



Annual Report

2005/2006

Melbourne Community Television Consortium Ltd

ABN 54 104 562 076

(Second Printing)



Chairman's Report 2005/2006

Peter Lane - Chairman

Firstly I want to thank all those individuals volunteering in community television, making and supporting programs for their audiences and working with the MCTC Ltd members and their communities. It is the volunteers that provide the core strength and continuity of our diverse programming. I'd also like to thank the Station Manager, Greg Dee, and the staff of MCTC Ltd for their professionalism, hard work, and adaptability.

MCTC Ltd continues to fulfil one of its key purposes: providing access to television production and transmission for those individuals and groups who may otherwise be denied such access. This means community based producers can make programs and gain access to their communities and the wider public, and the public can have access to programming relevant to their daily lives. This also helps promote understanding and harmony, by showing all of us what each of our diverse communities has to offer.

People are increasingly using other means than broadcast television to get information and entertainment. One challenge for MCTC Ltd and its stakeholders is to decide how far we want go towards giving the public access to our content by distributing on the internet, cable, or mobile phones.

The Board and Staff continue to look for ways to offer improvements and support for producers.

We have started the staged purchase of a new analogue/digital transmitter, facilitating live outside broadcast sites, and a trial of making programs available for video on demand streaming on the internet.

The Station Manager position has been redefined as General Manager, with a comprehensive job description and a three year contract. Greg Dee continues in the role.

The big challenge for the immediate future is digital transmission. With no provision yet for digital simulcast for CTV and no clear government decision on long term community access to digital, planning is difficult.

The Board is hopeful for a positive outcome and is actively pursuing both short and long term digital access. But we have no guarantees. C31 now needs to show the government our relevance and value to the community, and we will shortly be calling on all our stakeholders to join in a vigorous campaign for a fair share of digital spectrum for community television.

Finally, thanks to our Company Secretary, Matthew Sharp, Finance Director, Danny Kong and Assembly President Peter Macarthur, for their volunteer contribution during the year.



Operations Report 2005/2006

Greg Dee - General Manager

The station has seen another strong year consolidated by exceptional growth in sales. The move to telemarketing continues to provide the station with a reliable and growing revenue stream. The mix of community television and the small business sector has given benefit to both parties.

For many small business operators, TV exposure has always been out of the question. With community TV's niche markets, specialist audiences and low cost TV packages, the small business sector has received an exciting stimulus. By the financial end of 2006, sponsorship time in the prime time grid was full of paying customers.

April 1st 2006 was cause for celebration with 50 seasons (most seasons run for 13 weeks) of Melbourne community television. Guest of honour was Mr George Lekakis, Chair of the Victorian Multicultural Commission.

The SBS – C31 charity challenge Soccer match was a thriller. With the full time score at 1 all, C31 managed to scrape home in the penalty shoot out. Whew!

Formal training and information workshops were conducted throughout the year. Sessions on topics such as Finance for Board Members, Sponsorship do's and don'ts for Producers, Digital TV Production, How to Sell Your Program Overseas, and Copyright were all well attended.

With increasing concerns over personal security, security training was provided to C31 Staff and a more appropriate and secure visitors and reception area was constructed.

Local TV content continued to blossom with more and more producers seeking access to airtime. Every season becomes more challenging trying to fit producers into an already tight programming grid.

We are thrilled to continue excellent and productive partnerships with the State Government of Victoria, Federation Square, RMIT University, Melbourne City Council, Shayne Daly and Associates, Alan Dredge, PKF Accounting and broadcasters SYN FM and PBS FM.

The future holds many challenges for Community Television; as mentioned in our Chair's report, access to Digital Spectrum continues to hold ongoing concern. On a brighter note, Internet TV and the potential for Overseas Sales of our Community Programs holds a lot of promise. 'TV Now', our new streaming web page, is scheduled to go online in November 2006; and a producers collective is gathering steam in an effort to secure overseas program sales, a credit to the quality, innovation and courage of our Producers. Well done!



