

MELBOURNE
RECITAL
CENTRE

Financial Report
2021–2022

Melbourne Recital Centre

ABN 46 118 617 619

Financial Report for the Financial Year Ended 30 June 2022

Directors' Report

The Directors present this report on Melbourne Recital Centre for the financial year ended 30 June 2022.

Directors

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

Professor Andrea Hull AO, Chair
(Reappointed 3 March 2022)

Professor Deborah Cheetham AO
(Reappointed 3 March 2022)

The Honourable Mary Delahunty
(Reappointed 3 March 2022)

Paul Donnelly

Associate Professor Jody Evans

Liz Grainger

Monica Lim

Peter McMullin AM

Eda Ritchie AM

The Directors have been in office since 1 July 2021 to the date of this report unless otherwise stated. All Directors are independent of the management.

Company Secretary

Liz Grainger held the position of Company Secretary at the end of the financial year.

Membership of Melbourne Recital Centre

Melbourne Recital Centre ('Centre' or 'Company') is a Company limited by guarantee. The sole member of the Company is the Minister for Creative Industries, the Honourable Steve Dimopoulos MP.

Principal Activities

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

Company Objectives

The objectives of the Company include the promotion of live music, by, without limitation:

- undertaking preparations for – and assisting in the funding of – the construction of Melbourne Recital Centre (opened 2009);
- commissioning musical performances and programming for Melbourne Recital Centre;
- promoting Melbourne Recital Centre; and
- planning and managing the operations of Melbourne Recital Centre.

Operating Results

The Company reported a net operating balance for the year ended 30 June 2022 of \$1.0 million (2020–21: \$2.3 million). The total comprehensive result was \$0.4 million (2020–21: \$2.8 million), after accounting for unrealised losses in the market value of the Company's investments of \$0.6 million (2020–21: unrealised appreciation of \$0.3 million).

The operating result for the year has, as it was in the previous year, been significantly affected by the ongoing consequences of the COVID-19 pandemic and its related restrictions. Although the Company has seen a significant recovery in its commercial revenues, notably in the second half of the year, these remain lower than historic levels. Consequently, the Company has remained reliant on additional support from the State Government to fund its operations.

The Company received additional Government support of \$2.6 million in the year (2020–21: \$2.0 million). Some of this amount, \$0.9 million, was received in the last months of the year and remained unexpended at 30 June 2022. These funds will assist with expected continuing shortfalls in commercial revenues in 2022–23, as the Company continues on its path to recovery.

Dividends Paid or Recommended

In line with the Company's constitution, 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 first half of the year saw limited live performances and events on stage as a result of restrictions, building closures, and international and domestic border restrictions to restrain the spread of COVID-19 in Victoria, with the State of Emergency in Victoria being extended until mid-December 2021. In particular, international artists and ensembles, which are usually significant audience drawcards, have been very few. More encouragingly, the Centre's doors were open for events continuously during the second half of the year, although we have continued to experience the occasional cancellation of performances, as a result of reported COVID-19 infections, and audience confidence has yet to return to pre-pandemic levels.

In this environment, the support of the Victorian Government, described above, and that of our loyal community of donors, philanthropic grantors and commercial sponsors has remained critical. We are pleased that our income from fundraising activities exceeded our expectations for the year.

Significant Changes in State of Affairs

Other than as described above, there were no significant changes in the Company's state of affairs during the year.

Proceedings on Behalf of the Company

No person has applied for leave of the 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

As at the signing of this report, no matters or circumstances have arisen since the end of the financial year that 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

Whilst the Company expects to face some ongoing disruption to its operations in the year ahead – as the consequences of the COVID-19 pandemic restrictions on the economy and audiences behaviours continue to unwind – the Directors are approaching 2022–23 with a cautious optimism and a commitment to pursuing a path to recovery that fully restores the vibrancy of the Centre, including, over time, a return to pre-pandemic levels of self-generated revenues from commercial operations and philanthropic activity.

Environmental Regulations

No significant environmental regulations apply that are likely to have a material effect on the operations or financial results of the Company.

Meetings of Directors

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

Director name	Number eligible to attend	Number attended
Professor Andrea Hull AO, Chair	5	5
Professor Deborah Cheetham AO	5	4
The Honourable Mary Delahunty	5	5
Paul Donnelly	5	5
Associate Professor Jody Evans	5	4
Liz Grainger	5	4
Monica Lim	5	5
Peter McMullin AM	5	4
Eda Ritchie AM	5	5

Directors' Benefits

Directors' benefits are set out in note 8.3 to the financial statements.

Insurance of Directors and Officers

During the financial year \$5495 (\$5495 in 2020–21) 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 comprehensive operating statement. 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 2022 has been received and can be found on page 5 of the financial report.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001* (Cth).

On behalf of the directors,



Professor Andrea Hull AO
Chair of the Board
Melbourne, 15 November 2022

DIRECTORS' DECLARATION

The attached financial statements for Melbourne Recital Centre have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994* (Vic), applicable Financial Reporting Directions, Australian Accounting Standards including interpretations, the *Australian Charities and Not-for-profits Commission Act 2012* (Cth), and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes presents fairly the financial transactions during the year ended 30 June 2022 and financial position of the Company at 30 June 2022.

At the time of signing, there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable, and we are not aware of any circumstance that would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 15 November 2022.



Professor Andrea Hull AO
Chair of the Board
Melbourne, 15 November 2022



Euan Murdoch
Chief Executive Officer
Melbourne, 15 November 2022



Sarah MacPherson
Chief Financial Officer
Melbourne, 15 November 2022

Auditor-General's Independence Declaration

To the Directors, the Melbourne Recital Centre

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

Under the *Audit Act 1994*, the Auditor-General is the auditor of each public 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 for the year ended 30 June 2022, 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
28 November 2022



Simone Bohan
as delegate for the Auditor-General of Victoria

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**Melbourne Recital Centre
Comprehensive Operating Statement
for the Financial Year Ended 30 June 2022**

	Notes	2022 \$	2021 \$
Income from transactions	2		
State Government grants	2.1	6,302,000	7,753,500
Income from fundraising activities	2.2	1,401,085	1,651,613
Commercial operations	2.3	3,098,383	920,702
Other income	2.4	248,882	335,779
Total income from transactions		11,050,350	10,661,594
Expenses from transactions	3		
Employee benefit expenses	3.1.1	5,758,713	5,081,555
Supplies and consumables	3.2	1,458,113	1,047,553
Performance generated expenses	3.3	1,430,835	962,427
Facilities expenses	3.4	845,855	787,843
Other operating expenses	3.5	558,010	468,240
Total expenses from transactions		10,051,526	8,347,618
Net result from transactions (net operating balance)		998,824	2,313,976
Other economic flows included in net result	8.1		
(Loss)/ Gain in market value of investments	8.1	(588,970)	341,102
Total other economic flows included in net result		(588,970)	341,102
Net result		409,854	2,655,078
Other economic flows – Other comprehensive income			
Changes to asset revaluation reserve	8.2	–	146,022
Total other economic flows – Other comprehensive Income		–	146,022
Comprehensive result		409,854	2,801,100

The comprehensive operating statement should be read in conjunction with the accompanying notes on pages 50 to 83.

Melbourne Recital Centre
Balance Sheet
as at 30 June 2022

	Notes	2022 \$	2021 \$
Assets			
Financial assets			
Cash and deposits	6.1	11,456,967	9,636,854
Receivables	5.1	434,093	382,727
Investments	4.3	5,345,317	5,934,287
Total financial assets		17,236,377	15,953,868
Non-financial assets			
Inventory		17,321	10,661
Property, plant and equipment	4.1	2,567,735	2,394,224
Intangible assets	4.2	–	39,709
Other non-financial assets	5.5	163,839	270,222
Total non-financial assets		2,748,895	2,714,816
Total assets		19,985,272	18,668,684
Liabilities			
Trade and other payables	5.2	1,140,072	1,006,193
Provisions	3.1.2	800,172	732,080
Contract liabilities	5.3	1,752,765	1,524,711
Other liabilities	5.4	500,965	24,256
Total liabilities		4,193,974	3,287,240
Net assets		15,791,298	15,381,444
Equity			
Accumulated surplus	8.2	3,521,500	2,813,716
Public Fund	8.2.1	11,416,296	11,714,225
Physical asset revaluation reserve	8.2	853,502	853,502
Total equity		15,791,298	15,381,444

The balance sheet should be read in conjunction with the accompanying notes included in pages 50 to 83..

