

Annual Financial Report

Sydney Theatre Company Ltd and its controlled entities

ABN 87 001 667 983

Year ended 31 December 2021

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 2021 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 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.
Patrick McIntyre Executive Director to 8 th October 2021 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 AM 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	Chief Executive Officer, Seek Limited Chair, Springboard Trust Chair, Juvenile Diabetes Research Foundation Member of advisory boards of Adamantem and Serendipity Capital
Gretel Packer AM Director since 21 October 2014 Member of Finance Committee	Chair of the Packer Family Foundation 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	Vice-Chancellor, The University of Sydney. 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**	5	5	4	5
D Craig**	5	5	5	5
A Johnson**	5	5	4	5
P McIntyre**	3	3	3	3
H Mitchell	3	5	-	-
I Narev**	5	5	4	5
G Packer**	4	5	4	5
M Scott	4	5	-	-
A Shun Wah	3	5	-	-
M Triguboff**	5	5	5	5
K Williams**	4	5	5	5

* 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 2021

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.

The Group experienced significant disruption to its principal activities during the year as a result of Covid-19 restrictions forcing the closure of theatres for a second year running; however it was able to resume activities in the last quarter of 2021.

5. Operating and financial review Overview of the Group

	2021	2020
Deficit from Operations	(17,573,709)	(16,363,921)
Government Grants (including JobKeeper & Job Saver)	10,601,442	14,499,777
Contribution to NSW Government re Wharf Renewal Project	-	(10,000,000)
Fundraising Income	4,378,252	4,910,141
Operating deficit (excluding Wharf Renewal Project)	(2,594,015)	(6,954,003)
Donations for Wharf Renewal Project (net of expense)	2,097,026	2,953,974
Total comprehensive deficit for the period	(496,989)	(4,000,029)

The operations of the Group were severely impacted by the COVID-19 pandemic, with all 16 shows of the season affected, including 5 cancelled and 2 partially cancelled shows.

The Group was grateful to receive substantial support from both State and Federal government through Covid-support packages (such as Jobkeeper and Job Saver) and emergency Arts sector grants, bringing total government support to \$10,601,442 (2020: \$14,499,777).

In addition, the Group benefitted from significant donor and patron support through fundraising and ticket donations of \$4,378,252 (2020: \$4,910,141). This resulted in an operating deficit (excluding the Wharf Renewal Project) of \$2,594,015 (2020: \$6,954,003).

Including donations for the Wharf Renewal Project (net of expense) of \$2,097,026 (2020: \$2,953,974), the deficit from Operations for the Group was \$496,989 compared to the prior year deficit of \$4,000,029.

6. Going concern

The financial statements of the Group 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 Group has a net asset position of \$12,094,704 as at 31 December 2021. The Group has positive net current assets as at 31 December 2021 of \$5,877,352.

Directors' report (continued)

For the year ended 31 December 2021

The continuing presence of Covid into 2021 played a significant role in disrupting the 16 show 2021 Season. On the 26 June 2021, a lockdown was announced by NSW government which in turn impacted the Group's ability to perform shows for 4 months. As a result, 5 shows were fully cancelled and 2 partially. This resulted in significant refunds and credit notes being issued for cancelled tickets. Despite the disruption, the Group was able to perform its final two shows of the 2021 season; however it had to reduce the number of performances, leading to lower box office results compared to target. The Group received substantial government support (in addition to core funding) and continued to be supported by philanthropic income 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 Group has prepared cashflow forecasts that assume:

- The Group is eligible to receive Covid support payments from the NSW Government to April 2022 and will receive additional support from the Federal Government through the Arts Sustainability Fund.
- The 2022 Season will not be subject to capacity restrictions imposed by government and targets reflect unencumbered box office targets.
- That the 2023 Season will be launched in October 2022
- Existing fundraising initiatives will continue;

The Directors note that some of the assumptions mentioned above are sensitive to uncertainty owing to factors outside the control of the Group. Notwithstanding this, 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, 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 2021. As a result, no adjustments have been made to the financial report relating to recoverability and classification of the 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 Group during the financial year.

8. Events subsequent to reporting date

Covid continued to impact the Group across the Christmas period of 2021 and into 2022. The impacts include cancelled performances, lower ticket sales due to patron hesitancy in returning to the theatre and higher production costs due to understudies and backfill-related labour. In early 2022, the Group was advised that it had been successful in grant applications for \$4.7m from the Federal government's Arts Sustainability Fund. The CreateNSW Covid Relaunch package was also extended to April 2022, as was rent relief to March 2022 on the Group's State-owned tenancies.

