THE AUSTRALIAN ELIZABETHAN THEATRE TRUST

ABN 17 008 394 250

Annual Financial Report

FOR THE YEAR ENDED 31 DECEMBER 2018

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FOR THE YEAR ENDED 31 DECEMBER 2018

Contents to the financial report

the TRUST The Australian Elizabethan Theatre Trust

Corporate Information

Directors	The Honourable Lloyd Waddy, AM, RFD, QC Mr Brian R Larking, OAM, FCA Mr Gregory K Burton, SC, FCIArb Mr James R G Bell, BA, LLB Mr Ian Hardy, B.Ec., F Fin
Company Secretary	Mr Brian R Larking, OAM, FCA
General Manager	Mr Warwick Ross, LLB
Registered Office and Principal Place of Business	20 Young Street, Neutral Bay, NSW, 2089.
Bankers	Westpac Banking Corporation AMP Bank Limited
Auditor	W. W. Vick & Co Chartered Accountants

DIRECTORS' REPORT

The directors of The Australian Elizabethan Theatre Trust present their report together with the financial statements of The Australian Elizabethan Theatre Trust (the Company) to the members for the year ended 31 December 2018 and the Independent Auditor's Report thereon.

Directors

The names of each person who has been a director during the year and to the date of this report are:

			Board	
	Appointed	Date of Cessation	A	B
The Honourable Lloyd Waddy, AM, RFD, QC	1974		8	8
Mr Brian R Larking, OAM, FCA	1988		7	8
Mr Gregory K Burton SC, FCIArb	1994		7	8
Mr James R G Bell, BA LLB	2002		7	8
Mr Ian Hardy, B.Ec., F Fin	2016		7	8

A – Number of meetings attended **B** – Number of meetings held the director was entitled to attend

To be a director an individual must be a member of the company.

Details of directors' qualifications, experience and special responsibilities can be found on page 5 of this report.

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities and Objectives

The principal activities of the company during the financial year were:

- Support of the Arts in Australia by Australians including administration of a scholarship program for singers, musicians and conductors.
- Members' services.
- Stewardship of the company's investments with the assistance of professional funds managers.

These principal activities assist in achieving the short and long-term objectives of the company by facilitating support for the performing arts in Australia, including performances by the company's scholars and musicians of excellence and potential.

Short and long-term objectives and strategy

The company's short- and long-term objectives are:

- Administration of scholarship program.
- Facilitate performance opportunities for talented singers, musicians and conductors.
- Continued support of the performing arts nationally.

The company's strategy for achieving these objectives include:

- Attracting appropriate candidates for admission into the scholarship program.
- Attracting talented performing artists and provide facilities for their performance that might not otherwise be available to them.
- Preparation of an annual budget for financial performance monitored by management and the directors.

Key Performance Measures

The company measures its own performance through the use of both quantitative and qualitative benchmarks. The benchmarks are used by the directors to assess the financial sustainability of the company and whether the company's short term and long-term objectives are achieved. The proportion of funding is provided by:

	2018		2017	
	Actual	Benchmark	Actual	Benchmark
Targeted fundraising	5%	10%	6%	10%
Earnings from investments [(a)]	95%	80%	94%	80%
Administration costs [(b)]	43%	30%	46%	30%
Scholarship expenses	13%	20%	52%	20%

In the calculation of the above percentages, revenue has been used as the base.

(a) Consists of Income from Investments (Dividends/Distributions etc) as disclosed in Note 3.

(b) Consists of Other Expenses as disclosed in the Statement of Profit or Loss and Other Comprehensive Income.

$53,003 was awarded as overseas music scholarships during 2018 (2017: $107,606).

Operating Results

The year's activities of the company resulted in an operating profit of $240,373 (2017: Profit: $9,063). The company is exempt from income tax. During the year, the Company declared payments for scholarships amounting to $53,003 (2017: $240,606) to enable studies. A grant of $15,600 was awarded to enable the public presentation of Australian singers, musicians and conductors.

