MELBOURNE
RECITAL
CENTRE

Annual Report

2014–15 Part Two

Contents

Directors' Report

The Directors present this report on Melbourne Recital Centre for the financial year ended 30 June 2015.

Directors

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

Kathryn Fagg, Chair (Appointed 20 September 2010, Reappointed 22 April 2013)

John Higgs OAM (Retired 24 August 2014)

Julie Kantor (Reappointed 22 June 2015)

Peter Bartlett (Reappointed 22 June 2015)

Stephen Carpenter (Reappointed 22 June 2015)

Des Clark (Retired 22 June 2015)

Joseph Corponi (Reappointed 22 June 2015)

Margaret Farren-Price (Reappointed 22 June 2015)

Eda Ritchie AM (Appointed 14 July 2014)

Paul Donnelly (Appointed 22 June 2015)

Directors have been in office since 1 July 2014 to the date of this report unless otherwise stated.

All Directors are independent of the management.

Company Secretary

Stephen Carpenter 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 Creative Industries, Martin Foley MP

Principal activities

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

Operating results

The net result from transactions was a surplus of $263,030. A further gain of $606 was as a result of foreign exchange gains.

The overall net result of the Company amounted to $263,636 ($30,405 in 2013–14). Total comprehensive result is $267,654 ($53,406 in 2013–14).

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.

Significant changes in state of affairs

There was no significant change in state of affairs during the financial year.

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 year.

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.

Meetings of Directors

During the financial year, five meetings of Directors were held. Attendance by each Director was as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Kathryn Fagg	5	5
John Higgs OAM	2	1
Julie Kantor	5	3
Peter Bartlett	5	4
Stephen Carpenter	5	3
Joseph Corponi	5	4
Margaret Farren-Price	5	5
Des Clark	5	4
Eda Ritchie AM	5	5
Paul Donnelly	0	0

Directors' benefits

Directors' benefits are set out in Note 18 to the financial statements.

Insurance of Directors and Officers

During the financial year $5,344.25 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 2015 has been received and can be found on page 5 of the Directors' report.

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

K. J. Fagg

Director
Kathryn Fagg
Dated this 18th day of August 2015

CEO
Mary Vallentine AO
Dated this 18th day of August 2015

VAGO
Victorian Auditor-General's Office

Level 24, 35 Collins Street
Melbourne VIC 3000
Telephone 61 3 8601 7000
Facsimile 61 3 8601 7010
Email comments@audit.vic.gov.au
Website www.audit.vic.gov.au

AUDITOR-GENERAL'S INDEPENDENCE DECLARATION

To the Directors, Melbourne Recital Centre Ltd

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 body and for the purposes of conducting an audit has access to all documents and property, and may report to parliament matters which the Auditor-General considers appropriate.

Independence Declaration

As auditor for Melbourne Recital Centre Ltd for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit
- no contraventions of any applicable code of professional conduct in relation to the audit.

T McQld

MELBOURNE
28 August 2015

for John Doyle
Auditor-General

Auditing in the Public Interest

Comprehensive Operating Statement
for the Financial Year Ended 30 June 2015

	Notes	2015	2014
		$	**$**
Income from transactions			
Government grants		3,856,000	3,859,000
Fundraising and sponsorship		1,384,900	1,154,892
Commercial operations	2 (b)	5,755,604	5,740,156
Other income	2 (a)	248,511	350,483
SummerSalt Festival income	2 (c)	1,811,758	-
Total income from transactions		**13,056,773**	**11,104,531**
Expenses from transactions			
Employee expenses	3 (a)	(4,559,860)	(4,149,065)
Finance costs		(65,548)	(60,732)
Supplies and consumables	3 (b)	(2,611,095)	(2,844,487)
Training expenses		(44,090)	(48,898)
Artistic and production costs		(2,134,697)	(2,196,335)
SummerSalt Festival expenditure	3 (c)	(1,867,859)	-
Building occupancy		(695,373)	(867,921)
Auditor's remuneration	3 (d)	(46,429)	(46,140)
Legal and consultancy expenses		(192,612)	(215,919)
Depreciation	7, 8	(576,180)	(548,034)
Total expenses from transactions		**(12,793,743)**	**(10,977,531)**
Net result from transactions (net operating balance)		263,030	127,000
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	25	-	(94,963)
Net gain/(loss) on financial instruments		-	-
Net gain/(loss) on realised foreign exchange gain/(loss)		606	(1,632)
Net result		**263,636**	**30,405**
Other economic flows – other comprehensive income (OCI)			
Changes to financial assets available-for-sale revaluation reserve	14b	4,018	23,001
Comprehensive result – total change in net worth		**267,654**	**53,406**

The comprehensive operating statement should be read in conjunction with the accompanying notes on pages 10–31.

	Notes	2015	2014
		$	$
Assets			
Financial assets			
Cash and deposits	4	7,873,279	7,658,202
Receivables	5	215,681	202,603
Investments	6	292,292	288,296
Current tax assets – GST receivable		50,253	92,587
Total financial assets		**8,431,505**	**8,241,688**
Non-financial assets			
Inventories		19,031	15,011
Property, plant and equipment	7	2,866,152	2,940,003
Intangible assets	8	194,622	271,167
Other non-financial assets	9	185,426	131,875
Total non-financial assets		**3,265,231**	**3,358,056**
Total assets		**11,696,736**	**11,599,744**
Liabilities			
Trade and other payables	10	1,049,150	1,518,381
Venue hire and ticket sales deposits	11	1,166,840	1,007,129
Provisions	12	398,098	383,740
Other liabilities	13	124,500	-
Total liabilities		**2,738,588**	**2,909,250**
Net assets		**8,958,148**	**8,690,494**
Equity			
Accumulated surplus	14a	3,233,172	3,754,977
Public fund – general	16	5,286,032	4,554,686
Public fund – externally funded special projects reserve	16	411,925	357,830
Public fund – available-for-sale revaluation reserve	14b, 16	27,019	23,001
Net worth		**8,958,148**	**8,690,494**
Commitments for expenditure	15		
Contingent liabilities and contingent assets	23		

The balance sheet should be read in conjunction with the accompanying notes included on pages 10–31.

