

MELBOURNE
RECITAL
CENTRE

Annual Report 2013-14
Part Two

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Directors' Report

The Directors present this report on Melbourne Recital Centre for the financial year ended 30 June 2014.

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 AM (appointment expired 2 March 2012, reappointed 2 March 2012)

Julie Kantor (appointment expired 2 March 2013, reappointed 2 March 2013)

Peter Bartlett (appointed 3 March 2012)

Stephen Carpenter (appointed 3 March 2012)

Des Clark (appointed 3 March 2012)

Joseph Corponi (appointed 3 March 2012)

Margaret Farren-Price (appointed 3 March 2012)

Tom Bonvino (retired 6 March 2014)

Directors have been in office since 1 July 2013 to the date of this report unless otherwise stated.

All Directors are independent of the management.

Company Secretary

John Higgs AM 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. Heidi Victoria MLA.

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 \$127,000. A loss of (\$96,595) was as a result of the disposal of assets (\$94,963) and a foreign exchange loss (\$1,632).

The overall net result of the Company amounted to \$30,405 (\$13,510 in 2012-13). Total comprehensive result is \$53,406 (\$13,510 in 2012-13).

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.

Directors' Report

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, seven meetings of Directors were held. Attendance by each Director was as follows:

Directors' Meetings		
	Number eligible to attend	Number attended
Kathryn Fagg	7	7
John Higgs AM	7	5
Julie Kantor	7	7
Peter Bartlett	7	6
Stephen Carpenter	7	7
Joseph Corponi	7	7
Margaret Farren-Price	7	6
Des Clark	7	5
Tom Bonvino	7	5

Directors' Benefits

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

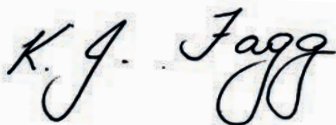
Insurance of Directors and Officers

During the financial year \$5,685.38 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 2014 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.



Director
Kathryn Fagg

Dated this 28 day of August 2014



CEO
Mary Vallentine AO

Dated this 28 day of August 2014

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 the Melbourne Recital Centre Ltd for the year ended 30 June 2014, 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.

MELBOURNE
29 August 2014


John Doyle
Auditor-General

Melbourne Recital Centre
Comprehensive Operating Statement for the Financial Year Ended 30 June 2014

	Notes	2014	2013
		\$	\$
Income from transactions			
Government grants		3,859,000	3,859,000
Fundraising and sponsorship		1,154,892	926,066
Commercial operations	2 (b)	5,740,156	5,105,992
Other income	2 (a)	350,483	605,074
Total income from transactions		11,104,531	10,496,132
Expenses from transactions			
Employee expenses	3 (a)	(4,149,065)	(3,901,324)
Finance costs		(60,732)	(52,202)
Supplies and consumables	3 (b)	(2,844,487)	(2,661,024)
Training expenses		(48,898)	(8,073)
Artistic and production costs		(2,196,335)	(2,435,167)
Building occupancy		(867,921)	(716,087)
Auditors' remuneration	3 (c)	(46,140)	(59,573)
Legal and consultancy expenses		(215,919)	(192,454)
Depreciation	7, 8	(548,034)	(452,282)
Total expenses from transactions		(10,977,531)	(10,478,186)
Net result from transactions (net operating balance)		127,000	17,946
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	24	(94,963)	(708)
Net gain/(loss) on financial instruments		-	-
Net gain/(loss) on realised foreign exchange gain/(loss)		(1,632)	(3,728)
Net result		30,405	13,510
Other economic flows - other comprehensive income (OCI)			
Changes to financial assets available-for-sale revaluation reserve	13b	23,001	-
Comprehensive result - total change in net worth		53,406	13,510

The comprehensive operating statement should be read in conjunction with the accompanying notes on pages 10 to 32.