Melbourne Recital Centre
Statement of Changes in Equity
for the Financial Year Ended 30 June 2022

	Notes	Equity at 1 July 2021 \$	Net result \$	Asset revaluation reserve \$	Transfer between funds \$	Equity at 30 June 2022 \$
Accumulated surplus	8.2	2,813,716	409,854	–	297,930	3,521,500
Public Fund – Endowment	8.2.1	11,507,592	–	–	(396,346)	11,111,246
Public Fund – Externally funded special projects reserve	8.2.1	247,088	–	–	98,416	345,504
Public Fund – Physical asset revaluation reserve	8.2.1	(40,454)	–	–	–	(40,454)
Physical asset revaluation reserve	8.2	853,502	–	–	–	853,502
Total equity at end of financial year		15,381,444	409,854	–	–	15,791,298

	Notes	Equity at 1 July 2020 \$	Net result \$	Asset revaluation reserve \$	Transfer between funds \$	Equity at 30 June 2021 \$
Accumulated surplus	8.2	777,426	2,655,078	–	(618,788)	2,813,716
Public Fund – Endowment	8.2.1	10,888,804	–	–	618,788	11,507,592
Public Fund – Externally funded special projects reserve	8.2.1	247,088	–	–	–	247,088
Public Fund – Physical asset revaluation reserve	8.2.1	(106,818)	–	66,364	–	(40,454)
Physical asset revaluation reserve	8.2	773,844	–	79,658	–	853,502
Total equity at end of financial year		12,580,344	2,655,078	146,022	–	15,381,444

The statement of changes in equity should be read in conjunction with the accompanying notes on pages 50 to 83.

Melbourne Recital Centre
Cash Flow Statement
for the Financial Year Ended 30 June 2022

	Notes	2022 \$	2021 \$
Cash flows from operating activities			
Receipts			
Receipts from State Government		7,105,285	8,435,747
Receipts from customers		3,942,233	736,747
Receipts from fundraising activities		876,715	1,293,139
Interest received		11,314	11,211
GST refunded from ATO		161,946	244,910
Total receipts		12,097,493	10,721,754
Payments			
Payments to suppliers		(4,360,242)	(3,287,038)
Payments to employees		(5,719,067)	(5,206,265)
Finance costs		(55,004)	129
Total payments		(10,134,313)	(8,493,174)
Net cash flow from operating activities	6.1.1	1,963,180	2,228,580
Cash flows from investing activities			
Payment for purchase of property, plant and equipment		(390,372)	(94,987)
Distributions received from managed investment funds		247,305	193,494
Net cash flows from investing activities		(143,067)	98,507
Net increase in cash and cash equivalents			
		1,820,113	2,327,087
Cash and cash equivalents at beginning of financial year		9,636,854	7,309,767
Cash and cash equivalents at end of financial year	6.1	11,456,967	9,636,854

The cash flow statement should be read in conjunction with the accompanying notes on pages 50 to 83.

Melbourne Recital Centre Notes to the Financial Statements

NOTE 1: ABOUT THIS REPORT

Melbourne Recital Centre is an individual Company, incorporated and domiciled in Australia. The financial statements are presented in Australian dollars, the functional and presentation currency of Melbourne Recital Centre.

The Company is incorporated under the *Corporations Act 2001* (Cth) 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 outstanding obligations of the Company. At 30 June 2022, the sole member of the Company is the Minister for Creative Industries.

The registered office and principal place of business is:

Melbourne Recital Centre
31 Sturt Street
Southbank 3006

Melbourne Recital Centre is a registered charity with the Australian Charities and Not-for-profits Commission and reports under the *Financial Management Act 1994* (Vic) and the *Australian Charities and Not-for-profits Commission Act 2012* (Cth).

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1. Basis of preparation

The financial statements are in Australian dollars and have been prepared under the historical cost convention, unless a different measurement basis is specially disclosed in the note associated with the item measured on a different basis.

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, regardless of when cash is received or paid. The financial statements have been prepared on a going-concern basis.

Judgements, estimates and assumptions are required to be made about financial information

being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in applying Australian Accounting Standards and Interpretations (AASs) that have significant effect on the financial statements and estimates are disclosed in the notes. Where appropriate, comparative figures have been amended to align with current presentation and disclosure.

The financial statements cover the Company as an individual reporting entity.

All amounts in the financial statements have been rounded to the nearest one dollar.

1.2. Compliance information

The general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* (Vic) (FMA), applicable Australian Accounting Standards (AASs), issued by the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not-for-profits Commission Act 2012* (Cth). In particular, they are presented in a manner consistent with the requirements of AASB 1049 Whole of Government and General Government Sector Financial Reporting.

Where appropriate, those AASs paragraphs applicable to not-for-profit entities have been applied. Accounting policies selected and applied in these financial statements ensure that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

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

Melbourne Recital Centre
Notes to the Financial Statements

NOTE 2: FUNDING DELIVERY OF OUR SERVICES

Introduction

The Company is a public entity and derives its funding from both Victorian Government grants and self-generated sources such as ticketing, retail, philanthropy, sponsorship, venue rental income and food and beverage operations.

Structure

Summary of income that funds the delivery of our services

- 2.1 State Government grants
- 2.2 Income from fundraising activities
- 2.3 Commercial operations
- 2.4 Other income

Summary of income that funds the delivery of our services

	Notes	2022 \$	2021 \$
State Government grants	2.1	6,302,000	7,753,500
Income from fundraising activities	2.2	1,401,085	1,651,613
Commercial operations	2.3	3,098,383	920,702
Other income	2.4	248,882	335,779
Total revenue and income from transactions		11,050,350	10,661,594

Revenue and income that fund delivery of the Company's services are accounted for consistently with the requirements of the relevant accounting standards, as described in the following notes. Where applicable, amounts disclosed as income are net of returns, allowances, duties and taxes.

2.1 State Government grants

	2022 \$	2021 \$
Operating grants	3,748,000	5,735,000
Other general purpose grants	2,554,000	2,018,500
Total Government grants	6,302,000	7,753,500

Grants recognised under AASB 1058 (*Income of Not for Profit entities*)

The Company has determined that grant income recognised under AASB 1058 has been earned under arrangements that are either not enforceable and/or linked to sufficiently specific performance obligations.

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when the Company has an unconditional right to receive cash, which usually coincides with receipt of cash. On initial recognition of the asset, the Company recognises any related contributions by owners, increases in liabilities, decreases in assets, and revenue ('related amounts') in accordance with other Australian Accounting Standards.

Melbourne Recital Centre Notes to the Financial Statements

Related amounts may take the form of:

- (a) contributions by owners, in accordance with AASB 1004 (*Contributions*);
- (b) revenue or a contract liability arising from a contract with a customer, in accordance with AASB 15 (*Revenue from contracts with customers*);
- (c) a financial instrument, in accordance with AASB 9 (*Financial instruments*); or
- (d) a provision, in accordance with AASB 137 (*Provisions, Contingent Liabilities and Contingent Assets*).

Grants recognised under AASB 15 (*Revenue from contracts with customers*)

Income from grants that are enforceable and with sufficiently specific performance obligations are accounted for as revenue from contracts with customers under AASB 15. Revenue is recognised when the Company satisfies the performance obligation. This is recognised based on the consideration specified in the funding agreement and to the extent that it is highly probable a significant reversal of the revenue will not occur. Where specific performance obligations do not exist, funds, such as donations, are recognised upon receipt in line with AASB 1058.

