



# 2016

ANNUAL REPORT



# Strategic Plan

## Mission

The Theatre Royal is Australia's oldest working theatre. It occupies an important place in the hearts of Tasmanians, local and international performers and many visitors to Hobart. The Theatre Royal Management Board operates the Theatre in trust for our state and nation – a privilege we take very seriously. In carefully managing this asset and mindful of its unique role in the community, we aim to build on the past to deliver a vibrant contemporary centre for the performing arts.

## Vision

As a vibrant contemporary centre, the Theatre Royal is a heritage icon and cultural leader inspiring Tasmanians and visitors by engaging them in diverse, world class performing arts.

## Values

The Theatre Royal is committed to:

- delivering innovation and excellence in creative practice
- engaging and fostering community and building a culture for the arts in Tasmania
- contributing to social inclusion, access and diversity
- building strong and effective relationships and partnerships and delivering best practice customer service
- supporting its people by acknowledging and rewarding commitment and contribution
- pursuing sustainability and environmental responsibility in its activities and operations
- operating as a transparent and accountable organisation

## Strategic Priorities

- Contribute to the Tasmanian economy  
To contribute to the economic and cultural life and health of Tasmania
- Grow a stimulating and appealing program  
To develop the range, quality and quantity of the performing arts program
- Develop the contemporary centre for performing arts  
To manage the theatre's assets and facilities, including the new space being developed by the University of Tasmania
- Engage with the community  
To strengthen the Theatre Royal's engagement with the community
- Manage the business  
To build the organisation's technical, managerial, service and governance capabilities



# Chairman's Report

“We consider 2016 to be a successful season of presenting a diverse range of shows to audiences in Tasmania.”



Craig Stephens

On behalf of the Theatre Royal Management Board I am pleased to present the Chairman's Report for the 2016 season.

We consider 2016 to be a successful season of presenting a diverse range of shows to audiences in Tasmania. Our team has worked diligently to provide and promote the broad range of shows that have been enjoyed and ensure that despite, missing some key productions, our audience numbers were close to previous years. The year's financial result was negatively impacted by lower than expected attendances at some key productions in the Theatre's hire program.

Our financial result is impacted by the above matters along with costs we continue to bear in relation to the Development Project on the site next door and also, significantly, costs borne by the Board in determining the noise impacts of the proposed Helipad at the Royal Hobart Hospital. As a result of these matters, we are disappointed to report a deficit for the season. The Board and Management Team have been working hard to improve on that result and accordingly, the Board has signed off on an achievable surplus budget for the 2017 season.

As we have reported previously, we have continued to work with the Tasmanian Government and the University of Tasmania to progress all matters necessary for the development project next door to proceed. Major milestones achieved through the year included work on, and signing of,

the Development Agreement and associated supplementary agreements between the three parties to enable the project to proceed. It is very pleasing to note that at the time of writing construction work has commenced on the site as a result of the efforts of all those parties and we have a sense of excitement as we proceed towards completion in early 2019.

You may also have seen the announcement of the naming of the new centre as "The Hedberg" with reference to the historic garage building on site that is to be incorporated into the development. We are excited to be part of the centre but emphasise that we will be retaining the historic Theatre Royal brand and look forward to 2019 when you will be attending the Theatre Royal with the benefit of new facilities delivered through The Hedberg.

All the above requires resources to be directed towards the project from our small Management Team and it is a credit to all of them that we continue to provide a premium theatre experience on an ongoing day-to-day basis. The Board is ever mindful of the competing demands on our team and how that impacts the ongoing operations.

Much work has been committed to completing the final agreements outlining how the new centre will be managed and clarifying the financial arrangements between the parties. This process has been thorough, however it has taken more



“I would like to thank our audiences with special thanks to our Premium Subscribers for your ongoing support for the Theatre.”

time than expected. The Board’s scheduled Strategic Planning day, referenced in my last report has been deferred accordingly. I am, however, pleased to note that these uncertainties have now largely been resolved and the Strata Plan is now completed to a point where we can proceed with increased certainty. To that end, a Planning Day has been set for April 2017, where the Board and Management Team will consider the complex issues that will confront us, including a period where we will not be able to trade due to construction works. The Board and Management Team will also consider the issues that will arise as we operate much improved and vastly different spaces within the new centre.

As always, appropriate Corporate Governance remains a focus of the Board with our continued focus on appropriate committee and reporting structure within the capacity of our small team. In addition we are part way through a review of Board Performance undertaken by way of direct one on one interviews of each Board Member. The results of this review will be reported back in the coming months.