Melbourne Recital Centre
Balance Sheet as at 30 June 2014

	Notes	2014	2013
		\$	\$
Assets			
Financial assets			
Cash and deposits	4	7,658,202	6,891,530
Receivables	5	202,603	301,151
Investments	6	288,296	-
Current tax assets - GST receivable		92,587	50,167
Total financial assets		8,241,688	7,242,848
Non-financial assets			
Inventories		15,011	19,187
Property, plant and equipment	7	2,940,003	3,531,068
Intangible assets	8	271,167	-
Other non-financial assets	9	131,875	100,639
Total non-financial assets		3,358,056	3,650,894
Total assets		11,599,744	10,893,742
Liabilities			
Trade and other payables	10	1,518,381	995,979
Venue hire and ticket sales deposits	11	1,007,129	947,522
Provisions	12	383,740	313,154
Total liabilities		2,909,250	2,256,655
Net assets		8,690,494	8,637,087
Equity			
Accumulated surplus	13a	3,754,977	4,538,554
Public fund - general	15	4,554,686	3,819,828
Public fund - externally funded special projects reserve	15	357,830	278,705
Public fund - available-for-sale revaluation reserve	13b,15	23,001	-
Net worth		8,690,494	8,637,087
Commitments for expenditure	14		
Contingent liabilities and contingent assets	22		

The balance sheet should be read in conjunction with the accompanying notes on pages 10 to 32.

Melbourne Recital Centre
Statement of Changes in Equity for the Financial Year Ended 30 June 2014

CHANGES DUE TO

	Notes	Equity at 1 July 2013	Net result	Available-for- sale revaluation reserve	Transfer between funds	Equity at 30 June 2014
Accumulated surplus/(deficit)	13	4,538,554	30,405	-	(813,982)	3,754,977
Public fund - general	15	3,819,828	-	-	734,857	4,554,686
Public fund - externally funded special projects reserve	15	278,705	-	-	79,125	357,830
Public fund - available-for-sale revaluation reserve	15		-	23,001	-	23,001
Total equity at end of financial year		8,637,087	30,405	23,001	-	8,690,494

CHANGES DUE TO

	Notes	Equity at 1 July 2012	Net result	Available-for- sale revaluation reserve	Transfer between funds	Equity at 30 June 2013
Accumulated surplus/(deficit)	13	5,048,040	13,510	-	(522,996)	4,538,554
Public fund - general	15	3,575,537	-	-	244,291	3,819,828
Public fund - externally funded special projects reserve	15		-	-	278,705	278,705
Total equity at end of financial year		8,623,577	13,510	-	-	8,637,087

The statement of changes in equity should be read in conjunction with the accompanying notes on pages 10 to 32.

Melbourne Recital Centre
Cash Flow Statement for the Financial Year Ended 30 June 2014

	Notes	2014	2013
		\$	\$
		Inflow/(Outflow)	Inflow/(Outflow)
Cash flows from operating activities			
Receipts			
Receipts from State Government		3,859,000	3,859,000
Receipts from customers		6,244,152	5,671,996
Fundraising and sponsorship		889,598	794,076
Interest received		233,878	246,739
Dividends received		8,008	-
GST refunded from the Australian Taxation Office		113,985	198,864
Total receipts		11,348,621	10,770,675
Payments			
Payments to suppliers		(6,124,643)	(6,433,045)
Payments to employees		(4,071,843)	(3,681,724)
Finance costs		(62,364)	(55,930)
Total payments		(10,258,850)	(10,170,699)
Net cash flow from/(used in) operating activities	20(b)	1,089,771	599,976
Cash flows from investing activities			
Payment for purchase of property, plant and equipment		(323,099)	(400,546)
Net cash flows from/(used in) investing activities		(323,099)	(400,546)
Cash flows from financing activities			
Net cash flow from/(used in) financing activities		(-)	(-)
Net increase in cash and cash equivalents		766,672	199,430
Cash and cash equivalents at beginning of financial year		6,891,530	6,692,100
Cash and cash equivalents at end of financial year	4, 20(a)	7,658,202	6,891,530

The cash flow statement should be read in conjunction with the accompanying notes on pages 10 to 32.

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 (AAS) and the *Australian Charities and Not-for-profits Commission Act 2012*. Where applicable, those paragraphs of the AAS 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.

(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 2014, the number of members was 1, and the sole member of the Company is the Minister of the Arts.