Performance obligations and revenue recognition policies:

Revenue from the rendering of services is recognised at a point in time when the performance obligation is satisfied when the service is completed; and over time when the customer simultaneously receives and consumes the service as it is provided (AASB15.35)

2.2 Income from fundraising activities

	2022 \$	2021 \$
Grants and donations received in the Public Fund	876,715	971,138
Sponsorship	524,370	680,475
Total income from fundraising activities	1,401,085	1,651,613

All donations, sponsorships and non-reciprocal contributions from the public are included in the Company's revenue on receipt. Pledged donations are not recognised as income until received.

2.3 Commercial operations

	2022 \$	2021 \$
Artistic programming	1,206,102	348,443
Venue hire	1,248,941	448,430
Commercial activities	643,340	123,829
Total commercial operations	3,098,383	920,702

Commercial operations income included in the table above are transactions that the Company has determined to be classified as revenue from contracts with customers in accordance with AASB 15.

**Melbourne Recital Centre
Notes to the Financial Statements**

Artistic programming income comprises ticket sales from events presented by Melbourne Recital Centre Presents and is held as a contract liability under AASB 15 on the balance sheet until the performance obligations of the event has occurred whereupon it is then recognised as revenue.

Venue hire income comprises rental income for the use of the venue including the recovery of event production costs. Deposits relating to this activity are held as a contract liability under AASB 15 on the balance sheet until the performance obligations relating to the venue hire have occurred whereupon it is then recognised as revenue.

Commercial activities comprises ticketing commission, food and beverage income and the recovery of front of house event services. Income from these activities is recognised upon the delivery of goods to customers. Revenue from the sale of goods is recognised upon the delivery of goods to customers.

2.4 Other income

	2022 \$	2021 \$
Interest received	11,314	11,211
Distributions receivable from managed investment funds	185,442	271,985
Other income	52,126	52,583
Total other income	248,882	335,779

Interest income includes interest received and receivable on bank deposits and other investments. Interest income is recognised using the effective interest method, which allocates the interest over the relevant period.

Net unrealised gains and losses on the revaluation of investments do not form part of the income from transactions, but when relevant, are reported as unrealised gains and losses from other economic flows included in the net result.

Melbourne Recital Centre Notes to the Financial Statements

NOTE 3: THE COST OF DELIVERING SERVICES

Introduction

This section provides an account of the expenses incurred by the Company in delivering services and outputs. In Note 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision of services as described.

Structure

Summary of expenses incurred in delivery of service

- 3.1 Employee benefit expenses
- 3.2 Supplies and consumables
- 3.3 Performance generated expenses
- 3.4 Facilities expenses
- 3.5 Other operating expenses

Summary of expenses incurred in delivery of service

	Notes	2022 \$	2021 \$
Employee benefit expenses	3.1	5,758,713	5,081,555
Supplies and consumables	3.2	1,458,113	1,047,553
Performance generated expenses	3.3	1,430,835	962,427
Facilities expenses	3.4	845,855	787,843
Other operating expenses	3.5	558,010	468,240
Total expenses from transactions		10,051,526	8,347,618

3.1 Employee benefit expenses

3.1.1 Employee benefits in the comprehensive operating statement

	2022 \$	2021 \$
Employee benefits	5,258,959	4,659,040
Employer superannuation contributions	499,754	422,515
Employee benefit expenses	5,758,713	5,081,555

Employee benefit expenses include all costs related to employment including wages and salaries, employer superannuation contributions, fringe benefits tax, leave entitlements, workcover premiums, learning and development, and training costs.

Employees of the Company are entitled to receive superannuation benefits. Employer superannuation contributions comprise amounts paid or payable during the reporting year, in respect of members of contribution superannuation plans.

Melbourne Recital Centre Notes to the Financial Statements

3.1.2 Employee benefits in the balance sheet

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave (LSL) for services rendered to the reporting date and recorded as an expense during the period the services are delivered. Significant judgements are made in estimating the value of and classification of employee benefit provisions.

Historical trends of the Company are used to estimate the likely tenure of existing staff and expected timing of leave claims. In addition, judgements relating to wage inflation and future discount rates are required, for which the Company utilises rates released by the Department of Treasury and Finance.

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.

The annual leave liability is classified as a current liability and measured at the undiscounted amount expected to be paid, as the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Long service leave

LSL is recognised in the provision for employee benefits.

Unconditional LSL is disclosed as a current liability; even where the Company 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 liability for salaries and wages are recognised in the balance sheet at remuneration rates, which are current at the reporting date. As the Company expects the liabilities to be wholly settled within 12 months of reporting date, they are measured at undiscounted amounts.

The components of this current LSL liability are measured at:

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

Conditional LSL is disclosed as a non-current liability, as 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.

Melbourne Recital Centre Notes to the Financial Statements

	2022 \$	2021 \$
Current provisions:		
Annual leave		
Unconditional and expected to settle within 12 months	322,723	266,959
Unconditional and expected to settle after 12 months	–	–
Long service leave		
Unconditional and expected to settle within 12 months	68,678	60,697
Unconditional and expected to settle after 12 months	160,248	141,625
Provisions for on-costs		
Unconditional and expected to settle within 12 months	29,305	28,547
Unconditional and expected to settle after 12 months	15,224	13,454
Total current provisions for employee benefits	596,178	511,282
Non-current provisions:		
Employee benefits	186,948	204,267
On-costs	17,046	16,531
Total non-current provisions for employee benefits	203,994	220,798
Total provisions for employee benefits	800,172	732,080

3.1.3 Superannuation contributions

Employees are entitled to receive superannuation benefits; the company contributes to individual employee superannuation plans.

	Paid contribution for the year		Contribution outstanding at year-end	
	2022 \$	2021 \$	2022 \$	2021 \$
Defined contribution superannuation plans				
VicSuper	98,252	105,088	9,047	34,249
Other	351,615	183,018	40,840	100,160
Defined contribution superannuation plans	449,867	288,106	49,887	134,409

Employee benefits on-costs

Employment on-costs such as payroll tax and workers compensation are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred.

Melbourne Recital Centre
Notes to the Financial Statements

3.2 Supplies and consumables

	2022 \$	2021 \$
Advertising	444,059	306,990
Information technology	732,721	657,421
Food and beverage	197,668	16,601
Other supplies and consumables	83,665	66,541
Total supplies and consumables	1,458,113	1,047,553

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.

3.3 Performance generated expenses

	2022 \$	2021 \$
MRC Presents:		
Artist fees	854,967	398,748
Production costs	223,877	176,500
Fees paid to co-producers	171,694	123,696
Venue hire events and other	180,297	263,483
Total performance generated expenses	1,430,835	962,427

Performance generated expenses relate to artist fees for Melbourne Recital Centre Presents events and production costs of all events held at Melbourne Recital Centre. These expenses are recognised in the reporting period in which they are incurred.

3.4 Facilities expenses

	2022 \$	2021 \$
Cleaning	315,261	296,919
Building repairs and maintenance	260,802	268,384
Utilities	189,174	179,924
Building security	56,194	30,242
Other	24,424	12,374
Total facilities expenses	845,855	787,843

Facilities expenses generally represent the cost of running and maintaining the venue's infrastructure. The expenses are recognised in the reporting period in which they are incurred.

Melbourne Recital Centre Notes to the Financial Statements

3.5 Other operating expenses

	2022 \$	2021 \$
Insurance premiums, professional fees and other operating expenses	289,595	258,556
Depreciation and amortisation	213,411	209,812
Finance costs	55,004	(128)
Total other operating expenses	558,010	468,240

Other operating expenses generally represent the day-to-day running costs incurred in normal operations. The expenses are recognised in the reporting period in which they are incurred.

Services provided free of charge or for nominal consideration are only recognised when the value can be reliably determined, and the services would have been purchased if not donated.

NOTE 4: KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

Introduction

The Company controls infrastructure and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the resources that have been entrusted to the Company to be utilised for delivery of those outputs.

