

FINANCIAL REPORT

Sydney Theatre Company Ltd and its controlled entities

ABN 87 001 667 983

Year ended 31 December 2022

DIRECTORS' REPORT

The Board of Directors of Sydney Theatre Company Ltd and its controlled entities present its report in respect of the financial year ended 31 December 2022.

DIRECTORS

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

Name	Qualifications, experience and special responsibilities
Alan Joyce (Chair from 16 February 2023)	Chief Executive Officer and Managing Director, Qantas Airways Limited Fellow of the Royal Aeronautical Society Fellow of the Australian Academy of Technological Sciences and Engineering Ambassador of the Australian Indigenous Education Foundation Bachelor of Science degree in Applied Science (Physics and Mathematics) (Honours) and a Master of Science degree in Management Science. Mr. Joyce was appointed to the Board on 17 October 2022 Sub-Committees: Finance & Risk
Ian Narev (Chair to 16 February 2023)	Chief Executive Officer, Seek Limited Chair, Springboard Trust Chair, Juvenile Diabetes Research Foundation Member of advisory boards of Adamantem and Serendipity Capital Mr. Narev was appointed to the Board on 14 April 2014 and resigned from the Board on 16 February 2023 Sub-Committees: Finance & Risk
Anita Belgiorno-Nettis AM	Company Director, Prisma Investment Pty Ltd Director, Anita and Luca Belgiorno-Nettis Foundation Trustee, Art Gallery of NSW Co-Founder, Step Into Work BA- University of New England Ms. Belgiorno-Nettis was appointed to the Board on 6 December 2018
Brooke Boney	Australian journalist and television presenter, Nine Network's Bachelor of Communication (Journalism) Spokesperson for the GO Foundation Finalist for the 2022 Archibald Prize Ms. Boney was appointed to the Board on 17 October 2022
David Craig	Director, Lendlease Corporation Deputy Chair, Victor Chang Cardiac Research Institute Director, Financial Executives Institute FAICD, FCA, BEc Sydney Mr. Craig was appointed to the Board on 3 September 2020 Sub-Committees: Finance & Risk (Chair)
Mark Coulter	Chief Executive Officer, Temple & Webster Bachelor of Laws (LLB), Bachelor of Science (BSc) Mr. Coulter was appointed to the Board on 28 April 2022 Sub-Committees: Finance & Risk
Anne Dunn	Executive Director & Co-CEO, Sydney Theatre Company Previously Ms. Dunn was Executive Director of Sydney Dance Company (2010 – 2021), Darwin Festival General Manager (2006-09), Perth International Arts Festival Program Manager and Artistic Administrator (2003-06), Sydney Opera House Assistant Producer (2000-2003) and Sydney Olympic Coordination Authority Live Sites Event Coordinator (2000). Ms. Dunn was appointed to the Board on 6 February 2022 Sub-Committees: Finance & Risk

DIRECTORS' REPORT

Name	Qualifications, experience and special responsibilities
Ann Johnson (Deputy Chair)	Director, W & A Johnson Family Foundation Co-Chair, Philanthropy Australia Bachelor of Arts/Bachelor of Laws (UNSW); GAICD. Ms. Johnson was appointed to the Board on 3 May 2013 Sub-Committees: Finance & Risk
Heather Mitchell AM	Australian actress, appearing in Australian productions of Stage, television and film. Graduate of NIDA. Ms. Mitchell was appointed to the Board on 20 February 2018 Sub-Committees Director, Sydney Theatre Company Foundation Ltd
Gretel Packer AM	Chair of the Packer Family Foundation Founding Governor of the Taronga Zoo Foundation Founding Patron of the Taronga Zoo Conservation Science Initiative Member of the William Robinson Advisory Committee Ms. Packer was appointed to the Board on 21 October 2014 Sub-Committees Director, Sydney Theatre Company Foundation Ltd (Chair), Finance & Risk
Mark Scott AO	Vice-Chancellor, The University of Sydney. BA, Dip Ed, MA (USyd) MPA (Harvard) Chair, Sydney Writers Festival FAICD Mr. Scott was appointed to the Board on 16 May 2019 and resigned 1 December 2022
Annette Shun Wah	Artistic Director, OzAsia Festival Artistic Director, Contemporary Asian Australian Performance Member of External Advisory Board, Institute for Australian and Chinese Art and Culture, Western Sydney University (Term ended June 2022) Member of National Advisory Panel, APT (Australian Plays Transform) Member of Asialink Advisory Council, University of Melbourne Ms. Shun Wah was appointed to the Board on 7 December 2017
Michael Triguboff	Investment Banker, Triguboff Investments B.A., M.Crim., L.L.M. (all from Syd.), L.L.B. (UNSW), M.B.A. (NYU), M.C.S. (UIUC) Mr. Triguboff was appointed to the Board 16 May 2019 and resigned 1 December 2022 Sub-Committees: Finance & Risk
Kip Williams	Artistic Director & Co-CEO, Sydney Theatre Company Director, NIDA Bachelor of Arts, Media and Communication (University of Sydney) Master of Dramatic Art in Directing (NIDA) Mr. Williams was appointed to the Board in November 2016 Sub-Committees: Finance & Risk

