

**OPERA AUSTRALIA
AND ITS CONTROLLED ENTITIES**

Financial Report

**FOR THE YEAR ENDED 31 DECEMBER 2022
A.C.N. 000 755 153**

CONTENTS

Directors' Report	3
Consolidated Statement of Financial Position	10
Consolidated Statement of Profit or Loss and Comprehensive Income	11
Consolidated Statement of Cash Flows	12
Consolidated Statement of Changes in Equity	13
Notes to the Consolidated Financial Statements	14
Directors' Declaration	39
Independent Audit Report	40
Auditor's Independence Declaration	44

OPERA AUSTRALIA DIRECTORS' REPORT

The Board of Directors of Opera Australia has pleasure in submitting its report in respect of the financial year ended 31 December 2022.

DIRECTORS

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

Names	Qualifications, experience and special responsibilities
Glyn Davis AC (resigned 26 September 2022)	<p>Professor Davis is the Chief Executive Officer of The Paul Ramsay Foundation based in Sydney and is a Distinguished Professor for the Crawford School of Public Policy, the Australian National University, and the Australia and New Zealand School of Government. Professor Davis was previously Vice-Chancellor at the University of Melbourne. Professor Davis is also a Director of the Menzies Foundation and a member of Perrett Laver's Advisory Board. Professor Davis also holds voluntary roles as Visiting Professor with the Blavatnik School of Government, University of Oxford and as Visiting Fellow, Exeter College, University of Oxford. Professor Davis also serves on a voluntary basis as visiting fellow with the Institute of Global Politics, Kings College London and the International Advisory Board, the University of Manchester. Professor Davis was appointed to the Board on 11th November 2021 and is a member of the People Remuneration and Nominations Committee and the Audit and Risk Committee.</p>
Rod Sims AO (appointed 20 September 2022, Chair from 26 September 2022)	<p>Rod Sims AO is a Professor, Crawford School of Public Policy at the Australian National University, Canberra; Chair of the Superpower Institute, a non-profit organisation dedicated to Australia moving quickly to, and benefitting from, the transition to net zero emissions; Chair of the Competition Research Policy Network at the Centre for Economic Policy Research, Paris; and Chair of Australia's National Data Advisory Committee. Mr Sims is also an adviser to the Australian Government and the UK's Competition and Markets Authority.</p> <p>From May 2011 – March 2022, Mr Sims was Chair of The Australian Competition and Consumer Commission.</p> <p>Prior to that he had a range of senior corporate positions, including advising many major Australian companies on corporate strategy issues. Mr Sims has also worked in the Australian Public Service including as the Deputy Secretary in charge of all domestic policy in the Department of the Prime Minister and Cabinet, one of three positions working to the Head of that Department.</p> <p>From 1988-1990 he was the Principal Economic Adviser to Australia's Prime Minister Bob Hawke.</p> <p>Mr Sims joined the Opera Australia Board in 2022 and is a member of the People, Remunerations and Nominations Committee and the Audit and Risk Committee.</p>
Philip Bacon AO	<p>Mr Bacon is Director, Philip Bacon Galleries Pty Ltd, Deputy Chairman, Brisbane Festival, Chairman of Opera Australia Capital Fund, Trustee, Gordon Darling Foundation, Trustee, Margaret Olley Art Trust, Director, Bundanon Art Museum & Trust NSW, Member of the Board of the Foundation of Queensland Art Gallery Gallery of Modern Art and Deputy Chair of the Board of the Foundation of the National Gallery of Australia.</p> <p>Mr Bacon received a Doctor of Philosophy (honoris causa) from the University of Queensland in 1999 and a Doctor of the University from Griffith University, and Doctor of the University from Queensland University of Technology in 2005. He was made an Officer of the Order of Australia (AO) in 2021.</p>

DIRECTORS REPORT (Continued)

From 1996 to 2003 he was a Council Member, National Gallery of Australia. From 1994 to 2011 he was a Director of Opera Australia, and since 2001 he has been a Director of the Opera Australia Capital Fund.

Mr Bacon was re-appointed to the Opera Australia Board in March 2014.

Brian Benjamin
(resigned 20 April 2022)

Mr Benjamin, BEc, DipEd, GradDipTRP, MBA, has over 30 years experience in corporate finance including 14 years with Macquarie Corporate Finance and the balance in his own advisory business. He specialised in mergers, acquisitions and advisory roles in telecoms, mining and infrastructure. He was instrumental in the establishment and success of Melbourne Chamber Orchestra (formerly Australia Pro Arte) where he was Executive Chairman for five years until 2010. In that role, he initiated and guided the Group's transition to the Melbourne Recital Centre and the appearance there in its opening year of the legendary Sir Neville Marriner CH, CBE, founder of The Academy of St Martin in the Fields. The governance, management and marketing strategies implemented under Mr Benjamin's leadership were recognised by the Australia Council when MCO was one of only two Australian music companies to be elevated to the funding category of Key Organisations (Emerging) in 2008. In 2009, MCO was the most successful presenter of an annual program in the inaugural year of the Recital Centre's stunning Elisabeth Murdoch Hall.

Mr Benjamin was appointed to the Board of Opera Australia in February 2017 and was a member of the People Remuneration and Nominations Committee.

Warwick Bray
(appointed 25
November 2022)

Mr Bray is a Board member and Chairman of the Audit and Finance Committee at Woolworths Group and a Board member and member of the Audit and Risk Committee at Spark NZ. Mr Bray also works independently in infrastructure finance.

His previous Board roles include The Victorian Arts Centre, CSL (HK) and he was a member of the GSMA strategy committee. He was Chairman of the Australian Mobile Telecommunications Association and a Board member and Chairman of Foxtel's Audit and Risk Committee.

In earlier roles, Mr Bray was CFO of Telstra and Group MD and Head of Telstra Mobile. He led the company-wide customer service and cost transformation. As a McKinsey partner in London in the 1990s, he provided operational and strategic assistance to mobile operators, integrated telecommunications companies, energy companies and institutional and private equity funds. He was also a Managing Director and Global Telecoms Sector Leader (Equity Research) at JPMorgan London and DrKW London.

Mr Bray was appointed to the Board on 25 November 2022 and is a member of the Audit and Risk Committee.

Jonathan Feder

Mr Feder, LLB (Hons)/BSc is a Partner and Global Leader of the Intellectual Property team at K&L Gates.

He was a Board member of Melbourne Theatre Company, from 2010 to 2022 and the Chair of the Melbourne Theatre Company Foundation from 2021 to 2022. He is a member of the Advisory Board to the Department of Fine Arts and Music at the University of Melbourne.

