

MELBOURNE RECITAL CENTRE
ANNUAL REPORT 2009-10



DIRECTORS' REPORT

The directors present this report on the Melbourne Recital Centre for the financial year ended 30 June 2010.

DIRECTORS

The names of each person who has been a director during the period and to the date of this report are:

- Jim Cousins AO (retired as member and Chairman of the Board on 3 June 2010)
- Mary Waldron (Chair 3 June 2010 onwards)
- Tom Bonvino (appointed 18 September 2009)
- Mary Delahunty (Hon.) (appointed 18 September 2009)
- John Higgs (appointed 18 September 2009)
- Julie Kantor (appointment expired 2 March 2010, reappointed 28 June 2010)
- Bill McHarg
- Dr Richard Mills AM (appointed 18 September 2009)
- Harold Mitchell AC (appointed 18 September 2009)
- Matt Zema

Directors have been in office since 1 July 2009 to the date of this report unless otherwise stated.

COMPANY SECRETARY

Mary Waldron held the position of Company Secretary at the end of the financial year.

MEMBERSHIP OF MELBOURNE RECITAL CENTRE

Melbourne Recital Centre is a company limited by guarantee. The sole member of the company is the Minister for the Arts, the Hon. Peter Batchelor MP, for the State of Victoria.

PRINCIPAL ACTIVITIES

The principal activity of the company during the financial period was the planning and managing the operations of Melbourne Recital Centre.

OPERATING RESULTS

The net result from transactions was a deficit of \$295,935. A further loss of \$54,564 resulted from impairment to assets following damage from a severe storm on 6 March 2010 as well as a minor financial instruments realised foreign exchange loss of \$118.

The overall deficit of the company amounted to \$350,617.

DIVIDENDS PAID OR RECOMMENDED

In line with the Constitution of the Melbourne Recital Centre no part of the income or property was paid, transferred or distributed, directly or indirectly, by way of dividend, bonus, or other profit distribution, to any of the members or directors during the financial year.

REVIEW OF OPERATIONS

The Company's focus was consolidating its position and broadening its audience attraction.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the period the CEO resigned and was replaced by Ms K Siddle in an acting capacity.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the period.

AFTER BALANCE DATE EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

FUTURE DEVELOPMENTS

The company expects to maintain the present status and level of operations and hence there are no likely developments in the company's operations.

ENVIRONMENTAL REGULATIONS

No significant environmental regulations apply that are likely to have an unexpected material effect on the operations or financial results of Melbourne Recital Centre.

OPTIONS

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

MELBOURNE RECITAL CENTRE
ABN 46 118 617 619
FINANCIAL REPORT FOR THE
FINANCIAL YEAR ENDED
30 JUNE 2010



MEETINGS OF DIRECTORS

During the financial period, 12 meetings of directors were held. Attendees by each director were as follows:

DIRECTORS MEETINGS		
	Number eligible to attend	Number attended
Jim Cousins AO	11	10
Mary Waldron	12	10
Tom Bonvino	10	10
Mary Delahunty (Hon.)	10	9
John Higgs	10	8
Julie Kantor	9	7
Bill McHarg	12	12
Dr Richard Mills AM	10	10
Harold Mitchell AC	10	5
Matt Zema	12	11

DIRECTORS' BENEFITS

Directors' benefits are set out in note 16 to the financial statements.

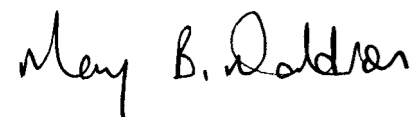
INSURANCE OF DIRECTORS AND OFFICERS

During the financial period \$11,089.75 was paid by the company to the Victorian Managed Insurance Authority for Directors' and Officers' Liability insurance premiums and recorded as an expense in the Statement of Financial Performance. The insurance provides cover for directors and officers of Melbourne Recital Centre against certain personal liabilities that they may incur by reason of their duties as directors and officers.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2010 has been received and can be found on page 3 of the directors' report.

Signed in accordance with a resolution of the Board of Directors.



MARY WALDRON
Director

Dated this 13th day of September 2010



KIRSTEN SIDDLE
Acting CEO

Dated this 13th day of September 2010

VAGO

Victorian Auditor-General's Office

AUDITOR-GENERAL'S INDEPENDENCE DECLARATION

To the Directors of Melbourne Recital Centre

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General, an independent officer of parliament, is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised.

Under the *Audit Act 1994*, the Auditor-General is the auditor of each public authority and for the purposes of conducting an audit has access to all documents and property, and may report to parliament any matters which the Auditor-General considers appropriate.

Independence Declaration

As auditor for the Melbourne Recital Centre for the year ended 30 June 2010, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

MELBOURNE
13 September 2010



for D D R Pearson
Auditor-General

MELBOURNE RECITAL CENTRE
COMPREHENSIVE OPERATING STATEMENT
 FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

	NOTES	2010	2009
		\$	\$
Income from transactions			
Government grants		3,847,000	5,730,000
Commercial Operations	2	2,062,056	1,174,632
Other income	2	639,344	1,192,592
Total income from transactions		6,548,400	8,097,224
Expenses from transactions			
Employee expenses	3 (a)	(2,865,171)	(2,302,513)
Finance costs		(25,649)	(21,022)
Supplies and consumables	3 (b)	(1,785,618)	(2,331,866)
Training expense		(27,907)	(30,773)
Artistic and production costs		(472,302)	(1,606,147)
Building occupancy		(800,330)	(571,708)
Auditors' remuneration	3 (c)	(51,639)	(52,218)
Legal and consultancy expense		(324,942)	(729,773)
Depreciation	19	(490,777)	(218,196)
Total expenses from transactions		(6,844,335)	(7,864,216)
Net result from transactions (net operating balance)		(295,935)	233,008
Other economic flows included in net result			
Net gain/(loss) on non financial assets	24	(54,564)	-
Net gain/ (loss) on financial instruments realised foreign exchange gain/loss		(118)	(4,103)
Net result		(350,617)	228,905
Other economic flows – other non-owner changes in equity		-	-
Comprehensive result – total change in net worth	10	(350,617)	228,905

