THE AUSTRALIAN ELIZABETHAN THEATRE TRUST

ABN 17 008 394 250

Annual Financial Report

FOR THE YEAR ENDED 31 DECEMBER 2017

the TRUST

The
Australian
Elizabethan
Theatre
Trust

THE AUSTRALIAN ELIZABETHAN THEATRE TRUST

ABN 17 008 394 250

FOR THE YEAR ENDED 31 DECEMBER 2017

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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 2017 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		5	6
Mr Ian Hardy, B.Ec., F Fin	2016		5	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:

	2017		2016	
	Actual	**Benchmark**	**Actual**	**Benchmark**
Targeted fundraising	6%	10%	4%	10%
Earnings from investments [a]	94%	80%	96%	80%
Administration costs [b]	46%	30%	41%	30%
Scholarship expenses	52%	20%	27%	20%

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

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

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

$107,606 was awarded as overseas music scholarships during 2017 (2016: $95,016).

Operating Results

The year's activities of the company resulted in an operating profit of $9,063 (2016: Profit: $166,299). The company is exempt from income tax. During the year, the Company declared payments for scholarships amounting to $240,606 (2016: $138,528) to enable studies.

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 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 2017, the total amount that members of the company are liable to contribute if the company is wound up is $776 (2016: $814).

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 $2,825.45 for all directors.

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 2017 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: 12 April 2018

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 2017, 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: 12 April 2018

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 $	2016 $
Revenue	3	466,440	515,615
Depreciation and amortisation expense		(17,023)	(19,347)
Other expenses	4	(438,912)	(328,605)
Finance costs		(1,442)	(1,364)
Profit before income tax		9,063	166,299
Income tax expense	1(c)	-	-
Profit for the year	4	9,063	166,299
Other Comprehensive Income:			
Items that may be reclassified subsequently to profit or loss when specific conditions are met:			
Fair value gain/(loss) on available for sale financial assets	7(a), (b)	178,099	19,103
Total comprehensive Income/(loss) for the year		187,162	185,402
Total comprehensive income/(loss) attributable to members of the entity		187,162	185,402

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 $	2016 $
ASSETS			
Current assets			
Cash and Cash Equivalents	5	303,376	362,672
Trade and Other Receivables	6	32,905	32,780
Other Assets	10	9,561	7,349
Total current assets		345,842	402,801
Non-current assets			
Financial assets	7	6,609,450	6,268,408
Property, plant and equipment	8	1,194,610	1,208,442
Intangible assets	9	9,555	-
Total non-current assets		7,813,615	7,476,850
Total Assets		8,159,457	7,879,651
LIABILITIES			
Current liabilities			
Trade and other payables	11	16,109	17,768
Other liabilities	12	360,521	346,218
Total current liabilities		376,630	363,986
Non-Current liabilities			
Other liabilities	12	80,000	-
Total current liabilities		80,000	-
TOTAL LIABILITIES		456,630	363,986
NET ASSETS		**7,702,827**	**7,515,665**
EQUITY			
Reserves	13	654,174	476,075
Accumulated surplus		7,048,653	7,039,590
TOTAL EQUITY		**7,702,827**	**7,515,665**

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Accumulated Surplus $	Available for Sale Revaluation Reserve $	Total $
Balance at 1 January 2016	6,873,291	456,972	7,330,263
Profit for the year	166,299	-	166,299
Other Comprehensive Income for the year:			
Net Fair value gain/(loss) on available for sale financial assets	-	19,103	19,103
Total other comprehensive income/(loss) for the year		19,103	19,103
Total comprehensive income/(loss) for the year	166,299	19,103	185,402
Balance at 31 December 2016	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 available for sale financial assets	-	178,099	178,099
Total other comprehensive income/(loss) for the year		178,099	178,099
Total comprehensive income for the year	9,063	178,099	187,162
Balance at 31 December 2017	7,048,653	654,174	7,702,827

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 $	2016 $
Cash flow from operating activities			
Receipts from customers and distributions (investment)		433,603	508,074
Payments to suppliers and contractors		(348,481)	(233,681)
Donations received		28,120	22,160
Interest received		4,592	7,986
Finance cost		(1,442)	(1,362)
Net cash flow from operating activities		116,392	303,177
Cash flows from investing activities			
Payment for acquisition of financial assets		(162,944)	(400,000)
Payment for acquisition of intangible assets		(10,233)	-
Payments for acquisition of property, plant and equipment		(2,511)	(48,727)
Net cash used in investing activities		(175,688)	(448,727)
Cash Flow from financing activities		-	-
Net increase/(decreases) in cash and cash equivalents		(59,296)	(145,550)
Cash and cash equivalents at beginning of the year		362,672	508,822
Cash and cash equivalents at end of the year	5	303,376	362,672

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 1: GENERAL

The financial report of The Australian Elizabethan Theatre Trust (the company) for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors on 12 April 2018.