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 net result are changes arising from market remeasurements. 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 2012-13 reporting period, the following new and revised Standards have been adopted in the current period with their financial impact detailed as below.

AASB 13 Fair Value Measurement

AASB 13 establishes a single source of guidance for all fair value measurements. Melbourne Recital Centre has considered the specific requirements relating to highest and best use, valuation premise, and principal (or most advantageous) market. The methods, assumptions, processes and procedures for determining fair value were revisited and adjusted where applicable. In light of AASB 13, Melbourne Recital Centre has reviewed the fair value principles as well as its current valuation methodologies in assessing the fair value, and the assessment has not materially changed the fair values recognised.

AASB 13 has predominantly impacted the disclosures of Melbourne Recital Centre and requires specific disclosures about fair value measurements and disclosures of fair values. The disclosure requirements of AASB 13 apply prospectively and need not be applied in comparative information before first application. Consequently, the 2012-13 comparatives of these disclosures have not been provided.

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.

AASB 119 Employee benefits

In 2013-14, Melbourne Recital Centre has applied AASB 119 Employee benefits and the related consequential amendments for the first time.

The revised AASB 119 changes the accounting for defined benefit plans and termination benefits. The revised standard also changes the definition of short-term employee benefits. These were previously benefits that were expected to be settled within 12 months after the end of the reporting period in which the employees render the related service; however, short-term employee benefits are now defined as benefits expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service. As a result, accrued annual leave balances which were previously classified by Melbourne Recital Centre as short-term employee benefits no longer meet this definition and are now classified as long-term employee benefits.

Whilst the amendments have resulted in a change of measurement for the annual leave provision from an undiscounted to discounted basis, the impact of such changes have not materially altered Melbourne Recital Centre's measurement of the annual leave provision.

(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.

Melbourne Recital Centre
Notes to the Financial Statements for the Financial Year Ended 30 June 2014

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	
	2014	2013
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

Melbourne Recital Centre
Notes to the Financial Statements for the Financial Year Ended 30 June 2014

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 4 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 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.

(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

Melbourne Recital Centre
Notes to the Financial Statements for the Financial Year Ended 30 June 2014

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 2014 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 2014, the following AASs have been issued by the AASB but 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 <i>Financial instruments</i>	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the International Accounting Standards Board project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).	1 January 2015	Subject to AASB's further modifications to AASB 9, together with the anticipated changes resulting from the staged projects on impairments and hedge accounting, details of impacts will be assessed.

In addition to the new standards above, the Australian Accounting Standards Board has issued a list of amending standards that are not effective for the 2013-14 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 - 3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets.

AASB 2013 - 9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments.

Melbourne Recital Centre
Notes to the Financial Statements for the Financial Year Ended 30 June 2014

NOTE 2: INCOME FROM TRANSACTIONS

	2014	2013
	\$	\$
Interest received	233,878	246,739
Dividends received	8,008	-
Other income	108,597	78,335
Other income - insurance claim	-	280,000
(a) Total other income	350,483	605,074
Artistic programming	2,687,386	2,529,449
Venue hire	1,905,088	1,458,975
Commercial activities	1,147,682	1,117,568
(b) Total commercial operations	5,740,156	5,105,992

NOTE 3: EXPENSES FROM TRANSACTIONS

	2014	2013
	\$	\$
Employee expenses		
Salaries, wages and long service leave	3,818,243	3,592,195
Defined contribution superannuation plans	330,822	309,129
(a) Total employee expenses	4,149,065	3,901,324
Marketing and promotion	1,579,862	1,547,456
Information technology	347,121	376,839
Other supplies and consumables	917,504	736,729
(b) Total supplies and consumables	2,844,487	2,661,024
Auditors' remuneration		
› External audit services (Victorian Auditor - General's Office)	32,400	35,000
› Internal audit services	13,740	24,573
(c) Total auditors' remuneration	46,140	59,573

Melbourne Recital Centre
Notes to the Financial Statements for the Financial Year Ended 30 June 2014

