

Annual Financial Report

Sydney Theatre Company Ltd and its controlled entities

ABN 87 001 667 983

Year ended 31 December 2020

Directors' report

For the year ended 31 December 2020

The directors present their report together with the consolidated financial statements of the Group comprising of Sydney Theatre Company Ltd ("the Company"), and the entities it controls for the financial year ended 31 December 2020 and the auditor's report thereon.

1. Directors

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

Name and qualifications	Experience, special responsibilities and other directorships
Anita Belgiorno-Nettis AM Director since 6 December 2018 Member of Finance Committee	Company Director, Prisma Investment Pty Ltd Director, Anita and Luca Belgiorno-Nettis Foundation Director, Sydney Theatre Company Foundation Ltd Trustee, Art Gallery of NSW Chair, Step Into Work BA- University of New England
David Craig Director since 15 October 2020 Chair of Finance Committee	Director, Lendlease Corporation Deputy Chair, Victor Chang Cardiac Research Institute Chair and President, Financial Executives Institute FAICD, FCA, BEc Sydney
Ann Johnson Director since 3 May 2013 Deputy Chair Member of Finance Committee	Director, W & A Johnson Family Foundation Co Chair, Philanthropy Australia; Bachelor of Arts/Bachelor of Laws (UNSW); GAICD.
Mark Lazberger Director Chairperson of Finance Committee from 12 February 2014 to 30 April 2020	Chairman Omnia Capital Partners Member of Future of Finance Advisory Council (CFA Institute) Co-Chair of Zero Childhood Cancer Member of VisAsia Council
Patrick McIntyre Executive Director since 1 January 2013 Member of Finance Committee	Executive Director Live Performance Australia Executive Committee Member, ArtsReady Advisory Committee Member Bachelor of Arts (University of Technology, Sydney)
Heather Mitchell Director since 20 February 2018	Australian actress, appearing in Australian productions of Stage, television and film. Director, Sydney Theatre Company Foundation Ltd Graduate of NIDA.
Ian Narev Director since 18 July 2014 Appointed Chair 18 February 2016 Chairperson of Finance Committee from 1 May 2020 to 14 October 2020 Member of Finance Committee	COO, Seek Limited Non-executive Chairman, Tyme Global Member of advisory boards of Adamantem Capital, Gonski Institute of Education and Serendipity Capital Co-Founder and Chairman, Springboard Trust

Directors' report

For the year ended 31 December 2020

Gretel Packer Director since 21 October 2014 Member of Finance Committee	Chair of the Packer Family Foundation Chair of the Crown Resorts Foundation Advisory Board Founding Governor of the Taronga Zoo Foundation Founding Patron of the Taronga Zoo Conservation Science Initiative Member of Taronga Conservation Society Australian Board Member of the William Robinson Advisory Committee Vice President of the Art Gallery of NSW Board of Trustees Chair, Sydney Theatre Company Foundation Ltd
Mark Scott AO Director since 16 th December 2019	Secretary, NSW Department of Education. BA, Dip Ed, MA (USyd) MPA (Harvard) Chair, Sydney Writers Festival FAICD
Annette Shun Wah Director since 7 th December 2017	Artistic Director, OzAsia Festival Artistic Director, Contemporary Asian Australian Performance Member of External Advisory Board, Australia China Institute of Art and Culture, Western Sydney University Member of Advisory Board, Australian Centre on China in the World, Australian National University Member of National Advisory Panel, APT (Australian Plays Transform) Member of Asialink Advisory Council, University of Melbourne
Michael Triguboff Director since 16 th May 2019 Member of Finance Committee	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)
Kip Williams Director since 3 November 2016 Member of Finance Committee	Artistic Director Director, NIDA Bachelor of Arts, Media and Communication (University of Sydney) Master of Dramatic Art in Directing (NIDA)

2. Directors' meetings

The number of Directors' meetings (including meetings of Committees of Directors), and number of meetings attended by each of the Directors of the Company during the financial year are:

<u>Director</u>	<u>Directors' meetings</u>		<u>Finance Committee meetings</u>	
	No. of meetings attended	No. of meetings held*	No. of meetings attended	No. of meetings held*
A Belgiorno-Nettis**	6	6	3	5
D Craig**	3	3	2	2
A Johnson**	6	6	5	5
M Lazberger**	2	2	3	3
P McIntyre**	6	6	5	5
H Mitchell	6	6	2	5
I Narev**	6	6	5	5
G Packer**	6	6	4	5
M Scott	5	6	-	-
A Shun Wah	5	6	-	-
M Triguboff**	5	6	5	5
K Williams**	6	6	3	5

Directors' report

For the year ended 31 December 2020

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

** Member of Finance Committee

Directors' report (continued)

For the year ended 31 December 2020

3. Company secretary

Francisca Peña, Director of Finance and Administration, holds the position of Company Secretary. Francisca is a finance professional who has worked in both for-profit and not-for-profit organisations. Francisca is a Fellow of Certified Practising Accountants Australia (FCPA).