Statement of Changes in Equity
for the Financial Year Ended 30 June 2015

CHANGES DUE TO

	Notes	Equity at 1 July 2014	Net result	Available-for-sale revaluation reserve	Transfer between fund	Equity at 30 June 2015
Accumulated surplus/(deficit)	14	3,754,977	263,636	-	(785,441)	3,233,172
Public fund – general	16	4,554,686	-	-	731,346	5,286,032
Public fund – externally funded special projects reserve	16	357,830	-	-	54,095	411,925
Public fund – available-for-sale revaluation reserve	16	23,001	-	4,018	-	27,019
Total equity at end of financial year		**8,690,494**	**263,636**	**4,018**	**-**	**8,958,148**

CHANGES DUE TO

	Notes	Equity at 1 July 2013	Net result	Available-for-sale revaluation reserve	Transfer between fund	Equity at 30 June 2014
Accumulated surplus/(deficit)	14	4,538,554	30,405	-	(813,982)	3,754,977
Public fund – general	16	3,819,828	-	-	734,857	4,554,686
Public fund – externally funded special projects reserve	16	278,705	-	-	79,125	357,830
Public fund – available-for-sale revaluation reserve	16		-	23,001	-	23,001
Total equity at end of financial year		**8,637,087**	**30,405**	**23,001**	**-**	**8,690,494**

The statement of changes in equity should be read in conjunction with the accompanying notes on pages 10–31.

	Note	2015	2014
		$ Inflow/(Outflow)	$ Inflow/(Outflow)
Cash flows from operating activities			
Receipts			
Receipts from State Government		4,886,000	3,859,000
Receipts from customers		6,506,211	6,244,152
Fundraising and sponsorship		1,681,600	889,598
Interest received		202,926	233,878
Dividends received		13,979	8,008
GST refunded from ATO		383,988	113,985
Total receipts		**13,674,704**	**11,348,621**
Payments			
Payments to suppliers		(8,537,035)	(6,124,643)
Payments to employees		(4,606,866)	(4,071,843)
Finance costs		(64,942)	(62,364)
Total payments		**(13,208,843)**	**(10,258,850)**
Net cash flow from/(used in) operating activities	**21(b)**	**465,861**	**1,089,771**
Cash flows from investing activities			
Payment for purchase of property, plant and equipment		(237,025)	(323,099)
Payment for purchase of audio system on behalf of Creative Victoria	**21(c)**	(344,263)	-
Net cash flows from/(used in) investing activities		**(581,288)**	**(323,099)**
Cash flows from financing activities			
Receipts for purchase of audio system from Creative Victoria	**21(c)**	330,504	-
Net cash flow from/(used in) financing activities		**330,504**	**-**
Net increase in cash and cash equivalents		215,077	766,672
Cash and cash equivalents at beginning of financial year		7,658,202	6,891,530
Cash and cash equivalents at end of financial year	**4, 21(a)**	**7,873,279**	**7,658,202**

The cash flow statement should be read in conjunction with the accompanying notes on pages 10–31.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards (AASs) and the *Australian Charities and Not-for-profits Commission Act 2012*. 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. Financial instruments are measured at a revalued amount being their carrying value at the reporting date. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value.

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

In the application of AASs, management is required to make judgements, 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.

In accordance with the requirements of *AASB 13 Fair Value Measurement* and the relevant Financial Reporting Directions, all assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures Melbourne Recital Centre has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(c) Reporting entity

The financial statements cover Melbourne Recital Centre as an individual reporting entity. Melbourne Recital Centre 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 2015, the number of members was 1, and the sole member of the Company is the Minister of Creative Industries.

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

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

(d) Scope and presentation of financial statements

Melbourne Recital Centre has presented its complete set of financial statements in alignment with the *AASB 1049* presentation format used in the Financial Report of the State and the general government sector.

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 asset and as the consumer of the service provided by the asset.

Other economic flows included in the net result are changes arising from market re-measurements. They include gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets.

Other economic flows – other comprehensive income are gains and losses from revaluation of financial assets to fair value.

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) Changes in accounting policies

Subsequent to the 2013–14 reporting period, there have been no new and revised standards adopted in the current period.

(f) Income from transactions

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

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

Fundraising and sponsorship are recognised as revenue when received.

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

Dividend income is recognised when the right to receive payment is established. Dividends represent the income arising from Melbourne Recital Centre's investments in 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.

(g) 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 Melbourne Recital Centre commencing from the time the asset is held ready for use.

The useful life for each class of depreciable assets is:

Class of asset	Useful life	
	2015	**2014**
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

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.

(h) 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.

Net gain/(loss) on financial instruments includes realised and unrealised gains and losses from revaluations of financial instruments at fair value; impairment and reversal of impairment for financial instruments at amortised cost; and disposals of financial assets and derecognition of financial liabilities.

(i) 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.

Investments

Investments held by Melbourne Recital Centre are listed securities.

Investments are recognised and derecognised on trade date.

Investments are classified as being available for sale and are stated at fair value.

Any dividend or interest earned on the financial asset is recognised in the comprehensive operating statement as a transaction.

(j) Non-financial assets

Inventories

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

Inventory is measured at the lower of cost and net realisable 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.

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.

Intangible assets

Intangible assets comprise software assets and are initially recognised at cost. Software has a finite useful life and therefore these assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to Melbourne Recital Centre.

Amortisation is calculated on a straight-line basis over four years (2014, four years).

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.

(k) Liabilities

Payables

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

Provisions

Provisions are recognised when 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, salaries, annual and long service leave for services rendered to the reporting date.

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual 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 non-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 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 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.

(l) 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.

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 leases 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.

(m) 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.

(n) 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 conditions which arose after the reporting date and which may have a material impact on the results of subsequent years.

(o) Goods and services tax

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.

(p) Income tax

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

(q) Comparative figures

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

(r) Economic dependence

Melbourne Recital Centre is dependent on Creative 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 Creative Victoria will not continue to support Melbourne Recital Centre.

(s) Public Fund

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 therefrom including interest, income or money from the realisation of property, are paid. The Public Fund is only used to further 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 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; where gifts can be deducted under Subdivision 30-B due to it being listed on the register of cultural organisations, as the members of Melbourne Recital Centre decide.

(t) Externally funded special projects reserve

Externally funded special projects reserve consists of unexpended donation and grants tied to a specific purpose.

(u) Australian Accounting Standards issued that are not yet effective

Certain new AASs have been published that are not mandatory for the 30 June 2015 reporting period. Department of Treasury and Finance assesses the impact of all these new standards and advises the Department of their applicability and early adoption where applicable.