DIRECTORS' REPORT

DIRECTORS MEETINGS

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

Director	Board of Directors meetings		Finance & Risk Committee meetings	
	# eligible meetings	# attended	# eligible meetings	# attended
Alan Joyce	2	2	1	1
Ian Narev	5	5	5	4
Anita Belgiorno-Nettis AM	5	4	5	4
Brooke Boney	2	2	-	-
David Craig	5	5	5	5
Mark Coulter	4	4	4	3
Anne Dunn	5	5	5	5
Ann Johnson	5	4	5	4
Heather Mitchell AM	5	3	-	-
Gretel Packer AM	5	5	5	3
Mark Scott AO	5	2	-	-
Annette Shun Wah	5	2	-	-
Michael Triguboff	5	2	5	2
Kip Williams	5	4	5	2

PRINCIPAL ACTIVITIES

The principal activity of the Group during the course of the financial year was to produce and present theatrical work.

In line with the Group's objectives, additional activities such as fundraising, commercial operations and investment of surplus cash was undertaken to support this principal charitable activity.

OPERATING AND FINANCIAL REVIEW

The group has posted a 2022 Total Comprehensive surplus of \$1,544,055 for the period (2021: deficit \$496,989). Eliminating one-off income items including Federal and NSW Government COVID-19 support funding, other government funding, capital donations relating to the Wharf renewal project, net fundraising and gain on revaluation of financial assets reveals an underlying operational deficit of (\$13,870,816), a \$3.7 million improvement on the 2021 result of (\$17,573,709).

	2022	2021
	\$	\$
Deficit from operating activities	(13,870,816)	(17,573,709)
Government COVID-19 Support Grants	6,949,440	7,642,435
Other government grants	3,069,697	2,959,007
Net fundraising income	3,873,149	4,378,252
Gain on revaluation of financial assets	22,585	-
Surplus / (deficit) excluding Wharf Renewal Project	44,055	(2,594,015)
Net Wharf Renewal Project	1,500,000	2,097,026
Total comprehensive surplus / (deficit) for the period	1,544,055	(496,989)

This improved result has been driven by core business activity via increased box office and production related income. Gross sales revenue increased \$11.4 million from \$14.6 million in 2021 to \$26.0 million in 2022. This increase was partially offset by a related increases in production, marketing and other costs as the Group returns to normal operations following COVID-19 interruption.

Although this improved financial result is welcomed, the Group remains committed to delivering a break-even or better operating model in future years.

DIRECTORS' REPORT

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.

EVENTS SUBSEQUENT TO REPORTING DATE

There have been no significant events after year-end.

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 challenging external environment as recovery from the COVID-19 pandemic progresses. As the Group stabilises post-COVID-19, deficit results are expected for at least a further 12 months.

ENVIRONMENTAL REGULATION

The Group is not subject to any significant environmental regulation under either Commonwealth or State legislation. However, the Board believes that the Group has adequate systems in place for the management of its environmental requirements and is compliant with any environmental requirements as they apply to the Group.

INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITOR

Indemnification

The Group undertakes to indemnify current directors, officers and auditor against all liabilities to other persons (other than the Group or a related body corporate) that may arise from their engagement with the Group, except where the liability arises out of conduct involving a lack of good faith.

Insurance premiums

The Group has paid insurance premiums under contracts insuring Directors and officers of the Group against liability incurred in that capacity.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 24 and forms part of the Directors' report for financial year ended 31 December 2022.

This report is made with a resolution of the Directors:



Alan Joyce AC, Chairperson

Dated at Sydney this 19th day of April 2023

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT / (LOSS) & OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 \$	2021 \$
Revenue	1	25,952,332	14,561,538
Theatre and production expenses		(22,493,524)	(17,670,849)
Administrative expenses		(13,425,469)	(11,940,865)
Depreciation, amortisation and impairment		(3,311,721)	(1,924,548)
Interest expense leases		(592,434)	(598,985)
Deficit from operating activities		(13,870,816)	(17,573,709)
Government Grants	1	10,019,137	10,601,442
Deficit from continuing operations plus funding		(3,851,679)	(6,972,267)
Gain on revaluation of financial assets	4	22,585	-
Fundraising income	1	4,966,968	5,569,176
Fundraising expenditure		(1,093,819)	(1,190,924)
Surplus / (deficit) excluding Wharf Renewal Project		44,055	(2,594,015)
Wharf Renewal Project Donations and Income	1	1,500,000	2,335,901
Wharf Renewal Project Expenditure		-	(238,875)
Surplus / (deficit) for the period		1,544,055	(496,989)
Other comprehensive income		-	-
Total comprehensive surplus / (deficit) for the period		1,544,055	(496,989)

