

Annual Report



Melbourne Community Television Consortium Ltd.
C31 Melbourne and Victoria.
2004-2005

Annual Director's Report



2004-2005

Review of Operations



2004-2005

The year commenced with the excellent news – a five year permanent Community Licence awarded by the Australian Broadcasting Authority (now the Australian Communications and Media Authority - ACMA). The Analogue Apparatus licence was given for a shorter time, December 2007, when the Federal Government's proposed Analogue TV switch off is planned to occur.

The old analogue tape based Presentation system rented from RMIT was replaced with a Station owned State of the Art 'automatic' Presentation suite at the new office premises at 501 Swanston. Live microwave links were maintained with the RMIT studios. The Presentation Suite opened up the grid allowing Community and Independent Producers access to 22 hours a day of Programming time. Fish cam only happens between 3am to 5am.

Long term Senior Citizens programming provider, Renaissance Television went into Voluntary Administration. The immediate and without warning occurrence placed a great financial strain on the organisation. Several staff redundancies were required and the organisation was restructured.

In October 2004 we celebrated the Station's 10th Anniversary with an open Community Event with Guest of Honour, Melbourne Lord Mayor John So.

A new approach to the sales of sponsorship was developed based around Telemarketing, which formed part of the restructure. Low cost Sponsor packages were promoted and we began to see immediate results. The gloomy first half of the year with several losses was replaced with our first surplus in January. Since then MCTC has been in trading with monthly surplus' and continue to do so into the 2005 – 2006 year.

Against the new found financial resurgence was the sour note of the charges of theft laid against a former MCTC Finance manager. A recent adjournment has seen the case shift to March 2006, where that person will face sentencing for the alleged criminal activities.

Internal staffing has flourished, highlighted by a new vibrant Programming team. With 107 active producers it was time to share the workload in a team environment. The Telemarketers and their Manager now number 5.

A new robust and protective Financial Policy is now in place with an accompanying Financial Process plan in place.

The overriding concern for the organisation's future welfare is the issue of lack of digital spectrum. Representations have been made to the Federal Minister for Communications, Helen Coonan and a Digital Action campaign is up and running nationally. Audience drift is happening, witnessed by declining audience figures matched by the corresponding increase in Digital Set Top boxes.

Unless Community Television's digital future is assured within the coming months, the continuing audience shut out will have significant detrimental effect on the Station's wellbeing.

Director's Report



2004-2005

MELBOURNE COMMUNITY TELEVISION CONSORTIUM LTD A.B.N. 54 104 562 076

Your directors present their report on the company for the financial year ended 30 June 2005

Directors

The names of directors in office at any time during or since the end of the year are:

Peter James Lane Chairman (appointed 26/05/2005)
Ralph Malcolm Ross McLean Chairman (retired 28/04/2005)
Matthew Kenneth Sharp Secretary (retired 24/01/2005)
Danny Hon Yeong Kong Treasurer
Walter Vladimir Adamson
Julio Altamirano (retired 24/01/2005)
Naomi Chainey
Shona Claire Devlin (retired 24/02/2005)
Di Sanh Duong (retired 24/01/2005)
Noel Joseph Fanning
Janji Jamon
Luki Kalonta
Augustan Luchian
Judy Ottilia Magassy
Andrew Campbell Manderson (appointed 05/05/2005)
Simon Moore
Adelbert Noveloso
Tommasco Carmine Padula
Andrew Duy Phung
Machael Profyris
Sudha Saini (appointed 05/05/2005)
Louis-Robert Steven Stomm
Gregory Schmultevich Vaisman
Salvatore Anyhony Valvo
Roman Alex Zapedowski

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principle Activities

The principle activities of the company during the financial year were:

- broadcasting of Community Television programs;
- developing and maintaining Television Presentation and Transmission Facilities;
- seeking Sponsorship Revenue;

The following significant changes in the nature of the principle activities occurred during the financial year:

There were no significant changes in the nature of the company's principle activities during the financial year.