There are always many people to thank for the season and I would particularly like to thank our season partners and sponsors who enable us to bring exciting and successful shows to the Theatre. To the Friends of the Theatre Royal we again express our thanks for your ongoing support and enthusiasm for the Theatre. To the Tasmanian Government through the Minister for the Arts, the Tasmanian Arts Advisory Board and Arts Tasmania your continued support is critical for the successful operation of the Theatre Royal and much appreciated by all.

On behalf of the Board, I particularly express our thanks to Tim Munro, our Chief Executive, his Management Team and all the permanent and casual staff who make up the Theatre Royal family. Their contribution and dedication is vital in ensuring presentation of successful seasons at the theatre.

To my fellow Board Members, thank you for your contributions and endless positive energy focused towards making the Theatre a successful operation. In 2016 we welcomed Bronwyn Edinger and Kim Evans to the Board and through the year their input has been much welcomed. I would particularly like to mention and thank Nicholas Heyward who, after 12 years of service, retired from the Board at the end of 2016. Nicholas served over a time when the Theatre and the Board was particularly successful and had seen a move to programming the carefully curated seasons that are presented to audiences now. His wisdom and input has been much appreciated by all.

Finally I would like to thank our audiences with special thanks to our Premium Subscribers for your ongoing support for the Theatre. As our Chief Executive likes to say, without you all of our performances would be mere rehearsals.

Craig Stephens  
Chairman

10 February 2017

# Chief Executive's Report

I am pleased to report that 2016 has been a dynamic year for the Theatre Royal. A total of 341 events were hosted in, or in conjunction with, the Theatre's program and over 56,000 patrons attended.



Tim Munro

I am pleased to report that 2016 has been a dynamic year for the Theatre Royal. A total of 341 events were hosted in, or in conjunction with, the Theatre's program and over 56,000 patrons attended. As one would expect, the majority of those patrons purchased tickets to the 197 performances that were presented on the mainstage or in the Theatre Royal Backspace. Whilst the number of performances and events staged in 2016 was consistent with 2015 numbers, attendances at some of those events were below expectations.

In addition to the 197 performances, 144 events, including tours of the Theatre, Meet the Artist Events, Student and Teacher activities and other community events were held in conjunction with the Theatre's program.

It is the Theatre's aim to grow audience numbers and I would note the lower attendances were not experienced as a trend across the broad range of the program; Bell Shakespeare's *Othello* drew more patrons (1,953) than their 2015 production of *Hamlet* (1,599), for example. Indeed total attendances to productions presented or co-presented by the Theatre Royal Management Board increased by nearly 1,500 patrons over 2015 results. However I note that some productions, including some local productions, were not as well supported as we had expected and this has had an effect on the reported audience totals. The Theatre proudly fills its role to assist in the presentation of local theatre productions, including new Tasmanian productions.

The lower than forecast attendances meant that overall program revenue was below estimates however the result from the Theatre's entrepreneurial program was ahead of budget. The Theatre's Box Office and Bar continued to perform solidly in 2016 generating significant revenue which was used to support the Theatre's program and its administration.

Alongside its theatre program, the Theatre Royal committed a great deal of energy, together with the University of Tasmania and the Tasmanian Government, towards planning the construction and management of the Creative Industries and Performing Arts Development, now named "The Hedberg" on the site adjoining the Theatre. As I reported last year the centre incorporates a range of new facilities for the Theatre Royal including new foyers, related patron amenities and a new 300 seat studio theatre replacing the Backspace Theatre. Construction activity has commenced on the site and we look forward to offering new programs and much needed audience facilities to Theatre Royal patrons in 2019.

## THEATRE ROYAL PRESENTATIONS AND CO-PRESENTATIONS COMPARISON

	2011	2012	2013	2014	2015	2016
Productions Presented on the Mainstage	12	15	11	14	14	14
Productions Co-Presented on the Mainstage	6	5	4	9	5	5
Performances	49	55	41	60	47	59
Total Attendances	14,531	15,358	11,243	20,985	18,134	19,504
Average Attendance per Performance	297	313	274	350	386	331
Productions Presented in the Backspace				1	3	1
Productions Co-Presented in the Backspace				1	2	2
Performances				13	29	15
Total Attendances				1,079	2,721	1,029
Average Attendance per Performance		76	55	83	94	69

## ARTISTIC REPORT

In line with its artistic policy and programming aims, the Theatre Royal Management Board invests in the presentation of a diverse range of high quality theatre that provides the cornerstone of its season. The Board commits its grant from the Minister for the Arts (through the Tasmanian Arts Advisory Board) to these works. In order to ensure that the Theatre can offer season programs of the breadth and depth that our audiences deserve, the Board continues to manage financial risks through co-presenting partnerships with theatre producers, festivals and touring agencies. Whilst benefitting the Theatre and its audiences, these arrangements also assist those presenting partners to manage their exposure to financial risk, which provides greater opportunity for artists' work to be seen by audiences. The Board has increased its efforts to ensure that a wide range of Tasmanian theatre works are presented to Theatre Royal audiences.

