

2015

ANNUAL REPORT



THEATRE
ROYAL

Strategic Plan



Mission

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

Vision

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

Values

The Theatre Royal is committed to:

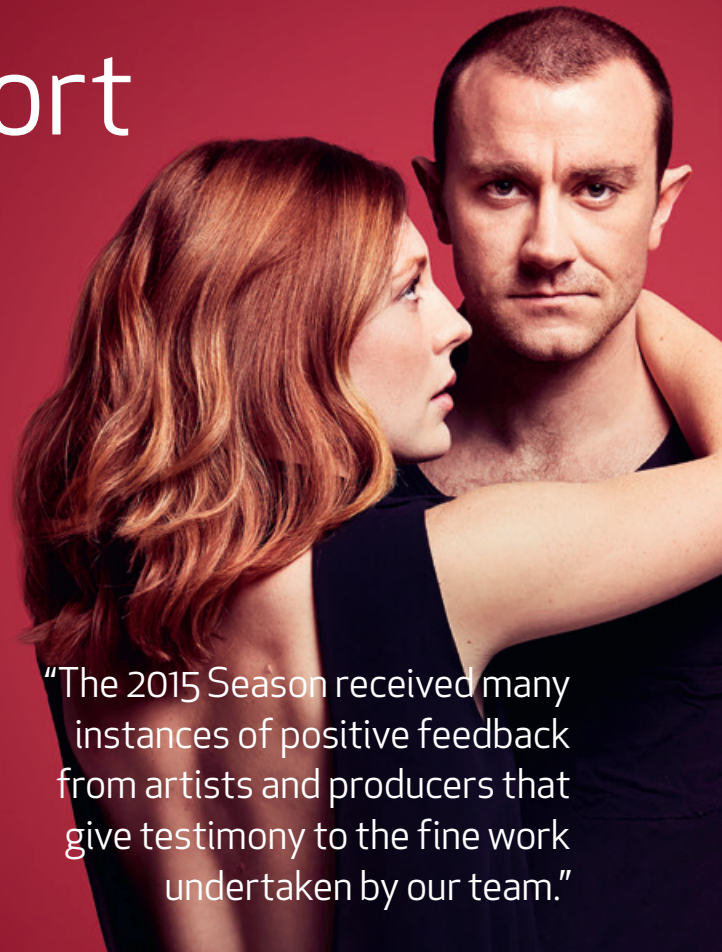
- delivering innovation and excellence in creative practice
- engaging and fostering community and building a culture for the arts in Tasmania
- contributing to social inclusion, access and diversity
- building strong and effective relationships and partnerships and delivering best practice customer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

Strategic Priorities

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



Chairman's Report



"The 2015 Season received many instances of positive feedback from artists and producers that give testimony to the fine work undertaken by our team."



Craig Stephens

On behalf of the Theatre Royal Management Board it is my pleasure to present the Chairman's Report for the 2015 season.

The financial result for the year was behind expectations due to some circumstances outside our control with regard to expected program not proceeding, and other matters that changed through the year, in particular a reduction in Artistic funding and a change to the timing of payment of that funding. Despite this, and thanks to management's control of expenditure, our final result is a minor deficit for the financial year and can be considered a satisfactory result with all things taken into account.

Our ongoing focus, as discussed last year, is still by necessity split between ensuring the Theatre's program is successful and operations are running smoothly, while working with the State Government and the University of Tasmania to continue preparations for the development of a multipurpose performing arts and education venue on the land adjoining the Theatre Royal.

At the time of writing this report I am pleased to note that the Development Application for that development has been lodged with the Hobart City Council and after commenting on the progress of this project in many previous reports, the prospect of it coming to fruition seems to be a reality.

Reaching this milestone does not, however, reduce the significant demand on input and resources from our small team. We have, as part of our previous strategic plan, been mindful of expanding our operational and management capabilities to ensure we are able to manage our input to the project along with continuing to present successful seasons in the Theatre Royal. This has however always been limited by the availability of funds to achieve the desired result and it is to the credit of our team that we have managed to reach this milestone with the limited resources available.

The Board has been ever conscious of the need for us to update and renew our strategic plan and are planning to undertake this process in the coming months as the issues surrounding the development become more defined. Critical items to be addressed include the impact on our operations of the actual construction of the building and how we manage any required closures at the Theatre Royal, along with modelling and planning for how our operations may look after the development is completed. Integral to this is how those operations may be funded and we are grateful for the support to date of the State Government and look forward to their ongoing support in coming times.

