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Acknowledgement of Country

The Theatre Royal acknowledges the traditional and original owners of the land on which we work and meet, the muwinina people of nipaluna/Hobart, and all palawa peoples of lutruwita/Tasmania. We pay our respects to Elders past and present, and thank them for their custodianship of this unceded land.

RESPECT

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2022 Snapshot

351

PERFORMANCES AND EVENTS

| Main Stage performances | Number of productions | Number of performances | Attendance |
|-----------------------------|-----------------------|------------------------|---------------|
| TR presents and Co-Presents | 8 | 20 | 7,129 |
| Commercial hire | 43 | 65 | 29,832 |
| Community hire | 10 | 39 | 13,004 |
| Total mainstage | 61 | 124 | 49,965 |

| Studio Theatre performances | Number of productions | Number of performances | Attendance |
|-----------------------------|-----------------------|------------------------|---------------|
| TR presents and Co-Presents | 15 | 47 | 6,803 |
| Commercial hire | 10 | 11 | 2,297 |
| Community hire | 15 | 41 | 5,124 |
| Total Studio Theatre | 40 | 99 | 14,224 |



64,189

ATTENDEES IN TOTAL

| Other events | Number of productions | Number of activities | Attendance |
|--|-----------------------|----------------------|------------|
| TR Presents and Co-Presents | 6 | 68 | 1,790 |
| Tours of the Theatre Royal | 1 | 46 | 205 |
| Functions and events | | | |
| Commercial functions and events | 6 | 6 | 580 |
| Community functions and events | 1 | 1 | 120 |
| Audience and industry development (public programs) | | | |
| Public programs | 3 | 3 | 349 |
| RAWspace | 4 | 4 | 143 |
| Total other events | 21 | 128 | 3,187 |

Chair's Report

It felt like a real achievement to reach the end of 2022 having operated the Theatre Royal, without restrictions, and within our new home of The Hedberg, for the first full year. We were delighted to be able to run a complete year's program, utilising our much loved and restored historic theatre as well as the new, purpose-built Studio Theatre.

While we were still in a phase of testing the potential of new formats for presenting work and the activation of new spaces within The Hedberg building, managing the programming repercussions from previous interrupted years, and working through the operational and financial realities of our role within the new building, we were able to achieve a positive financial result for the year.

Despite our focus on stabilising operations within an environment of ongoing change and uncertainty, the Board supported a significant investment in the growth and development of our audience base through market research, and in better reflecting our leadership role in the community through a new look and feel to our communications materials. The branding exercise helped us better understand what we wanted the Theatre to represent to the Tasmanian community and provided us with the tools to communicate this vision.

Importantly, we also invested in additional capacity in our core team to manage the demands of operating in The Hedberg and unlock the potential of this extraordinary building, for which we share a vision to be a leading performing arts centre, fostering creativity and culture.

As I write this, in early 2023, so much of the work done by the organisation last year is coming to fruition – our determination to develop truly collaborative relationships with other cultural organisations, festivals and artists is being realised through the conception of events beyond those of our traditional programs of the past.



Dr Tania Price
Photo supplied

"The team has done a remarkable job in the past year... responding energetically, thoughtfully, and collaboratively to every opportunity to advance the Theatre's offering and role within the Tasmanian community. "

I would like to thank all our 2022 Season Partners for their support. We are very grateful to our major Government funding partner, the Tasmanian Government, and on behalf of the Board I would like to thank the Minister for the Arts, the Honourable Elise Archer MP, and staff at Arts Tasmania for their support of our program throughout the year. I also wish to thank our Production Partners, Ian Gurner Dental Care, Hit 100.9 and Fullers Bookshop; Business Partners, The Old Woolstore Apartment Hotel, Island Creative and Typeface; Media Partners, 7 News Tasmania, Hit 100.9 and Forty South Tasmania and our Supporters, the City of Hobart and the Friends of the Theatre Royal.

The Friends of the Theatre Royal support our education program, as well as providing a connection to the Theatre's history and many stories and I thank them for their ongoing efforts and enthusiasm.

Our donors are crucial to enabling us to support local artists, such as through the development program RAWspace, and to subsidise tickets, particularly for students, young people, and those from disadvantaged communities. Thank you to all – as we continue to expand access programs, this support becomes even more important, and we couldn't do it without you.

Our relationship with the University of Tasmania (UTAS), our neighbour in The Hedberg, continued to develop throughout 2022, and together we hope to broaden our offering and expand audience engagement in various aspects of creative and educative enterprises. I would like to thank UTAS, and especially the staff at the College of Arts, Law and Education, for their willingness to collaborate well beyond our joint interest in running and maintaining the building.