The comprehensive operating statement should be read in conjunction with the accompanying notes on pages 8 to 25.

MELBOURNE RECITAL CENTRE
BALANCE SHEET AS AT 30 JUNE 2010

	NOTES	2010	2009
		\$	\$
Assets			
Financial assets			
Cash and deposits	4	5,123,781	5,522,237
Receivables	5	169,137	289,368
Current tax assets – GST receivable		17,131	109,220
Total financial assets		5,310,049	5,920,825
Non financial assets			
Inventories		23,867	47,302
Property, plant and equipment	19	4,288,045	4,100,794
Other non-financial assets	6	8,133	19,518
Total non-financial assets		4,320,045	4,167,614
Total assets		9,630,094	10,088,439
Liabilities			
Trade and other payables	7	697,944	1,058,953
Venue hire and ticket sales deposits	8	687,780	371,087
Lease liabilities	13	16,019	21,785
Provisions	9	125,361	183,007
Total liabilities		1,527,104	1,634,832
Net assets		8,102,990	8,453,607
Equity			
Accumulated surplus	10	5,034,173	5,778,685
Public fund	12	3,068,817	2,674,922
Net worth		8,102,990	8,453,607
Commitments for expenditure	11		
Contingent liabilities and contingent assets	21		

The balance sheet should be read in conjunction with the accompanying notes included in pages 8 to 25.

MELBOURNE RECITAL CENTRE
STATEMENT OF CHANGES IN EQUITY
 FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

CHANGES DUE TO				
	Notes	Equity at 1 July 2009	Total comprehensive result	Equity at 30 June 2010
Accumulated surplus/ (deficit)	10	5,778,685	(350,617)	5,034,173
Transfer from / (to) public fund			(393,895)	
Public fund	12	2,674,922	393,895	3,068,817
Total equity at end of financial year		8,453,607	(350,617)	8,102,990
CHANGES DUE TO				
	Notes	Equity at 1 July 2008	Total comprehensive result	Equity at 30 June 2009
Accumulated surplus/ (deficit)	10	6,117,736	228,905	5,778,685
Transfer from / (to) public fund			(567,956)	
Public fund	12	2,106,966	567,956	2,674,922
Total equity at end of financial year		8,224,702	228,905	8,453,607

The statement of changes in equity should be read in conjunction with the accompanying notes on pages 8 to 25.

MELBOURNE RECITAL CENTRE
CASH FLOW STATEMENT
 FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

	NOTE	2010	2009
		\$	\$
Cash flows from operating activities			
Receipts			
Receipts from State Government		3,847,000	5,678,000
Receipts from customers		2,866,098	1,437,695
Fundraising and sponsorship		466,284	794,806
Interest received		171,948	370,701
GST refunded from ATO		104,035	632,681
Total receipts		7,455,365	8,913,883
Payments			
Payments to suppliers		(4,140,086)	(5,488,162)
Payments to employees		(2,948,172)	(1,997,780)
Finance costs		(25,767)	(21,022)
Total payments		(7,114,025)	(7,506,964)
Net cash flow from/(used in) operating activities	18(b)	341,340	1,406,919
Cash flows from investing activities			
Payment for purchase of property, plant and equipment		(738,358)	(3,508,204)
Net cash flows from/(used in) investing activities		(738,358)	(3,508,204)
Cash flows from financing activities			
Repayment of finance leases		(1,438)	(5,351)
Net cash flow from/(used in) financing activities		(1,438)	(5,351)
Net increase/(decrease) in cash and cash equivalents		(223,750)	(2,576,636)
Cash and cash equivalents at beginning of financial year		5,522,237	7,628,873
Cash and cash equivalents at end of financial year	4, 18(a)	5,123,781	5,522,237

The cash flow statement should be read in conjunction with the accompanying notes on pages 8 to 25

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements have been prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards including interpretations (AASs) and the *Corporations Act 2001*, AASs include Australian equivalents to International Financial Reporting Standards. Where applicable, those paragraphs of the AASs applicable to not-for-profit entities have been applied.

The financial statements were authorised for issue by the Board of Directors on the date the declaration was signed.

(b) Basis of accounting preparation and measurement

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate.

The financial statements have been prepared on a historical cost basis, except for non-current physical assets and financial instruments. Non-current physical assets, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value;

The fair value of an asset is generally based on its depreciated replacement value.

The financial statements are presented in Australian dollars, the functional and presentation currency of the Melbourne Recital Centre.

In the application of AASs, management is required to make judgement, estimates and assumptions about carrying values of assets and liabilities that are not apparent from other sources. 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 financial statements have been prepared on a going concern basis.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concept of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

(c) Reporting Entity

The financial statements cover the Melbourne Recital Centre (MRC) as an individual reporting entity. The MRC is an individual company, incorporated and domiciled in Australia.