The consolidated statement of profit/(loss) & other comprehensive income is to be read in conjunction with the notes of the financial statements set out on pages 11 to 22.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	2022 \$	2021 \$
ASSETS			
Current Assets			
Cash and cash equivalents	3	16,064,145	8,224,120
Term deposits	4	2,250,000	8,054,837
Trade and other receivables	5	1,459,543	2,244,789
Inventories		208,693	223,780
Other Assets	6	506,514	448,677
Total Current Assets		20,488,895	19,196,203
Non-Current Assets			
Investments	4	6,746,425	-
Leasehold improvements, plant and equipment	7	14,489,288	15,051,589
Intangible assets	8	107,112	659,269
Right-of-use assets	9	22,859,044	23,170,972
Total Non-Current Assets		44,201,869	38,881,830
Total Assets		64,690,764	58,078,033
LIABILITIES			
Current Liabilities			
Trade and other payables		2,314,468	1,453,194
Employee benefits		1,366,818	1,575,169
Deferred Income	10	13,712,577	9,223,754
Lease liability	9	1,030,138	1,066,734
Contribution to the NSW State Government	17(q)	1,250,000	-
Total Current Liabilities		19,674,001	13,318,851
Non-Current Liabilities			
Employee benefits		192,439	180,679
Lease liability	9	22,435,565	22,483,799
Contribution to the NSW State Government	17(q)	8,750,000	10,000,000
Total Non-Current Liabilities		31,378,004	32,664,478
Total Liabilities		51,052,005	45,983,329
NET ASSETS		13,638,759	12,094,704
EQUITY			
Retained earnings - restricted		1,228,629	1,178,629
Retained earnings - unrestricted		12,410,130	10,916,075
TOTAL EQUITY		13,638,759	12,094,704

The consolidated statement of financial position is to be read in conjunction with the notes of the financial statements set out on pages 11 to 22.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Sydney Theatre Company \$	STC Foundation \$	Total Equity \$
Accumulated Funds - Capital Projects			
Balance as at 1 January 2021	10,869,593	1,709,761	12,579,354
Transfer	(10,869,593)	(1,709,761)	(12,579,354)
Balance as at 31 December 2021	-	-	-
Accumulated Funds - Restricted			
Balance as at 1 January 2021	1,128,629	-	1,128,629
Current year	-	50,000	50,000
Balance as at 31 December 2021	1,128,629	50,000	1,178,629
Accumulated Funds - Unrestricted			
Balance as at 1 January 2021	(4,054,450)	2,938,160	(1,116,290)
Current year	(4,808,641)	4,261,652	(546,989)
Transfer	10,869,593	1,709,761	12,579,354
Balance as at 31 December 2021	2,006,502	8,909,573	10,916,075
BALANCE AS AT 31 DECEMBER 2021	3,135,131	8,959,573	12,094,704
Accumulated Funds - Capital Projects			
Balance as at 1 January 2022	-	-	-
Transfer	-	-	-
Balance as at 31 December 2022	-	-	-
Accumulated Funds - Restricted			
Balance as at 1 January 2022	1,128,629	50,000	1,178,629
Current year	-	50,000	50,000
Balance as at 31 December 2022	1,128,629	100,000	1,228,629
Accumulated Funds - Unrestricted			
Balance as at 1 January 2022	2,006,502	8,909,573	10,916,075
Current year	(1,023,797)	2,517,852	1,494,055
Balance as at 31 December 2022	982,705	11,427,425	12,410,130
BALANCE AS AT 31 DECEMBER 2022	2,111,334	11,527,425	13,638,759

The consolidated statement of changes in equity is to be read in conjunction with the notes of the financial statements set out on pages 11 to 22.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 \$	2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers and contributions		48,500,719	33,511,853
Cash paid to suppliers and employees		(37,572,903)	(32,678,447)
Interest received		89,859	39,023
Net cash flow from operating activity	12	11,017,675	872,429
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant, equipment and software		(1,452,196)	(4,102,247)
Payments for financial assets		(919,003)	(5,031,924)
Net cash flow from investing activities		(2,371,199)	(9,134,171)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of lease liability		(806,451)	(968,078)
Net cash flow from financing activities		(806,451)	(968,078)
Net increase / (decrease) in cash and cash equivalents		7,840,025	(9,229,820)
Cash and cash equivalent as at 1 January		8,224,120	17,453,940
Cash and cash equivalents at 31 December	3	16,064,145	8,224,120

