



ANNUAL REPORT 2018



Chairman's Report



Craig Stephens

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On behalf of the Theatre Royal Management Board it is a pleasure to present the Chairman's Report for the 2018 season.

The year just completed was one in which, for the first time, the presentation of our season has been directly impacted by the development of the Hedberg centre. As a result, we were able to present performances through to the end of September 2018, at which time our doors were closed and our facilities were handed over to enable the integration of the new building with the existing spaces. Previous years have seen us commit resources and funds to the planning and development of the new centre but have not directly impacted upon the organisation's running of the season.

Despite this impediment we were able to present a successful season for that shortened nine-month period with our financial result to the end of September being well ahead of our budget expectations. The remaining three months of the year the Theatre was unable to trade and hence, no income was generated from performances. During this time normal administrative operations of the Board continued with the cost of these operations being supported by specific State Government contributions.

Our financial result for the year to 31 December 2018 is a significant surplus of \$455,045 and, while a pleasing result, it is the Board's view that this has been positively impacted by the timing of receipt of Government funding. As in previous years, the Board is required, under appropriate Accounting Standards, to treat Government Grants as revenue on the receipt of those funds. Due to the increased funding noted below our financial result has the benefit of including funds which, in our view, are granted to support our closure post year end and to some extent to assist with the Board's costs of operation of the new centre.

The Board's view of the underlying operational result is a more modest surplus of approximately \$9,000 with the balance of the reported surplus allocated by us to cover costs during the subsequent six-month period. This modest surplus is reflective of several competing results. Specifically, a strong nine-month season, a closure period of three months whilst operating costs continued to be incurred and where additional costs of relocating our administration and Box Office teams were incurred, all supported by the State Government's willingness to fund the Theatre through these unusual times.

Cover image: Amy Brown
Performer: Zeb Direen
Producer: Tasmania Performs



“We eagerly anticipate the hand back of the heritage Theatre Royal spaces to the Board for us to recommence presentation of shows to our loyal audiences”



As I write this report we eagerly anticipate the hand back of the heritage Theatre Royal spaces to the Board for us to recommence presentation of shows to our loyal audiences. As we have previously reported the Hedberg is a joint development with the Tasmanian Government and the University of Tasmania that will provide much needed facilities and amenities for the Theatre Royal to improve our audience experience while also providing new performance venues. While the Hedberg centre in total will not be completed at the point of hand back, the limited re-opening will be an opportunity for our audiences to enjoy a great night out at a show while obtaining a glimpse at the work in progress on the new centre and, a sense of excitement about the new development and how, when complete, it will improve the Theatre Royal.

On behalf of the Board I would like to express our gratitude to the Tasmanian Government for their support of the development and their continued willingness to work with us to facilitate our role in the construction of the Hedberg. In addition, we are delighted to note the Government announcement, in their most recent budget, of funding for the Board to

cover the period of closure of our Theatre, along with appropriate funding to enable us to operate the newer and larger spaces that will result from completion of the centre. We are most grateful to the Minister for the Arts and the Treasurer for their consideration and response to our application on these matters.

From a governance perspective the Board has inevitably spent a significant amount of its energy focusing on the Hedberg development, as it progresses apace, alongside retaining appropriate oversight of the Theatre’s business as usual matters. It has also been incumbent on us to prepare for the future of the Theatre as we look to build the capacity of the organisation and understand the operating requirements of the new and enhanced spaces we’ll have available. Our last Strategic Plan has now successfully run its course, and with funding certainty provided by the State Government, the Board has undertaken to present to the Minister a new Strategic Plan by the middle of 2019.



“We note our appreciation to the Friends of the Theatre Royal for their support and enthusiasm for the Theatre”

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The Board would like to again acknowledge our sponsors and season partners, who are an integral part of enabling us to present the season on a year by year basis. We reiterate our thanks to the Tasmanian Government through the Minister for the Arts and Arts Tasmania for their ongoing support. In addition, we note our appreciation to the Friends of the Theatre Royal for their support and enthusiasm for the Theatre.

A special thanks from myself and the Board to our Chief Executive, Tim Munro, his management team and all the staff of the Theatre. They work tirelessly to provide the audience experience you receive at each performance, to provide the performer experience enjoyed back stage, and to ensure all those necessary tasks are undertaken that result in a smooth operation of the Theatre. To add to this, they have had to deal with closure of the Theatre, relocation and working off-site and the myriad of distractions this results in. Their efforts over this year have placed the organisation in a positive position to move forward into 2019.