Operating Results

The profit and extraordinary items of the company amounted to \$90,861.

Review of Operations

The Company's operations for the year resulted in a surplus of \$90,861 compared to a surplus of \$92,052 in the previous year.

Significant Changes in State of Affairs

No matters or circumstances have arisen since the end of the financial year which significantly affect 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.

After Balance Date Events

There have been no after balance date events that have been significant.

Future Developments, Prospects and Business Strategies

Likely developments in the operations of the company and the results of those operations have not been included in the report.

Aldelbert Noveloso Experience	(Non Executive) Member Pinoy TV Inc
Tommasco Carmine Padua Qualifications Experience	(Non Executive) BA (Melb); Dip Ed (Melb Teachers College) Managing Director Insegn's booksellers; Secretary Italian Television Inc; C31 Assembly Representative
Andrew Duy Phung Experience	(Non Executive) Member Vietnamese Television Association (VNTV) Inc
Michael Profyris Experience	Member GCTV Inc
Sudha Saini	(Non Executive)
Louis-Robert Steven Stromm Experience	(Non Executive) Member Yarra Access Inner-City Television Inc
Gregory Schmultevich Vaisman Experience	(Non Executive) Member Russian Cultural & TV Association Inc
Salvatore Anthony Valvo Experience	(Non Executive) Member Bent TV Association Inc
David Wong Experience	(Non Executive) Member Asian Television Australia Association Inc
Roman Alex Zapadowski Qualifications Experience	(Non Executive) Electronics Technician (TESA) Member Southern TV Inc
Remuneration Report No Directors were paid by the Company.	
Meetings of Directors During the financial year, 17 meetings of directors (including committees of directors) were held. Attendances by each director during the year were:	

	Director's Meetings		Finance & Management Committee		Programming Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Peter James Lane Chairman	9	8	1	1	3	3
Ralph Malcolm Ross McLean Chairman	9	8	5	2		
Matthew Kenneth Sharp Secretary	1	1				
Danny Hon Yeong Kong Treasurer	9	5	5	5		
Walter Vladimir Adamson	9	7				
Julio Altimirano	4	2			3	2
Naomi Chainey	9	4				
Shona Claire Devlin	4	4				
Di Sanh Duong	3	1				
Noel Joseph Fanning	9	3				
Patricia Guzman	6	3				
Janji Jamon	9	1				
Alex Jobaggy	9	3				
Luki Kalonta	9	3				
Augustan Luchian	9	4			3	1
Judy Ottilia Magassy	9	5				
Andrew Campbell Manderson	9	8	5	3		
Simon Moore	9	5				
Aldelbert Noveloso	4	-				
Tommasco Carmine Padula	9	4				
Andrew Duy Phung	9	4				
Michael Profyris	9	5				
Sudha Saini	9	5			2	2
Louis-Robert Steven Stromm	6	5				
Gregory Schmultevich Vaisman	9	1				
Salvatore Anthony Valvo	9	2				
David Wong	6	6				
Roman Alex Zapadowski	9	3				

Indemnifying Officers or Auditor

During or since the end of the financial year the company has not given an indemnity, or paid or agreed to pay insurance premiums to insure any Director or Auditor against damages or other liabilities arising from their office.

Environmental Regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or territory.

Legal Proceedings

The company has brought an action against the previous finance controller for recovery of losses incurred as a result of misappropriation of the company's assets.

Criminal charges have been laid but no resolution has been arrived at and prospects of any recovery are unknown.

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

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act is set out on page 12.