The Theatre Royal team has done a remarkable job in the past year, not only ensuring our survival through a tumultuous period but in responding energetically, thoughtfully, and collaboratively to every opportunity to advance the Theatre's offering and role within the Tasmanian community. I thank them all for their efforts and commitment. I especially want to thank Simon for his leadership of the team and his determination to realise both his and the Board's vision for the Theatre Royal. Enormous thanks also to my Board colleagues, each of whom contributes valuable insight and support.

Tania Price
Chair
27 March 2023

Uncle Jim Everett. Photo: Rosie Hastie



ARTwash RAWspace 2022. Photo: Julien Scheffer

Chief Executive's Report

Finally able to unite operations and programming across the Theatre Royal and The Hedberg, in 2022 we had the opportunity to undertake significant internal change and do some of the big picture planning that will see The Hedberg develop into a leading centre for creativity and culture.

While continuing our dedication to maintaining the cultural icon that is the Theatre Royal, we also focused on building capacity to expand the range of programs and activities presented within and outside our buildings, reaching new audiences and increasing our contribution to the Tasmanian performing arts sector.

The amount of work presented in 2022 rose significantly on the prior year. A total 101 productions (51 in 2021) resulted in 223 performances (171 in 2021) being staged in our venues, with an additional 128 tours and functions (23 in 2021). Tasmanian companies and artists presented 32 percent of productions and 47 percent of performances.

In total, 67,376 people attended performances and events, which was a 22 percent increase on 2021 and the highest attendance since 2017.

The past year's increase in activity and attendance meant that we could increase our contribution to the creative economy through employment for artists and arts workers, and to Hobart's tourism and hospitality sectors.

In addition to our core team of 17 full- and part-time staff, we employed 78 front of house and technical production personnel, which is 25 more people than in 2021. This team has gone above and beyond to ensure the productions here are delivered safely and to the highest quality, and that our patrons receive the best customer service.

While the program of works presented as the Theatre Royal 2022 Season was partially determined by a backlog of touring productions caused by the pandemic, it taught us a lot about how to structure future years' programs and the use of our venues in new and interesting ways.

To support the presentation of a broader program of traditional and contemporary performance works and ensure sustainable careers for Tasmanian performing artists, there is a lot of audience development work to do in the next few years and we feel that, as both a presenter and venue for hire, we have a major role to play.

In 2022, the Theatre Royal invested in a significant market research project. This was aimed at developing a greater understanding of our existing and potential audiences, including how we make the Theatre Royal more accessible and remove barriers for people to participate in arts and cultural activity. It's led to a great range of new initiatives and experiences that will be introduced in 2023 and beyond.

We tested a lot of new ideas throughout the year to activate our buildings and reach new audiences. This included public programs that animated our venues and foyers with music, talks and film. Our work reached beyond the buildings with live-streamed talks, and we intend to further build our digital capacity to create greater access for people who can't attend the Theatre and provide new experiences for audiences, particularly students.



Simon Wellington
Photo: Rosie Hastie

"In total, 67,376 people attended performances and events, which was a 22 percent increase on 2021 and the highest attendance since 2017."

In the city streets, we presented Nunami Sculthorpe Green's fantastic walking tour, takara nipaluna. By the end of the year, Nunami delivered 66 walking tours to over 1,650 people and she has since been commissioned to create new tours for Kingborough and Clarence.

While increasing our capacity to present and co-present Tasmanian productions, we also invested in the development of new creative projects by local artists. In 2022, our RAWspace program, supported by the City of Hobart, provided four projects with funding, space and technical support, that we hope will be catalytic in helping those artists realise full-length performance works in the future.

A commitment to engaging more broadly with the local creative sector has also seen a strong partnership develop with the state's other performing arts centres - Theatre North in Launceston, paranapple arts centre in Devonport and the Burnie Arts Centre. Together, as the Tasmanian Performing Arts Centres (TPAC) consortium, we have secured funding to support touring across the state by Tasmanian performing artists from 2023.

At our 2023 Season launch in December, we also launched a new brand. Working with creative agency For The People who went far beyond just creating a contemporary new look. The research and development process explored our vision for what we want the Theatre Royal to be. Built from a strategy focused on the idea of 'Open Up', it reflects our ambition to be a welcoming performing arts centre, engaged with our community and playing a greater leadership role within the Tasmanian cultural sector.

We've developed a very strong partnership with our neighbours, the University of Tasmania, over the past year, which will deliver greater business efficiencies and expand our creative and cultural program. Firstly, we've developed a more united approach to managing the use of all Hedberg venues. This will particularly make it easier for festival and event producers to present activities across the Theatre Royal venues as well as in the Ian Potter Recital Hall and The Salon. We also commenced work on developing new engagement programs across the building, which will deliver our shared vision for realising the potential of The Hedberg as a vibrant performing arts centre.

