THE AUSTRALIAN ELIZABETHAN THEATRE TRUST

ABN 17 008 394 250

Annual Financial Report

FOR THE YEAR ENDED 31 DECEMBER 2019

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FOR THE YEAR ENDED 31 DECEMBER 2019

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 Mr James R G Bell, BA, LLB
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 2019 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:

	Appointed	Date of Cessation	Board A	Board B
The Honourable Lloyd Waddy, AM, RFD, QC	1974		6	6
Mr Brian R Larking, OAM, FCA	1988		6	6
Mr Gregory K Burton SC, FCIArb	1994		6	6
Mr James R G Bell, BA LLB	2002		6	6
Mr Ian Hardy, B.Ec., F Fin	2016		6	6

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:

	2019		2018	
	Actual	**Benchmark**	**Actual**	**Benchmark**
Targeted fundraising	6%	10%	5%	10%
Earnings from investments [(a)]	94%	80%	95%	80%
Administration costs [(b)]	47%	30%	43%	30%
Scholarship expenses	40%	20%	13%	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.

$118,971 was awarded as music scholarships during 2019 (2018: $53,003).

Operating Results

The year's activities of the company resulted in an operating profit of $801,456 (2018: Loss: $167,847). The company is exempt from income tax. During the year, the Company declared payments for scholarships amounting to $118,972 (2018: $53,003) to enable studies. A grant of $79,000 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 2019, the total amount that members of the company are liable to contribute if the company is wound up is $712 (2018: $738).

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.

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

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 2019 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

James Bell
Director

Dated: 8 April 2020

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 2019, 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

P Vlahopol

Peter Vlahopol - Partner
Sydney
Dated: 8 April 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019	2018
		$	$
Revenue	3	495,967	537,922
Depreciation and amortisation expense		(16,500)	(16,438)
Other expenses	4	(411,417)	(279,990)
Net Gain/(loss) on financial assets- Fair value through P&L		734,651	(408,220)
Finance costs		(1,245)	(1,121)
Profit/(loss) before income tax		801,456	(167,847)
Income tax expense	1(d)	-	-
Profit/(loss) for the year	4	801,456	(167,847)
Total comprehensive Income/(loss) for the year		801,456	(167,847)

The Company has initially applied AASB 15 and AASB 1058 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using, AASB 118, AASB 1004 and related interpretations.

The Company has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 $	2018 $
ASSETS			
Current assets			
Cash and Cash Equivalents	5	408,756	502,952
Trade and Other Receivables	6	35,238	32,219
Other Assets	10	7,978	9,192
Total current assets		451,972	544,363
Non-current assets			
Financial assets	7	7,150,882	6,201,231
Property, plant and equipment	8	1,171,467	1,182,280
Intangible assets	9	5,461	7,508
Total non-current assets		8,327,810	7,391,019
Total Assets		8,779,782	7,935,382
LIABILITIES			
Current liabilities			
Trade and other payables	11	16,881	18,936
Other liabilities	12	390,965	341,466
Total current liabilities		407,846	360,402
Non-Current liabilities			
Other liabilities	12	35,500	40,000
Total current liabilities		35,500	40,000
TOTAL LIABILITIES		443,346	400,402
NET ASSETS		**8,336,436**	**7,534,980**
EQUITY			
Accumulated surplus		8,336,436	7,534,980
TOTAL EQUITY		**8,336,436**	**7,534,980**

The Company has initially applied AASB 15 and AASB 1058 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using, AASB 118, AASB 1004 and related interpretations.

The Company has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Accumulated Surplus $	Total $
Balance at 1 January 2018	7,702,827	7,702,827
Total comprehensive income/(loss) for the year	(167,847)	(167,847)
Balance at 31 December 2018	7,534,980	7,534,980
Total comprehensive income/(loss) for the year	801,456	801,456
Balance at 31 December 2019	8,336,436	8,336,436

The Company has initially applied AASB 15 and AASB 1058 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using, AASB 118, AASB 1004 and related interpretations.