Directors' report (continued)

For the year ended 31 December 2021

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 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.

12. Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 28 and forms part of the Directors' report for financial year ended 31 December 2021.

This report is made with a resolution of the Directors:



Ian Narev
Chairperson

Dated at Sydney this 28th day of April 2022.

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

For the year ended 31 December 2021

	Note	2021 \$	2020 \$
Revenue	1	14,561,538	6,563,884
Theatre and production expenses		(17,670,849)	(9,688,422)
Administrative expenses		(11,940,865)	(10,428,714)
Depreciation/Amortisation/Loss on disposal of assets		(1,924,548)	(2,626,499)
Interest expense leases		(598,985)	(184,170)
Deficit from operating activities		(17,573,709)	(16,363,921)
Government Grants	9	10,601,442	14,499,777
Contribution to NSW State Government	17(p)	-	(10,000,000)
Deficit from continuing operations plus funding		(6,972,267)	(11,864,144)
Fundraising and interest Income	1	5,569,176	6,062,377
Fundraising Expenditure		(1,190,924)	(1,152,236)
Net deficit from continuing operations plus fundraising income		(2,594,015)	(6,954,003)
Wharf Renewal Project Donations and Income	1	2,335,901	4,064,867
Wharf Renewal Project Expenditure		(238,875)	(1,110,893)
Deficit for the period		(496,989)	(4,000,029)
Other comprehensive income		-	-
Total comprehensive deficit for the period		(496,989)	(4,000,029)

The consolidated statement of comprehensive income is to be read in conjunction with the notes of the financial statements set out on pages 11 to 26.

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

For the year ended 31 December 2021

	Sydney Theatre Company	Sydney Theatre Company Foundation	Total Equity
	\$	\$	\$
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	(5,481,973)	210,901	(5,271,072)
Current Year	1,427,523	2,727,259	4,154,782
Balance at 31 December 2020	(4,054,450)	2,938,160	(1,116,290)
Balance as at 31 December 2020	7,943,772	4,647,921	12,591,693
Accumulated Funds- Capital Projects			
Balance at 1 January 2021	10,869,593	1,709,761	12,579,354
Current Year	-	-	-
Transfers	(10,869,593)	(1,709,761)	(12,579,354)
Balance at 31 December 2021	-	-	-
Accumulated Funds- Restricted			
Balance at 1 January 2021	1,128,629	-	1,128,629
Current Year	-	50,000	50,000
Balance at 31 December 2021	1,128,629	50,000	1,178,629
Accumulated Funds- Unrestricted			
Balance at 1 January 2021	(4,054,450)	2,938,160	(1,116,290)
Current Year	(4,808,641)	4,261,652	(546,989)
Transfers	10,869,593	1,709,761	12,579,354
Balance 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

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 26.

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

As at 31 December 2021

	<i>Note</i>	2021	2020
		\$	\$
Assets			
Cash and cash equivalents	3	8,224,120	17,453,940
Receivables and Investments	4	10,299,626	4,189,125
Inventories		223,780	236,618
Other assets	5	448,677	902,660
Total current assets		19,196,203	22,782,343
Leasehold Improvements and Plant and Equipment	6	15,051,589	12,788,294
Intangible assets	7	659,269	12,439
Right-of-use assets	10	23,170,972	23,650,104
Total non-current assets		38,881,830	36,450,837
Total assets		58,078,033	59,233,180
Liabilities			
Trade and other payables		1,453,194	1,683,959
Employee benefits		1,575,169	1,404,229
Deferred revenue	8	9,223,754	9,527,125
Lease liability	10	1,066,734	1,039,441
Total current liabilities		13,318,851	13,654,754
Employee benefits		180,679	242,462
Contribution to NSW State Government	17(p)	10,000,000	10,000,000
Lease liability	10	22,483,799	22,744,271
Total non-current liabilities		32,664,478	32,986,733
Total liabilities		45,983,329	46,641,487
Net assets		12,094,704	12,591,693
Equity			
Retained Earnings - Capital Projects		-	12,579,354
Retained Earnings - Restricted		1,178,629	1,128,629
Retained Earnings - Unrestricted		10,916,075	(1,116,290)
Total equity		12,094,704	12,591,693

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 26.

