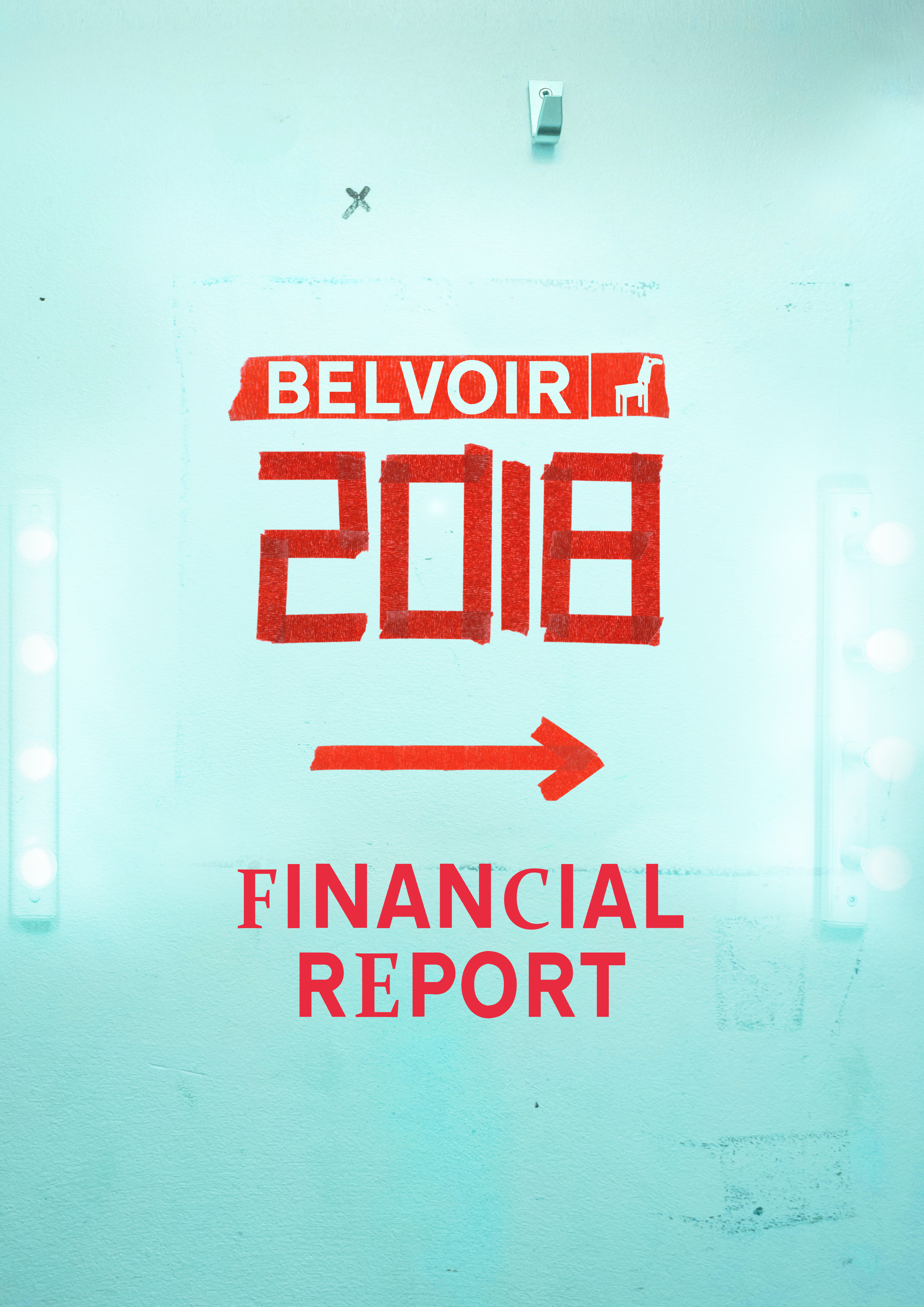

FINANCIAL REPORT

COMPANY B LIMITED

(Trading as "Belvoir")

ABN 97 002 866 828

GENERAL PURPOSE (RDR) FINANCIAL REPORT

For the year ended 31 December 2018

Contents

Directors' report

The directors of Company B Limited (trading as, and hereafter referred to as, "Belvoir" or "the Company") submit herewith the annual financial report for the financial year ended 31 December 2018.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period, unless otherwise stated.

Patty Akopiantz	
Mitchell Butel	
Luke Carroll	
Sue Donnelly	
Tracey Driver	(Resigned: 21 May 2018)
Eamon Flack	
Alison Kitchen	(Appointed: 13 August 2018)
Ian Learmonth	(Resigned: 21 May 2018)
Michael Lynch	
Samantha Meers	
Stuart O' Brien	(Appointed: 26 March 2018)
Peter Wilson	

INFORMATION ON DIRECTORS

Patty Akopiantz
Member: Audience Engagement Committee; Finance, Audit and Risk Committee; Nominations and Governance Committee (Chair)

Patty is the Deputy Chair of Belvoir. Patty was previously a non-Executive Director of AMP Limited, Ramsay Healthcare, AXA APH, Coles Myer, Energy Australia, the NSW State Library Foundation and YWCA NSW. Patty has over 30 years' experience primarily in consumer-related industries and has worked for McKinsey & Company and David Jones. She is a member of Chief Executive Women and received the Centenary Medal for Services to Australian Society in Business Leadership. Patty has an MBA from Harvard Business School and a Bachelor of Arts in Political Science from Wellesley College.

Mitchell Butel
Member: Audience Engagement Committee (Chair)

As an actor, director and writer, Mitchell has worked for most state and commercial theatre companies and most Australian television networks for the last 20 years. He holds three Helpmann Awards for leading actor for The Mikado, Avenue Q and The Venetian Twins, Green Room Awards for Hair and Piaf, and Sydney Theatre Awards for Best Lead Actor in The Merchant of Venice and Best Director of a Musical for Violet.