The consolidated statement of cash flows is to be read in conjunction with the notes of the financial statements set out on pages 11 to 22.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. REVENUE	2022	2021
	\$	\$
Revenue from continuing operations		
Revenue from operations	25,862,473	14,522,704
Interest	89,859	38,834
Total Revenue from continuing operations	<u>25,952,332</u>	<u>14,561,538</u>
Government grants		
Government COVID-19 Support Grants		
Federal Government - Sustainability	4,700,000	2,013,163
Create NSW - COVID-19 Perf. arts support package	2,249,440	5,629,272
Total Government COVID-19 Support Grants	<u>6,949,440</u>	<u>7,642,435</u>
Other government grants		
Australia Council - operational funding	2,420,851	2,396,882
Create NSW - operational funding	547,546	542,125
City of Sydney project grants	101,300	20,000
Total Other government grants	<u>3,069,697</u>	<u>2,959,007</u>
Total Government grants	<u>10,019,137</u>	<u>10,601,442</u>
Fundraising income	4,966,968	5,569,176
Wharf Renewal Project donations and income	1,500,000	2,335,901
Total Revenue for the Group	<u>42,438,437</u>	<u>33,068,057</u>

2. EXPENSES	2022	2021
	\$	\$
Personnel expenses		
Wages & Salaries	17,957,982	16,015,140
Superannuation	2,011,010	1,768,915
(Decrease) / increase in employee benefits	(196,591)	109,157
	<u>19,772,401</u>	<u>17,893,212</u>

Jobkeeper payments included in Wages & Salaries amount \$0 (2021: \$887,300)

Auditor's remuneration - KPMG

Audit fees	99,400	85,900
Other assurance	7,500	6,500
Advisory	184,100	-
	<u>291,000</u>	<u>92,400</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. CASH AND CASH EQUIVALENTS	2022	2021
	\$	\$
Bank balances	1,695,434	624,558
Cash deposits	14,368,711	7,599,562
Cash and cash equivalents in the statement of cash flows	16,064,145	8,224,120

4. TERM DEPOSITS AND INVESTMENTS	2022	2021
	\$	\$
Current Assets at amortised cost		
Term Deposits	2,250,000	8,054,837
Non-Current investments at fair value through profit or loss		
Financial institution hybrid securities (Level 1)	4,487,842	-
Managed funds (Level 2)	2,258,583	-
	6,746,425	-

The non-current investments held by the Group as at 31 December 2022 are classified as either level 1 or 2 under the AASB 13 *Fair Value Measurement* hierarchy. Level 1 financial assets include investments in listed stocks, bonds, funds, or any assets that have quoted prices that are traded on an active market and readily accessible as at measurement date, 31 December 2022. Level 2 financial assets include investments in financial institutions that do not have quoted market pricing but whose fair value has been established using month end unit pricing derived from the net asset value provided by independent third-party custodians.

5. TRADE AND OTHER RECEIVABLES	2022	2021
	\$	\$
Trade debtors	434,697	86,132
Less Provision for doubtful debts	-	-
	434,697	86,132
Other debtors	1,024,846	2,158,657
Total trade and other receivables	1,459,543	2,244,789

6. OTHER ASSETS	2022	2021
	\$	\$
Prepaid production and season costs	446,921	392,398
Other	59,593	56,279
Other assets	506,514	448,677

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. LEASEHOLD IMPROVEMENTS, PLANT AND EQUIPMENT

	Leashold Improvements	Furniture, fittings and equipment	Theatre and production equipment	TOTAL
Cost	\$	\$	\$	\$
Balance as at 1 January 2022	9,616,595	5,956,724	2,379,379	17,952,698
Acquisitions	-	285,253	846,490	1,131,743
Disposals	(150,000)	(248,573)	(624,182)	(1,022,755)
Transfers between assets	(604,871)	125,969	478,902	-
Balance as at 31 December 2022	8,861,724	6,119,373	3,080,589	18,061,686
Depreciation				
Balance as at 1 January 2022	801,452	665,017	1,434,640	2,901,109
Depreciation charge	414,150	452,053	827,841	1,694,044
Disposals	(150,000)	(248,573)	(624,182)	(1,022,755)
Balance as at 31 December 2022	1,065,602	868,497	1,638,299	3,572,398
Carrying amounts				
As at 1 January 2022	8,815,143	5,291,707	944,739	15,051,589
As at 31 December 2022	7,796,122	5,250,876	1,442,290	14,489,288