NOTE 4: CASH AND DEPOSITS

	2014	2013
	\$	\$
Cash at bank - trading accounts	392,660	265,600
Cash at bank - public fund	4,635,901	4,114,647
Cash at bank - venue hire and ticket sales deposit accounts	1,884,609	1,768,617
Cash on hand	6,223	7,771
Cash on short-term deposits	738,809	734,895
Total cash and deposits	7,658,202	6,891,530

NOTE 5: RECEIVABLES

	2014	2013
	\$	\$
Current trade debtors (contractual)	202,603	301,151
Total receivables	202,603	301,151

(a) Movement in provision for doubtful debts

	2014	2013
	\$	\$
Balance at beginning of the year	-	-
Increase/(decrease) in provision recognised in the net result	-	-
Balance at end of the year	-	-

(b) Ageing analysis of contractual assets

Please refer to Table 21.4 in Note 21 for the ageing analysis of contractual assets.

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

Please refer to Note 21 for the nature and extent of credit risk arising from contractual assets.

NOTE 6: INVESTMENTS

	2014	2013
	\$	\$
Equities and managed investment schemes:		
Listed securities at fair value	288,296	-
Total investments	288,296	-

(a) Ageing analysis of investments

Please refer to Table 21.4 in Note 21 for the ageing analysis of investments.

(b) Nature and extent of risk arising from investments

Please refer to Note 21 for the nature and extent of risks arising from investments.

Melbourne Recital Centre
Notes to the Financial Statements for the Financial Year Ended 30 June 2014

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

(a) Movement in carrying amount

Fair value Hierarchy	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	
	Level 3		Level 3		Level 2		Level 2							
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Opening balance	583,423	617,400	1,690,633	1,925,307	271,541	245,281	498,970	588,815	206,100	206,100	280,401	-	3,531,068	3,582,903
Additions	-	-	63,554	13,884	33,599	106,870	-	-	-	-	-	280,401	97,153	401,155
Disposals	-	-	(66,039)	-	(21,044)	(708)	(7,880)	-	-	-	-	-	(94,963)	(708)
Transfers	-	-	167,163	-	-	-	-	-	-	-	(280,401)	-	(113,238)	-
Impairment of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation expenses	(33,978)	(33,977)	(284,852)	(248,558)	(71,987)	(79,902)	(89,200)	(89,845)	-	-	-	-	(480,017)	(452,282)
Closing 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

(b) Across carrying amount and accumulated depreciation

	2014	2013
	\$	\$
Building fit-out	730,324	730,324
Less accumulated depreciation	(180,879)	(146,901)
Closing balance	549,445	583,423
Venue furniture and equipment	2,791,747	2,695,333
Less accumulated depreciation	(1,221,288)	(1,004,700)
Closing balance	1,570,459	1,690,633
Office furniture and equipment	560,571	563,298
Less accumulated depreciation	(348,462)	(291,757)
Closing balance	212,109	271,541
Music instruments	877,010	889,446
Less accumulated depreciation	(475,120)	(390,476)
Closing balance	401,890	498,970
Cultural assets	206,100	206,100
Less accumulated depreciation	-	-
Closing balance	206,100	206,100
Work in progress	-	280,401
Less accumulated depreciation	-	-
Closing balance	-	280,401
Total property, plant and equipment	2,940,003	3,531,068

Melbourne Recital Centre
Notes to the Financial Statements for the Financial Year Ended 30 June 2014

(c) Fair value measurement hierarchy for assets as at 30 June 2014

	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⁾
Building fit-out at fair value		-	-	
Building fit-out	549,445			549,445
Total of Building fit-out at fair value	549,445	-	-	549,445
Venue furniture and equipment at fair value		-	-	
Venue furniture and equipment	1,570,459			1,570,459
Total of Venue furniture and equipment at fair value	1,570,459	-	-	1,570,459
Office furniture and equipment at fair value		-	212,109	-
Office furniture and equipment	212,109		212,109	
Total of Office furniture and equipment at fair value	212,109	-	212,109	-
Music instruments at fair value		-	401,890	-
Music instruments	401,890		401,890	
Total of Music instruments at fair value	401,890	-	401,890	-

Notes:

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

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

Melbourne Recital Centre
Notes to the Financial Statements for the Financial Year Ended 30 June 2014

NOTE 8: INTANGIBLE ASSETS

	2014	2013
	\$	\$
Gross carrying amount		
Opening balance	-	-
Transfers	113,238	-
Additions	225,946	-
Closing balance	339,184	-
Accumulated amortisation		
Opening balance	-	-
Amortisation expenses	68,017	-
Closing balance	68,017	-
Net book value at end of financial year	271,167	-

Note: Intangible assets are related to website development.