The Company has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 $	2018 $
Cash flow from operating activities			
Receipts from customers and distributions (investment)		459,090	509,040
Payments to suppliers, contractors and scholarships		(367,259)	(335,849)
Donations received		29,645	25,072
Interest received		4,213	4,496
Finance cost		(1,245)	(1,121)
Net cash flow from operating activities		124,444	201,638
Cash flows from investing activities			
Payment for acquisition of financial assets		(215,000)	-
Payments for acquisition of property, plant and equipment		(3,640)	(2,062)
Net cash used in investing activities		(218,640)	(2,062)
Cash Flow from financing activities		-	-
Net increase/(decreases) in cash and cash equivalents		(94,196)	199,576
Cash and cash equivalents at beginning of the year		502,952	303,376
Cash and cash equivalents at end of the year	5	408,756	502,952

The Company has initially applied AASB 15 and AASB 1058 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using, AASB 118, AASB 1004 and related interpretations.

The Company has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 1: GENERAL

The financial report of The Australian Elizabethan Theatre Trust (the company) for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on 8 April 2020.

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**

Revenue from Contracts with Customers - Adoption of AASB 15 and Income of Not-for-Profit Entities- Adoption of AASB 1058

The Company has adopted AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities for the first time in the current year with a date of initial application of 1 January, 2019.

The Company has applied AASB 15 and AASB 1058 using the cumulative effect method which means the comparative information has not been restated and continues to be reported under AASB 118, AASB 1004 and related interpretations. All adjustments on adoption of AASB 15 and AASB 1058 have been taken to retained earnings at 1 January, 2019.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

The following practical expedients have been applied on transition to AASB 15 and AASB 1058:

For contracts modified prior to 1 January 2019, the company has elected not to restate the contract for the modifications and has instead reflected the aggregate effect of all the modifications that occur before the transition date on 1 January 2019.

Nature of change in accounting policy from adoption of AASB 15 and AASB 1058

The key changes to the Company's accounting policies and the impact on these financial statements from applying AASB 15 and AASB 1058 are described below.

Costs incurred in fulfilling customer contracts

Prior to adopting AASB 15 the entity would recognise direct costs associated with fulfilling customer contracts, as expenses when incurred as they did not qualify for recognition as assets under any other accounting standards.

Under AASB 15, as these costs relate directly to the contracts, generate resources used in satisfying the contracts and are expected to be recovered, they are capitalised as "costs to fulfil a contract" asset and released through profit and loss on the same basis as the revenue is recognised.

These costs include costs to set up resources to establish a program, including recruitment and preparation of materials.

Changes in presentation

The Company did not have to amend any presentation of items to align them with the requirements of AASB 15 and AASB 1058.

Comparison of financial statement line items under AASB 15 and AASB 1058 compared to previous standards for the current year

There are no impact of adopting AASB 15 and AASB 1058 on the Company's Statement of Profit and Loss and Other Comprehensive income, Statement of Financial Position, and Statement of Cash flows for the year ended 31 December 2019. The carrying amounts prior to adoption of AASB 15 and AASB 1058 are the same as AASB 15 and AASB 1058 carrying amounts.

Leases - Adoption of AASB 16

The Company has adopted AASB 16 Leases using the modified retrospective (cumulative catch-up) method from 1 January, 2019 and therefore the comparative information for the year ended 31 December 2019 has not been restated and has been prepared in accordance with AASB 117 Leases and associated Accounting Interpretations.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Impact of adoption of AASB 16

Nature of change in accounting policy from adoption of AASB 16

The impact of adopting AASB 16 is described below:

Company as a lessee

Under AASB 117, the Company assessed whether leases were operating or finance leases based on its assessment of whether the significant risks and rewards of ownership had been transferred to the Company or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short term leases and leases of low value assets).

There are no leases and concessionary leases identified by the company. The company owns the premises and does not rent any equipment. There are no other agreements that are identified as leases.

The Company has elected to use the exception to lease accounting for short-term leases and leases of low value assets, and the lease expense relating to these leases are to be recognised in the statement of profit or loss on a straight line basis. There are no short term leases and low value assets identified.