8. INTANGIBLE ASSETS: SOFTWARE

	2022
	\$
Cost	
Opening balance as at 1 January	675,832
Acquisitions	320,453
Disposals	(22,600)
Closing balance as at 31 December	973,685
Amortisation	
Opening balance as at 1 January	16,563
Amortisation charge for the year	118,275
Impairment of asset	754,335
Disposals	(22,600)
Closing balance as at 31 December	866,573
Carrying amounts	
At 1 January	659,269
At 31 December	107,112

2022 Impairment of intangible assets: Customisation of the website and ticket purchase pathway in 2021 and 2022 did not achieve the results intended. Consequently, the Board has resolved to invest in a new system intended for launch in 2023. Impairment of the current system is reflected in the 2022 accounts in line with Significant Accounting Policy Note 17.m of these accounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. RIGHT-OF-USE ASSETS / LEASE LIABILITY

	Property	Vehicles	Photocopiers	TOTAL
Right-of-use assets	\$	\$	\$	\$
Balance as at 1 January 2022	22,849,483	77,144	244,345	23,170,972
Additions for the year	258,066	26,327	148,746	433,139
Depreciation charge	(617,858)	(50,323)	(76,885)	(745,067)
Balance as at 31 December 2022	22,489,691	53,148	316,206	22,859,044

	2022	2021
Lease Liability	\$	\$
Maturity analysis - contractual undiscounted cash flow		
Less than one year	1,067,358	1,107,968
Between one and five years	4,799,234	4,701,589
More than five years	31,444,210	32,018,452
Total undiscounted lease liabilities as at 31 December	37,310,802	37,828,009

	2022	2021
Amounts recognised in financial position	\$	\$
Current	1,030,138	1,066,734
Non-current	22,435,565	22,483,799
Lease liabilities included in statement of financial position at 31 December	23,465,703	23,550,533

	2022	2021
Amounts recognised in statement of comprehensive income	\$	\$
Interest on lease liabilities	(592,434)	(598,985)
Expenses related to short-term leases	(44,909)	(1,894)
Rent relief received	303,952	117,380
Depreciation expenses on leases	(745,067)	(732,426)
	(1,078,458)	(1,215,925)

Amounts recognised in statement of cash flows		
Total cash outflow for leases	(806,451)	(968,078)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. DEFERRED INCOME	2022	2021
	\$	\$
Subscription and ticket sales	10,330,472	4,417,697
Grant income		
Create NSW - oneSTC grant	1,000,000	1,000,000
Create NSW - 2023 UK Tour	100,000	-
City of Sydney - Education grant	13,000	-
Total Grant Income	<u>1,113,000</u>	<u>1,000,000</u>
Other income	187,961	313,235
Gift vouchers	2,081,144	3,492,822
Closing balance as at 31 December	<u>13,712,577</u>	<u>9,223,754</u>

11. CONTINGENCIES

The Directors are not aware of any contingent liability of contingent asset where the probability of future payments/receipts are not considered remote.

12. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES	2022	2021
	\$	\$
Profit / (loss) for the period adjusted for:	1,544,055	(496,989)
Depreciation, amortisation and impairment	3,311,721	1,924,548
Interest expense leases	592,434	598,985
Net gain on investments	(22,585)	-
Rent relief	(303,952)	(117,380)
Operating profit before changes in working capital and provisions	<u>5,121,673</u>	<u>1,909,164</u>
Decrease / (increase) in trade and other receivables	785,246	(1,078,577)
Decrease in inventories	15,087	453,983
(Increase) / decrease in other assets	(57,837)	12,838
Increase / (decrease) in trade and other payables	861,274	(230,765)
(Decrease) / increase in provision	(196,591)	109,157
Increase / (decrease) in deferred income	4,488,823	(303,371)
Net cash from operating activities	<u>11,017,675</u>	<u>872,429</u>

13. KEY MANAGEMENT PERSONNEL DISCLOSURE

Transactions with key management personnel

The key management personnel compensation included in Note 2 – Personnel expenses was \$1,148,139 (2021: \$1,300,546). This figure represents both short- and long-term benefits for senior management roles in the organisation.

In addition, \$507,116 (2021: \$0) was paid to key management personnel in relation to non-employment contractual obligations.

Other key management personnel transactions with the Group

During the year a number of Directors were employed by or associated with organisations that provided sponsorships to the Group in the ordinary course of business. These organisations received the normal benefits flowing from such sponsorships.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. KEY MANAGEMENT PERSONNEL DISCLOSURE *continued*

During the year one Director was employed by the Group to deliver acting services relating to the delivery of performances on the stage. No benefit beyond what would normally be supplied was provided to this Director by virtue of their membership on the Board.

No Director received Director fees from the Group during the current or prior year.