As at 30 June 2015, the following AASs have been issued by the AASB but are not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as follows:

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9 Financial Instruments	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 Jan 2018	The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss. While the preliminary assessment has not identified any material impact arising from *AASB 9*, it will continue to be monitored and assessed.
AASB 15 Revenue from Contracts with Customers	The core principle of *AASB 15* requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 Jan 2017 (Exposure Draft 263 – potential deferral to 1 Jan 2018)	The changes in revenue recognition requirements in *AASB 15* may result in changes to the timing and amount of revenue recorded in the financial statements. The standard will also require additional disclosures on service revenue and contract modifications. A potential impact will be the upfront recognition of revenue from licences that cover multiple reporting periods. Revenue that was deferred and amortised over a period may now need to be recognised immediately as a transitional adjustment against the opening returned earnings if there are no former performance obligations outstanding.
AASB 2014-1 Amendments to Australian Accounting Standards [Part E *Financial Instruments*]	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of *AASB 9* to annual reporting periods beginning on or after 1 January 2018 as a consequence of Chapter 6 Hedge Accounting, and to amend reduced disclosure requirements.	1 Jan 2018	This amending standard will defer the application period of *AASB 9* to the 2018–19 reporting period in accordance with the transition requirements.
AASB 2014–4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation *[AASB 116 & AASB 138]*	Amends *AASB 116 Property, Plant* and *Equipment and AASB 138 Intangible Assets* to: • establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset; • prohibit the use of revenue-based methods to calculate the depreciation or amortisation of an asset, tangible or intangible, because revenue generally reflects the pattern of economic benefits that are generated from operating the business, rather than the consumption through the use of the asset.	1 Jan 2016	The assessment has indicated that there is no expected impact as the revenue-based method is not used for depreciation and amortisation.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2015–6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities *[AASB 10, AASB 124 & AASB 1049]*	The Amendments extend the scope of *AASB 124 Related Party Disclosures* to not-for-profit public sector entities. A guidance has been included to assist the application of the standard by not-for-profit public sector entities.	1 Jan 2016	The amending standard will result in extended disclosures on the entity's key management personnel (KMP), and the related party transactions.

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2014–15 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting.

- *AASB 2010–7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).*
- *AASB 2013–9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*
- *AASB 2014–5 Amendments to Australian Accounting Standards arising from AASB 15*
- *AASB 2014–7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*
- *AASB 2014–8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 & 2010)]*
- *AASB 2015–2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049]*
- *AASB 2015–3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality*

NOTE 2: INCOME FROM TRANSACTIONS

	2015	2014
	$	$
Interest received	202,926	233,878
Dividends received	13,979	8,008
Other income	31,606	108,597
(a) Other income	**248,511**	**350,483**

Artistic programming	2,806,060	2,687,386
Venue hire	1,793,752	1,905,088
Commercial activities	1,155,792	1,147,682
(b) Commercial operations	**5,755,604**	**5,740,156**

Grant income	1,030,000	-
Fundraising and sponsorship	505,700	-
Commercial income	276,058	-
(c) SummerSalt Festival income	**1,811,758**	**-**

NOTE 3: EXPENSES FROM TRANSACTIONS

	2015	2014
	$	$
Employee expenses		
Salaries, wages and long service leave	4,194,496	3,818,243
Defined contribution superannuation plans	365,364	330,822
(a) Employee expenses	**4,559,860**	**4,149,065**
Marketing and promotion	1,407,429	1,579,862
Information technology	379,483	347,121
Food and beverage	561,406	561,095
Other supplies and consumables	262,777	356,409
(b) Supplies and consumables	**2,611,095**	**2,844,487**
Employee expenses	100,514	-
Supplies and consumables	382,456	-
Artistic and production costs	1,321,587	-
Building occupancy	1,950	-
Legal and consultancy expenses	61,352	-
(c) SummerSalt Festival expenditure	**1,867,859**	**-**
Auditor's remuneration		
- External Audit services (Victorian Auditor-General's Office)	33,200	32,400
- Internal Audit Services	13,229	13,740
(d) Total auditor's remuneration	**46,429**	**46,140**

NOTE 4: CASH AND DEPOSITS

	2015	2014
	$	$
Cash at bank – trading accounts	234,043	392,660
Cash at bank – public fund	5,267,662	4,635,901
Cash at bank – venue hire and ticket sales deposit accounts	1,617,458	1,884,609
Cash on hand	6,239	6,223
Cash on short-term deposits	747,877	738,809
Total cash and deposits	**7,873,279**	**7,658,202**

NOTE 5: RECEIVABLES

	2015	2014
	$	$
Current trade debtors (contractual)	254,386	202,603
Less provision for doubtful debt	(38,705)	-
Total receivables	**215,681**	**202,603**

(a) Movement in provision for doubtful debts	2015	2014
	$	$
Balance at beginning of the year	-	-
Increase/(decrease) in provision recognised in the net result	38,705	-
Balance at end of the year	**38,705**	-

(b) Ageing analysis of contractual assets

Please refer to Table 22.4 in Note 22 for the ageing analysis of contractual assets.

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

Please refer to Note 22 for the nature and extent of credit risk arising from contractual assets.

NOTE 6: INVESTMENTS

	2015	2014
	$	$
Equities and managed investment schemes:		
Listed securities at fair value	292,292	288,296
Total investments	**292,292**	**288,296**

(a) Ageing analysis of investments

Please refer to Table 22.4 in Note 22 for the ageing analysis of investments.

(b) Nature and extent of risk arising from investments

Please refer to Note 22 for the nature and extent of risks arising from investments.

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

(a) Movement in carrying amount

	Building fit-out at fair value		**Venue furniture & equipment at fair value**		**Office furniture & equipment at fair value**		**Music instruments at fair value**		**Cultural assets at cost**		**Work in progress**		**Totals**	
Fair value hierarchy	*Level 3*		*Level 3*		*Level 2*		*Level 2*							
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Opening balance	549,445	583,423	1,570,459	1,690,633	212,109	271,541	401,890	498,970	206,100	206,100	-	280,401	2,940,003	3,531,068
Additions	-	-	198,912	63,554	40,872	33,599	-	-	175,000	-	-	-	414,784	97,153
Disposals	-	-	-	(66,039)	-	(21,044)	-	(7,880)	-	-	-	-	-	(94,963)
Transfers	-	-	-	167,163	-	-	-	-	-	-	-	(280,401)	-	(113,238)
Impairment of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation expenses	(33,977)	(33,978)	(295,850)	(284,852)	(72,007)	(71,987)	(86,801)	(89,200)	-	-	-	-	(488,635)	(480,017)
Closing balance	**515,468**	**549,445**	**1,473,521**	**1,570,459**	**180,974**	**212,109**	**315,089**	**401,890**	**381,100**	**206,100**	**-**	**-**	**2,866,152**	**2,940,003**