4. Principal activities

The principal activities of the Group during the course of the financial year was the production and presentation of theatrical works as well as fundraising activities to support the principal activities.

Whilst the Group experienced significant disruption to its principal activities during the year as a result of Covid-19 restrictions forcing the closure of theatres, it was able to resume activities (albeit in a reduced capacity) in the last quarter of 2020.

5. Operating and financial review Overview of the Group

	2020	2019
Deficit from Operations	(17,474,814)	(13,863,001)
Government Grants (including JobKeeper)	14,499,777	3,440,701
Contribution to NSW Government re Wharf Renewal Project	(10,000,000)	-
Fundraising Income and Ticket Donations	4,910,141	2,667,208
Donations for Wharf Renewal Project	4,064,867	2,984,200
Deficit for the period	(4,000,029)	(4,770,892)

The operations of the company were severely impacted by the COVID-19 pandemic, which saw 7 shows out of its 12 show season cancelled. The impact of the pandemic, together with a one-off contribution of \$10 million to the NSW Government for the Wharf renewal project, resulted in a \$27,474,814 deficit (2019: \$13,863,001)

Fortunately, the company received substantial support from State and Federal government through grants and Jobkeeper, which saw total government support increase to \$14,499,777 (2019: \$3,440,701)

In addition, we benefitted from significant donor and patron support through fundraising and ticket donations of \$4,910,141 (2019: \$2,667,208) and capital donations and income towards the Wharf renewal project of \$4,064,867 (2019: \$2,984,200)

This resulted in a net deficit for the period of \$4,000,029 compared to the prior year deficit of \$4,770,892.

Significant changes in the state of affairs

For its part in the Walsh Bay Arts Precinct Project, Sydney Theatre Company vacated its premises at the Wharf in June 2018 to allow for major capital works to be undertaken. The project was completed in December 2020 and the company returned to its newly renovated premises.

6. 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.

The STC Group has a net asset position of \$12,591,693 as at 31 December 2020. The Group has positive net current assets as at 31 December 2020 of \$9,127,589.

Directors' report (continued)

For the year ended 31 December 2020

The COVID-19 outbreak in 2020 was declared a global pandemic on 11 March 2020. On 13 March, the Federal Government issued a ban on outdoor mass gatherings which ultimately resulted in 7 out of the company's 12 show season being canceled. Once the ban was lifted in September 2020, the company was able to resume its remaining season of 4 shows, however was subject to theatre capacity restrictions of between 50% and 75%, which limited box office sales. The company was eligible for the Federal Government's JobKeeper stimulus package which allowed core staff to remain employed during the year. The company was also successful in receiving assistance from the NSW State government via the Rescue and Restart grant. The company itself undertook a cost reduction effort to preserve reserves for essential expenditure. Philanthropic income constituted significant support for the company during Covid in the form of major gifts and ticket donations.

Cashflow Forecasts

In preparing the financial report, the Directors have made an assessment of the ability of the Group to continue as a going concern. The Group has prepared 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 company has prepared cashflow forecasts that assume:

- The Company is eligible to receive JobKeeper until March 2021;
- The 2021 Season will not be subject to capacity restrictions imposed by government and targets reflect unencumbered box office targets.
- That the 2022 Season will be launched in September 2021
- Existing fundraising initiatives will continue;
- Funds held for the completion of the Wharf rebuild project in March 2021 will be adequate for that purpose.

The directors note that projections underpinning some of the assumptions mentioned above are uncertain due to factors outside the control of the Group. These factors give rise to uncertainty, which may be material, as to whether the Group can continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Notwithstanding the uncertainties set out above, taking into account the Board approved initiatives noted above, the Directors believe at the date of the signing of the financial report that there are reasonable grounds to consider the going concern basis of preparation is appropriate and that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report at 31 December 2020. As a result, no adjustments have been made to the financial report relating to recoverability and classification of assets' carrying amounts or the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

7. Dividends

No dividends were paid or proposed by the Company during the financial year.

8. Events subsequent to reporting date

In November 2020, STC signed a licence to occupy its newly renovated Wharf premises whilst a formal lease was in negotiation. The licence expired on the 31 March 2021 and was subsequently extended to 30 April 2021 as formal lease negotiations continued. Recognition and measurement in assets and liabilities of the draft lease is reflected in the 2020 financial statements, owing to the fact that the company was occupying the premises at the end of 2020.