More details about each event playing at the Theatre Royal in 2016 may be found in the Performance and Other Events Summary on page 8 and 9 of this report.

## SUBSCRIPTION SEASON AND SUBSCRIBERS

The 2016 Season brochure, featuring 33 productions, was launched to subscribers in November 2015. One of those productions, the Queensland Theatre Company's Country Song, was unfortunately cancelled by the producer at very late notice and was unable to be replaced. The Board carried or shared the financial risk in 22 of the offered productions, 3 of which were presented in the Backspace Theatre. The number of patrons subscribing to the Theatre Royal seasons remains high with 737 individuals subscribing in 2016.

## 2016 PROGRAM

The Theatre Royal aims to present a diverse program featuring a full range of productions appealing to a wide range of audiences across the various performance genres. The program is carefully curated to showcase the work of flagship companies through to emerging artists and offers a strong range of national and international theatre alongside a diverse range of Tasmanian theatre works. The 2016 program included works ranging from contemporary text, traditional drama, dance, physical theatre and circus, multi-media, opera, contemporary music, music theatre, satire, comedy and more.

There are many factors that require consideration to achieve and, importantly, balance these program dimensions and to match those to the capacity of the market in which we operate. Aligning the Theatre's availability and the availability of desirable theatre productions, along with managing the costs to present those productions adds to the complexity of programming the Theatre's seasons.

### The 2016 season featured:

- 5 drama works
- 2 circus pieces
- 4 dance pieces
- 18 music events
- 9 comedy events
- 4 children and family seasons
- 4 revues/pantos
- 5 community events
- 3 spoken word events

In 2016, 54 seasons comprising 137 performances were presented on the Theatre Royal mainstage. Of those, 59 performances were presented or co-presented by the Theatre Royal, 36 presented by Tasmanian community organisations and a further 42 by commercial producers. An additional 13 seasons comprising 60 performances and events were held in the Theatre Royal Backspace.



## WORKSHOPS AND COMMUNITY EVENTS

In conjunction with the performance program, the Theatre Royal has worked hard to enhance the connection between members of our community and visiting theatre practitioners. To this end, the Theatre offers a range of engagement and training opportunities for Tasmanian theatregoers, students, performers and theatre makers. A series of workshops, question and answer sessions and 'In Conversation' style presentations for patrons were offered in 2016.

### These included:

Meet the Artist events, held in conjunction with:

- Never Did Me Any Harm – Force Majeure
- Othello – Bell Shakespeare Company
- They Saw a Thylacine – Human Animal Exchange

Community and performer development activities were held in conjunction with:

- The Bell Shakespeare Company
- Opera Australia
- Patch Theatre Company
- shake & stir theatre co

The Friends of the Theatre Royal conducted 115 public tours of the Theatre Royal and further tours (and discussion sessions) were run for education and community groups by the Theatre Royal operations team.

This diverse program activity contributed to a successful 2016 for the Theatre Royal. I wish to record my gratitude to the many organisations and individuals who have given so much to help make it so. I would like to record my gratitude to our funding partners, business partners, artists and arts companies and volunteer groups who contribute much to the life and the success of the Theatre Royal. In particular, I wish to thank the Minister for the Arts and the team at Arts Tasmania, Xsquared Architects, RACT, TasWater, Shadforth Financial Group, the City of Hobart, Digital Ink, Southern Cross Austereo, Cascade Brewery Co, The Old Woolstore Apartment Hotel, Magnolia Flowers, Tasmania 40 Degrees South, Typeface, Handmark Gallery and Fullers Bookshop.

The Friends of the Theatre Royal deserve a generous round of applause for their work in documenting the history of the Theatre Royal; their financial support, especially for the Theatre's Student Subscription Program and for their advocacy and community work including the tours of the Theatre Royal.

Finally, I wish to thank the staff and Board Members of the Theatre Royal for the tremendous contribution they have made to its success. The passion, skill and commitment of the team is of the highest order, reflecting a deep pride in working at the Theatre Royal. The high levels of engagement by patrons and artists, our continued commitment to bringing vibrant artistic programs together with the investment in the coming new facilities ensures a long and exciting future for the Theatre Royal.