On the completion of any season we look back with pride on the shows that were presented in our Theatre, and the 2015 Season received many instances of positive feedback from artists and producers that give testimony to the fine work undertaken by our team.



“We move forward into 2016 with a real sense of anticipation of the work to be done and your continued attendance underlines the importance of that work.”



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To our Partners and Sponsors the Board again expresses their gratitude for your support and the assistance you provide. It goes a long way to ensuring a successful season for the Theatre.

We also welcome the ongoing support and investment from the State Government through the Minister for the Arts, The Tasmanian Arts Advisory Board and Arts Tasmania. This critical investment enables and encourages the Board to continue to present exciting and diverse programs at the Theatre Royal.

I would like to express our gratitude to the Friends of the Theatre Royal for their continued support, across many areas of the Theatre's activity – hosting public tours of the Theatre Royal in particular. We look forward to continuing our good work together in future years.

As always, the Board would particularly like to thank our Chief Executive, Tim Munro, Management Team and staff who together make the Theatre the special place it is. Their efforts during a time when we are continually splitting our focus between ongoing operations and the future development of the Theatre are much appreciated.

To my fellow Board members, thank you for your ongoing support and tireless efforts in contributing to the operations and governance of the Theatre. I would particularly like to thank retiring Board members Rod Anderson and Kate Kent who stepped down from the Board at the end of 2015. Their ongoing enthusiasm and efforts over the terms of their appointments have been greatly appreciated and we look forward to their ongoing association with the Theatre.

Finally, I would like to thank our audiences for your ongoing support of the Theatre. We move forward into 2016 with a real sense of anticipation of the work to be done and your continued attendance underlines the importance of that work.

Craig Stephens
Chairman
17 February 2016

Chief Executive's Report



Tim Munro

"Audience Development remains a key element of the Theatre's focus"

The Theatre Royal has enjoyed a successful 178th year in 2015. Whilst some indicators were behind 2014 results, in other areas, including program diversity, presentation of Tasmanian theatre works and Audience Development, our achievements grew, contributing to a positive year. In particular, I am pleased to report that average attendance at performances presented or co-presented by the Theatre Royal grew by about 10% on 2014 figures. Much progress was also made towards realising new facilities for the Theatre Royal in the Creative Industries and Performing Arts Development on the site adjoining the Theatre. These new facilities include new foyers and related front-of-house amenities and a new studio theatre for the Theatre Royal.

The Theatre Royal hosted a total of 138 performances on its main stage in 2015 – a decrease in numbers over recent years, however the Theatre Royal Backspace Theatre program grew by over 60% to 60 performances. This reflects the organisation's focus on diversifying its program to present more studio theatre work. The program comprised a very high percentage work from Tasmanian Producers including emerging Tasmanian artists. The lower than planned number of main stage performances was caused in large part by the loss of the Hobart Baroque Festival (late in our programming cycle) and the cancellation of a planned musical theatre season. Unfortunately, the Theatre was unable to secure sufficient alternative program to completely cover the six weeks held for these two events.

A further 147 events, including tours of the theatre, Meet the Artist Events and Student and Teacher activities were held in conjunction with the Theatre's program. Around

61,000 people attended a performance, tour or event at the Theatre Royal in 2015.

Increasingly, the Theatre has worked to improve its online and social media presence and improve service delivery to patrons through these channels. The organisation invested in redeveloping its website in 2015 improving the experience for patrons using mobile devices. Continuing a pleasing trend, 64% of tickets to this year's performances were purchased online.

Audience Development remains a key element of the Theatre's focus and in 2015, EMRS was commissioned to conduct independent research to help us understand how Tasmanians generally perceive and value the Theatre Royal, what our audiences most value and how we could improve their experiences. The findings told us that 93% of adults living in Southern Tasmania are aware of the Theatre Royal and 76% of those have attended a performance. Of those surveyed, 93% agree that the Theatre Royal is an important part of Tasmania's history and 92% feel the Theatre Royal is important in supporting the performing arts.

Many survey patrons commented on the inadequate foyer and related facilities at the Theatre. The long sought after improvement in those facilities will come from the Creative Industries and Performing Arts Development, to be constructed on the adjacent site. In 2015 the organisation again invested a great deal of time, working closely with the University of Tasmania and the Tasmanian Government, to ensure those facilities will be the best that can be delivered in the new centre.