Directors' report (continued)

For the year ended 31 December 2020

9. Likely developments

Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years had not been included in this report.

10. 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.

11. Indemnification and insurance of directors, officers and auditor

Indemnification

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

Insurance premiums

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

12. Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 30 and forms part of the Directors' report for financial year ended 31 December 2020.

This report is made with a resolution of the Directors:



Ian Narev
Chairperson

Dated at Sydney this 29th day of April 2021.

Sydney Theatre Company Ltd and its controlled entities Consolidated statement of comprehensive income

For the year ended 31 December 2020

	Note	2020 \$	2019 \$
Revenue			
Sydney Theatre Company		6,077,111	23,232,223
Roslyn Packer Theatre		486,773	1,191,678
Total revenue from continuing operations	1	6,563,884	24,423,901
Theatre and production expenses		(9,688,422)	(22,118,023)
Marketing and promotion expenses		(204,348)	(396,781)
Administrative expenses		(9,232,624)	(9,165,423)
Occupancy expenses		(991,742)	(1,479,365)
Building Project Expenditure		(1,110,893)	(400,755)
Building Project Expenditure - Depreciation		(812,604)	(638,929)
Depreciation/Amortisation/Loss on disposal of assets		(1,813,895)	(3,878,121)
Interest expense leases		(184,170)	(209,505)
Deficit from operating activities		(17,474,814)	(13,863,001)
Other income - Government Grants			
Core Funding		2,892,724	2,940,701
Other Government Funding		11,507,053	-
Project Funding		100,000	500,000
	1	14,499,777	3,440,701
Contribution to State Government	17(p)	(10,000,000)	-
Deficit from continuing operations plus funding		(12,975,037)	(10,422,301)
Total Fund and Foundation Fundraising Revenue	1	6,062,377	3,692,063
Fundraising Expenditure		(1,152,236)	(1,024,855)
Net deficit from continuing operations plus fundraising income		(8,064,896)	(7,755,093)
Restricted Capital Foundation Revenue	1	3,917,500	2,755,000
Other Capital Revenue	1	17,436	-
Interest on Capital Donations	1	129,931	229,200
Deficit for the period		(4,000,029)	(4,770,893)
Other comprehensive income		-	-
Total comprehensive deficit for the period		(4,000,029)	(4,770,893)

The consolidated statement of comprehensive income is to be read in conjunction with the notes of the financial statements set out on pages 12 to 28.

Sydney Theatre Company Ltd and its controlled entities Consolidated statement of changes in equity

For the year ended 31 December 2020

	Sydney Theatre Company	Sydney Theatre Company Foundation	Total Equity
	\$	\$	\$
Accumulated Funds- Capital Projects			
Balance at 1 January 2019	17,787,226	1,709,761	19,496,987
Current Year	1,087,178	-	1,087,178
Balance at 31 December 2019	18,874,404	1,709,761	20,584,165
Accumulated Funds- Restricted			
Balance at 1 January 2019	1,443,403	399,999	1,843,402
Current Year	(164,774)	(399,999)	(564,773)
Balance at 31 December 2019	1,278,629	-	1,278,629
Accumulated Funds- Unrestricted			
Balance at 1 January 2019	1,419,032	(1,396,808)	22,224
Current Year	(6,901,003)	1,607,707	(5,293,296)
Balance at 31 December 2019	(5,481,971)	210,899	(5,271,072)
Balance as at 31 December 2019	14,671,061	1,920,660	16,591,722
Accumulated Funds- Capital Projects			
Balance at 1 January 2020	18,874,404	1,709,761	20,584,165
Current Year	(8,004,811)	-	(8,004,811)
Balance at 31 December 2020	10,869,593	1,709,761	12,579,354
Accumulated Funds- Restricted			
Balance at 1 January 2020	1,278,629	-	1,278,629
Current Year	(150,000)	-	(150,000)
Balance at 31 December 2020	1,128,629	-	1,128,629
Accumulated Funds- Unrestricted			
Balance at 1 January 2020	(5,481,971)	210,899	(5,271,072)
Current Year	1,427,522	2,727,260	4,154,782
Balance at 31 December 2020	(4,054,449)	2,938,159	(1,116,290)
Balance as at 31 December 2020	7,943,772	4,647,920	12,591,693

The consolidated statement of changes in equity is to be read in conjunction with the notes of the financial statements set out on pages 12 to 28.