Tim Munro  
Chief Executive  
14 February 2017

# Performance and Other Events Summary 2016

Mainstage Performance	Producer	TR Presents & Co-Presents No of Perf Mainstage	Professional No of Perf Mainstage	Community No of Perf Mainstage	Attendance	% of Capacity
Beckett Triptych	State Theatre Company South Australia	5			985	29%
The Diamonds	SMA Productions	2			608	44%
Circus Under My Bed	Flying Fruit Fly Circus	5			1,190	35%
They Saw a Thylacine	Human Animal Exchange	3			598	29%
Melbourne International Comedy Festival Roadshow	Melbourne International Comedy Festival	1			570	83%
Wuthering Heights	Shake & Stir Theatre Company	6			2,597	63%
Evolve:Revolve	Tasdance	3			400	19%
The Moon's a Balloon	Patch Theatre Company	3			513	25%
The Peasant Prince	Monkey Baa Theatre Company	4			1,428	52%
The Wharf Revue	Sydney Theatre Company	3			814	40%
Egg	Terrapin Puppet Theatre and Melbourne Theatre Company	3			808	39%
The Choir of Trinity College Cambridge	The Choir of Tinity College Cambridge	2			1,210	88%
Othello	Bell Shakespeare	4			1,953	71%
Snugglepote and Cuddlepie	CDP Productions	4			1,739	63%
The Marriage of Figaro	Opera Australia	3			1,121	55%
Never Did Me Any Harm	Force Majeure and Sydney Theatre Company	2			263	19%
TwentySixteen	Circus Oz	4			1,826	67%
French Kiss: An Australian in Paris	Jane Rutter	1			431	63%
The Beginning and the End	Deborah Conway	1			450	66%
David Sedaris	Token Events		1		530	77%
Ron Vincent in Concert Sings Cat Stevens	Moonlight Touring		1		56	8%
Nick Offerman Full Bush	Live Nation		2		1,048	76%
Kitty Flanagan	A-List Entertainment		1		681	99%
Elizabeth Gilbert	Tasmanian Writers and Readers Festival		1		509	74%
Ian Moss	The Harbour Agency		1		501	73%
Gold The Ultimate Abba Show	Happy Days Records		1		468	68%
The Man in Black	Room 8		2		539	39%
The Science of Life and Death	The Australian Academy of Science		1		174	25%
Ciolin Lane and David Hobson In Tails	Festival of Voices		1		573	84%
Tripod 101 Hits	Festival of Voices		1		656	99%
Meow Royale	Festival of Voices		2		736	54%
Cabaret de Paris	M2 Productions		2		584	43%
Elton John Experience	Live Music Australia		1		200	29%
Henry Rollins	Feel Presents		1		616	90%
Sydney Comedy Festival Showcase	Century Entertainment		1		520	76%
Geologies	The Unconformity		3		104	87%**
The Nutcracker	Imperial Russian Ballet Company		2		1,354	99%
Near Death Experience	DAAS Live		2		1,106	81%
Life in Motion	Zhejiang Song & Dance Group		1		325	47%
Always...Patsy Cline	Ross Sermons		1		397	58%
Alex Williamson	Frontier Comedy		1		182	27%
Em Rusciano	Frontier Comedy		2		913	67%
Frenchy	Frontier Comedy		1		279	41%
Antarctica	Sundog Productions		9		1,778	29%
Rock of Ages	John X Presents			10	5,841	85%
Uni Revue 69	The Old Nick Company			12	5,280	64%
Hurrah Hurrah	Wide Angle Tasmania			1	430	63%*
The Great Debate	936 ABC Hobart			1	374	55%
Lucia di Lammermoor	Opera Van Diemensland			4	494	18%
Exit Left's End of Year Showcase	Exit Left Performance Academy			1	312	46%
Jack and his Giant Stalk	Bawdy Pantos			4	1,537	56%
Siam Daughter - Together From The Heart	The Return of Siam Daughter			1	75	11%
Get Happy	Body Language Dance			1	360	53%
Pulse Christmas Spectacular	Pulse Dance School			1	244	36%
Total Mainstage performance and audience numbers		59	42	36	49,280	55%



# Performance and Other Events Summary 2016

<b>Backspace Performance</b>	<b>Producer</b>	<b>No of Perf Backspace</b>	<b>Attendance</b>	<b>% of Capacity</b>
Pedalling Back	Blue Cow Theatre	9	581	46%
The Surgeon's Hands	Blue Cow Theatre	9	1018	81%
Wheeler's Luck	Southside Players/Theatre Royal	8	282	25%
Misterman	Siren Theatre Company/Theatre Royal/Blue Cow	5	464	66%
My Life in the Nude	Festival of Voices	2	201	72%
Playback Theatre	Festival of Voices	1	32	22%
George Begbie - Captivation	Festival of Voices	1	89	64%
Bodane Hatten - Ces't La Vie	Genius Entertainment	3	134	32%
Falling Petals	Plot Theatre Company	4	141	25%
Death in Bowengabbie	Critical Stages/Theatre Royal	2	283	95%
Freud's Last Session	Hamley Productions	6	293	35%
The Bull, The Moon and the Coronet of Stars	Loud Mouth Theatre Company	9	344	27%
Theatresports™	ImproTas	1	72	51%
Total Backspace performance and audience numbers		60	3,934	49%