Melbourne Recital Centre is a company incorporated under the Corporation Act 2001 and is a company limited by guarantee.

If the company is wound up, the constitution states that each member is required to contribute a maximum of \$100 each towards meeting any outstandings and obligations of the company. At 30 June 2010 the number of members was 1.

The registered office is:
 Melbourne Recital Centre
 31 Sturt Street
 Southbank 3006

The principle place of business is:
 Melbourne Recital Centre
 31 Sturt Street
 Southbank 3006

(d) Scope and presentation of financial statements

The Melbourne Recital Centre has applied the September 2007 version of AAS 101. Presentation of *Financial Statements* for the first time.

Melbourne Recital Centre has revised the presentation of its complete set of financial statements to align with the AASB 1049 presentation formant, used in the Financial Report of the State and the general government sector.

Some of the changes applied to the financial statements and notes as a result of alignment to AASB 1049 that are allowable under AASB 101 (September 2007) include the following:

- Extended operating statement incorporating non-owner changes in equity, which is now referred to as comprehensive operating statement
- Items being presented by liquidity order in the balance sheet;
- The inclusion of a limited number of Government Finance Statistics (GFS) classifications, such as income or expenses from transactions, and other economic flows;
- A glossary of terms included in the notes explaining certain terms, including GFS terms adopted;
- The comprehensive operating statement includes items previously included in the statement of changes in equity; and
- Income and expenses in the comprehensive statement are separated into either ‘transactions’ or ‘other economic flows’.

Comprehensive operating statement

Income and expenses in the comprehensive operating statement are classified according to whether or not they arise from ‘transactions’ or ‘other’ economic ‘flows. This classification is consistent with the whole of government reporting format and is allowed under AASB 101 Presentation of financial statements.

‘Transactions’ are those economic flows that are considered to arise as a result of policy decisions, usually interactions between entities by mutual agreement. Transactions also include flows within an entity, such as depreciation where the owner is simultaneously acting as the owner of the depreciating and as the consumer of the service provided by the asset.

‘Other economic flow’ are changes arising from market re-measurements. They include gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets.

The net result is equivalent to profit and loss derived in accordance with AASs.

Balance Sheet

Assets and liabilities are presented in liquidity order with assets aggregated into, financial assets and non-financial assets.

Current and non-current assets and liabilities (those expected to be recovered or settled beyond 12 months) are disclosed in the notes, where relevant.

Statement of changes in equity

The statement of changes in equity presents reconciliation of each non-owner and owner equity opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the comprehensive result and amounts recognised in other comprehensive income related to other non-owner changes in equity.

Cash flow statement

Cash flows are classified according to whether or not they arise from operating activities, investing activities, or financing activities. This classification is consistent with requirements under AASB 107 *statement of cash flows*.

(e) Income from transactions

Income is recognised to the extent that it is probable that the economic benefits will flow to the Melbourne Recital Centre and the income can be reliably measured.

Grant income is recognised in the operating statement in the reporting period in which the MRC gains control of the underlying asset.

Fundraising and sponsorship are recognised as revenue when received.

Interest revenue and distribution income from investments is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from commercial operations is recognised upon the delivery of the service to the customers. Revenue from the sale of goods is recognised upon the delivery of goods to customers.

(f) Expenses from transactions

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

Employee expenses

Employee expenses include superannuation expenses which are reported differently depending upon whether employees are members of defined benefit or defined contribution plans and defined contributions (i.e. accumulation) superannuation plans, the associated expense is simply the employer contributions that are paid or payable in respect of employees who are members of these plans during the reporting period.

Superannuation

All superannuation contributions are to defined contribution plans and expensed when incurred.

Depreciation

The depreciable amount (cost less residual value) of all plant, property and equipment is depreciated on a straight line basis over their useful lives to the Melbourne Recital Centre commencing from the time the asset is held ready for use.

The useful life for each class of depreciable assets are:

CLASS OF ASSET	USEFUL LIFE	
	2010	2009
Building fit out	20-40 Years	20-40 years
Venue furniture and equipment	4-20 years	4-20 years
Office furniture and equipment	3-20 years	3-20 years
Musical instruments	10-20 years	10-20 years
Cultural assets	Indefinite	Indefinite
Motor vehicles	5-6 years	5-6 years

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Supplies and consumables

Supplies and services expenses are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when distributed.

Bad and doubtful debts

A provision for doubtful receivables is made when there is objective evidence that the debts may not be collected. Bad debts are written off when identified.

(g) Other economic flows included in the net result

Other economic flows measure the change in volume or value of assets and liabilities that do not result from transactions.

(h) Financial assets

Cash and deposits

Cash and cash equivalents include cash on hand and deposits held at-call with banks.

Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less any accumulated impairment.

(i) Non-financial assets

Inventories

Inventories include goods and other property held for sale in the ordinary course of business operations and excludes depreciable assets.

Inventory is measured at the lower of cost and net realizable value. Cost is measured on the basis of weighted average cost.

Property, plant and equipment

All non-current physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment.

Gains and losses on disposals are determined by deducting the carrying amount from the proceeds. These gains or losses are included in the operating statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Impairment of assets

All other assets are assessed annually for indications of impairment; except for financial assets refer Note 20.3.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off as another economic flow, except to the extent that the write-down can be debited to an asset revaluation reserve amount applicable to that class of asset.