Sydney Theatre Company Ltd and its controlled entities
Consolidated statement of financial position

As at 31 December 2020

	Note	2020 \$	2019 \$
Assets			
Cash and cash equivalents	3	17,453,940	18,504,358
Trade and other receivables	4	4,189,125	2,483,307
Inventories		236,618	263,577
Other assets	5	902,660	716,598
Total current assets		22,782,343	21,967,840
Leasehold Improvements and Plant and Equipment	6	12,788,294	8,811,902
Intangible assets	7	12,439	62,102
Right-of-use assets	10	23,650,104	7,434,863
Total non-current assets		36,450,837	16,308,867
Total assets		59,233,180	38,276,708
Liabilities			
Trade and other payables		1,683,959	1,715,084
Employee benefits		1,404,229	1,108,991
Deferred revenue	8	9,527,125	10,848,275
Lease liability	10	1,039,441	907,643
Total current liabilities		13,654,754	14,579,993
Employee benefits		242,462	373,650
Contribution to State Government	17(p)	10,000,000	-
Lease liability	10	22,744,271	6,731,342
Total non-current liabilities		32,986,733	7,104,992
Total liabilities		46,641,487	21,684,986
Net assets		12,591,693	16,591,722
Equity			
Retained Earnings - Capital Projects		12,579,354	20,584,165
Retained Earnings - Restricted		1,128,629	1,278,629
Retained Earnings - Unrestricted		(1,116,290)	(5,271,072)
Total equity		12,591,693	16,591,722

The consolidated statement of financial position is to be read in conjunction with the notes of the financial statements set out on pages 12 to 28.

Sydney Theatre Company Ltd and its controlled entities

Consolidated statement of cash flows

For the year ended 31 December 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Cash receipts from customers and contributions		28,146,174	31,085,841
Cash paid to suppliers and employees		(23,639,325)	(35,944,996)
Interest received		28,200	103,358
Net cash flow from / (used) in operating Activities	12	4,535,049	(4,755,797)
Cash flows from investing activities			
Acquisition of plant equipment and software		(5,404,239)	(1,402,816)
Fund donations for capital purposes	1	3,917,500	2,755,000
Other Capital Revenue	1	17,436	-
Interest received from capital donations	1	129,931	229,200
Term Deposit transferred to Receivables		(3,007,686)	-
Net cash flows (used in) / from investing Activities		(4,347,058)	1,581,384
Cash flows from financing activities			
Payments of lease liability		(1,238,409)	(907,643)
Net cashflow used in financing Activities		(1,238,409)	(907,643)
Net decrease in cash and cash equivalents		(1,050,418)	(4,082,056)
Cash and cash equivalents at 1 January		18,504,358	22,586,414
Cash and cash equivalents at 31 December	3	17,453,940	18,504,358

The consolidated statement of cash flows is to be read in conjunction with the notes of the financial statements set out on pages 12 to 28.

Sydney Theatre Company Ltd and its controlled entities Notes to the consolidated financial statements

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Sydney Theatre Company Ltd and its controlled entities
Notes to the consolidated financial statements

1 Revenue

	2020	2019
	\$	\$
Production and related revenue	6,226,084	22,094,254
Royalty revenue	88,223	720,928
Sponsorship revenue	107,477	1,232,743
Restaurant rental	41,048	248,300
Interest Income	21,279	67,981
Other revenue	79,773	59,695
Total revenue from continuing operations	6,563,884	24,423,901
Government grants		
Australia Council MPAB Annual Grant	2,359,136	2,321,984
MPAB Project Grants	-	85,129
NSW Government through the Ministry of the Arts		
Core Grant	533,588	533,588
Multi Year Funding grant	-	500,000
Rescue and Restart	6,000,000	-
Rent Relief	686,103	-
Australian Government		
Export Market Development Grant	100,000	-
Job Keeper	4,720,950	-
ATO Cashflow Boost	100,000	-
Other income - Government Grants	14,499,777	3,440,701
Donations	6,055,456	3,656,685
Donations, Interest	6,921	35,378
Fund and Foundation Fundraising Revenue	6,062,377	3,692,063
Restricted Capital Foundation Revenue	3,917,500	2,755,000
Other Revenue - Capital	17,436	-
Capital, Interest	129,931	229,200
	31,190,906	34,540,865

Sydney Theatre Company Ltd and its controlled entities

Notes to the consolidated financial statements

2 Personnel expenses

	2020	2019
	\$	\$
Wages and salaries	12,369,419	16,482,943
Superannuation	1,247,418	1,642,796
Increase in employee benefits	164,048	285,517
	<u>13,780,885</u>	<u>18,411,256</u>

Salaries and Wages expense includes \$4.721m received in JobKeeper payments.