Mr Feder has also raised investment funds for numerous theatrical productions which have been presented throughout the world including shows in New York, London and Australia.

Mr Feder joined the Opera Australia Board in February 2017 and is a member of the Audit and Risk Committee.

DIRECTORS REPORT (Continued)

Jane Hansen AO
Ms Hansen is Chancellor and Member of the Council of the University of Melbourne, Chair of the Campaign Advisory Board and a member of the Melbourne University Humanities Foundation. She is also Chair of the Board of management of Melbourne Theatre Company, having joined the Board in February 2015, and founded the theatre company's Foundation as its inaugural Chair at that time.

Ms Hansen also sits on the Board of the Lord Mayor's Charitable Foundation and is a Fellow of the University of Melbourne. Previous directorships include the MCG Trust, the State Sport Centres Trust, the federal body of Athletics Australia and the Foundation of the State Library of Victoria. Ms Hansen holds a Bachelors Degree in Economics from Monash University, a Masters Degree in Finance and Business Administration from Columbia University in New York, and an Arts Degree majoring in History from the University of Melbourne. Ms Hansen has been admitted as member of Chief Executive Women.

Ms Hansen joined the Opera Australia Board in August 2018 is a member of the People, Remuneration and Nominations Committee.

Michelle Kam
(appointed 25
November 2022)

Dr Kam is a Strategy Consulting Partner at Pricewaterhouse Coopers (PwC) in the Strategy& division, and with a Ph.D. in Cognitive Psychology (UNSW), she leads Australia's Katzenbach Centre, a global PwC specialist organisation that focuses on culture, leadership, and change. In these roles, Dr Kam provides strategic advice to many ASX-listed, public sector and not for profit organisations to navigate the increasingly complex global environment and transformational change through creating agility, focus and mobilisation of employees and valuing diversity so people thrive. She works across a variety of sectors including heavy asset sectors, financial services, telecommunications, mining, media, not-for-profit and the public sector. She also supported PwC's CEO to develop the firm's growth and Future of Work strategies and the firm's stance on anti-racism.

Dr Kam served as a Non-Executive Director at Shaun Parker and Company over 2016 - 2018 and is a current member of the Alumni Council for the University of Sydney.

Dr Kam joined the Opera Australia Board in November 2022 and is a member of the People, Nominations and Remuneration Committee.

Michael Lynch AO CBE
(appointed 2 December
2022)

Mr Lynch is an experienced administrator and thinker who has successfully led a diversity of cultural organisations across the globe over many years. He was the Chief Executive of London's Southbank Centre over 2002 - 2009, responsible for the major renovation of Royal Festival Hall and the transformation of the Southbank cultural precinct. Over 2011 - 2015 he was Chief Executive of the West Kowloon Cultural District Authority, Hong Kong, facilitating the long-term development of the city as an international arts and cultural metropolis.

Mr Lynch was previously Chief Executive of the Sydney Opera House, General Manager of Sydney Theatre Company and The Australia Council for the Arts, Chair of Sydney Community Foundation and Be Kind Sydney, as well as operating at Board level for the ABC and Film Victoria. Mr Lynch is currently Chairman of Circa and a Board Director of Belvoir Theatre and TEDX Sydney.

Mr Lynch joined the Opera Australia Board in December 2022.

Alison Pert
(resigned 22 September
2022)

Dr Pert, LLB (Manc) LLM (Lond) PhD (Sydney) Adjunct Associate Professor, University of Sydney, is a lawyer with extensive experience in commercial contracts, litigation, insurance and public international law.

DIRECTORS REPORT (Continued)

Her career has spanned the government, private and academic sectors, both in Australia and overseas. Dr Pert has worked for the governments of Papua New Guinea and Australia, representing the latter in treaty negotiations. She has worked in private practice and as in-house counsel, and currently lectures in public international law at the University of Sydney. Dr Pert is the author of two books and many articles and papers; she also gives media interviews on the issues of public international law arising from current events. She is the Chair of Operantics Ltd and a trustee of the Opera Australia Benevolent Fund.

Dr Pert was appointed to the Board of Opera Australia in June 2017 and was a member of People, Remuneration and Nominations Committee.

Deena Shiff
(Deputy Chair from 28
February 2022)

Ms Shiff BSc (Econ) Hons (L.S.E.) , BA (Law) (Cambridge), is the Chairman of the Supervisory Board of ASX listed Marley Spoon S.E.; a Non-Executive Director on the Board of ASX listed Pro Medicus Limited , where she Chairs the People and Culture Committee; an Independent Board Member (since July 2022) of the Geneva based multilateral organisation, the Global Alliance for Vaccines and Immunisation, and the Chairman of the International Advisory Board of the Australian Research Centre of Excellence on Automated Decisions and Society.

During 2022 Ms Shiff was also a Non-Executive Director on the board of ASX listed Appen Ltd.(to May 2022) ; a Director on the board of ASX listed Electro Optic Systems Holdings Limited (to January 2023); the Chairman of the Government's Australian Broadband Advisory Council (to July 2022) and the Chairman of the Advisory Board of the Australian Centre for China in the World (to June 2022).

Ms Shiff is on the Member Council of Musica Viva and was until February 2018 the Chair of the Sydney Writers' Festival. Ms Shiff was previously a Group Managing Director at Telstra, running Telstra Wholesale and then Telstra Business. In 2011, Ms Shiff established Telstra's corporate venture capital arm, Telstra Ventures. Ms Shiff has also been a partner at Mallesons Stephen Jacques.

Ms Shiff joined the Opera Australia Board in June 2017 and is a member of the Audit and Risk Committee, Chair of the People, Remuneration and Nominations Committee and was appointed Deputy Chair of the Board of Directors on 28 February 2022.

Andrew Sisson AO
(Deputy Chair from 28
February 2022)

Mr Sisson has over 40 years of investment management experience, initially working at National Mutual Life Association. In 1988 he founded Balanced Equity Management to manage portfolios of Australian shares and in 2011, Balanced Equity Management was acquired by Franklin Resources Inc, a funds management company listed on the New York Stock Exchange.

Mr Sisson holds a Bachelor of Science (Mathematics & Statistics) from The University of Melbourne and is a Fellow of the Australian Institute of Company Directors (FAICD). He is a member of the Council of the University of Melbourne, a Trustee of the Helen McPherson Smith Trust and a director of Diversified United Investments.

Mr Sisson joined the Opera Australia Board February 2017 and was appointed Chair of the Audit and Risk Committee in November 2017 and Deputy Chair of the Board of Directors on 28 February 2022.