Mitchell's work at Belvoir includes Mr Burns, The Government Inspector, Angels in America, Strange Interlude, Snugglepot and Cuddle Pie, The Laramie Project, A View From the Bridge and Dead Heart. His writing credits include And Now For the Weather, Killing Time and Meow Meow's Little Match Girl (co-writer). Mitchell has taught at ATYP, NIDA and the Australian Institute of Music (AIM). He has been a proud member of Actors Equity since 1988, was a member of the National Performers Committee from 2007 to 2017 and was Federal Vice President of the Media, Entertainment and Arts Alliance from 2010 to 2013. He is also on the Advisory Panel for the Australia Council-funded New Musicals Australia and is a fellow of the Australian Institute of Music. He is currently the Artistic Director of the State Theatre Company of South Australia.

Directors' report (continued)

INFORMATION ON DIRECTORS (CONTINUED)

Luke Carroll
Member: Audience Engagement Committee

Luke is a proud member of the Wiradjuri nation and was born and grew up on Gadigal land in the inner suburbs of Sydney. Luke has appeared in The Cake Man, Capricornia, A Midsummer Night's Dream and Conversations with the Dead at Belvoir, and has extensive credits across theatre, film and TV. In 2013, Luke won the Deadly Award for Male Actor of the Year for his performance in Redfern Now. He is currently a presenter on Play School.

Sue Donnelly
Executive Director & Company Secretary

Member: Finance, Audit and Risk Committee; Nominations and Governance Committee; Development Committee; Audience Engagement Committee

Sue was appointed Executive Director of Belvoir in August of 2017, having first worked at the company as General Manager from 2004 to 2006. Previous to this, Sue was Executive Director of Queensland Theatre for six years, and Executive Director of the national lobbying and advocacy organisation Australian Major Performing Arts Group (AMPAG). Sue has held a diverse range of senior executive positions including Director of UNSW Foundation, Director of South East Arts (UK), Public Affairs Manager for Sydney Symphony, and Director of Arts Development, Arts NSW. She has consulted and lectured in arts business development and management, and served on wide-ranging Government advisory boards, funding committees and tribunals, as well as the boards of numerous arts and not-for-profit companies. Sue holds a Master of Social Work with Merit and a Bachelor of Social Studies from the University of Sydney, is an alumnus of the Asialink Leaders' program and a member of Live Performance Australia's Executive Council.

Eamon Flack
Artistic Director

Member: Audience Engagement Committee

Eamon is Belvoir's Artistic Director. He was born in Singapore and grew up in Singapore, Darwin, Brisbane and Cootamundra. He trained as an actor at WAAPA from 2001 to 2003 and has since worked as a director, actor, writer and dramaturg, from Milikapiti on the Tiwi Islands to Geraldton and Melbourne. For Belvoir, Eamon has directed Ivanov, Angels in America Parts One and Two, The Glass Menagerie, Babyteeth, As You Like It, Twelfth Night or What You Will, The Blind Giant is Dancing, The Great Fire, Once in Royal David's City and The End. He co-adapted Ruby Langford Ginibi's memoir Don't Take Your Love to Town with Leah Purcell, and co-devised Beautiful One Day with artists from ILBIJERRI, version 1.0 and Palm Island. His dramaturgy credits for Belvoir include Neighbourhood Watch, The Wild Duck, Brothers Wreck and The Book of Everything. His adaptations include Chekhov's Ivanov, Gorky's Summerfolk and Sophocles' Antigone. Ivanov won four Sydney Theatre Awards in 2015 including Best Mainstage Production and Best Direction. Eamon's productions of The Glass Menagerie and Angels in America both won Best Play at the Helpmann Awards.

Directors' report (continued)

INFORMATION ON DIRECTORS (CONTINUED)

Alison Kitchen
Member: Finance, Audit and Risk Committee

Alison is the National Chairman of KPMG Australia. She is also a member of KPMG's Global and Regional Boards and is Chair of KPMG's Global Audit Quality Committee. In this role Alison is responsible for the overall governance and strategic positioning of KPMG in Australia. Alison has held a variety of management and governance roles within the partnership, as well as serving as External Audit Partner for a range of major ASX listed companies. Outside of KPMG Alison has held a number of external board appointments in the not for profit sector across the mining, safety and education sectors and has served as auditor to numerous charitable organisations. Alison has a Bachelor of Business Studies from the University of Sheffield. She is a Fellow of the Institute of Chartered Accountants in England and Wales, Fellow of the Institute of Chartered Accountants in Australia, a Registered Company auditor and a Member of the Institute of Company Directors.

Michael Lynch
Member: Audience Engagement Committee

Michael Lynch was Chief Executive of London's Southbank Centre from 2002 until 2009 and was responsible for the major renovation of Royal Festival Hall and the transformation of the Southbank cultural precinct. Previously, Michael held positions as Chief Executive of the Sydney Opera House, General Manager of the Australia Council and General Manager of the Sydney Theatre Company. From 2011 to 2015 he was Chief Executive of the West Kowloon Cultural District, an ambitious project which will see a huge arts precinct built on the shores of Hong Kong's Victoria Harbour. Michael is currently Chairman of Circa, Chairman of the Sydney Community Foundation, and a Board Director of Belvoir Theatre.

Samantha Meers (Chair)
Member: Development Committee (Chair); Finance, Audit and Risk Committee

Sam is Executive Deputy Chairman of property and investment group the Nelson Meers Group, and Co-founder and Trustee of the Nelson Meers Foundation. Her current board appointments include Chairman of Documentary Australia, Belvoir St Theatre and the Brett Whiteley Foundation; Deputy Chairman of the Federal Government's Creative Partnerships Australia; a Trustee of the Art Gallery NSW; and a Director of the State Library of NSW Foundation. Sam also sits on advisory boards for the University of Sydney and the Centre for Social Impact at the University of NSW. Sam began her career as a commercial lawyer with Mallesons Stephen Jacques (now King and Wood Mallesons), and her executive career included senior management roles in the media sector. Sam is a member of Chief Executive Women and a Fellow of the Australian Institute of Company Directors.