3 Cash and cash equivalents

	2020	2019
	\$	\$
Bank balances	1,207,638	723,579
Cash deposits	16,246,302	17,780,779
Cash and cash equivalents in the statement of cash flows	<u>17,453,940</u>	<u>18,504,358</u>

4 Trade and other receivables

	2020	2019
	\$	\$
Trade debtors	289,129	548,688
Less: Provision for doubtful debts	-	-
	<u>289,129</u>	<u>548,688</u>
Other debtors	877,083	1,919,392
Term deposit	3,022,913	15,227
	<u>4,189,125</u>	<u>2,483,307</u>

5 Other assets

	2020	2019
	\$	\$
Prepaid production and subscription season costs	850,538	636,869
Other	52,122	79,729
	<u>902,660</u>	<u>716,598</u>

Sydney Theatre Company Ltd and its controlled entities
Notes to the consolidated financial statements

6 Leasehold improvements and plant and equipment

	Leasehold Improvements \$	Leasehold Improvements- Greening the Wharf \$	Leasehold Improvements-STC50 \$	Furniture, fittings and equipment \$	Theatre and production equipment \$	Total \$
Cost						
Balance at 1 January 2020	613,753	112,084	8,298,081	838,230	2,970,719	12,832,867
Acquisitions	-	-	5,167,734	19,268	217,237	5,404,239
Disposals	(19,481)	(112,084)	(2,090,462)	(408,286)	(801,273)	(3,431,586)
Transfer between assets	-	-	-	30,221	(30,221)	-
Balance at 31 December 2020	594,272	-	11,375,353	479,433	2,356,462	14,805,520
Depreciation						
Balance at 1 January 2020	378,624	8,215	1,277,858	507,294	1,848,974	4,020,965
Depreciation charge for the year	101,339	-	812,604	128,056	336,912	1,378,911
Disposals	(108,259)	(8,215)	(2,090,462)	(380,817)	(794,897)	(3,382,650)
Transfer between assets	-	-	-	92,298	(92,298)	-
Balance at 31 December 2020	371,705	-	-	346,831	1,298,691	2,017,226
Carrying amounts						
At 1 January 2020	235,129	103,869	7,020,223	330,936	1,121,745	8,811,902
At 31 December 2020	222,568	-	11,375,353	132,602	1,057,771	12,788,294

Sydney Theatre Company Ltd and its controlled entities
Notes to the consolidated financial statements

7 Intangible assets: Software

	2020
	\$
Cost	
Balance at 1 January 2020	181,863
Acquisitions	-
Disposals	(139,178)
Balance at 31 December 2020	<u>42,685</u>
Amortisation	
Balance at 1 January 2020	119,761
Amortisation charge for the year	27,224
Disposals	(116,739)
Balance at 31 December 2020	<u>30,246</u>
Carrying amounts	
At 1 January 2020	<u>62,102</u>
At 31 December 2020	<u>12,439</u>

8 Deferred Income

	2020	2019
	\$	\$
Current		
Subscriptions and ticket sales	5,572,773	9,691,975
Grant Income	1,000,000	1,000,000
Other Income*	820,556	156,300
Gift Vouchers**	2,133,797	-
	<u>9,527,126</u>	<u>10,848,275</u>

*Other income includes deferred sponsorship income for contracts that were not satisfied in 2020.

**In 2020 the deferred income balance includes total gift vouchers. In 2019, the corresponding balance of \$365,329 was classified in trade and payables.

Sydney Theatre Company Ltd and its controlled entities

Notes to the consolidated financial statements

9 Grant income

	Unexpended Grants at 31 December 2018			2019 Grant Income	Deferred	2019 Grants Spent	Unexpended Grants at 31 December 2019
	\$	\$	\$				
Australia Council							
Core Grant	-	2,321,984	-	-	(2,321,984)	-	-
Project Grant	85,129	85,129*	-	-	(170,258)	-	-
Australia Council Total	85,129	2,407,113	-	-	(2,492,242)	-	-
Create NSW							
Core Grant	-	533,588	-	-	(533,588)	-	-
Multiyear Funding Grant	1,500,000	500,000*	(500,000)*	-	(500,000)	1,000,000	1,000,000
Create NSW Total	1,500,000	1,033,588	(500,000)	-	(1,033,588)	1,000,000	1,000,000
Total	1,585,129	3,440,701	(500,000)	-	(3,525,830)	1,000,000	1,000,000
	Unexpended Grants at 31 December 2019			2020 Grant Income	Deferred	2020 Grants Spent	Unexpended Grants at 31 December 2020
	\$	\$	\$				
Australia Council							
Core Grant	-	2,359,136	-	-	(2,359,136)	-	-
Project Grant	-	-	-	-	-	-	-
Australia Council Total	-	2,359,136	-	-	(2,359,136)	-	-
Create NSW							
Core Grant	-	533,588	-	-	(533,588)	-	-
Rescue and Restart	-	6,000,000	-	-	(6,000,000)	-	-
Rent Relief	-	686,103	-	-	(686,103)	-	-
Project Grant	-	-	-	-	-	-	-
Mutiyear Funding Grant	1,000,000	-	-	-	-	1,000,000	1,000,000
Create NSW Total	1,000,000	7,219,691	-	-	(7,219,691)	1,000,000	1,000,000
Commonwealth Govt							
Project Grant	-	100,000	-	-	(100,000)	-	-
Job Keeper	-	4,720,950	-	-	(4,720,950)	-	-
ATO Cashflow Boost	-	100,000	-	-	(100,000)	-	-
Commonwealth Total	-	4,920,950	-	-	(4,920,950)	-	-
Total	1,000,000	14,499,777	-	-	(14,499,777)	1,000,000	1,000,000