Significant judgement

The Company has made the judgement that property, plant and equipment are key assets utilised to support the Company's objectives and outputs.

Fair value measurement

Where the assets included in this section are carried at fair value, additional information is disclosed in Note 7.3 in connection with how those fair values were determined.

Structure

- 4.1 Property, plant and equipment
- 4.2 Intangible assets
- 4.3 Investments and other financial assets
- 4.1 Property, Plant and Equipment

Initial recognition

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

Subsequent valuation

Property, plant and equipment (PPE) are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use.

Musical instruments are valued using the market approach, whereby assets are compared to recent comparable sales or sales of comparable assets.

Melbourne Recital Centre Notes to the Financial Statements

Cultural assets (primarily works of art), are valued using the market approach, whereby assets are compared to recent comparable sales or sales of comparable assets that are considered to have nominal value. Works of art, which are considered to have an indefinite life, are not depreciated. Depreciation is not recognised in respect of these assets because their service potential has not, in any material sense, been consumed during the reporting period.

Impairment

Non-financial assets, including items of property, plant and equipment, are tested annually for impairment and whenever there is an indication that the asset may be impaired. Assets with finite useful lives are tested for impairment whenever an indication of impairment is identified.

The assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off as an 'other economic flow', except to the extent that it can be debited to an asset revaluation surplus amount applicable to that class of asset.

If there is an indication that there has been a reversal in impairment, the carrying amount is increased to its recoverable amount. However, this reversal will not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

The recoverable amount of an asset is defined as the higher of an asset's, or, where applicable, the cash generating unit's, 'value in use' and 'fair value less costs to sell'.

Significant estimation uncertainty in valuation of assets

The Company's assets relating to land, buildings, infrastructure and cultural assets were independently valued by the VGV and independent specialist valuers (cultural assets) as at 30 June 2021.

4.1.1 Carrying amount and accumulated depreciation

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2022 \$	2021 \$	2022 \$	2021 \$	2022 \$	2021 \$
Venue furniture and equipment at fair value	4,082,575	4,045,088	(3,289,071)	(3,196,050)	793,504	849,038
Office furniture and equipment at fair value	879,766	879,766	(820,493)	(767,582)	59,273	112,184
Musical instruments at fair value	973,442	973,442	(181,425)	(149,531)	792,017	823,911
Assets under construction at cost	313,850	–	–	–	313,850	–
Cultural assets at fair value	609,091	609,091	–	–	609,091	609,091
Net carrying amount	6,858,724	6,507,387	(4,290,989)	(4,113,163)	2,567,735	2,394,224

Melbourne Recital Centre Notes to the Financial Statements

4.1.2 Depreciation

Depreciation and amortisation is calculated on the straight-line method to write off the value of non-current physical assets (excluding Cultural assets) to its residual value over their expected useful life to the Company.

The useful life for each class of depreciable assets is:

Class of asset	Useful life	
	2022	2021
Venue furniture and equipment	4–20 years	4–20 years
Office furniture and equipment	3–20 years	3–20 years
Musical instruments	10–40 years	10–40 years
Cultural assets	Indefinite	Indefinite

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

4.1.3 Movements 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		Assets under construction at cost		Cultural assets at fair value		Totals	
	Level 3		Level 3		Level 3		Level 3		Level 3		Level 2			
	2022 \$	2021 \$	2022 \$	2021 \$	2022 \$	2021 \$	2022 \$	2021 \$	2022 \$	2021 \$	2022 \$	2021 \$	2022 \$	2021 \$
Opening balance	–	543,225	849,038	449,337	112,184	165,444	823,911	810,745	–	–	609,091	488,182	2,394,224	2,456,933
Additions	–	–	37,486	2,380	–	1,586	–	–	313,850	–	–	–	351,336	3,966
Reclassification	–	(504,365)	–	504,365	–	–	–	–	–	–	–	–	–	–
Disposals	–	(38,860)	–	–	–	–	–	–	–	–	–	–	–	(38,860)
Revaluation	–	–	–	–	–	–	–	25,113	–	–	–	120,909	–	146,022
Depreciation expenses	–	–	(93,021)	(107,044)	(52,911)	(54,846)	(31,893)	(11,947)	–	–	–	–	(177,825)	(173,837)
Closing balance	–	–	793,503	849,038	59,273	112,184	792,018	823,911	313,850	–	609,091	609,091	2,567,735	2,394,224

Refer to Note 7.3 for additional information on fair value determination of property, plant and equipment.

Fair value assessments have been performed for all classes of assets in this purpose group and the decision was made that movements were not material (less than or equal to 10 per cent) for a full revaluation.

The next scheduled full revaluation for this purpose group will be conducted in 2024.

**Melbourne Recital Centre
Notes to the Financial Statements**

4.2 Intangible assets

Initial recognition

Purchased intangible assets are initially recognised at cost. When the recognition criteria in AASB 138 Intangible Assets is met, internally generated intangible assets are recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) an intention to complete the intangible asset and use or sell it;
- (c) the ability to use or sell the intangible asset;
- (d) the intangible asset will generate probable future economic benefits;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Subsequent measurement

Intangible produced assets with finite useful lives, are amortised as an 'expense from transactions' on a straight-line basis over four years.

Impairment of intangible assets

Intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment and whenever there is an indication that the asset may be impaired. Intangible assets with finite useful lives are tested for impairment whenever an indication of impairment is identified. The policy in connection with testing for impairment is outlined in section 7.3.

4.2.1 Movements in carrying amount

	2022 \$	2021 \$
Opening balance	39,709	75,684
Additions	47,600	–
Transfer out as expensed	(51,723)	–
Depreciation expenses	(35,586)	(35,975)
Closing balance	–	39,709

Transfer out as expensed

The Company's intangible assets were reviewed based on the requirements of AASB 138, which stated: An entity controls an asset if the entity has the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits. It was determined that cloud based software did not comply with the standard and therefore costs were to be recognised as an IT expense. This represents an immaterial change in accounting policy.

Melbourne Recital Centre Notes to the Financial Statements

4.3 Investments and other financial assets

	2022 \$	2021 \$
Equities and managed investment funds:		
VFMC Capital Stable Fund at fair value	2,574,054	2,780,861
VFMC Balance Fund at fair value	2,771,263	3,153,426
Total investments	5,345,317	5,934,287

The Investments are in funds managed by the Victorian Funds Management Corporation (VFMC). Investments are classified as being at fair value through profit and loss. Investments are recognised and derecognised on trade date, and are initially recognised at fair value. Subsequent to initial recognition, they are measured at fair value with realised and unrealised gains and losses arising from changes in fair value, recognised in net result.

Ageing analysis of investments and other financial assets

No investments and financial assets are as at 30 June 2022 and as at 30 June 2021 are considered to be past due or impaired for FY2022.

4.3 (a) Nature and extent of risk arising from investments

Please refer to Note 7 for the nature and extent of risks arising from investments.

NOTE 5: OTHER ASSETS AND LIABILITIES

Introduction

This section sets out assets and liabilities that arose from the Company's operations.

Structure

- 5.1 Receivables
- 5.2 Trade and other payables
- 5.3 Contract liabilities
- 5.4 Other liabilities
- 5.5 Other non-financial assets

Melbourne Recital Centre
Notes to the Financial Statements

5.1 Receivables

	2022 \$	2021 \$
Contractual		
Trade debtors	147,844	129,797
Allowance for impairment losses of contractual receivables	(18,150)	(18,150)
Contract assets	196,379	209,864
	326,073	321,511
Statutory		
GST receivable	108,020	61,216
Total current receivables	434,093	382,727

Contractual receivables are classified as financial instruments and categorised as ‘financial assets at amortised costs’. They are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement they are measured at amortised cost using the effective interest method, less any impairment.

Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments. The Company applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivable are initially recognised at fair value plus any directly attributable transaction cost.