Stuart O' Brien
Stuart founded Houston in 2011 after previous roles as CEO of Ogilvy & Mather Sydney and 12 years as CEO and partner at Moon Design. Houston, in exceptional timeframe, has built an unprecedented list of iconic clients with large-scale brand projects. These include the Qantas Group, Caltex Australia, Toyota, Lendlease, UTS, Macquarie Group and NRMA Mutual, and a host of key non-for-profit organisations such as Luke Battey Foundation and Wayside Chapel. He worked across eight Sydney Theatre Company seasons and four seasons of the Sydney Symphony. Since selling Moon to STW Group (now WPP) in 2008, Stuart has also been an active investor in a number of successful start-ups and digital disruptors including SocietyOne, Prezzee, and ROKT.

Directors' report (continued)

INFORMATION ON DIRECTORS (CONTINUED)

Peter Wilson
Member: Development Committee, Finance, Audit and Risk Committee (Chair)

Peter Wilson is a private adviser to corporations and governments in Australia. Peter was formerly a Managing Director at Greenhill & Co., Inc. and before joining Greenhill's predecessor firm, Caliburn, he practised as a solicitor with Mallesons Stephen Jaques and lectured in law at the University of New South Wales. Peter is the Chairman of Playwriting Australia, the peak Australian body supporting new writing for theatre, a director of Company B Limited (the producing company of Belvoir Street Theatre), a director of Artspace, and a member of the Finance Council of the Institute of the Sisters of Mercy in Australia and Papua New Guinea. He is also the Philanthropy Adviser to the Council of The Women's College within the University of Sydney. Peter has previously held board positions with numerous other community organisations including the Finance Council of the Sisters of the Good Samaritan of the Order of St Benedict in Australia, Inner City Legal Centre (ending as Chairman) and The English Association, publishers of Southerly, Australia's oldest literary magazine (ending as Treasurer). Peter was the recipient of the 2016 Emerging Philanthropy Leadership Award from Creative Partnerships Australia and was named in the inaugural 50 LGBTI Leaders List by Deloitte in 2017.

MISSION STATEMENT

Belvoir shares old and new stories that entertain and challenge us, connecting us to humanity and the complexity of society.

Core values and principles:

- Boldness
- Openness
- Playfulness
- Immediacy
- The beauty and the worth of the work itself.

SHORT AND LONG TERM OBJECTIVES

Belvoir's overarching goal for the coming three year period is to build on the vision of our Artistic Director, Eamon Flack. The Company will continue to pursue international opportunities and grow our home audience through our artistic leadership and excellence in customer service.

Specific goals for the Company to reach these objectives are:

Artistic work - To produce thought provoking, inspiring, outstanding theatrical works from a shared vision that question and affirm our culture, and provide audiences with experiences of imaginative daring and emotional depth.

Artists - Support and extend our current and future artists and play a leading role in supporting the wider theatrical community

Audience - Consolidate and expand our audiences, target markets and brand

Development - Increase commercial and philanthropic income while retaining the character and values of Belvoir

Directors' report (continued)

SHORT AND LONG TERM OBJECTIVES (CONTINUED)

Management - Consolidate Belvoir's position as a world renowned, financially stable arts organisation via the establishment of sound management and governance practices that maximise the return on available resources

DIVIDENDS

The provisions of the Memorandum and Articles of Association of the Company prohibit the payment of a dividend. Accordingly, no dividend has been paid or declared during or since the end of the financial year or since the Company's incorporation

MEMBERS

There were 37 members of the Company as at 31 December 2018 (2017: 41).

PRINCIPAL ACTIVITIES

The principal activity of the Company during the financial year was the operation of a live theatre and the production of live theatrical performances within the home venue, Belvoir St Theatre, and on tour both nationally and internationally. These activities have assisted the Company to achieve its objectives which are measured against the specific key performance indicators as below:

Artistic work

- Create and develop new and classic work
- Seek out and commission the most promising emerging and the best established writers from all parts of the community
- Commission work that addresses urgent issues not being discussed elsewhere
- Partner with the most vibrant and exceptional independent artists and companies particularly those with skill bases and experiences that are different to Belvoir's

Artists

- Provide the best possible environment for artists
- Provide flexibility and support in artistic decision making
- Seek out and employ the most talented theatre artists across the generations
- Support skills development for artists across all stages of their careers
- Invest in the next generation of theatre makers emerging from the full breadth of our society

Access

- Share the work broadly
- Ensure that young people, those from low socio economic backgrounds and culturally and linguistically diverse artists and audiences can see work that is relevant to their lives at Belvoir and are assisted in being able to access and enjoy this work
- Ensure that work of excellence is given every opportunity to meet a broad audience whether it is at Belvoir St Theatre, around the country or around the world

Audience

- Ensure every interaction with an audience member is positive
- Empower front line staff to interact genuinely with audience members
- Measure and track audience sentiment more effectively
- Improve audience amenity through foyer comfort and website usability
- Create a friendly and non-threatening atmosphere in all audience engagements
- Rebuild audience confidence
- Rebuild subscriber base
- Ensure that all new work has been fully developed and is ready to be staged

Directors' report (continued)

PRINCIPAL ACTIVITIES (CONTINUED)

Audience (continued)

- Ensure that audience members are clearly communicated with about the type of work being staged
- Make Belvoir's offerings accessible and exciting

Finance

- Ensure financial stability
- Maximise ticketing income through dynamic pricing
- Diversify income streams through set building, venue hire and equipment rental
- Maximise philanthropic income
- Ensure that financial systems and controls are robust and enforced
- Build towards longer running productions
- Co-produce where there is artistic alignment

HR

- Ensure staff satisfaction
- Create pathways within the company for progression
- Ensure staff are engaged with the artistic work of the company and see their place in its creation
- Empower and mentor staff
- Remunerate staff fairly and as well as is financially sustainable

There was no significant change in the nature of these activities during or since the end of the financial year.

