

Sydney Youth Orchestras Inc
(formerly Sydney Youth Orchestras Associations
Inc)

Annual Report

31 December 2010

Sydney Youth Orchestras Inc

Board Report

Your Board directors submit the financial statements of the Sydney Youth Orchestra Association Inc. (the 'Association') for the financial year ended 31 December 2010.

Board Directors

The names of board directors at any time during or since the end of the financial year are:

J Bowen, Chair

Director from 2 November 2005

All committees [ex officio]

Jan Bowen joined the Board and became Chair of Sydney Youth Orchestras in November 2005. She brings to the role a lifelong passion for music and the arts. She is Director of Plain English Communications, specialising in producing corporate documents in clear, reader-friendly language, and is also a well-known author and media commentator.

A Bell, Deputy Chair

Director from 15 May 2004

Finance and Planning Committee

Anthony Bell is CEO of Harrison Manufacturing Company Pty Ltd. Prior to that he served on the Board of Ashland Pacific Pty Ltd, the last four years as Managing Director with responsibility for operations in Australia and ASEAN regions. Anthony holds degrees in Applied Chemistry and Management, and a Diploma and Advanced Diploma from AICD. He is a Fellow of the Australian Institute of Company Directors and Surface Coatings Association of Australia, and a member of the Royal Australian Chemical Institute. He joined the Board in May 2004.

B Martin

Director from 19 May 2007 to 31 March 2010

Barrie Martin is a Company Director with a number of public companies. Previously he had a career in management which culminated in a period of 10 years as CEO of a leading life insurer. He joined the SYO Board in 2007 having earlier been a director of the Australian Brandenburg Orchestra for 11 years during 8 of which he was also Chairman. He has had a lifetime interest in music and the arts having been a member of various community music groups. He is currently reading for a B.A. in Opera Studies by correspondence with an English university.

J North

Director from 24 February 2009

Staffing Committee

Jon North is currently a Managing Director of Gresham Advisory Partners. Prior to joining Gresham, Jon was a senior partner with Allens Arthur Robinson. He is a member on the Cranbrook School Council. He has over 20 years experience with corporate finance transactions and is an expert in equity capital markets, including IPOs, hybrid issues and capital management transactions. Jon holds Bachelor degrees in Arts and Law and a Masters of Law from the University of Sydney. He joined the SYO Board in February 2009.

T Samway, Treasurer

Director from 1 April 2009

Chair, Finance and Planning Committee

Board Nomination Committee

Timothy Samway B.Com, CA, F Fin, MBA (Exec) AGSM. Tim is a part owner and senior executive of boutique Australian Equities Fund Manager, Hyperion Asset Management Limited, a business that he and three partners started over 10 years ago while working with the Wilson HTM Investment Group. Tim originally trained as a chartered accountant with Deloitte Haskins & Sells. As part of his community involvement, he has also contributed to the Australian Chamber Orchestra and was a Member of the St John's (Brisbane) Cathedral Completion Fund Board. He joined the SYO Board in April 2008.

Sydney Youth Orchestras Inc

B White

Director from 8 March 2006
Finance and Planning Committee

Ben White is currently the Director of Marketing and Strategy for SingTel Optus' Wholesale and Satellite business. Prior to joining Optus, he was a senior manager with the international strategy consultancy Bain & Company. As a young violinist he was fortunate to have the experience of playing with a number of youth orchestras, and takes this passion for youth and music to his role with the SYO Board which he joined in March 2006.

Hon I Armstrong AM OBE

Director from 14 May 2010 to 17 February 2011

The Hon. Ian Armstrong was a member of the NSW Legislative Assembly for over 25 years, during which time he held numerous major portfolios and shadow portfolios. For five years he was Leader of the National Party and ultimately became Deputy Premier. Among other directorships, Ian was a member of the Board of the Sydney Organising Committee of the Olympic Games. Since his retirement from politics Ian has joined MacGregor Public Relations as a consultant and also chairs the Watermark Community Committee, established by Shenhua, the largest coal mining company in the world. It was with great pleasure that the Board of Sydney Youth Orchestras appointed Ian Armstrong to the Board in May 2010.

Remuneration report

All members of the board act in an honorary capacity and no director has received, or become entitled to receive, remuneration for services from the Association during the financial year ended 31 December 2010.

Principal activities

The principal activities of the Association during the financial year were the promotion and encouragement of young people in musical activities.

Significant changes

The Association has entered into an operating lease for a Rehearsal Venue.