* Recognition of grant received in prior year

Sydney Theatre Company Limited and its controlled entities

Notes to the consolidated financial statements

10. Leases

<i>Right-of-use assets</i>	Property	Vehicles	Photocopiers	2020 \$	
Balance at 1 January 2019	6,865,540	142,636	426,686	7,434,862	
Additions for the year	17,422,852	-	407,243	17,830,095	
Depreciation charge of the year	(1,017,152)	(50,388)	(81,449)	(1,148,989)	
Disposals	(39,178)	-	(426,686)	(465,864)	
Balance at 31 December 2020	23,232,062	92,248	325,794	23,650,104	

<i>Lease liabilities</i>	2020 \$	2019 \$
Maturity Analysis - Contractual undiscounted cashflow	\$	\$
Less than one year	1,066,280	1,475,112
Between one year and five years	3,935,884	1,272,662
More than five years	33,574,044	8,241,236
Total undiscounted lease liabilities at 31 December	38,576,208	10,989,010
Current	1,039,441	907,643
Non-Current	22,744,271	6,731,342
Lease liabilities included in statement of financial position at 31 December	23,783,712	7,638,985

<i>Amounts recognised in statement of comprehensive income</i>	2020 \$	2019 \$
Interest on lease liabilities	(184,170)	(209,505)
Expenses related to short-term leases	95,962	(122,086)
Depreciation expense on leases	(1,148,989)	(1,224,795)
Net gain on disposal of lease liabilities	20,805	-
Total recognised in statement of comprehensive income	(1,216,392)	(1,556,386)

<i>Amounts recognised in Cash Flow</i>	2020	2019
Total cash outflow for leases	(1,238,409)	(1,029,729)

Refer to note 17 (r) for more information.

11. Contingencies

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

Sydney Theatre Company Limited and its controlled entities

Notes to the consolidated financial statements

12 Reconciliation of cash flows from operating activities

	2020 \$	2019 \$
Loss for the period	(4,000,029)	(4,770,892)
Adjusted for:		
Depreciation/Amortisation/Loss on disposal of asset	2,626,499	4,517,050
Interest expense leases	184,170	209,505
Rent Relief	(144,459)	-
Profit on disposal on non-current assets	(20,805)	-
Operating profit before changes in working capital and provisions	(1,354,624)	(44,337)
Less items classified as investing/financing activities		
Interest received from capital donations	(129,931)	(229,200)
Capital donations classified as investing activities	(3,917,500)	(2,755,000)
Other Capital Revenue	(17,436)	-
Decrease in receivables	1,301,868	91,397
Increase in other current assets	(186,062)	(44,255)
Increase in inventories	26,959	7,993
(Decrease) / Increase in payables	(31,125)	73,630
Increase / (Decrease) in provisions	164,050	(22,266)
Decrease in deferred revenue	(1,321,149)	(1,833,758)
Increase in non-current liabilities	10,000,000	-
Net cash from operating activities	4,535,049	(4,755,797)

13 Key management personnel disclosures

Transactions with key management personnel

The key management personnel compensation included in "personnel expenses" (see note 2) was \$1,830,053 (2019: \$1,890,196) This figure represents both short and long term benefits for senior management roles in the organisation.

Sydney Theatre Company Ltd and its controlled entities

Notes to the consolidated financial statements

13. Key management personnel disclosures (continued)

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.

No Directors received Directors 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
	2020	2019	
Sydney Theatre Company Foundation	100%	100%	Australia
STC USA Limited Liability Co.	100%	100%	U.S.A

STC USA Limited Liability Co. (STC USA Llc) was set up on June 1 2016 as a US limited liability company in the state of New York. STC USA Llc's sole member is Sydney Theatre Company and the purpose of the company is to facilitate the development and promotion of Sydney Theatre Company's artistic slate in the U.S.A and around the world.

In 2016, STCUSA entered into a partnership, "The Present Broadway Limited Partnership" registered in the USA for the purpose of one season of the production of "The Present". The season of "The Present" opened on January 8th 2017 and ran to March 19th 2017. There have been no further productions after "The Present". STCUSA has 50% interest in the partnership.