OPERATING AND FINANCIAL REVIEW

The operations of the Company during the financial year were the operations of a live theatre, production of live theatrical performances and hire of the theatre to external hirers.

The net operating surplus before interest and depreciation of the Company for the year ended 31 December 2018 was $305,150 (2017: loss of $292,063). The net surplus of the Company for the year ended 31 December 2018 was $274,928 (2017: loss of $350,503).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Company during the year.

SIGNIFICANT EVENTS AFTER REPORTING DATE

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

In the opinion of the directors there were no significant changes in the state of affairs of the Company that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.

Directors' report (continued)

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company paid a premium in respect of a contract insuring the directors of the Company against a liability incurred as such a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001.* The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

INDEMNIFICATION OF AUDITORS

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

DIRECTORS' MEETINGS

The number of meetings of directors held during the year and the number of meetings attended by each director were as follows:

(1) Board of Directors Meetings

During 2018, 7 meetings of Directors were held. Attendance was as follows:

Directors	No. eligible to attend	Number attended
Patty Akopiantz	7	7
Mitchell Butel	7	7
Luke Carroll	7	2
Sue Donnelly	7	7
Tracey Driver	3	3
Eamon Flack	7	6
Alison Kitchen	3	2
Ian Learmonth	3	3
Michael Lynch	7	6
Stuart O'Brien	7	7
Samantha Meers (chair)	7	7
Peter Wilson	7	6

(2) Finance Committee Meetings

The Finance Committee is a sub-committee of the Board. During the financial year, 6 meetings of directors were held. Attendances were as follows:

Members	No. eligible to attend	Number attended
Patty Akopiantz	3	2
Sue Donnelly	6	5
Tracey Driver	4	2
Alison Kitchen	2	2
Samantha Meers	6	5
Peter Wilson (chair)	6	6

Directors' report (continued)

AUDITOR INDEPENDENCE

The directors received an independence declaration from the auditor of Company B Limited. A copy has been included on page 11 of the report.

Signed in accordance with a resolution of the directors

Samantha Meers
Chair

Sydney, March 29, 2019

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Auditor's Independence Declaration to the Directors of Company B Limited

In relation to our audit of the financial report of Company B Limited for the financial year ended 31 December 2018, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Australian Charities and Not-for profits Commission Act 2012* or any applicable code of professional conduct.

Ernst & Young

Lisa Nijssen-Smith
Partner
29 March 2019

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2018

	Notes	**2018** **$**	2017 $
Revenue from operations			
Production income			
Home venue income		**4,099,064**	3,822,878
Touring and sell off income		**691,984**	960,288
Total production income		**4,791,048**	4,783,166
Grant income	*4(a)*	**2,275,553**	2,062,534
Bar income		**652,891**	573,852
Box office income		**484,264**	422,851
		3,412,708	3,059,237
Other revenue			
Sponsorship income		**706,919**	634,720
Fundraising and donations	*4(c)*	**1,806,901**	1,395,536
Other income	*4(b)*	**314,675**	802,333
Total other revenue		**2,828,495**	2,832,589
Total revenue from operations		**11,032,251**	10,674,992
Expenses			
Production		**(4,812,947)**	(4,765,862)
Marketing and promotions		**(871,806)**	(950,863)
Occupancy		**(372,066)**	(347,636)
Fundraising		**(28,135)**	(36,488)
Administration		**(4,642,147)**	(4,866,206)
Operating profit / (loss) for the year		**305,150**	(292,063)
Interest and investment income		**51,611**	53,128
Depreciation and amortisation		**(81,833)**	(111,568)
Profit / (loss) before tax		**274,928**	(350,503)
Income tax expense		**-**	-
Profit / (loss) for the year		**274,928**	(350,503)
Other comprehensive income		**(4,934)**	-
Total comprehensive profit / (loss) for the year		**269,994**	(350,503)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Statement of financial position

For the year ended 31 December 2018

	Notes	**2018**	2017
		$	$
Assets			
Current assets			
Cash	*5*	**2,849,320**	3,132,503
Trade and other receivables	*6*	**211,542**	239,886
Inventories		**11,423**	42,444
Prepayments		**181,717**	197,028
Investments	*7*	**1,544,839**	862,473
Security deposits		**64,705**	64,705
Total current assets		**4,863,546**	4,539,039
Non-current assets			
Property, plant & equipment	*8*	**135,099**	130,128
Intangible assets	*9*	**117,770**	120,040
Total non-current assets		**252,869**	250,168
Total assets		**5,116,415**	4,789,207
Liabilities and equity			
Current liabilities			
Trade and other payables	*10*	**854,618**	950,781
Employee benefits liabilities	*11*	**205,737**	238,600
Deferred revenue	*12*	**3,283,090**	3,055,622
Total current liabilities		**4,343,445**	4,245,003
Non-current liabilities			
Employee benefits liabilities	*11*	**23,496**	64,724
Total non-current liabilities		**23,496**	64,724
Total liabilities		**4,366,941**	4,309,727
Equity			
Retained earnings		**754,408**	479,480
Fair value reserve of financial assets		**(4,934)**	-
Total Equity		**749,474**	479,480
Total liabilities and equity		**5,116,415**	4,789,207

The above statement of financial position should be read in conjunction with the accompanying notes