It is deemed that, in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

Other non-financial assets

Prepayments

Other non-financial assets include prepayments which represent payments in advance of receipt of goods and services or that part of expenditure made in one accounting period covering a term extending beyond that period.

(j) Liabilities

Payables

Payables consist predominately of accounts payable and other sundry liabilities. Accounts payable represent liabilities for goods and services provided to the Melbourne Recital Centre prior to the end of the financial year that are unpaid, and arise when the Melbourne Recital Centre becomes obliged to make future payments in respect of the purchase of those goods and services.

Provisions

Provisions are recognised when the Melbourne Recital Centre has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual and long service leave for services rendered to the reporting date.

Wages salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, and accumulating sick leave which are expected to be settled within 12 months of the reporting period, are recognised in the provision for employee benefits. These liabilities are classified as current liabilities and measured at their nominal value.

Those liabilities that are not expected to be settled within 12 months are recognised in the provision for employee benefits as current liabilities, measured at present value of the amounts expected to be paid when liabilities are settled using the remuneration rate expected to apply at the time of the settlement.

Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Current liability – unconditional LSL is disclosed in the notes to the financial statements as a current liability even where the Melbourne Recital Centre does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- Present value—component that the Melbourne Recital Centre does not expect to settle within 12 months; and
- Nominal value—component that the Company expects to settle within 12 months.

Non-current liability – conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service.

This non-current LSL liability is measured at present value. Gain or loss following revaluation of the present value of non-current LSL liability due to changes in bond interest rates is recognised in the operating statement.

Employee benefits on costs

Employee benefits on-costs (payroll tax, workers compensation, superannuation, annual leave and LSL accrued while on LSL taken in service) are recognised separately from provision for employee benefits.

(k) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership. Leases of property, plant and equipment are classified as finance infrastructure leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. All other leases are classified as operating leases.

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the assets, but not the legal ownership, are transferred to the Melbourne Recital Centre are classified as finance leases.

Finance leases are recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The leased asset is depreciated over the shorter of the estimated useful life of the asset or the term of the lease.

Minimum lease payments are allocated between the principal component of the lease liability, and the interest expense calculated using the interest rate implicit in the lease, and charged directly to the operating statement.

Operating leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the period in which they are incurred.

Future lease payment liabilities for both finance and operating lease are included as lease liabilities in the balance sheet.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(l) Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources and are disclosed at their nominal value, including GST payable.

Commitments and contingent assets or liabilities are presented on a gross basis.

(m) Events after the reporting date

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement the transactions are only recognised when the agreement is irrevocable at or before balance date. Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting date and before the date the statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made about events between the balance date and the date the statements are authorised for issue where the events relate to condition which arose after the reporting date and which may have a material impact on the results of subsequent years.

(n) Goods and services tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(o) Income tax

No provision for income tax has been raised as the Melbourne Recital Centre is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(p) Comparative figures

Where required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(q) Economic dependence

Melbourne Recital Centre is dependent on Arts Victoria for the majority of its funding required to operate the business. At the date of this report the directors have no reason to believe Arts Victoria will not continue to support Melbourne Recital Centre.

(r) Public fund

The Melbourne Recital Centre is required by its constitution to maintain a public fund with a separate bank account into which all donations of cash and property and all proceeds derived there from including interest, income or money from the realisation of property are paid. The Public Fund is only used to further the Melbourne Recital Centre's objectives. In the event of the winding up of the Public Fund, or the public fund ceasing to be on the register of cultural organisations, or the Melbourne Recital Centre ceasing to be endorsed as a deductible gift recipient any surplus of assets of the Public Fund must be transferred to a public fund: which is charitable at law; and gifts to which can be deducted under Subdivision 30-B due to it being listed on the register of cultural organisations, as the members of the Melbourne Recital Centre decide.

(s) New accounting standards and interpretations

The Melbourne Recital Centre adopted AASB101 *Presentation of Financial Statements (September 2007)* for the first time. The impact of this adoption has been noted in Note 1 (b).

As at 30 June 2010 a number of standards and interpretations applicable to the Melbourne Recital Centre had been issued but were not mandatory for financial years ending 30 June 2010. The Melbourne Recital Centre has not, and does not intend to adopt these standards early.

NOTE 2: INCOME FROM TRANSACTIONS

	2010	2009
	\$	\$
Fundraising and sponsorship	466,284	818,806
Interest received	171,948	370,701
Other income	1,112	3,085
Total other income	639,344	1,192,592
Artistic Programming	421,170	536,998
Venue Hire	1,125,316	424,621
Commercial Activities	515,570	213,013
Total commercial operations	2,062,056	1,174,632

NOTE 3: EXPENSES FROM TRANSACTIONS

	2010	2009
	\$	\$
Employee expenses		
Salaries, wages and long service leave	2,630,998	2,071,107
Defined contribution superannuation plans	234,173	231,406
(a) Total employee expenses	2,865,171	2,302,513
Marketing and Promotion	980,473	1,270,707
Information Technology	266,192	351,501
Other supplies and consumables	538,953	709,658
(b) Total supplies and consumables	1,785,618	2,331,866
Auditors' remuneration		
— External audit services (Victorian Auditor – General's Office)	29,500	29,500
— Internal audit services	22,139	22,718
(c) Total auditors' remuneration	51,639	52,218