There are several significant challenges facing our business and sector over the coming years. A much greater responsibility for infrastructure places a bigger burden on the Theatre Royal's financial and human resources. I would like to thank the team at the Department of State Growth and Arts Tasmania who have been assisting us as we continue to navigate this process. Meanwhile, the arts and entertainment sector across Australia, but particularly in Tasmania, faces a critical skills shortage. These factors are exacerbated by the economic climate, with rising costs putting pressure on business and the community.

At the end of 2022, we believe that we have a plan to face the challenges and have built the financial security to manage stable business growth and mitigate unforeseen risks. We're very excited to know that, from 2023, we have the program and resources that will ensure more people in Tasmania have an opportunity to engage in creative and cultural experiences.

Simon Wellington
Chief Executive
27 March 2023

Ensemble Theatre, Black Cockatoo. Photo: Christian Trinder



Erth activation, Tasmanian Museum and Art Gallery, July 2022. Photo: Alastair Bett



Opera Australia, *The Barber of Seville*. Photo: Gorges Antoni



Patch Theatre Zoom school show, August 2022. Photo: Rosie Hastie



Bell Shakespeare, *The Comedy of Errors*, October 2022. On stage photo with Production Partner Ian Gurner Dental Care. Photo: Richard Jupe



Shake & Stir Theatre Co, *Jane Eyre*. Photo: Dylan Evans

Tasmanian Audit Office Report



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 2022, 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.

In my opinion, the accompanying financial report:

- (a) present fairly, in all material respects, the financial position of the Board as at 31 December 2022 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 – Simplified Disclosures.

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 (including Independence Standards)* (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.

Audit Office Report (continued)

Responsibilities of Management and the Members of 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 Section 10 of the *Theatre Royal Management Act 1986* and for such internal control as determined 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 the Board is to be dissolved by an Act of Parliament, or management intends to cease operations, or has no realistic alternative but to do so.

The Members of 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 the 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

Audit Office Report (continued)

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 represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Members of 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.



Jeff Tongs
Assistant Auditor-General
Delegate of the Auditor-General
Tasmanian Audit Office

15 February 2023
Hobart

THEATRE ROYAL

FINANCIAL

for the year ended 31 December 2022

REPORT

Declaration by the Board

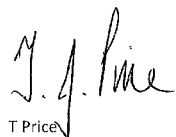
for the year ended 31 December 2022

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

The financial report and notes:

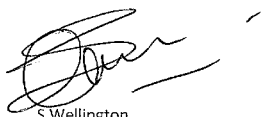
- (a) Comply with the Australian Accounting Standards -Simplified Disclosure Requirements (including Australian Accounting Interpretations) as they relate to Not for Profit entities, and with the provisions of the *Theatre Royal Management Act 1986*; and
- (b) Presents fairly the Board's financial position as at 31 December 2022 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:



T Price

Chair of the Board



S Wellington

Chief Executive Officer

Dated this 14th day of February 2023

Statement of Comprehensive Income

for the year ended 31 December 2022

| | Notes | 2022 \$ | 2021 \$ |
|-----------------------------------|-------|--------------------|--------------------|
| Income | | | |
| Program income | | 1,371,698 | 959,102 |
| Bar income | | 449,189 | 455,278 |
| Box office income | | 398,678 | 356,624 |
| Administration income | | 1,189,400 | 1,078,677 |
| Subsidy income | | 5,593 | 116,600 |
| Operations income | | 104,330 | 92,929 |
| Business Development income | | 17,500 | 11,523 |
| Interest income | | 31,583 | 13,858 |
| Donation income | | 68,325 | - |
| Total income | | 3,636,296 | 3,084,591 |
| Expenses | | | |
| Program expenses | | (1,190,665) | (679,838) |
| Bar cost of sales | | (172,048) | (178,933) |
| Bar expenses | | (102,972) | (94,491) |
| Box office expenses | | (282,825) | (257,022) |
| Administration expenses | | (1,220,321) | (1,257,838) |
| Operations expenses | | (593,384) | (449,524) |
| Business development expenses | | (13,196) | (12,723) |
| Depreciation | 13 | (47,567) | (32,002) |
| Total expenses | | (3,622,978) | (2,962,371) |
| Total comprehensive result | | 13,318 | 122,220 |