Statement of change in equity

For the year ended 31 December 2018

	Retained earnings	Fair value reserve of financial assets	Total equity
	$	$	$
As at 1 January 2018	**479,480**	**-**	**479,480**
Profit / (loss) for the year	**274,928**	**-**	**274,928**
Other comprehensive income	**-**	**(4,934)**	**(4,934)**
Total comprehensive profit / (loss)	**274,928**	**(4,934)**	**269,994**
As at 31 December 2018	**754,408**	**(4,934)**	**749,474**
As at 1 January 2017	829,983	-	829,983
Profit / (loss) for the year	(350,503)		(350,503)
Other comprehensive income	-	-	-
Total comprehensive profit / (loss)	(350,503)	-	(350,503)
As at 31 December 2017	479,480	-	479,480

The above statement of change of equity should be read in conjunction with the accompanying notes

Statement of cash flows

For the year ended 31 December 2018

	Notes	**2018**	2017
		$	$
Operating activity			
Receipts from patrons, customers and grant providers		**11,169,465**	11,952,376
Payments to suppliers and employees		**(10,733,718)**	(11,333,371)
Net cash from operating activities		**435,747**	619,005
Investing activities			
Purchase of property, plant & equipment	*8*	**(110,159)**	(16,382)
Purchase of intangible assets	*9*	**(13,082)**	(9,966)
Interest received		**51,611**	53,128
Purchase of investments	*7*	**(687,300)**	-
Increase in security deposits		**-**	(2,364)
(Loss) / gain on disposal of assets		**40,000**	176,977
Net cash from investing activities		**(718,930)**	201,393
Financing activities			
Net cash from investing activities		**-**	-
Net (decrease) / increase in cash and cash equivalents		**(283,183)**	820,398
Cash and cash equivalent at 1 January		**3,132,503**	2,312,105
Cash and cash equivalent at 31 December	*5*	**2,849,320**	3,132,503

The above statement of cash flows should be read in conjunction with the accompanying notes

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2018

1 CORPORATE INFORMATION

The financial report of Belvoir for the year ended 31 December 2018 was authorised for issue in accordance with a resolution of the directors on March 25, 2019.

Belvoir is a public not-for-profit Company limited by guarantee, incorporated and operating in Australia.

The registered office and principal place of business of the Company is 18 Belvoir Street, Surry Hills, NSW 2010, Australia.

The nature of the operations and principal activities of the Company are described in the directors' report.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board, and the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

The financial report has been prepared on the basis of the historical cost convention. Cost is based on the fair value of the consideration given in exchange for assets.

The financial report is presented in Australian dollars unless otherwise stated.

(b) Statement of compliance

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards - Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. The Company is a not-for-profit, private sector entity which is not publicly accountable. Therefore, the financial statements for the Company are tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements (AASB - RDRs).

(c) Changes in accounting policy, disclosure, standards and interpretations

New and amended standards and interpretations

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Changes in accounting policy, disclosure, standards and interpretations (continued)

AASB 9 Financial Instruments

The Company has adopted AASB 9 from 1 January 2018, using the option not to restate comparatives. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. The Company has elected to avail of this exemption and measures equity investments and records all fair value movements on equity investments through OCI. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

The new and amended Australian Accounting Standards and AASB Interpretations that apply for the first time in 2018 does not materially impact the financial statements of the Company.

Accounting Standards and Interpretations issued but not yet effective

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Company for the annual reporting year ended 31 December 2018. The directors have not early adopted any of these new or amended standards or interpretations. The directors are in the process of assessing the impact of the applications of AASB 1058 Income of Not-for- Profit Entities (effective 1 January 2019), AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities (effective 1 January 2019), AASB 15 Revenue from Contracts with Customers (effective 1 January 2019), and AASB 16 Leases (effective 1 January 2019) and its amendments to the extent relevant to the financial statements of the Company.

Notes to the financial statements (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Going concern
As at 31 December 2018, the Company's net current asset position is $457,972 (31 December 2017: net current liability position of $294,036). A current tripartite agreement with the Australia Council and Create NSW has been signed with funding agreed to the end of 2020. Additionally included in the current liabilities is $3,283,090 (31 December 2017: $3,055,622) of deferred revenue which will be recognised as income in the next reporting period with no further associated cash outflows from the Company. Accordingly, the directors consider it appropriate that the Company will continue to fulfil all obligations as and when they fall due for the foreseeable future, being at least twelve months from the date of signing these financial statements, and the Company's financial statements shall be prepared on a going concern basis.

(e) Current versus non-current classification
The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in the normal operating cycle - It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

(f) Cash
Cash in the statement of financial position comprise cash at bank and on hand.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash as defined above.

(g) Trade and other receivables
Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at cost using the effective interest method, less an allowance for impairment.

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Notes to the financial statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Inventories

Inventories consist of finished goods and are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(i) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

All non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in the statement of profit or loss and other comprehensive income as an expense.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss and other comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Notes to the financial statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Investments

Investments at amortised cost

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as debt instruments measured at amortised cost.

Investments at fair value through other comprehensive income

Financial assets in equity investments are designated upon initial recognition at fair value through other comprehensive income as they are not held for trading. Financial assets at fair value through other comprehensive income are carried in the statement of financial position at fair value with net changes in fair value recorded) in other comprehensive income.

(k) Property, plant and equipment

Construction in progress, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Such cost includes the cost of replacing part of the property, plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

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

Plant and equipment	3 to 7 years
Motor vehicles	5 to 7 years
Furniture and fittings	5 to 10 years

Leasehold improvements - over the initial term of the lease Assets under construction - not depreciated

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

Notes to the financial statements (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Property, plant and equipment (continued)
In the event that settlement of all or part of the cash consideration given in the acquisition of an asset is deferred, the fair value of the purchase consideration is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

(l) Leases
The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

(m) Intangibles
The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss and other comprehensive income in the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement profit or loss and other comprehensive income when the asset is derecognised.