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

Director

Peter J. Lane
Peter Lane

Director

Campbell Manderson
Campbell Manderson

Dated this 10TH

day of NOVEMBER 2005

Annual Financial Report



2004-2005

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2005**

		2005	2004
		\$	\$
Revenues from ordinary activities	2	1,718,877	2,126,974
Employee benefits expense		(714,263)	(655,132)
Depreciation and amortisation expense	3	(93,138)	(72,907)
Borrowing costs expense	3	(28,850)	(42,673)
Occupancy Expenses		(78,379)	(68,117)
Marketing Expenses		(7,694)	(16,180)
Commission Expense		(114,169)	(111,504)
Cost of Sales		(138,222)	(388,283)
Other expenses from ordinary activities		(449,712)	(286,090)
		<hr/>	<hr/>
Profit from ordinary activities	3	94,450	486,088
Profit (loss) from extraordinary item	4	(3,589)	(394,827)
		<hr/>	<hr/>
Net profit		(3,589)	92,052
		<hr/>	<hr/>
Net profit attributable to company		90,861	92,052
		<hr/>	<hr/>

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2005

		2005	2004
		\$	\$
CURRENT ASSETS			
Cash assets	7	34,894	89,912
Receivables	8	241,929	117,450
Other	10	58,689	-
TOTAL CURRENT ASSETS		<u>335,512</u>	<u>207,362</u>
NON-CURRENT ASSETS			
Property, plant and equipment	9	426,291	457,636
TOTAL NON-CURRENT ASSETS		<u>426,291</u>	<u>457,636</u>
TOTAL ASSETS		<u>761,803</u>	<u>664,998</u>
CURRENT LIABILITIES			
Payables	11	266,874	363,537
Interest-bearing liabilities	12	20,992	-
Unearned Revenue	13	206,375	65,333
Provisions	14	29,649	44,076
TOTAL CURRENT LIABILITIES		<u>523,890</u>	<u>472,946</u>
NON CURRENT LIABILITIES			
Unearned Revenue	13	55,000	100,000
TOTAL NON CURRENT LIABILITIES		<u>55,000</u>	<u>100,000</u>
TOTAL LIABILITIES		<u>578,890</u>	<u>572,946</u>
NET ASSETS		<u>182,913</u>	<u>92,052</u>
EQUITY			
Retained profits	15	182,913	92,052
TOTAL EQUITY		<u>182,913</u>	<u>92,052</u>

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2005

		2005 \$	2004 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,625,715	2,009,999
Interest received		933	-
Payments to suppliers and employees		(1,591,025)	(1,374,338)
Borrowing costs		(28,849)	-
Income tax paid		-	-
Net cash provided by (used in) operating activities	18a	<u>6,774</u>	<u>635,661</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		<u>(61,792)</u>	<u>(545,749)</u>
Net cash provided by (used in) investing activities		<u>(61,792)</u>	<u>(545,749)</u>
Net increase in cash held		(55,018)	89,912
Cash at 1 July 2004		89,912	-
Cash at 30 June 2005	7	<u><u>34,894</u></u>	<u><u>89,912</u></u>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

Note 1 Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers MELBOURNE COMMUNITY TELEVISION CONSORTIUM LTD as an individual company. MELBOURNE COMMUNITY TELEVISION CONSORTIUM LTD is a company limited by Guarantee company, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

a. Income Tax

The Company is exempt from Income Tax under Section 50-45 item 9-1 9-2 of the Income Tax Assessment Act 1997 as amended, as the company's objective is the encouragement of art and culture and its business is not carried on for the purpose of profit or gain for its individual members.

b. Property, Plant and Equipment

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

Plant and equipment

Plant and equipment are measured on the cost basis.

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

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

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the company commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to depreciation. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	Depreciation Rate
Leasehold improvements	20%
Plant and equipment	30%
Office Furniture & Equipment	11.25% & 30%

c. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the company are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the company will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

Lease incentives under operating leases are recognised as a liability. Lease payments received reduce the liability.

d. Employee Entitlements

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the company to employee superannuation funds and are charged as expenses when incurred.

e. Cash

For the purpose of the statement of cash flows, cash includes:

- cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts; and
- investments in money market instruments with less than 14 days to maturity.

f. Revenue

Revenue from all broadcasting services other than telemarketing is recognised upon delivery of the service to customers.