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

Statement of Financial Position

for the year ended 31 December 2022

| | Notes | 2022 \$ | 2021 \$ |
|--------------------------------------|-------|------------------|------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 8 | 771,249 | 1,269,825 |
| Trade and other receivables | 9 | 140,833 | 154,384 |
| Financial assets | 10 | 2,697,531 | 2,188,153 |
| Inventories | 11 | 20,014 | 20,736 |
| Other assets | 12 | 58,306 | 79,126 |
| Total current assets | | 3,687,933 | 3,712,224 |
| Non-current assets | | | |
| Plant and equipment | 13 | 226,592 | 155,710 |
| Total non-current assets | | 226,592 | 155,710 |
| Total assets | | 3,914,525 | 3,867,934 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 14 | 298,005 | 335,563 |
| Deferred revenue | 15 | 453,700 | 54,775 |
| Provisions | 16 | 179,934 | 137,059 |
| Other liabilities | 17 | 788,985 | 1,056,779 |
| Total current liabilities | | 1,720,624 | 1,584,176 |
| Non-current liabilities | | | |
| Provisions | 16 | 26,237 | 37,470 |
| Other liabilities | 17 | - | 91,942 |
| Total non-current liabilities | | 26,237 | 129,412 |
| Total liabilities | | 1,746,861 | 1,713,588 |
| Net assets | | 2,167,664 | 2,154,346 |
| Equity | | | |
| Accumulated surplus | | 941,868 | 2,154,346 |
| Reserves | 20 | 1,225,796 | - |
| Total equity | | 2,167,664 | 2,154,346 |

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

Statement of Cash Flows

for the year ended 31 December 2022

| | Notes | 2022 Inflows/ (Outflows) \$ | 2021 Inflows/ (Outflows) \$ |
|---|-------|--------------------------------------|--------------------------------------|
| Cash flows from operating activities | | | |
| Receipts from customers (inclusive of GST) | | 2,442,966 | 2,516,402 |
| Payments to suppliers (inclusive of GST) | | (1,775,252) | (1,790,742) |
| Payment to employees | | (1,866,077) | (1,663,870) |
| Grants received | | 1,285,570 | 1,181,660 |
| Interest received | | 11,982 | 14,455 |
| Donation income received | | 30,065 | - |
| Net cash provided by (used in) operating activities | | 129,254 | 257,905 |
| Cash flows from investing activities | | | |
| Payments for plant and equipment | | (118,451) | (58,109) |
| Deposits to investments | | (1,590,880) | (1,108,953) |
| Withdrawal from investments | | 1,081,501 | 823,498 |
| Net cash provided by (used in) operating activities | | (627,830) | (343,564) |
| Net increase (decrease) in cash and cash equivalents | | (498,576) | (85,659) |
| Cash and cash equivalents at the beginning of the financial year | | 1,269,825 | 1,355,484 |
| Cash and cash equivalents at the end of the financial year | 8 | 771,249 | 1,269,825 |

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

Statement of Changes in Equity

for the year ended 31 December 2022

| | Accumulated Reserves 2022 \$ | Accumulated Surplus 2022 \$ | Total Equity 2022 \$ |
|---|---------------------------------------|--------------------------------------|-------------------------------|
| 2022 | | | |
| Balance at beginning of the financial year | - | 2,154,346 | 2,154,346 |
| Surplus/ (deficit) for the year | - | 13,318 | 13,318 |
| Transfer to Reserves | 1,225,796 | (1,225,796) | - |
| Balance at end of the financial year | 1,225,796 | 941,868 | 2,167,664 |

| | Accumulated Reserves 2021 \$ | Accumulated Surplus 2021 \$ | Total Equity 2021 \$ |
|---|---------------------------------------|--------------------------------------|-------------------------------|
| 2021 | | | |
| Balance at beginning of the financial year | - | 2,032,126 | 2,032,156 |
| Surplus/ (deficit) for the year | - | 122,220 | 122,220 |
| Balance at end of the financial year | | 2,154,346 | 2,154,346 |

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

Notes to the Financial Report

Note 1 Reporting entity

- (a) The Theatre Royal Management Board was established on 17th April 1986 and is a body corporate with perpetual succession and a common seal. The Board is a statutory authority established under the *Theatre Royal Management Act 1986*.
- The Theatre Royal Management Boards main office is located at 29 Campbell Street, Hobart Tasmania.
- (b) The purpose of the Board as defined by the *Theatre Royal Management Act 1986* is to:
- enable the provision to the community of culturally enriching performing arts;
 - provide entertaining, educational, or thought-provoking live performances;
 - promote the profile of the Theatre Royal as a contemporary and historic performing arts venue;
 - assist the development of local technical, production and performance skills;
 - operate the Theatre Royal as a venue for hire;
 - assist to define the strategic asset maintenance needs of the Theatre Royal in keeping with its heritage values.