My thanks to my fellow Board Members for their continued support and their enthusiasm for the Theatre Royal, it is much appreciated. I would also like to welcome our latest Board member, Ann Cunningham, who brings a strong legal background to the Theatre as well as being an experienced director with extensive governance skills.

Finally, our thanks to you, our audience, for your ongoing support of the Theatre Royal and a special thanks to our Premium Subscribers for their regular attendance. We appreciate your support for our shortened 2018 season and look forward to welcoming you back to the 2019 season when we reopen.

Craig Stephens
Chairman
8 March 2019

Chief Executive's Report



Tim Munro

It is a pleasure to be able to report that 2018 was a tremendously successful year for the Theatre Royal.

The Theatre staged performances for a shortened season from January 2018 through September 2018 after which it closed for substantial construction works to be undertaken. These works (which will continue for some months in 2019) are required in order to incorporate the new facilities for the Theatre Royal provided as part of the Hedberg construction project. For the duration of the closure, the Theatre's Box Office was relocated to a space built for the purpose at the Tasmanian Museum and Art Gallery and the Theatre's administration offices moved to offices in the Marine Board Building.

In comparing audience and performance numbers with previous years' data it ought be noted that due to the closure, the Theatre Royal was only able to host performances for three quarters of its normal season. Despite the shortened season, the Theatre Royal enjoyed strong audience support for the program with 59,532 patrons attending the 175 performances held on the Theatre's main stage and in the Backspace Theatre.

Importantly 44% of those patrons attended Tasmanian productions playing at the Theatre Royal in 2018.

In conjunction with the performance program, the Theatre hosts a range of community engagement activities such as workshops, artist talks and tours. In 2018, 951 people attended one of the 130 events of this type.

In total 305 performances and events were held as part of the Theatre's 2018 program.

ARTISTIC REPORT

Each year, the Theatre Royal Management Board invests substantially in the presentation of a diverse range of high-quality theatre productions providing the cornerstone of its season. The season is curated in line with the organisation's programming principles.

In order to ensure that the Theatre can offer programs of the breadth and depth that our diverse audiences seek, the Board continues to manage financial risks through co-presenting partnerships with theatre producers, festivals and touring agencies. Whilst benefiting 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.

More details about attendance at each event performed at the Theatre Royal in 2018 may be found in the Performance and Other Events Summary on pages 8 and 9 of this report.

THEATRE ROYAL PRESENTATIONS AND CO-PRESENTATIONS COMPARISON

	2013	2014	2015	2016	2017	2018
Productions Presented on the Mainstage	11	14	14	14	15	26
Productions Co-Presented on the Mainstage	4	9	5	5	1	4
Performances	41	60	47	59	46	30
Total Attendances	11,243	20,985	18,134	19,504	18,763	12,121
Average attendance per performance	274	350	386	331	408	404
Productions Presented in the Backspace		1	3	1	2	10
Productions Co-Presented in the Backspace		1	2	2	-	10
Performances		13	29	15	6	20
Total Attendances		1,079	2,721	1,029	676	1,658
Average attendance per performance		83	94	69	113	83

SUBSCRIPTION SEASON AND SUBSCRIBERS

The 2018 Season brochure, featuring 31 productions, was launched to subscribers in November 2017. The Board carried or shared the financial risk in 15 of the productions featured in the subscription season. 782 patrons subscribed to the season including 125 student subscribers.

2018 PROGRAM

I have noted earlier that programming a diverse range of performances is of the utmost importance in curating a Theatre Royal season. Diversity includes cultural, performance genre, and the range of 'much-loved' classical works alongside contemporary works.

We aim to present works that appeal to the widest range of Tasmanian and visiting audiences.

Theatre Royal seasons always showcase the work of flagship companies through to emerging artists and a careful balance between productions made in Tasmania and those touring from elsewhere, is always sought.

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 with the availability of desirable theatre productions, alongside managing the costs to present those productions adds to the complexity of programming the Theatre's seasons.

The 2018 program included works ranging from contemporary text, traditional drama, dance, physical theatre and circus, multi-media, opera, contemporary music, music theatre, comedy and more.

The 2018 program featured:

- 12 drama works
- 1 circus piece
- 6 dance pieces
- 11 music events
- 2 musical theatre shows
- 2 operas
- 9 comedy events
- 5 children and family seasons

In 2018, 48 seasons comprising 175 performances were presented at the Theatre Royal. Of those, 50 performances were presented or co-presented by the Theatre Royal Management Board and a further 89 were presented by Tasmanian organisations.