Dividends Paid or Recommended

The company is a public company, limited by guarantee and accordingly does not issue shares.

The company'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 to members since the end of the previous financial year.

Review of Operations

The company offers scholarships to successful applicants, which are awarded when the company's offer is accepted by the scholar. The company brings the cost of the scholarship to account at that time, although the funds may not be disbursed by the company until after the end of the financial year.

Members' Guarantee

The company is a public company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of $2 each towards meeting any outstanding obligations of the entity. At 31 December 2018, the total amount that members of the company are liable to contribute if the company is wound up is $738 (2017: $776).

Indemnifying Officers

Insurance Premiums Paid for Directors

The company has paid premiums to insure each of the following directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company. The amount of the premium was $2,603 for all directors.

Lloyd D S Waddy	Brian R Larking
James R G Bell	Gregory K Burton
Ian Hardy	

Directors' qualifications, experience and special responsibilities

Name	Qualifications	Experience	Special Responsibilities
The Honourable Lloyd Waddy, AM RFD QC	Family Court Justice Retired	Director Since 1974	Chairman of the Board since 1992
Mr Brian R Larking, OAM FCA	Chartered Accountant	Director Since 1988	Treasurer
Mr Gregory K Burton, SC FCIArb	Senior Counsel	Director Since 1994	
Mr James R G Bell, BA LLB	Solicitor	Director Since July 2002	
Mr Ian Hardy, B.Ec., F Fin	Economist	Director since May 2016	

The Auditor's Independence Declaration for the year ended 31 December 2018 has been received and can be found on page 6 of the financial report.

Signed in accordance with a resolution of the Board of Directors.

On behalf of the directors:

The Honourable Lloyd Waddy
Director

Brian R Larking
Director

Dated: 11 April 2019

W. W. Vick & Co.
Chartered Accountants
ABN 14 568 923 714

Auditor's Independence Declaration

To the Directors' of The Australian Elizabethan Theatre Trust

In accordance with the requirements of section 60-40 of the Australian Charities and Not for Profits Commission Act 2012, as auditor for the audit of The Australian Elizabethan Theatre Trust for the year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Australian Charities and Not-for-Profits Commission Act 2012 in relation to the audit; and

2. No contraventions of any applicable code of professional conduct in relation to the audit.

W W Vick & Co
Chartered Accountants

Vlahopol

Peter Vlahopol - Partner
Sydney
Dated: 11 April 2019

Fayworth House, Suite 403, 4th Floor, 379-383 Pitt Street, Sydney, NSW 2000
PO Box 20037, World Square, NSW 2002
Phone: 02 9266 0881 Fax: 02 9266 0886

CHARTERED ACCOUNTANTS AUSTRALIA • NEW ZEALAND

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018	2017
		$	$
Revenue	3	537,922	466,440
Depreciation and amortisation expense		(16,438)	(17,023)
Other expenses	4	(279,990)	(438,912)
Finance costs		(1,121)	(1,442)
Profit before income tax		240,373	9,063
Income tax expense	1(d)	-	-
Profit for the year	4	240,373	9,063
Other Comprehensive Income:			
Items that will not be reclassified subsequently to profit or loss			
Fair value gain/(loss) on financial assets at fair value through other comprehensive income-equity instruments	7(a), 7(b)	(408,220)	178,099
Total comprehensive Income/(loss) for the year		(167,847)	187,162
Total comprehensive income/(loss) attributable to members of the entity		(167,847)	187,162

The Company has not restated comparatives when initially applying AASB 9, the comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*.