Operating result

The operating deficit for the year ended 31 December 2010 is (\$15,692). This compares to an operating surplus of \$115,392 recorded in the previous financial year.

Matters subsequent to the end of the financial year

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the board members, to affect significantly the operations of the Association, the results of those operations, or the state of affairs of the Association in subsequent financial years.

Sydney Youth Orchestras Inc

Board Report (continued)

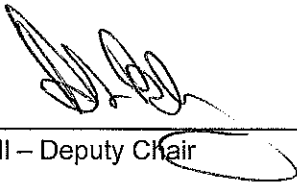
Likely developments and results

There have been no developments in the operations of the Association, which are not finalised at the date of this report, which may affect the results of the Association in financial years subsequent to 31 December 2010.

Indemnifying officers or auditor

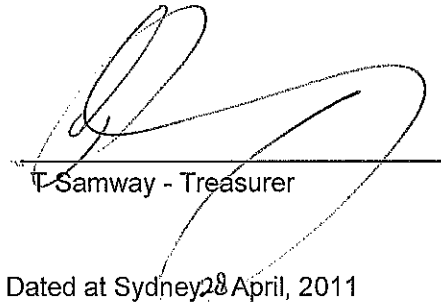
The Association has paid a premium to indemnify its directors and officers to the extent permitted by law. The amount of the premium paid during the year ended 31 December 2010 was \$1,950 (2009: \$2,216).

Signed in accordance with a resolution of the members of the Board:



A Bell – Deputy Chair

Dated at Sydney 28 April, 2011



T Samway - Treasurer

Dated at Sydney 28 April, 2011



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A WHK Group Firm

The Board of Directors
Sydney Youth Orchestras Incorporated
182 Cumberland Street
The Rocks
NSW, SYDNEY 2000

Dear Board Members

SYDNEY YOUTH ORCHESTRAS INCOPORATED

In accordance with section 307c of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Sydney Youth Orchestras Incorporated.

As audit principal for the audit of the financial statements Sydney Youth Orchestras Incorporated for the financial year ended 31 December 2010, I declare to the best of my knowledge and belief, that there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

CROWE HORWATH SYDNEY

ROGER WONG
Principal

Dated this 28 day of April 2011



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Professional Standards Legislations*

*Crowe Horwath Sydney Pty Ltd is a member of Crowe Horwath International, a Swiss Verein.
Each member firm of Crowe Horwath is a separate and independent legal entity.*


Sydney Youth Orchestras Inc

Statement of members of the board

In the opinion of the board of Sydney Youth Orchestra Association Inc (the Association):

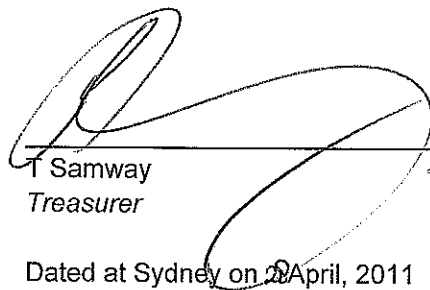
- (a) the financial statements and notes that are contained in notes 1 to 25 are in accordance with:
 - (i) giving a true and fair view of the Association's financial position as at 31 December 2010 and of their performance for the financial year ended on that date; and
 - (ii) complying with the Association's Incorporations Act (NSW) 2009, the Australian Accounting Standards (including the Australian Accounting Interpretations);
- (b) there are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the board:



A Bell
Deputy Chair

Dated at Sydney on 28 April, 2011



T Samway
Treasurer

Dated at Sydney on 28 April, 2011

Sydney Youth Orchestras Inc

Statement of comprehensive income For the year ended 31 December 2010

	Note	2010 \$	2009 \$
Grant revenue	2	184,750	157,478
Other revenue	2	813,710	881,640
Total revenue	2	<u>998,460</u>	<u>1,039,118</u>
Employee benefits expense		(630,456)	(551,825)
Cost of tours		(43,891)	(85,322)
Venue hire		(119,182)	(89,650)
Marketing expense		(72,477)	(58,593)
Musical and instruments transport		(25,636)	(34,630)
Depreciation and amortisation expense		(16,511)	(14,277)
Other expenses	3	(131,082)	(92,151)
(Deficit)/Surplus before financing income		<u>(40,775)</u>	<u>112,670</u>
Financial income	5	30,831	13,720
Financing charges	5	(5,748)	(10,998)
Net financing income		<u>25,083</u>	<u>2,722</u>
(Deficit)/surplus before tax		<u>(15,692)</u>	<u>115,392</u>
Income tax expense	1(l)	-	-
(Deficit)/surplus for the year	12	<u>(15,692)</u>	<u>115,392</u>
Other comprehensive income, net		-	-
Total comprehensive (loss)/income for the year		<u>(15,692)</u>	<u>115,392</u>

The statement of comprehensive income is to be read in conjunction with the notes to the financial statements.