Josephine Sukkar AM
(resigned 29 June 2022)

Ms Sukkar, BSc (Hons), Grad Dip Ed, is a co-owner and Principal of construction company Buildcorp and chair of the Buildcorp Foundation. Ms Sukkar is a professional company Director who works across a range of industries, including property, construction, finance, sport, the arts, medical

DIRECTORS REPORT (Continued)

research and social services. Ms Sukkar serves on a number of private, public, government and not-for-profit boards, including Growthpoint Properties Australia, Parramatta Park Trust, the Australian Museum, Centenary Institute of Medical Research, Melbourne University Infrastructure Committee and the Australian Rugby Foundation. She is President of Australian Women's Rugby and through Buildcorp has been a major sponsor of rugby in Australia for nearly 30 years. She has previously served as a Director of The Trust Company, and was Co-President of the YWCA NSW. In 2017 she was made a Member of the Order of Australia for her services to the community, the arts and sports.

Ms Sukkar joined the Board of Opera Australia in 2011.

COMPANY SECRETARY

Opera Australia's company secretary is Ms Reena Rihan (appointed 1 September 2022). The position of company secretary was previously held by Mr John Horn (resigned 31 August 2022).

DIRECTORS' INTERESTS

Opera Australia and its controlled entities (collectively, the Group) are limited by guarantee and accordingly, do not issue shares.

DIRECTORS' MEETINGS

The number of Directors' meetings (including meetings of Board Committees) and number of meetings attended by each Director in their capacity as a Director or member of a Board Committee during 2022 are set out in the table below:

	2022 Board and Committee Meetings					
	Board of Directors		Audit and Risk Committee		People, Remunerations and Nominations Committee	
	Attended	Total	Attended	Total	Attended	Total
Professor Glyn Davis AC	4	5	1	2	1	1
Mr Rod Sims AO	3	3	2	2	1	1
Mr Philip Bacon AO	6	8	-	-	-	-
Mr Brian Benjamin	2	2	1	1	-	-
Mr Warwick Bray	1	1	-	-	-	-
Mr Jonathan Feder	8	8	4	6	-	-
Ms Jane Hansen AO	8	8	5	6	3	3
Dr Michelle Kam	1	1	-	-	-	-
Mr Michael Lynch AO CBE	1	1	-	-	-	-
Dr Alison Pert	5	5	-	-	2	2
Ms Deena Shiff	7	8	4	6	3	3
Mr Andrew Sisson AO	7	8	6	6	-	-
Ms Josephine Sukkar AM	4	4	-	-	0	1

DIRECTORS REPORT (Continued)

OPERATING AND FINANCIAL REVIEW

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

	2022	2021
	\$	\$
Opera Australia – Operating Result	(9,238,131)	(22,645,371)
Sustainability funding - Federal Government	-	10,035,600
Rescue and Restart Package - NSW Government	-	4,125,000
JobKeeper and JobSaver grants	-	3,329,736
NSW Performing Arts COVID Support Package - NSW Government	9,947,616	3,630,897
Surplus from sale of warehouse property	668,567	37,263,324
Bequests received during the year (Note 21)	646,074	-
Net realised and unrealised gain / (loss) on financial assets (Note 21)	(270,849)	666,747
	10,991,408	59,051,304
Opera Australia net (deficit)/surplus for the year	1,753,277	36,405,933
Opera Australia Capital Fund and controlled entities after distribution to Opera Australia of \$945,000 (2021: \$910,000)	(2,201,155)	3,196,375
Consolidated (deficit)/surplus for the year	(447,878)	39,602,308

The Group returned a deficit from operating activities during the 2022 year of \$9,238,131. The Group's operating result reflects the continuing challenges brought on by the Covid-19 pandemic – notably through cancelled performances due to cast illness, lower tourism and subscriber sales and higher health and safety costs.

Opera Australia's final reported surplus of \$1,753,277 (2021: surplus \$36,405,933) as reported in Note 27, is supported by \$9,947,616 from the NSW Performing Arts COVID Support Package, deferred surplus in relation to the sale and leaseback of Opera Australia's warehouse property in 2021 and \$646,074 of bequest related funds received during the year as reported in Note 21.

The Opera Australia Capital Fund and controlled entities' unfavourable result for the year reflected significant net unrealised losses on financial assets which are partially offset by strong philanthropic support and investment income.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

SIGNIFICANT EVENTS AFTER YEAR END

There have been no significant events after year-end.

LIKELY DEVELOPMENTS AND FUTURE RESULTS

There are no changes expected to the current nature of operations or the principal activities of the Group.

Despite operations largely returning to normal following three years of significant business interruption as a result of the Covid-19 pandemic, the Group continues to operate in a challenging external environment. Audiences are returning to the theatre but box office pressures are expected to persist for the remainder of 2023 which is expected to lead to an operating deficit for the year.

DIVIDENDS

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

DIRECTORS' REMUNERATION

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

DIRECTORS' REPORT (Continued)

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

INDEMNIFICATION OF DIRECTORS AND OFFICERS

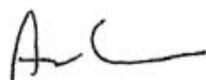
Insurance and indemnity arrangements established in previous years concerning officers of the Group were renewed and continued during 2022. Opera Australia paid the premium on a contract insuring each of the Directors of the Group, named earlier in this report, and each of the full-time executive officers of the Group, against all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law.

INDEMNIFICATION OF AUDITORS

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

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration is set out on Page 44 and forms part of the Directors' Report for the financial year 2022.



A.R.N. SISSON AO
Director
Date: 27th April 2023



R.G. SIMS AO
Director
Date: 27th April 2023

OPERA AUSTRALIA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

		Consolidated	
	Note	2022	2021
		\$	\$
Current Assets			
Cash and cash equivalents	7	68,936,962	65,311,859
Trade and other receivables	8	1,089,026	7,224,845
Financial assets	9	32,373,737	34,770,915
Prepayments	10	240,950	612,804
Total Current Assets		102,640,675	107,920,423
Non-Current Assets			
Other financial assets	11	262,510	433,758
Right-of-use asset	12	3,787,663	4,268,779
Property, plant and equipment	13	19,006,939	21,420,633
Intangible assets	14	134,627	213,984
Total Non-Current Assets		23,191,739	26,337,154
Total Assets		125,832,414	134,257,577
Current Liabilities			
Trade and other payables	15	15,297,633	7,131,271
Lease liabilities	12	2,157,428	2,192,494
Provisions	17	5,930,293	5,951,079
Government grants received in advance	18	1,020,000	672,902
Contract liabilities	19	4,853,153	3,263,136
Advance bookings	20	14,412,046	28,044,266
Total Current Liabilities		43,670,553	47,255,148
Non-Current Liabilities			
Provisions	17	1,204,856	1,246,712
Lease liabilities	12	2,744,250	3,610,084
Government grants received in advance	18	-	100,000
Contract liabilities	19	-	3,385,000
Total Non-Current Liabilities		3,949,106	8,341,796
Total Liabilities		47,619,659	55,596,944
Net Assets		78,212,755	78,660,633
Equity			
Other reserves	21	12,051,620	11,192,818
Retained earnings		66,161,135	67,467,815
Total Equity		78,212,755	78,660,633