For intangible assets with finite useful lives, amortisation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Software	3 to 10 years

Notes to the financial statements (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Trade and other payables

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect to the purchase of these goods and services.

(o) Provisions and employee benefit liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Wages and salaries

Liabilities for wages and salaries, including non-monetary benefits which are expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave and annual leave

The Company does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. The Company recognises a liability for long service leave and annual leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(p) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The specific recognition criteria described below must also be met before revenue is recognised.

Production income

Revenue is recognised upon the performance of productions to which the ticket revenue relates.

Notes to the financial statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Revenue recognition (continued)

Interest

Interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

Sponsorship revenue

Sponsorship commitments are brought to account as revenue in the year in which sponsorship benefits are bestowed.

Donations revenue

Income arising from the donation of an asset to the Company is recognised when, and only when, all the following conditions have been satisfied:

- the Company has obtained control of the donation or the right to receive the donation:
- it is probable that economic benefits compromising the donation will flow to the Company; and
- the amount of the donation can be measured reliably.

(q) Taxes

The Company is exempt from income tax under Subdivision 50-B of the Income Tax Assessment Act 1997, as granted by the Commissioner of Taxation on 8 June 2000. Consequently the Company has not provided for any liability for income tax in these financial statements.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable
- When receivables and payables are stated with the amount of GST included

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority. Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

(r) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Funding revenue is received from the government for specific activities. The funding is received based on payment schedules contained in the funding agreement between the funding bodies and the Company. The funding is recognised in the calendar year for which it is intended under the terms of the agreement due to the conditional nature of the funding.

Notes to the financial statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Productions

The total cost of staging productions, including the manufacturing cost of costumes, scenery sets and properties, is charged to income and expenditure in the period each production is performed. This procedure conforms to standard theatrical accounting practice as adopted in Australia and other parts of the world. Costs of production and other associated expenditure in respect of performances not yet performed but will be in the next 12 months are included in the statement of financial position as part of prepaid expenditure.

(t) Advance box office

Monies received from both subscribers and non-subscribers for advanced bookings are included in income progressively during each production to which they relate, and not before. All monies received in advance for 2018 box office income is recorded as deferred revenue and transferred to income when the respective show concludes.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

Estimates and assumptions

There were no critical accounting judgements nor significant estimates exercised during the year. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Notes to the financial statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

4 REVENUE AND OTHER INCOME

	Unexpended grants b/fwd 2017 $	Grant funds received 2018 $	Grant income recognised 2018 $	Unexpended grants c/fwd 2019 $
(a) Government grants received				
Australia Council - base funding	-	1,049,648	1,049,648	-
Create NSW - base funding	-	1,020,479	1,020,479	-
Australia Council - project funding				
Force Majeure / *A Far Cry from Home*	40,923	-	35,106	5,817
Curious Works	90,342	-	-	90,342
Business Consultancy	-	50,000	50,000	-
Other Government funding				
Catalyst / *Counting & Cracking*	250,000	-	-	250,000
Dept Foreign Affairs / China Tour	34,300	-	-	34,300
MFI / *Counting & Cracking*	-	439,867	120,320	319,547
Total grants	**415,565**	**2,559,994**	**2,275,553**	**700,006**

All government funding has been spent in accordance with funding agreements

(b) Other income	**2018** **$**	2017 $
Gross rental revenue - theatre and venue	**163,611**	155,166
Gross rental revenue - set build and other	**16,085**	502,638
Other	**134,979**	144,529
	314,675	802,333

(c) Company B Limited undertakes fundraising appeals throughout the year; it holds an authority to fundraise under the Charitable Fundraising Act 1991 (NSW). In 2018 appeals in the form of events and individual meetings with prospects and existing supporters were held to raise funds for the production Counting and Cracking. Donations of $396,700 were raised and were applied to the preproduction expenses incurred in 2018. The associated costs of raising these donations was $1,412.

Notes to the financial statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

5 CASH

	2018	2017
	$	$
Cash at bank and on hand	**2,849,320**	3,132,503

For the purposes of the statement of cash flows, cash and cash equivalents consists of cash on hand and cash at bank.

Cash held in Escrow - Reserves Incentive Funding Scheme

The funds received under the Reserves Incentive Funding Scheme of the Australia Council and Arts NSW (now Create NSW), together with any interest earned on these funds, are held in escrow and cannot be accessed without the express agreement of the funding bodies under prescribed circumstances. These funds have not been used to secure any liabilities of the Company. As at 31 December 2018, the Company held $173,590 (2017:173,422) under this scheme.

6 TRADE AND OTHER RECEIVABLES

	2018	2017
	$	$
Current		
Trade receivables	**147,872**	330,907
Receivable from Belvoir Street Theatre Limited	**41,860**	-
Provision for doubtful accounts	**(46,783)**	(99,755)
Goods and services tax receivable	**51,803**	993
Other receivables	**16,790**	7,741
	211,542	239,886

7 INVESTMENTS

	2018	2017
	$	$
Current		
At fair value through equity		
Investment portfolio including shares in listed companies	**1,042,539**	862,473
At amortised cost		
Term deposits	**502,300**	-
	1,544,839	**862,473**