Note 2 Basis of accounting

These financial statements are a general purpose financial report that consists of the Statements of Comprehensive Income, Financial Position, Changes in Equity and Cash Flows, Notes accompanying these financial statements and has been prepared in accordance with the Australian Accounting Standards – Simplified Disclosures 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.

In the prior year the financial statements were general purpose financial statements prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements. There was no impact on the recognition and measurement of amounts recognised in the statements of financial position, comprehensive income and cash flows as a result of the change in the basis of preparation.

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 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 Board's employee entitlement provisions. These assumptions are discussed in Note 16.

PLANT & EQUIPMENT

Assumptions and judgements are utilised in determining the fair value of the Board's plant and equipment including useful lives and depreciation rates. These assumptions are discussed in Note 13.

Note 4 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*.

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. Subsidy Income includes Federally funded Job Keeper and Cash Flow Boost payments received during 2020 and 2021. Job Keeper is recognised when employees meet the criteria to be eligible employees for the relevant period and Cash Flow Boost is recognised on receipt.

Notes to the Financial Report (continued)

Note 5 Revenue and other income (continued)

| | 2022 \$ | 2021 \$ |
|---|------------------|------------------|
| Grant and subsidy income | | |
| Grants were received in respect of the following: | | |
| Grant Income included in Program Income | | |
| City of Hobart Grant | 35,000 | 15,000 |
| Grant Income included in Administration Income | | |
| State funded grant – Administration Grant | 1,168,700 | 898,600 |
| Commonwealth Funding Grant, Restart Investment to Sustain and Expand (RISE) | - | 180,000 |
| Total Grant income included in Administration income | 1,168,700 | 1,078,600 |
| Subsidy Income | | |
| Federal funded subsidy – Job Keeper Subsidy | - | 115,600 |
| State Government subsidy – Snap Lock Down Support | 5,593 | 1,000 |
| Total subsidy income received | 5,593 | 116,600 |

ACCOUNTING POLICY

Administration grant funding received from the State Government is recognised as income upon receipt. Funding from the Hobart City Council is program specific and recognised as income once the performance obligations for the funded project are completed. Subsidy income is recognised as income upon receipt.

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 Other expenses

| | 2022 \$ | 2021 \$ |
|--|---------------|---------------|
| External Auditors' remuneration (Tasmanian Audit Office) | 12,050 | 11,580 |

Note 8 Cash and cash equivalents

| | 2022 \$ | 2021 \$ |
|--|----------------|------------------|
| Cash on hand | 3,325 | 2,970 |
| Cash at bank | 767,924 | 1,266,855 |
| Total cash and cash equivalents | 771,249 | 1,269,825 |

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. Cash at bank includes cash held in trust for consumers until the event is held.

Notes to the Financial Report (continued)

Note 9 Trade and other receivables

| | 2022 \$ | 2021 \$ |
|--|----------------|----------------|
| Trade debtors | 39,943 | 80,920 |
| Instalment payment debtors | 20,639 | 33,342 |
| Other debtors | 80,251 | 40,122 |
| Total trade and other receivables | 140,833 | 154,384 |

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. No provision for impairment has been raised as all debts are deemed collectible.

Note 10 Financial assets

| | 2022 \$ | 2021 \$ |
|-------------------------------|------------------|------------------|
| Interest bearing accounts | 1,115,822 | 1,606,651 |
| Term Deposit | 1,581,709 | 581,502 |
| Total financial assets | 2,697,531 | 2,188,153 |

ACCOUNTING POLICY

Term deposits are valued at fair value, being market value, at balance date. There is a letter of set-off over one of the term deposits comprising the above balance to the value of \$276,709 held with the Board merchant facilities provider for potential charge backs, however this is covered by cash at bank held in trust for customers until events are held.

Note 11 Inventories

| | 2022 \$ | 2021 \$ |
|--------------------------|---------------|---------------|
| Inventories | 20,014 | 20,736 |
| Total inventories | 20,014 | 20,736 |

ACCOUNTING POLICY

Inventories are measured at the lower of cost and net realisable value. Inventories include food and beverage items for sale at the Theatre Royal bar.