Finance Report 2005/2006

After undergoing a period of ups and downs, 2005/2006 confirms a pattern of positive growth in the financial performance of the Consortium. We are now debt free and our bank account is positive.

This year the Consortium delivered a net surplus of \$179,430 compared with \$90,859 for the previous year.

The good result for the year is reflected in an improved cash position at 30th June 2006 and a reduced reliance on bank facilities during the year. Bank interest expense for the year was \$3,842 compared to \$11,223 in the previous year.

Members' Funds increased 98% from \$182,912 at 30th June 2005 to \$362,343 at 30th June 2006.

Financial accounting and budgeting procedures have been strengthened with monthly financial reporting and budgets to the Board. To this, the Finance and Management Committee has been instrumental in resolving many issues, which resulted in the smooth management of the business affairs of the Consortium.

We have only one critical hurdle hindering continued growth for the Consortium: the lack of access to digital spectrum.



Programming

The **Programming** Team

Carly, Nathanael & Elisa

During the 2005/2006 financial year, C31 Melbourne Programming has experienced significant growth in the demand for airtime and the amount of local content produced and broadcast.

C31 broadcast an average of 90 first-run locally produced programs per week during 2005/2006 financial year. Equating to over 50 hours per week, C31 is the leading community television station for new, local content.

Community demand for airtime is rapidly increasing and is reflected in a diverse and changing programming grid. In 2005/2006 financial year C31 welcomed 43 brand new programs to the grid:

123 TV
Avalon Raceway
Barnaby Flowers
Comeback Special
Bric a Brac
Careers Corner
China Today
Class TV
Chosen Line
Cops and Lawyers
Drags Aloud
Dream On
Fame and Fortune
Flavours of India
The Foosy Show
Fuk I'm Famous
Fun Yoga
Going Ballistyx
Heavyweight
Hit TV
Hot Dog with the Lot
It's a Pet's Life
Life Time
Local Knowledge
The Lygon Factor
Nunga TV
On the Couch
On the Water
One Night Stand
Pinoy TV Music
Pool TV
PSI
Public Holiday
Quizmeisters Trivia
Raw
River to Reef
The Short Film Show
Sk8 to Death
Soulwater Surf
Sooty Park
The Ugly Stick
Understanding Parkinson's
Wake Life
WMTV Beat Music
X-Wired

C31 also welcomed two new exciting live-to-air programs in the first half of 2006. 1700 is a daily, live television program hosted and produced by young people and student volunteers. Broadcasting five days per week from the C31 Studio, the 1700 crew have experienced strong audience growth and fantastic enthusiasm from volunteers.

The Breakfast Show launched in February 2006 and is a two-hour live-to-air program, broadcasting from 7am to 9am every Friday morning. Hosted by three up-and-coming television presenters, the program includes news updates from the CNews Team, interviews and pre-taped stories. The C31 Programming Team identified the early morning section of the grid as need of fresh programming and development. The Breakfast Show has started to grow new audiences for C31, and the program is hoped to expand to five shows per week.

Recognizing the importance of access to equipment, C31 made two camera field kits available to C31 Producers at very low hire-rates. Open Channel agreed to manage the hiring, insurance and maintenance of the field kits, each containing a PD 170, tripod, radio mic, and PAG lighting kit. The kits are available to C31 On-Air productions at \$45.00 per day. Following the success of this arrangement, C31 plans to make more cameras available for hire under these conditions.



The Antennas 2006

The Antennas 2006 were presented at BMW Edge at Federation Square in Melbourne on Friday 16th June. The Event was broadcast live to Melbourne and Geelong, Brisbane and Adelaide, with delayed telecasts in Perth and Mt Gambier. The program was broadcast in Sydney on Saturday, 24th June.

With over 400 entries, The 2006 Awards have been judged the most successful Antennas to date. The 31 Antenna winners represented of the diversity of Community Television and the importance of the sector in Australia.