THEATRE ROYAL COMMUNITY ENGAGEMENT PROGRAM

Associated with the performance program, the Theatre Royal also presents its community engagement program: a range of workshops, talks and special events designed primarily for audiences, local performing arts practitioners, teachers and students.

This program ensures that the Tasmanian community is able to engage with, and learn skills from, performers and creatives touring to the Theatre Royal as part of its performance program.



In 2018, the community engagement programs included:

Meet the artist events

- A Tasmanian Requiem
- The Beginning of Nature
- Oedipus Schmoedipus

Student Workshops

- A prudent Man (1 workshop)
- Circus Oz (4 workshops)
- Opera Australia (Regional Student Scholarship Auditions)

Community Workshops

- Swing Man (3 pre show dance lessons)
- Cockfight (3 workshops)
- Josephine Wants To Dance (6 workshops)

The Friends of the Theatre Royal also conducted 88 public tours of the Theatre Royal and further tours (and discussion sessions) were run for education and community groups by Theatre Royal staff.

I wish to record our gratitude to the many organisations and individuals who have given so much to help make 2018 such a successful year.

In particular I would like to thank the team at the Tasmanian Museum and Art Gallery for assisting us with the temporary relocation of our Box Office and also staff from the Department of State Growth for assisting us through relocation of our administration team. Also their ongoing assistance managing significant elements of the Theatre's participation in Hedberg project is greatly appreciated.

I would like to thank our funding partners, business partners, artists, 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, Shadforth Financial Group, Xsquared Architects, RACT, Sanctum Medical Aesthetics, TasWater, digital ink, The Mercury, Southern Cross Austereo, The Old Woolstore Apartment Hotel, Magnolia Flowers, Tasmania 40 Degrees South, Typeface, Fullers Bookshop, Huon Aquaculture, the Friends of the Theatre Royal and the City of Hobart.

"We aim to present works that appeal to the widest range of Tasmanian and visiting audiences."

Once again, the Friends of the Theatre Royal worked tirelessly in 2018. Their advocacy and community work on behalf of the Theatre, particularly conducting the tours of the Theatre Royal, documenting the history of the Theatre and their financial support, especially for the Theatre's Student Subscription Program, is greatly appreciated.

In closing I would like to acknowledge and thank, most sincerely, the fantastic team who work at the Theatre Royal. Their commitment, skill, and integrity are outstanding. The success achieved in 2018 is attributable to those who program and market the theatre, operate the box office, manage technical and patron services and do it all with great pride and commitment.

Tim Munro
Chief Executive
8 March 2019

Performance and Other Events Summary 2018

Mainstage Performance	Producer	TR Presents & Co-Presents No of Perf Mainstage	Professional No of Perf Mainstage	Community No of Perf Mainstage	Attendance	% of Capacity
Master Class	Andrew Kay and Associates	3			685	33%
Oedipus Schmoedipus	Intimate Spectacle	2			289	21%
Bosom Buddies	Christine Dunstan Productions	1			425	71%
George's Marvellous Medicine	shake & stir theatre co	6			3,676	89%
Josephine Wants To Dance	Monkey Baa Theatre Company	4			1,772	65%
Yo Diddle Diddle	Patch Theatre Company	2			754	55%
Melbourne International Comedy Festival Roadshow	Melbourne International Comedy Festival	1			562	82%
The Beginning of Nature	Australian Dance Theatre	2			559	41%
Model Citizens	Circus Oz	4			1,703	62%
Cockfight	The Farm	3			392	19%
Madame Butterfly	Opera Australia	2			1,304	95%
Ben Folds	Chugg Touring and Events		2		1,254	92%
Senior Moments	Return Fire Productions		5		1,979	58%
Boys in the Band	SMA Productions		2		1,005	73%
Tapestry - The Songs of Carole King	Grows on Trees Productions		2		1,032	75%
Songbird - Songs of Eva Cassidy	Ross Sermons		1		240	35%
The Celtic Tenors	Redbird Music		1		590	86%
The Nutcracker	Grand International Concerts		2		1,212	88%
Lano and Woodley - Fly	Token Events		5		3,186	93%
Kitty Flanagan - Smashing	Alist Entertainment		2		1,289	94%
The Rape of Lucretia	Dark Mofo		3		697	34%
Animal	Dark Mofo		3		675	33%
Snow White	Victorian State Ballet		2		790	58%
FACE Vocal Band	Festival of Voices		1		405	59%
A Cappella Showcase	Festival of Voices		1		368	54%
Eric Bogle	Festival of Voices		1		565	82%
Peppa Pig	Andrew Kay and Associates		4		1,779	65%
The Greatest Show on Earth	Dream Dealers and Wander Productions		1		146	21%
Sydney Comedy Festival Showcase	Century Entertainment		1		469	68%
Fiona O'Loughlin	Left of Centertainment		1		398	58%
John Waters - Lennon Through a Glass Onion	The Harbour Agency		1		545	80%
A Russian Triple Bill	The Imperial Russian Ballet		2		1,198	87%
Mary Poppins	Tasmanian Musical Theatre Crew			15	7,155	70%
A Tasmanian Requiem	Gap in the Fence			4	1,328	48%
Fifty Shades of White - 2018 Uni Revue	The Old Nick Company			12	6,271	76%
We Will Rock You	John X Presents			12	8,150	99%
ExitLeft Performance Academy in Concert	ExitLeft			1	274	40%
Total Mainstage performance and audience numbers		30	43	44	55,121	64%