NOTE 9: OTHER NON-FINANCIAL ASSETS

	2014	2013
	\$	\$
Security deposit	800	800
Prepayments	131,075	99,839
Total other non-financial assets	131,875	100,639

NOTE 10 : TRADE AND OTHER PAYABLES

	2014	2013
	\$	\$
Current trade payables (contractual)	1,151,927	636,161
Employee benefits	366,454	359,818
Total payables	1,518,381	995,979

(a) Maturity analysis of contractual payables

Please refer to Table 21.5 in Note 21 for the maturity analysis of contractual payables.

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

Please refer to Note 21 for the nature and extent of risks arising from contractual payables.

Melbourne Recital Centre
Notes to the Financial Statements for the Financial Year Ended 30 June 2014

NOTE 11: VENUE HIRE AND TICKET SALES DEPOSITS

	2014	2013
	\$	\$
Venue hire deposits	349,154	253,853
Ticket sales deposits	657,975	693,669
Total venue hire and ticket sales deposits held	1,007,129	947,522

NOTE 12: PROVISIONS

	2014	2013
	\$	\$
(a) Employee benefits and on-cost		
Current employee benefits		
Annual leave	182,065	169,917
Long service leave	16,513	11,366
Total current employee benefits	198,578	181,283
Non-current employee benefits		
Long service leave	148,621	102,291
Total employee benefits	347,199	283,574
Current on-costs	20,193	18,328
Non-current on-costs	16,348	11,252
Total on-costs	36,541	29,580
Total employee benefits and on-costs	383,740	313,154
(b) Movement in provisions		
Balance at beginning of the year	313,154	251,660
Increase/(decrease) in provision recognised in the net result	70,586	61,494
Balance at end of the year	383,740	313,154

Note: It is expected that annual leave of approximately \$182,065 will be paid in the next 12 months.

Melbourne Recital Centre
Notes to the Financial Statements for the Financial Year Ended 30 June 2014

NOTE 13: STATEMENT IN CHANGES IN EQUITY

		2014	2013
	Notes	\$	\$
13(a) Accumulated surplus			
Balance at beginning of year		4,538,554	5,048,040
Net result		30,405	13,510
Transfer (to)/from public fund - general	13	(734,857)	(244,291)
Transfer (to)/from public fund - externally funded special projects reserve	13	(79,125)	(278,705)
Balance at end of year		3,754,977	4,538,554
13(b) Available-for-sale revaluation reserve			
Balance at beginning of year		-	-
Valuation gain / (loss) recognised	13	23,001	-
Balance at end of year		23,001	-

NOTE 14: COMMITMENTS FOR EXPENDITURE

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

	2014	2013
	\$	\$
Capital Commitments Payable:		
Not later than one year	-	228,000
Later than one year but not later than five years	-	-
Total Capital Commitments	-	228,000
Expenditure commitments payable (These relate to non-cancellable contracts for information technology contractor, and for equipment hire):		
Not later than one year	131,868	131,868
Later than one year but not later than five years	10,390	142,258
Total expenditure commitments	142,258	274,126
Total commitments for expenditure (inclusive of GST)	142,258	274,126
Less GST recoverable from the Australian Taxation Office	(12,933)	(24,921)
Total commitments for expenditure (exclusive of GST)	129,325	249,205

Melbourne Recital Centre
Notes to the Financial Statements for the Financial Year Ended 30 June 2014

NOTE 15: PUBLIC FUND

OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	\$	\$
Revenue		
Fundraising and private donations	1,004,281	588,875
Interest	149,044	142,741
Total revenue	1,153,325	731,616
Expenses		
Music commission	339,343	208,620
Total expenses	339,343	208,620
Net surplus for the year	813,982	522,996