The Event itself was a sell-out, with over 550 people gathering in the BMW Edge. Those in attendance were extremely positive about the success of the 2006 Awards. For the first time, the Victorian Government came on board as Principle Sponsor and the City of Melbourne joined as a Major Sponsor. Senator Michael Ronaldson attended on behalf of Minister Coonan, marking the first formal acknowledgement of support for The Antennas by the Minister for Communications.

The third Antennas capitalised on the lessons and experiences of the two previous awards presentations. The 2006 producing team also made several major changes including the remodelling of The Antennas Statue, the redesign of the logo, a 28-page Official Programme, and the inclusion of pre-produced material highlighting the nominees for Program of the Year.

The Antennas was successfully funded through sponsorship and contra arrangements. A total of \$52,000.00 was raised in sponsorship, with the Victorian Government contributing \$20,000.00 and the City of Melbourne a further \$10,000.00.



Pictured: 2006 **Winners** - Salam Café

Financial **Statements**

For the year ended **30 June 2006**

Melbourne Community Television Consortium Ltd

ABN 54 104 562 076

Directors' Report

The Directors (acting as the Committee) present their report together with the financial statements of the Melbourne Community Consortium Limited for the year ended 30 June, 2006 and the auditor's report thereon.

Directors

The names of the Directors in office and their particulars at anytime during or since the end of the year are:

Name	Position	Directors Meeting		Finance & Management Committee	
		No. Eligible to Attend	Number Attended	No. Eligible to Attend	Number Attended
Danny Hon Yeong Kong	Finance Director	11	10	11	11
Peter James Lane	Chairman	11	11	11	9
Ralph Malcolm Ross McLean	Secretary	2	0	2	0
Matthew Kenneth Sharp	Secretary	9	8	8	7
Judy Ottilia Magassy	Director	11	6	6	2
Julio Altamirano	Director	7	6	6	4
Walter Vladimir Adamson	Director	11	8		
Rebecca Ann Brown	Director	6	5		
Ngai Chung Cheng	Director	6	3		
Noel Joseph Fanning	Director	11	2		
Michael Heron	Director	6	5		
Jacinta Joan Hicken	Director	5	4		
Alex Sandor Jobaggy	Director	11	5		
Luka Kalonta	Director	11	3		
Michael Leonard King	Director	1	0		
Augustan Luchian	Director	1	1		
Andrew Campbell Manderson	Director	11	10	11	9
Giancarlo Mazzarotta	Director	3	2		
Simon Dominic Meyer	Director	3	3		
Taswinder Minhas	Director	4	4		
Simon Athinis Moore	Director	10	2		
Aldelbert Noveloso	Director	11	4		
Tommaso Carmine Padula	Director	8	5		
Andrew Duy Phung	Director	11	4		
Michael Profyris	Director	11	0		
Paul Spanos	Director	1	1		
Benomi Todica	Director	10	8		
Gregory Schmultevich Vaisman	Director	11	5		
David Wong	Director	11	11		
Roman Alex Zapedowski	Director	11	4		

Principal Activity

The principal activity of the company during the year were:

- Broadcasting of community Television programs
- Developing and maintaining Television Presentation and Transmission Facilities
- Seeking Sponsorship Revenue

Operations and Results

The Company's operations for the year resulted in a surplus of \$174,242 compared to a surplus of \$90,861 in the previous year.

State of Affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Company during the financial year. As a result of the introduction of Australian Equivalents to International Financial Reporting Standards

(IFRS) the company's financial report has been prepared in accordance with these standards. There were no material impact as a result of the transition to IFRS.

Likely Developments

The company is upgrading its transmitter to digital capability and is pursuing access to part of the digital broadcast system.

Proceedings on behalf of company

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

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 initiated an action against the previous financial manager for recovery of losses incurred as misappropriation of the company's assets. Criminal charges were laid resulting in a custodial sentence. Prospects of any financial recovery are considered negligible. No other person has applied for leave of the Court to bring proceedings to which the company or to intervene in any proceedings to which the company is a part 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 2001 is set out on page 15.

