



Melbourne Community Television Consortium Ltd

# Annual Report

## 2006/2007

ABN 54 104 562 076



**The Fight for Digital**



# Assembly **Report** 2006/2007

Peter **McArthur** - President

We hold a free to air television license in a major metropolis, which is of enormous social value and must never be taken for granted. Our station is running beautifully thanks to the dedication and co-operation of our member groups, producers, management and staff. It is a pleasure to be involved.

I have no doubt that Channel 31 Melbourne is the inspirational leader of community television in Australia. It is amazing and pleasing that we have 98 first-run local Melbourne programs going to air each week ... a huge tribute to our local member groups, producers, management and program staff.

As most of you know we are seeking permission from the Federal government to transmit in digital as soon as possible and our campaign will strengthen again in the months ahead. In the meantime we will continue to build a strong, community-based television station to serve Melbourne and Geelong.

One of our major strengths has been the huge growth of member groups from 7 in 1994 to about 25 currently. Channel 31 deservedly is becoming a household word throughout Melbourne and Geelong. My thanks to Peter Lane (Board Chairman), Greg Dee (General Manager), and Matthew Sharp (Company Secretary) for their dedication towards a strong and successful C31.



# Chairperson's **Report** 2006/2007

Peter **Lane** - Chairperson

The past year has seen strong growth in programming, the beginning of our Strategic and Policy Review, an upgrade of our transmitter, the start of the 'TV Now' program streaming, and stable revenue.

The main challenge is still the switch to digital and the lack of government commitment to digital spectrum for community television.

#### Digital C31

As Channel A may or may not be an option for C31, we are exploring other options for digital simulcast. Some CTV stations with no other simulcast options are seeking direct switchover from to digital using existing channel 31 spectrum, without simulcast.

C31 continues to pursue simulcast to serve our loyal viewers. Direct switchover is the last resort, as we may then lose our current viewers on analogue.

Currently the loss of viewers to digital takeup seems to be offset by C31 gaining more viewers within the shrinking analogue pool. We believe that with digital simulcast our total audience would be growing regularly, reflecting the people's appreciation of relevant, local, independent television.

Our national peak body, the CBAA, has asked the Minister for financial compensation for audience loss due to lack of access to digital. We are awaiting a Government response.

We are concentrating on gaining announcements on policy for digital CTV conversion from the Government and Opposition prior to the federal election.

#### Relicensing in 2009

MCTC is due to apply for a licence renewal in 2009. Indications are that this will be a serious review of our compliance with the licence conditions. ACMA has recently indicated they will be paying close attention to governance issues, and are working on requirements for board structures for licensees.

The next year we are examining refining our structure to keep direct member control as well as allowing for expertise and greater efficiency on the Board.

#### Reviews

The Strategic and Policy Review process has begun with several constructive discussions and draft recommendations in programming, and adoption at Assembly of a biannual Membership Review. The process is ongoing, and we are seeking funding for an external consultant to provide a structural review of MCTC.

#### Future challenges

The commercial and national telecasters are already beginning to provide multi-channelling on digital. This means many more free to air channels to choose from, and could impact on our audience.

The next year is Channel 31 Melbourne's opportunity to consolidate and expand our relationship with the peoples of Melbourne, and develop our service for digital free to air. We need to demonstrate to government how much our audience appreciates the programs on C31, and deserves the expansion of the service given to commercial and government broadcasters on digital spectrum.

Finally I would like to thank all the volunteers and staff at C31, its Members and program providers for their hard work and dedication over the last year.



# Operations **Report** 2006/2007

Greg **Dee** - General **Manager**

The Digital question seems to come up in almost every conversation involving our Station. Is there an answer?

Looking at the 2006/07 year there appears to be a multitude of answers...

**Audiences.** We were very concerned about the impact of Digital Television take-up on our audiences, so we were delighted with our Audience Reach figures. Our monthly Reach figure averages 1.3 million with a couple of months hitting 1.4 million. There are four contributing factors - our Digital Don't Go Until We Go campaign, extra strength Transmission, full time Promo Producer and PR support, and our brilliant and growing array of community programs.