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Performance and Other Events Summary 2018

Backspace Performance	Producer	TR Presents & Co-Presents No of Perf Mainstage	Professional No of Perf Mainstage	Community No of Perf Mainstage	Attendance	% of Capacity
The Epic	Ten Tonne Sparrow	3			217	50%
A Prudent Man	Lab Kelpie	4			342	59%
The Riddle of Washpool Gully	Terrapin Puppet Theatre in association with Dead Puppet Society	10			890	62%
Swing Man	Hey Boss	3			209	48%
I Am A Lake	Mudlark Theatre		4		431	75%
Malcolm Turnbull: A Life	Friendly Jordies		2		217	75%
Mind How You Go	Blue Cow Theatre		7		508	50%
Twelve Times He Spoke	Blue Cow Theatre		9		701	50%
Zeb - A Gender Odyssey	Tasmania Performs		7		339	34%
Alice's Adventures Underground	Hamley Productions			8	492	43%
Comedy Covering Five Continents	Pierre Joubert			1	65	45%
Total Backspace performance and audience numbers		20	29	9	4,411	54%

Performance and Other Events Summary 2018 (continued)

	Number of Events	Attendance
Other Events		
Tours		
FOTR Tours	88	242
Montrose Bay High School	1	28
Institute of Project Management - PNG Students	2	56
Corporate Activities		
RACT Partners Post Show Tour	1	12*
X-Squared Architects Partners Post Show Tour	1	6*
Shadforth Financial Partners Post Show Tour	1	14*
Sanctum Medical Aesthetics Partners Post Show Tour	1	10*
Student and Teacher Activities		
Work Placement - Rose Bay High	1	1
Work Placement - Eastside Lutheran College	1	1
Workshops and Auditions		
Student Workshops - A Prudent Man	1	29
Workshops - Circus Oz	5	100
Swing Dance Lessons - Swing Man	3	19
Workshops - Cockfight	3	44
Opera Australia Regional Scholarship Auditions	1	10
Student Workshops - Josephine Wants To Dance	6	150*
Student Workshops - Yo Diddle Diddle	4	100*
Student Workshops - George's Marvellous Medicine	1	30*
Events and Launches		
Wedding on Stage	1	100*
Josephine Loves to Dance Book Reading - Kingston Library	1	100*
Oedipus Schmoedipus - Volunteer Cast	2	47
Opera Australia Childrens' Choir	2	26
Meet the Artist Events		
Meet the Company - Tasmanian Requiem	1	53
Meet the Company - Oedipus Schmoedipus	1	21
Meet the Artist - Australian Dance Theatre	1	32
Total number of Other Events and audience numbers	130	1231
Total Performances and Other Events	305	
Total Audience and Participants	60,763	

* estimated attendance

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 2018 and statements of comprehensive income, changes in equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and the statement of certification by the Members of the Board (the Board).

In my opinion, the accompanying financial report:

- (a) presents fairly, in all material respects, the financial position of the Board as at 31 December 2018 and its financial performance and its cash flows for the year then ended
- (b) is in accordance with the financial reporting requirements of Section 10 of the *Theatre Royal Management Act 1986* and 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.

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

Responsibilities 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, and the financial reporting requirements of the 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 the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Board or to cease operations, or have no realistic alternative but to do so.

The Board are responsible for overseeing the Board's financial reporting process.

Auditor's Responsibilities 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 management.
- Conclude on the appropriateness of management'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

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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.