NOTE 4: CASH AND DEPOSITS

	2010	2009
	\$	\$
Cash at bank – trading accounts	973,429	1,782,608
Cash at bank – public fund	3,069,992	2,724,819
Cash at bank – cheque account (EFT)	-	73
Cash at bank – venue hire and ticket sales deposit accounts	777,591	533,344
Cash on hand	7,475	11,393
Cash on short term deposits	295,294	470,000
Total cash and deposits	5,123,781	5,522,237

NOTE 5: RECEIVABLES

	2010	2009
	\$	\$
Current trade debtors (contractual)	173,732	297,413
Less provision for doubtful debts	(4,595)	(8,045)
Total receivables	169,137	289,368

(a) Movement in provision for doubtful debts

	2010	2009
	\$	\$
Balance at beginning of the year	8,045	0
Increase/(decrease) in provision recognised in the net result	(3,450)	8,045
Balance at end of the year	4,595	8,045

(b) Ageing analysis of contractual assets

Please refer to Table 20.3 in Note 20 for the ageing analysis of contractual assets.

(c) Nature and extent of risk arising from contractual assets

Please refer to Note 20 for the nature and extent of credit risk arising from contractual assets.

NOTE 6: OTHER NON-FINANCIAL ASSETS

	2010	2009
	\$	\$
Security deposit	800	800
Prepayments	7,333	18,718
Total other current assets	8,133	19,518

NOTE 7: TRADE AND OTHER PAYABLES

	2010	2009
	\$	\$
Current trade payables (contractual)	511,565	847,219
Employee benefits	186,379	211,734
Total Payables	697,944	1,058,953

(a) Maturity analysis of contractual payables

Please refer to Table 20.4 in Note 20 for the maturity analysis of contractual payables.

(b) Nature and extent of risk arising from contractual payables

Please refer to Note 20 for the nature and extent of risks arising from contractual payables.

NOTE 8: VENUE HIRE AND TICKET SALES DEPOSITS HELD

	2010	2009
	\$	\$
Venue hire deposits	289,394	158,232
Ticket sales deposits	398,386	212,855
Total venue hire and ticket sales deposits held	687,780	371,087

NOTE 9: PROVISIONS

	2010	2009
	\$	\$
CURRENT		
Employer benefits – annual leave entitlements – unconditional	97,289	117,173
Provision related to employee benefits on costs	9,108	12,889
Total current provisions	106,397	130,062
NON CURRENT		
Employer benefits – conditional long service leave entitlements	17,085	47,698
Provision related to employee benefits on costs	1,879	5,247
Total non-current provisions	18,964	52,945
Total provisions	125,361	183,007
Balance at beginning of the year	183,007	33,491
Increase/(decrease) in provision recognised in the net result	(57,646)	149,516
Balance at end of the year	125,361	183,007

NOTE 10: STATEMENT IN CHANGES IN EQUITY

The surplus of \$393,895 (\$567,956 in 2008-09) attributable to the Public Fund has been transferred from the accumulated surplus/ (deficit) to the Public Fund.

NOTE 11: COMMITMENTS FOR EXPENDITURE

The following commitments have not been recognised as liabilities in the financial statements.

	2010	2009
	\$	\$
Expenditure commitments payable (these relate to non – cancellable contracts for artistic advisors, information technology contractor, and for equipment hire):		
Not later than one year	111,188	110,762
Later than one year but not later than five years	8,971	82,018
Total expenditure commitments	120,159	192,780
Total commitments for expenditure (inclusive of GST)	120,159	192,780
Less GST recoverable from the Australian Taxation Office	(10,923)	(16,065)
Total commitments for expenditure (exclusive of GST)	109,236	176,715

Finance lease commitments are disclosed in note 13.

NOTE 12: PUBLIC FUND

OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2010

NOTE	2010	2009
	\$	\$
Revenue		
Fundraising and private donations	316,284	594,806
Interest	91,111	123,680
Total revenue	407,395	718,486
Expenses		
Music commission	13,500	20,000
Art commission	-	130,530
Total expenses	13,500	150,530
Net surplus for the year	393,895	567,956

BALANCE SHEET AS AT 30 JUNE 2010

NOTE	2010	2009
	\$	\$
Asset		
Cash and deposits	3,069,992	2,724,819
Other current assets	325	103
Total current assets	3,070,317	2,724,922
Total assets	3,070,317	2,724,922
Liabilities		
Receipt to be transferred to MRC operations bank account	-	50,000
Share the Music	1,500	-
Total liabilities	1,500	50,000
Net assets	3,068,817	2,674,922
Equity		
Public fund	3,068,817	2,674,922
Total equity	3,068,817	2,674,922

NOTE 13: LEASES

	Minimum future lease payments (a)	Present value of minimum future lease payments	Minimum future lease payments (a)	Present value of minimum future lease payments
	2010	2010	2009	2009
Finance lease liabilities payable				
- Not longer than one year	16,310	16,019	7,205	5,766
- Longer than one year and no longer than five years	-	-	16,310	16,019
- Longer than five years	-	-	-	-
Minimum future lease payments	16,310	16,019	23,515	21,785
- Less future finance charges	(291)	-	(1,730)	21,785
Present value of minimum lease payments	16,019	-	21,785	-
- Lease liabilities – current	-	16,019	-	5,766
- Lease liabilities – non current	-	-	-	16,019

Finance lease relates to a motor vehicle lease.