Total Audience and Performance numbers on Mainstage and Backspace	197	53,214
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<b>Other Events</b>	<b>Producer</b>	<b>Number of Events</b>	<b>Attendance</b>
<b>Tours</b>			
Public Tours of the Theatre	Friends of the Theatre Royal	115	379
VET Tourism students Tour	Rosny College	1	25
<b>Corporate Activities</b>			
Graduation	Sue Rees Modelling	1	70*
Client Appreciation Event	Shadforth Financial Group	1	204
<b>Student and Teacher Activities</b>			
Declaration of Geneva	University of Tasmania	1	550*
Speech Night	Fahan School	1	550*
Scholarship auditions	The Bell Shakespeare Company	1	6
Student workshops	The Bell Shakespeare Company	4	102
Children's Chorus - Marriage of Figaro	Opera Australia	3	24
Children's Choir - The Moon's a Balloon	Patch Theatre Company	3	30
Student workshops	Shake & Stir Theatre Company	4	107
World Tutu Day	House of Dance	1	100*
<b>Events and Launches</b>			
Theatre Royal Season 2017 Launch	Theatre Royal	1	270*
Fundraiser Concert	Friends of the Theatre Royal	1	70
AGM	Friends of the Theatre Royal	1	40*
Anniversary Morning Tea Fundraiser	Friends of the Theatre Royal	1	120
Performing Arts Heritage Network Exhibition	Friends of the Theatre Royal	1	20
<b>Meet the Artist Events</b>			
They Saw a Thylacine	Human Animal Exchange	1	85
Othello	Bell Shakespeare Company	1	56
Never Did Me Any Harm	Force Majeure	1	7
Total number of Other Events and audience numbers		144	2,815
Total Performances and Other Events		341	
Total Audience and Participants		56,029	

\* estimated attendance

\*\* audience capacity 40 per performance



## Independent Auditor's Report

### To the Members of Parliament

### Theatre Royal Management Board

### Report on the Audit of the Financial Report

#### Opinion

I have audited the financial report of the Theatre Royal Management Board (the Board), which comprises the statement of financial position as at 31 December 2016 and the statements of comprehensive income, changes in equity and cash flows for the year ended on that date, and notes to the financial statements, including a summary of significant accounting policies, and the statement of compliance by the Members of Board.

In my opinion, the accompanying financial report of the Board is in accordance with the financial reporting requirements of Section 10 of the *Theatre Royal Management Act 1986*, including:

- (a) presenting fairly, in all material respects, its financial position as at 31 December 2016, and its financial performance, cash flows and changes in equity for the year then ended
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements.

#### Basis for opinion

I conducted the audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the Board 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 my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

The *Audit Act 2008* further promotes the independence of the Auditor-General. The Auditor-General is the auditor of all Tasmanian public sector entities and can only be removed by Parliament. The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Responsibility of Management and the Board for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards– Reduced Disclosure Requirements and Section 10 of *Theatre Royal Management Act 1986*, and for such internal control as they determine 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, management is responsible for assessing its ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

The Board is responsible for overseeing the financial reporting process.

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## **Auditor's Responsibility for the Audit of the Financial Report**


My 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 my 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, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of the Board's 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 Board's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusion is based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- 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.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

## **Tasmanian Audit Office**



Minyan Qiu

**Acting Group Leader Financial Audit  
Delegate of the Auditor-General**

Hobart  
22 February 2017

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# Financial Report

## For the year ended 31 December 2016

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## DECLARATION BY THE BOARD

FOR THE YEAR ENDED 31 DECEMBER 2016

In the opinion of the members of the Theatre Royal Management Board:

1. The financial report and notes:

- (a) Comply with the Australian Accounting Standards (including Australian Accounting Interpretations) as they relate to Not For Profit entities, and with the provisions of the *Theatre Royal Management Act 1986*; and
- (b) Presents fairly the Board's financial position as at 31 December 2016 and its performance for the year ended on that date.
- (c) In the Board's opinion, there are reasonable grounds to believe that the Board 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 members:



K Cuthbertson  
Delegate of the Chairman



T Munro  
Chief Executive

Dated this 10th day of February 2017

**STATEMENT OF COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 \$	2015 \$
<b>Income</b>			
Program income	2	1,232,241	1,136,723
Bar income		208,945	182,569
Box office income		326,288	331,351
Administration income	2	186,261	196,147
Operations income		122,642	116,272
Business development income		44,000	42,800
Development project income		0	7,860
Interest income		33,845	41,419
Donations		270	165
Other income		0	59,217
<b>Total income</b>		2,154,492	2,114,523
<b>Less: Expenses</b>			
Program expenses		871,505	818,047
Bar cost of sales		77,827	68,569
Bar expenses		32,758	29,270
Box office expenses		230,450	217,176
Administration expenses		638,186	611,504
Operations expenditure		266,084	252,651
Business development expenses		60,038	55,256
Depreciation		24,437	23,521
Development project expenses		69,675	56,658
<b>Total Expenses</b>		2,270,960	2,132,652
<b>Net Surplus/(Deficit)</b>		(116,468)	(18,129)
Other comprehensive income for the year		0	0
<b>Total comprehensive result for the year</b>		(116,468)	(18,129)

The accompanying notes form part of these Financial Statements

**STATEMENT OF FINANCIAL POSITION**

AS AT 31 DECEMBER 2016

	Notes	2016 \$	2015 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	264,590	130,975
Trade and other receivables	4	237,297	215,899
Inventories	5	4,674	6,311
Financial assets	6	1,767,648	1,762,392
Other assets	7	118,907	93,452
<b>TOTAL CURRENT ASSETS</b>		<b>2,393,116</b>	<b>2,209,029</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	207,940	229,700
<b>TOTAL NON-CURRENT ASSETS</b>		<b>207,940</b>	<b>229,700</b>
<b>TOTAL ASSETS</b>		<b>2,601,056</b>	<b>2,438,729</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	121,145	74,142
Provisions	10	160,844	150,394
Other Liabilities	11	911,366	692,566
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,193,355</b>	<b>917,102</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	12	34,097	31,555
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>34,097</b>	<b>31,555</b>
<b>TOTAL LIABILITIES</b>		<b>1,227,452</b>	<b>948,657</b>
<b>NET ASSETS</b>		<b>1,373,604</b>	<b>1,490,072</b>
<b>EQUITY</b>			
Accumulated Surpluses		1,373,604	1,490,072
<b>TOTAL EQUITY</b>		<b>1,373,604</b>	<b>1,490,072</b>

The accompanying notes form part of these Financial Statements

**STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016	2015
	\$	\$
<b>CASH FROM OPERATING ACTIVITIES</b>		
Receipts from customers	1,668,180	1,792,170
Payments to suppliers and employees	(1,936,622)	(2,233,569)
Grants received	375,100	353,400
Interest received	34,890	20,713
<b>Net cash provided by (used in) operating activities</b>	141,548	(67,286)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	(2,677)	(16,137)
Deposits to investments	(1,555,256)	(1,020,000)
Withdrawals from investments	1,550,000	900,000
<b>Net cash used by investing activities</b>	(7,933)	(136,137)
<b>Net cash increase (decreases) in cash and cash equivalents</b>	133,615	(203,423)
<b>Cash and cash equivalents at beginning of year</b>	130,975	334,398
<b>Cash and cash equivalents at end of financial year</b>	3 264,590	130,975

The accompanying notes form part of these Financial Statements

**STATEMENT OF CHANGES IN EQUITY**

FOR THE YEAR ENDED 31 DECEMBER 2016

	Accumulated Surpluses	Total Equity
Balance at 1 January 2015	1,508,201	1,508,201
Total comprehensive result for the year	(18,129)	(18,129)
Balance at 31 December 2015	1,490,072	1,490,072
Total comprehensive result for the year	(116,468)	(116,468)
Balance at 31 December 2016	1,373,604	1,373,604

The accompanying notes form part of these Financial Statements

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

The financial report covers the Theatre Royal Management Board as an individual entity. Theatre Royal Management Board was established under the *Theatre Royal Management Act 1986*.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Preparation

The Theatre Royal Management Board has elected to adopt the pronouncements AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: *Amendment to Australian Accounting Standards arising from Reduced Disclosure Requirements* to the annual reporting periods beginning on or after 1 July 2013.

The financial report is a general purpose financial report that has been prepared in accordance with the Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Theatre Royal Management Act 1986*. The Board is a not for profit entity for financial reporting purposes under Australian Accounting Standards.

### (b) Comparative Figures

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

### (c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities in the statement of financial position.

### (d) Trade and Other Receivables

All receivables are due within fourteen (14) days and are earned as amounts due. The collectability of debts is assessed at balance date and a specific provision is made for any impairment. The net fair value of receivables is the nominal amount.

### (e) Inventories

Inventories are measured at the lower of cost and net realisable value.

### (f) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated, less, where applicable, any accumulated depreciation and impairment losses.