Revenue from telemarketing is recognised when non-cancellable contracts are executed.

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

g. Goods and Services Tax (GST)

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

u. Comparative Figures

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

i. Impact of Adoption of Australian Equivalents to International Financial Reporting Standards

The entity has evaluated the key differences in accounting policies that are expected to arise from the adoption of Australian Equivalents to International Accounting Standards. No key differences in accounting policies are expected to arise from the adoption of AIFRS.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

The transition date for first time adoption of AIFRS is 1st July 2004.

A reconciliation of estimated adjustments to opening balances is not required as there are no differences.

Note 2 Revenue

		2005	2004
Operating activities			
— interest received	2b	933	-
— services revenue		1,717,944	2,126,974
		<u>1,718,877</u>	<u>2,126,974</u>
Total Revenue		<u>1,718,877</u>	<u>2,126,974</u>
b. Interest revenue from:			
— other persons		933	-
Total interest revenue		<u>933</u>	<u>-</u>

Note 3 Profit from Ordinary Activities

		2005	2004
Profit from ordinary activities before income tax has been determined after:			
a. Expenses:			
Cost of sales		138,222	388,283
Borrowing costs:			
— other persons		28,850	42,673
Total borrowing costs		<u>28,850</u>	<u>42,673</u>
Depreciation of non-current assets:			
— plant and equipment		72,255	62,250
— leased plant and equipment		-	-
Total depreciation		<u>72,255</u>	<u>62,250</u>
Amortisation of non-current assets:			
— leasehold improvements		20,883	10,657
Total amortisation		<u>20,883</u>	<u>10,657</u>
Bad and doubtful debts:			
— trade debtors		63,791	3,821
Total bad and doubtful debts		<u>63,791</u>	<u>3,821</u>

Note 4 Extraordinary Items

		2005	2004
Loss by Expropriation of property		(3,589)	(129,607)
Salary Packaging Error			(38,153)
Deficiency of net assets of Incorporated Association		-	(227,067)
Extraordinary loss		<u>(3,589)</u>	<u>(394,827)</u>
Loss on extraordinary item after related income tax benefit		<u>(3,589)</u>	<u>(394,827)</u>

Note 5 Directors' and Executives' Remuneration

- a. Names and positions held of Parent Entity Directors and Specified Executives in office at any time during the financial year are:

Directors

Peter James Lane Chairman (appointed 26.05.2005)
 Ralph Malcolm Ross McLean Chairman (retired 28.04.2005)
 Mathew Kenneth Sharp Secretary (retired 24.01.2005)
 Danny Hon Yeong Kong Treasurer
 Walter Vladimir Adamson
 Julio Altamirano (retired 24.01.2005)
 Naomi Chainey
 Shona Claire Devlin (retired 24.02.2005)
 Di Sanh Duong (retired 24.01.2005)
 Noel Joseph Fanning
 Janji Jamon
 Alex Jobaggy
 Luki Kalonta
 Augustan Luchian
 Judy Ottilia Magassy

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

Andrew Campbell Manderson (appointed 05.05.2005)
 Simon Moore
 Aldelbert Noveloso
 Tommasco Carmine Padula
 Andrew Duy Phung
 Michael Profyris
 Sudha Saini (appointed 05.05.2005)
 Louis-Robert Steven Stromm
 Gregory Schmultevich Vaisman
 Salvatore Anthony Valvo
 Roman Alex Zapadowski

b. Directors' Remuneration

No Director has been paid by the Company

Note 6 Auditors' Remuneration

	2005	2004
Remuneration of the auditor of the company for:		
— auditing or reviewing the financial report at 30th June 2004	8,500	4,290
auditing or reviewing the financial report at 30th June 2005	10,000	
	<u>18,500</u>	<u>4,290</u>