Sydney Theatre Company Ltd and its controlled entities

Consolidated statement of cash flows

For the year ended 31 December 2021

	Note	2021 \$	2020 \$
Cash flows from operating activities			
Cash receipts from customers and contributions		33,511,853	28,146,174
Cash paid to suppliers and employees		(32,678,447)	(23,639,325)
Interest received		39,023	28,200
Net cash flow from operating activities	12	872,429	4,535,049
Cash flows from investing activities			
Acquisition of plant equipment and software		(4,102,247)	(5,404,239)
Fund donations for capital purposes	1	-	3,917,500
Other Capital Revenue	1	-	17,436
Interest received from capital donations	1	-	129,931
Increase in Term Deposit		(5,031,924)	(3,007,686)
Net cash flows used in investing activities		(9,134,171)	(4,347,058)
Cash flows from financing activities			
Payments of lease liability		(968,078)	(1,238,409)
Net cashflow used in financing activities		(968,078)	(1,238,409)
Net decrease in cash and cash equivalents		(9,229,820)	(1,050,418)
Cash and cash equivalents at 1 January		17,453,940	18,504,358
Cash and cash equivalents at 31 December	3	8,224,120	17,453,940

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 26.

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

	2021	2020
	\$	\$
Revenue from operations	14,522,704	6,542,605
Interest Income	38,834	21,279
Total Revenue from continuing operations	14,561,538	6,563,884
Government grants	10,601,442	14,499,777
Fundraising and interest Income	5,569,176	6,062,377
Wharf Renewal Project Donations and Income	2,335,901	4,064,867
	33,068,057	31,190,905

2 Personnel expenses

	2021	2020
	\$	\$
Wages and salaries	16,015,140	12,369,419
Superannuation	1,768,915	1,247,418
Increase in employee benefits	109,157	164,048
	17,893,212	13,780,885

Salaries and Wages expense includes \$887,300 received in JobKeeper payments (2020: \$4,720,950).

3 Cash and cash equivalents

	2021	2020
	\$	\$
Bank balances	624,558	1,207,638
Cash deposits	7,599,562	16,246,302
Cash and cash equivalents in the statement of cash flows	8,224,120	17,453,940

4 Receivables and Investments

	2021	2020
	\$	\$
Trade debtors	86,132	289,129
Less: Provision for doubtful debts	-	-
	86,132	289,129
Other debtors	2,158,657	877,083
Term deposit	8,054,837	3,022,913
	10,299,626	4,189,125

5 Other assets

	2021	2020
	\$	\$
Prepaid production and subscription season costs	392,398	850,538
Other	56,279	52,122
	448,677	902,660

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

6 Leasehold improvements and plant and equipment

	Leasehold Improvements \$	Furniture, fittings and equipment \$	Theatre and production equipment \$	Total \$
Cost				
Balance at 1 January 2021	11,969,625	479,433	2,356,462	14,805,520
Acquisitions	1,510,581	1,758,083	198,805	3,467,469
Disposals	-	(144,403)	(154,289)	(298,692)
Transfer between assets	(3,863,611)	3,863,611	(21,599)	(21,599)
Balance at 31 December 2021	9,616,595	5,956,724	2,379,379	17,952,698
Depreciation				
Balance at 1 January 2021	371,704	346,831	1,298,691	2,017,226
Depreciation charge for the year	429,748	462,589	290,238	1,182,575
Disposals	-	(144,403)	(154,289)	(298,692)
Balance at 31 December 2021	801,452	665,017	1,434,640	2,901,109
Carrying amounts				
At 1 January 2021	11,597,921	132,602	1,057,771	12,788,294
At 31 December 2021	8,815,143	5,291,707	944,739	15,051,589

Sydney Theatre Company Ltd and its controlled entities

Notes to the consolidated financial statements

7 Intangible assets: Software

	2021
	\$
Cost	
Balance at 1 January 2021	42,685
Acquisitions	634,778
Transfer between assets	21,599
Disposals	(23,230)
Balance at 31 December 2021	<u>675,832</u>
Amortisation	
Balance at 1 January 2021	30,246
Amortisation charge for the year	9,547
Disposals	(23,230)
Balance at 31 December 2021	<u>16,563</u>
Carrying amounts	
At 1 January 2021	<u>12,439</u>
At 31 December 2021	<u><u>659,269</u></u>

Acquisition of \$634,778 in 2021 relates to expenditure to date associated with the Web API project, which is expected to be complete by FY22.