NOTE 14: EVENTS AFTER THE BALANCE DATE

Since 30 June 2010, there are no matters or circumstances that have arisen that require adjustments to or disclosure in the financial statements.

MELBOURNE RECITAL CENTRE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

NOTE 15: RESPONSIBLE PERSONS

The names of the persons who held the positions of Minister, Responsible Persons and Accountable Officer are as follows:

Minister for the Arts The Hon. Lynne Kosky MP (1 July 2009 – 19 January 2010)
 Minister for the Arts The Hon. Peter Batchelor MP (20 January 2010 – 30 June 2010)

Amounts relating to the Minister's remuneration are reported in the financial statements of the Department of Premier and Cabinet.

Responsible Persons

	START DATE	END DATE
James G Cousins – Chair	1 July 2009	2 June 2010
Mary Waldron (Acting Chair from 3 June 2010 onwards)	1 July 2009	2 March 2011
Tom Bonvino	18 September 2009	2 March 2012
Mary Delahunty (Hon.)	18 September 2009	2 March 2012
John Higgs	18 September 2009	2 March 2012
Julie Kantor	1 July 2009	2 March 2010
Reappointed	28 June 2010	2 March 2012
Bill McHarg	1 July 2009	2 March 2011
Dr Richard Mills AM	18 September 2009	2 March 2012
Harold Mitchell AC	18 September 2009	2 March 2012
Matt Zema	1 July 2009	2 March 2011

Accountable Officer

Dr Jacques de Vos Malan 1 July 2009 to 6 February 2010
 Ms Kirsten Siddle 7 February 2010 to 30 June 2010

The remuneration of the Accountable Officer in connection with the management of the Melbourne Recital Centre fell within the following bands:

1 July 2009 to 6 February 2010 \$190,000 - \$199,999 (\$170,000 - \$179,999 in 2008 - 09).
 7 February 2010 to 30 June 2010 \$50,000 - \$59,999

NOTE 16: DIRECTORS' REMUNERATION

All directors are appointed by the Minister for the Arts. They do not receive remuneration for services provided in their role as directors although they are eligible to be reimbursed for out of pocket expenses.

NOTE 17: REMUNERATION OF EXECUTIVES

The total remuneration of the executives in connection with the management of the Melbourne Recital Centre is \$435,149 (\$389,746 in 2008-09).

The remuneration band is not to be disclosed as the remuneration of all individual executives is below \$100,000.

NOTE 18: CASH FLOW INFORMATION

	2010	2009
Note	\$	\$
a. Reconciliation of cash and cash equivalents		
Cash at bank	4,821,012	5,040,844
Other cash on hand	7,475	11,913
Balance as per cash flow statement	4,828,487	5,052,237
b. Reconciliation of net cash result for the period to cash flows from operating activities for the year		
Net result for the year	(350,617)	228,905
Non cash flows movements		
Depreciation of non-current assets	490,777	218,196
Impairment of non-financial assets	24 54,564	-
Changes in assets and liabilities		
(Increase) / decrease in receivable and other assets	131,616	(308,086)
(Increase) / decrease in stock	23,435	(47,302)
(Increase) / decrease in GST recoverable	92,089	(36,328)
Increase / (decrease) in trade and payables	(359,571)	830,931
Increase / (decrease) in provisions	(57,646)	149,516
Increase in venue hire and ticket sales deposits	316,693	371,087
Net cash flows from / (used in) operating activities	341,340	1,406,919

MELBOURNE RECITAL CENTRE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

NOTE 19: PROPERTY, PLANT AND EQUIPMENT

(a) Movement in carrying amount

	BUILDING FIT OUT		VENUE FURNITURE & EQUIPMENT		OFFICE FURNITURE & EQUIPMENT		MUSIC INSTRUMENTS		CULTURAL ASSETS		FINANCE LEASED MOTOR VEHICLES		TOTALS	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Opening balance	609,475	-	1,932,346	-	493,856	188,175	837,677	-	206,100	-	21,340	-	4,100,794	188,175
Additions	86,565	622,751	561,826	2,004,465	81,067	392,767	3,134	873,837	-	206,100	-	30,895	732,592	4,130,815
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment of assets	-	-	-	-	-	-	54,564	-	-	-	-	-	54,564	-
Depreciation expense	32,412	13,276	218,974	72,119	132,507	87,086	101,423	36,160	-	-	5,461	9,555	490,777	218,196
Closing balance	663,628	609,475	2,275,198	1,932,346	442,416	493,856	684,824	837,677	206,100	206,100	15,879	21,340	4,288,045	4,100,794

(b) Across carrying amount and accumulated depreciation

	2010 \$	2009 \$
Building fit out	709,316	622,751
Less accumulated depreciation	(45,688)	(13,276)
Closing balance	663,628	609,475
Venue furniture and equipment	2,566,291	2,004,465
Less accumulated depreciation	(291,093)	(72,119)
Closing balance	2,275,198	1,932,346
Office furniture and equipment	691,110	610,043
Less accumulated depreciation	(248,694)	(116,187)
Closing balance	442,416	493,856
Music instruments	815,010	873,837
Less accumulated depreciation	(130,186)	(36,160)
Closing balance	684,824	837,677
Cultural assets	206,100	206,100
Less accumulated depreciation	-	-
Closing balance	206,100	206,100
Motor vehicles	30,895	30,895
Less accumulated depreciation	(15,016)	(9,555)
Closing balance	15,879	21,340
Total property, plant and equipment	4,288,045	4,100,794

NOTE 20: FINANCIAL ASSETS

The Melbourne Recital Centre's principal financial instruments comprise: cash and cash equivalents, receivables (excluding statutory receivables), payables (excluding statutory payables), and finance lease payables. Details of the significant accounting policies are disclosed in Note 1. The Melbourne Recital Centre considers that the carrying amount of financial assets and liabilities recorded in the financial statements to be a fair approximation of their fair values. The Melbourne Recital Centre is exposed to some financial risks: interest rate risk, credit risk and liquidity risk.

Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Melbourne Recital Centre manages this risk by maintaining cash balances in accounts with whole of government negotiated rates to minimise the impact of fluctuation in interest rates.

Table 20.1 Interest Rate Exposure

		2010	2010	2010	2010	2010	2009	2009	2009	2009	2009
		Weighted average effective interest rate %	Variable Interest Rates \$	Non-interest bearing \$	Fixed Interest rate \$	Total Value \$	Weighted average effective interest rate %	Variable Interest Rates \$	Non-interest bearing \$	Fixed Interest rate \$	Total Value \$
Financial Assets	Cash and deposits	4.92%	1,821,012	7,475	3,295,294	5,123,781	4.80%	5,040,844	11,393	470,000	5,522,237
	Debtors net of provision for doubtful debts	-	-	169,137	-	169,137	-	-	289,368	-	289,368
	(i) Total financial assets		1,821,012	176,612	3,295,294	5,292,918		5,040,844	300,761	470,000	5,811,605
Financial Liabilities	Payables	-	-	697,944	-	697,944	-	-	1,058,953	-	1,058,953
	Venue hire and tickets sales deposits	-	-	687,780	-	687,780	-	-	371,087	-	371,087
	Lease liabilities	7.50%	-	-	16,019	16,019	7.50%	-	-	21,785	21,785
	(ii) Total financial liabilities		-	1,385,724	16,019	1,401,743		-	1,430,040	21,785	1,451,825
	Net financial assets		1,821,012	(1,209,112)	3,279,275	3,891,175		5,040,844	(1,129,279)	448,215	4,359,780

Note (i) The total financial assets are all contractual financial assets-loans and receivable

Note (ii) The total financial liabilities are all contractual financial liabilities at amortised cost

NOTE 20: FINANCIAL ASSETS (CONTINUED)

Interest rate sensitivity

A sensitivity analysis has been determined based on the exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. At reporting date, if interest rates had moved 0.5% up or down with all other variables held constant, the Melbourne Recital Centre's net surplus would move as follows:

Table 20.2 Interest rate sensitivity analysis

	2010					2009				
	Variable Interest Rate Risk					Variable Interest Rate Risk				
	Carrying Amount \$	-0.5% (50 basis points) Net Result	Equity	0.5% (50 basis points) Net Result	Equity	Carrying Amount \$	-0.5% (50 basis points) Net Result	Equity	0.5% (50 basis points) Net Result	Equity
Financial assets										
Cash at bank and deposits	5,116,306	(25,582)	(25,582)	25,582	25,582	5,510,844	(27,554)	(27,554)	27,554	27,554
Cash on hand	7,475	-	-	-	-	11,393	-	-	-	-
Debtors net of provision for doubtful debts	169,637	-	-	-	-	289,368	-	-	-	-
Total financial assets	5,293,418	(25,582)	(25,582)	25,582	25,582	5,811,605	(27,554)	(27,554)	27,554	27,554
Financial liabilities										
Payables	697,944	-	-	-	-	1,058,953	-	-	-	-
Venue hire and tickets sales deposits	687,780	-	-	-	-	371,087	-	-	-	-
Lease liabilities	16,019	-	-	-	-	21,785	-	-	-	-
Total financial liabilities	1,401,743	-	-	-	-	1,451,825	-	-	-	-
Total net financial assets	3,891,675	(25,582)	(25,582)	25,582	25,582	4,359,780	(27,554)	(27,554)	27,554	27,554

The Melbourne Recital Centre is not exposed to other market risks.

Credit risk

Credit risk refers to the risk counterparty will default on its contractual obligations resulting in financial loss to the Melbourne Recital Centre. The Melbourne Recital Centre manages credit risk by dealing with counterparties of established reputations in the industry. The Melbourne Recital Centre's maximum exposure to credit risk at balance date in relation to each class of financial asset is the carrying amount of those assets as indicated in the balance sheet. The Melbourne Recital Centre does not have any significant concentration of credit risk on an industry, regional or country basis.

Currently the Melbourne Recital Centre does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

As at the reporting date there is no event to indicate that any of the financial assets were impaired.