#### Plant and equipment

Plant and equipment is measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the Board to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed by the Board includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Board and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

The Theatre Royal building, land and certain items of plant and equipment have been vested in the Crown in accordance with Section 12 of the *Theatre Royal Management Act 1986*. During the 2012 financial year certain leasehold improvements that formed part of the Theatre Royal building were transferred back to the Crown.

The Crown is responsible for the payment of rates of the building. The Theatre Royal Management Board is responsible for the insurance on the building.

A lease agreement exists between the Board and the Minister at a nominal rent, in accordance with Section 15 of that Act. This lease is classified as an operating lease and as such the Board does not have control of the assets and therefore they are not recognised in the Statement of Financial Position in this report.

#### Depreciation

The depreciable amount of all property, plant and equipment is depreciated on a straight line basis over the asset's useful life commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

#### Class of property, plant and equipment

Plant and Equipment	4 - 10 years
Leasehold improvements	10 - 40 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surpluses



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2016

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(g) Impairment of Assets**

At the end of each reporting period, the Board reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

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

**(h) Trade and other payables**

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Board during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within creditor terms.

**(i) Employee Benefits**

Provision is made for the Board's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Eligible casuals are included where applicable. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

**(j) Provisions**

Provisions are recognised when the Board has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**(k) Leases**

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the life of the lease term.

**(l) Critical Accounting Estimates and Judgments****Key estimates – Impairment**

The Board assesses impairment at the end of each reporting period by evaluating conditions specific to the Board that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value in use calculations which incorporate various key assumptions.

**(m) 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 the equivalent to the date that the Board commits itself to either the purchase or sale of 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 expensed to statement of comprehensive income immediately.

**Classification and subsequent measurement**

Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

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 value with a consequential recognition of an income or expense in surplus or loss.

The Board does not designate any interest as being subject to the requirements of accounting standards specifically applicable to financial instruments.

**(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.

**(ii) Held to maturity investments**

Held to maturity investments are non derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Board's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2016

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Held to maturity investments are included in non current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

If during the period the Board sold or reclassified more than an insignificant amount of the held to maturity investments before maturity, the entire held to maturity investments category would be tainted and reclassified as available for sale.

**(n) 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 Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**(o) Revenue and Other Income**

Revenue represents amounts earned from sales of products or services, for completed programs and hire of venues, government grants, interest and other items. Income from the hire of venues is recognised when payments are due. Booking fees are recognised as income when tickets are sold. Income from the sale of tickets is recognised when the shows have been performed. Interest is recognised over the period for which the funds are invested.

All revenue is stated net of the amount of goods and services tax (GST).

**(p) Income Tax**

No provision for income tax has been raised as the Board is exempt from income tax under *Div 50 of the Income Tax Assessment Act 1997*.

**(q) Development Project Income and Expenses**

Development project income and expense items principally relate to the Board's investment in the project design and management processes for development of the cultural and performance precinct in Hobart to be constructed next door to the Theatre Royal. The expenses relate to a conservative estimate of salary and other costs, some of which have been reimbursed and are noted as income.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2016

**2. GRANT INCOME****Income included in Program Income**

Tasmanian Government - Arts Tasmania Program Grant

City of Hobart Grant

**Income included in Administration Income**

Tasmanian Government - Administration Grant

City of Hobart Grant

	2016	2015
	\$	\$
Tasmanian Government - Arts Tasmania Program Grant	153,000	134,750
City of Hobart Grant	25,000	0
<b>Income included in Administration Income</b>		
Tasmanian Government - Administration Grant	178,000	178,000
City of Hobart Grant	0	8,523
	<b>356,000</b>	<b>321,273</b>

**3. CASH AND CASH EQUIVALENTS****Current**

Cash on hand

Cash at bank

	\$	\$
Cash on hand	2,935	3,065
Cash at bank	261,655	127,910
	<b>264,590</b>	<b>130,975</b>

**4. TRADE AND OTHER RECEIVABLES**

Trade debtors

Instalment payments clearing

Other

	\$	\$
Trade debtors	50,175	20,245
Instalment payments clearing	116,920	122,804
Other	70,202	72,850
	<b>237,297</b>	<b>215,899</b>

**5. INVENTORIES**

At cost:

Inventory

	\$	\$
Inventory	4,674	6,311
	<b>4,674</b>	<b>6,311</b>

**6. FINANCIAL ASSETS**

Interest Bearing Accounts

Term Deposit

	\$	\$
Interest Bearing Accounts	967,648	962,392
Term Deposit	800,000	800,000
	<b>1,767,648</b>	<b>1,762,392</b>

**7. OTHER ASSETS**

Prepaid settlement fees

Prepaid insurance

Other prepayments

	\$	\$
Prepaid settlement fees	103,889	73,929
Prepaid insurance	11,444	10,089
Other prepayments	3,574	9,434
	<b>118,907</b>	<b>93,452</b>