THEATRE ROYAL PRESENTATIONS AND CO-PRESENTATIONS COMPARISON

	2010	2011	2012	2013	2014	2015
Productions Presented on the mainstage	16	12	15	11	14	14
Productions Co-Presented on the mainstage	6	6	5	4	9	5
Performances	70	49	55	41	60	47
Total Attendances	22,579	14,531	15,358	11,243	20,985	18,134
Average attendance per performance	341	297	313	274	350	386
Productions Presented in the Backspace					1	3
Productions Co-Presented in the Backspace					1	2
Performances					13	29
Total Attendances					1,079	2,721
Average attendance per performance	69		76	55	83	94

ARTISTIC REPORT

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

Significantly, in 2015 the Theatre Royal launched *RAWspace* a new development program for new Tasmania work offering opportunities for emerging Tasmanian performing artists. This initiative was supported through an increase in the Theatre's funding in 2015. The program was presented in association with Tasmania Performs and Ten Days on the Island. *RAWspace* supported four artists to use the Backspace Theatre for a residency program designed to help develop their work. Three of those four works were subsequently selected for presentation, by the Theatre Royal, as part of the Tasmanian International Arts Festival.

More details about each event playing at the Theatre Royal in 2015 may be found in the Performance and Other Events Summary on pages 8 and 9 of this report.

SUBSCRIPTION SEASON AND SUBSCRIBERS

The 2015 Season brochure was launched in November 2014 offering patrons a choice of 32 productions. The Board carried or shared the financial risk in 24 of these productions, 5 of which were presented in the Backspace Theatre. The number of patrons subscribing to the Theatre Royal season continues to be very high with 741 individuals subscribing in 2015.

2015 PROGRAM

The Theatre Royal aims to present a diverse program featuring not only a full range of theatre genres but work appealing to a wide range of audiences. The program showcases the work of flagship companies through to emerging artists and offers a strong program of national and international theatre alongside a diverse range of Tasmanian theatre works. The 2015 program included works ranging from contemporary text, traditional drama, dance, physical theatre and circus, multi-media, opera, contemporary music, music theatre, satire, comedy and more.

There are many factors to consider in achieving and, importantly, balancing these program dimensions and match those to the capacity of the market in which we operate. The Theatre continues to foster strong co-presenting relationships with festivals such as Mona Foma, Dark MoFo, Festival of Voices and Ten Days on the Island to help it expand the opportunities for its audiences to experience a more diverse program in recent years.

The 2015 season featured:

- 21 drama works
- 1 circus piece
- 3 events with Mona Foma and Dark Mofo
- 5 dance pieces
- 22 music events
- 12 Comedy events
- 5 children and family seasons
- 2 revues/pantos
- 6 community events

In 2015, 62 seasons comprising 138 performances were presented on the Theatre Royal main-stage. Of those 43 performances were presented or co-presented by the Theatre Royal, 32 presented by Tasmanian community organisations and a further 63 by commercial producers. An additional 60 performances and events were held in the Theatre Royal Backspace.

Highlights from the 2015 season included:

- *Hamlet* – The Bell Shakespeare Company. One of the drama highlights of the year without doubt, Bell's production of *Hamlet* featured great direction from Damien Ryan and the highest production values one expects from this flagship company. Ultimately it was the outstanding performances, in particular Josh McConville's *Hamlet*, which thrilled the audiences and helped lift attendance well above our expectations.
- *Kelly* – Queensland Theatre Company. A new telling of a great Australian story, *Kelly*, set in Ned Kelly's prison cell on the eve of his execution, told of a fictional meeting between Ned and his brother Dan. Matthew Ryan's new play examined the relationship between the brothers, the events leading to Ned's capture and importantly, the relationship between the two members of the migrant Kelly family. Great set and other production elements and strong performances, particularly from Stephen Rooke in the lead role, were a feature of this critically acclaimed work. Audience numbers attending the season of three performances were below expectations however.
- *Mother* – IF Theatre. Australian playwright Daniel Keene wrote the one-woman play *Mother* specifically for Noni Hazlehurst. Directed by Matt Scholten, the play tells the story of Christy, a woman living on the fringes of society, homeless and aging. Noni's performance was extremely strong and drew the audience deeply into the story. Detailed set, costume and lighting designs supported the work well. Audiences loved the piece and the Mercury Reviewer described it as a '... confronting but superb production.'
- *Australia Day* – Hit Productions. Written and directed by wonderful Australian satirist, Jonathan Biggins, *Australia Day* offered audiences the chance to laugh at a range of highly recognisable Australian characters dealing with all too plausible local issues such as gender and race equality, and what it means to be Australian. The six performers gave fabulous performances – their believability being a critical element in successful satire. The show was a great success artistically, critically and with audiences.
- Sydney Dance Company's *De Novo* comprised three works from choreographers, Rafael Bonachela (*Emergence*), Alexander Ekman (*Cacti*) and Larissa McGowan (*Fanatic*). The works featured contrasting styles providing a great variety of choreographic forms from sensual and elegant to quirky. Well-integrated sound tracks and beautiful lighting completed a first class production. Attendances were high and the work received an excellent review in the Mercury.