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 $	2017 $
ASSETS			
Current assets			
Cash and Cash Equivalents	5	502,952	303,376
Trade and Other Receivables	6	32,219	32,905
Other Assets	10	9,192	9,561
Total current assets		544,363	345,842
Non-current assets			
Financial assets	7	6,201,231	6,609,450
Property, plant and equipment	8	1,182,280	1,194,610
Intangible assets	9	7,508	9,555
Total non-current assets		7,391,019	7,813,615
Total Assets		7,935,382	8,159,457
LIABILITIES			
Current liabilities			
Trade and other payables	11	18,936	16,109
Other liabilities	12	341,466	360,521
Total current liabilities		360,402	376,630
Non-Current liabilities			
Other liabilities	12	40,000	80,000
Total current liabilities		40,000	80,000
TOTAL LIABILITIES		400,402	456,630
NET ASSETS		**7,534,980**	**7,702,827**
EQUITY			
Reserves	13	245,954	654,174
Accumulated surplus		7,289,026	7,048,653
TOTAL EQUITY		**7,534,980**	**7,702,827**

The Company has not restated comparatives when initially applying AASB 9, the comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement.*

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Accumulated Surplus $	Asset Revaluation Reserve $	Total $
Balance at 1 January 2017	7,039,590	476,075	7,515,665
Profit for the year	9,063	-	9,063
Other Comprehensive Income for the year: Net Fair value gain/(loss) on financial assets at fair value through other comprehensive income-equity instruments	-	178,099	178,099
Total other comprehensive income/(loss) for the year		178,099	178,099
Total comprehensive income/(loss) for the year	9,063	178,099	187,162
Balance at 31 December 2017	7,048,653	654,174	7,702,827
Profit for the year	240,373	-	240,373
Other Comprehensive Income for the year: Net Fair value gain/(loss) on financial assets at fair value through other comprehensive income-equity instruments	-	(408,220)	(408,220)
Total other comprehensive income/(loss) for the year		(408,220)	(408,220)
Total comprehensive income/(loss) for the year	240,373	(408,220)	(167,847)
Balance at 31 December 2018	7,289,026	245,954	7,534,980

The Company has not restated comparatives when initially applying AASB 9, the comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*.

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 $	2017 $
Cash flow from operating activities			
Receipts from customers and distributions (investment)		509,040	433,603
Payments to suppliers and contractors		(335,849)	(348,481)
Donations received		25,072	28,120
Interest received		4,496	4,592
Finance cost		(1,121)	(1,442)
Net cash flow from operating activities		201,638	116,392
Cash flows from investing activities			
Payment for acquisition of financial assets		-	(162,944)
Payment for acquisition of intangible assets		-	(10,233)
Payments for acquisition of property, plant and equipment		(2,062)	(2,511)
Net cash used in investing activities		(2,062)	(175,688)
Cash Flow from financing activities		-	-
Net increase/(decreases) in cash and cash equivalents		199,576	(59,296)
Cash and cash equivalents at beginning of the year		303,376	362,672
Cash and cash equivalents at end of the year	5	502,952	303,376

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 1: GENERAL

The financial report of The Australian Elizabethan Theatre Trust (the company) for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 11 April 2019.

The Australian Elizabethan Theatre Trust is a company limited by guarantee, incorporated and domiciled in Australia.

Note 2: SUMMARY OF ACCOUNTING POLICIES

(a) **Basis of Preparation**

The company applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053 : Application of Tiers of Australian Accounting Standards

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-for-profits Commission Act 2012. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

Currency

The financial statements are presented in Australian dollars, which is the company's functional currency.

(b) **Change in Accounting Policy -Financial Instruments: Adoption of AASB 9**

The company has adopted AASB 9 Financial Instruments for the first time in the current year.

As part of the adoption of AASB 9, the company adopted consequential amendments to other accounting standards arising from the issue of AASB 9 as follows:

- AASB 101 Presentation of Financial Statements requires the impairment of financial assets to be presented in a separate line item in the statement of profit or loss and other comprehensive income. In the comparative year, this information was presented as part of other expenses.

- AASB 7 Financial Instruments: Disclosures requires amended disclosures due to changes arising from AASB 9, these disclosures have been provided for the current year

Changes in accounting policies resulting from the adoption of AASB 9 have been applied retrospectively except the company has not restated any amounts relating to classification and measurement requirements including impairment which have been applied from 1 January 2018.

