

PACIFIC OPERA COMPANY LIMITED
(A Company Limited by Guarantee)

ACN 28 113 387 741

Financial Report for the year ended

31 December 2021

Table of Contents

<i>STATEMENT OF COMPREHENSIVE INCOME</i>	<i>7</i>
<i>STATEMENT OF FINANCIAL POSITION</i>	<i>8</i>
<i>STATEMENT OF CHANGES IN EQUITY</i>	<i>9</i>
<i>STATEMENT OF CASH FLOWS</i>	<i>10</i>
<i>NOTES TO THE FINANCIAL STATEMENTS</i>	<i>11</i>
<i>DIRECTORS' DECLARATION</i>	<i>20</i>

Attachment 1: Independent Audit Report

DIRECTORS' REPORT

The directors present their report on the company together with the financial report of Pacific Opera Company Limited (the company) for the year ended 31 December 2021.

The directors in office at any time during or since the end of the financial period were:

Mr Ian Hutchinson (appointed 29/10/2015)
Ms Nancy Milne OAM (appointed 25/03/2020)
Ms Susan Doyle (appointed 17/03/2021)
Mr Jaycen Fletcher (appointed 19/09/2016, appointed Vice Chair 27 October 2021)
Mr Paul Sweeney (appointed 8/07/2020)
Mr Peter Hidden AM (appointed 03/03/2020)
Ms Christine Douglas (appointed 19/09/2016, resigned 30 June 2021)

All directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

INFORMATION RELATING TO DIRECTORS

Mr Ian Hutchinson

(Chairperson - Appointed 29 October 2015)

Ian has been a professional non-executive Company Director for over 20 years. Before that he was Chairman and Senior Partner of one of Australia's largest law firms, Herbert Smith Freehills. Ian has been a Director of both listed and non-listed companies across a broad range of industries and services, including investment banking, financial services, life and general insurance, mining and energy, property, transport, hotels, infrastructure and health. He has extensive corporate governance experience having chaired boards and audit and risk committees, in addition to lecturing on corporate governance for the Australian Institute of Company Directors.

Nancy Milne OAM

(Director – appointed 25 March 2020)

Nancy is an experienced company director who is passionate about opera and education. Formerly a lawyer she retired as a partner from Clayton Utz over a decade ago and has pursued a career as a non-executive director since then. She practiced in the area of insurance and risk. Her current board roles include FBR Limited, NSW State Insurance Regulatory Authority, and Chair of both the Securities Exchanges Guarantee Corporation and Accountants Professional and Ethics Standards Board. Previous roles include acting as Chair and Chair of the risk and Compliance committee for Zurich Australian Group.

Ms Susan Doyle

(Director – appointed 17 March 2021)

Susan has had an extensive executive career in funds management, working with Commonwealth Superannuation Corporation, Suncorp Insurance and Finance and Insurance Australia Group. Susan served as Chairman of Commonwealth Superannuation Corporation for six years and was a founding member of the Future Fund Board of Guardians, on which she served for nine years. She is currently a Director of Lawcover Insurance Pty Ltd and Lawcover Pty Ltd, Director of Security Exchanges Guarantee Corporation, Deputy Chair of Taronga Conservation Society, a Member of NSW Treasury Corporation Board Investment Committee and a Member of Anindilyakwa Mining Council Trust.

Mr Jaycen Fletcher

(Treasurer and Vice Chair appointed 19 September 2016)

Jaycen is an Australian-born seasoned executive with over 25 years diversified general management and specialist human resources experience in a variety of organisations. Spanning ASX100 financial services, construction, design and retail, his experience is varied and unusual in the Australian context. Few executives have studied, managed and operated at strategic and operational levels in both financial and human resources roles. His latest experience has been in small-to-medium enterprises and the not-for-profit sector. Currently managing a portfolio of design-centric businesses, Jaycen leads high specialised operations in residential, luxury hotel and commercial interior design. His key skill, developed over a long career in Finance, Human Resources and General Management, is the ability to see the "big picture" and still be able to translate this into financial, operational, human resources and continuous improvement goals and task which can be implemented for the benefit of the organisation.