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

**OPERA AUSTRALIA
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

		Consolidated	
	Note	2022	2021
		\$	\$
INCOME			
Sales revenue	4	93,444,672	21,290,997
Government grants	5	37,648,205	49,121,800
Other revenue and income	4	17,660,445	50,311,928
Total revenue and income		148,753,322	120,724,725
EXPENDITURE			
Staff and employment expenses	6	70,458,848	48,735,476
Travel and transport expenses		9,188,310	5,688,293
Venue expenses		13,482,925	4,236,311
Marketing and promotion expenses		13,908,898	7,255,384
Depreciation, amortisation and impairment expenses	6	5,055,967	2,626,238
Finance costs	6	253,511	156,996
Share of loss of an associate		171,248	200,857
Other expenses	6	32,975,999	14,696,605
Total expenditure		145,495,706	83,596,160
Net gain/(loss) on financial assets		(3,703,037)	2,471,482
Surplus / (Deficit) for the year		(445,421)	39,600,047
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation gain / (loss)	21	(2,457)	2,261
Total other comprehensive income / (loss) for the year		(2,457)	2,261
Total comprehensive income / (loss) for the year		(447,878)	39,602,308

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

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

	Note	Consolidated 2022 \$	2021 \$
Operating activities			
Receipts from operations		144,841,541	90,375,535
Payments to suppliers and employees		(139,174,932)	(86,035,805)
Interest received		406,508	40,580
Franking credits received		336,306	171,258
Dividends received		360,870	259,107
Interest on leases	12	(253,514)	(156,996)
Net cash flows from operating activities		6,516,779	4,653,679
Investing activities			
Purchase of property, plant and equipment, intangibles and capital work-in-progress assets		(894,741)	(467,788)
Purchase of units held in managed funds		-	(499,997)
Proceeds from sale of property, plant and equipment		-	42,991,284
Proceeds from disposal of units held in managed funds and directly owned shares		101,593	165,497
Contribution to equity-accounted associate		-	(349,638)
Net cash flows used in investing activities		(793,148)	41,839,358
Financing activities			
Retained portion of sales and lease back		-	3,009,084
Repayment of lease liabilities		(2,096,071)	(1,833,616)
Net cash flows used in financing activities		(2,096,071)	1,175,468
Net increase in cash and cash equivalents		3,627,560	47,668,505
Net foreign exchange differences		(2,457)	2,261
Cash and cash equivalents at 1 January		65,311,859	17,641,093
Cash and cash equivalents at 31 December	7	68,936,962	65,311,859

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

**OPERA AUSTRALIA
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	Other Reserves \$	Retained Earnings \$	Total \$
Consolidated				
Balance as at 31 Dec 2020		10,183,361	28,874,964	39,058,325
Net deficit for the year		-	39,600,047	39,600,047
Other comprehensive income		2,261	-	2,261
Transfer to Bequests Reserve		1,007,196	(1,007,196)	-
At 31 December 2021		<u>11,192,818</u>	<u>67,467,815</u>	<u>78,660,633</u>
Net (deficit) for the year		-	(445,421)	(445,421)
Other comprehensive income	21	(2,457)	-	(2,457)
Transfer to Bequests Reserve	21	861,259	(861,259)	-
At 31 December 2022		<u><u>12,051,620</u></u>	<u><u>66,161,135</u></u>	<u><u>78,212,755</u></u>

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

OPERA AUSTRALIA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. CORPORATE INFORMATION

The financial report of Opera Australia (OA) and its controlled entities (collectively, the Group) for the year ended 31 December 2022 was authorised for issue in accordance with a resolution of the Directors on the 27th of April 2023.

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

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Australian Charities and Not-for-Profits Commission Act 2012* and, Australian Accounting Standards – Simplified Disclosures.

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

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

STATEMENT OF COMPLIANCE

In 2022, the Group has adopted AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*. Other than the change in disclosure requirements, the adoption of AASB 1060 has no significant impact on the financial report because the Group's previous financial report complied with *Australian Accounting Standards – Reduced Disclosure Requirements*.

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

Financial risk management objectives and policies

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

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

BASIS OF CONSOLIDATION

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

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

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

OPERA AUSTRALIA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

GOING CONCERN

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

The Group generated a deficit for the year of \$447,878 (2021: surplus \$39,602,308). At year end, the parent entity's current assets exceeded current liabilities by \$32,644,031 (2021: current assets exceeded current liabilities by \$32,138,029). The current liabilities of the parent include \$4,853,153 of contract liabilities and \$1,020,000 of government grants received in advance that will not result in cash outflows. In addition, the current liabilities of the parent includes \$14,412,046 of advance bookings. Despite the continuing prevalence of Covid-19 in the community, cancellations of productions and the potential ticket refunds resulting from those cancellations, are considered to be unlikely moving forward in the absence of any Covid-19 government restrictions.

The Group's current assets exceeded current liabilities by \$58,970,122 (2021: 60,665,275). The Group generated net cash inflows from operating activities in 2022 of \$6,516,779 (2021: \$4,653,679). The Group does not have any bank or other external debt at reporting date.

The ability of the Group to maintain its operations is dependent inter alia on the continuing support of various Governments by way of grants. The Tri-partite Agreement with the Australia Council for the Arts, Creative Victoria and Create NSW is current for the period 2021-2024.

The Group's Directors have undertaken a thorough assessment of going concern. This review considered the operating budgets, projected balance sheet position and detailed cash flow for the Group for the period 12 months from the date of these financial statements. The Group has sufficient cash reserves to sustain activities over the next 12 months.

REVENUE

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

Box Office

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

Commercial Activities

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

Sponsorship

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

OPERA AUSTRALIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Donations

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

Bequests

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

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

Government Grants

Government grants are recognised when the performance obligations of the contract are fulfilled. Project-specific grants are brought to account based on timing of the project, when the performance obligations of the contracts are fulfilled.