Practical expedients used on transition

AASB 16 includes a number of practical expedients which can be used on transition, the Company has used the following expedients:

- contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16;
- lease liabilities have been discounted using the Company's incremental borrowing rate at 1 January 2019;
- right-of-use assets at 1 January 2019 have been measured at an amount equal to the lease liability adjustment by any prepaid or accrued lease payments;
- a single discount rate was applied to all leases with similar characteristics;
- excluded leases with an expiry date prior to 31 December 2019 from the statement of financial position and lease expenses for these leases have been recorded on a straight-line basis over the remaining term;
- used hindsight when determining the lease term is the contract contains options to extend or terminate the lease;
- For leases which were classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 are the same value as the leased asset and liability on 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Financial statement impact of adoption of AASB 16
The Company has not recognised any right-of-use assets and lease liabilities at 1 January, 2019, for leases previously classified as operating leases.

There were no operating lease commitments at 31 December 2018.

(c) Revenue recognition

For comparative year

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.

Revenue from contracts with customers
For current year
The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

None of the revenue streams of the Company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Specific revenue streams
The revenue recognition policies for the principal revenue streams of the Company are:

Donations
Where donation income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligations is satisfied.

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

Amounts arising from donation and rendering of services in the scope of AASB 1058 are recognised at the assets fair value when the asset is received. The company considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

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.

Other income
Other income is recognised on an accruals basis when the Company is entitled to it.

Volunteer services
No amounts are included in the financial statements for services donated by volunteers.

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

(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.

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	2019 % pa	2018 % PA
Buildings	2.5-2.6	2.5- 6.7
Furniture, Fixtures and Fittings	15-33	15 – 33
Musical Instruments	10-15	10 - 15

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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 profit and loss

The Company has a number of strategic investments in listed entities over which are they do not have significant influence nor control. These investments in managed funds are carried at fair value with changes in fair value recognised in profit and loss.

Dividends and Distributions are recognised as income in profit or loss. Other net gains and losses are recognised in profit or loss.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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.

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 and other liabilities.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

(l) **Leases**

For comparative year

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term. There were no operating leases identified in prior year.

For current year

At inception of a contract, the Company assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Company has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy. The estimated life of the right-of-use assets is based on those of property, plant and equipment. The right-of-use asset is subject to the impairment requirements and is assessed for impairment indicators at each reporting date.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to lease accounting
The Company has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term

(m) **Comparative Figures**

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

(n) **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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

(o) 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.

(p) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 31 December 2019, refer to Note 2 (b) for details of the changes due to standards adopted.

(q) 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 judgments – Revenue and other revenue

For many of the donation and other income agreements received, the determination of whether the contract includes sufficiently specific performance obligations was a significant judgement involving discussions with a number of parties at the company, review of the documents and consideration of the terms and conditions.

Revenue and other income received by the company have been accounted for under both AASB 15 and AASB 1058 depending on the terms and conditions and decisions made.

If this determination was changed then the revenue recognition pattern would be different from that recognised in these financial statements.

Key estimates

The company maintains a portfolio of securities with a carrying amount of $7,150,882 at the end of the reporting period. No individual investments have declined in value recently. The directors believe no impairment was required. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

(r) 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	2019 $	2018 $
NOTE 3: REVENUE			
Revenue			
- Income from Investments (Dividends/Distributions)		462,109	495,854
- Donations (AASB 1058)		29,645	25,072
		491,754	520,926
Other Revenue			
- Interest		4,213	4,496
- Other income (Grant approved in prior year written back)		-	12,500
		4,213	16,996
Total Revenue		495,967	537,922

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 4: SURPLUS FOR THE YEAR

SIGNIFICANT EXPENSES

	Note	2019 $	2018 $
- Grants approved/scholarships		197,971	68,603
- Consultancy fee	13(a)	92,500	93,495
- Strata levies		20,401	20,401
- Audit fee		8,400	8,370
- Accountancy fee		15,171	15,215
- Website & Domain		2,277	12,513

NOTE 5: CASH AND CASH EQUIVALENTS

Cash on hand	73	73
Bank balances	328,683	414,861
Short-term deposits	80,000	88,018
	408,756	502,952

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:

Cash and cash equivalents	408,756	502,952

NOTE 6: TRADE AND OTHER RECEIVABLES

CURRENT

Trade receivables	31,318	30,622
Other receivables	3,920	1,597
	35,238	32,219

Trade receivable consists of accrued distribution from investments. The amount has been subsequently recovered in full. No impairment required under ECL model.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 7: FINANCIAL ASSETS

NON-CURRENT

		Note	2019 $	2018 $
(a)	Income Securities (amortised cost)		45,264	41,083
(b)	Investment in diversified investment companies (FVTPL)		7,105,618	6,160,148
			7,150,882	6,201,231

The company-maintained investments in managed funds.