Note 7 Cash Assets

	2005	2004
Cash at bank	<u>34,894</u>	<u>89,912</u>
	<u>34,894</u>	<u>89,912</u>
Reconciliation of Cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash	<u>34,894</u>	<u>89,912</u>
	<u>34,894</u>	<u>89,912</u>

Note 8 Receivables

	2005	2004
CURRENT		
Trade debtors	309,460	121,190
Provision for doubtful debts	(67,531)	(3,740)
	<u>241,929</u>	<u>117,450</u>

Note 9 Property Plant and Equipment

	2005	2004
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	446,337	319,366
Accumulated depreciation	(140,643)	(44,641)
Office Furniture & Equipment	76,071	106,628
(Accumulated depreciation)	(20,464)	(13,050)
	<u>361,301</u>	<u>368,303</u>
Leasehold improvements		
At cost	90,181	99,199
Accumulated amortisation	(25,191)	(9,866)
Total leasehold improvements	<u>64,990</u>	<u>89,333</u>
Total Plant and Equipment	<u>426,291</u>	<u>457,636</u>

a. Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

	Leasehold Improvement	Plant and Equipment	Leased Plant and Equipment	Total
Balance at the beginning of year	89,333	368,303		457,636
Additions	(3,460)	65,253		61,793
Disposals				-
Depreciation expense	(20,883)	(72,255)		(93,138)
Carrying Amount at the end of the year	<u>64,990</u>	<u>361,301</u>	-	<u>426,291</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

Note 10	Other Assets		
		2005	2004
CURRENT			
Prepayments		58,689	-
Note 11	Payables		
		2005	2004
CURRENT			
Unsecured liabilities			
Trade creditors		65,314	100,435
Sundry creditors and accrued expenses		201,560	263,102
		266,874	363,537
Note 12	Interest Bearing Liabilities		
		2005	2004
CURRENT			
Unsecured liabilities			
Bank overdrafts		20,992	-
Note 13	Unearned Revenue		
		2005	2004
CURRENT			
Unearned Revenue		206,375	65,333
NON CURRENT			
Unearned Revenue		55,000	100,000
Note 14	Provisions		
		2005	2004
CURRENT			
Employee entitlements		29,649	44,076
		29,649	44,076
Employee entitlements	Note 14a	29,649	44,076
a. Aggregate employee entitlements liability		29,649	44,076
		No.	No.
b. Number of employees at year-end		18	24
Note 15	Retained Profits		
		2005	2004
Retained profits at the beginning of the financial year		92,052	-
Net profit attributable to the members of the company		90,861	92,052
Retained profits at the end of the financial year		182,913	92,052
Note 16	Capital and Leasing Commitments		
		2005	2004
b. Operating Lease Commitments			
Non-cancellable operating leases contracted for but not capitalised in the financial statements			
Payable			
— not later than 1 year		111,500	101,500
— later than 1 year but not later than 5 years		121,500	233,000
— later than 5 years		-	-
		233,000	334,500
The property lease is a non-cancellable lease with a five-year term, with rent payable monthly in advance. Rental provisions within the lease agreement require annual lease payments as follows. An option exists to renew the lease at the end of the five-year term for an additional term of five years at market rates.			
2006	\$111,500		
2007	\$121,500		
c. Capital Expenditure Commitments			
There are no capital expenditure commitments at balance date			

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

Note 17 Segment Reporting

The Company operates in one business sector and in one geographic zone.