BALANCE SHEET AS AT 30 JUNE 2014

	2014	2013
	\$	\$
Assets		
Cash and deposits	4,668,705	4,135,345
Investments	288,296	-
Total assets	4,957,001	4,135,345
Liabilities		
Music commission	21,484	36,812
Total liabilities	21,484	36,812
Net assets	4,935,517	4,098,533
Equity		
Public fund - general	4,554,686	3,819,828
Public fund - externally funded special projects reserve*	357,830	278,705
Public fund - available-for-sale revaluation reserve	23,001	-
Total equity	4,935,517	4,098,533

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

Melbourne Recital Centre
Notes to the Financial Statements for the Financial Year Ended 30 June 2014

NOTE 16: EVENTS AFTER THE BALANCE DATE

Since 30 June 2014, there are no matters or circumstances that have arisen that require adjustments to or disclosure in the financial statements.

NOTE 17: 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. Heidi Victoria MLA (1 July 2013 - 30 June 2014)

The Hon. Jeanette Powell and the Hon. Ryan Smith acted in the office of the Minister of the Arts in the absences of the Hon. Heidi Victoria MLA.

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
Kathryn Fagg - Chair	20 September 2010	2 March 2016
John Higgs AM	18 September 2009	2 March 2015
Julie Kantor	13 April 2006	2 March 2015
Peter Bartlett	3 March 2012	2 March 2015
Stephen Carpenter	3 March 2012	2 March 2015
Joseph Corponi	3 March 2012	2 March 2015
Margaret Farren-Price	3 March 2012	2 March 2015
Des Clark	3 March 2012	2 March 2015
Tom Bonvino (retired)	18 September 2009	6 March 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:

\$230,000 - \$239,999 (\$220,000 - \$229,999 in 2012-13)

NOTE 18: 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 19: REMUNERATION OF EXECUTIVES

The total remuneration of the Executive Management of Melbourne Recital Centre is \$583,446 (\$571,983 in 2012-13).

Three executives fell within the band \$140,000 - \$149,999 and two executives fell within the band \$70,000 - \$79,999. (One executive fell within the band \$150,000 - \$159,999 and three executives fell within the band \$130,000 - \$139,999 in 2012-13).

Melbourne Recital Centre
Notes to the Financial Statements for the Financial Year Ended 30 June 2014

NOTE 20: CASH FLOW INFORMATION

	2014	2013
	\$	\$
a. Reconciliation of cash and cash equivalents		
Cash at bank	7,651,979	6,883,759
Other cash on hand	6,223	7,771
Balance as per cash flow statement	7,658,202	6,891,530
b. Reconciliation of net cash result for the period to cash flows from operating activities for the year		
Net result for the year	30,405	13,510
Non-cash flows movements		
Depreciation of non-current assets	548,034	452,282
Disposal of assets	94,963	708
Investments received in listed securities	(265,294)	-
Changes in assets and liabilities		
(Increase)/decrease in receivable and other assets	67,312	(214,573)
(Increase)/decrease in stock	4,176	(3,794)
(Increase) in GST recoverable	(42,420)	(15,527)
Increase in trade and payables	522,402	240,668
Increase in provisions	70,586	61,494
Increase in venue hire and ticket sales deposits	59,607	376,180
Increase/(decrease) in other income received in advance	-	(310,972)
Net cash flows from/(used in) operating activities	1,089,771	599,976

Melbourne Recital Centre
Notes to the Financial Statements for the Financial Year Ended 30 June 2014

NOTE 21: 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 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 21.1 Interest Rate Exposure

	2014					2013				
	Weighted average effective interest rate	Variable Interest Rates	Noninterest-bearing	Fixed Interest rate	Total Value	Weighted average effective interest rate	Variable Interest Rates	Noninterest-bearing	Fixed Interest rate	Total Value
	%	\$	\$	\$		%	\$	\$	\$	
Financial Assets										
Cash and deposits	2.92%	3,263,523	6,223	4,388,456	7,658,202	3.55%	6,148,864	7,771	734,895	6,891,530
Receivables	-	-	202,603	-	202,603	-	-	301,151	-	301,151
Investments	-	-	288,296	-	288,296	-	-	-	-	-
(i) Total financial assets		3,263,523	497,122	4,388,456	8,149,101		6,148,864	308,922	734,895	7,192,681
Financial Liabilities										
Payables	-	-	1,518,381	-	1,518,381	-	-	995,979	-	995,979
Venue hire and tickets sales deposits	-	-	1,007,129	-	1,007,129	-	-	947,522	-	947,522
(ii) Total financial liabilities			2,525,510		2,525,510			1,943,501		1,943,501