15. Parent Entity Disclosures

The parent company of the Group, as at and throughout the financial year ended 31 December 2020, was Sydney Theatre Company Ltd.

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

	2020	2019
	\$	\$
Results of the parent entity		
Deficit for the year Sydney Theatre Company operations	(6,727,289)	(7,438,036)
Funds for the year from Sydney Theatre Company Fund	-	-
Total comprehensive deficit	(6,727,289)	(7,438,036)
Financial position of the parent entity at year end		
Current assets	18,134,421	20,047,179
Non-current assets	36,450,837	16,308,868
Total assets	54,585,258	36,356,047
Current liabilities	13,626,758	14,551,999
Non-current liabilities	32,986,733	7,104,992
Total liabilities	46,613,491	21,656,991
Total equity of the parent entity comprising:		
Retained Earnings	7,971,766	14,699,056
Total equity	7,971,766	14,699,056

Sydney Theatre Company Ltd and its controlled entities

Notes to the consolidated financial statements

16. Subsequent Events

In November 2020, STC signed a licence to occupy its newly renovated Wharf premises whilst a formal lease was in negotiation. The licence expired on the 31 March 2021 and was subsequently extended to 30 April 2021 as formal lease negotiations continued. Recognition and measurement in assets and liabilities of the draft lease is reflected in the 2020 financial statements, owing to the fact that the company was occupying the premises at the end of 2020.

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 entity, together referred to as the "Group". The Group is a not for profit entity.

(a) Statement of compliance

The consolidated financial statements are Tier 2 general purpose consolidated financial statements which have been prepared in accordance with Australian Accounting Standards- Reduced Disclosure Requirements ("AASBs") including Australian Accounting Interpretations adopted by the Australian Accounting Standards Board ("AASB") and the Australian Charities and Not for Profits Commission Act 2012. These consolidated financial statements comply with Australian Accounting Standards- Reduced Disclosure Requirements. The financial report was approved by the Board of Directors on 29th April 2021.

(b) Basis of preparation

These consolidated financial statements are presented in Australian dollars, which is the Group's functional currency.

The consolidated financial statements are prepared on the historical cost basis.

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.

The accounting policies set out below have been applied consistently to all periods presented in the financial report noting that at 1 January 2019, AASB 15 & AASB 1058 were adopted in full with no material impact.

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.

The STC Group has a net asset position of \$12,591,693 as at 31 December 2020. The Group has positive net current assets as at 31 December 2020 of \$9,127,589.

Sydney Theatre Company Ltd and its controlled entities

Notes to the consolidated financial statements

17. Significant Accounting policies (continued)

The COVID-19 outbreak in 2020 was declared a global pandemic on 11 March 2020. On 13 March, the Federal Government issued a ban on outdoor mass gatherings which ultimately resulted in 7 out of the company's 12 show season being canceled. Once the ban was lifted in September 2020, the company was able to resume its remaining season of 4 shows, however was subject to theatre capacity restrictions of between 50% and 75%, which limited box office sales. The company was eligible for the Federal Government's JobKeeper stimulus package which allowed core staff to remain employed during the year. The company was also successful in receiving assistance from the NSW State government via the Rescue and Restart grant. The company itself undertook a cost reduction effort to preserve reserves for essential expenditure. Philanthropic income constituted significant support for the company during Covid in the form of major gifts and ticket donations.

Cashflow Forecasts

In preparing the financial report, the Directors have made an assessment of the ability of the Group to continue as a going concern. The Group has prepared 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 company has prepared cashflow forecasts that assume:

- The Company is eligible to receive JobKeeper until March 2021;
- The 2021 Season will not be subject to capacity restrictions imposed by government and targets reflect unencumbered box office targets.
- That the 2022 Season will be launched in September 2021
- Existing fundraising initiatives will continue;
- Funds held for the completion of the Wharf rebuild project in March 2021 will be adequate for that purpose.

The directors note that projections underpinning some of the assumptions mentioned above are uncertain due to factors outside the control of the Group. These factors give rise to uncertainty, which may be material, as to whether the Group can continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Notwithstanding the uncertainties set out above, taking into account the Board approved initiatives noted above, the Directors believe at the date of the signing of the financial report that there are reasonable grounds to consider the going concern basis of preparation is appropriate and that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report at 31 December 2020. As a result, no adjustments have been made to the financial report relating to recoverability and classification of assets' carrying amounts or the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

(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.

Sydney Theatre Company Ltd and its controlled entities

Notes to the consolidated financial statements

17. Significant Accounting policies (continued)

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

(g) Plant and equipment

(i) Owned assets

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

(ii) Greening the Wharf assets

Greening the Wharf assets are the photovoltaic array asset that was retired in conjunction with its physical removal from the Wharf (as part of the Walsh Bay Arts Renewal project). The final balance of Greening the Wharf assets was written off at the end of 2020.