Notes to the financial statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

8 PROPERTY, PLANT AND EQUIPMENT

	Plant and equipment $	Motor vehicles $	Furniture and fittings $	Leasehold improve-ments $	Total $
Cost					
At 1 January 2017	421,071	113,362	120,320	135,266	790,019
Additions	9,412	-	6,970	-	16,382
At 31 December 2017	**430,483**	**113,362**	**127,290**	**135,266**	**806,401**
Additions	**71,585**	**22,273**	**15,101**	**1,200**	**110,159**
Disposals	**(145,564)**	**(113,362)**	**(50,110)**	**-**	**(309,036)**
At 31 December 2018	**356,504**	**22,273**	**92,281**	**136,466**	**607,524**
Accumulated depreciation					
At 1 January 2017	381,977	48,891	92,895	55,855	579,618
Depreciation	26,831	15,468	19,640	34,716	96,655
At 31 December 2017	**408,808**	**64,359**	**112,535**	**90,571**	**676,273**
Depreciation	**9,800**	**13,091**	**11,051**	**32,539**	**66,481**
Disposals	**(145,564)**	**(74,655)**	**(50,110)**	**-**	**(270,329)**
At 31 December 2018	**273,044**	**2,795**	**73,476**	**123,110**	**472,425**
Net book value					
At 31 December 2018	**83,460**	**19,478**	**18,805**	**13,356**	**135,099**
At 31 December 2017	21,675	49,003	14,755	44,695	130,128

Notes to the financial statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

9 INTANGIBLE ASSETS

	IT systems $	Total $
Cost		
At 1 January 2017	134,278	134,278
Additions	9,966	9,966
At 31 December 2017	**144,244**	**144,244**
Additions	**13,082**	**13,082**
At 31 December 2018	**157,326**	**157,326**
Accumulated Amortisation		
At 1 January 2017	9,292	9,292
Amortisation	14,912	14,912
At 31 December 2017	**24,204**	**24,204**
Amortisation	**15,352**	**15,352**
At 31 December 2018	**39,556**	**39,556**
Net book value		
At 31 December 2018	**117,770**	**117,770**
At 31 December 2017	120,040	120,040

10 TRADE AND OTHER PAYABLES

	2018 **$**	2017 $
Current		
Trade payables	**131,797**	330,676
Sundry payables	**-**	6,593
Accrued payroll expenses	**468,031**	355,251
Payable to Belvoir Street Theatre Limited	**-**	131,771
Accrued expenses	**254,790**	126,491
	854,618	950,781

11 EMPLOYEE BENEFITS

	2018 **$**	2017 $
Current		
Long service leave	**83,496**	35,074
Annual leave	**122,241**	179,550
Other employee benefits	**-**	23,976
	205,737	238,600
Non-current		
Long service leave	**23,496**	64,724
	23,496	64,724

Notes to the financial statements (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

12 DEFERRED REVENUE

	2018	2017
	$	$
Current		
Advance ticket sales	**2,429,979**	2,431,762
Government grants in advance	**700,006**	415,565
Other income in advance	**153,105**	208,294
	3,283,090	3,055,621

13 RELATED PARTY DISCLOSURES

There were no transactions with related parties during the year other than those with Directors. Payments made to directors are not for their services as directors of the Company for which no fee is received. Payments were made by the Company to some directors for their contributions as employees of, or contractors to the Company. Total short-term employment benefits paid to directors amounted to $347,341 (2017: $315,355).

14 MEMBERS' GUARANTEE

Belvoir is incorporated in New South Wales as a company limited by guarantee. In the event of the Company being wound up, each member undertakes to contribute a maximum of $20 respectively for payment of the Company's liabilities. As at 31 December 2018, there were 37 members of Belvoir and the amount of capital that could be called up in the event of Belvoir being wound up is $740.

Notes to the financial statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

15 COMMITMENTS AND CONTINGENCIES

(a) Leasing commitments

	2018	2017
	$	$
Non-cancellable operating leases		
Within one year	**65,719**	50,929
After one year but not more than five years	**250,451**	-
	316,170	50,929

An operating lease for a workshop and storage space in Marrickville was renegotiated in October 2018.

An operating lease for rent of the warehouse and theatre is currently in place with Belvoir St Theatre Limited (BSTL). The rental amount is a varying figure, being the equivalent of the annual outgoings incurred by BSTL and therefore is not included in the table above.

(b) Sinking fund commitments

In 2012, Company B became obliged to pay Belvoir Street Theatre Limited (BSTL) the first installment of a ten year commitment of the sinking fund as required under the lease rental agreement between BSTL and Company B for the Belvoir Street theatre and warehouse premises. The sinking fund is to enable Belvoir Street Theatre Limited to carry out works on the premises on a scheduled basis over 10 years in order to maintain and repair the building in which the theatre is housed in and the property plant and equipment used on the premises.

As at 31 December 2018 the value of the commitment payable to Belvoir Street Theatre Limited was as follows:

	2018	2017
	$	$
Not longer than 1 year	**100,000**	62,954
Longer than 1 year and not longer than 5 years	**300,000**	251,816
Greater than 5 years	**-**	31,477
	400,000	346,247

(c) Writers commission commitments

At 31 December 2018, the Company had commitments of $42,130 relating to the completion of scripts that have been commissioned by the Company.

16 EVENTS AFTER REPORTING DATE

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Director's declaration

Directors' Declaration under the NSW Charitable Fundraising Act 1991

In accordance with a resolution of the directors of Company B Limited, I state that in the opinion of the directors:

(a) the Statement of Comprehensive Income gives a true and fair view of all income and expenditure of the Company with respect to fundraising appeals;

(b) the Statement of Financial Position gives a true and fair view of the state of affairs of the Company with respect to fundraising appeals;

(c) the provisions and regulations of the NSW Charitable Fundraising Act 1991 and the conditions attached to the authority to fundraise have been complied with by the Company; and

(d) the internal controls exercised by the Company are appropriate and effective in accounting for all income received and applied by the Company from any of its fundraising appeals.