Ric De Santi
Deputy Auditor-General
Delegate of the Auditor-General

Tasmanian Audit Office

8 March 2019
Hobart

Financial Report

For the year ended 31 December 2018

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DECLARATION BY THE BOARD

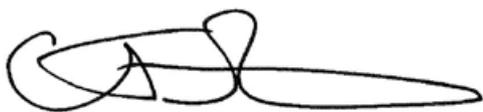
FOR THE YEAR ENDED 31 DECEMBER 2018

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

The financial report and notes:

- Comply with the Australian Accounting Standards – Reduced Disclosure Requirements (including Australian Accounting Interpretations) as they relate to Not For Profit entities, and with the provisions of the *Theatre Royal Management Act 1986*; and
- Presents fairly the Board's financial position as at 31 December 2018 and its performance for the year ended on that date.
- 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:



C Stephens
Chairman



T Munro
Chief Executive

Dated this 28th day of February 2019

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$	2017 \$
Income			
Program income	8	982,090	1,374,592
Bar income		243,726	266,072
Box office income		371,577	425,356
Administration income	8	955,523	187,475
Operations income		94,920	124,872
Business development income		46,500	36,080
Interest income		39,684	34,178
Donation income		96	3,492
Total income		2,734,116	2,452,117
Expenses			
Program expenses		(687,420)	(812,015)
Bar cost of sales		(93,862)	(102,812)
Bar expenses		(42,641)	(47,826)
Box office expenses		(266,265)	(265,345)
Administration expenses		(661,346)	(635,257)
Operations expenses		(230,155)	(259,199)
Business development expenses		(61,864)	(50,028)
Depreciation		(23,002)	(22,393)
Development project expenses	7	(131,720)	(94,371)
Donation expenses		-	(1,730)
Profit / (loss) on sale of fixed assets		(80,796)	-
Total expenses		(2,279,071)	(2,290,976)
Total Comprehensive result		455,045	161,141

The above statement should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	226,016	201,513
Trade and other receivables	10	122,960	203,154
Financial assets	11	2,643,184	2,295,244
Inventories	12	1,057	8,468
Other assets	13	104,612	112,146
TOTAL CURRENT ASSETS		3,097,829	2,820,525
NON-CURRENT ASSETS			
Property, plant and equipment	14	119,066	192,440
TOTAL NON-CURRENT ASSETS		119,066	192,440
TOTAL ASSETS		3,216,895	3,012,965
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	125,228	92,978
Deferred revenue	16	7,045	-
Provisions	17	186,639	166,477
Other liabilities	18	869,674	1,170,115
TOTAL CURRENT LIABILITIES		1,188,586	1,429,570
NON-CURRENT LIABILITIES			
Provisions	17	38,519	48,650
TOTAL NON-CURRENT LIABILITIES		38,519	48,650
TOTAL LIABILITIES		1,227,105	1,478,220
NET ASSETS		1,989,790	1,534,745
EQUITY			
Accumulated surplus		1,989,790	1,534,745
TOTAL EQUITY		1,989,790	1,534,745

The above statement should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
Note	Inflows/ (Outflows) \$	Inflows/ (Outflows) \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers (inclusive of GST)	1,937,296	2,625,415
Payments to suppliers (inclusive of GST) and employees	(2,476,643)	(2,581,035)
Grants received	891,440	382,800
Interest received	39,210	36,635
Net cash provided by (used in) operating activities	391,303	463,815
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(33,371)	(6,892)
Proceeds from sale of property, plant and equipment	2,945	-
Deposits to investments	(4,050,000)	(4,905,000)
Withdrawal from investments	3,713,626	4,385,000
Net cash provided by (used in) investing activities	(366,800)	(526,892)
Net increase (decrease) in cash and cash equivalents	24,503	(63,077)
Cash and cash equivalents at the beginning of the financial year	201,513	264,590
Cash and cash equivalents at the end of the financial year	226,016	201,513

The above statement should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Total	Accumulated
	2018	Surpluses
	\$	2018
		\$
2018		
Balance at beginning of the financial year	1,534,745	1,534,745
Surplus / (deficit) for the year	455,045	455,045
Balance at end of the financial year	1,989,790	1,989,790
2017	\$	\$
Balance at beginning of the financial year	1,373,604	1,373,604
Surplus / (deficit) for the year	161,141	161,141
Balance at end of the financial year	1,534,745	1,534,745

The above statement should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 1 - REPORTING ENTITY

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

NOTE 2 - BASIS OF ACCOUNTING

These financial statements are a general purpose financial report that consists of a Statement of Comprehensive Income, Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and Notes accompanying these financial statements and 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 Theatre Royal Management Board is a not for profit entity for financial reporting purposes under Australian Accounting Standards.