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

When the Government grant doesn't contain sufficiently specific performance obligations, AASB 15 Revenue from Contracts with Customers does not apply, and income is recognised in profit or loss under AASB 1058 Income of Not-for-Profit Entities.

Interest

Interest income is recognised as the interest accrues.

Disaggregation of revenue

2022 (\$)	Revenue from contracts with customers	Other revenue	Total revenue
Box office	79,805,292	-	79,805,292
Commercial activities	13,639,380	-	13,639,380
Government grants	37,648,205	-	37,648,205
Donations and bequests	320,000	6,528,065	6,848,065
Corporate sponsorship	3,854,073	-	3,854,073
Other income	4,480,169	2,478,138	6,958,307
TOTAL	139,747,119	9,006,203	148,753,322

2021 (\$)	Revenue from contracts with customers	Other revenue	Total revenue
Box office	17,304,462	-	17,304,462
Commercial activities	3,986,535	-	3,986,535
Government grants	45,766,713	3,355,087	49,121,800
Donations and bequests	170,000	6,066,043	6,236,043
Corporate sponsorship	2,450,002	-	2,450,002
Gain on disposal of Property, Plant and Equipment	37,286,251	-	37,286,251
Other income	2,690,672	1,648,960	4,339,632
TOTAL	109,654,635	11,070,090	120,724,725

OPERA AUSTRALIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

	2022	2021
	\$	\$
Timing of revenue recognition		
Goods and services transferred at a point in time	100,431,370	68,116,205
Goods and services transferred over time	48,321,952	52,608,520
	<u><u>148,753,322</u></u>	<u><u>120,724,725</u></u>
Total revenue		

Fundraising

Opera Australia Group undertakes fundraising appeals throughout the year and holds an authority to fundraise under the Charitable Fundraising Act, 1991 (NSW). Additional information and declarations required under this Act are as follows:

	2022	2021
	\$	\$
Gross proceeds from fundraising appeals	6,128,017	5,599,635
Less: total cost of fundraising appeals	1,488,045	1,031,024
	<u><u>4,639,972</u></u>	<u><u>4,568,611</u></u>
Net surplus obtained from fundraising		

	2022	2021
	%	%
Total cost of fundraising / Gross proceeds from fundraising appeals	24%	18%
Net surplus obtained from fundraising / Gross proceeds from fundraising appeals	76%	82%

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

Funds received through fundraising supported the general activities of Opera Australia and other initiatives pursuant to the terms of specific gift agreements (where applicable).

CASH AND CASH EQUIVALENTS

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

PROPERTY, PLANT AND EQUIPMENT

Land and buildings are carried at net book value.

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

OPERA AUSTRALIA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

INTANGIBLE ASSETS

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

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

Software	3-5 years
----------	-----------

IMPAIRMENT AND RECOVERABLE AMOUNT OF NON-CURRENT ASSETS

Impairment

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

Recoverable Amount

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

TRADE AND OTHER RECEIVABLES

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

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

INVESTMENT IN ASSOCIATES AND JOINT VENTURES

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

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

OPERA AUSTRALIA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

JOINT ARRANGEMENTS

OA has entered into a joint arrangement with Crossroads Live Australia Pty Limited to co-present the Musical "Rogers & Hammerstein's Cinderella" (the production) in Australia in 2022 and 2023. Both OA and Crossroads have joint control over the production as decisions about the relevant activities of the production require the unanimous consent of both parties.

The joint arrangement between OA and Crossroads is classified as a joint operation on account of OA and Crossroads being bound by a contractual arrangement giving both parties joint control over the production and both parties have equal rights to the assets and obligations for the liabilities relating to the arrangement.

FINANCIAL INSTRUMENTS – INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets – Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at fair value through profit or loss.

Financial assets at fair value through profit or loss are non-derivative financial assets. Regular way purchases and sales of investments are recognised on trade-date i.e. the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs.

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

Subsequent measurement

For purposes of subsequent measurement, the group classifies financial assets as financial assets at fair value through profit or loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. This category includes listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as other income in the statement of profit or loss when the right of payment has been established.

OPERA AUSTRALIA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statement of financial position) when:

- a) The rights to receive cash flows from the asset have expired, or
- b) The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities – Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified as financial liabilities at fair value through profit or loss.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by AASB 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

OPERA AUSTRALIA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

TRADE AND OTHER PAYABLES

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

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

INTEREST BEARING LOANS AND BORROWINGS

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

BORROWING COSTS

Borrowing costs are recognised as an expense when incurred.

LEASES

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

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

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

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

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

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

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

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

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

OPERA AUSTRALIA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

Sale and Leaseback

A sale and leaseback transaction involves the transfer of an asset by an entity (the seller-lessee) to another entity (the buyer-lessor) and the leaseback of the same asset by the seller-lessee. When determining whether the transfer of an asset should be accounted for as a sale or purchase, the seller-lessee applies the requirements in AASB 15 on when an entity satisfies a performance obligation by transferring control of an asset. If control of an underlying asset passes to the buyer-lessor, the transaction is accounted for as a sale of the asset and a lease.

The gain or loss the seller-lessee recognises at the date of the transaction is a consequence of its measurement of the right-of-use asset arising from the leaseback. Because the right of use the seller-lessee retains is not remeasured as a result of the transaction (it is measured as a proportion of the property's previous carrying amount), the amount of the gain or loss recognised relates only to the rights transferred to the buyer-lessor.

PROVISIONS AND EMPLOYEE LEAVE BENEFITS

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

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

OPERA AUSTRALIA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee Leave Benefits

Wages, salaries and annual leave

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

Long service leave

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

TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS

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

INCOME TAX

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

COMPARATIVE INFORMATION

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

OPERA AUSTRALIA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

NOTE 3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

Impairment of non-financial assets

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

Estimated useful lives

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

Incremental borrowing rate (Leases)

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

Extension and termination options (Leases)

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

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

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

Considerations of any off-market terms of sale and leaseback transactions

Management assesses the term and conditions in relation to sale and leaseback transactions to determine if a difference exists between the sale consideration received and the fair value of the asset or a difference exists between the present value of the contractual payments for the lease and the present value of the lease payments at market rates.