Details about the Company’s impairment policies, the Company’s exposure to credit risk, and the calculation of the loss allowance are set out in Note 7.

5.1.1 Contract assets

	2022 \$	2021 \$
Opening balance	209,864	131,373
Add: Additional costs incurred	523,724	660,405
Less: Transfer to revenue recognition	(537,209)	(581,914)
Total contract assets	196,379	209,864
Represented by:		
Current contract assets	196,379	209,864

Contract assets relate to the Company’s right to consideration in exchange for goods transferred to customers for works completed, but not yet billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional, at this time an invoice is issued. This usually occurs when the Company issues an invoice to the customer. The balance of the contract assets at 30 June 2022 was impacted by timing of the works completed by contractors and is not billable at this stage. The works are expected to be completed and recovered early next year.

Melbourne Recital Centre Notes to the Financial Statements

5.2 Trade and other payables

Payables

	2022 \$	2021 \$
Current		
Contractual		
Trade payables	603,307	443,692
Accrued expenses	486,878	428,092
Superannuation payable	49,887	134,409
Total payables	1,140,072	1,006,193

Contractual payables are classified as financial instruments and measured at amortised cost. Trade payables represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid.

Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and are not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

Details about the Company's impairment policies, the Company's exposure to credit risk, and the calculation of the loss allowance are set out in Note 7.

5.2.1 Maturity analysis of contractual payables

	Carrying amount \$	Less than 1 month \$	Maturity dates		
			1–3 months \$	3 months –1 year \$	1–5 years \$
2022					
Trade payables	603,307	600,106	3,201	–	–
Accrued expenses	536,765	536,765	–	–	–
2021					
Trade payables	443,692	431,312	12,380	–	–
Accrued expenses	562,501	562,501	–	–	–

Melbourne Recital Centre
Notes to the Financial Statements

5.3 Contract liabilities

	2022 \$	2021 \$
Venue hire deposits		
Opening balance	495,693	473,771
Add: Payments received for performance obligations yet to be completed during the period	975,717	505,124
Less: Revenue recognised in the reporting period for the completion of performance obligations	(903,979)	(483,202)
Total venue hire deposits	567,431	495,693
Advance tickets sales		
Opening balance	618,350	753,350
Add: Payments received for performance obligations yet to be completed during the period	3,384,425	1,695,277
Less: Revenue recognised in the reporting period for the completion of performance obligations	(2,878,490)	(1,830,277)
Total advance ticket sales	1,124,285	618,350
Grants received in advance		
Opening balance	410,668	547,344
Add: Grant consideration for sufficiently specific performance obligations received during the period	810,557	523,319
Less: Grant revenue for sufficiently specific performance obligations works recognised consistent with the performance obligations met during the period	(1,160,176)	(659,995)
Total grants received in advance	61,049	410,668
Total contract liabilities	1,752,765	1,524,711
Represented by:		
Current contract liabilities	1,752,765	1,524,711

Contract liabilities include consideration received in advance from customers in respect of performances. Income from venue hire deposits and/or ticket sales are recognised or funds are passed to the presenter after the relevant event has occurred.

In addition, grant consideration was received in support of programming activity and other initiatives. Grant income is recognised when the relevant services are provided each month. The remaining grant revenue is recognised when the services are rendered in the following year.

Melbourne Recital Centre Notes to the Financial Statements

5.4 Other liabilities

	2022 \$	2021 \$
Other Liability – The State Government	500,965	24,256
Total other liabilities	500,965	24,256

The State Government owns the Melbourne Recital Centre building in Southbank. When maintenance or building improvement works are required, The State Government provides the necessary funds to the Company in order to arrange for the completion of the work and payment of suppliers on its behalf. These funds are generally received in advance, and drawn down as costs are incurred.

5.5 Other non-financial assets

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

	2022 \$	2021 \$
Prepayments	163,839	270,222
Total other non-financial assets	163,839	270,222

NOTE 6: HOW WE FINANCED OUR OPERATIONS

Introduction

This section provides information on the sources of finance utilised during operations and other information related to financing activities.

Structure

- 6.1 Cash and deposits
- 6.2 Commitments for expenditure

6.1. Cash and deposits

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and those highly liquid

investments with an original maturity of three months or less, which are held for the purpose of meeting short-term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

**Melbourne Recital Centre
Notes to the Financial Statements**

For cash flow statement presentation purposes, cash and cash equivalents include the following.

	2022 \$	2021 \$
Cash at bank	11,454,253	9,631,547
Cash on hand	2,714	5,307
Total cash and deposit	11,456,967	9,636,854

6.1.1 Reconciliation of net result for the period to cash flow from operating activities

	2022 \$	2021 \$
Reconciliation of net cash result for the year to cash flows from operating activities for the year		
Net loss/(profit) from ordinary activities		
Operating (loss)/profit	409,854	2,655,078
Depreciation and amortisation	213,411	209,812
Unrealised loss/(gain) on FV investments	588,970	(341,102)
Distributions from managed investment funds	(247,305)	(193,494)
Intangible assets transferred to expenses	51,724	-
Changes in assets and liabilities		
(Increase)/decrease in receivables and other assets	(4,562)	97,739
(Increase)/decrease in GST recoverable	(46,804)	44,888
(Increase)/decrease in inventory	(6,661)	4,604
(Increase)/decrease in prepayments	97,820	(44,398)
Increase/(decrease) in trade and other payables	133,879	219,047
Increase/(decrease) in contract liabilities	228,055	(191,305)
Increase/(decrease) in employee provisions	68,091	(80,312)
Increase/(decrease) in other liabilities	476,708	(151,977)
Net cash flows from operating activities	1,963,180	2,228,580

Melbourne Recital Centre Notes to the Financial Statements

6.2 Commitments for expenditure

Commitments for future expenditure include operating obligations arising from contracts. These commitments are recorded below at their nominal value and inclusive of GST. Where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

6.2.1 Total commitments payable

These commitments are recorded below at their nominal value and inclusive of GST. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

	2022 \$	2021 \$
Other commitments payable		
Not later than one year	405,743	361,114
Later than one year but not later than five years	259,462	447,703
Total expenditure commitments (inclusive of GST)	665,205	808,817
Less GST recoverable from the Australian Taxation Office	(60,473)	(73,529)
Total commitments for expenditure (exclusive of GST)	604,732	735,288

As at 30 June 2022, there are no capital commitments (2021: nil).

NOTE 7: RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

Introduction

This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied.

Structure

- 7.1 Financial instruments specific disclosures
- 7.2 Contingent liabilities and assets
- 7.3 Fair value determination and impairment

Melbourne Recital Centre Notes to the Financial Statements

7.1 Financial instruments specific disclosures

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the Company's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example taxes, fines and penalties). Such assets and liabilities do not meet the definition of financial instruments in *AASB 132 Financial Instruments: Presentation*.

The Company considers that the carrying amount of financial assets and liabilities recorded in the financial statements to be a fair approximation of their fair values.

The Company is exposed to some financial risks: interest rate risk, credit risk and liquidity risk.

Categories of financial assets

Financial assets at amortised cost include financial assets that meet both of the following criteria and the assets are not designated as fair value through net result:

- the assets are held to collect the contractual cash flows; and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

Melbourne Recital Centre recognises the following assets in this category:

- cash and deposits; and
- receivables (excluding statutory receivables).

Financial assets at fair value through net result include equity instruments that are held for trading as well as derivative instruments are classified as fair value through net result. Other financial assets are required to be measured at fair value through net result unless they are measured at amortised cost or fair value through other comprehensive income.

Melbourne Recital Centre recognises managed investment funds under this category.

Impairment of financial assets

For cash and deposits, the Company applies the simplified approach to measure expected credit losses (ECL) based on the change in the ECLs over the life of the asset as required by AASB 9. Application of the lifetime ECL allowance method has resulted in no changes to the impairment loss allowances during the 2022 financial year (2021: nil).

Categories of financial liabilities

Financial liabilities at amortised cost are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method.