		2019	2018
(a)	**Income Securities**		
	Balance beginning of the year	41,083	38,672
	Purchases	-	-
	Disposals	-	-
	Fair value measurement gains/(losses)	4,181	2,411
		45,264	41,083
(b)	**Investment in diversified investment companies**		
	Balance beginning of the year	6,160,148	6,570,778
	Purchases	215,000	-
	Disposals	-	-
	Fair value measurement gains/(losses)	730,470	(410,630)
		7,105,618	6,160,148

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

LAND AND BUILDINGS

	2019	2018
Land and Buildings – At Cost	1,034,907	1,034,907
Less Depreciation	(44,480)	(35,919)
Total Land and Buildings	990,427	998,988

PLANT AND EQUIPMENT

	2019	2018
Furniture, fixtures and fittings - At cost	71,789	68,149
Less accumulated depreciation	(55,751)	(49,859)
Total Furniture, Fixtures and Fittings	16,038	18,290

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 $	2018 $
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		181,040	183,292
Total Property, Plant and Equipment		1,171,467	1,182,280

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 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	998,988	18,290	165,002	1,182,280
Additions	-	3,640	-	3,640
Depreciation expense	(8,561)	(5,892)	-	(14,453)
Carrying amount at the end of year	990,427	16,038	165,002	1,171,467

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 $	2018 $

NOTE 9: INTANGIBLE ASSETS

	Note	2019 $	2018 $
Website Development - At cost		10,233	10,233
Less accumulated depreciation		(4,772)	(2,725)
		5,461	7,508

NOTE 10: OTHER ASSETS

CURRENT

		2019 $	2018 $
Prepayments and deposits		7,978	9,192
		7,978	9,192

NOTE 11: TRADE AND OTHER PAYABLES

CURRENT

		2019 $	2018 $
Unsecured liabilities		16,148	17,831
Sundry and other payables		733	1,105
		16,881	18,936

NOTE 12: OTHER LIABILITIES

CURRENT

	Note	2019 $	2018 $
Accrued Scholarships		110,965	61,466
Liabilities directly associated with assets	A	280,000	280,000
		390,965	341,466

A

Specific purpose funds:

		2019 $	2018 $
- Armstrong-Martin Scholarship		80,000	80,000
- Chalwin Fund		200,000	200,000
Total		280,000	280,000

Held as follows:

Specific purpose funds

		2019 $	2018 $
- 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 2019

NOTE 12: OTHER LIABILITIES (continued)

NON-CURRENT	2019 $	2018 $
Accrued Scholarships	35,500	40,000

NOTE 13: 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.

	2019 $	2018 $
Key management personnel compensation	92,500	93,495

(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 14: 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 2019 the number of members was 356 (2018:369).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 15: CAPITAL COMMITMENTS

There are no capital commitments at both reporting dates.

NOTE 16: EVENTS SUBSEQUENT TO REPORTING DATE

The financial report was authorised for issue on 8 April 2020 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 17: CONTINGENT LIABILITY

There are no significant contingent liabilities as at reporting date (2018: NIL).

NOTE 18: 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	2019 $	2018 $
Cash and cash equivalents- Amortised cost	5	408,756	502,952
Loans and receivables - Amortised cost	6	35,238	32,219
Financial assets-FVTPL	7	7,150,882	6,201,231
Total financial assets		7,594,876	6,736,402
Financial liabilities			
Financial liabilities at amortised cost:			
- Trade and other payable	11	16,881	18,936
- Other liabilities	12	426,465	381,466
Total financial liabilities		443,346	400,402

Refer to Note 19 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 2019

NOTE 19: 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- Fair Value through Profit and Loss

-	Units in managed investment funds (i)	7	7,105,618	6,160,148
			7,105,618	6,160,148

(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 30, 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 2019 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	James Bell
Director	Director

Dated: 8 April 2020.

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 2019, 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 2019, 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.

Level 3, 1 James Place, North Sydney, NSW, 2060.
PO Box 20037, World Square, NSW 2002
Phone: 02 8071 0300

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 2019 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

Level 3, 1 James Place

North Sydney NSW 2060

Dated: 8 April 2020