OPERA AUSTRALIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 4. REVENUE AND INCOME

Deficit / (2021: Surplus) from operations is after crediting the following revenues:

	Consolidated	
	2022	2021
	\$	\$
<i>Sales revenue</i>		
Box office (a)	79,805,292	17,304,462
Commercial activities	13,639,380	3,986,535
Total sales revenue	93,444,672	21,290,997
<i>Other revenue and income</i>		
Contributions (donations and sponsorship)	10,175,790	8,049,637
Bequest revenue (b)	720,049	636,408
Gain on disposal of fixed assets (c)	-	37,286,251
Other revenue (d)	4,286,469	2,690,672
Interest income (e)	407,592	40,580
Investment income (e)	2,070,545	1,608,380
Total other revenue and income	17,660,445	50,311,928

- a) Box office revenue is net of an adjustment being 50% of the total box office income earned for the musical Cinderella which, as per Note 2, has been classified as a joint arrangement with Crossroads Live Pty Ltd.
- b) Bequest revenue includes \$661,455 attributable to Opera Australia as the parent entity (2021: \$16,408).
- c) The Gain on disposal of fixed assets in 2021 primarily relates to gain on the sale of the Alexandria warehouse (\$39,871,514) adjusted for the deferred gain on disposal pursuant to AASB 16 Leases (\$2,608,108).
- d) Includes investment from government destination organisations.
- e) Interest and investment income includes \$1,582,497 (2021: \$1,267,931) attributable to Opera Australia Capital Fund entities.

OPERA AUSTRALIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

NOTE 5. GOVERNMENT GRANTS

	Consolidated	
	2022	2021
	\$	\$
<i>Australia Council</i>		
Base Funding	22,424,697	22,203,451
Playing Australia	526,731	1,085,487
Sustainability Funding	-	10,035,600
	<hr/>	<hr/>
Total Australia Council	22,951,428	33,324,538
<i>Create NSW</i>		
Base Funding	3,521,084	3,485,583
Primary Schools Touring	66,625	66,625
NSW Performing Arts Covid Support Package	9,947,616	3,630,897
Rescue and Restart	-	4,125,000
	<hr/>	<hr/>
Total Create NSW	13,535,325	11,308,105
<i>Creative Victoria</i>		
Base Funding	1,015,280	1,001,271
Regional Tour	146,172	132,799
	<hr/>	<hr/>
Total Creative Victoria	1,161,452	1,134,070
Job Keeper/Job Saver contribution	-	3,355,087
	<hr/>	<hr/>
Total government grants	<u>37,648,205</u>	<u>49,121,800</u>

OPERA AUSTRALIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 6. EXPENDITURE

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

	2022	Consolidated	2021
	\$		\$
Staff and employment expenses	70,458,848		48,735,476
	<u>70,458,848</u>		<u>48,735,476</u>
<i>Depreciation and amortisation:</i>			
- Buildings	83,738		74,719
- Leasehold improvements	510,925		510,925
- Property, plant and equipment	830,459		840,903
- Right-of-use asset	1,676,287		718,096
- Costumes, scenery sets and props	352,185		400,432
- Software	79,357		81,163
<i>Impairment:</i>			
- Costumes, scenery sets and props	1,523,016		-
	<u>5,055,967</u>		<u>2,626,238</u>
<i>Finance Costs:</i>			
Interest paid or payable to			
Interest on lease liability	253,511		156,996
	<u>253,511</u>		<u>156,996</u>
<i>Other Expenses:</i>			
Production expenses	13,129,157		6,799,283
Premises	3,228,341		2,359,394
Scores, royalties & instruments	8,938,609		621,634
Insurance	1,039,261		618,102
IT	1,771,137		1,754,086
Recording and surtitles	36,464		49,163
Professional fees	3,598,793		1,877,591
Loss on disposal of property, plant and equipment	8,111		-
Administration expenses	1,226,126		617,352
	<u>32,975,999</u>		<u>14,696,605</u>

NOTE 7. CASH AND CASH EQUIVALENTS

Cash at bank and on hand	68,936,962	65,311,859
Total cash and cash equivalents	<u>68,936,962</u>	<u>65,311,859</u>

OPERA AUSTRALIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 8. TRADE AND OTHER RECEIVABLES (CURRENT)

	2022	Consolidated	2021
	\$		\$
Trade and other receivables	1,517,913		7,608,697
Allowance for expected credit losses	(428,887)		(383,852)
Total trade and other receivables (Current)	<u>1,089,026</u>		<u>7,224,845</u>

Expected credit losses of trade receivables recognised amounted to \$100,233 during the year ended 31 December 2022 (2021: credit of \$34,435).

NOTE 9. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CURRENT)

Financial Assets

Managed funds (a)	25,980,917	28,205,651
Listed equity investments	<u>6,392,820</u>	<u>6,565,264</u>
Financial assets at fair value through profit or loss	<u>32,373,737</u>	<u>34,770,915</u>
Cash and cash equivalents (note 7)	68,936,962	65,311,859
Trade and other Receivables (note 8)	<u>1,089,026</u>	<u>7,224,845</u>
Financial assets at amortised cost	<u>70,025,988</u>	<u>72,536,704</u>

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

Financial Liabilities

Trade and Other Payables (note 15)	<u>15,297,633</u>	<u>7,131,271</u>
Total financial liabilities at amortised cost	<u>15,297,633</u>	<u>7,131,271</u>

NOTE 10. PREPAYMENTS (CURRENT)

Deferred production costs	-	269,442
Prepaid expenditure	<u>240,950</u>	<u>343,362</u>
Total prepayments (Current)	<u>240,950</u>	<u>612,804</u>

NOTE 11. OTHER FINANCIAL ASSETS (NON-CURRENT)

The following shares and investments are carried at fair value:

Shares in controlled companies (unlisted)	2	2
Equity Investment (unlisted)	<u>262,508</u>	<u>433,756</u>
Total other financial assets (Non-current)	<u>262,510</u>	<u>433,758</u>

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

OPERA AUSTRALIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

NOTE 12. LEASES

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

	2022	2021		
	\$	\$		
a) Right-of-use asset				
Non-current				
Right-of-use asset	3,787,663	4,268,779		
Reconciliation of Right-of-use asset				
2022	Venue hire	Storage	Office space	Total
At 1 January 2022	1,885,069	505,625	1,878,085	4,268,779
Lease modification	-	1,195,171	-	1,195,171
Depreciation	(646,309)	(797,632)	(232,346)	(1,676,287)
Right-of-use asset	1,238,760	903,164	1,645,739	3,787,663
b) Lease Liabilities				
Current				
Lease Liabilities			2,157,428	2,192,494
Non-current				
Lease Liabilities			2,744,250	3,610,084
			4,901,678	5,802,578
Reconciliation of Lease Liabilities				
2022	Venue hire	Storage	Office space	Total
At 1 January 2022	1,903,302	1,983,746	1,915,530	5,802,578
Lease modification	-	1,195,171	-	1,195,171
Interest expense	50,775	137,269	65,467	253,511
Lease payments	(651,200)	(1,499,127)	(199,255)	(2,349,582)
Lease Liabilities	1,302,877	1,817,059	1,781,742	4,901,678

Presented below is a maturity analysis of future lease payments:

	2022	2021
	\$	\$
Not later than 1 year	2,314,049	2,347,981
Later than 1 year and not later than 5 years	2,236,588	2,938,292
Later than 5 years	720,745	1,030,071
	5,271,382	6,316,344

OPERA AUSTRALIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

Extension and termination options

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

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

No extension has been applied to the Sydney Opera House lease (expiring November 2024). This lease is a 3 year agreement with no extension option included.