(b) Across carrying amount and accumulated depreciation	**2015**	**2014**
	$	**$**
Building fit-out	730,324	730,324
Less accumulated depreciation	(214,856)	(180,879)
Closing balance	**515,468**	**549,445**
Venue furniture and equipment	2,990,659	2,791,747
Less accumulated depreciation	(1,517,138)	(1,221,288)
Closing balance	**1,473,521**	**1,570,459**
Office furniture and equipment	601,443	560,571
Less accumulated depreciation	(420,469)	(348,462)
Closing balance	**180,974**	**212,109**
Music instruments	877,010	877,010
Less accumulated depreciation	(561,921)	(475,120)
Closing balance	**315,089**	**401,890**
Cultural assets	381,100	206,100
Less accumulated depreciation	-	-
Closing balance	**381,100**	**206,100**
Total property, plant and equipment	**2,866,152**	**2,940,003**

(c) Fair value measurement hierarchy for assets as at 30 June 2015

	Carrying amount as at 30 June 2015	Fair value measurement at end of reporting period using			Carrying amount as at 30 June 2014	Fair value measurement at end of reporting period using:		
		Level 1[(i)]	Level 2[(i)]	Level 3[(i)]		Level 1[(i)]	Level 2[(i)]	Level 3[(i)]
Building fit-out at fair value								
Building fit-out	515,468	-	-	515,468	549,445	-	-	549,445
Total of Building fit-out at fair value	**515,468**	**-**	**-**	**515,468**	**549,445**	**-**	**-**	**549,445**
Venue furniture and equipment at fair value								
Venue furniture and equipment	1,473,521	-	-	1,473,521	1,570,459	-	-	1,570,459
Total of Venue furniture and equipment at fair value	**1,473,521**	**-**	**-**	**1,473,521**	**1,570,459**	**-**	**-**	**1,570,459**
Office furniture and equipment at fair value								
Office furniture and equipment	180,974	-	180,974	-	212,109	-	212,109	-
Total of Office furniture and equipment at fair value	**180,974**	**-**	**180,974**	**-**	**212,109**	**-**	**212,109**	**-**
Music instruments at fair value								
Music instruments	315,089	-	315,089	-	401,890	-	401,890	-
Total of Music instruments at fair value	**315,089**	**-**	**315,089**	**-**	**401,890**	**-**	**401,890**	**-**

Note:

(i) Classified in accordance with the fair value hierarchy, see Note 1(b).

(d) Upon completion of building construction, building, fit-outs, furniture and equipment were passed across to Melbourne Recital Centre from Creative Victoria at fair value.

(e) Description of significant unobservable inputs to Level 3 valuations

	Valuation technique	Significant unobservable inputs	Range	Sensitivity of fair value measurement to changes in significant unobservable inputs
Building fit-out	Depreciated replacement cost	Cost per unit	Transferred as a lump sum on completion of construction	A significant increase or decrease in direct cost per unit adjustment would result in a significantly higher or lower fair value.
		Useful life	20–40 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Venue furniture and equipment	Depreciated replacement cost	Cost per unit	$3,000 – $124,787 per unit	A significant increase or decrease in direct cost per unit adjustment would result in a significantly higher or lower fair value.
		Useful life	4–20 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.

NOTE 8: INTANGIBLE ASSETS

	2015	2014
	$	$
Gross carrying amount		
Opening balance	339,184	-
Transfers	-	113,238
Additions	11,000	225,946
Closing balance	**350,184**	**339,184**
Accumulated amortisation		
Opening balance	68,017	-
Amortisation expenses	87,545	68,017
Closing balance	**155,562**	**68,017**
Net book value at end of financial year	**194,622**	**271,167**

Note: Intangible assets are related to website development.

NOTE 9: OTHER NON-FINANCIAL ASSETS

	2015	2014
	$	$
Security deposit	800	800
Prepayments	184,626	131,075
Total other current assets	**185,426**	**131,875**

NOTE 10 : TRADE AND OTHER PAYABLES

	2015	2014
	$	$
Current trade payables (contractual)	643,546	1,151,927
Employee benefits	405,604	366,454
Total payables	**1,049,150**	**1,518,381**

(a) Maturity analysis of contractual payables

Please refer to Table 22.5 in Note 22 for the maturity analysis of contractual payables.

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

Please refer to Note 22 for the nature and extent of risks arising from contractual payables.

NOTE 11: VENUE HIRE AND TICKET SALES DEPOSITS

	2015	2014
	$	$
Venue hire deposits	282,951	349,154
Ticket sales deposits	883,889	657,975
Total venue hire and ticket sales deposits held	**1,166,840**	**1,007,129**

NOTE 12: PROVISIONS

	2015	2014
	$	$
(a) Employee benefits and on-costs		
Current employee benefits		
Annual leave – within 12 months	220,315	182,065
Long service leave	18,314	16,513
Total current employee benefits	**238,629**	**198,578**
Non-current employee benefits		
Long service leave	121,588	148,621
Total employee benefits	**360,217**	**347,199**
Current on-costs	24,333	20,193
Non-current on-costs	13,548	16,348
Total on-costs	**37,881**	**36,541**
Total employee benefits and on-costs	**398,098**	**383,740**

(b) Movement in provisions		
Balance at beginning of the year	383,740	313,154
Increase/(decrease) in provision recognised in the net result	14,358	70,586
Balance at end of the year	**398,098**	**383,740**

Note: It is expected that annual leave of approximately $220,315 will be paid in the next 12 months

NOTE 13: OTHER LIABILITIES

	2015	2014
	$	$
Other income received in advance	124,500	-
Total other liabilities	**124,500**	**-**

NOTE 14: STATEMENT IN CHANGES IN EQUITY

		2015	2014
		$	$
14(a)	**Accumulated surplus**		
	Balance at beginning of year	3,754,977	4,538,554
	Net result	263,636	30,405
	Transfer (to)/from public fund – general	(731,346)	(734,857)
	Transfer (to)/from public fund – externally funded special projects reserve	(54,095)	(79,125)
	Balance at end of year	**3,233,172**	**3,754,977**
14(b)	**Available-for-sale revaluation reserve**		
	Balance at beginning of year	23,001	-
	Valuation gain/(loss) recognised	4,018	23,001
	Balance at end of year	**27,019**	**23,001**