The Theatre Royal also assisted the presentation of many new works created by Tasmanian Artists:

- *Affinity* – Tasdance and the Tasmanian Symphony Orchestra
- *Red Racing Hood* – Terrapin Puppet Theatre
- *Alzheimer Symphony* – Tasmania Performs
- *RAWspace* – pieces from Second Echo Ensemble, Jeff Michel and Radio Gothic

WORKSHOPS AND COMMUNITY EVENTS

In conjunction with the performance program, the Theatre Royal has worked hard to enhance the connection between members of our communities and visiting theatre practitioners. To this end, the Theatre offers a range of engagement and training opportunities for Tasmanian theatregoers, students, performers and theatre makers. A series of workshops, question and answer sessions and 'In Conversation' style presentations for patrons were offered in 2015.

These included:

- Five Meet the Artist events were held in conjunction with:
 - *Alzheimer Symphony*
 - *Hamlet*
 - *Affinity*
 - *Kelly*
 - *Mother*
- Seven Workshops and Master classes for students and teachers were hosted by:
 - The Bell Shakespeare Company
 - The Sydney Dance Company
 - The Queensland Theatre Company

The Friends of the Theatre Royal conducted 110 public tours of the Theatre Royal and a further eight tours (and discussion sessions) were run for education and community groups by the Theatre Royal operations team.

All of this contributed to a successful 2015 for the Theatre Royal. I wish to record my gratitude to the many organisations and individuals who have given so much to help make it so. I applaud the contribution made by our funding partners, business partners, artists and arts companies and volunteer groups who contribute much to the life and the success of the Theatre Royal. In particular, I wish to thank the Minister for the Arts and the team at Arts Tasmania, RACT, Xsquared Architects, Shadforth Financial Group, Digital Ink, Cascade, TasWater, The Old Woolstore Apartment Hotel, Heart 1073, Southern Cross Austereo, Tasmania 40 Degrees South, Magnolia Flowers, Fullers Bookshop, Typeface and the Friends of the Theatre Royal for all they have done. Finally, I wish to thank the staff and Board Members of the Theatre Royal; their skill, pride and devotion is of the highest order and their contribution lies at the core of another successful year and, along with vibrant artist programs and investment in new facilities ensures an exciting future for the Theatre.