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

Director Peter J. Lane
Peter James Lane

Director Danny
Danny Hon Yeong Kong

Dated this 30TH day of OCTOBER 2006

**AUDITOR'S INDEPENDENCE DECLARATION UNDER
SECTION 307C OF THE CORPORATIONS ACT 2001**

To the Directors of Melbourne Community Consortium Limited:

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2006 there have been:

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

William Buck
William Buck
Chartered Accountants

Ken Glynn
Ken Glynn
Partner

Dated this 31st day of October, 2006.

Melbourne, Australia.

Income Statement - For the year ended 30 June 2006

	Note	2006 \$	2005 \$
Revenue from Operating Activities	2	2,302,016	1,718,877
Employee benefits expense		(766,681)	(714,263)
Depreciation and amortisation expenses	3	(138,181)	(93,138)
Borrowing costs expense	3	(3,998)	(13,125)
Occupancy Expenses		(89,284)	(78,379)
Marketing Expenses		(9,796)	(7,694)
Commission Expenses		(221,514)	(114,169)
Cost of Goods Sold		(166,419)	(138,222)
Other expenses from ordinary activities		(731,900)	(469,006)
Net Profit / (loss) attributable to company		174,242	90,861

Balance Sheet - As At 30 June 2006

	Note	2006	2005
		\$	\$
ASSETS			
Current assets			
Cash assets	6	184,716	34,894
Receivables	7	351,726	241,929
Other current assets	8	48,435	58,689
Total current assets		584,878	335,512
Non-current assets			
Property, plant and equipment	9	409,373	426,291
Total non-current assets		409,373	426,291
TOTAL ASSETS		994,251	761,803
LIABILITIES			
Current Liabilities			
Payables	10	311,099	266,874
Interest-bearing liabilities	11	-	20,992
Unearned Revenue	12	274,262	206,375
Provisions	13	34,235	29,649
		619,596	523,890
Non-current liabilities			
Unearned Revenue	12	17,500	55,000
Total non-current liabilities		17,500	55,000
TOTAL LIABILITIES		637,096	578,890
NET ASSETS		357,155	182,913
EQUITY			
Retained Profits	14	357,155	182,913
TOTAL EQUITY		357,155	182,913

The accompanying notes form part of these financial statements

Statement of Recognised Income and Expenses

- For the year ended 30 June 2006

	Equity
Balance at 1 July 2004	92,052
Net profit / (loss) recognised directly in equity	90,861
Balance as at 30 June 2005	182,913
Net profit / (loss) recognised directly in equity	174,242
Balance as at 30 June 2006	357,155

Cash Flow Statement - For the year ended 30 June 2006

	Note	2006	2005
		\$	\$
Cash flows from operating activities:			
Receipts from customers		2,093,089	1,625,715
Interest received		2,726	933
Payments to suppliers and employees		(1,825,244)	(1,591,025)
Borrowing costs		(2,275)	(28,849)
Total cash from operating activities	17	268,296	6,774
Cash flow from investing activities:			
Purchase of property, plant and equipment		(97,481)	(61,792)
Net cash used by investing activities		(97,481)	(61,792)
Cash flows from financing activities:			
Repayment of borrowings		(20,992)	-
Net cash used by financing activities		(20,992)	-
		149,822	(55,018)
		-	
Cash and cash equivalents at 1 July 2005		34,894	89,912
Cash and cash equivalents at 30 June 2006	6	184,716	34,894

The accompanying notes form part of these financial statements

Notes to the Financial Statements

- For the year ended 30 June 2006

1 Statement of Significant Accounting Policies

(a) Corporate information

Melbourne Community Television Consortium Limited is an unlisted company limited by guarantee and incorporated and domiciled in Australia.

(b) Basis of Preparation

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

The financial report has been prepared on a historical cost basis, modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

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

(c) Statement of Compliance

The financial report complies with all Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS") in their entirety. Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards.