14. ECONOMIC ENTITY

The parent entity is Sydney Theatre Company Ltd, which controls the following entities:

Controlled Entity	Ownership %		Country
	2022	2021	
Sydney Theatre Company Foundation	100%	100%	Australia
STC US LLC	100%	100%	USA

15. RESULTS OF PARENT ENTITY

The parent entity of the Group as at and throughout the financial year ended 31 December 2022 was Sydney Theatre Company Ltd.

The individual financial statements for the parent entity show the following aggregate amounts:

	2022	2021
	\$	\$
Results of parent entity		
Deficit for the year Sydney Theatre Company Ltd operations	(1,023,797)	(4,808,641)
Total comprehensive deficit	(1,023,797)	(4,808,641)
Financial position of the parent entity at year end		
Current assets	20,389,721	17,293,818
Non-current assets	44,201,869	38,881,830
Total assets	64,591,590	56,175,648
Current liabilities	(31,074,257)	(20,348,044)
Non-current liabilities	(31,378,004)	(32,664,478)
Total liabilities	(62,452,261)	(53,012,522)
Total equity of the parent entity comprising		
Retained earnings	2,139,329	3,163,126
Total equity	2,139,329	3,163,126

16. EVENTS SUBSEQUENT TO REPORTING DATE

There have been no significant events after year-end.

17. SIGNIFICANT ACCOUNTING POLICIES

Sydney Theatre Company Ltd (the "Company") is an Australian Public Company, limited by guarantee, incorporated and domiciled in Australia. The Company's registered address and place of business is Wharf 4/5, 15 Hickson Road, Walsh Bay, NSW 2000. These consolidated financial statements comprise the Company and its controlled entities, together referred to as the "Group". The Group is a not-for-profit entity.

a. Statement of compliance

The consolidated financial statements are General Purpose - Tier 2 simplified disclosure consolidated financial statements and have been prepared in accordance with Australian Accounting Standards - Simplified Disclosure Requirements including Australian Accounting Interpretations adopted by the Australian Accounting Standards Board and the *Australian Charities and Not for Profits Commission Act 2012*. These consolidated financial statements comply with Australian Accounting Standards - Simplified Disclosure Requirements.

The financial report was approved by the Board of Directors on 19 April 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

b. Basis of preparation

The consolidated financial statements are prepared on the historical cost basis other than certain financial instruments carried at fair value.

In preparing these consolidated financial statements management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

All financial information presented in Australian dollars has been rounded to the nearest dollar unless otherwise stated.

c. Going Concern

The financial statements of the Sydney Theatre Company have been prepared on a going concern basis which contemplates the realisation of assets and the discharge of liabilities in the ordinary course of business.

As of 31 December 2022, the Group has reported net assets of \$13,638,759 with working capital levels at \$814,894. In addition, the Group held \$6,746,425 in liquid non-current financial assets.

Following several years of significant COVID-19 related interruption, Sydney Theatre Company has recently returned to more normal operating levels. In the final quarter of 2022 saw productions including *RBG: One of Many* and *The Tempest* perform substantially better than budget. Subscription and single ticket sales are returning to pre-2020 levels.

Sydney Theatre Company continues to be reliant on on-going Federal and NSW State Government funding to remain viable. Funding commitments from both levels of government are confirmed to the end of 2024. The Group will receive funding notification for the 2025-2028 period prior to the conclusion of 2023.

In addition, Sydney Theatre Company is reliant on the very generous support provided by donors and Foundations. The Group has been fortunate to have received consistent high-level support, and the Directors have determined that this trend of support should continue.

Cashflow Forecasts

In forming their opinion that Sydney Theatre Company is a going concern, the Directors have assessed detailed cash flow forecasts for the next 12 months. The Group uses its best estimate assumptions in the development of cash flow forecasts. The Directors note, however, that some of the key assumptions underpinning cash flow forecasts are inherently uncertain and subject to variation due to factors which are outside of the control of the Group.

With respect to the uncertainty noted above, the Group has prepared cashflow forecasts that assume:

- The 2023 Season will not be subject to capacity restrictions imposed by Government
- That the 2024 Season will be launched September 2023
- Existing fundraising initiatives will continue.

Noting this inherent uncertainty, the Directors consider, at the date of signing the financial report, that there are reasonable grounds to consider the going concern basis of preparation is appropriate.

d. Controlled Entity

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statement of the controlled entity is included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The accounting policies of the controlled entity have been changed when necessary to align them with the policies adopted by the Group.

e. Transaction eliminated on consolidation

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

f. Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date.

Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

g. Investments

The Group classifies investments at fair value through profit or loss (listed stocks, notes, bonds, funds) and at amortised cost (term deposits). They are presented as current assets if they are expected to be sold or reach maturity within 12 months after the end of the reporting period; otherwise, they are presented as non-current assets.