**Sales.** Our telemarketing team are delivering the goods on a day in day out basis. We are often seeing monthly targets being surpassed and individual account managers regularly breaking sales records. Financial strength and consistency are the vital building blocks for any successful organisation and it's a welcome relief to see the wolf kept hungry in the far paddocks. The continuing Sponsorship support from the Victorian State Government has also been a critical factor in the Station's success.

**Media.** The year also saw our beloved fishcam set free and our finny friends exited in fine style with some great media coverage in the Press, Radio and local media. The Fishcam goodbye party kicked off a purple patch in the media. We had stories everywhere for weeks on end. Vasili, Twentysomething, The Breakfast Show, Chartbusting 80's, Planet Nerd, Bazura Project, Studio 4, Pinoy TV and Theatre Games were all featured.

Producers were supported through the year with a wide range of workshops and info sessions held throughout the year. Overseas Sales, Understanding OzTAM audience surveys, Web Design and Internet Streaming, How to Shoot Digital, How to secure

Sponsors, How to do your own Public Relations/Media, What is Advertorial Content and Finance Training for Board members.

The Human Touch – Our Animation Competition hit a chord with Melbourne animators delivering great kudos to the winners, plus a cash prize and over 30 new 'Visual Identifications' for the Station.

TV Now, the C31 internet streaming site, has been functioning since December 2006. The latest monthly survey saw 2,163 visitors with over 17,268 clips viewed. TV Now currently contains 290 clips and we are continually looking to increase the number of shows online.

Community Harmony. C31 were invited to join the State Government and Victorian Multicultural Commission as a Media Partner in Cultural Diversity Week. Cultural Diversity is all about the promotion of Cultural Tolerance and Community Harmony. We spoke at the Harmony Day function alongside SBS, 3ZZZ, 3CR and NEMBC and attended the Premier's Gala Dinner celebrating Cultural Diversity. C31 assisted in editing the evening's event into a one hour TV special 'Diversity Feels Good', which was screened on C31 in prime time.

Being a living breathing successful community access station is the answer to why we should have a digital licence. Why shouldn't we?

Big thanks to all the Producers, Staff, Volunteers and our loyal Audiences.

# Digital **Report** 2006/2007

Karen **Woulfe** - Digital Campaign Coordinator





## Make C31 Licensed and Digital!

This past year has seen many changes impacting on the future of the digital television landscape in Australia. Alongside this, have been the many developments in community television's campaign to be a part of this future as soon as possible.

Since at least 1998, we have been lobbying the Federal Government to provide us with some certainty in regards to our digital future. In 1998, we were promised that we would at least have access to one Standard Definition digital channel by January 2001, but alas, this has not yet come to fruition.

We have sent letters from our viewers supporting our digital conversion to both the current Communications Minister, Senator Helen Coonan and recently, with the launch of the 'Make C31 Licensed and Digital!' campaign, letters to the Prime Minister, John Howard as well. However, we have not received much in the way of positive responses from them.

The Digital Action Plan released by the Department for Communications, Information Technology and the Arts, in November 2006 had very little concrete to say about the future of community television in the digital age, except to say that analogue services would be switched off by 2010-2012. Also, the Federal Government have not yet responded to the February report they commissioned into CTV from the House of Representatives Standing Committee on Communications, Information Technology and The Arts. This report, entitled 'Community Television: Options For Digital Broadcasting' recommends that the CTV sector be given immediate access to digital spectrum, as well as the ability to simulcast in analogue and digital, at no cost to the sector. The report also recommends that the Australian Government provide community television with \$6 million for conversion of equipment to digital, as well as \$1.7 million per year of simulcast, to pay for costs associated with simulcast.

We continue to fight for both simulcast and a 7MHz channel through our letter writing and awareness campaign. We too would like to have a part in the brave new world of digital, as we too would love to reap the benefits it can provide, just as the other free-to-air stations are able to do.