NOTE 15: COMMITMENTS FOR EXPENDITURE

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

	2015	2014
	$	$
Capital commitments payable:		
Not later than one year	-	-
Later than one year but not later than five years	-	-
Total Capital commitments	**-**	**-**

Expenditure commitments payable (these relate to non-cancellable contracts for information technology contractor, and for equipment hire):		
Not later than one year	121,255	131,868
Later than one year but not later than five years	10,105	10,390
Total expenditure commitments	**131,360**	**142,258**
Total commitments for expenditure (inclusive of GST)	**131,360**	**142,258**
Less GST recoverable from the Australian Taxation Office	**(11,942)**	**(12,933)**
Total commitments for expenditure (exclusive of GST)	**119,418**	**129,325**

NOTE 16: PUBLIC FUND

OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	$	$
Revenue		
Fundraising and private donations	1,247,120	1,004,281
Fundraising and private donations – SummerSalt Festival	182,000	-
Interest	139,952	149,044
Total revenue	**1,569,072**	**1,153,325**
Expenses		
Music commission	783,631	339,343
Total expenses	**783,631**	**339,343**
Net surplus for the year	**785,441**	**813,982**

BALANCE SHEET AS AT 30 JUNE 2015

	2015	2014
	$	$
Assets		
Cash and deposits	5,338,705	4,668,705
Investments	292,292	288,296
Cultural assets	175,000	-
Total assets	**5,805,997**	**4,957,001**
Liabilities		
Music commission	11,021	21,484
Other income received in advance	70,000	-
Total liabilities	**81,021**	**21,484**
Net assets	**5,724,976**	**4,935,517**
Equity		
Public fund – general	5,286,032	4,554,686
Public fund – externally funded special projects reserve*	411,925	357,830
Public fund – available-for-sale revaluation reserve	27,019	23,001
Total equity	**5,724,976**	**4,935,517**

* *Externally Funded Special Projects Reserve* consists of unexpended donations and grants tied to a specific purpose.

NOTE 17: EVENTS AFTER THE BALANCE DATE

Since 30 June 2015, there are no matters or circumstances that have arisen that require adjustments to or disclosure in the financial statements.

NOTE 18: RESPONSIBLE PERSONS

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

Minister for Art	The Hon. Heidi Victoria MP (1 July 2014 – 3 December 2014)
Minister for Creative Industries	Martin Foley MP (4 December 2014 – 30 June 2015)

Amounts relating to the Minister's remuneration are reported in the financial statements of the Department of Economic Development, Jobs, Transport and Resources.

Responsible Persons

	Start Date	End Date
Kathryn Fagg – Chair	20 September 2010	2 March 2016
Julie Kantor	13 April 2006	2 March 2016
Peter Bartlett	3 March 2012	2 March 2018
Stephen Carpenter	3 March 2012	2 March 2018
Joseph Corponi	3 March 2012	2 March 2017
Margaret Farren-Price	3 March 2012	2 March 2018
Eda Ritchie	14 July 2014	2 March 2017
Paul Donnelly	22 June 2015	2 March 2018
Des Clark	3 March 2012	Retired 22 June 2015
John Higgs OAM	18 September 2009	Retired 24 August 2014

Accountable Officer

Mary Vallentine AO

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

$240,000 – $249,999 ($230,000 – $239,999 in 2013–14).

NOTE 19: 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 20: REMUNERATION OF EXECUTIVES

The total remuneration of the Executive Management of Melbourne Recital Centre, excluding the Accountable Officer, is $714,640 ($583,446 in 2013–14). The total remuneration includes termination payments made during the period.

Income bands represent total remuneration received during the year including part year payments.

	Total remuneration		**Base remuneration**	
	2015	**2014**	**2015**	**2014**
Income band	No.	No.	No.	No.
$70,000 – 79,999	0	2	0	0
$140,000 – 149,999	1	3	2	5
$150,000 – 159,999	1	0	1	0
$160,000 – 169,999	1	0	1	0
$240,000 – 249,999	1	0	0	0

NOTE 21: CASH FLOW INFORMATION

	Note	2015 $	2014 $
a. Reconciliation of cash and cash equivalents			
Cash at bank		7,867,040	7,651,979
Other cash on hand		6,239	6,223
Balance as per cash flow statement		7,873,279	7,658,202
b. Reconciliation of net cash result for the period to cash flows from operating activities for the year			
Net result for the year		263,636	30,405
Non cash flows movements			
Cultural assets received from bequest fund donor		(175,000)	-
Depreciation of non-current assets		576,180	548,034
Disposal of assets		-	94,963
Investments received in listed securities		-	(265,294)
Provision of doubtful debts		38,705	-
Changes in assets and liabilities			
(Increase)/decrease in receivable and other assets		(105,334)	67,312
(Increase)/decrease in stock		(4,020)	4,176
(Increase)/decrease in GST recoverable		42,334	(42,420)
Increase/(decrease) in trade and payables		(469,209)	522,402
Increase in provisions		14,358	70,586
Increase in venue hire and ticket sales deposits		159,711	59,607
Increase in other income received in advance		124,500	-
Net cash flows from/(used in) operating activities		**465,861**	**1,089,771**
c. Asset purchased on behalf of Creative Victoria and reimbursed through allocation of Capital Funds			

NOTE 22: FINANCIAL INSTRUMENTS

Melbourne Recital Centre's principal financial instruments comprise: cash and cash equivalents, receivables (excluding statutory receivables), investments in equities, and payables (excluding statutory payables). Details of the significant accounting policies are disclosed in Note 1. 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. Melbourne Recital Centre is exposed to some financial risks: interest rate risk, equity price risk, credit risk, and liquidity risk.

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. 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 22.1 Interest rate exposure

	2015					2014				
	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	2.54%	3,360,585	6,239	4,506,455	7,873,279	2.92%	3,263,523	6,223	4,388,456	7,658,202
Receivables	-	-	215,681	-	215,681	-	-	202,603	-	202,603
Investments	-	-	292,292	-	292,292	-	-	288,296	-	288,296
(i) Total financial assets		**3,360,585**	**514,212**	**4,506,455**	**8,381,252**		**3,263,523**	**497,122**	**4,388,456**	**8,149,101**
Financial liabilities										
Payables	-	-	1,049,150	-	1,049,150	-	-	1,518,381	-	1,518,381
Venue hire and tickets sales deposits	-	-	1,166,840	-	1,166,840	-	-	1,007,129	-	1,007,129
(ii) Total financial liabilities		**-**	**2,215,990**	**-**	**2,215,990**		**-**	**2,525,510**	**-**	**2,525,510**

Note (i) The total financial assets are all contractual financial assets-loans, receivables, and investments.