Changes in fair value of investments are recorded in unrealised gain/loss on revaluation of financial assets in profit or loss. Any impairment losses on financial assets at amortised cost are included within profit or loss. The carrying amount of financial assets at amortised cost approximates their fair value as the impacting of discounting is not significant.

AASB 9 *Financial Instruments* includes a single approach for the classification of financial assets, based on a) the business model used to manage financial assets in order to generate cash flows, and b) the cash flow characteristics of those financial assets.

A financial asset held at amortised cost must be managed under a business model where financial assets are held to collect contractual cash flows and have cash flows which relate solely to payments of principal and interest ('SPPI').

A financial asset held under a business model under which financial assets are held to collect contractual cash flows will be classified as held at fair value through other comprehensive income if the SPPI criteria is met. Any other financial asset that are held to be sold or do not meet the SPPI criteria will be held at fair value through profit or loss.

h. Plant and equipment

Owned assets

Items of plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses policy (m).

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment. The estimated useful lives in the current and comparative period are as follows:

Theatre and production equipment	4 – 10 years
Furniture, fittings and equipment	4 – 10 years
Leasehold improvements	6 – 25 years

The depreciation method and useful lives, as well as residual values, are reviewed at each reporting date.

i. Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of intangible assets. The estimated useful lives on the current and comparative period are as follows:

Software	1.5 - 4 years
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j. Trade and other receivables

Trade and other receivables are stated at their amortised cost less impairment losses (see accounting policy [l](#)).

k. Inventories

Inventories are valued at the lower of cost and net realisable value.

l. Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and call deposits.

m. Impairment

The carrying amounts of the Group's assets, other than inventories (see accounting policy [j](#)), are 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 (see accounting policy [n](#)).

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

The Group recognises loss allowance for expected credit losses (ECL) on financial assets measured at amortised cost. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

n. Calculation of recoverable amount

The recoverable amount of the Group's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Impairment testing is performed by placing receivables in portfolios of similar risk profiles, based on objective evidence from historical experience adjusted for any effects of conditions existing at each balance date.

The recoverable amount of other assets is calculated as the depreciated replacement cost of the asset.

o. Employee benefits

Long-term service benefits

The Group's net obligation in respect of long-term service benefits, 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 rates attached to high quality corporate bonds at the balance sheet date which have maturity dates approximating to the terms of the Group's obligations.

Wages, salaries, annual leave and non-monetary benefits

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be 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 Group expects to pay as at reporting date including related on-costs, such as workers compensation insurance.

p. Trade and other payables

Trade and other payables are stated at amortised cost.

q. Contribution to NSW State Government

The \$10m contribution to NSW State Government in respect to the Wharf Renewal project asset was expensed in 2020. The contribution will be paid over 8 years in equal instalments of \$1.25m per annum, commencing June 2023. For the 2022 financial statements, a \$8.75 million balance is classified as a non-current liability and \$1.25m is classified as a current liability.

r. Fundraising

The Sydney Theatre Company Ltd Group undertakes fundraising appeals throughout the year and holds authority to fundraise under the Charitable Fundraising Act, 1991 (NSW). Additional information and declarations required under this Act are as follows:

	2022	2021
	\$	\$
Gross proceeds from fundraising appeals	6,466,968	7,905,077
Less total costs of fundraising appeals	<u>(1,093,819)</u>	<u>(1,429,799)</u>
	5,373,149	6,475,278
	2022	2021
	%	%
Total cost of fundraising / Gross proceeds from fundraising appeals	17%	18%
Total surplus obtained from fundraising / Gross proceeds from fundraising appeals	83%	82%

The fundraising activities of the Group in 2022 predominately consisted of individual giving through campaigns, annual appeals and general giving.

Funds received through fundraising supported general activities of Sydney Theatre Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

s. Revenue

Production and related revenue

Revenue from production including ticket sales, production fees and other box office costs is recognised in the period in which the production occurred.

Royalty revenue

Rights related revenue from contracts that cite Sydney Theatre Company as a producing partner.

Sponsorship revenue

Revenue receivable from sponsors may be cash or in-kind. Where a sponsorship constitutes a reciprocal transfer (that is, where there is an obligation to return unspent funds, or the Group is obliged to give approximately equal value in return for funds) the Group defers the unearned portion of these funds at year end. Where a sponsorship does not constitute a reciprocal transfer, the amount is recognised as revenue when it is reliably measurable and controlled by the Group.

Restaurant income

Revenue derived from commissions received from catering partners concerning the venue at Roslyn Packer Theatre and the Theatre Bar at the End of the Wharf.

Interest income

Income received or receivable from interest on cash reserves.