Sydney Youth Orchestras Inc

Statement of financial position

As at 31 December 2010

	Note	2010 \$	2009 \$
Assets			
Cash and cash equivalents	13(a)	541,418	543,938
Trade and other receivables	6	8,245	45,927
Other current assets	7	74,552	11,285
Total current assets		<u>624,215</u>	<u>601,150</u>
Property, plant and equipment	8	84,612	33,202
Intangible assets		683	732
Total non-current assets		<u>85,295</u>	<u>33,934</u>
Total assets		<u>709,510</u>	<u>635,084</u>
Liabilities			
Trade payables and accruals	10	72,396	71,614
Unearned income	9	183,124	96,965
Employee benefits provision	11	26,577	23,400
Total current liabilities		<u>282,097</u>	<u>191,979</u>
Net assets		<u>427,413</u>	<u>443,105</u>
Equity			
Retained earnings	12	<u>427,413</u>	<u>443,105</u>
Total equity		<u>427,413</u>	<u>443,105</u>

The statement of financial position is to be read in conjunction with the notes to the financial statements.

Sydney Youth Orchestras Inc

Statement of changes in equity

For the year ended 31 December 2010

	Retained earnings
Balance at 1 January 2009	<u>327,713</u>
Total comprehensive income for the year	<u>115,392</u>
Balance at 31 December 2009	<u>443,105</u>
	Retained earnings
Balance at 1 January 2010	443,105
Total comprehensive loss for the year	<u>(15,692)</u>
Balance at 31 December 2010	<u>427,413</u>

The statement of changes in equity is to be read in conjunction with the notes to the financial statements.

Sydney Youth Orchestras Inc

Statement of cash flows

For the year ended 31 December 2010

	Note	2010 \$	2009 \$
Cash flows from operating activities			
Cash receipts from members & concert performances		683,339	635,619
Cash paid to suppliers and employees		(1,082,945)	(915,627)
Grants received		146,000	232,318
Tour fees received		114,664	108,750
Sponsorship received		36,761	56,250
Donations received		112,698	81,988
Financing charges paid		(5,748)	(10,998)
Net cash from operating activities	13(b)	<u>4,769</u>	<u>188,300</u>
Cash flows from investing activities			
Interest received		30,573	13,720
Acquisition of property, plant and equipment		(37,862)	(12,241)
Acquisition of intangible assets		-	(735)
Net cash (used in)/from investing activities		<u>(7,289)</u>	<u>744</u>
Net (decrease)/increase in cash & cash equivalents		(2,520)	189,044
Cash and cash equivalents at 1 January		<u>543,938</u>	<u>354,894</u>
Cash and cash equivalents at 31 December	13(a)	<u>541,418</u>	<u>543,938</u>
Non-cash transactions:			
Acquisition of property, plant and equipment through:			
- Donation		7,000	-
- Barter transaction		23,010	-

The statement of cash flows is to be read in conjunction with the notes to the financial statements.

Sydney Youth Orchestras Inc

Notes to the financial statements

1 Significant accounting policies

The Sydney Youth Orchestras Inc (formerly: The Sydney Youth Orchestras Inc "the Association") is an association domiciled in Australia.

The financial report was authorised for issue by the Board on 28 April 2011.

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ("AASBs"), adopted by the Australian Accounting Standards Board ("AASB") and the requirements of the Associations Incorporation Act NSW 2009.

(b) Basis of preparation

The financial report is presented in Australian dollars.

The financial report is prepared on the historical cost basis except assets and liabilities at their fair value, where stated.

The preparation of a financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods if affected.

The accounting policies set out below have been applied consistently to all periods presented in the financial report.

(c) Determination of fair values

A number of the Association's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

(ii) Intangible assets

The fair value of patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the patent or trademark being owned. The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

Sydney Youth Orchestras Inc

Notes to the financial statements (continued)

1 Significant accounting policies (continued)

d) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation (see below) and impairment losses (see accounting policy (g)).

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) Leased assets

Leases in terms of which the Association assumes substantially all the risks and rewards of ownership are classified as finance leases.