Classification of financial assets

The financial assets of the company have been reclassified into one of the following categories on adoption of AASB 9 based on primarily the business model in which a financial asset is managed and its contractual cash flow characteristics:

- Measured at amortised cost
- Fair value through profit or loss (FVTPL)
- Fair value through other comprehensive income debt instruments (FVOCI debt)
- Fair value through other comprehensive income equity instruments (FVOCI equity).

Measurement of equity instruments

All equity instruments of the Company are measured at fair value under AASB 9 whereas there was a cost exception under AASB 139 which allowed certain unlisted investments to be carried at amortised cost in the absence of a reliable measurement of fair value. Any difference in the previous carrying amount and the fair value is recognised in the opening retained earnings (or other component of equity, as appropriate) in the reporting period which includes the date of application.

Equity instruments are no longer subject to impairment testing and therefore all movements on equity instruments classified as fair value through other comprehensive income are taken to the asset's revaluation reserve.

Impairment of financial assets

The incurred loss model from AASB 139 has been replaced with an expected credit loss model in AASB 9 for assets measured at amortised cost, contract assets and fair value through other comprehensive income. This has not resulted in the earlier recognition of credit loss (bad debt provisions).

Transition adjustments

The impacts to reserves and retained earnings on adoption of AASB 9 at 1 January 2018 are nil.

The move to the expected credit loss model under AASB 9 has not increased the provision for trade receivables at the adoption date.

There are no classification and measurement of financial assets and liabilities difference under AASB 9 and AASB 139 at the date of initial application.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(c) Revenue recognition

Revenue is recognised when the company is legally entitled to the income and the amount can be quantified with reasonable accuracy. Revenues are recognised net of the amounts of goods and services tax (GST) payable to the Australia Taxation Office.

Donations
Donations collected are recognised as revenue when the company gains control, economic benefits are probable, and the amount of the donation can be measured reliably.

Revenue from Rendering of Services
Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Investment Income (Dividends)

Investment income comprises dividends and distributions from public listed companies (managed investment funds.)

Dividends from listed entities are recognised when the right to receive a dividend has been established. Distributions from public listed companies are recognised when the right to receive a distribution has been established.

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

(d) Income Tax

The company is a charitable institution for the purposes of Australian taxation legislation and is therefore exempt from income tax under Div. 50 of the Income Tax Assessment Act 1997. This exemption has been confirmed by the Australian Taxation Office. The company holds deductible gift recipient status.

(e) Cash and cash equivalents

Cash and cash equivalents include cash at bank, cash in hand, short-term deposits and other short-term highly liquid investments with original maturities of three months or less, and bank overdraft.

(f) Trade and other receivables

Terms of payment are generally thirty days from the date of the invoice. The collectability of debtors is reviewed regularly. An allowance for doubtful debts is made when there is objective evidence that the company will not be able to collect the debts. Bad debts are written off when identified.

Interest is accrued using the effective interest method.

(g) Property, Plant and Equipment

Basis of measurement of carrying amount
Each class of property, plant and equipment is carried at cost less, where applicable, and accumulated depreciation and impairment losses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Land and Buildings

Land and buildings are carried at cost less accumulated depreciation and impairment losses (on buildings).

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(j) for details of impairment).

Plant and equipment that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

Items of property, plant and equipment (other than land and Grand Piano) are depreciated over their useful lives to the company commencing from the time the asset is held ready for use.
Depreciation is calculated on a straight-line basis over the expected useful economic lives of the assets as follows:

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	2018 % pa	2017 % PA
Buildings	2.5-2.6	2.5- 6.7
Furniture, Fixtures and Fittings	15-33	15 – 33
Musical Instruments	10-15	10 - 15

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise.