Tim Munro
Chief Executive
4 February 2016

Performance and Other Events Summary 2015

Mainstage Performance	Producer	TR Presents & Co-Presents No of Perf Mainstage	Professional No of Perf Mainstage	Community No of Perf Mainstage	Attendance	% of Capacity
Boys in the Band	SMA Productions	2			943	68%
The 26-Storey Treehouse	CDP Theatre Producers	5			2,753	80%
Pants Down Circus - ROCK	Pants Down Circus	3			861	42%
Kelly	Queensland Theatre Company	3			557	27%
Revolting Rhymes	Shake & Stir Theatre Company	4			2,627	95%
Melbourne International Comedy Festival Roadshow	Melbourne International Comedy Festival	2			892	65%
Orlando	THE RABBLE	3			597	29%
Mother	If Theatre	3			917	44%
Vinyl Viagra	Working Management	1			475	69%
Australia Day	Hit Productions	2			596	43%
De Novo	Sydney Dance Company	3			1,432	69%
Hamlet	Bell Shakespeare Company	4			1,599	58%
The Weir	Melbourne Theatre Company	4			768	28%
Frank - A Life in Song	Downunder Promotions	1			326	47%
Affinity	Tasdance	2			623	45%
The Set List	Arts on Tour	1			159	23%
Passenger	Select Music		1		675	98%
The Adventures of Prince Achmed	Mona Foma		2		1,180	86%
Neil Gaiman	Mona Foma		1		680	99%
Billy Bragg - Death or Liberty	Roar Film		1		670	97%
The Naked Magicians	Samuel Klingner Entertainment Enterprises		3		830	40%
Peace Train	Peace Train Entertainment		1		628	91%
52nd Spirit of India	Nataraj Cultural Centre		1		318	46%
Hamlet de los Andes	Ten Days on the Island		4		842	31%
Rising	Ten Days on the Island		4		716	26%
At Last - The Etta James Story	Room 8		1		683	99%
The Ten Sopranos	Abstract Entertainment		1		235	34%
100 Reasons for War	Blue Cow Theatre		3		851	41%
California Dreaming	JTM Productions		1		222	32%
Joel Creasey	More Comedy Pty. Ltd.		1		245	36%
Em Rusciano	More Comedy Pty. Ltd.		1		587	85%
Alex Williamson	More Comedy Pty. Ltd.		1		417	61%
Celtic Illusion	Eureka Entertainment		1		408	59%
Keep One Eye on the Stanger	Festival of Voices		1		99	14%
The Exchange	Festival of Voices		1		589	86%
Meow	Festival of Voices		1		415	60%
Frenchy	More Comedy Pty. Ltd.		1		290	42%
The Complete Works of William Shakespeare (Abridged)	Genesian Theatre Company		2		224	16%
Croon 2: Return of the Swing	Andrew Colrain, Colin Dean and John Xintavelonis		3		1,161	56%
State of the Tasmanian Economy...	Blue Cow Theatre Company		3		793	38%
Swan Lake	Russian Ballet Touring Pty. Ltd.		2		1,216	88%
Johnny Cash The Concert	The Harbour Agency		1		472	69%
Roy Orbison and the Everly Brothers	Ben Maiorana Entertainment		1		277	40%
Isla Grant	Grand International Concerts Pty. Ltd.		1		426	62%
Octonauts Live	Life Like Touring Australia		4		1,711	62%
An Evening with Joan Baez	MG Presents		1		682	99%
Giggle and Hoot	Live Nation		3		1,860	90%
Dr. Hook	The Harbour Agency		1		463	67%
Sydney Comedy Showcase	Century Entertainment		1		342	50%
Superwog Live	Century Entertainment		1		169	25%
Genesis	The Dream Dance Company		1		383	56%
David Strassman iTedE	RockCity Event Marketing		4		2,181	79%
Santa's Christmas Spectacular	Knockout Events Australia		2		1,058	77%
Indiana Joe and the Budget of Doom	The Old Nick Company			12	6,011	73%
Downtown the Mod Musical	Fahan School			4	1,270	46%
Copacabana	The Friends' School			4	1,725	63%
Wotopera	Artology Pty. Ltd.			1	272	39%
Showcase	ExitLeft			1	361	52%
First Dog on the Moon	Environmental Defenders Office			1	355	52%
Sing For Your Life Choir	Ta - Da! Professional Entertainment			1	466	68%
The Fugly Duckling	Bawdy Pantos			5	1,464	43%
Into the Wild	Centre Stage Dance Company			2	624	45%
Magical Musical Tour	Body Language Dance			1	406	59%
Total Mainstage performance and audience numbers		43	63	32	54,077	57%

Performance and Other Events Summary 2015

Backspace Performance	Producer	No of Perf Backspace	Attendance	% of Capacity
RAWspace	Theatre Royal/Tas Performs/Ten Days on the Island	3	274	63%
Dylan Thomas - Return Journey	Theatre Royal/Merrigong Theatre Co	5	548	95%
Flak	Theatre Royal/Ellis Productions	3	249	58%
Awkward Conversations with Animals...	Loud Mouth Theatre Company	5	85	15%
Alzheimer Symphony	Tasmania Performs	8	692	69%
Grounded	Blue Cow Theatre	7	155	18%
Wheeler's Luck	Buck Wild Productions	7	118	14%
Platero and I	GRD Cordover	1	28	19%
The Shock of the Noise	The Noise Ensemble Inc.	1	6	4%
Innapropriate Magic	Genius Entertainment	6	193	27%
Ruff	TCOTA UTas	2	53	18%
Red Racing Hood	Theatre Royal/Terrapin Puppet Theatre	10	976	73%
Playback Theatre	Playback Theatre	1	22	15%
Theatre Sports	Impro Tas	1	139	97%
Total Backspace performance and audience numbers		60	3,538	42%
Total Audience and Performance numbers on Mainstage and Backspace		198	57,615	