Other leases are operating leases and, the leased assets are not recognised in the statement of financial position.

Lease payments are accounted for as described in accounting policy (k).

(iii) Subsequent costs

The Association recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Association and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

(iv) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The depreciation rates or estimated useful lives in the current and comparative periods are as follows:

Musical instruments	10%-25%
Office equipment	10%-33%
Music library	20%
Motor vehicles	33%
Software	33%

The assets residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date. An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

Gains and losses in disposals are determined by company proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

(e) Trade and other receivables

Trade and other receivables are stated at their cost less impairment losses (see accounting policy (g)).

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits which can be withdrawn at any time with an immaterial penalty expense.

Sydney Youth Orchestras Inc

Notes to the financial statements (continued)

1 Significant accounting policies (continued)

(g) Impairment

The carrying amounts of the Association's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

(i) Calculation of recoverable amount

Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(h) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

(ii) Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Association expects to pay as at reporting date including related on-costs, such as workers compensation insurance.

(i) Trade and other payables

Trade and other payables are stated cost.

Sydney Youth Orchestras Inc

Notes to the financial statements (continued)

1 Significant accounting policies (continued)

(j) Revenue

Membership, audition fees and other programs

- (i) Membership fees received in advance are recorded as unearned income in the statement of financial position. The revenue is recognised in the applicable membership year.
- (ii) Audition fee and other programs (camp and music tours) are recognised on the completion of the activity.

Commercial activities

Revenue from commercial activities such as ticket sales, performance fees and advertising services are recognised in the statement of comprehensive income at the completion of the activity. Some commercial activities which involve contra transactions are recognised by reference to the fair value of non-contra transactions.

Contributions

Contribution income is recognised at the fair value of the contributions received, including any assets received where there is a non reciprocal transfer.

Donations

Donations committed to a specific financial year are brought into account in the year specified. Donation of assets is recognised once the asset is controlled by the Association.

Sponsorships

Sponsorship commitments are brought to account as income in the year in which sponsorship benefits are bestowed.

Government Grant

A government grant is recognised when there is a reasonable assurance that it will be received and the Association will comply with the conditions attaching to it.

Interest

Revenue is recognised as the interest accrues using the effective interest method.

(k) Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

Net financing costs

Net financing costs comprise interest payable on credit card facilities calculated using the effective interest method.

Interest income is recognised in the statement of comprehensive income as it accrues, using the effective interest method.

Sydney Youth Orchestras Inc

Notes to the financial statements (continued)

1 Significant accounting policies (continued)

(l) Income tax

The Association has been endorsed as an income tax exempt charity. This status replaces the tax exempt status granted under section 50-5 of the Income Tax Assessment Act 1997. The status is granted until either it is revoked or the circumstances of the Association change that it no longer satisfies the set criteria.

(m) 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 taxation authority. 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.

(n) Presentation of financial statements

The Association applies revised AASB 101 Presentation of Financial Statements (2007), which became effective as of 1 January 2010.

Comparative information has been re-presented so that it also is in conformity with the revised standard. The change in accounting policy only impacts presentation aspects.

(o) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the Association in the period of initial application. They are available for early adoption at 31 December 2010, but have not been applied in preparing this financial report.

AASB 9 Financial Instruments

AASB 9 standard is one of a series of amendments that are expected to eventually completely replace AASB 139. During 2010-11, the standard will be expanded to include new rules on measurement of financial liabilities and hedge accounting. Currently the existing provisions of AASB 139 will continue to apply in these areas.

AASB 9 simplifies the classifications of financial assets into those to be carried at amortised cost and those to be carried at fair value – the 'available for sale' and 'held-to-maturity' categories no longer exist. AASB 9 also simplifies requirements for embedded derivatives and removes the tainting rules associated with held-to-maturity assets.

The new categories of financial assets are:

- Amortised cost – those assets with 'basic' loan features'
- Fair value through other comprehensive income – this treatment is optional for equity instruments not held for trading (this choice is made at initial recognition and is irrevocable)
- Fair Value through profit and Loss – everything that does not fall into the above two categories

Sydney Youth Orchestras Inc

Notes to the financial statements (continued)

1 Significant accounting policies (continued)

(o) New standards and interpretations not yet adopted (continued)

AASB 9 Financial Instruments

- ⊗ The following changes also apply:
- ⊗ Investments in unquoted equity instruments must be measured at fair value. However, cost may be the appropriate measure of fair value where there is insufficient more recent information available to determine a fair value
- ⊗ There is no longer any requirement to consider whether 'significant or prolonged' decline in the value of financial assets has occurred. The only impairment testing will be on those assets held at amortised cost, and all impairments will be eligible for reversal.
- ⊗ Similarly, all movements in the fair value of a financial asset now go to the income statement, or, for equity instruments not held for trading, other comprehensive income. There is no longer any requirement to book decrements through the income statement, and increments through equity.
- ⊗ The rules for reclassification of financial assets have been simplified. Financial assets are now reclassified only when the entity's business model changes – this is expected to be very infrequent.