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.

This financial report has been prepared on an accrual and going concern basis. All amounts are presented in Australian dollars.

Unless otherwise stated, all accounting policies are consistent with those applied in the prior year. Where appropriate, comparative figures have been amended to accord with current presentation, and disclosure has been made of any material changes to comparatives.

NOTE 3 - USE OF JUDGEMENTS AND ESTIMATES

In the application of Australian Accounting Standards, the Theatre Royal Management Board is required to make judgements, estimates and assumptions about carrying values of assets and liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. 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 if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Employee entitlements

Assumptions are utilised in the determination of the Theatre Royal Management Board's employee entitlement provisions. These assumptions are discussed in Note 18.

Fair value of property, plant & equipment

Assumptions and judgements are utilised in determining the fair value of the Theatre Royal Management Board's property, plant and equipment including useful lives and depreciation rates. These assumptions are discussed in Note 14.

NOTE 4 - INCOME TAX

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

NOTE 5 - 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).

NOTE 6 - 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.

NOTE 7 - DEVELOPMENT PROJECT INCOME AND EXPENSES

Development project expense items principally relate to the Theatre Royal Management 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 REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 8 - GRANT INCOME

Grants were received in respect of the following:

Grant Income included in Program Income

State funded grants – Arts Tasmanian Program Grant

City of Hobart Grant

Grant Income included in Administration Income

State funded grant – Administration Grant

Total

	2018	2017
	\$	\$
	30,000	150,000
	10,000	20,000
	770,400	178,000
Total	810,400	348,000

Accounting policy

Grant income is recognised as revenue upon receipt of funds. Due to an increase in Government Funding, and the timing of receipt of those funds for the year through to 30 June 2019, there has been an unusual increase in reported administration income for this year.

NOTE 9 - CASH AND CASH EQUIVALENTS

Cash on hand

Cash at bank

Total cash and cash equivalents

	\$	\$
	940	2,895
	225,076	198,618
Total cash and cash equivalents	226,016	201,513

Accounting policy

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash on hand, deposits held at call with banks, and other short term highly liquid investments.

NOTE 10 - TRADE AND OTHER RECEIVABLES

Trade debtors

Instalment payment debtors

Other debtors

Total trade and other receivables

	\$	\$
	11,664	29,429
	78,880	95,757
	32,416	77,968
Total trade and other receivables	122,960	203,154

Accounting policy

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.

NOTE 11 - FINANCIAL ASSETS

Interest bearing accounts

Term Deposit

Total financial assets

	\$	\$
	1,093,184	1,145,244
	1,550,000	1,150,000
Total financial assets	2,643,184	2,295,244

Accounting policy

Term deposits are valued at fair value, being market value, at balance date.

NOTE 12 - INVENTORIES

Inventories

Total inventories

	\$	\$
	1,057	8,468
Total inventories	1,057	8,468

Accounting policy

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

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 13 - OTHER ASSETS

	2018 \$	2017 \$
Prepayment settlement fees	82,511	91,313
Prepaid insurance	12,301	10,622
Other prepayments	9,800	10,211
Total other assets	104,612	112,146

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT

Plant and equipment

	\$	\$
at cost as at 31 December	138,236	150,312
Less accumulated depreciation	(108,695)	(104,423)
	29,541	45,889

Leasehold Improvements

at cost at 31 December	178,708	286,271
Less accumulated depreciation	(89,183)	(139,720)
	89,525	146,551
Total property, plant and equipment	119,066	192,440

The reconciliation of the opening and closing balances of property, plant and equipment at 31 December is as follows:

	Plant and Equipment \$	Leasehold Improvement \$	Total \$
2018			
At 1 January 2018	45,889	146,551	192,440
Additions	3,508	29,862	33,370
Disposals	(15,584)	(137,425)	(153,009)
Depreciation charge for the year	(8,573)	(14,429)	(23,002)
Depreciation written back on disposal	4,301	64,966	69,267
At 31 December 2018 Net of accumulated depreciation	29,541	89,525	119,066
2017			
At 1 January 2017	46,718	161,222	207,940
Additions	6,892	-	6,892
Disposals	-	-	-
Depreciation charge for the year	(7,721)	(14,671)	(22,392)
Depreciation written back on disposal			
At 31 December 2016 Net of accumulated depreciation	45,889	146,551	192,440

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**Accounting Policy****Recognition and measurement of assets**

Plant and equipment and leasehold improvements are measured at the cost of the asset, less depreciation and impairment.