Note 12 Other assets

| | 2022 \$ | 2021 \$ |
|----------------------------|---------------|---------------|
| Prepayment settlement fees | 37,500 | 41,045 |
| Prepaid insurance | 9,586 | 15,974 |
| Other prepayments | 11,220 | 22,107 |
| Total other assets | 58,306 | 79,126 |

Note 13 Plant and equipment

| | 2022 \$ | 2021 \$ |
|----------------------------------|----------------|----------------|
| Plant and equipment | | |
| at cost | 330,850 | 223,046 |
| Less accumulated depreciation | (157,817) | (124,056) |
| | 173,033 | 98,990 |
| Leasehold Improvements | | |
| at cost | 179,699 | 172,017 |
| Less accumulated depreciation | (126,140) | (115,297) |
| | 53,559 | 56,720 |
| Total plant and equipment | 226,592 | 155,710 |

Notes to the Financial Report (continued)

Note 13 Plant and equipment (continued)

The recognition of the carrying amount of plant and equipment on 31 December is as follows:

| | Plant and equipment \$ | Leasehold improvements \$ | Total \$ |
|--|---------------------------|------------------------------|----------------|
| 2022 | | | |
| At 1 January 2022 | 98,990 | 56,720 | 155,710 |
| Additions | 110,259 | 8,190 | 118,449 |
| Disposals | (2,454) | (509) | (2,963) |
| Depreciation charge for the year | (36,216) | (11,351) | (47,567) |
| Depreciation written back on disposal | 2,454 | 509 | 2,963 |
| At 31 December 2022 Net of accumulated depreciation | 173,033 | 53,559 | 226,592 |
| 2021 | | | |
| At 1 January 2021 | 61,948 | 67,655 | 129,603 |
| Additions | 58,109 | - | 58,109 |
| Depreciation charge for the year | (21,067) | (10,935) | (32,002) |
| At 31 December 2021 Net of accumulated depreciation | 98,990 | 56,720 | 155,710 |

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 Theatre Royal. The Board is responsible for the insurance on the building.

A lease agreement exists for the Theatre Royal 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 recognise it 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 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 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

Plant and equipment and leasehold improvements 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 (continued)

Note 14 Trade and other payables

| | 2022 \$ | 2021 \$ |
|---------------------------------------|----------------|----------------|
| Trade payables | 163,652 | 186,995 |
| GST payable | 52,432 | 98,168 |
| Accrued expenses | 40,376 | 23,255 |
| Payroll liabilities | 41,545 | 27,145 |
| Total trade and other payables | 298,005 | 335,563 |

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 15 Deferred revenue

| | 2022 \$ | 2021 \$ |
|--------------------------------|----------------|---------------|
| Program support | 28,700 | 35,000 |
| Strategic Touring Fund support | 425,000 | - |
| Pre-paid settlement income | - | 19,775 |
| Total deferred revenue | 453,700 | 54,775 |

ACCOUNTING POLICY

Recognition and Measurement

Funds have been received from the Hobart City Council to support the Theatre Royal's program through payment of artist fees and production costs in 2023 for RAWspace and the Staycation program. Funds will be recognised as income at the time of the production. Funds have also been received from Arts Tasmania to enable the Theatre Royal to collaborate with the Tasmanian Performing Arts Centres to develop, implement and manage the Strategic Touring Fund.

Note 16 Provisions

| | 2022 \$ | 2021 \$ |
|------------------------------|----------------|----------------|
| (a) Employee benefits | | |
| (i) Current | | |
| Annual leave | 92,564 | 59,365 |
| Long service leave | 87,370 | 77,694 |
| | 179,934 | 137,059 |
| (ii) Non-current | | |
| Long service leave | 26,237 | 37,470 |
| | 26,237 | 37,470 |
| Total Provisions | 206,171 | 174,529 |

ACCOUNTING POLICY

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.

EMPLOYEE BENEFITS

Provision is made for the 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. Eligible casuals 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 10% (10.50% from July 2022) 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.

Notes to the Financial Report (continued)

Note 17 Other liabilities

| | 2022 \$ | 2021 \$ |
|--|----------------|------------------|
| Current | | |
| Advanced ticket sales | 429,064 | 637,612 |
| Payable to State Government | 183,942 | 184,000 |
| Applause donation clearing | - | 38,260 |
| Gift vouchers | 144,257 | 149,173 |
| Student subscriptions | 250 | 270 |
| Deposits collected | 30,000 | 46,000 |
| Ticketek clearing | 1,464 | 1,464 |
| Union Fees Payable | 8 | - |
| Total Other liabilities - Current | 788,985 | 1,056,779 |
| Non-current | | |
| Payable to State Government | - | 91,942 |
| Total Other liabilities - Non-current | - | 91,942 |
| Total Other liabilities | 788,985 | 1,148,721 |

PAYABLE TO STATE GOVERNMENT

The amount payable to State Government represents the Theatre Royal's contribution towards the cost to integrate the existing theatre's heating and air-conditioning with that of the new centre. Contributions commenced in 2019 and will cease in 2023.