(h) Trade creditors and other payables

Trade payables and other payables represent liabilities for goods and services provided to the company prior to the end of the financial year that are unpaid. These amounts are usually settled in 30 days. The carrying amount of the creditors and payables is deemed to reflect fair value

(I) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except where the amount of GST incurred is not recoverable from the Australian Taxation Office, in which case it is recognised as part of the cost of acquisition of an asset or as part of an item of expense. Receivables and payables are recognised inclusive of GST.

The net amount of GST recoverable from or payable to the Australian Taxation Office is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from or payable to the Australian Taxation Office is classified as operating cash flows.

(j) Financial Instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI - equity)
- fair value through other comprehensive income - debt investments (FVOCI - debt)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Fair value through other comprehensive income

Equity instruments

The Company has a number of strategic investments in listed entities over which are they do not have significant influence nor control. The Company has made an irrevocable election to classify these equity investments as fair value through other comprehensive income as they are not held for trading purposes.

These investments are carried at fair value with changes in fair value recognised in other comprehensive income (asset revaluation reserve). On disposal any balance in the financial asset reserve is transferred to retained earnings and is not reclassified to profit or loss.

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.
The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise of trade payables.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

(k) **Intangibles**

Website is initially recognised at cost. It has a finite life and is carried at cost less any accumulated amortisation and impairment losses. Website has an estimated useful life of between one and five years. It is assessed annually for impairment.

(l) **Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(m) **Fair Value of Assets and Liabilities**

The company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

"Fair value" is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability). In the absence of such a market, market information is extracted from the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (if any) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(n) Other liabilities

The company offers scholarships to successful applicants, which are awarded when the company's offer is accepted by the scholar. The company brings the cost of the scholarship to account at that time, although the funds may not be disbursed by the company until after the end of the financial year.

(o) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 31 December 2018, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

(p) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key estimates

The company maintains a portfolio of securities with a carrying amount of $6,201,231 at the end of the reporting period. Certain individual investments have declined in value recently by up to 10%. The directors do not believe this decline constitutes a significant or prolonged decline below cost at this stage and hence no impairment has been recognised. Should share values decline to a level which is in excess of 30% below cost or should prices remain at levels below cost for a period in excess of 12 months, the directors have determined that such investments will be considered impaired in the future.

(q) Impairments of Assets

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in profit or loss.

Where the assets are not held primarily for their ability to generate net cash inflows – that is, they are specialised assets held for continuing use of their service capacity – the recoverable amounts are expected to be materially the same as fair value.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs

Where an impairment loss on a revalued individual asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

NOTE 3: REVENUE

	Note	2018 $	2017 $
Revenue			
- Income from Investments (Dividends/Distributions)		495,854	433,728
- Donations		25,072	28,120
		520,926	461,848
Other Revenue			
- Interest		4,496	4,592
- Other income (Grant approved in prior year written back)		12,500	-
		16,996	4,592
Total Revenue		537,922	466,440

NOTE 4: SURPLUS FOR THE YEAR

SIGNIFICANT EXPENSES

	Note	2018 $	2017 $
- Grants approved/scholarships		68,603	240,606
- Consultancy fee	14(a)	93,495	86,497
- Strata levies		20,401	25,615
- Audit fee		8,370	8,792
- Accountancy fee		15,215	15,513
- Website & Domain		12,513	7,155

NOTE 5: CASH AND CASH EQUIVALENTS

	2018 $	2017 $
Cash on hand	73	73
Bank balances	414,861	217,528
Short-term deposits	88,018	85,775
	502,952	303,376

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 5: CASH AND CASH EQUIVALENTS (continued)

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the balance sheet as follows:	2018 $	2017 $
Cash and cash equivalents	502,952	303,376

NOTE 6: TRADE AND OTHER RECEIVABLES

CURRENT

	2018 $	2017 $
Trade receivables	30,622	30,622
Other receivables	1,597	2,283
	32,219	32,905

NOTE 7: FINANCIAL ASSETS

NON-CURRENT

		2018 $	2017 $
(a)	Income Securities	41,083	38,672
(b)	Investment in diversified investment companies	6,160,148	6,570,778
		6,201,231	6,609,450

The company-maintained investments in managed funds.