8 Deferred Income

	2021	2020
	\$	\$
Current		
Subscriptions and ticket sales	4,417,697	5,572,773
Grant Income	1,000,000	1,000,000
Other Income*	313,235	820,555
Gift Vouchers	3,492,822	2,133,797
	<u>9,223,754</u>	<u>9,527,125</u>

*Other income includes deferred sponsorship income for contracts that were not satisfied in 2021.

Sydney Theatre Company Ltd and its controlled entities

Notes to the consolidated financial statements

9 Grant income

	Unexpended Grants at 31			Unexpended Grants at 31	
	December 2019	2020 Grant Income	Deferred	2020 Grants Spent	December 2020
	\$	\$		\$	\$
Australia Council					
Core Grant	-	2,359,136	-	(2,359,136)	-
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)	-
Mutiyear Funding Grant	1,000,000	-	-	-	1,000,000
Create NSW Total	1,000,000	7,219,691	-	(7,219,691)	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
	Unexpended Grants at 31			Unexpended Grants at 31	
	December 2020	2021 Grant Income	Deferred	2021 Grants Spent	December 2021
	\$	\$		\$	\$
Australia Council					
Core Grant	-	2,396,882	-	(2,396,882)	-
Australia Council Total	-	2,396,882	-	(2,396,882)	-
Create NSW					
Core Grant	-	542,125	-	(542,125)	-
Support Package	-	3,391,972	-	(3,391,972)	-
Job Saver	-	1,350,000	-	(1,350,000)	-
Mutiyear Funding Grant	1,000,000	-	-	-	1,000,000
Create NSW Total	1,000,000	5,284,097	-	(5,284,097)	1,000,000
Commonwealth Govt					
Job Keeper	-	887,300	-	(887,300)	-
Sustainability Grant	-	2,013,163	-	(2,013,163)	-
Commonwealth Total	-	2,900,463	-	(2,900,463)	-
City of Sydney					
Project Grant	-	20,000	-	(20,000)	-
City of Sydney Total	-	20,000	-	(20,000)	-
Total	1,000,000	10,601,442	-	(10,601,442)	1,000,000

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	2021 \$	
Balance at 1 January 2021	23,232,062	92,248	325,794	23,650,104	
Additions for the year	216,903	36,391	-	253,294	
Depreciation charge of the year	(599,482)	(51,495)	(81,449)	(732,426)	
Disposals	-	-	-	-	
Balance at 31 December 2021	22,849,483	77,144	244,345	23,170,972	

<i>Lease liabilities</i>	2021 \$	2020 \$
Maturity Analysis - Contractual undiscounted cashflow		
Less than one year	1,107,968	1,066,280
Between one year and five years	4,701,589	3,935,884
More than five years	32,018,452	33,574,044
Total undiscounted lease liabilities at 31 December	37,828,009	38,576,208
Current	1,066,734	1,039,441
Non-Current	22,483,799	22,744,271
Lease liabilities included in statement of financial position at 31 December	23,550,533	23,783,712

<i>Amounts recognised in statement of comprehensive income</i>	2021 \$	2020 \$
Interest on lease liabilities	(598,985)	(184,170)
Expenses related to short-term leases and rent relief	115,486	95,962
Depreciation expense on leases	(732,426)	(1,148,989)
Net gain on disposal of lease liabilities	-	20,805
Total recognised in statement of comprehensive income	(1,215,925)	(1,216,392)

<i>Amounts recognised in Cash Flow</i>	2021	2020
Total cash outflow for leases	(968,078)	(1,238,409)

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

	2021	2020
	\$	\$
Loss for the period	(496,989)	(4,000,029)
Adjusted for:		
Depreciation/Amortisation/Loss on disposal of asset	1,924,548	2,626,499
Interest expense leases	598,985	184,170
Rent Relief	(117,380)	(144,459)
Profit on disposal on non-current assets	-	(20,805)
Operating profit before changes in working capital and provisions	1,909,164	(1,354,624)
Less items classified as investing/financing activities		
Interest received from capital donations	-	(129,931)
Capital donations classified as investing activities	-	(3,917,500)
Other Capital Revenue	-	(17,436)
(Increase) / Decrease in receivables	(1,078,577)	1,301,868
Decrease / (Increase) in other current assets	453,983	(186,062)
Decrease in inventories	12,838	26,959
Decrease in payables	(230,765)	(31,125)
Increase in provisions	109,157	164,050
Decrease in deferred revenue	(303,371)	(1,321,149)
Increase in non-current liabilities	-	10,000,000
Net cash from operating activities	872,429	4,535,049

13 Key management personnel disclosures

Transactions with key management personnel

The key management personnel compensation included in "personnel expenses" (see note 2) was \$1,300,546 (2020: \$1,353,858) 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
	2021	2020	
Sydney Theatre Company Foundation	100%	100%	Australia
STC USA Llc	100%	100%	U.S.A

15. Parent Entity Disclosures

The parent company of the Group, as at and throughout the financial year ended 31 December 2021, was Sydney Theatre Company Ltd.