In December 2010, the AASB released a revised version of AASB 9 which included new requirements for the measurement and classification of financial liabilities, with the following key features:

- ⊗ Most liabilities continue to be measured at amortised cost.
Where a liability is measured at fair value, any change in fair value which is attributable to the entity's own credit risk must be shown as part of Other Comprehensive Income, not as part of the profit or loss.

AASB 124 Related Party Disclosures

AASB 124 amends the requirements of the previous version of AASB 124 to:

- ⊗ Provide a partial exemption from related party disclosure
- ⊗ Requirements for government-related entities
- ⊗ Clarify the definition of a related party
- ⊗ Include an explicit requirement to disclose commitments involving
- ⊗ related parties.

Disclosure requirements may be reduced for not-for-profit public sector entities. Early adoption is permitted AASB 124 applies for periods beginning on or after 1 January 2011

AASB 1048 Interpretation and Application of Standards

AASB 1048 has been updated to include a mandatory requirement to comply with Australian Accounting Interpretations. All Interpretations should now be considered a mandatory part of Australian Accounting Standards. General requirements of AASB 108 apply as no specific transition requirements are included in the standard. AASB 1048 applies for all periods beginning on or after 31 March 2009, but with specific application dates for each interpretation

Sydney Youth Orchestras Inc

Notes to the financial statements (continued)

1 Significant accounting policies (continued)

(o) New standards and interpretations not yet adopted (continued)

AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

- AASB 1053 creates a second tier of general purpose financial statements with reduced disclosure requirements for those entities which do not have 'public accountability
- The full recognition and measurement requirements of AIFRS must still be applied
- AASB 2010-2 amends each standard to specify which disclosure requirements may be omitted following adoption of AASB 1053.

The AASB have left the concept of the reporting entity unchanged as a concept in determining whether general purpose financial statements are required. Preparers of general purpose financial statements from non-publicly accountable entities may choose to early adopt, which will result in substantially reduced disclosure requirements. Special purpose financial statements are currently unaffected. Early adoption is permitted for periods beginning on or after 1 July 2009. AASB 1053 and AASB 2010-2 applies for periods beginning on or after 1 July 2013.

Interpretation 18 Transfers of Assets from Customers

The Interpretation clarifies the accounting for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water).

The key requirements of the Interpretation include:

- An asset is only recognised where it meets the definition of an asset in the Framework
- Transferred assets that meet the definition of an asset are initially recognised at fair value

Revenue arising from the recognition of the transferred assets is recognised in accordance with the requirements of AASB 118 - Revenue. Revenue may involve one or more services in exchange for the transferred item, such as connecting the customer to a network, providing the customer with ongoing access to a supply of goods or services, or both. Assets transferred from customers will now be recognised on the balance sheet where the definition of an asset is met. The Interpretation must be applied prospectively to transfers after 1 July 2010. Early adoption is permitted only when the valuations and other information needed to apply the Interpretation were obtained at the time those transfers occurred. Interpretation 18 applies to transfers of assets occurring on or after 1 July 2010.

Sydney Youth Orchestras Inc

Notes to the financial statements (continued)

	2010	2009
	\$	\$
2 Revenue		
Grant from Australia Council	38,750	44,978
Grant from ArtsNSW	120,000	112,500
Grant from Masonic Youth Welfare Fund	26,000	-
	<u>184,750</u>	<u>157,478</u>
Membership and audition fees	327,209	341,409
Performance fees	239,519	243,243
Donations and fundraising events	48,986	81,988
Other donations	45,000	45,000
Sponsorship fees	47,823	61,250
Revenue from music camps and tours	104,240	108,750
Business related income	933	-
Other revenue	<u>813,710</u>	<u>881,640</u>
Total revenue	<u>998,460</u>	<u>1,039,118</u>
3 Other expenses		
Net bad and doubtful debts expense including movements In provision for doubtful debts	<u>-</u>	<u>1,150</u>
4 Auditor's remuneration		
<i>Crowe Horwath</i>		
Audit of financial report	15,000	-
<i>KPMG Australia</i>		
Audit of financial report	-	9,250
	<u>15,000</u>	<u>9,250</u>

