a member, and of the costs, charges and expenses of winding up and for the adjustment of the rights of contributors amongst themselves, such amount as may be required but not exceeding twenty dollars (\$20).

NOTE 26. PARENT ENTITY INFORMATION

Information relating to Opera Australia	Consolidated	
	2020 \$	2019 \$
Current Assets	32,017,762	29,160,052
Total Assets	57,937,698	63,483,174
Current Liabilities	41,532,968	38,569,712
Total Liabilities	44,210,243	43,272,406
Other reserves	10,119,834	9,337,664
Retained earnings	3,607,621	10,873,104
Total Equity	<u>13,727,455</u>	<u>20,210,768</u>
Total net (deficit)/surplus for the year	<u>(6,483,314)</u>	<u>3,397,418</u>

NOTE 27. EVENTS OCCURRING AFTER THE REPORTING DATE

The Group sold its warehouse property in Alexandria, NSW on the 15th of January 2021, for the sum of \$46,000,000 (excluding GST) and has entered into a leaseback arrangement with the purchaser on a six month lease (with options to extend). This property asset has been reported at carrying value in Current Assets as an asset held for sale as at 31 December 2020 for \$6,128,486.

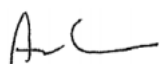
OPERA AUSTRALIA

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Opera Australia (the Company), I state that in the opinion of the Directors:

- (a) The financial statements and notes of the Company and its controlled entities (collectively "the Group") are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:
 - (i) giving a true and fair view of the Group's financial position as at and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards-Reduced Disclosure Requirements and the *Australian Charities and Not-for-Profits Commission Regulation 2013*; 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.

On behalf of the Board



A.R.N. SISSON AO

Director

Date: 16th April 2021



D.MORTIMER AO

Director

Date: 16th April 2021



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Independent Auditor's Report to the Members of Opera Australia

Opinion

We have audited the financial report of Opera Australia (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is the directors' report accompanying the financial 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, 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 the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-Profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



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

We communicate with the directors 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.

Ernst & Young

Lisa Nijssen-Smith
Partner
Sydney
16 April 2021



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Auditor's Independence Declaration to the Directors of Opera Australia

In relation to our audit of the financial report of Opera Australia for the financial year ended 31 December 2020, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of any applicable code of professional conduct.

This declaration is in respect of Opera Australia and the entities it controlled during the financial year.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink that reads 'Lisa Nijssen-Smith' in a cursive style.

Lisa Nijssen-Smith
Partner
Sydney
16 April 2021