Peter Hidden AM

(Director – appointed 3 March 2020)

Peter is a retired judge of the Supreme Court of New South Wales, who still sits occasionally as an acting judge. He is also a Deputy President of the Mental Health Review Tribunal. Prior to his appointment to the Court in 1995, Peter's legal practice was mainly in criminal law, for the most part representing legally aided clients. He was appointed a Public Defender in 1979, Queen's Counsel in 1985, and as Senior Public Defender in 1987. In 1993, he received an award as Member of the Order of Australia for service to the community in the provision of legal aid. Peter's life-long interest in music includes a particular focus on choral music. Throughout the 1980's he was a member of the Sydney Philharmonia choirs, and he is the founder and director of the NSW Bar choir, a lawyers' group.

Paul Sweeney

(Director: appointed 8 July 2020, appointed Secretary 1 January 2021)

Paul is a Chartered Accountant with more than twenty years' professional experience spanning executive management and advisory roles. He is currently a Partner and Chief Operating Officer of McGrathNicol, a leading advisory and restructuring firm, where he is responsible for oversight of the firm's financial performance, corporate governance, operational risk management, talent development, technology and marketing function. Through his professional career Paul has had extensive experience leading transactions, business reviews and strategic change projects, working across a broad range of industries, including finance and investment, retail, mining, manufacturing, automotive, tourism, childcare and technology.

Ms Christine Douglas

(Vice Chair until resignation on 30 June 2021)

Following a distinguished singing career with Opera Australia, the State Opera companies, orchestras and festivals Australia-wide, Christine began directing opera and mentoring young artists in the late 1990s. Following a period overseas as a Churchill Fellow researching opera training, she directed for Opera Australia, Opera Queensland, the Opera Studio Melbourne and the NZ National Singing School and founded Pacific Opera, where she was Artistic Director from 2003 to 2011. In addition to consulting in the opera industry and for stage and television, Christine currently teaches singing, gives workshops and mentors artists in Australia and abroad, specialising in developing the next generation of opera talent.

PRINCIPAL ACTIVITIES

The principal activities of the company during the financial period were providing a program of education comprising artistic training, performance opportunities, and professional skills development to cultivate the next generation of Australian talent.

There were no significant changes in the nature of the company's principal activities during the financial period.

OPERATING RESULT

The operating loss for the year ended 31 December 2021 amounted to \$40,435 (2020: \$112,079 profit).

REVIEW OF OPERATIONS

During the financial period, the company continued with its Young Artist program but was restricted in its ability to host public performances and prevented from hosting its annual Chairman's Dinner & Recital due to the extended Sydney Covid-19 lockdown.

As at the beginning of the Financial Year our Co-Artistic Directors were planning for a successful year with a new cohort of exceptionally talented young artists and had success with a minor award of a Create NSW grant for 2021 (received post balance date in early February 2022).

The Covid-19 pandemic proved to be a significant challenge for the company during 2021. While the Company commenced the program with a new cohort of Young Artists, from May 2021 the Covid-19 pandemic caused upheaval in the industry generally with the severe restrictions from April 2021 and then the protracted Sydney lockdown from late June 2021. It demanded significant work to maintain focus via continued online activities, with performances prevented until the end of 2021. In a further financial blow, our major fund raiser (the Chairman's Dinner & Recital 2021) was again cancelled. Covid-19 continues to be a significant factor in lower participant numbers at performances and in fund raising. This significant uncertainty and impact is expected to gradually ease for the 2022 financial year and beyond.

The Board established a "Scholarship Fund" for the 2022 Young Artist Program recognising the extreme difficulty for our artists in attending our program, working and practising. The Board resolved to create a fund held for "scholarship" funds and to hold funds solely for the benefit of the young artists who had received the scholarships and should be held separate from the company's general funds and accounted for accordingly.