Notes:

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

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

Melbourne Recital Centre
Notes to the Financial Statements for the Financial Year Ended 30 June 2014

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 21.2 Interest rate sensitivity analysis

	2014					2013				
	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	7,651,979	(38,260)	(38,260)	38,260	38,260	6,883,759	(34,419)	(34,419)	34,419	34,419
Cash on hand	6,223	-	-	-	-	7,771	-	-	-	-
Debtors net of provision for doubtful debts	202,603	-	-	-	-	301,151	-	-	-	-
Investments	288,296	-	-	-	-	-	-	-	-	-
Total financial assets	8,149,101	(38,260)	(38,260)	38,260	38,260	7,192,681	(34,419)	(34,419)	34,419	34,419
Financial liabilities										
Payables	1,518,381	-	-	-	-	995,979	-	-	-	-
Venue hire and tickets sales deposits	1,007,129	-	-	-	-	947,522	-	-	-	-
Total financial liabilities	2,525,510	-	-	-	-	1,943,501	-	-	-	-

Melbourne Recital Centre
Notes to the Financial Statements for the Financial Year Ended 30 June 2014

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 21.3 Equity price sensitivity analysis

	2014					2013				
	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	Equity	10% Net Result	Equity
Financial assets										
Investments	288,296	(28,830)	(28,830)	28,830	28,830	-	-	-	-	-
Total impact	288,296	(28,830)	(28,830)	28,830	28,830	-	-	-	-	-

Melbourne Recital Centre
Notes to the Financial Statements for the Financial Year Ended 30 June 2014

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 21.4 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	
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	-	-	-	-	-
2013							
Cash and deposits	6,891,530	6,891,530	-	-	-	-	-
Debtors net of provision for doubtful debts	301,151	269,718	31,433	-	-	-	-
Investments	-	-	-	-	-	-	-

Melbourne Recital Centre
Notes to the Financial Statements for the Financial Year Ended 30 June 2014

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 Arts Victoria. In 2013-14 Melbourne Recital Centre received \$3.859 million from Arts Victoria (2012-13 \$3.859 million). The following table summarises the maturity profile of Melbourne Recital Centre 's financial liabilities:

Table 21.5 Maturity analysis of financial instruments

	Carrying amount	Maturity dates			
		Less than 1 month	1-3 months	3 months-1 year	1-5 years
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	-
2013					
Cash and deposits	6,891,530	2,639,756	4,251,774	-	-
Receivables	301,151	301,151	-	-	-
Investments	-	-	-	-	-
Total financial assets	7,192,681	2,940,907	4,251,774	-	-
Payables	995,979	993,995	1,984	-	-
Venue hire and tickets sales deposits	947,522	722,099	139,902	85,521	-
Total financial liabilities	1,943,501	1,716,094	141,886	85,521	-

Melbourne Recital Centre
Notes to the Financial Statements for the Financial Year Ended 30 June 2014

Table 21.6 Financial assets measured at fair value

Melbourne Recital Centre considers 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 2014	Fair value measurement at end of reporting period using:		
		Level 1	Level 2	Level 3
2014				
Investments in:				
Available-for-sale listed securities	288,296	288,296	-	-
Total financial assets	288,296	288,296	-	-
2013				
Investments in:				
Available-for-sale listed securities	-	-	-	-
Total financial assets	-	-	-	-

NOTE 22: CONTINGENT LIABILITIES AND ASSETS

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

NOTE 23: RELATED PARTY TRANSACTIONS

There were no related party transactions during the year.