### Current Links:

House of Representatives Standing Committee on Communications, Information Technology and The Arts report on issues pertaining to community broadcasting in Australia:

[http://www.aph.gov.au/house/committee/cita/community\\_broadcasting/index.htm](http://www.aph.gov.au/house/committee/cita/community_broadcasting/index.htm)

Ready, Get Set, Go Digital – A Digital Action Plan for Australia

[http://www.dcita.gov.au/media\\_broadcasting/publications\\_and\\_reports/recent/digital\\_action\\_plan](http://www.dcita.gov.au/media_broadcasting/publications_and_reports/recent/digital_action_plan)

# Programming **Report** 2006/2007

The **Programming** Team - Laura, Elisa, Nathanael, Kat



C31's programming has continued to go from strength to strength as the station readies itself for digital simulcast.

C31 broadcast an average of 99 first-run locally produced programs every week, during the 2006/2007 financial year. C31 continues to lead the way as the strongest community television station for new local content.

C31 reflects the increased demand for airtime with an exciting, diverse and changing grid, with more flexibility to include seasonal sports programming. Strong, diverse local programming is an integral part of the station's push for digital, and programs are continuing to improve in quality.

An exciting addition to the schedule includes The Breakfast Show, which launched as a daily one hour live-to-air program in May 2007. This has seen the training of a dynamic group of young cast and crew members, using updates from the CNews team. The program is available for other C31 programs to be interviewed and showcase their own programs.

The C31 studio is now in strong demand, with two live one hour programs filmed there every weekday, along with a number of pre-recorded community produced programs. The RMIT studios are now being used for a number of diverse programs, including university programs, RMITV productions and independent productions.

C31 continues to make two low-cost field kits available to producers through Open Channel, each containing a tripod, radio mic and PAG lighting kit and three chip camera for \$45 per day. While one camera is a standard definition PD 170, the other is a high definition camera to give producers the opportunity to experiment with HD in readiness for the new digital era.

In the 2006/2007 financial year C31 welcomed 36 brand new locally made shows to the grid (not including returning programs or one off specials):

A Life in Crime  
A Time to Talk  
Alone with Everybody  
Adventure Bound  
Aces High  
Barnaby Flowers Bumper Bonanza  
Blurb  
Class TV Update  
Cruisin' The Country  
Dave Harding PI  
Haunted Australia  
Heavyweight Throwdown  
Hi Art  
Living Life Now  
Lawn Bowls  
Minnie Monkey  
Making the Switch  
More Amore  
Music Biz  
MS Show  
SATU News  
Penguin TV  
Picture House Presents  
Planet Nerd  
Popcorn  
Revolver Video  
Richmond 3121 Oh  
Showbiz  
Sorta Like A Show  
Studio 4  
Theatre Games Live  
The Bazura project  
The Breakfast show (live daily)  
The Spot 2 B  
20 Something  
Voltage (1700)

# Antennas Report 2006/2007

Simon Myers - Antennas Producer 2007

2007  
true local  
**ANTENNA**  
AWARDS



## The 2007 truelocal Antenna Awards

The 2007 truelocal Antenna Awards were presented at BMW Edge at Federation Square in Melbourne on Friday 8th June. The Event was broadcast live to Melbourne and Geelong, with delayed telecasts in Perth. The program was broadcast in Adelaide Brisbane and Sydney

The 2007 Awards has been recognized as a great success and a true celebration of community television.

The event itself was again a sell-out, with over 440 people gathering in the BMW Edge. All states were represented well on the night which captured the excitement of celebrating and recognising the national community television sector.

Sponsorship support was increased this year. For the first time, naming rights for the awards were given to truelocal.com.au, who came on board as Principal Partner. They have already expressed their keen interest in furthering their relationship with the Antenna Awards

Senator Kay Patterson attended on behalf of Minister Coonan, and delivered a personal message from the minister regarding the government's support for community television to go digital. Other VIPs included Mr Peter Garrett, Hon. Minister Peter Batchelor, Senator Stephen Conroy, Lord Mayor John So and Hamish Blake and Andy Lee.

The 2007 truelocal Antenna Awards set a new standard for community television award presentations. The length of the broadcast ran for approximately 93 minutes and this was a vast improvement from previous years. The design of the Antennas Statue was also further refined. This year they were made out of crystal and the two Antennas on the award were made symmetrical. This resulted in the awards presenting well on the television broadcast.