(iii) 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.

(h) 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	4 years
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(i) Trade and other receivables

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

(j) Inventories

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

(k) Cash and cash equivalents

Cash and cash equivalents comprises cash balances and call deposits.

Sydney Theatre Company Ltd and its controlled entities

Notes to the consolidated financial statements

17. Significant Accounting policies (continued)

(l) 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 m).

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

(m) 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.

(n) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

(ii) Long-term service benefits

The Group's net obligation in respect of long-term service benefits, other than defined benefit plans, 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.

(iii) 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.

Sydney Theatre Company Limited and its controlled entities

Notes to the consolidated financial statements

17. Significant accounting policies (continued)

(o) **Trade and other payables**

Trade and other payables are stated at amortised cost.

(p) **Contribution to State Government**

The \$10m contribution to State Government in respect to the Wharf Renewal project, being not specifically attributable to identifiable STC assets, was expensed in the year. The contribution will be paid over 8 years in equal installments of \$1.25m per annum, commencing June 2023. For the 2020 financial statements, the entire \$10m balance is classified as non-current.

(q) **Revenue**

(i) **Production and related revenue**

Revenue from production and other service related revenues is recognised in the period in which the service is provided.

(ii) **Royalty Revenue**

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

(iii) **Sponsorship revenue**

Revenue receivable from sponsors may be cash or in-kind. Where a sponsorship constitutes a reciprocal transfer (i.e. 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.

(iv) **Restaurant Rental**

Revenue derived from commissions received from catering partners concerning the venue at Roslyn Packer Theatre.

(v) **Interest Income**

Income from interest on cash reserves.

(vi) **Donations**

Income from philanthropic activity payable to both Sydney Theatre Company and Sydney Theatre Company Foundation.

(vii) **Capital projects**

Revenue derived from philanthropic activity that has been committed to fund the Wharf Renewal Project. Expenditure on the Wharf Renewal Project is recognised as an expense directly through the Consolidated statement of comprehensive income or capitalised in Plant and equipment (see accounting policy g). The result from funds raised and expenditure incurred are recognised in Accumulated Funds - Capital Projects in the Consolidated statement of changes in equity

(viii) **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.

Sydney Theatre Company Limited and it controlled entities

Notes to the consolidated financial statements

17. Significant accounting policies (continued)

(r) 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.

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.

17. Significant accounting policies (continued)

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 recognizes the lease payments associated with the leases as an expense on a straight-line basis over the lease term.

(s) Finance income and expenses

Interest income is recognised in the income statement as it accrues, using the effective interest method.

Finance expenses comprise loss on disposal of held-to-maturity investments and impairment losses recognised on financial assets.

(t) Income tax

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

(u) 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.

Sydney Theatre Company Limited and it controlled entities

Notes to the consolidated financial statements

17. Significant accounting policies (continued)

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.

(v) 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.

(w) Capital

The Company 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 Company is not to exceed \$20 per member by virtue of the Company's Memorandum and Articles of Association.

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 2020 the Company had 16 members (2019: 20 members).

(x) New accounting standards adopted during the period

No new accounting standards were adopted during the period.

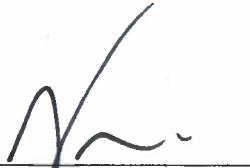
18. Directors' declaration

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

- (a) the consolidated financial statements and notes that are set out on pages 7 to 29 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 2020 and of its performance, for the financial year ended on that date; and
 - ii. complying with Australian Accounting Standards-Reduced Disclosure Regime 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.
- (c) the Company is not publicly accountable.

Signed in accordance with a resolution of the directors:

Dated at Sydney 29th day of April 2021



Ian Narev
Chairperson



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 Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2020 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

Duncan McLennan

Partner

Sydney

29 April 2021



Independent Auditor's Report

To the members of Sydney Theatre Company Limited

Opinion

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

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

- i. giving a true and fair view of the Group's financial position as at 31 December 2020, and of its financial performance and its cash flows for the year ended on that date; and
- ii. complying with *Australian Accounting Standards – Reduced Disclosure Requirements* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The **Financial Report** comprises:

- i. Consolidated statement of financial position as at 31 December 2020;
- ii. Consolidated statement of comprehensive income, Consolidated statement of changes 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 the Code.



Other information

Other Information is financial and non-financial information in Sydney Theatre Company Limited'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 - Reduced Disclosures Requirements and the ACNC;
- 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; and
- 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; and
- 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 committee members of the registered Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG

Duncan McLennan

Partner

Sydney

29 April 2021