This is the first financial report prepared based on AIFRS and comparatives for the year ended 30 June 2005 have been restated accordingly except for the adoption of AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement*. The Company has adopted the exemption under AASB 1 *First-Time Adoption of Australian Equivalents to International Financial Reporting Standards* from having to apply AASB 132 and AASB 139 to the comparative period.

There are no differences between the equity or profit between the financial report at 30 June 2005 and the comparative figures reported in the 30 June 2006 Financial Report.

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.

(d) Critical accounting estimates and judgements

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make estimates, judgements and assumptions based on historical knowledge and best available current information.

Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group. Actual results may differ from these estimates.

(e) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost, less any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are measured at cost less accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis less depreciation and impairment.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased 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. 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 Asset	Depreciation Rates
Leasehold improvements	20%
Plant and Equipment	30%
Office Furniture & Equipment	11.25% - 30%

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

(f) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in values, and bank overdrafts.

(g) Impairment of Assets

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill, intangible assets with indefinite lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

(h) Trade and other receivables

Trade receivables, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the company will not be able to collect the debts. Bad debts are written off when identified.

(i) Trade and Other Payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to Melbourne Community Television Consortium Limited prior to the end of the financial year that are unpaid and arise when Melbourne Community Television Consortium Limited becomes obliged to make future payments in respect of the purchase of these goods and services.

1 Statement of Significant Accounting Policies continued

(j) Employee Benefits

Wages, Salaries and Annual Leave

Liabilities for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date. They are calculated at undiscounted amounts based on remuneration wage and salary rates that Melbourne Community Television Consortium Limited expects to pay as at reporting date including related on-costs, such as workers compensation insurance, superannuation and payroll tax.

Long-term service benefits

The Company's net obligation in respect of long-term service benefits, is the amount of future benefit that employees have earned in return for their service in current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Governments bonds at the balance sheet date which have maturity dates approximating the to terms of Melbourne Community Television Consortium Limited's obligations.

Superannuation

The amount charged to the Income Statement in respect of superannuation represents the contributions made by Melbourne Community Television Consortium Limited to superannuation funds during the period.

(k) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(l) 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).

(m) 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 Taxation 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 balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(n) Repairs and Maintenance

Repair and maintenance costs and minor renewals are charged as expenses as incurred.

(o) 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.

(p) Members Guarantee

Melbourne Community Television Consortium Limited is a public company limited by the guarantee of its members. If the company is wound up, the Constitution state that each member is required to contribute an amount not exceeding \$20 towards meeting any outstanding obligations of the company.

2 Revenue

	2006	2005
	\$	\$
Operating activities		
- Interest revenue (a)	2,726	933
- Service revenue	2,299,290	1,717,944
Total Revenue	2,302,016	1,718,877
(a) Interest revenue from:		
- Other persons	2,726	933
Total interest revenue	2,726	933

3 Profit from Ordinary Activities

	2006	2005
	\$	\$
Expenses		
Cost of Sales	166,419	138,222
Borrowing costs:		
- Other persons	3,998	13,125
Total borrowing costs	3,998	13,125
Depreciation of non-current assets		
- Plant and Equipment	120,094	72,255
Total depreciation	120,094	72,255
Amortisation of non-current assets		
- Leasehold Improvements	18,087	20,883
Total amortisation	18,087	20,883
Bad and doubtful debts		
- Trade Debtors	111,654	63,791
Total bad and doubtful debts	111,654	63,791

4 Directors' and Executives' Remuneration

(a) Names and positions held of Directors and Specified Executives in office at any time during the financial year are:

Danny Hon Yeong Kong	Finance Director
Peter James Lane	Chairman
Ralph Malcolm Ross McLean	Secretary
Matthew Kenneth Sharp	Secretary
Judy Ottilia Magassy	Director
Julio Altamirano	Director
Walter Vladimir Adamson	Director
Rebecca Ann Brown	Director
Ngai Chung Cheng	Director
Noel Joseph Fanning	Director
Michael Heron	Director
Jacinta Joan Hicken	Director
Alex Sandor Jobaggy	Director
Luka Kalonta	Director
Michael Leonard King	Director
Augustan Luchian	Director
Andrew Campbell Manderson	Director
Giancarlo Mazzarotta	Director
Simon Dominic Meyer	Director
Taswinder Minhas	Director
Simon Athinis Moore	Director
Aldelbert Noveloso	Director
Tommaso Carmine Padula	Director
Andrew Duy Phung	Director
Michael Profyris	Director
Paul Spanos	Director
Benomi Todica	Director
Gregory Schmultevich Vaisman	Director
David Wong	Director
Roman Alex Zapedowski	Director