Note 18 Cash Flow Information

	2005	2004
a. Reconciliation of Cash Flow from Operations with Profit from ordinary activities after Income Tax		
Profit from ordinary activities after income tax	90,861	92,052
Cash flows excluded from profit from ordinary activities attributable to operating activities		
Non-cash flows in profit from ordinary activities		
Amortisation	20,883	9,866
Depreciation	72,255	62,250
Net gain on disposal of property, plant and equipment	-	15,997
(Increase)/decrease in trade and term debtors	(188,270)	(117,450)
(Increase)/decrease in prepayments	(58,689)	
(Increase)/decrease in Unearned Income	96,041	
(Increase)/decrease in trade creditors and accruals	(75,671)	528,870
Increase/(decrease) in provisions	49,364	44,076
Cash flows from operations	6,774	635,661
c. Credit Standby Arrangements with Banks		
Credit facility	\$130,000	
Amount utilised	\$20,992	
Unused credit facility	\$109,008	
The major facilities are summarised as follows:		
Banking Overdrafts		
Bank overdraft facilities are arranged with one Australian bank with the general terms and conditions being set and agreed to annually		
Interest rates are variable and subject to adjustment		

Note 19 Events subsequent to Reporting Date

No event subsequent to Reporting Date has had a significant effect on the operations of the company, the results of those operations, or the state of affairs of company in future financial years

Note 20 Related Party Transactions

There were no related party transactions during the financial year

Note 21 Company Details

The registered office of the company is:

MELBOURNE COMMUNITY TELEVISION CONSORTIUM LTD
1st Floor, 501 Swanston Street Melbourne

Note 22 Financial Instruments**a Credit Risk**

The company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Company

b Net Fair Values

For assets and other liabilities listed below the net fair value approximates their carrying value.

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date:

	Weighted Average Effective Interest Rate		Non Interest Bearing	
			2005	2004
			2005 Carrying	2004 Net Fair Value
Financial Assets				
Cash at bank	0%	0%	34,894	89,912
Receivables	0%	0%	241,929	117,450
			276,823	207,362
Financial Liabilities				
Accounts Payable	0%	0%	489,962	474,805
Bank Overdraft	11.45%	9.75%	20,992	
			510,954	474,805

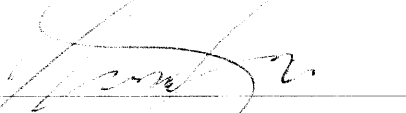
DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 1 to 11 are in accordance with the Corporations Act 2001:
 - a. comply with Accounting Standards and the Corporations Regulations 2001; and
 - b. give a true and fair view of the financial position as at 30 June 2005 and of the performance for the year ended on that date of the company.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. The Chief Executive Officer and Chief Finance Officer have each declared that:²
 - (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - (b) the financial statements and notes for the financial year comply with the accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view.

This declaration is made in accordance with a resolution of the Board of Directors.

Director 
Peter Lane

Director 
Campbell Manderson


Dated this 16TH day of NOVEMBER 2005

AUDITORS' INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

To the directors of the Melbourne Community Television Consortium Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2005 there have been:

- no contraventions of the auditors independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.



William Buck
Chartered Accountants



Ken Glynn
Partner

Dated ^{10th} November 2005.

Melbourne, Australia

**Independent audit report to members of
Melbourne Community Television Consortium Limited**

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements and the directors' declaration for the Melbourne Community Television Consortium Limited (the company), for the year ended 30 June 2005.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing and Assurance Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

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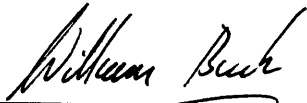
Independence

In conducting our audit, we followed applicable independence requirements of Australian accounting ethical pronouncements and the Corporations Act 2001.

Audit Opinion

In our opinion, the financial report of the Melbourne Community Television Consortium Limited is in accordance with:

- ▣ the Corporations Act 2001, including:
 - giving a true and fair view of the Melbourne Community Television Consortium Limited financial position as at 30 June 2005 and of their performance for the year ended on that date; and
 - complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- ▣ other mandatory financial reporting requirements in Australia.



William Buck
Chartered Accountants



Ken Glynn
Partner

Dated this *10th* day of *November*, 2005.

Melbourne, Australia

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