Acquisitions of assets are initially recorded at cost. Cost is determined as the consideration plus costs incidental to the acquisition. The cost of the asset also includes the cost of replacing parts that are eligible for capitalisation. Where the replacement of part of an asset is considered significant this is recognised as a separate asset with a specific useful life. All other repairs and maintenance are recognised in the statement of comprehensive income as incurred.

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. 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.

Impairment of assets

Subsequent to the initial recognition of assets, at the end of each reporting period, the Theatre Royal Management 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.

Impairment losses are recognised in the statement of comprehensive income under other expenses.

Reversals of impairment losses are recognised in the statement of comprehensive income under other revenue.

Derecognition of assets

An item of property, plant and equipment, leasehold improvements and any significant part initially recognised is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

Depreciation and amortisation expense

Property, plant and equipment, and leasehold improvements, excluding any assets under construction, are depreciated to their estimated residual values over their estimated useful lives using the straight line method of depreciation 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 life of the improvements. Estimates of remaining useful lives and residual values are reviewed annually and necessary adjustments are recognised in current, or current and future reporting periods as appropriate.

Major depreciation periods used are listed below and are consistent with the prior year unless otherwise stated

	Period
Plant and equipment	4 – 10 years
Leasehold Improvements	10 – 40 years

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 15 - TRADE AND OTHER PAYABLES

	2018	2017
	\$	\$
Trade payables	14,147	22,480
GST payable	86,523	46,926
Accrued expenses	5,805	4,315
Payroll liabilities	18,753	19,257
Total trade and other payables	125,228	92,978

Accounting Policy**Recognition and Measurement**

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.

NOTE 16 - DEFERRED REVENUE

	2018	2017
	\$	\$
Partner Support Income	7,045	
At 31 December (current)	7,045	-

Accounting Policy**Recognition and Measurement**

Funds received from Theatre Royal partners supporting 2019 season productions have been received in 2018. Funds will be recognised as income at the time of the relevant production.

NOTE 17 - PROVISIONS

	2018	2017
	\$	\$
(a) Employee benefits		
(i) Current		
Annual leave	49,933	54,424
Long service leave	136,706	112,053
	186,639	166,477
(ii) Non-current		
Long Service Leave	38,519	48,650
	38,519	48,650
Total Provisions	225,158	215,127

Accounting policy

Provisions are recognised when the Theatre Royal Management Board has a legal or constructive obligation, as a result of past events, for which it is probably 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.

Employee benefits

Provision is made for the Theatre Royal Management Board's liability for employee benefits arising from services rendered by the employee to the end of the reporting period.

i) Short term obligations

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.

ii) Other long term employee benefit obligations

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.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 17 - PROVISIONS (CONTINUED)

Eligible casualties are included where applicable. These cash flows are discounted using market yields on national government bonds with terms to mature that match the expected timing of cash flows.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

The Theatre Royal contributes 9.50% of employee's gross income to their nominated superannuation funds as it accrues. There is no outstanding superannuation liability at the end of the financial year.

iii) Sick leave

No accrual is made for sick leave as Board experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. The Board does not make payment for untaken sick leave.

NOTE 18 - OTHER LIABILITIES

Current

Advanced ticket sales

Applause donation clearing

Gift vouchers

Student subscriptions

Deposits collected

Ticketek clearing

Union Fees Payable

Total Other liabilities

	2018	2017
	\$	\$
Advanced ticket sales	818,459	1,116,259
Applause donation clearing	110	5,464
Gift vouchers	32,333	21,821
Student subscriptions	108	126
Deposits collected	18,000	26,300
Ticketek clearing	578	145
Union Fees Payable	86	-
Total Other liabilities	869,674	1,170,115

NOTE 19 - CAPITAL COMMITMENTS

The Theatre Royal Management Board has not committed to any capital expenditure in 2019 at the date of writing this report (2018: NIL).