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2016

**8. PROPERTY, PLANT AND EQUIPMENT**

	2016	2015
	\$	\$
Plant and Equipment	148,849	146,172
Less : Accumulated Depreciation	(102,131)	(95,083)
	46,718	51,089
Improvements	286,271	286,271
Less : Accumulated Depreciation	(125,049)	(107,660)
	161,222	178,611
Total Property Plant and Equipment	207,940	229,700

**Reconciliations**

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Plant and Equipment \$	Leasehold Improvement \$	Total \$
<b>2016</b>			
At 1 January 2016	51,089	178,611	229,700
Additions	2,677	0	2,677
Disposals	0	0	0
Depreciation charge for the year	(7,048)	(17,389)	(24,437)
At 31 December 2016	46,718	161,222	207,940
Net of accumulated depreciation			
<b>2015</b>			
At 1 January 2015	40,030	197,054	237,084
Additions	16,137	0	16,137
Depreciation charge for the year	(5,078)	(18,443)	(23,521)
At 31 December 2015	51,089	178,611	229,700
Net of accumulated depreciation			

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2016

**9. TRADE AND OTHER PAYABLES (CURRENT)**

	2016	2015
	\$	\$
Trade payables	49,057	17,114
GST payable	42,321	31,215
Accrued expenses	13,296	11,014
Payroll liabilities	16,471	14,799
	<b>121,145</b>	<b>74,142</b>

**10. EMPLOYEE BENEFITS (CURRENT)**

	\$	\$
Employee benefits	160,844	150,394

**11. OTHER LIABILITIES (CURRENT)**

	\$	\$
Advanced ticket sales	853,864	644,158
Applause donation clearing	11,345	13,660
Gift vouchers	19,560	16,468
Sub-season show functions	0	48
Student subscriptions	342	810
Deposits collected	26,050	16,600
Ticketek clearing	205	822
	<b>911,366</b>	<b>692,566</b>

**12. EMPLOYEE BENEFITS (NON CURRENT)**

	\$	\$
Employee benefits	34,097	31,555

**13. CAPITAL AND LEASING COMMITMENTS**

The Theatre Royal Management Board has not committed to any capital expenditure in 2017 at the date of writing this report (2016: NIL).

**(a) Operating Lease Commitments**

	\$	\$
Non-cancellable operating leases contracted for but not capitalised in the financial report		
Payable - minimum lease payments:		
- not later than 12 months	2,688	5,400
- between 12 months and 5 years	10,080	435
	<b>12,768</b>	<b>5,835</b>

The operating lease payments are in relation to a photocopier.  
A new lease agreement was entered into on the 17th October 2016.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2016

**14. RELATED PARTY TRANSACTIONS**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

**15. ECONOMIC DEPENDENCY**

The Theatre Royal Management Board's entrepreneurial program has been assisted through funding received from the Minister for the Arts. The nature of this and future entrepreneurial programs is dependent on the receipt of this funding. At the date of this report the Board has no reason to believe that the State Government will not continue to support the Theatre Royal Management Board.

	2016	2015
	\$	\$
<b>Entrepreneurial Ventures</b>		
Income	592,565	560,746
Arts Tas Grant	153,000	134,750
Less : Program Expenses	(620,448)	(607,246)
Less : Proportion of Administration expenses (40%)	(255,274)	(246,633)
Less : Proportion of Theatre Operation Expenses (40%)	(106,434)	(108,438)
Deficit on entrepreneurial ventures	(236,591)	(266,821)

**16. EVENTS AFTER THE END OF THE REPORTING PERIOD**

There are no events after balance date affecting this financial report to be disclosed.

# Our Partners

The Theatre Royal thanks our partners for their support in 2016



*The Theatre Royal is assisted through Arts Tasmania by the Minister for the Arts*



*Assistance has been provided by the Australian Government through the Australia Council, its arts funding and advisory body*

## PROGRAM PARTNERS



## BUSINESS PARTNERS



## SUPPORTERS



# PERSONNEL 2016

Theatre Royal Management Board  
Craig Stephens (Chairman)  
Kate Cuthbertson  
Karen Davis  
Bronwyn Edinger  
Kim Evans  
Jane Haley  
Nicholas Heyward

Chief Executive  
Tim Munro

Program and Operations Manager  
Don Hopkins

Marketing and Business  
Development Manager  
Maria Pate

Marketing and Business  
Development Coordinator  
Thesspina Donopoulos

Finance Manager  
Jo Macgill

Box Office Manager  
Mark Brooks

Accounts Manager  
Margaret Wood

Box Office Supervisor  
Meyrick Harris

Technical Manager  
Sandy Campbell

Customer Services Manager  
Nicole Winspear



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