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

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, Melbourne Recital Centre's net surplus would move as follows:

Table 22.2 Interest rate sensitivity analysis

	2015					2014				
	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	7,867,040	(39,335)	(39,335)	39,335	39,335	7,651,979	(38,260)	(38,260)	38,260	38,260
Cash on hand	6,239	-	-	-	-	6,223	-	-	-	-
Debtors net of provision for doubtful debts	215,681	-	-	-	-	202,603	-	-	-	-
Investments	292,292	-	-	-	-	288,296	-	-	-	-
Total financial assets	**8,381,252**	**(39,335)**	**(39,335)**	**39,335**	**39,335**	**8,149,101**	**(38,260)**	**(38,260)**	**38,260**	**38,260**
Financial liabilities										
Payables	1,049,150	-	-	-	-	1,518,381	-	-	-	-
Venue hire and tickets sales deposits	1,166,840	-	-	-	-	1,007,129	-	-	-	-
Total financial liabilities	**2,215,990**	**-**	**-**	**-**	**-**	**2,525,510**	**-**	**-**	**-**	**-**

EQUITY PRICE RISK

Exposure to equity price risk arises primarily through shifts in the unit prices of investments held as available-for-sale financial assets. The carrying value at year end reflects the fair value.

A sensitivity analysis has been determined based on the exposure to equity prices 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 equity prices had moved 10% up or down with all other variables held constant, Melbourne Recital Centre's net surplus would move as follows:

Table 22.3 Equity price sensitivity analysis

	2015					2014				
	Equity Price Risk					Equity Price Risk				
	Carrying amount $	-10% net result	Available-for-sale revaluation surplus	10% net result	Available-for-sale revaluation surplus	Carrying amount $	-10% net result	Available-for-sale revaluation surplus	10% net result	Available-for-sale revaluation surplus
Financial assets										
Investments	292,292	(29,229)	(29,229)	29,229	29,229	288,296	(28,830)	(28,830)	28,830	28,830
Total impact	**292,292**	**(29,229)**	**(29,229)**	**29,229**	**29,229**	**288,296**	**(28,830)**	**(28,830)**	**28,830**	**28,830**

CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to Melbourne Recital Centre. Melbourne Recital Centre manages credit risk by dealing with counterparties of established reputations in the industry. 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. Melbourne Recital Centre does not have any significant concentration of credit risk on an industry, regional or country basis.

Currently, Melbourne Recital Centre holds no 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:

Table 22.4 Ageing analysis of financial assets

			Past due but not impaired				
	Carrying amount $	**Not past due and not impaired $**	**Less than 1 month**	**1–3 months**	**3 months–1 year**	**1–5 years**	**Impaired financial assets**
2015							
Cash and deposits	7,873,279	7,873,279	-	-	-	-	-
Debtors net of provision for doubtful debts	215,681	62,467	73,781	30,933	48,500	-	38,705
Investments	292,292	292,292	-	-	-	-	-
2014							
Cash and deposits	7,658,202	7,658,202	-	-	-	-	-
Debtors net of provision for doubtful debts	202,603	73,027	12,284	117,292	-	-	-
Investments	288,296	288,296	-	-	-	-	-

LIQUIDITY RISK

Liquidity risk arises from Melbourne Recital Centre being unable to meet financial obligations as they fall due. The manner in which Melbourne Recital Centre manages this risk is through the cash flow provided by the funding agreement with Creative Victoria. In 2014–15 Melbourne Recital Centre received $4.886 million from Creative Victoria (2013–14 $3.859 million). The following table summarises the maturity profile of Melbourne Recital Centre's financial liabilities:

Table 22.5 Maturity analysis of financial instruments

		Maturity dates			
	Carrying amount	**Less than 1 month**	**1–3 months**	**3 months–1 year**	**1–5 years**
2015					
Cash and deposits	7,873,279	3,366,824	4,506,455	-	-
Receivables	215,681	136,248	30,933	48,500	-
Investments	292,292	292,292	-	-	-
Total financial assets	**8,381,252**	**3,795,364**	**4,537,388**	**48,500**	**-**
Payables	1,049,150	1,049,150	-	-	-
Venue hire and tickets sales deposits	1,166,840	949,214	124,056	93,570	-
Total financial liabilities	**2,215,990**	**1,998,364**	**124,056**	**93,570**	**-**
2014					
Cash and deposits	7,658,202	3,269,746	4,388,456	-	-
Receivables	202,603	85,311	117,292	-	-
Investments	288,296	288,296	-	-	-
Total financial assets	**8,149,101**	**3,643,353**	**4,505,748**	**-**	**-**
Payables	1,518,381	1,516,573	1,808	-	-
Venue hire and tickets sales deposits	1,007,129	711,800	165,979	129,350	-
Total financial liabilities	**2,525,510**	**2,228,373**	**167,787**	**129,350**	**-**

Table 22.6 Financial assets measured at fair value

Melbourne Recital Centre considers that the carrying amount of financial instrument assets and liabilities recorded in the financial statements to be a fair approximation of their fair values, because of the short-term nature of the financial instruments and the expectation that they will be paid in full.

	Carrying amount as at 30 June	Fair value measurement at end of reporting period using:		
		Level 1	Level 2	Level 3
2015				
Investments in:				
Available-for-sale listed securities	292,292	292,292	-	-
Total financial assets	**292,292**	**292,292**	**-**	**-**
2014				
Investments in:				
Available-for-sale listed securities	288,296	288,296	-	-
Total financial assets	**288,296**	**288,296**	**-**	**-**

NOTE 23: CONTINGENT LIABILITIES AND ASSETS

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

NOTE 24: RELATED PARTY TRANSACTIONS

There were no related party transactions during the year.

NOTE 25: NET GAIN/(LOSS) ON NON-FINANCIAL ASSETS

	2015	2014
	$	$
Net gain/(loss) on disposal of property plant and equipment	-	(94,963)
Total net gain/(loss) on non-financial assets	**-**	**(94,963)**

NOTE 26: 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. They include 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 set out on pages 10–31 are in accordance with the Australian Charities and *Not-for-profits Commission Act 2012*. They:

    a. comply with Accounting Standards and the Australian Charities and Not-for-profits Commission Regulations 2013; and

    b. give a true and fair view of the financial position as at 30 June 2015 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.