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) **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 Australian Taxation Office.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Revenue recognition (continued)

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.

(c) 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.

(d) 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.

(e) 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.

(f) 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).

(f) Property, Plant and Equipment (continued)

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(k) 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	2017 % pa	2016 % 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.

(g) Financial Assets - Investments

Investments are initially recognised at cost, being the fair value of the consideration and any other acquisition cost.

Investments have no maturity date and are classified as available-for-sale financial assets.

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for this which are expected to be disposed of within 12 months after the end of the reporting period. These are valued at fair value at year end.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

(g) Financial Assets – Investments (continued)

Impairment

At the end of each reporting period, the entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income. Any subsequent reversal of an impairment loss is not reversed through the statement of comprehensive income.

(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

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are recognised immediately as expenses in profit or loss.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

(j) Financial Instruments (continued)

Classification and subsequent measurement (continued)

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(ii) *Available-for-sale investments*

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(iii) *Financial liabilities*

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(k) Impairment of Assets

At the end of each reporting period, the entity assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(l) 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 2017

(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.

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) 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) 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 $6,609,450 at the end of the reporting period. Certain individual investments have declined in value recently by up to 0.3%. 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) Going Concern

The company's revenue has decreased during the year by approximately $49,000 and expenses have increased by approximately $108,000 due, in part to a large increase in scholarships granted totalling $240,606 [2016-$138,528], resulting in a lower surplus of approximately $9,000 [2016 $166,000 surplus], this has also resulted in a working capital deficiency of approximately $31,000. Cash flows from operating activities have reduced by approximately $187,000 due to the larger award of Scholarships which the Directors see as beneficial to the company's long-term objectives. The above matters create a few potential indicators of a going concern issue.

The Board has put strategies in place to ensure that the company is able to pay its debts as and when they fall due. The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The budget for 2018 has been prepared based on management assumptions and key variables. In 2017 the board has approved scholarship grant payments payable in 2018 to 2021. Such expenditure has not been included in the 2018 budget therefore the company is anticipating a surplus for that year thus improving the working capital position and cash flows from operating activities.

Also, the directors are mindful of all investments of the company, and should an event arise that has an adverse effect on the company's investments, future award funding would be critically assessed and may well be cut.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 $	2016 $
NOTE 3: REVENUE			
Revenue			
- Income from Investments (Dividends/Distributions)		433,728	485,470
- Donations		28,120	22,160
		461,848	507,630
Other Revenue			
- Interest		4,592	7,985
		4,592	7,985
Total Revenue		466,440	515,615

NOTE 4: SURPLUS FOR THE YEAR

SIGNIFICANT EXPENSES

		2017	2016
- Grants approved/scholarships		240,606	138,528
- Consultancy fee		86,497	83,500
- Strata levies		25,615	25,213
- Audit fee		8,792	8,000
- Accountancy fee		15,513	16,703

NOTE 5: CASH AND CASH EQUIVALENTS

		2017	2016
Cash on hand		73	73
Bank balances		217,528	274,346
Short-term deposits		85,775	88,253
		303,376	362,672

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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:	2017 $	2016 $
Cash and cash equivalents	303,376	362,672

NOTE 6: TRADE AND OTHER RECEIVABLES

CURRENT

Trade receivables	30,622	30,623
Other receivables	2,283	2,157
	32,905	32,780

NOTE 7: FINANCIAL ASSETS

NON-CURRENT

Available-for-sale financial assets

(a)	Income Securities	38,672	35,055
(b)	Investment in diversified investment company	6,570,778	6,233,353
		6,609,450	6,268,408

The company maintained investments in managed funds.