Sydney Youth Orchestras Inc

Notes to the financial statements (continued)

	2010	2009
	\$	\$
5 Net financing income		
Interest income	30,831	13,720
Financing charges (including bank charges)	(5,748)	(10,998)
	<u>25,083</u>	<u>2,722</u>
6 Trade and other receivables		
Trade debtors	6,899	44,935
Less: Impairment losses	(1,000)	(1,000)
	<u>5,899</u>	<u>43,935</u>
During the year ended 31 December 2010, no bad debts were written off (2009: \$1,150).		
Interest receivable	2,250	1,992
Other receivables	96	-
	<u>8,245</u>	<u>45,927</u>
7 Other current assets		
Deposits	41,956	1,262
Prepayments	32,596	6,425
Other	-	3,598
	<u>74,552</u>	<u>11,285</u>

Sydney Youth Orchestras Inc

Notes to the financial statements (continued)

8 Property, plant and equipment

	Musical Instruments	Music Library	Office furniture and equipment	Motor Vehicles	Total
	\$	\$	\$	\$	\$
Cost					
Balance at 1 January 2009	98,532	16,232	25,115	-	139,879
Acquisitions	3,109	6,871	2,261	-	12,241
Disposals	(15,265)	-	(4,748)	-	(20,013)
Balance at 31 December 2009	86,376	23,103	22,628	-	132,107
Balance at 1 January 2010	86,376	23,103	22,628	-	132,107
Acquisitions	-	5,002	63,512	7,000	75,514
Balance at 31 December 2010	86,376	28,105	86,140	7,000	207,621
Depreciation and impairment losses					
Balance at 1 January 2009	76,359	13,078	16,195	-	105,632
Depreciation charge for the year	5,414	1,886	4,572	-	11,872
Disposals	(13,877)	-	(4,722)	-	(18,599)
Balance at 31 December 2009	67,896	14,964	16,045	-	98,905
Balance at 1 January 2010	67,896	14,964	16,045	-	98,905
Depreciation charge for the year	4,774	3,854	14,014	1,462	24,104
Balance at 31 December 2010	72,670	18,818	30,059	1,462	123,009
Carrying amounts					
At 31 December 2009	18,480	8,139	6,583	-	33,202
At 31 December 2010	13,706	9,287	56,081	5,538	84,612

In 2010 a truck valued at \$7,000 was donated to the Association.

Sydney Youth Orchestras Inc

Notes to the financial statements (continued)

	2010	2009
	\$	\$
9 Unearned income		
Memberships fees received in advance	106,740	51,535
Sponsorship income received in advance	47,147	6,500
Australia Council grant received in advance	-	38,750
Other grant and fees received in advance	25,711	-
Performance fees received in advance	3,526	180
	<hr/>	<hr/>
	183,124	96,965
	<hr/>	<hr/>
10 Trade and other payables		
PAYG and superannuation contributions	37,122	22,530
Other payables and accruals	35,274	49,084
	<hr/>	<hr/>
	72,396	71,614
	<hr/>	<hr/>
11 Employee benefits		
Provision for annual leave	<hr/>	<hr/>
	26,577	23,400
	<hr/>	<hr/>
Defined contribution plans		
The Association makes contributions to a defined contribution plan. The amount recognised as expense was \$38,955 for the year ended 31 December 2010 (2009: \$33,611).		
12 Equity		
Opening retained surplus	443,105	327,713
Current year (deficit)/surplus	(15,692)	115,392
	<hr/>	<hr/>
	427,413	443,105
	<hr/>	<hr/>

Sydney Youth Orchestras Inc

Notes to the financial statements (continued)

13 Notes to the statement of cash flows

(a) Reconciliation of cash

For the purposes of the statement of cash flows, cash included cash on hand and at bank and short term deposits at call net of outstanding bank overdrafts. Cash as 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:

	2010 \$	2009 \$
Cash at bank	540,321	542,752
Cash on hand	1,097	1,186
	<u>541,418</u>	<u>543,938</u>

(b) Reconciliation of net (deficit)/surplus to net cash from operating activities