Note 18 Capital commitments

The Board has committed to spend \$11,727 on capital upgrades to the Theatre Royal and Studio Theatre assisted hearing loop systems at balance date (2021: NIL).

Note 19 Operating leases

| | 2022 \$ | 2021 \$ |
|---|--------------|--------------|
| Operating Lease Commitments | | |
| Non-Cancellable operating leases contracted for but not payable - minimum lease payments: | | |
| — not later than 12 months | 2,424 | 2,424 |
| — between 12 months and 3 years | 2,020 | 4,444 |
| | 4,444 | 6,868 |

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 for a period of 3 years on the 28th October 2021.

Note 20 Reserves

| | 2022 \$ | 2021 \$ |
|-----------------------|------------------|------------|
| Reserves | | |
| Minimum Reserves | 1,047,002 | - |
| Committed Reserves | 178,794 | - |
| Total Reserves | 1,225,796 | - |

ACCOUNTING POLICY

A minimum reserve balance has been established in 2022 to isolate funds that the Board deems are necessary to ensure the ongoing sustainability of the organisation. Reserves are the accumulation of prior years' budget surpluses with the minimum reserve balance calculated based on the Theatre Royal's Reserves Policy. The policy, which is based on international industry standards and the organisation's experience of COVID-19, allows for a minimum reserve balance equal to the greater of 3 months of budgeted operating costs, or 6 months of obligatory expenditure were the organisation winding up. For the current year, the balance has been calculated as 3 months of budgeted operating costs.

Committed Reserves refer to the Board approved use of prior year surpluses in order to fund a foyer decoration and interpretation project and additional resourcing planned in 2023.

Notes to the Financial Report (continued)

Note 21 Related party transactions

i) Responsible Persons

Names of persons holding the position of a Director of the Board are:

| Board | 2022 | 2021 |
|-------------------------|---|---|
| Chair | Tania Price | Craig Stephens <i>(resigned 31st July 2021)</i> Tania Price <i>(from 31st July 2021)</i> |
| Directors | Bronwyn Edinger Anthea Pritchard Ann Cunningham Craig Limkin Anthony Bonney | Bronwyn Edinger Anthea Pritchard Ann Cunningham Craig Limkin Anthony Bonney Tania Price <i>(until 31st July, then appointed Chair of the Board)</i> |
| Chief Executive Officer | Simon Wellington | Simon Wellington <i>(commenced 23rd August 2021)</i> Tim Munro <i>(resigned 31st August 2021)</i> |

(ii) Director Remuneration

| | Directors Fees ¹ \$ | Superannuation ² \$ | Total \$ |
|--------------|-----------------------------------|-----------------------------------|---------------|
| 2022 | | | |
| Chair | 7,781 | 799 | 8,580 |
| Directors | 20,752 | 1,141 | 21,893 |
| Total | 28,533 | 1,940 | 30,473 |
| 2021 | | | |
| Chair | 7,412 | 723 | 8,135 |
| Directors | 22,445 | - | 22,445 |
| Total | 29,857 | 723 | 30,580 |

1 Directors fees includes all forms of consideration paid and payable for services rendered, compensated absences during the period and salary sacrifice arrangements. As a representative of the Crown/Department of Premier and Cabinet, Craig Limkin does not receive remuneration.

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

(iii) Key Management Personnel Remuneration

| Position | Remuneration band | Number of employees | Salary ¹ \$ | Superannuation ² \$ | Termination benefits ³ \$ | Non-monetary benefits ⁴ \$ | Total \$ |
|---------------------------------------|-----------------------|---------------------|---------------------------|-----------------------------------|---|--|----------------|
| 2022 | | | | | | | |
| Chief Executive | \$180,000 - \$200,000 | 1 | 164,996 | 16,912 | - | 2,538 | 184,446 |
| | Total | 1 | 164,996 | 16,912 | - | 2,538 | 184,446 |
| 2021 | | | | | | | |
| Chief Executive - from 23rd August | \$60 001 - \$80 000 | 1 | 58,383 | 5,838 | - | 4,491 | 68,712 |
| Chief Executive - to 31st August | \$120 001 - \$140 000 | 1 | 92,018 | 9,472 | 106,908 | (68,535) | 139,863 |
| | Total | 2 | 150,401 | 15,310 | 106,908 | (64,044) | 208,575 |

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 Termination Benefits include all forms of benefits paid or accrued as a consequence of termination

4 Non-monetary benefits include annual and long service leave movements.

Notes to the Financial Report (continued)

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 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 Board's operations have been assisted through funding received from the Minister for the Arts. As at the date of this report, the Board expect future funding to be made available.