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated. The following table discloses the ageing of financial assets that are past due but not impaired:

NOTE 20: FINANCIAL ASSETS (CONTINUED)

Table 20.3 Ageing analysis of financial assets

	Carrying amount \$	Not past due and not impaired \$	Past due but not impaired				Impaired financial assets
			Less than 1 month	1-3 months	3 months - 1 year	1-5 years	
2010							
Cash and deposits	5,123,781	5,123,781	-	-	-	-	-
Debtors net of provision for doubtful debts	169,137	98,052	67,245	3,840	-	-	4,959
2009							
Cash and deposits	5,522,237	5,522,237	-	-	-	-	-
Debtors net of provision for doubtful debts	289,368	138,858	132,554	14,688	-	-	3,268

Liquidity risk

Liquidity risk arises from the Melbourne Recital Centre being unable to meet financial obligations as they fall due. The manner in which the Melbourne Recital Centre manages this risk is through the cash flow provided by the funding agreement with Arts Victoria. In 2009/10 the Melbourne Recital Centre received \$3.847 million from Arts Victoria (2008/09 \$5.73 million). The following table summarises the maturity profile of the Melbourne Recital Centre's financial liabilities:

Table 20.4 Maturity analysis of financial liabilities

	Carrying amount	Maturity dates			
		Less than 1 month	1-3 months	3 months - 1 year	1-5 years
2010					
Payables	697,944	676,909	21,035	-	-
Venue hire and tickets sales deposits	687,780	271,915	247,625	168,240	-
Lease liabilities	16,019	500	15,519	-	-
Total payables	1,401,743	949,324	284,179	168,240	-
2009					
Payables	1,058,953	1,058,953	-	-	-
Venue hire and tickets sales deposits	371,087	200,926	113,551	56,610	-
Lease liabilities	21,785	464	937	4,365	16,019
Total payables	1,451,825	1,260,343	114,488	60,975	16,019

NOTE 20.5 Comparison between carrying amount and fair value

There are no material differences between balance sheet values and fair values of financial assets and financial liabilities. The company is not materially exposed to financial risk in relation to net fair values of financial assets and liabilities.

NOTE 21: CONTINGENT LIABILITIES AND ASSETS

At reporting date there are no contingent liabilities or contingent assets.

NOTE 22: EX-GRATIA PAYMENTS

The Melbourne Recital Centre has made the following ex-gratia payments:

	2010 \$	2009 \$
Ex-gratia payments	8,500	-
These ex-gratia payments were made to employees of the Melbourne Recital Centre who had worked on commercial performance and/or broadcast recording		

NOTE 23: RELATED PARTY TRANSACTIONS

Payments were made during the year for advertising to media companies via Mitchell Communication Group, an entity associated with Mr H. Mitchell. Mr H. Mitchell did not receive any direct benefit from these advertising payments to media companies. Mitchell Communication Group was appointed sole provider of advertising services under the Victorian whole of Government Master Agency Agreement Services contract on 1 September 2006. Mitchell Communication Group received \$445,577.11 through service fees on advertising made by Melbourne Recital Centre.

NOTE 24: FLOOD EVENT & IMPAIRMENT OF ASSETS

On March 6 2010, the Melbourne Recital Centre suffered damage to the building and some assets as a result of a major storm. While the Building and land is owned by the State Government and control by the MRC Committee of Management, a number of assets were damaged and are subject of a claim against the insurer, the VMIA.

Impaired Assets

	Impairment \$	Depreciated Value \$
Fortepiano 5.5 octave	11,962	68,811
Flemish Harpsichord	42,602	42,602
Total Impairment	54,564	-

NOTE 25: GLOSSARY OF TERMS

Comprehensive result

Total comprehensive result is the change in equity for the period other than changes arising from transactions with owners. It is the aggregate of net result and other non-owner changes in equity.

Net result

Net result is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those that are classified as "other non owner changes in equity".

Net result from transactions (net operating balance)

Net result from transactions or net operating balance is a key fiscal aggregate and is revenue from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is a component of the change in net worth that is due to transactions.

Other economic flows

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. It includes gains and losses from disposals, revaluations and impairment of non-current physical assets; actuarial gains and losses arising from defined benefit superannuation plans and fair value changes of financial instruments. In simple terms, other economic flows are changes arising from market re-measurements.

Transactions

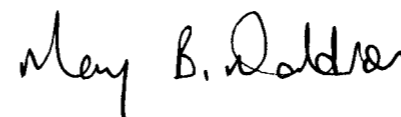
Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows within an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and the consumer of the service provided by the asset.

DIRECTORS' DECLARATION

The Directors of Melbourne Recital Centre declare that:

1. The financial statements and notes are set out on page 4 to 25 are in accordance with the Corporations Act 2001
 - a. Comply with Accounting Standards and the Corporations Regulations 2001: and
 - b. Give a true and fair view of the financial position as at 30 June 2010 and of the performance of Melbourne Recital Centre for the period ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company 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 of Directors.



MARY WALDRON
 Director

VAGO

Victorian Auditor-General's Office

INDEPENDENT AUDITOR'S REPORT

To the Directors of Melbourne Recital Centre

The Financial Report

The accompanying financial report for the year ended 30 June 2010 of Melbourne Recital Centre which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the directors' declaration has been audited.

The Directors' Responsibility for the Financial Report

The Directors of the Melbourne Recital Centre are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the financial reporting requirements of *Corporations Act 2001*. 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
- making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

As required by the *Corporations Act 2001* and *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. These Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance whether the financial report is free from material misstatement.

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

VAGO

Victorian Auditor-General's Office

Independent Auditor's Report (continued)

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report published in both the annual report and on the website of the Melbourne Recital Centre for the year ended 30 June 2010. The Directors of the Melbourne Recital Centre are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the Melbourne Recital Centre's web site.

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession and the *Corporations Act 2001*. I confirm that I have given to the Directors of the company a written independence declaration, a copy of which is included in the Directors' Report.

Auditor's Opinion

In my opinion, the financial report of Melbourne Recital Centre is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Company's financial position as at 30 June 2010 and of its financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Regulations 2001*

MELBOURNE
13 September 2010



for D D R Pearson
Auditor-General

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