Gains or losses on revaluation of financial assets

Gains or losses on revaluation and disposal of financial assets are recorded through the profit and loss.

Donations

Income from philanthropic activity, including the contributions for the Wharf Renewal Project, payable to both Sydney Theatre Company Ltd and controlled entity, Sydney Theatre Company Foundation.

Government grants

Grant funds are recognised as revenue when the Group gains control of the contribution or when services and obligations are rendered under the terms of the funding agreement. Where the grant has been received but the revenue recognition criteria has not yet been met, the revenue is deferred until such time as revenue recognition conditions have been met.

t. Leases accounting policy

The Group has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117 and AASB Interpretation 4. The details of accounting policies under AASB 117 and AASB Interpretation 4 are disclosed separately if they are different from those under AASB 16 and the impact of changes is disclosed in this note.

At the inception of a contract, the Group 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 Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
 - the Group has the right to operate the asset; or
 - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

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

At inception or on reassessment of a contract that contains a lease component, the Group allocate the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As a lessee

The Group 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 earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are 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 changes to the measurement of the lease liability. The Group has adopted relief under AASB 2018-8 Amendments to Australia Accounting Standards – Right-of-Use Assets of Not-for-profit Entities, to measure the right-of-use asset at cost, rather than, fair value.

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 be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is measured again 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 Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is measured again 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 Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and lease of low-value assets. The Group recognises the lease payments associated with the leases as an expense on a straight-line basis over the lease term.

u. Income tax

The Group is exempt from paying income tax in accordance with Div50 of the *Income Tax Assessment Act 1997*.

v. Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

w. Fundraising appeals

The Group holds an authority to fundraise for charitable purposes under the provisions of Section 16 of the NSW Charitable Fundraising Act, 1991.

Fundraising income and expenditure flow through either Sydney Theatre Company Fund (which forms part of Sydney Theatre Company Limited) or Sydney Theatre Company Foundation Trust.

x. Capital

The Group is limited by guarantee and has no paid-up capital.

The amount of capital which is capable of being called up only in the event of and for the purpose of the winding up of the Group is not to exceed \$20 per member by virtue of the Group's Constitution.

A person may become a member of the Company upon subscription to the Company's current theatre season and upon payment of an annual membership fee. Members are entitled to attend and vote at general meetings of the Company and to elect 50% of the non-executive Directors of the Company. As at 31 December 2022 the Company had 15 members (2021: 17 members).

y. New accounting standards adopted during the period

No new accounting standards were adopted during the period.

DIRECTORS' DECLARATION

In the opinion of the directors of Sydney Theatre Company Ltd (the Group):

(a) the consolidated financial statements and notes that are set out on pages 6 to 22 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

(i) giving a true and fair view of the consolidated Group's financial position as at 31 December 2022 and of its performance, for the financial year ended on that date; and

(ii) complying with *Australian Accounting Standards - Simplified Disclosure Regime* and the *Australian Charities and Not-for-profits Commission Regulation 2013*; and

(b) that the Group has met all requirements of the *Charitable Fundraising Act 1991* and *NSW Foundation Regulations 2021*; and

(c) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

(d) the Group is not publicly accountable.

Signed in accordance with a resolution of the directors:



Alan Joyce AC, Chairperson

Dated at Sydney this 19th day of April 2023.



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

To the Directors of Sydney Theatre Company Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2022 there have been:

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

KPMG

KPMG

D McLennan

Duncan McLennan

Partner

Sydney

19 April 2023



Independent Auditor's Report

To the members of Sydney Theatre Company Ltd

Opinion

We have audited the **Financial Report**, of the Sydney Theatre Company Ltd (the Company).

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

- i. giving a true and fair view of the Group's financial position as at 31 December 2022, and of its financial performance and its cash flows for the year ended on that date; and
- ii. complying with *Australian Accounting Standards – Simplified Disclosures Framework* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013 (ACNCR)*.

The **Financial Report** comprises:

- i. Consolidated statement of financial position as at 31 December 2022;
- ii. Consolidated statement of profit / (loss) and other comprehensive income, Consolidated statement of change in equity, and Consolidated statement of cash flows for the year then ended;
- iii. Notes including a summary of significant accounting policies; and
- iv. Directors' Declaration.

The Group consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

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

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

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



Other information

Other Information is financial and non-financial information in Sydney Theatre Company Ltd's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report.

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

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

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

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

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

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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

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

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



We also:

- i. 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.
- ii. Obtain an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered Group's internal control.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- iv. Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the registered Group and Company to cease to continue as a going concern.
- v. Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

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

A stylized, handwritten signature of the letters 'KPMG' in black ink.

KPMG

A handwritten signature in black ink that reads 'Duncan McLennan'.

Duncan McLennan

Partner

Sydney

19 April 2023