Note 23 Events occurring after balance date

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

Note 24 Other significant accounting policies and pending accounting standards

LEASE OF PROPERTY

The Board currently leases the premises known as the Theatre Royal from the Crown. Under section 52 of the *Theatre Royal Precinct Redevelopment Act 2016*, the Minister must lease to the Board the Theatre Royal pre-development land, or the Theatre Royal lot, to enable the Board to use that land or lot –

- (a) for the presentation of theatrical performances and performing arts; and/ or
- (b) to perform the Board's functions or obligations, or to exercise the Board's powers or rights, under this Act or the *Theatre Royal Management Act 1986*.

Under the lease agreement determined by the Minister, rent of \$1 is payable annually in advance. In accordance with accounting standards, the Board has elected to record the lease of property from the Crown at cost.

Our Partners

The Theatre Royal thanks all our partners for their support in 2022:

Government partners



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.



Production partners



Media partners



Business partners



Supporters



Our Donors

The Theatre Royal thanks all our generous donors in 2022:

Ovation (\$5,000+)

The Chrysanthemum Foundation

Bravo (\$500+)

| | | | |
|--|-----------------------|---------------------------------------|------------------------------------|
| Suzanne and Martin Betts | Sandy Gumley | Sallie McEwan | Sangeev Kumar and Simon Wellington |
| Julia Farrell | Pierre Hugo | Chris Spiegel | Anonymous x 1 |
| Friends of the Theatre Royal (FOTR) | Belinda Kendall-White | Tony Stacey AM and Jeanette Stacey | |
| Sir Guy and Lady Green | Diane Matthews | Michelle Warren | |

Applause (\$50-\$499)

| | | | | |
|---------------------------------|---|-------------------|--------------------------|----------------------|
| Jim Anderson | Antonietta Di Saia | Bridget Hayde | Louise McMahon | Sandra Taglieri |
| Geoff Batten | Michele Duffy | Annette Herd | Therese Mulford | Therese Taylor |
| Tony Bonney and Jacqui Allen | Barb Dunford on behalf of Helen Dunford | Dahni Houseman | Diana Murdoch | Johanna Van Heijster |
| Michael Boon | Dr Ian Dutton | Greg Hurford | Heather Nash | Julie Waddington |
| Elisabeth Buchanen | Christopher Egan | Carol Hurst | Greer Olbery | Leanne Waller |
| George and Jan Casimaty | Marianne Fisher | Christine Jeffrey | Pam Parks | Margaret Zantuck |
| Lloyd and Madhi Chandler | Susan Flack Eveleigh | Chloe Jordan | Lindsay Pender | Anonymous x 8 |
| Jennie Churchill | Anne Foale | Dr Ross Kirkman | Warwick Risby | |
| Shanelle Clapham | Susan Folder | Michael Kregor | Clare Roberts | |
| Jane Coatman | Hon Ruth Forrest MLC | Craig Limkin | Gaye Rossetto | |
| Susan Cole | William Foster | Su-Lee Ling | Julie and Lud Schmidt | |
| John Cooke | Lynne Green | Sandra Lo | Lesley Somerville | |
| Ann Cunningham | Ester Guerzoni | Marilla Lowe | Tarik Stoneman | |
| | | Janice Luckman | Connor Sweeney | |
| | | Delphine Luff | | |
| | | Kate Mackie | | |

Personnel 2022

THEATRE ROYAL MANAGEMENT BOARD

Tania Price
Anthony Bonney
Ann Cunningham
Bronwyn Edinger
Craig Limkin
Anthea Pritchard

CHIEF EXECUTIVE OFFICER

Simon Wellington

FINANCE MANAGER

Jo Macgill

FINANCE OFFICER

Paula Franklin

HEAD OF MARKETING AND BUSINESS DEVELOPMENT

Andrée Hurburgh
(from August 2022)

MARKETING AND COMMUNICATIONS MANAGER

Kim Jaeger
(from December)
Dale Tresidder
(until September)

MARKETING AND BUSINESS DEVELOPMENT COORDINATOR

Georgina Davis
(until August)

PROGRAM MANAGER

Steve Mayhew

VENUE AND EVENTS COORDINATOR

Mark Brooks
(from August 2022)

OPERATIONS MANAGER

Nick Toll

TECHNICAL COORDINATOR

Aron Webb

SENIOR TECHNICIAN

Chris McBride

CUSTOMER SERVICES MANAGER

Nicole Winspear

CUSTOMER SERVICES COORDINATOR

Erica Campbell-
Graham

BOX OFFICE MANAGER

Meyrick Harris

BOX OFFICE SUPERVISOR

Matt Coyle
Alice Moss



Photo: Rosie Hastie

THEATRE ROYAL

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