NOTE 24: NET GAIN/(LOSS) ON NON-FINANCIAL ASSETS

	2014	2013
	\$	\$
Net gain/(loss) on disposal of property plant and equipment	(94,963)	(708)
Total net gain/(loss) on non-financial assets	(94,963)	(708)

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. 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 remeasurements.

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.

Melbourne Recital Centre
Directors' Declaration

Directors' Declaration

The Directors of Melbourne Recital Centre declare that:

1. The financial statements and notes set out on pages 6 to 32 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 2014 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.

A handwritten signature in black ink, reading "K. J. Fagg". The signature is written in a cursive style with a large, stylized "F" and "g".

Kathryn Fagg
Director

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 2014 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 the 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.

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 2014 and of 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*

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the Melbourne Recital Centre Ltd for the year ended 30 June 2014 included both in the Melbourne Recital Centre's annual report and on the website. The Directors of the Melbourne Recital Centre Ltd are responsible for the integrity of the Melbourne Recital Centre Ltd's website. I have not been engaged to report on the integrity the Melbourne Recital Centre Ltd's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE
29 August 2014


John Doyle
Auditor-General

Melbourne Recital Centre
Disclosure Index for the Financial Year Ended 30 June 2014

Ministerial Directions

Legislation	Requirement	Page Reference
<i>Report of operations - FRD Guidance</i>		
Charter and purpose		
FRD 22E	Manner of establishment and the relevant Ministers	Page 30 - Part 1
FRD 22E	Objectives, functions, powers and duties	Page 30 - Part 1
FRD 22E	Nature and range of services provided	Page 30 - Part 1
Management and structure		
FRD22E	Organisational Structure	Page 26 - 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 24 - Part 2
FRD 22E	Operational and budgetary objectives and performance against objectives	Page 18 - Part 1
SD 4.2(k)	Operational and budgetary objectives and performance against objectives	Page 18 - Part 1
FRD 22E	Employment and conduct principles	Page 32 - Part 1
FRD 22E	Occupational health and safety policy	Page 32 - Part 1
FRD 22E	Summary of financial results for the year	Page 29 - Part 1
FRD 22E	Significant changes in financial position during the year	Page 29 - Part 1
FRD 22E	Major changes or factors affecting performance	Page 29 - Part 1
FRD 22E	Subsequent events	Page 24 - Part 2
FRD 22E	Compliance with building and maintenance provision of Building Act 1993	Page 32 - Part 1
FRD 22E	Statement on National Competition Policy	Page 31 - Part 1
FRD 22E	Application and operation of the Protected Disclosures Act 2012	Page 31 - Part 1
FRD 22E	Details of consultancies over \$10,000	Page 35 - Part 1
FRD 22E	Details of consultancies under \$10,000	Page 35 - Part 1
FRD 22E	Statement of availability of other information	Page 31 - Part 1
FRD 24C	Reporting of office-based environmental impacts	Page 27 - Part 1
FRD 25B	Victorian Industry Participation Policy disclosures	Page 31 - Part 1
FRD 29	Workforce Data disclosures	Page 33 - Part 1
SD 4.5.5	Risk management compliance attestation	Page 32 - Part 1
SD 4.5.5.1	Ministerial Standing Direction 4.5.5.1 compliance attestation	Page 32 - Part 1
FRD 22E	Details of Government advertising expenditure over \$150,000	Page 34 - Part 1
SD 4.2 (j)	Sign off requirements	Page 35 - Part 1

Melbourne Recital Centre
Disclosure Index for the Financial Year Ended 30 June 2014

Legislation	Requirement	Page Reference
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 35 - Part 1
Other disclosures as required by FRDs in notes to the financial statements		
FRD 13	Disclosure of Parliamentary Appropriations	N/A
FRD 21B	Disclosures of Responsible Persons and Executive Officers	Page 24 - Part 2

Legislation

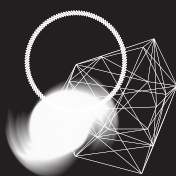
Building Act 1983

Whistleblowers Protection Act 2001

Protected Disclosure Act 2012

Victorian Industry Participation Policy Act 2003

Financial Management Act 1994



MELBOURNE
RECITAL
CENTRE

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**ARTS
VICTORIA**