(a) Income Securities

Balance beginning of the year	35,055	33,967
Purchases	-	-
Disposals	-	-
Fair value measurement gains/(losses)	3,617	1,088
	38,672	35,055

(b) Investment in diversified investment company

Balance beginning of the year	6,233,352	5,815,338
Purchases	162,944	400,000
Disposals	-	-
Fair value measurement gains/(losses)	174,482	18,015
	6,570,778	6,233,353

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

	Note	2017 $	2016 $
LAND AND BUILDINGS			
Land and Buildings – At Cost		1,034,907	1,034,907
Less Depreciation		(27,358)	(18,797)
Total Land and Buildings		1,007,549	1,016,110
PLANT AND EQUIPMENT			
Furniture, fixtures and fittings - At cost		66,087	63,576
Less accumulated depreciation		(44,028)	(36,538)
Total Furniture, Fixtures and Fittings		22,059	27,038
Music Instruments - At cost	A	194,495	194,495
Less accumulated depreciation		(29,493)	(29,201)
Total Musical Instruments		165,002	165,294
Total Plant and Equipment		187,061	192,332
Total Property, Plant and Equipment		1,194,610	1,208,442

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 the current 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	1,016,110	27,038	165,294	1,208,442
Additions	-	2,511	-	2,511
Depreciation expense	(8,561)	(7,490)	(292)	(16,343)
Carrying amount at the end of year	1,007,549	22,059	165,002	1,194,610

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 $	2016 $
NOTE 9: INTANGIBLE ASSETS			
Website Development - At cost		10,233	18,400
Less accumulated depreciation		(678)	(18,400)
		9,555	-

NOTE 10: OTHER ASSETS

	Note	2017 $	2016 $
CURRENT			
Prepayments and deposits		9,561	7,349
		9,561	7,349

NOTE 11: TRADE AND OTHER PAYABLES

	Note	2017 $	2016 $
CURRENT			
Unsecured liabilities		14,592	17,572
Sundry and other payables		1,517	196
		16,109	17,768

NOTE 12: OTHER LIABILITIES

	Note	2017 $	2016 $
CURRENT			
Accrued Scholarships		80,521	66,218
Liabilities directly associated with assets	A	280,000	280,000
		360,521	346,218

A

	Note	2017 $	2016 $
Specific purpose funds:			
- Armstrong-Martin Scholarship		80,000	80,000
- Chalwin Fund		200,000	200,000
Total		280,000	280,000

	Note	2017 $	2016 $
Held as follows:			
Specific purpose funds			
- Managed funds		200,000	200,000
- Cash and cash equivalents		80,000	80,000
Total		280,000	280,000

NOTE 12: OTHER LIABILITIES (continued)

NON-CURRENT		
Accrued Scholarships	80,000	-

NOTE 13: RESERVES

Assets for Sale Revaluation Reserve

The assets for sale revaluation reserve records revaluations of non-current assets available for sale.

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.

	2017 $	2016 $
Key management personnel compensation	86,497	86,500

(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 2017 the number of members was $776 (2016:407).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 16: CAPITAL COMMITMENTS

Capital expenditure commitments contracted	-	-
	-	-

NOTE 17: EVENTS SUBSEQUENT TO REPORTING DATE

The financial report was authorised for issue on 12 April 2018 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 (2016: NIL).

NOTE 19: FINANCIAL RISK MANAGEMENT

	Note	2017 $	2016 $
Cash and cash equivalents	5	303,376	362,672
Loans and receivables	6	32,905	30,622
Available-for-sale financial assets	7	6,609,450	6,268,408
Total financial assets		6,945,731	6,661,702
Financial liabilities			
Financial liabilities at amortised cost:			
- Trade and other payable	11	16,109	17,572
Total financial liabilities		16,109	17,572

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 2017

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

Available-for-sale financial assets:

-	shares in managed investment funds (i)	7	6,609,450	6,268,408
			6,609,450	5,849,305

(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 25, 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 2017 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: 12 April 2018.

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

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

Qualified 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 2017, 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.

It is not always practicable for the company to establish accounting control over all form of donations prior to receipt of these funds and accordingly it is not possible for our examination to include procedures which extend beyond the amounts of such income recorded in the accounting records of the company. In respect to the qualification above, based on our review of the internal controls, nothing has come to our attention, which would cause us to believe that the internal controls over income from donations by the company are not appropriate.

In our opinion, except for the effects of the matter described in the above paragraph, the accompanying financial report gives a true and fair view of the financial position of the company as at 31 December 2017, 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 Qualified 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.

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

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 2017 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: 12 April 2018