The Company recognises payables (excluding statutory payables) and other liabilities in this category.

Melbourne Recital Centre Notes to the Financial Statements

Financial instruments: Categorisation

	Cash and deposits \$	Amortised Cost (AC) \$	Fair Value through profit and loss (FVTFL) \$	Total \$
2022				
Cash and deposits	11,454,253	–	–	11,454,253
Receivables	–	434,093	–	434,093
Investments	–	–	5,345,317	5,345,317
Total contractual financial assets	11,454,253	434,093	5,345,317	17,233,664
Trade and other payables	–	1,140,072	–	1,140,072
Other liabilities	–	500,965	–	500,965
Total contractual financial liabilities	–	1,641,037	–	1,641,037

	Cash and deposits \$	Amortised Cost (AC) \$	Fair Value through profit and loss (FVTFL) \$	Total \$
2021				
Cash and deposits	9,631,547	–	–	9,631,547
Receivables	–	321,511	–	321,511
Investments	–	–	5,934,287	5,934,287
Total contractual financial assets	9,631,547	321,511	5,934,287	15,887,345
Trade and other payables	–	1,006,192	–	1,006,192
Other liabilities	–	24,256	–	24,256
Total contractual financial liabilities	–	1,030,448	–	1,030,448

Melbourne Recital Centre Notes to the Financial Statements

Financial risk management objectives and policies

The Company's financial risk management program seeks to manage these risks and the associated volatility of its financial performance.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed in Note 7.3 to the financial statements.

The main purpose in holding financial instruments is to prudentially manage the Company's financial risks within the government policy parameters. The Company's main financial risks include interest rate risk, credit risk, liquidity risk, and equity price risk. The Company manages these financial risks in accordance with its financial risk management policy.

The Company uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Accountable Officer.

7.1.1 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.

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. The Company does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has minimal exposure to cash flow interest rate risks through cash and deposits, term deposits and bank overdrafts that are at floating rate.

Management has concluded that cash at bank can be left at floating rate without necessarily exposing the Company to significant bad risk, management monitors movement in interest rates on a daily basis.

The carrying amounts of financial assets and financial liabilities that are exposed to interest rates and the Company's sensitivity to interest rate risk are limited to cash at bank and term deposits at the end of the financial year of \$11,454,253 (2021: \$9,631,547).

Sensitivity analysis determined that a movement of 50 basis points up and 50 basis points down (2021: 50 basis points up and 50 basis points down) in market interest rates (AUD) would not have a material impact on the Company's net result and equity for cash at bank and deposits held by the Company at the end of the reporting period if the movements were to occur.

Melbourne Recital Centre Notes to the Financial Statements

Interest rate risk exposure of financial instruments

	Interest rate exposure				
	Weighted average interest rate (%)	Carrying amount \$	Variable interest rate (%)	Variable interest rate \$	Non-interest bearing \$
2022					
Cash and deposits	0.11%	11,454,253	0.11%	11,454,253	–
Receivables	–	434,093	–	–	434,093
Investments	–	5,345,317	–	5,345,317	–
Total contractual financial assets		17,233,663		16,799,570	434,093
Trade and other payables	–	1,140,072	–	–	1,140,072
Other liabilities	–	500,965	–	–	500,965
Total contractual financial liabilities		1,641,037			1,641,037

	Interest rate exposure				
	Weighted average interest rate (%)	Carrying amount \$	Variable interest rate (%)	Variable interest rate \$	Non-interest bearing \$
2021					
Cash and deposits	0.13%	9,631,547	0.13%	9,631,547	–
Receivables	–	321,511	–	–	321,511
Investments	–	5,934,287	–	5,934,287	–
Total contractual financial assets		15,887,345		15,565,834	321,511
Trade and other payables	–	1,006,192	–	–	1,006,192
Other liabilities	–	24,256	–	–	24,256
Total contractual financial liabilities		1,030,448			1,030,448

**Melbourne Recital Centre
Notes to the Financial Statements**

7.1.2 Credit risk

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

Currently the Company 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 has been no material change to the Company's credit risk profile in 2021–22.

Table 7.1.2.1 Credit quality of contractual financial assets

	Financial institutions (AA credit rating) \$	Government agencies (AA credit rating) \$	Other \$	Total \$
2022				
Cash and deposits	11,454,253	–	–	11,454,253
Receivables	–	–	326,073	326,073
Investments	–	5,345,317	–	5,345,317
Total contractual financial assets	11,454,253	5,345,317	326,073	17,125,643
2021				
Cash and deposits	9,631,547	–	–	9,631,547
Receivables	–	–	321,511	321,511
Investments	–	5,934,287	–	5,934,287
Total contractual financial assets	9,631,547	5,934,287	321,511	15,887,345

7.1.3 Liquidity risk

Liquidity risk arises from the Company being unable to meet financial obligations as they fall due.

The manner in which the Company manages this risk is through the cash flow provided by the funding agreement with the State Government. In 2021–22, the Company received \$6,302,000 from the State Government (2020–21: \$7,753,500).

The carrying amount of contractual financial liabilities recorded in the financial statements represents the Company's maximum exposure to liquidity risk.

Melbourne Recital Centre Notes to the Financial Statements

The following table summarises the maturity profile of Melbourne Recital Centre's financial liabilities:

	Carrying amount \$	Less than 1 month \$	Maturity dates		
			1-3 months \$	3 months - 1 year	1-5 years
2022					
Trade and other payables	1,140,072	1,136,871	3,201	-	-
Other liabilities	500,965	-	-	500,965	-
Total financial liabilities	1,641,037	1,136,871	3,201	500,965	-
2021					
Trade and other payables	1,006,192	993,812	12,380	-	-
Other liabilities	24,256	-	-	24,256	-
Total financial liabilities	1,030,448	993,812	12,380	24,256	-

7.1.4 Equity price risk

The Company is exposed to equity price risk through its investments in managed investment portfolios held with VFMC.

The Company's sensitivity to equity price risk is set out below:

	Carrying amount \$	-5% Net result \$	5% Net result \$
2022			
Financial assets			
Investments	5,345,317	(267,266)	267,266
Total impact	5,345,317	(267,266)	267,266
2021			
Financial assets			
Investments	5,934,287	(296,714)	296,714
Total impact	5,934,287	(296,714)	296,714

7.2 Contingent liabilities and assets

As at 30 June 2022, there are no contingent liabilities or contingent assets (2021: nil).

Melbourne Recital Centre
Notes to the Financial Statements

7.3 Fair value determination and impairment

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: The fair value of financial instruments with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices
- Level 2: The fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and
- Level 3: The fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs

For the purpose of fair value disclosures, the Company 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.

Identifying unobservable inputs (Level 3) fair value measurements

Level 3 fair value inputs are unobservable valuation inputs for an asset or liability. These inputs require significant judgement and assumptions in deriving fair value for both financial and non-financial assets.

Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, i.e. an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs shall reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions

7.3.1 Financial assets measured at fair value

The Company 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.

	<i>Carrying amount as at 30 June</i>	Fair value measurement at end of reporting period using:		
		<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
	\$	\$	\$	\$
2022				
Investments in:				
Managed investment funds	5,345,317	–	5,345,317	–
Total financial assets	5,345,317	–	5,345,317	–
2021				
Investments in:				
Managed investment funds	5,934,287	–	5,934,287	–
Total financial assets	5,934,287	–	5,934,287	–

Melbourne Recital Centre Notes to the Financial Statements

7.3.2 Non-financial assets measured at fair value

	Carrying amount as at	Fair value measurement at end of reporting period using:			Carrying amount as at	Fair value measurement at end of reporting period using:		
	30th June 2022 \$	Level 1(i) \$	Level 2(i) \$	Level 3(i) \$	30th June 2021 \$	Level 1(i) \$	Level 2(i) \$	Level 3(i) \$
Venue furniture and equipment (ii)	793,504	–	–	793,504	849,038	–	–	849,038
Office furniture and equipment (ii)	59,273	–	–	59,273	112,184	–	–	112,184
Music instruments (ii)	792,017	–	–	792,017	823,911	–	–	823,911
Cultural assets	609,091	–	609,091	–	609,091	–	609,091	–
Total of assets at fair value	2,253,885	–	609,091	1,644,794	2,394,224	–	609,091	1,785,133

Notes:

(i) Classified in accordance with the fair value hierarchy

(ii) The fair value reflects MRC's assessment of assets to the extent that it is equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement and takes into account the use of the assets that are physically possible, legally permissible, and financially feasible. As depreciation adjustments are considered as significant, unobservable inputs in nature, Venue furniture and equipment, Office furniture and equipment, and Music instruments are classified as Level 3 fair value measurement

7.3.2.1 Impairment of non-financial assets

The Company assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. There were no assets that were assessed as being impaired in either the current or prior years.