Other Events	Producer	Number of Events	Attendance
Tours			
Public Tours of the Theatre	Friends of the Theatre Royal	110	494
Cruise Ship Tour	Captain's Choice Tours	1	21
ALIA members Tour	National Library and Information Technicians Symposium	1	16
VET Tourism students Tour	Rosny College	1	25
Technical Theatre Students Tour	Rosny College	2	40
UTas Architecture Students Tour	University of Tasmania	3	65
Technical Theatre Students Tour	St Virgil's College	1	9
SPACE students tour	SPACE	1	1
Dinner on Stage and Tour	Carbine Club	1	45
Corporate Activities			
Taswater staff training day	TasWater	1	10
Location for short film	Element - E (Germany)	1	
Ticketing Roadshow	Live Performance Australia	1	15
Location for short film	Bookend Trust	1	
Student and Teacher Activities			
Declaration of Geneva	University of Tasmania	1	550
Speech Night	Fahan School	1	550
Student workshops	The Bell Shakespeare Company	2	34
Student workshops	Queensland Theatre Company	1	30
Teacher's Workshops	Queensland Theatre Company	1	13
Student workshops	Shake & Stir Theatre Company	2	60
Student workshops	Sydney Dance Company	2	43
Masterclasses	Sydney Dance Company	1	20
Student pre show sneak peek	Sydney Dance Company	1	200
Events and Launches			
Theatre Royal Season 2016 Launch	Theatre Royal	1	270
An Evening with John Bell	Theatre Royal Premium Subscribers event	1	119
Tasmanian Athlete of the Year Awards	Tasmanian Institute of Sport	1	150
Backstage Sneak Peek	Theatre Royal/Friends of the Theatre Royal	1	38
Season Launch	SCTV	1	150
Meet the Artist Events			
Alzheimer Symphony	Tasmania Performs	1	50
Hamlet	Bell Shakespeare Company	1	50
Affinity	Tasdance/Tasmanian Symphony Orchestra	1	55
Kelly	Queensland Theatre Company	1	20
Mother	If Theatre	1	82
Total number of Other Events and audience numbers		147	3,225
Total Performances and Other Events		345	
Total Audience and Participants		60,840	
*estimated attendance			



Independent Auditor's Report

To Members of the Tasmanian Parliament

Theatre Royal Management Board

Financial Report for the Year Ended 31 December 2015

Report on the Financial Report

I have audited the accompanying financial report of the Theatre Royal Management Board (the Board), which comprises the statement of financial position as at 31 December 2015 and the statements of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the statement of compliance by the Members of Board.

Auditor's Opinion

In my opinion the Board's financial report:

- (a) presents fairly, in all material respects, its financial position as at 31 December 2015, and its financial performance, cash flows and changes in equity for the year then ended
- (b) is in accordance with the *Theatre Royal Management Act 1986* and Australian Accounting Standards – Reduced Disclosure Requirements.

The Responsibility of the Members for the Financial Report

The Members are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and Section 10 of *Theatre Royal Management Act 1986*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based upon my audit. My audit was conducted in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on my judgement, including the assessment of risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, I considered internal control relevant to the Members' preparation and fair presentation of the financial report in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Members, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting this audit, I have complied with the independence requirements of Australian Auditing Standards and other relevant ethical requirements. The *Audit Act 2008* further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of State Entities but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Tasmanian Audit Office are not compromised in their role by the possibility of losing clients or income.

Tasmanian Audit Office



E R De Santi
Deputy Auditor-General
Delegate of the Auditor-General

Hobart
4 February 2016

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THEATRE ROYAL MANAGEMENT BOARD

Financial Report

For the year ended 31 December 2015

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THEATRE ROYAL MANAGEMENT BOARD

DECLARATION BY THE BOARD

FOR THE YEAR ENDED 31 DECEMBER 2015

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

1. The financial report and notes:
 - (a) Comply with the Australian Accounting Standards (including Australian Accounting Interpretations) as they relate to Not For Profit entities, and with the provisions of the *Theatre Royal Management Act 1986*; and
 - (b) Presents fairly the Board's financial position as at 31 December 2015 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:



Chairman
C Stephens



Chief Executive Officer
T Munro

Dated this 4th day of February 2016

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 \$	2014 \$
Income			
Program income	2	1,136,723	1,443,341
Bar income		182,569	194,873
Box office income		331,351	360,081
Administration income	2	196,147	193,668
Operations income		116,272	93,551
Business development income		42,800	69,793
Development project income		7,860	0
Interest income		41,419	53,971
Donations		165	1,216
Other income		59,217	0
Total income		2,114,523	2,410,494
Less: Expenses			
Program expenses		818,047	867,399
Bar cost of sales		68,569	70,498
Bar expenses		29,270	26,841
Box office expenses		217,176	240,697
Administration expenses		611,504	656,734
Operations expenditure		252,651	237,303
Business development expenses		55,256	89,523
Depreciation		23,521	21,624
Development project expenses		56,658	44,499
Total Expenses		2,132,652	2,255,118
Net Surplus/(Deficit)		(18,129)	155,376
Other comprehensive income for the year		0	0
Total comprehensive result for the year		(18,129)	155,376