Kathryn Fagg
Director

VAGO
Victorian Auditor-General's Office

Level 24, 35 Collins Street
Melbourne VIC 3000
Telephone 61 3 8601 7000
Facsimile 61 3 8601 7010
Email comments@audit.vic.gov.au
Website www.audit.vic.gov.au

INDEPENDENT AUDITOR'S REPORT

To the Directors of Melbourne Recital Centre Ltd

The Financial Report

The accompanying financial report for the year ended 30 June 2015 of Melbourne Recital Centre Ltd which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration has been audited.

The Directors' Responsibility for the Financial Report

The Directors of Melbourne Recital Centre Ltd are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the *Australian Charities and Not-for-profits Commission Act 2012*, and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on my audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about 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 company's preparation of the financial report that gives a true and fair view 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 company'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.

Independent Auditor's Report (continued)

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 *Australian Charities and Not-for-profits Commission Act 2012*. 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.

Opinion

In my opinion, the financial report of the Melbourne Recital Centre Ltd is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

a) giving a true and fair view of the company's financial position as at 30 June 2015 and its financial performance for the year ended on that date

b) complying with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Regulation 2013*

T McDonald

MELBOURNE
28 August 2015

for John Doyle
Auditor-General

MINISTERIAL DIRECTIONS

Report of Operations – Financial Reporting Direction Guidance

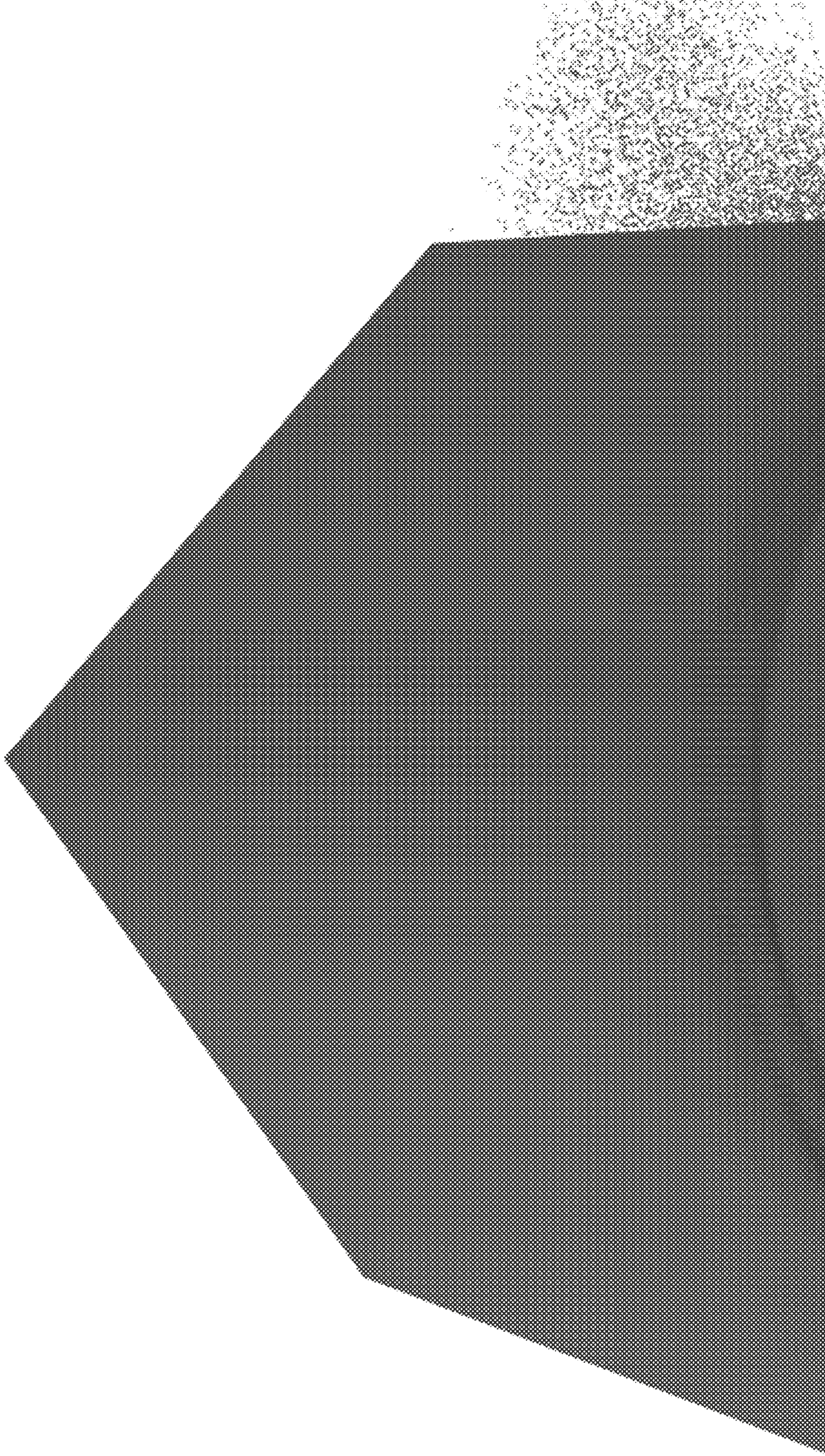
Legislation	Requirement	Page ref
Charter and purpose		
FRD 22F	Manner of establishment and the relevant Ministers	Page 40 – Part 1
FRD 22F	Purpose, functions, powers and duties	Page 40 – Part 1
FRD 8C	Departmental objectives, indicators and outputs	N/A
FRD 22F	Initiatives and key achievements	Page 06 – Part 1
FRD 22F	Nature and range of services provided	Page 40 – Part 1
Management and structure		
FRD 22F	Organisational structure	Page 36 – Part 1
Financial and other information		
FRD 10	Disclosure index	Page 36 – Part 2
FRD 12A	Disclosure of major contracts	N/A
FRD 15B	Executive officer disclosures	Page 25 – Part 2
FRD 8C SD 4.2(k)	Operational and budgetary objectives and performance against objectives	Page 06 – Part 1
FRD 22F	Employment and conduct principles	Page 42 – Part 1
FRD 22F	Occupational health and safety policy	Page 42 – Part 1
FRD 22F	Summary of financial results for the year	Page 39 – Part 1
FRD 22F	Significant changes in financial position during the year	Page 39 – Part 1
FRD 22F	Major changes or factors affecting performance	Page 39 – Part 1
FRD 22F	Subsequent events	Page 25 – Part 2
FRD 22F	Compliance with building and maintenance provision of *Building Act 1993*	Page 42 – Part 1
FRD 22F	Statement on National Competition Policy	Page 41 – Part 1
FRD 22F	Application and operation of the *Protected Disclosures Act 2012*	Page 41 – Part 1
FRD 22F	Details of consultancies over $10,000	Page 45 – Part 1
FRD 22F	Details of consultancies under $10,000	Page 45 – Part 1
FRD 22F	Statement of availability of other information	Page 41 – Part 1
FRD 24C	Reporting of office-based environmental impacts	Page 37 – Part 1
FRD 25B	Victorian Industry Participation Policy disclosures	Page 41 – Part 1
FRD 29A	Workforce data disclosures	Page 43 – Part 1
SD 4.5.5	Risk management compliance attestation	Page 42 – Part 1
SD 4.5.5.1	Ministerial Standing Direction 4.5.5.1 compliance attestation	Page 40 – Part 1
SD 4.2 (j)	Sign-off requirements	Page 42 – Part 1