The Company was successful in securing funding from the NSW government (CreateNSW) in late 2021 with of \$20,000 for the 2022 program.

EVENTS SUBSEQUENT TO BALANCE DATE

Other than the disclosure above, no item, transaction or event of a material and unusual nature has arisen which is likely, in the opinion of the directors, to affect significantly the operations of the company, the results of these operations or the state of affairs of the company in future financial years.

The directors believe that the continued increase in public awareness because of staging further Pocket Operas in 2022 and beyond, will result in a further increase in donor and public support thereby allowing the company to increase its contribution to

the performing arts. The Chairman's Dinner & Recital took place in April 2022 providing significant support to 2022 income.

ENVIRONMENTAL ISSUES

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

DIRECTORS' MEETINGS

The number of directors' meetings held and attended by each of the directors of the company during the financial period were:

	DIRECTORS' MEETINGS	
	Number Eligible to Attend	Number Attended
Ms Christine Douglas	4	3 (Resigned 30 June)
Ms Susan Doyle	8	7
Mr Jaycen Fletcher	8	8
Mr Peter Hidden AM	8	7
Mr I Hutchinson	8	8
Ms Nancy Milne OAM	8	6
Mr Paul Sweeney	8	8

The newly established Audit & Risk Committee (Paul Sweeney, Susan Doyle & Jaycen Fletcher) met twice during the period, and all members attended each meeting.

INDEMNIFICATION OF OFFICERS

The company has entered into a Directors' & Officers' Liability insurance policy for the period 1 July 2021 to 1 July 2022 under which directors and officers are indemnified against liability which may arise in the course of their duties, provided they have not acted recklessly or illegally. The insurance premium was \$3,830.

By Order of the Board.



.....
I Hutchinson
Chairperson

.....
Date 11/5/22

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	NOTE	Year ended 31 December 2021 \$	Year ended 31 December 2020 \$
Revenue	3	125,672	217,584
Costs of productions		84,349	50,731
Administrative and general expenses		81,758	78,468
		<hr/>	<hr/>
Operating surplus/(loss)		(40,435)	88,385
		<hr/>	<hr/>
Other comprehensive income		0	23,694
		<hr/>	<hr/>
Total comprehensive income		(40,435)	112,079
		<hr/> <hr/>	<hr/> <hr/>

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	NOTE	31 December 2021 \$	31 December 2020 \$
CURRENT ASSETS			
Cash assets	6	117,457	150,285
Scholarship Trust Account 1064	6	37,500	0
Receivables	7	22,000	0
Other	8	0	0
TOTAL CURRENT ASSETS		176,957	150,285
NON-CURRENT ASSETS			
Plant and equipment	9	0	0
TOTAL NON-CURRENT ASSETS		0	0
TOTAL ASSETS		176,957	150,285
CURRENT LIABILITIES			
Payables	10	3,480	9,987
Employee Benefits	11	5,147	9,331
Scholarships Fund	12	30,898	0
Income in Advance	12	47,243	0
TOTAL CURRENT LIABILITIES		86,425	19,318
TOTAL LIABILITIES		86,425	19,318
NET ASSETS		90,532	130,967
EQUITY			
Accumulated surplus		90,532	130,967
TOTAL EQUITY		90,532	130,967

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED
31 December 2021

	Accumulated surplus \$	Total equity \$
Balance at 1 January 2020	18,888	18,888
Profit for the period	112,079	112,079
Balance at 31 December 2020	<u>130,967</u>	<u>130,967</u>
Balance at 1 January 2021	130,967	130,967
Loss for the period	(40,435)	(40,780)
Balance at 31 December 2021	<u>90,187</u>	<u>90,187</u>