NOTE 20 - OPERATING LEASES

Operating Lease Commitments

Non Cancellable operating leases contract for but not payable – minimum lease payments:

- not later than 12 months
- between 12 months and 5 years

	2018	2017
	\$	\$
not later than 12 months	2,688	2,688
between 12 months and 5 years	4,704	7,392
	7,392	10,080

Accounting Policy

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. 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 REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 21 - RELATED PARTY TRANSACTIONS**(i) Responsible Persons**

Names of persons holding the position of a Director of the Theatre Royal Management Board at any time during the year are:

Directors	Chairman - Craig Stephens Karen Davis Bronwyn Edinger Kim Evans Jane Haley Anthea Pritchard Ann Cunningham
Chief Executive Officer	Tim Munro

(ii) Director Remuneration

	Directors Fees ¹ \$	Super- annuations ² \$	Total ³ \$
2018			
Chairman	7,424	705	8,129
Directors	22,683	-	22,683
Total	30,107	705	30,812
2017			
Chairman	7,267	690	7,957
Directors	23,418	-	23,418
Total	30,685	690	31,375

¹ Directors fees includes all forms of consideration paid and payable for services rendered, compensated absences during the period and salary sacrifice arrangements. Kim Evans does not receive remuneration.

² Superannuation means the contribution to the superannuation fund of the individual. .

³ The table is presented to meet the disclosure requirements of AASB 124 *Related Party Disclosures*

(iii) Key Management Personnel Remuneration

	Number of employees	Salaries ¹ \$	Super- annuations ² \$	Non-monetary Benefits ³ \$	Totals \$
2018					
\$120 001 - \$140 000	1	121,355	11,529	894	133,778
Total		121,355	11,529	894	133,778
2017					
\$120 001 - \$140 000	1	117,152	11,123	(600)	127,675
Total		117,152	11,123	(600)	127,675

¹ Salary includes all forms of consideration paid and payable for services rendered, compensated absences during the period and salary sacrifice amounts.

² Superannuation means the contribution to the superannuation fund of the individual.

³ Other non-monetary benefits include annual and long service leave movements.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 21 - RELATED PARTY TRANSACTIONS (CONTINUED)

(iv) Remuneration Principles**Directors**

Directors remuneration is set by the Arts Minister in line with Tasmanian Government policy for the remuneration of Boards.

Executives

Remuneration levels for key management personnel are set by the Theatre Royal Management Board.

The employment terms and conditions of senior executives are contained in individual employment contracts and prescribe total remuneration, superannuation, annual and long service leave.

The performance of the Chief Executive Officer is reviewed annually which includes a review of the remuneration package.

(v) Transactions with related parties

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

NOTE 22 - ECONOMIC DEPENDENCY

The Theatre Royal Management Board's entrepreneurial program has been assisted through funding received from the Minister for the Arts. During the financial year, the Theatre Royal Management Board and the State Government have restructured funding supplied to the Theatre Royal. As at the date of this report the Theatre Royal Management Board expects future funding to be made available.

Entrepreneurial Ventures

	2018	2017
	\$	\$
Income	389,098	572,549
Arts Tas Grant	30,000	150,000
Less : Program Expenses	(443,267)	(558,664)
Less : Proportion of Administration Expenses (40%)	(264,539)	(254,102)
Less : Proportion of Theatre Operation Expenses (40%)	(92,062)	(103,680)
Deficit on entrepreneurial ventures	(380,770)	(193,897)

The proportion of total Administration and Operation expenses allocated to entrepreneurial ventures is an internal allocation based on an estimate of the percentage of overall costs that are incurred to support the entrepreneurial program.

NOTE 22 - EVENTS OCCURRING AFTER BALANCE DATE

In October 2018 the Theatre Royal commenced a planned closure to facilitate the construction of The Hedberg complex and its integration with the Theatre. The closure will be for a minimum of 7 months and may possibly extend past that time. The Board has forecast the impact of the closure and has sufficient reserves to operate through that period. In addition, the Tasmanian Government has provided funds to assist in mitigating the impact of the closure on the Board's operations.

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

Our Partners

The Theatre Royal thanks our partners for their support in 2018



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 2018

Theatre Royal Management Board

Craig Stephens (Chairman)

Karen Davis

Bronwyn Edinger

Kim Evans

Jane Haley

Anthea Pritchard

Ann Cunningham

Chief Executive

Tim Munro

Program and Operations Manager

Don Hopkins

Technical Manager

Sandy Campbell

Customer Services Manager

Nicole Winspear

Marketing and Business

Development Manager

Maria Pate

Marketing and Business

Development Coordinator

Thesspina Donopoulos

Finance Manager

Jo Macgill

Accounts Manager

Margaret Wood

Capital Campaign Manager

Melita Griffin (till April 2018)

Box Office Manager

Mark Brooks

Box Office Supervisor

Meyrick Harris



THEATRE
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