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

	2021 \$	2020 \$
Results of the parent entity		
Deficit for the year Sydney Theatre Company operations	(4,808,641)	(6,727,288)
Total comprehensive deficit	(4,808,641)	(6,727,288)
Financial position of the parent entity at year end		
Current assets	17,293,818	20,680,154
Non-current assets	38,881,830	36,450,837
Total assets	56,175,648	57,130,991
Current liabilities	20,348,044	16,172,491
Non-current liabilities	32,664,478	32,986,733
Total liabilities	53,012,522	49,159,224
Total equity of the parent entity comprising:		
Retained Earnings	3,163,126	7,971,767
Total equity	3,163,126	7,971,767

Sydney Theatre Company Ltd and its controlled entities

Notes to the consolidated financial statements

16. Subsequent Events

Covid continued to impact the Group across the Christmas period of 2021 and into 2022. The impacts include cancelled performances, lower ticket sales due to patron hesitancy in returning to the theatre and higher production costs due to understudies and backfill-related labour. In early 2022, the Group was advised that it had been successful in grant applications for \$4.7m from the Federal government's Arts Sustainability Fund. The CreateNSW Covid Relaunch package was also extended to April 2022, as was rent relief to March 2022 on the Group's State-owned tenancies.

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 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 28th April 2022.

(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.

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 Group has a net asset position of \$12,094,704 as at 31 December 2021. The Group has positive net current assets as at 31 December 2021 of \$5,877,352.

Sydney Theatre Company Ltd and its controlled entities

Notes to the consolidated financial statements

17. Significant Accounting policies (continued)

The continuing presence of Covid into 2021 played a significant role in disrupting the 16 show 2021 Season. On the 26 June 2021, a lockdown was announced by NSW government which in turn impacted the Group's ability to perform shows for 4 months. As a result, 5 shows were fully cancelled and 2 partially. This resulted in significant refunds and credit notes being issued for cancelled tickets. Despite the disruption, the Group was able to perform its final two shows of the 2021 season; however it had to reduce the number of performances, leading to lower box office results compared to target. The Group received substantial government support in addition to core funding and continued to be supported by philanthropic income 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 Group has prepared cashflow forecasts that assume:

- The Group is eligible to receive Covid support payments from the NSW Government to April 2022 and will receive additional support from the Federal Government through the Arts Sustainability Fund.
- The 2022 Season will not be subject to capacity restrictions imposed by Government and targets reflect unencumbered box office targets.
- That the 2023 Season will be launched in October 2022
- Existing fundraising initiatives will continue;

The Directors note that some of the assumptions mentioned above are sensitive to uncertainty owing to factors outside the control of the Group. Notwithstanding this, 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, 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 2021. As a result, no adjustments have been made to the financial report relating to recoverability and classification of the 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 I).

(ii) 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 I).

(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 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 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 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 installments of \$1.25m per annum, commencing June 2023. For the 2021 financial statements, the entire \$10m balance is classified as a non-current liability.

(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 and the Theatre Bar at the End of the Wharf.

(v) **Interest Income**

Income from interest on cash reserves.

(vi) **Donations**

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

(vii) **Capital projects**

Expenditure on the Wharf Renewal Project is recognised as an expense directly through the Consolidated statement of comprehensive income.

(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 its 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 allocates 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.

Sydney Theatre Company Limited and its controlled entities

Notes to the consolidated financial statements

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 recognises 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 its 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 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 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 2021 the Company had 17 members (2020: 16 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 Group):

- (a) the consolidated financial statements and notes that are set out on pages 7 to 26 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 2021 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 Group will be able to pay its debts as and when they become due and payable.
- (c) the Group is not publicly accountable.

Signed in accordance with a resolution of the directors:

Dated at Sydney 28th day of April 2022



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 2021 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

28 April 2022



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 2021, 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 (ACNCR)*.

The **Financial Report** comprises:

- i. Consolidated statement of financial position as at 31 December 2021;
- 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 these requirements.



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 Director's 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 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.

KPMG

Duncan McLennan

Partner

Sydney

28 April 2022