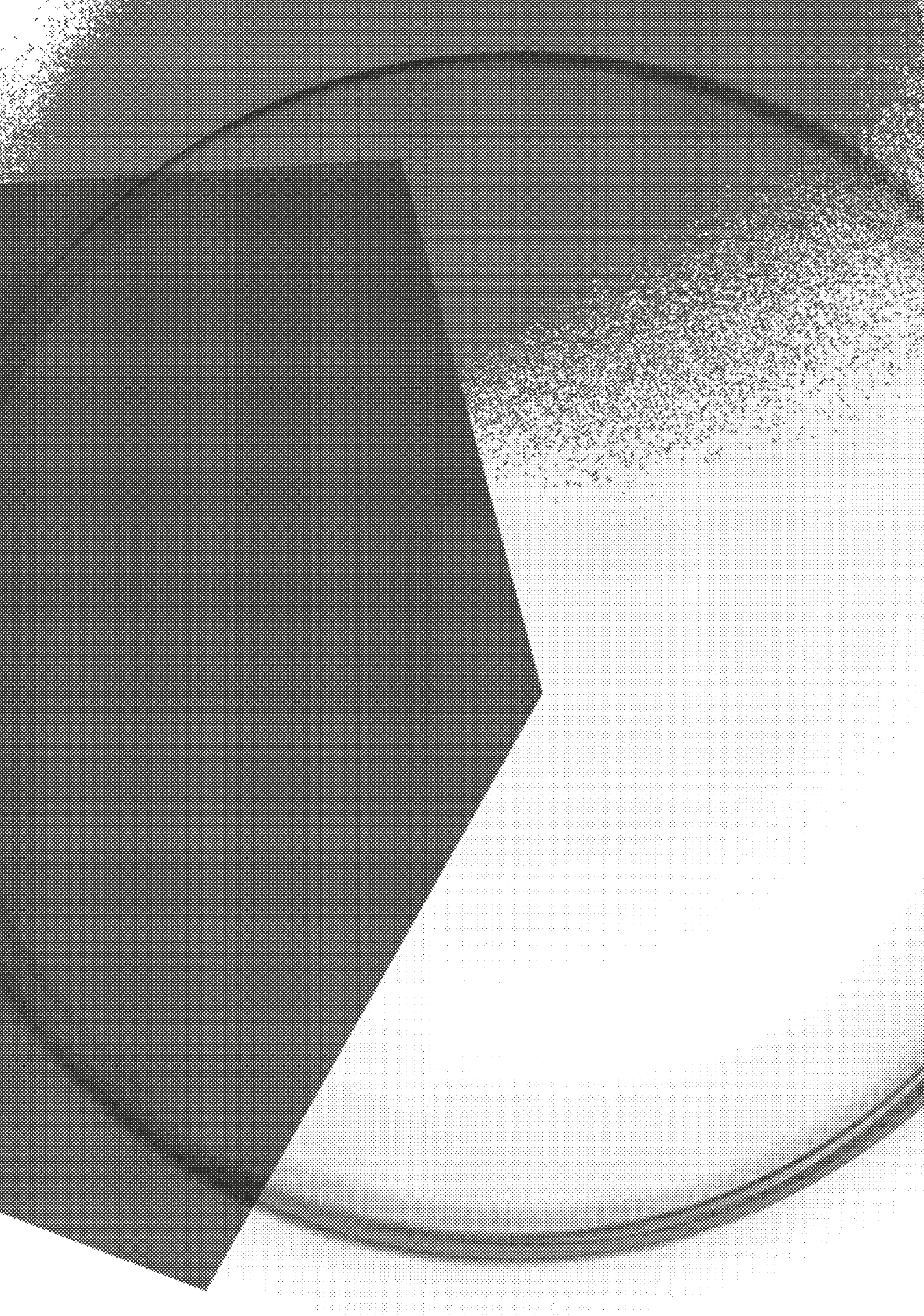
FINANCIAL REPORT

Financial Statements required under Part 7 of the FMA		
SD 4.2 (a)	Statement of Changes in Equity	Page 8 – Part 2
SD 4.2 (b)	Operating Statement	Page 6 – Part 2
SD 4.2 (b)	Balance Sheet	Page 7 – Part 2
SD 4.2 (b)	Cash flow Statement	Page 9 – Part 2
Other Requirements under Standing Directions 4.2		
SD 4.2 (c)	Compliance with Australian accounting standards and other authoritative pronouncements	Page 10 – Part 2
SD 4.2 (c)	Compliance with Ministerial Directions	Page 10 – Part 2
SD 4.2 (d)	Rounding of amounts	N/A
SD 4.2 (c)	Accountable officer's declaration	Page 45 – Part 1
Other Disclosures in notes to the Financial Statements		
FRD 13	Disclosure of Parliamentary Appropriations	N/A
FRD 21B	Disclosure of Responsible Persons and Executive Officers	Page 25 – Part 2

Legislation

Building Act 1983
Whistleblowers Protection Act 2001
Protected Disclosure Act 2012
Victorian Industry Participation Policy Act 2003
Financial Management Act 1994





MELBOURNE
RECITAL
CENTRE

31 Sturt Street, Southbank, Victoria 3006 Australia
T: +613 9699 2228 | mail@melbournerecital.com.au
ABN 46 118 617 619

melbournerecital.com.au

CREATIVE
VICTORIA

State Government Victoria