No termination options are expected to be exercised.

OPERA AUSTRALIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

NOTE 13. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings (a)	Leasehold Improvements	Plant and Equipment (b)	Costumes, Scenery, Sets and Props	Capital work-in-progress	Total Property Plant and Equipment
At 1 January 2022 Deemed cost	12,211,794	4,849,071	11,140,314	35,319,184	22,374	63,542,737
Additions	73,428	-	186,261	614,633	20,419	894,741
Transfer			23,011		(23,011)	-
Disposals	-	-	(1,084,824)	-	-	(1,084,824)
Cost at 31 December 2022	<u>12,285,222</u>	<u>4,849,071</u>	<u>10,264,762</u>	<u>35,933,817</u>	<u>19,782</u>	<u>63,352,654</u>
At 1 January 2022 Accumulated depreciation and impairment	(1,135,847)	(804,245)	(6,503,911)	(33,678,101)	-	(42,122,104)
Depreciation/ Amortisation charge for the year	(83,738)	(510,925)	(830,459)	(352,185)	-	(1,777,307)
Impairment	-	-	-	(1,523,016)	-	(1,523,016)
Disposals	-	-	1,076,712	-	-	1,076,712
Accumulated depreciation and impairment at 31 December 2022	<u>(1,219,585)</u>	<u>(1,315,170)</u>	<u>(6,257,658)</u>	<u>(35,553,302)</u>	<u>-</u>	<u>(44,345,715)</u>
Net carrying amount						
At 1 January 2022	<u>11,075,947</u>	<u>4,044,826</u>	<u>4,636,403</u>	<u>1,641,083</u>	<u>22,374</u>	<u>21,420,633</u>
At 31 December 2022	<u>11,065,637</u>	<u>3,533,901</u>	<u>4,007,104</u>	<u>380,515</u>	<u>19,782</u>	<u>19,006,939</u>

(a) Freehold land and building values are stated at deemed cost

(b) Plant and equipment is inclusive of musical instruments and hardware

OPERA AUSTRALIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

NOTE 14. INTANGIBLE ASSETS

	Computer Software	Total Intangible assets
At 1 January 2022 Deemed cost	913,760	913,760
Additions	-	-
Disposals	-	-
Cost at 31 December 2022	913,760	913,760
At 1 January 2022 Accumulated depreciation and impairment	(699,776)	(699,776)
Depreciation/ Amortisation charge for the year	(79,357)	(79,357)
Disposals	-	-
Accumulated depreciation and impairment at 31 December 2022	(779,133)	(779,133)
Net carrying amount		
At 1 January 2022	213,984	213,984
At 31 December 2022	134,627	134,627

OPERA AUSTRALIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

NOTE 15. TRADE AND OTHER PAYABLES (CURRENT)

	Consolidated	
	2022	2021
	\$	\$
Trade payables	1,182,706	728,874
Other payables	6,117,316	3,582,897
Accruals	7,997,611	2,819,501
Total trade and other payables (Current)	<u>15,297,633</u>	<u>7,131,272</u>

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

NOTE 16. INTEREST BEARING LOANS AND BORROWINGS

At the reporting date the Group had no financing facilities in place. There were no borrowings as at the end of 2022.

The disclosures on lease liabilities are included in note 12.

NOTE 17. PROVISIONS

Annual leave	2,604,525	2,651,888
Long service leave	3,325,768	3,299,191
Total provisions (Current)	<u>5,930,293</u>	<u>5,951,079</u>
Long service leave	938,569	980,425
Leasehold make good provision	266,287	266,287
Total provisions (Non-current)	<u>1,204,856</u>	<u>1,246,712</u>

Reconciliation of movement of provisions

2022

	Leasehold make good provision
Opening balance	266,287
Additions during the year	-
Used/released during the year	-
TOTAL	<u>266,287</u>

OPERA AUSTRALIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

NOTE 18. GOVERNMENT GRANTS RECEIVED IN ADVANCE

	Consolidated	
	2022	2021
	\$	\$
Grants received in advance:		
Federal	920,000	672,902
National Foundation for Australia and China Relations	100,000	-
Total grants received in advance (Current)	<u>1,020,000</u>	<u>672,902</u>
Grants received in advance:		
National Foundation for Australia and China Relations	-	100,000
Total grants received in advance (Non-current)	<u>-</u>	<u>100,000</u>

NOTE 19. CONTRACT LIABILITIES

Deferred food and beverage income	290,829	250,089
Customer / sponsor advances	4,433,558	2,626,857
Other contract liabilities	128,766	386,190
Total contract liabilities (Current)	<u>4,853,153</u>	<u>3,263,136</u>
Customer / sponsor advances	-	3,385,000
Total contract liabilities (Non-current)	<u>-</u>	<u>3,385,000</u>

Reconciliation of contract liabilities

2022	
Opening balance	6,648,136
2021 contract liabilities recognised in 2022	(3,071,270)
2022 contract liabilities to be recognised in 2023	1,276,287
TOTAL	<u>4,853,153</u>

NOTE 20. ADVANCE BOOKINGS (CURRENT)

Advance bookings	14,412,046	28,044,266
Total advance bookings	<u>14,412,046</u>	<u>28,044,266</u>

OPERA AUSTRALIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

NOTE 21. OTHER RESERVES

	2022	Consolidated	2021
	\$		\$
Foreign Exchange Translation Reserve:			
Opening balance	65,787		63,526
Exchange differences on translation of foreign operations	<u>(2,457)</u>		<u>2,261</u>
Closing balance	<u>63,330</u>		<u>65,787</u>

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

New Works and Touring Reserve:

Opening balance	<u>1,000,000</u>		<u>1,000,000</u>
Closing balance	<u>1,000,000</u>		<u>1,000,000</u>

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

OPERA AUSTRALIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

NOTE 21. OTHER RESERVES (CONTINUED)