7.3.2.2 Revaluation of non-financial assets

Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

Net revaluation increases are recognised in 'other economic flows', and accumulated in equity under the asset revaluation surplus. However, the net revaluation increase is recognised in the net result to the extent that it reverses a net revaluation decrease in respect of the same class of PPE previously recognised as an expense in the net result.

Net revaluation decreases are recognised in 'other economic flows' to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of PPE. Otherwise, the net revaluation decreases are recognised immediately as other economic flows in the net result. The net revaluation decrease recognised in 'other economic flows' reduces the amount accumulated in equity under the asset revaluation surplus.

Revaluation increases and decreases relating to individual assets within a class of PPE are offset against one another within that class but are not offset in respect of assets in different classes. Any asset revaluation surplus is not normally transferred to accumulated funds on derecognition of the relevant asset.

Melbourne Recital Centre Notes to the Financial Statements

Cultural assets

Cultural assets represent works of art and are valued using the best estimate of the price reasonably obtainable in the market at reporting date. An independent valuation of the works of art was performed by John McPhee (John McPhee Pty Ltd) at 30 June 2021. The valuation method compared recent prices for similar items. Factors taken into account include age, condition, significance of work and importance of the artists associated with the works.

To the extent that these assets do not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market approach. The effective date of the valuation of the Cultural assets is 30 June 2022.

Other asset classes

All other asset classes are held at fair value. As the assets included in these asset classes are considered specialised in use, such that they are rarely sold, fair value is determined using the current replacement cost method. For all assets measured at fair value, the current use is considered the highest and best use. There were no changes in valuation techniques throughout the period to 30 June 2022.

NOTE 8: OTHER DISCLOSURES

Introduction

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

Structure

- 8.1 Other economic flows included in net result
- 8.2 Reserves
- 8.3 Responsible persons
- 8.4 Remuneration of executives
- 8.5 Related parties
- 8.6 Remuneration of auditors
- 8.7 Subsequent events
- 8.8 Australian Accounting Standards issued that are not yet effective

8.1 Other economic flows included in net result

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

	2022 \$	2021 \$
(Loss)/ Gain in market value of investments	(588,970)	341,102
Total Other economic flows included in net result	(588,970)	341,102

Changes in market value of investments include realised and unrealised gains and losses from revaluations of financial instruments at fair value and impairment and reversal of impairment for financial instruments at amortised cost; and disposals of financial assets and derecognition of financial liabilities.

Melbourne Recital Centre Notes to the Financial Statements

8.2 Reserves

	2022 \$	2021 \$
Equity		
Accumulated surplus	3,521,500	2,813,716
Public Fund – Endowment	11,111,246	11,507,592
Public Fund – Externally funded special projects reserve	345,504	247,088
Public Fund – Physical asset revaluation reserve	(40,454)	(40,454)
Physical asset revaluation reserve	853,502	853,502
	15,791,298	15,381,444

	2022 \$	2021 \$
Accumulated surplus		
Balance at beginning of year	2,813,716	777,426
Net result	409,854	2,655,078
Movement in Public Fund – Endowment	396,346	(618,788)
Net transfer in Public Fund – Externally funded special projects reserve	(98,416)	–
Balance at end of year	3,521,500	2,813,716

The balance of the revaluation reserve as shown in the below table combines the net amount within both MRC (\$0.9 million) and its Public Fund (–\$0.01 million) as shown in equity.

	2022 \$	2021 \$
Physical asset revaluation reserve		
Balance at beginning of financial year	813,048	667,026
Asset revaluation increments	–	146,022
Balance at end of year	813,048	813,048
Net changes in reserve	–	146,022

Note 8.2.1 Public Fund

Included in the accounts of the Company are the results and assets and liabilities of the Public Fund.

The Company's constitution establishes a Public Fund to receive all gifts of money and property towards objectives of the Company. The Company must maintain a separate bank account into which all donations of cash and all proceeds derived from, including interest, income or money, the realisation of property are paid. The Public Fund is only used to further the Company's objectives. In the event of the winding up of the Public Fund, or the Public Fund ceasing to be on the Register of Cultural Organisations, or the Company ceasing to be endorsed as a deductible gift recipient, any surplus of assets of the Public Fund must be transferred to another 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 the Company decide.

Melbourne Recital Centre
Notes to the Financial Statements

OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

	2022 \$	2021 \$
Revenue		
Grants and donations	876,715	971,139
Distribution from managed funds	185,441	5,700
Interest	7,184	271,985
Total revenue	1,069,340	1,248,824
Expenses		
General programming	756,900	950,003
Access initiatives	19,815	21,135
Total expenses	776,715	971,138
Net result from transactions (net operating balance)	292,625	277,686
Other economic flows – Included in net result		
(Loss)/ Gain in market value of investments	(588,970)	341,102
Net result	(296,345)	618,788
Other Economic Flows – Other Comprehensive Income		
Changes to asset revaluation reserve	–	66,364
Total Other Economic Flows – Other Comprehensive Income	–	66,364
Comprehensive result	(296,345)	685,152

Melbourne Recital Centre
Notes to the Financial Statements

BALANCE SHEET AS AT 30 JUNE 2022

	2022 \$	2021 \$
Assets		
Cash and deposits	6,264,611	6,015,843
Investments	5,345,317	5,934,287
Cultural assets	154,545	154,545
Total assets	11,764,473	12,104,675
Liabilities		
Accrued Expenses	348,177	390,449
Total liabilities	348,177	390,449
Net assets	11,416,296	11,714,226
Equity		
Public Fund – Endowment	11,111,246	11,507,592
Public Fund – Externally funded special projects reserve	345,504	247,088
Physical asset revaluation reserve	(40,454)	(40,454)
Total equity	11,416,296	11,714,226

8.2.1.1 Externally funded special projects reserve

Externally funded special projects reserve consist of unexpended earmarked donations and grants tied to a specific purpose.

8.2.2 Economic dependence

During this financial year, the Company was dependent on the State Government for the majority of the funding required to operate the business. At the date of this report the Directors have no reason to believe the State Government will not continue to support the Company.

8.3 Responsible persons

The Hon. Danny Pearson MP	Minister for Creative Industries	1 July 2021 – 26 June 2022
The Hon. Steve Dimopoulos MP	Minister for Creative Industries	From 27 June 2022 – 30 June 2022
Professor Andrea Hull AO	Chair	
Professor Deborah Cheetham AO	Director	
The Hon. Mary Delahunty	Director	
Paul Donnelly	Director	
Associate Professor Jody Evans	Director	
Liz Grainger	Director	
Monica Lim	Director	
Peter McMullin AM	Director	
Eda Ritchie AM	Director	

Amounts relating to the Minister's remuneration are reported in the State's Annual Financial Report.

**Melbourne Recital Centre
Notes to the Financial Statements**

All Directors are appointed by the Minister for Creative Industries, and all served throughout the year and to the date of this report, unless otherwise stated in the above table. They do not receive remuneration for services provided in their role as board members.

Accountable Officers

Euan Murdoch (1 July 2021 – 30 June 2022)

The remuneration of the Accountable Officer was in the banding of \$240,000 – \$259,999 (2021: \$240,000 – \$259,999).