The accompanying notes form part of these Financial Statements

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Notes	2015 \$	2014 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	130,975	334,398
Trade and other receivables	4	215,899	181,729
Inventories	5	6,311	6,532
Financial assets	6	1,762,392	1,624,052
Other assets	7	93,452	244,003
TOTAL CURRENT ASSETS		2,209,029	2,390,714
NON-CURRENT ASSETS			
Property, plant and equipment	8	229,700	237,084
TOTAL NON-CURRENT ASSETS		229,700	237,084
TOTAL ASSETS		2,438,729	2,627,798
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	74,142	171,941
Provisions	10	150,394	160,524
Other Liabilities	11	692,566	762,196
TOTAL CURRENT LIABILITIES		917,102	1,094,661
NON-CURRENT LIABILITIES			
Provisions	12	31,555	24,936
TOTAL NON-CURRENT LIABILITIES		31,555	24,936
TOTAL LIABILITIES		948,657	1,119,597
NET ASSETS		1,490,072	1,508,201
EQUITY			
Accumulated Surpluses		1,490,072	1,508,201
TOTAL EQUITY		1,490,072	1,508,201

The accompanying notes form part of these Financial Statements

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

CASH FROM OPERATING ACTIVITIES

Receipts from customers	
Payments to suppliers and employees	
Grants received	
Interest received	

Net cash provided by (used in) operating activities**CASH FLOWS FROM INVESTING ACTIVITIES**

Payments for property, plant and equipment	
Payments for leasehold improvements	
Deposits to investments	
Withdrawals from investments	

Net cash used by investing activities**Net cash increase (decreases) in cash and cash equivalents****Cash and cash equivalents at beginning of year****Cash and cash equivalents at end of financial year**

Notes	2015 \$	2014 \$
	1,792,170	1,581,455
	(2,233,569)	(2,482,620)
	353,400	396,616
	20,713	54,593
	(67,286)	(449,956)
	(16,137)	(31,828)
	0	(21,121)
	(1,020,000)	(932,098)
	900,000	1,552,207
	(136,137)	567,160
	(203,423)	117,204
	334,398	217,194
3	130,975	334,398

The accompanying notes form part of these Financial Statements

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

Balance at 1 January 2014	
Total comprehensive result for the year	
Balance at 31 December 2014	
Total comprehensive result for the year	
Balance at 31 December 2015	

Accumulated Surpluses	Total Equity
1,352,825	1,352,825
155,376	155,376
1,508,201	1,508,201
(18,129)	(18,129)
1,490,072	1,490,072

The accompanying notes form part of these Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

(b) Comparative Figures

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

(c) Cash and Cash Equivalents

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

(d) Trade and Other Receivables

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

(e) Inventories

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

(f) Property, Plant and Equipment

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

Plant and equipment

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

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

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

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

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

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

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

Depreciation

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

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

Class of property, plant and equipment	
Plant and Equipment	4 - 10 years
Leasehold improvements	10 - 40 years

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Impairment of Assets

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

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

(h) Trade and other payables

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

(i) Employee Benefits

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

(j) Provisions

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

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

(k) Leases

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

(l) Critical Accounting Estimates and Judgments

Key estimates - Impairment

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

(m) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the equivalent to the date that the Board commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to statement of comprehensive income immediately.

Classification and subsequent measurement

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

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in surplus or loss.