(b) Directors' Remuneration

No Director has been paid by the Company

	2006	2005
	\$	\$
4 Auditor's Remuneration		
Remuneration of the auditor of the parent entity for:		
- auditing or reviewing the financial report	12,000	10,000
- other services	3,000	-
	15,000	10,000
6 Cash Assets		
Cash on hand	400	300
Cash at bank	184,316	34,594
	184,716	34,894
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the balance sheet as follows:		
Cash and cash equivalents	184,716	34,894
7 Trade and Other Receivables		
Current		
Trade receivables	423,482	309,460
Provision for doubtful debts	(76,590)	(67,531)
Other Receivables	4,834	-
	351,726	241,929
8 Other Current Assets		
Current		
Prepayments	47,954	58,689
Other current assets	481	-
	48,435	58,689
9 Property Plant and Equipment		
PROPERTY, PLANT AND EQUIPMENT		
Plant and equipment at cost	496,747	446,337
Less accumulated depreciation	(236,028)	(140,643)
	260,719	305,694
Office furniture & Equipment	121,232	76,071
Less accumulated depreciation	(38,394)	(20,464)
	82,838	55,607
Leasehold improvements at cost	109,095	90,181
Less accumulated amortisation	(43,278)	(25,191)
	65,817	64,990
Total Plant and Equipment	409,373	426,291

(a) Movements in Carrying Amounts

2006	Office Equipment	Plant and Equipment improvements	Leasehold	Total
Balance at the beginning of year	55,607	305,694	6 4,990	426,291
Additions	51,939	50,410	18,914	121,263
Disposals	-	-	-	-
Depreciation expense	(24,708)	(95,385)	(18,087)	(138,181)
Carrying amount at the end of year	82,838	260,718	6 5,817	409,373

2006 **2005**

\$ **\$**

10 Trade and other Payables

Current

Unsecured liabilities

Trade payables	92,063	65,314
Other payables	219,036	201,560
	311,099	266,874

11 Interest Bearing Liabilities

Current

Unsecured liabilities

Bank overdrafts	-	20,992
	-	20,992

12 Unearned Revenue

Current

Unearned Revenue	274,262	206,375
	274,262	206,375

Non Current

Unearned Revenue	17,500	55,000
	17,500	55,000

13 Provisions

Current

Employee benefits provision	34,235	29,649
	34,235	29,649

14 Retained Profits

Retained profits at the beginning of the financial year	182,913	92,052
Net profit attributable to the members of the company	174,242	90,861
Retained profits at the end of the financial year	357,155	182,913

	2006	2005
	\$	\$

15 Capital and Leasing Commitments

(a) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable

- not later than 1 year	121,500	111,500
- later than 1 year but not later than 5 years	131,500	121,500
- later than 5 years	-	-
	253,000	233,000

The property lease is a non-cancellable lease, with rent payable monthly in advance. Rental provision within the lease agreement require annual lease payments as follows. An option exists to renew the lease at the end of the term for an additional term of five years at market rates.