		2018 $	2017 $
(a)	**Income Securities**		
	Balance beginning of the year	38,672	35,055
	Purchases	-	-
	Disposals	-	-
	Fair value measurement gains/(losses)	2,411	3,617
		41,083	38,672
(b)	**Investment in diversified investment companies**		
	Balance beginning of the year	6,570,778	6,233,352
	Purchases	-	162,944
	Disposals	-	-
	Fair value measurement gains/(losses)	(410,630)	174,482
		6,160,148	6,570,778

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 $	2017 $
NOTE 8: PROPERTY, PLANT AND EQUIPMENT			
LAND AND BUILDINGS			
Land and Buildings – At Cost		1,034,907	1,034,907
Less Depreciation		(35,919)	(27,358)
Total Land and Buildings		998,988	1,007,549
PLANT AND EQUIPMENT			
Furniture, fixtures and fittings - At cost		68,149	66,087
Less accumulated depreciation		(49,859)	(44,028)
Total Furniture, Fixtures and Fittings		18,290	22,059
Music Instruments - At cost	A	194,495	194,495
Less accumulated depreciation		(29,493)	(29,493)
Total Musical Instruments		165,002	165,002
Total Plant and Equipment		183,292	187,061
Total Property, Plant and Equipment		1,182,280	1,194,610

A. Includes grand piano valued at $165,000 (at cost price). The directors ascertain this Piano to be an appreciating asset. The Piano is not depreciated. The directors have obtained recent replacement cost of the Piano which is valued at an amount higher than the recorded cost.

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land & Buildings $	Furniture, Fixtures & Fittings $	Musical Instruments $	Total $
Carrying amount at the beginning of year	1,007,549	22,059	165,002	1,194,610
Additions	-	2,062	-	2,062
Depreciation expense	(8,561)	(5,831)	-	(14,392)
Carrying amount at the end of year	998,988	18,290	165,002	1,182,280

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 $	2017 $
NOTE 9: INTANGIBLE ASSETS			
Website Development - At cost		9,555	10,233
Less accumulated depreciation		(2,047)	(678)
		7,508	9,555

NOTE 10: OTHER ASSETS

CURRENT

		2018 $	2017 $
Prepayments and deposits		9,192	9,561
		9,192	9,561

NOTE 11: TRADE AND OTHER PAYABLES

CURRENT

		2018 $	2017 $
Unsecured liabilities		17,831	14,592
Sundry and other payables		1,105	1,517
		18,936	16,109

NOTE 12: OTHER LIABILITIES

CURRENT

	Note	2018 $	2017 $
Accrued Scholarships		61,466	80,521
Liabilities directly associated with assets	A	280,000	280,000
		341,466	360,521

A

Specific purpose funds:

		2018 $	2017 $
- Armstrong-Martin Scholarship		80,000	80,000
- Chalwin Fund		200,000	200,000
Total		280,000	280,000

Held as follows:

Specific purpose funds

		2018 $	2017 $
- Managed funds		200,000	200,000
- Cash and cash equivalents		80,000	80,000
Total		280,000	280,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 12: OTHER LIABILITIES (continued)

	2018	2017
NON-CURRENT	$	$
Accrued Scholarships	40,000	80,000

NOTE 13: RESERVES

Assets Revaluation Reserve

The assets revaluation reserve records revaluation of equity instruments held by the company.

NOTE 14: RELATED PARTY TRANSACTIONS

(a) KEY MANAGEMENT PERSONNEL

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel.

	2018	2017
	$	$
Key management personnel compensation	93,495	86,497

(b) RELATED PARTIES

The directors of the company were the only related parties. During the year there were no financial transactions with related parties.

(c) DIRECTORS' REMUNERATION

The directors of the company have received no benefits during the financial year for the performance of their duties as directors.