	Consolidated	
	2022	2021
	\$	\$
Bequest Reserve:		
Opening balance	10,127,031	9,119,835
Bequests received	646,074	-
Transfer from retained earnings		
Net income earned	486,034	340,449
Net unrealised gains /(losses) on financial assets	(116,506)	691,788
Net realised gains/(losses) on financial assets	(154,343)	(25,041)
Closing Balance	<u>10,988,290</u>	<u>10,127,031</u>

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

Total Other Reserves	<u>12,051,620</u>	<u>11,192,818</u>
----------------------	-------------------	-------------------

NOTE 22. COMMITMENTS AND CONTINGENCIES

(A) ARTISTS AND CO-PRODUCTION CONTRACTS

Committed expenditure is payable as follows:

Within one year	10,479,357	6,327,639
After one year but not more than five years	-	397,083
	<u>10,479,357</u>	<u>6,724,722</u>

The Group, by the nature of its operations, has entered into contracts for performances scheduled to take place during 2023 and subsequent years. These amounts include the maximum expenditure required to satisfy the contracts with artists, creatives and co-production partners. The terms and conditions of the contracts place a liability on the Group under certain circumstances to pay specified sums should artists not be engaged or the performances not take place.

(B) CONTINGENT LIABILITIES

The Group has bank guarantees in place with the Commonwealth Bank of Australia as at 31 December 2022 in relation to Melbourne office premises.

Within one year	-	-
After one year but not more than ten years	398,114	398,114
	<u>398,114</u>	<u>398,114</u>

OPERA AUSTRALIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

NOTE 23. KEY MANAGEMENT PERSONNEL COMPENSATION

The following compensation was made to the 12 employees (2021: 12) on the executive team for their contributions as employees for the Group and for conducting and directing services:

	Consolidated	
	2022	2021
	\$	\$
Employee benefits (a)	3,598,251	2,459,291
Total compensation	3,598,251	2,459,291

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

NOTE 24. RELATED PARTY DISCLOSURE

(A) CONTROLLED ENTITIES:

The entities listed in the summary below were controlled entities at 31 December 2022. Opera Australia Capital Fund, Opera Australia Capital Fund UK and Opera Australia Capital Fund Limited have the same reporting date as that of the parent entity and have been included in the consolidated financial statements.

Name of controlled entity	Reporting date	Place of Incorporation	Ownership Interest	
			2022	2021
Opera Australia Capital Fund *	31 December	Australia	0%	0%
Opera Australia Capital Fund UK *	31 December	United Kingdom	0%	0%
Opera Australia Capital Fund Limited *	31 December	Australia	0%	0%

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

Although included in the consolidated result of Opera Australia Group, the Opera Australia Capital Fund reserves of \$26,326,089 are only accessible to Opera Australia through the provisions of the Opera Australia Capital Fund's Trust Deed.

(B) TRANSACTIONS WITH RELATED PARTIES IN THE GROUP

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

These transactions were undertaken on commercial terms and conditions.

(C) TRANSACTIONS WITH DIRECTORS

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

OPERA AUSTRALIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

NOTE 24. RELATED PARTY DISCLOSURE (CONTINUED)

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

Total donations from directors were \$454,933 for 2022 (2021: \$354,910).

NOTE 25. GUARANTEE

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

NOTE 26. AUDITOR'S REMUNERATION

The auditor of Opera Australia Ltd is Ernst & Young Australia.

	2022	2021
	\$	\$
Fees to Ernst & Young (Australia) For auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	200,000	200,000
Other services	8,500	20,600
Total auditor's remuneration	<u>208,500</u>	<u>220,600</u>

NOTE 27. PARENT ENTITY INFORMATION

Information relating to Opera Australia

	2022	2021
	\$	\$
Current Assets	76,074,131	79,201,829
Total Assets	99,265,869	105,538,984
Current Liabilities	43,430,099	47,063,801
Total Liabilities	47,379,205	55,405,597
Other reserves	11,988,289	11,127,031
Retained earnings	39,898,375	39,006,356
Total Equity	<u>51,886,664</u>	<u>50,133,387</u>
Total net surplus/(deficit) for the year	<u>1,753,277</u>	<u>36,405,933</u>

NOTE 28. EVENTS OCCURRING AFTER THE REPORTING DATE

There have been no significant events occurring after the reporting date.

OPERA AUSTRALIA DIRECTORS' DECLARATION

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

- (a) The financial statements and notes of the Company and its controlled entities (collectively "the Group") are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:
 - (i) giving a true and fair view of the Group's financial position as at and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards-Simplified Disclosures and the *Australian Charities and Not-for-Profits Commission Regulation 2013*;
- (b) We confirm we have met all the requirements of the Charitable Fundraising Act 1991 and NSW Charitable Fundraising Regulations 2021; and
- (c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (d) The internal controls exercised by the Company are appropriate and effective in accounting for all income received and applied to its fundraising appeals.

On behalf of the Board



A.R.N. SISSON AO
Director

Date: 27th April 2023



R.G.SIMS AO
Director

Date: 27th April 2023



**Building a better
working world**

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Independent Auditor's Report to the Members of Opera Australia

Opinion

We have audited the financial report of Opera Australia (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards - Simplified Disclosures and the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is the directors' report accompanying the financial report, but does not include the financial report and our auditor's report thereon.

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



**Building a better
working world**

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 - Simplified Disclosures and the *Australian Charities and Not-for-Profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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



**Building a better
working world**

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Report on the requirements of the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulation 2021*

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 Regulation 2021*.

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 Regulation 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.



**Building a better
working world**

Opinion

In our opinion:

- a. The financial report of the Group has been properly drawn up and associated records have been properly kept during the financial year ended 31 December 2022, 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 14(2) and 17 of the *NSW Charitable Fundraising Regulation 2021*;
- b. The money received as a result of fundraising appeals conducted by the Company during the financial year ended 31 December 2022 has been properly accounted for and applied, in all material respects, in accordance with the above-mentioned Act and Regulation.

Ernst & Young

Lisa Nijssen-Smith
Partner
Sydney
27 April 2023



Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

**Building a better
working world**

Auditor's Independence Declaration to the Directors of Opera Australia

In relation to our audit of the financial report of Opera Australia for the financial year ended 31 December 2022, 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:

- a. No contraventions of the auditor independence requirements of any applicable code of professional conduct; and
- b. No non-audit services provided that contravene any applicable code of professional conduct.

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

Ernst & Young

Lisa Nijssen-Smith

Partner

Sydney

27 April 2023