On behalf of the Board

Samantha Meers
Chair

Sydney
March 29, 2019

Director's declaration

In accordance with a resolution of the directors of Company B Limited, I state that in the opinion of the directors:

(a) the financial statements and notes of the Company are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012* , including:

(i) giving a true and fair view of the Company's financial position as at 31 December 2018 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-Profits Commission Regulation 2013*; and

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

On behalf of the Board

Samantha Meers
Chair

Sydney
March 29, 2019

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Independent auditor's report to the Directors of Company B Limited

Opinion

We have audited the financial report of Company B Limited (the Company), which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

a. giving a true and fair view of the Company's financial position as at 31 December 2018 and of its financial performance for the year ended on that date; and

b. complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

Basis for Opinion

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

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

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

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

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the 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 objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- 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 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Report on the requirements of the NSW Charitable Fundraising Act 1991 and the NSW Charitable Fundraising Regulations 2015

We have audited the financial report as required by Section 24(2) of the *NSW Charitable Fundraising Act 1991*. Our procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2015*.

Because of the inherent limitations of any assurance engagement, it is possible that fraud, error or non-compliance may occur and not be detected. An audit is not designed to detect all instances of non-compliance with the requirements described in the above-mentioned Act and Regulations as an audit is not performed continuously throughout the period and the audit procedures performed in respect of compliance with these requirements are undertaken on a test basis. The audit opinion expressed in this report has been formed on the above basis.

Opinion
In our opinion:

a) the financial report of Company B Limited has been properly drawn up and associated records have been properly kept during the financial year ended 31 December 2018, in all material respects, in accordance with:

   i. sections 20(1), 22(1-2), 24(1-3) of the NSW Charitable Fundraising Act 1991;

   ii. sections 10(6) and 11 of the NSW Charitable Fundraising Regulations 2015;

b) the money received as a result of fundraising appeals conducted by the company during the financial year ended 31 December 2018 has been properly accounted for and applied, in all material respects, in accordance with the above mentioned Act and Regulations.

Ernst & Young

Lisa Nijssen-Smith
Partner
Sydney
29 March 2019

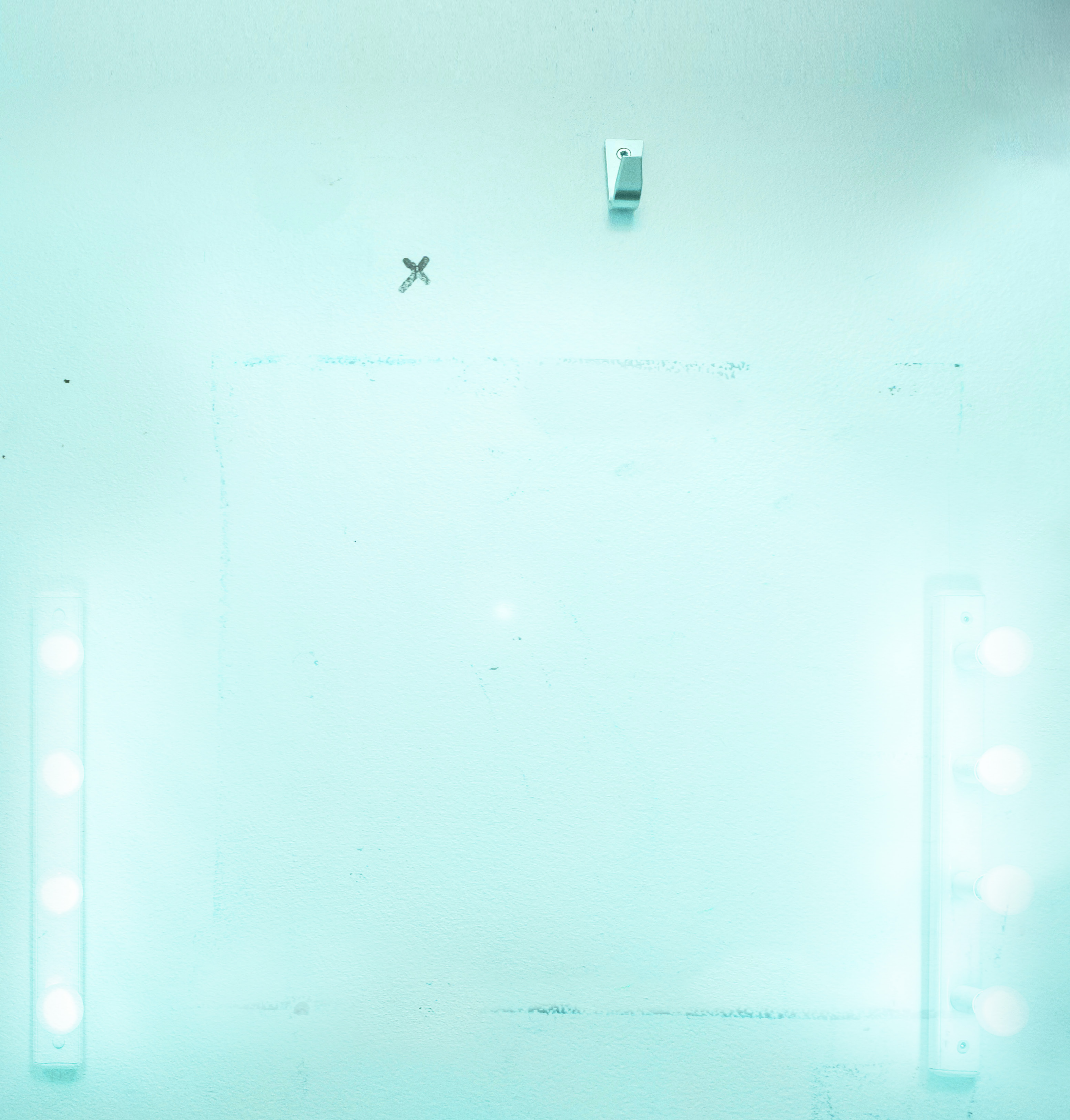

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Photo: Brett Boardman