NOTE 15: MEMBERS GUARANTEE

The entity is incorporated under the *Corporations Act 2001* and is an entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of $2.00 each towards meeting any out standings and obligations of the entity. At 31 December 2018 the number of members were 369 (2017:388).

NOTE 16: CAPITAL COMMITMENTS

There are no capital commitments at both reporting dates.

NOTE 17: EVENTS SUBSEQUENT TO REPORTING DATE

The financial report was authorised for issue on 11 April 2019 by order of the Board of Directors.

There have been no matters or circumstances which have arisen since the end of the financial year which may significantly affect the operations of the organisation, the results of those operations or the state of affairs of the organisation in subsequent years.

NOTE 18: CONTINGENT LIABILITY

There are no significant contingent liabilities as at reporting date (2017: NIL).

NOTE 19: FINANCIAL RISK MANAGEMENT

The company's financial instruments consist mainly of deposits with banks, investments, accounts receivable and payable.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 9: Financial Instruments as detailed in the accounting policies to these financial statements, are as follows:

	Note	2018 $	2017 $
Cash and cash equivalents	5	502,952	303,376
Loans and receivables	6	32,219	32,905
Financial assets	7	6,201,231	6,609,450
Total financial assets		6,736,402	6,945,731
Financial liabilities			
Financial liabilities at amortised cost:			
- Trade and other payable	11	18,936	16,109
Total financial liabilities		18,936	16,109

Refer to Note 20 for detailed disclosures regarding the fair value measurement of the company's financial assets and financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 20: FAIR VALUE MEASUREMENT

The company has the following assets, as set out in the table below, that are measured at fair value on a recurring basis after their initial recognition. The company does not subsequently measure any liabilities at fair value on a recurring basis and has no assets or liabilities that are measured at fair value on a non-recurring basis.

Recurring fair value measurements

Financial assets

Equity Instruments:

- shares in managed investment funds (i)	7	6,201,231	6,609,450
		6,201,231	6,609,450

(i) For investments in managed funds, the fair values have been determined based on closing quoted bid prices at the end of the reporting period.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of The Australian Elizabethan Theatre Trust, the directors of the entity declare that:

1. The financial statements and notes, as set out on pages 7 to 26, are in accordance with the Australian Charities and Not-for-Profit Commission Act 2012 and Australian Charities and Not-for-Profit Commission Regulations 2013 and:

(a) comply with Australian Accounting Standards – Reduced Disclosure Standards; and

(b) give a true and fair view of the financial position as at 31 December 2018 and of the performance for the year ended on that date of the entity.

2. In the directors' opinion there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

The Honourable Lloyd Waddy
Director

Brian R Larking
Director

Dated: 11 April 2019.

W. W. Vick & Co.
Chartered Accountants
ABN 14 568 923 714

Independent Auditor's Report to the members of The Australian Elizabethan Theatre Trust

Opinion

We have audited the financial report of The Australian Elizabethan Theatre Trust (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, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report gives a true and fair view of the financial position of the company as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with:

a) *Australian Accounting Standards- Reduced Disclosure Requirements*; and
b) Division 60 of the *Australian Charities and Not for Profits Commission Act 2012*, and the *Australian Charities and Not for Profits Commission Regulations 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 (ACNC Act)* 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.

Other Information

Directors' are responsible for the other information. The other information comprises the information included in the Company's annual financial report for the year ended 31 December 2018 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.

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 Directors' for the Financial Report

Directors' 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, Australian Charities and Not-for-Profit Commission Regulations 2013*, and for such internal control as directors' determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

The directors are responsible for overseeing the company's financial reporting process.

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 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 the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

W W VICK & CO

Chartered Accountants

Peter Vlahopol – Partner

Registered Company Auditor- No 4554

Suite 403, 4th Floor, 379-383 Pitt Street

Sydney NSW 2000

Dated: 11 April 2019