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

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

(ii) Held to maturity investments

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

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

(o) Revenue and Other Income

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

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

(p) Income Tax

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

(q) Development Project Income and Expenses

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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

Tasmanian Government - Arts Tasmania Program Grant

Income included in Administration Income

Tasmanian Government - Administration Grant

City of Hobart Grant

	2015	2014
	\$	\$
	134,750	174,200
	178,000	178,000
	8,523	8,360
	321,273	360,560

3. CASH AND CASH EQUIVALENTS**Current**

Cash on hand

Cash at bank

	\$	\$
	3,065	3,065
	127,910	331,333
	130,975	334,398

4. TRADE AND OTHER RECEIVABLES

Trade debtors

Instalment payments clearing

Other

	\$	\$
	20,245	34,706
	122,804	104,639
	72,850	42,384
	215,899	181,729

5. INVENTORIES

At cost:

Inventory

	\$	\$
	6,311	6,532
	6,311	6,532

6. FINANCIAL ASSETS

Interest Bearing Accounts

Term Deposit

	\$	\$
	962,392	724,052
	800,000	900,000
	1,762,392	1,624,052

7. OTHER ASSETS

Prepaid settlement fees

Prepaid insurance

Other prepayments

	\$	\$
	73,929	220,915
	10,089	11,510
	9,434	11,578
	93,452	244,003

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

8. PROPERTY, PLANT AND EQUIPMENT

	2015	2014
	\$	\$
Plant and Equipment	146,172	130,035
Less : Accumulated Depreciation	(95,083)	(90,005)
	51,089	40,030
Improvements	286,271	286,271
Less : Accumulated Depreciation	(107,660)	(89,217)
	178,611	197,054
Total Property Plant and Equipment	229,700	237,084

Reconciliations

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

	Plant and Equipment	Leasehold Improvement	Total
	\$	\$	\$
2015			
At 1 January 2015	40,030	197,054	237,084
Additions	16,137	0	16,137
Depreciation charge for the year	(5,078)	(18,443)	(23,521)
At 31 December 2015	51,089	178,611	229,700
Net of accumulated depreciation			
2014			
At 1 January 2014	12,045	193,552	205,597
Additions	31,989	21,122	53,111
Disposals	(128,670)	0	(128,670)
Depreciation charge for the year	(4,004)	(17,620)	(21,624)
Depreciation written back on disposal	128,670	0	128,670
At 31 December 2014	40,030	197,054	237,084
Net of accumulated depreciation			

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

9. TRADE AND OTHER PAYABLES (CURRENT)

	2015	2014
	\$	\$
Trade payables	17,114	75,874
GST Payable	31,215	64,791
Accrued expenses	11,014	9,778
Payroll liabilities	14,799	21,498
	74,142	171,941

10. EMPLOYEE BENEFITS (CURRENT)

	\$	\$
Employee benefits	150,394	160,524

11. OTHER LIABILITIES (CURRENT)

	\$	\$
Advanced ticket sales	644,158	698,810
Applause donation clearing	13,660	14,271
Gift vouchers	16,468	17,892
Sub-season show functions	48	8
Student subscriptions	810	0
Program sales clearing	0	1,284
Industry service fee clearing	0	195
Deposits collected	16,600	25,900
Ticketek clearing	822	3,836
	692,566	762,196

12. EMPLOYEE BENEFITS (NON CURRENT)

	\$	\$
Employee benefits	31,555	24,936

13. CAPITAL AND LEASING COMMITMENTS

The Theatre Royal Management Board has not committed to any capital expenditure in 2016 at the date of writing this report (2015: NIL).

(a) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial report

Payable - minimum lease payments:

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

	\$	\$
	5,400	5,415
	435	5,835
	5,835	11,250

The operating lease payments are in relation to a photocopier.

14. RELATED PARTY TRANSACTIONS

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

15. ECONOMIC DEPENDENCY

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

Entrepreneurial Ventures

	2015	2014
	\$	\$
Income	560,746	559,593
Arts Tas Grant	134,750	174,200
Less : Program Expenses	(607,246)	(530,790)
Less : Proportion of Administration expenses (40%)	(246,633)	(262,694)
Less : Proportion of Theatre Operation Expenses (40%)	(108,438)	(94,921)
Deficit on entrepreneurial ventures	(266,821)	(154,612)

16. EVENTS AFTER THE END OF THE REPORTING PERIOD

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

Our Partners

The Theatre Royal thanks our partners for their support in 2015



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



PERSONNEL 2015

Theatre Royal Management Board

Craig Stephens (Chairman)
Rod Anderson
Kate Cuthbertson
Karen Davis
Jane Haley
Nicholas Heyward
Kate Kent

Chief Executive

Tim Munro

Program and Operations Manager

Don Hopkins

Marketing and Business Development Manager

Maria Pate

Marketing and Business Development Coordinator

Thesspina Donopoulos

Finance Manager

Jo Macgill

Box Office Manager

Mark Brooks

Accounts Manager

Margaret Wood

Box Office Supervisor

Meyrick Harris

Technical Manager

Sandy Campbell

Customer Services Manager

Nicole Winspear



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