2007	\$121,500
2008	\$131,500

(b) Capital Expenditure Commitments

There are no capital expenditure commitments at the balance date

16 Segment Reporting

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

17 Cash Flow Information

(a) Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities

Profit / (Loss) from ordinary activities after income tax	174,242	90,861
Cash flows excluded from profit from ordinary activities attributable to operating activities		
Non-cash flows in profit from ordinary activities		
Depreciation & amortisation	138,181	93,138
Assets received on contra account	(23,773)	-
Changes in assets and liabilities:		
(Increase)/decrease in trade and term receivables	(109,797)	(188,270)
Increase/(decrease) in unearned income	30,387	96,041
(Increase)/decrease in prepayments	10,254	(58,689)
Increase/(decrease) in trade payables and accruals	44,216	(75,671)
Increase in provisions	4,587	49,364
Net cash from operating activities	268,296	6,774

(b) Credit standby Facilities

The company has a bank overdraft facility amounting to \$130,000 (2005: \$130,000). This may be terminated at any time at the option of the bank. At 30 June 2006 the facility was not in use (2005: \$20,992).

18 Company Details

Registered office

The registered office of the company is:

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

19 Related Party Transactions

There were no related party transactions during the financial year

20 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.

21 Financial Instruments

Melbourne Community Television Consortium Limited's principal financial instruments, comprise of cash and short-term deposits.

Melbourne Community Television Consortium Limited has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

The main risks arising from Melbourne Community Television Consortium Limited's financial instruments are interest rate risk, liquidity risk and credit risk. The policies for managing each of these risks are summarised below.

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, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 of the financial statements.

Interest Rate Risk

Melbourne Community Television Consortium Limited's exposure to market risk for changes in interest rates relates primarily to Melbourne Community Television Consortium Limited's cash on deposit.

Melbourne Community Television Consortium Limited's policy is to manage its interest cost using a mix of fixed and variable rate debt.

Credit Risk

Management has a financial policy in place and any exposure to credit risk is monitored on an ongoing basis.

Melbourne Community Television Consortium Limited trades only with recognised, creditworthy third parties.

In addition, receivable balances are monitored on an ongoing basis with the result that Melbourne Community Television Consortium Limited's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of Melbourne Community Television Consortium Limited, which comprise cash and cash equivalents, available-for-sale financial assets, Melbourne Community Television Consortium Limited's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

There are no significant concentrations of credit risk within Melbourne Community Television Consortium Limited at the balance sheet date.

Interest Rate Risk

The following summarises interest rate risk for the company, together with effective interest rates as at balance date.

	Weighted Average Effective Interest Rate		Floating Interest Rate		Non-Interest Bearing		Total	
	2006 %	2005 %	2006	2005	2006	2005	2006	2005
Financial Assets:								
Cash at bank	-	-	184,716	34,894	-	-	184,716	34,894
Receivables	-	-	-	-	351,726	241,929	351,726	241,929
Total Financial Assets			184,716	34,894	351,726	241,929	536,442	276,823
Financial Liabilities:								
Bank Overdraft	-	11.45%	-	20,992	-	-	-	20,992
Trade and Payables		-	-	-	291,099	268,874	291,099	268,874
Total Financial			-	-	291,099	268,874	291,099	268,874

22 Key management personnel disclosures

(a) Transactions with key management personnel

The key management personnel compensation included in 'employee expenses' are as follows:

	2006
	\$'000's
Short-term employee benefits	168,257
Post-employment benefits	17,844
	186,101

There were no other transactions with key management personnel during the year.

The directors of the company declare that:

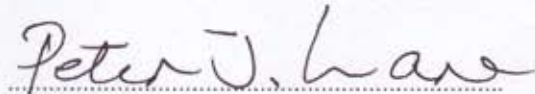
1. The financial statements and notes, as set out on pages 12 to 31, are in accordance with the Corporations Act 2001

and:

- (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 2006 and of the performance for the year ended on that date of the company;

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

Director


Peter James Lane

Director


Danny Hon Yeong Kong

Dated this 30th day of OCTOBER 2006

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

Scope

The financial report and directors' responsibility

The financial report comprises balance sheet, income statement, cash flow statement and the statement of recognised income and expenses, accompanying notes to the financial statements and the directors' declaration for Melbourne Community Television Consortium Limited (the company), for the year ended 30 June 2006.

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.

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 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's financial position as at 30 June 2006 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 31st day of October, 2006.
Melbourne, Australia.