Operating (deficit)/surplus	(15,692)	115,392
Adjustments for:		
Investment income	(30,831)	(13,720)
Depreciation and amortisation	16,511	12,860
Non-cash transactions:		
- Donation of assets	(7,000)	-
- Services received from barter transactions	26,137	-
Write off of property plant and equipment	-	1,417
Operating (deficit)/surplus before changes in working capital and provisions	(10,875)	115,949
Decrease in trade and other receivables	37,940	599
Increase in other current assets	(63,267)	(2,326)
Increase/(decrease) in trade and other payables	782	(6,633)
Increase in employee benefits provision	3,177	4,156
Increase in unearned income	37,012	76,555
Net cash from operating activities	<u>4,769</u>	<u>188,300</u>

Sydney Youth Orchestras Inc

Notes to the financial statements (continued)

14 Financial instruments

(a) Credit risk

Exposure to credit risk arises in the normal course of the Association's business. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

(b) Effective interest rates and repricing analysis

In respect of income-earning financial assets, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice.

	Effective interest rate	2010		Effective interest rate	2009	
		Total	6 months or less		Total	6 months or less
Cash and cash equivalents	0.00%	1,097	1,097	0.00%	27,686	27,686
Cash and cash equivalents*	0.35%	20,865	20,865	0.35%	21,333	21,333
Cash and cash equivalents*	2.50%	25,348	25,348	4.05%	65,273	65,273
Cash and cash equivalents*	2.50%	31,493	31,493	4.45%	59,646	59,646
Cash and cash equivalents*	-	-	-	5.00%	70,000	70,000
Cash and cash equivalents*	0.35%	62,615	62,615	-	-	-
Cash and cash equivalents*	6.00%	400,000	-	6.80%	300,000	-
		<u>541,418</u>	<u>141,418</u>		<u>543,938</u>	<u>243,938</u>

*These assets bear interest at a fixed rate.

(c) Fair values

The fair values together with the carrying amounts shown in the balance sheet are as follows:

	Note	Carrying amount 2010	Fair value 2010	Carrying amount 2009	Fair value 2009
		\$	\$	\$	\$
Trade and other receivables	6	8,245	8,245	45,427	45,427
Cash and cash equivalents	14(b)	541,418	541,418	543,938	543,938
Trade and other payables	10	(72,396)	(72,396)	(71,614)	(71,614)
		<u>477,267</u>	<u>477,267</u>	<u>517,751</u>	<u>517,751</u>

(d) Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair value of financial instruments reflected in the table.

Sydney Youth Orchestras Inc

Notes to the financial statements (continued)

14 Financial instruments (continued)

(e) Trade and other receivables/payables

For receivables/payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

15 Operating Leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	2010	2009
	\$	\$
Less than one year	74,094	3,567
Between one and five years	271,678	-
More than five years	-	-
	<u>345,772</u>	<u>3,567</u>

The Association has one operating lease at 31 December 2010 in relation to the rental of its current premises at 182 Cumberland St, The Rocks. In 2009 there was one operating lease for a photocopier, which was for a period of four years ending on 20 April 2010 and it was not renewed. These leases do not include contingent rentals.

The Association moved to 182 Cumberland Street, The Rocks on 1 September 2010, signing a five year lease.

The lease of the premises at 10 Hickson Road, The Rocks ended on 29 September 2009. The Association did not renew this lease; however they continued to occupy the premises paying market rent.

During the year ended 31 December 2010, \$16,460 was recognised as an expense in the statement of comprehensive income in respect of operating leases (2009: \$21,293).

16 Capital commitments

	2010	2009
	\$	\$
Less than one year	-	3,567
Between one and five years	-	-
More than five years	-	-
	<u>-</u>	<u>3,567</u>

Sydney Youth Orchestras Inc

Notes to the financial statements (continued)

17 Related parties

The following were related parties of the Association at any time during the reporting period, unless otherwise indicated were members for the entire year:

J Bowen, Chair	Director from 2 November 2005 All committees [ex officio]
A Bell, Deputy Chair	Director from 15 May 2004 Finance and Planning Committee
B Martin	Director from 19 May 2007 to 31 March 2010
J North	Director from 24 February 2009 Staffing Committee
T Samway, Treasurer	Director from 1 April 2008 Chair, Finance and Planning Committee Board Nomination Committee
B White	Director from 8 March 2006 Finance and Planning Committee
Hon I Armstrong AM OBE	Director from 14 May 2010 to 14 February 2011

Transactions with related parties

All members of the Board act in an honorary capacity and no board member has received, or become entitled to receive, remuneration for services from the Association during the financial year ended 31 December 2010.