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 December 2021

	NOTE	Year ended 31 December 2021 \$	Year ended 31 December 2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from grants, donors and performances		105,672	106,584
Receipts from Create NSW Government Funding		20,000	114,000
Changes in liability		(2,137)	-
Payments received due to Federal Government Covid-19 subsidy		\$0	\$20,694
Payments to suppliers and contractors		(166,107)	(136,232)
Nett transfers to Income in Advance	12	47,243	-
		<hr/>	<hr/>
Net cash provided by operating activities	15b	4,671	105,046
		<hr/>	<hr/>
NET INCREASE (DECREASE) IN CASH HELD		4,671	105,046
CASH AT THE BEGINNING OF THE FINANCIAL PERIOD		150,285	45,239
		<hr/>	<hr/>
CASH AT THE END OF THE FINANCIAL PERIOD	15a	154,957	150,285
		<hr/> <hr/>	<hr/> <hr/>

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2021

NOTE 1: STATEMENT OF ACCOUNTING POLICIES

Pacific Opera Company Limited is a company limited by guarantee, incorporated and domiciled in Australia. The address of the company's registered office is Suite 29, 112 McEvoy St, Alexandria NSW 2016.

The company is not-for-profit and involved with the promotion and production of performances for young opera singers.

The financial report is a general-purpose financial report which has been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board.

The following is a summary of the significant accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

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

The financial report has been prepared in Australian dollars.

a) Income Tax

Pacific Opera Company Limited has been granted exemption from income tax on the grounds that it is a charitable entity under subsection 50-B of the Income Tax Assessment Act 1997.

b) Plant and Equipment

Plant and equipment is recorded at cost, less, where applicable, any accumulated depreciation or amortisation and impairment losses. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not more than its recoverable amount.

Plant and equipment is depreciated over its useful life commencing from the time the asset is held ready for use.

The estimated useful lives in the current and comparative periods are as follows:

Plant and equipment 3 – 7 years

Depreciation methods, useful lives and residual value are reviewed at each reporting date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2021**

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (Cont'd)

c) Revenue

Donations, Gifts and Grants

Amounts received by way of donations and gifts from the public at large and from public institutions are recognised when received.

Non cash contributions are recognised as revenue when the service or asset has been received. The amount recognised is the fair value of the contribution received.

Performances and Functions

Revenue from performances and functions is recognised when the services are performed.

d) Finance income and expense

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

e) Accounts Payable

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the company. Trade accounts payable are normally settled within 30 days.

f) Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2021**

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (Cont'd)

g) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities including the realisation of assets and settlement of liabilities in the ordinary course of business. The company recorded a loss for the year of \$40,780 and is dependent on securing sponsorship agreements or donations to enable the company to continue operating. In the event that the company does not receive sufficient funding, there is significant uncertainty as to whether the company will be able to continue as a going concern, and therefore whether it can realise its assets and extinguish its liabilities at the amounts stated in the statement of financial position. In these circumstances the going concern basis that has been used in the preparation of the financial report would not then be appropriate.

h) New accounting standards and Interpretations

The AASB introduced new disclosure requirements for Not-for-Profit (NFP) Private Sector Entities that are preparing Special Purpose Financial Statements (SPFS) which are lodged either with the Australian Charities and Not-for-Profits Commission (ACNC) or with ASIC. These entities will have to explain the basis on which the decision to prepare SPFS was made, the extent of compliance with recognition and measurement (R&M) requirements, and the application of the consolidation and equity-accounting requirements effective for annual reporting periods ending on or after 31 December 2020. This section is not relevant to this General Purpose Financial Statement.

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances.

There are no estimates or assumptions deemed critical at 31 December 2021.