8.4 Remuneration of executives

The number of executives, other than ministers and accountable officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provides a measure of full time equivalent executives over the reporting period.

Remuneration comprises employee benefits in all forms of consideration paid or payable by the entity in exchange for services rendered. Accordingly, remuneration is determined on an accrual basis, and is disclosed in the following categories.

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Post-employment benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other long-term benefits include long service leave, other long service benefits or deferred compensation.

Termination benefits include termination of employment payments, such as severance packages.

Remuneration of executives

	2022 \$	2021 \$
Short-term benefits	328,894	540,510
Post-employment benefits	31,831	43,839
Other long-term benefits	8,222	13,513
Total remuneration	368,947	597,862
Total number of executives	2	3
Total annualised employee equivalent (AEE) (a)	2	3

(a) Annualised employee equivalent (AEE) is based on the time fraction worked during the financial year.

8.5 Related parties

Related parties of the Company include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over);
- all cabinet ministers and their close family members; and
- all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

All related party transactions have been entered into on an arm's length basis.

Melbourne Recital Centre Notes to the Financial Statements

Significant transactions with Government related entities

The State Government provides ongoing annual funding to the Company in order to support its operations. During the 30 June 2022 year, the State Government provided funding of \$6.3 million.

The State Government owns the Melbourne Recital Centre building in Southbank. When maintenance or building improvement works are required, the State Government provides the necessary funds to the Company in order to arrange for the completion of the work and pay suppliers on their behalf. The total funds received for these building works during the 30 June 2022 year amounted to \$1.1 million (2021: \$0.4 million).

The Company has investments held with the VFMC that are disclosed in note 4.3.

Key management personnel

Key management personnel of the Company include responsible persons detailed in note 8.3, as well as executives defined in 8.4. During the year, the Company expanded its definition of key management personnel to include all members of its Strategic Leadership Team to reflect their role in the organisation.

The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives.

The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* (Vic) and is reported within the State's Annual Financial Report. Board members do not receive remuneration for services provided.

Remuneration of key management personnel

	2022 \$	2021 \$
Short-term benefits	1,016,276	1,046,917
Post-employment benefits	96,563	88,097
Other long-term benefits	25,407	26,173
Total remuneration	1,138,246	1,161,187
Total number of KMPs	16	16
Total annualised employee equivalent (AEE) (a)	6	6

There were no material transactions or balances with key management personnel and other related parties during the year (2021: nil).

8.6 Remuneration of auditors

	2022 \$	2021 \$
Victorian Auditor-General's Office		
Audit of the financial statements	41,000	38,000

Melbourne Recital Centre Notes to the Financial Statements

8.7 Subsequent events

No matters or circumstances have arisen since the end of the reporting period that 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.

8.8 Australian Accounting Standards issued that are not yet effective

Certain new and revised accounting standards have been issued but are not effective for the 2021–22 reporting period. These accounting standards have not been applied to the Company's Financial Statements. The Company is reviewing its existing policies and assessing the potential implications of these accounting standards, which include:

- *AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or NonCurrent*

This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It initially applied to annual reporting periods beginning on or after 1 January 2022 with earlier application permitted however the AASB has recently issued *AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date* to defer the application by one year to periods beginning on or after 1 January 2023. The Company will not early adopt the Standard.

The Company is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact.

Several other amending standards and AASB interpretations have been issued that apply to future reporting periods, but are considered to have limited impact on the Company's reporting.

- *AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments.*
- *AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definitions of Accounting Estimates.*
- *AASB 2021-6 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards.*

Independent Auditor's Report

To the Directors of the Melbourne Recital Centre

Opinion	<p>I have audited the financial report of the Melbourne Recital Centre (the company) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2022 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • directors' declaration. <p>In my opinion the financial report is in accordance with Part 7 of the <i>Financial Management Act 1994</i> and Division 60 of the <i>Australian Charities and Not-for-profits Commission Act 2012</i>, including:</p> <ul style="list-style-type: none"> • presenting fairly, in all material respects, the financial position of the company as at 30 June 2022 and of its financial performance and its cash flows for the year then ended • complying with Australian Accounting Standards and Division 60 of the <i>Australian Charities and Not-for-profits Commission Regulations 2013</i>.
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the company in accordance with the auditor independence requirements of the <i>Australian Charities and Not-for-profits Commission Act 2012</i> and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Other information	<p>The Directors of the company are responsible for the other information, which comprises the information in the company's directors' report for the year ended 30 June 2022, but does not include the financial report and my auditor's report thereon.</p> <p>My opinion on the financial report does not cover the other information and accordingly, I do not express any form of assurance conclusion on the other information. However, in connection with my audit of the financial report, my responsibility is to read the other information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the other information, I am required to report that fact. I have nothing to report in this regard.</p>

Directors' responsibilities for the financial report	<p>The Directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the <i>Financial Management Act 1994</i> and the <i>Australian Charities and Not-for-profits Commission Act 2012</i>, and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>
Auditor's responsibilities for the audit of the financial report	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.</p> <p>As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:</p> <ul style="list-style-type: none"> • identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. • obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control • evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors • conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

Auditor's responsibilities for the audit of the financial report (continued)

- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the Directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

MELBOURNE
28 November 2022



Simone Bohan
as delegate for the Auditor-General of Victoria

**Disclosure Index
for the Financial Year Ended 30 June 2022**

Legislation	Requirement	Page ref
Charter and purpose		
FRD 22I	Manner of establishment and the relevant Ministers	
FRD 22H	Purpose, functions, powers and duties	
FRD 8D	Departmental objectives, indicators and outputs	
FRD 22H	Initiatives and key achievements	
FRD 22H	Nature and range of services provided	
Organisational Structure		
FRD 22H	Organisational Structure	
Performance against output performance measures		
FRD 8D	Performance against output performance measures	
FRD 10A	Disclosure index	
FRD 22H	Employment and conduct principles	
FRD 22H	Occupational health and safety policy	
FRD 22H	Summary of financial results for the year	
FRD 22H	Significant changes in financial position during the year	
FRD 22H	Major changes or factors affecting performance	
FRD 22H	Subsequent events	
FRD 22H	Compliance with building and maintenance provision of <i>Building Act 1993 (Vic)</i>	
FRD 22H	Statement on Competitive Neutrality Policy	
FRD 22H	Application and operation of the <i>Public Interest Disclosures Act 2012 (Vic)</i>	
FRD 22H	Details of consultancies over \$10,000	
FRD 22H	Details of consultancies under \$10,000	
FRD 22H	Disclosure of ICT expenditure	
FRD 22H	Statement of availability of other information	
FRD 24D	Reporting of office-based environmental impacts	
FRD 25D	Local Jobs First	
FRD 29C	Workforce Data disclosures	

Legislation	Requirement	Page ref
Financial Statements required under Part 7 of the FMA		
SD 5.2	Statement of Changes in Equity	
SD 5.2	Operating Statement	
SD 5.2	Balance Sheet	
SD 5.2	Cash flow Statement	
Other Requirements under Standing Directions 5.2		
SD 5.2.1 (a)	Compliance with Australian accounting standards and other authoritative pronouncements	
SD 5.2.3	Accountable officer's declaration	
Other Disclosures as required by FRDs in notes to the Financial Statements		
FRD 13	Disclosure of Parliamentary Appropriations	
FRD 21C	Disclosure of Responsible Persons and Executive Officers	
FRD 103I	Non Financial Physical Assets	
FRD 110A	Cash Flow Statements	
FRD 112D	Defined Benefit Superannuation Obligations	

Legislation

Building Act 1993 (Vic)

Financial Management Act 1994 (Vic)

Local Jobs First Act 2003 (Vic)

Public Interest Disclosures Act 2012 (Vic)

Gender Equality Act 2020 (Vic)

**MELBOURNE
RECITAL
CENTRE**

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Principal Government Partner