The Association's constitution states that no member shall profit from transactions with related parties.

18 Subsequent events

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, to affect significantly the operations of the Association, the results of those operations, or the state of affairs of the Association in subsequent financial years.

19 Principal place of business

182 Cumberland Street
The Rocks
NSW, Sydney 2000

INDEPENDENT AUDITOR'S REPORT to the members of Sydney Youth Orchestras Incorporated

Report on the Financial Report

We have audited the accompanying financial report of Sydney Youth Orchestras Incorporated (formerly, Sydney Youth Orchestras Association Incorporated) (Association), which comprises the statement of financial position as at 31 December 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Association are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Association's Incorporation Act (NSW) 2009* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.





Basis for qualified auditor's opinion

Fundraising revenue is a significant source of revenue for the Association and it has determined that it is impracticable to establish controls over the cash collection of fundraising revenue prior to entry into its financial records. Accordingly, as the evidence available to us regarding revenue from this source was limited, our audit procedures with respect to fundraising revenue had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion whether the fundraising revenue in the Sydney Youth Orchestras Incorporated obtained is complete.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for qualified auditor's opinion paragraph, the financial report of Sydney Youth Orchestras Incorporated is in accordance with the *Association Incorporation Act NSW 2009*, including:

- i. giving a true and fair view of the Association's financial position as at 31 December 2010 and of its performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards and the *Association Incorporation Act NSW 2009*.

Crowe Horwath Sydney

CROWE HORWATH SYDNEY

Roger Wong

ROGER WONG
Principal

Dated this 28 day of April 2011

DISCLAIMER

The additional financial information presented on page 29 is in accordance with the books and records of Sydney Youth Orchestras Incorporated which have been subjected to the auditing procedures applied in our audit of the Association for the year ended 31 December 2010. It will be appreciated that our audit did not cover all details of the additional financial information. Accordingly, we do not express an opinion on such financial information and no warranty of accuracy or reliability is given.

In accordance with our Firm policy, we advise that neither the Firm nor any member or employee of the Firm undertakes responsibility arising in any way whatsoever to any person (other than the Association) in respect of the additional financial information, including any errors or omissions therein, arising through negligence or otherwise however caused.

**CROWE HORWATH SYDNEY****ROGER WONG**
Principal

Dated this 28 day of April 2011

Sydney Youth Orchestras Inc

Detailed Profit and Loss Statement - For the year ended 31 December 2010

	Note	2010 \$	2009 \$
Income			
Fundraising and Donations		48,986	81,988
Donations from Ian Potter Foundation		25,000	25,000
Donations from Greatorex Foundation		5,000	5,000
Donations from Wilson HTM Foundation		15,000	15,000
Grants			
Australia Council		38,750	44,978
ArtsNSW		120,000	112,500
Masonic Youth Welfare Fund		26,000	-
Membership fees		327,209	341,409
Revenue from music camps		54,705	49,425
Revenue from performances		238,819	242,743
Revenue from tour		49,535	59,325
Revenue from broadcasts		700	500
Sponsorship fees		47,823	61,250
Business related income		933	-
Total revenue excluding interest income		998,460	1,039,118
Expenditure			
Audit and filing fees		12,001	9,251
Cost of tours & concert performances		188,707	209,604
Couriers and travel		9,384	5,364
Depreciation		16,511	12,860
Loss on asset write off		-	1,417
Fees and penalties		(1,155)	-
Insurance		12,675	12,460
IT expense		5,238	3,168
Marketing		72,477	58,593
Other expenses		-	5,088
Photocopying		16,361	20,951
Postage		5,456	8170
Provision for annual leave		6,415	4,156
Recruitment		4,292	340
Rent and utilities		42,975	12,841
Salaries and wages			
Conductors		72,916	55,378
Tutors		16,722	32,389
Management salaries		449,766	360,372
Audition panel		7,548	8,991
Masterclass and Composer in Residence		-	3,994
Soloist and Performer Fees		33,916	35,417
Scholarships		-	15,745
Corporate Stationery and office supplies		11,635	7,864
Subscriptions and seminars		3,911	1,002
Superannuation expenses		38,955	33,611
Telephone and facsimile		12,529	7,422
Total expenditure excluding interest paid		1,039,235	926,448
Interest income		30,831	13,720
Financing charges:			
Bank charges		1,543	10,089
Credit card fees		4,205	909
Operating surplus/(deficit)		(15,692)	115,392