	Year ended 31 December 2021 \$	Year ended 31 December 2020 \$
NOTE 3: REVENUE		
Receipts from grants, donors	70,303	87,385
Receipts from performances and functions	35,369	16,199
Government Funding (NSW)	20,000	114,000
	<u>125,672</u>	<u>217,584</u>
Other income (Covid 19 subsidy and scholarship management fees)	0	0
NOTE 4: PERSONNEL EXPENSES		
Personnel expenses	<u>49,526</u>	<u>77,213</u>
NOTE 5: AUDITORS' REMUNERATION		
Remuneration of the auditor of the company for: - audit of the financial report	<u>2,450</u>	<u>2,450</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2021**

	31 December 2021 \$	31 December 2020 \$
NOTE 6: CASH		
Cash at bank	154,957	150,285
	<u> </u>	<u> </u>
NOTE 7: RECEIVABLES		
Trade receivables - CreateNSW	20,000	-
	<u> </u>	<u> </u>
NOTE 8: OTHER ASSETS		
Prepayments	-	-
	<u> </u>	<u> </u>
NOTE 9: PLANT AND EQUIPMENT		
Plant and equipment		
At cost	7,607	7,607
Accumulated depreciation	(7,607)	(7,607)
Total property plant and equipment	<u> </u> 0	<u> </u> 0
	<u> </u>	<u> </u>
Movement in carrying amounts		
Balance at the beginning of the period	<u> </u>	<u> </u>
Depreciation		-
		<u> </u>
Balance at the end of the period	<u> </u> -	<u> </u> -
	<u> </u>	<u> </u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2021**

	31 December 2021	31 December 2020
	\$	\$
NOTE 10: PAYABLES		
Trade creditors and accruals	3,136	9,987
NOTE 11: EMPLOYEE BENEFITS		
PAYG Withheld	0	1,096
Accrued super contributions	511	8,235
Annual leave entitlements	4,637	0
Total employee benefits	5,148	9,331

NOTE 12: CURRENT LIABILITIES

CURRENT LIABILITIES

Scholarships Fund	30,898	0
Income in Advance	47,243	0

SCHOLARSHIP FUNDS

the Board established a "Scholarship Fund" for the 2022 Young Artist Program recognising the extreme difficulty for our artists in attending our program, working and practising. The Board resolved to create a fund held for "scholarship" funds and to hold funds solely for the benefit of the young artists who had received the scholarships and should be held separate from the company's general funds and accounted for accordingly. This figure represents the gross of amounts donated to the scholarship fund less payments made to scholarship recipients (below):

- Justice Francois Kunc and Felicity Rourke Scholarship - Elizabeth Cooper
- Ian McGaw Scholarship - Nick Geddes
- Emily and Yvonne Chang (Chang Family Scholarship) - Kirralee Hillier
- Loz Copley Scholarship - Nicole Mealey
- Nancy Milne OAM Scholarship - Rachel Mink
- Susan Doyle Scholarship - Oscar Balle-Bowness
- Sydney Savage Club (Paul Bateman OAM Memorial Scholarship) - Rebecca O'Hanlon
- Wagner Society NSW (Jane Matthews AO Memorial Scholarship) - Ellen McNeil
- Bradley Gilchrist (Pacific Opera Growth Scholarship) - Sarah Dockrill and Matthew Avery (on partial scholarships)
- Pacific Opera Growth Scholarship - Angus Ledgerwood

Chairman's Dinner & Recital income in advance

Planning was well advanced, and all tickets sold, to the 2021 Chairman's Dinner & Recital when Covid-19 caused the postponement of the event to November 2021. In due course the protracted lockdown in Sydney caused the eventual cancellation of the event. We contacted each of the ticket holders and most of this money was left with Pacific Opera as a credit towards ticket to the rescheduled event (to be styled the 2022 Chairman's Dinner & Recital), held on 8 April 2022. The amount of income in advance will be recognised as income in the financial year ending 31 December 2022.

NOTE 13: RELATED PARTY TRANSACTIONS

Ms Christine Douglas
Ms Susan Doyle
Mr Jaycen Fletcher
Mr Peter Hidden AM
Mr Ian Hutchinson
Ms Nancy Milne OAM
Mr Paul Sweeney

Other than the Chairman's Dinner above, there were no director or director-related entity transactions during the year ended 31 December 2021.

NOTE 14: LIMITED GUARANTEE

Pacific Opera Company Limited is a company limited by guarantee. The amount of capital of the company, which is capable of being called up in the event of, and for the purpose of, a winding up of the company was \$160 as at 31 December 2021, by virtue of the company's constitution.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2021**

	Year ended 31 December 2021 \$	Year ended 31 December 2020 \$
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NOTE 15: CASH FLOW INFORMATION

a) Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks net of outstanding bank overdrafts. Cash at the end of the financial year, as shown in the statement of cash flows, is reconciled to the related items in the statement of financial position as follows:

Cash	154,957	150,285
	<u> </u>	<u> </u>

b) Reconciliation of Cash Flows from Operations with Profit from Ordinary activities

Net surplus/(loss)	(40,435)	112,079
Depreciation	-	-
Change in assets and liabilities:		
Increase/(decrease) in payables	(6,851)	13,359
Increase/(decrease) in employee benefits	(4,183)	(20,392)
	<u> </u>	<u> </u>
Cash Flows from Operations	4,671	105,046
	<u> </u>	<u> </u>

Change in cash flows for employee benefits relate to change in staffing structure in respect of an employee who commenced in a part-time role and transitioned to full time employment. The super guarantee increased to 10% increased employee benefits, and annual leave has now also been accrued on the balance sheet.

General change in payables relates to COVID lockdowns limiting trading conditions.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2021**

NOTE 16: ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE

a) Interest Rate Risk

The company's exposure to interest rate risk on financial assets and liabilities is:

	Weighted Average Effective Interest Rate		December 2020	December 2020
	December 2020	December 2019		
	%	%	\$	\$
Financial assets				
- Cash at bank and on hand	-	-	154,957	150,285
			<hr/>	<hr/>
Total Financial Assets			154,957	150,285
			<hr/> <hr/>	<hr/> <hr/>

b) Net Fair Values

The company's financial assets and liabilities included in the statement of financial position are carried at amounts that approximate their fair value.

NOTE 17: SEGMENT INFORMATION

The company operates in the performing arts industry in Australia.

NOTE 18: KEY MANAGEMENT PERSONNEL

Key management personnel are contracted personnel having authority and responsibility for planning, directing and controlling activities of the entity directly or indirectly. The aggregate compensation paid to key management personnel for the year was:

	Year ended 31 December 2021	Year ended 31 December 2020
	\$	\$
Salaries, wages & contract fees	106,026	77,213
	<hr/> <hr/>	<hr/> <hr/>

The names of the key management personnel are:

- Mikayla Tate (Operations Manager from December 2020 – present) – permanent employee
- Peter Coleman AO (Co-Artistic Director from January 2020) – Independent Contractor
- Cheryl Barker AO (Co-Artistic Director from January 2020) – Independent Contractor
- Mr Bradley Gilchrist (Music Director from January 2020) – Independent Contractor

No director has received or is due to receive compensation from the company.

DIRECTORS' DECLARATION

The directors of Pacific Opera Company Limited declare that:

- (a) the financial statements and notes set out on pages 8 to 19 are in accordance with Australian Accounting Standards, and give:
 - (i) a true and fair view of the financial position of the company as at 31 December 2021 and of its performance, as represented by the results of its operations and its cash flows for the year ended on that date; and
- (b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

By Order of the Board.



.....
I Hutchinson
Chairperson

11/5/22
.....
Date

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
PACIFIC OPERA COMPANY LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial report of Pacific Opera Company Limited (the Company), which comprises the statement of financial position as at 31 December 2021, the statement of 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 presents fairly, in all material respects, (or gives a true and fair view of) the financial position of the Company as at 31 December 2021, and (of) its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis of opinion

We conducted our audit in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. 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 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, and we have fulfilled our other ethical responsibilities in accordance with the Code.

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

Information other than the financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 December 2021, 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.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
PACIFIC OPERA COMPANY LIMITED

Responsibilities of Management and Those Charged with Governance for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
PACIFIC OPERA COMPANY LIMITED

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

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Yours faithfully,



Richard Watkins FCA

Registered Auditor (required by Registered Organisations Commission) number AA2022/4

Date: 14 April 2022