This year the production team focused on the awards presentation being a television program rather than a live event recorded for television. The production design enhanced the stage area, by giving it depth and live acts were kept to a maximum of approximately three minutes per performance. There were no hosts and presenters took on these responsibilities and played a greater role in keeping the awards entertaining.

Capitalising on the lessons and experiences of the previous awards presentations ensured the 2007 truelocal Antenna awards surpassed expectations. This year a high quality, innovative and entertaining television presentation was achieved. The awards achieved success in representing the diversity of the national community television sector and it being a valuable part of the Australian media landscape.



# Financial **Report** 2006/2007

Matthew **Sharp** - Finance Director

I am very pleased to announce that once again the Melbourne Community Television Consortium has returned a surplus for the financial year. The surplus for the year 2006/07 is \$146,759. This is down on the previous year's surplus of \$174,242 but is still an excellent result in a sector where historically surpluses have not been the norm. It demonstrates conclusively that with the right company structure and business model, it is possible to run a community television station in a way that provides genuine access to the community and still is able to be financially viable.

The surplus has enabled the station to invest in some sorely needed broadcast infrastructure. In December 2006, our venerable 5kW analogue transmitter was decommissioned after over 12 years in service, and replaced with a new 5kW transmitter capable of operating in analogue and digital modes. In addition to providing us with future digital capability, we are now able to actually run the transmitter at a full 5kW for the first time in many years. Our viewing figures for 2007 have shown a consistent increase on 2006, perhaps as a result of the power increase. With a surplus again forecast for 2007/08, the Board has decided to invest in expanding the transmitter to 10kW, which should provide better reception for the Melbourne community than has ever been offered before.

Maintaining and improving our analogue broadcast quality is particularly important at this time. We need to ensure that we can reach as many viewers as possible who have not yet gone digital. However, there will come a time when the uptake of digital must start to encroach seriously on our audiences and threaten our sound financial base. It would be a shame to dissipate the success of the station simply due to the failure of our legislators to provide a timely transition to digital for community television.

One day, when community television does go digital, I am confident that it will be shown to be a real alternative to the mainstream, providing a welcome dose of diversity in the Australian media. Hopefully that day will come soon, so that C31 can continue to operate as a thriving, self-sustainable entity, and provide access to broadcast and production facilities for the community of Melbourne and Geelong.

# Financial **Statements** 2006/2007

For the Year Ended 30 June 2007

Melbourne Community Television Consortium Limited

ABN: 54 104 562 076



## Directors' Report 30 June 2007

Your directors (acting as the Committee) present their report on the company for the financial year ended 30 June 2007.

### Directors

During the financial year, meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

Name	Mode of Appointment	Directors Meetings		Finance & Management Committee	
		Eligible to Attend	Number Attended	Eligible to Attend	Number Attended
Matthew Sharp	Appointed by Yarra Access Inner-City Television Inc	13	13	11	11
Julio Altamirano	Appointed by Hispanic Community Television Antenna Hispana Inc	13	12	11	8
Peter Lane	Elected at 2005 AGM; re-elected at 2006 AGM	13	12	11	10
Simon Meyer	Appointed by Inner South-Eastern Access Television Inc	13	12	-	-
Ben Todica	Appointed by Australian Romanian Community Television	13	11	-	-
Campbell Manderson	Elected at 2005 AGM; re-elected at 2006 AGM	13	11	11	11
David Wong	Elected at 2005 AGM; re-elected at 2006 AGM	13	10	-	-
Walter Adamson	Appointed by Russian Television Victoria Association Inc	13	10	-	-
Luki Kalonta	Appointed by Indonesian Club Melbourne Inc	13	8	-	-
Taswinder Minhas	Appointed by Punjabi Television Network Inc	13	8	-	-
Gregory Vaisman	Appointed by Russian Cultural & TV Association Inc	13	4	-	-
Bec Brown	Appointed by Student Community Television Inc	12	11	-	-
Michael Heron	Elected at 2005 AGM; re-elected at 2006 AGM; resigned 28/6/07	12	4	-	-
Janja Jamon	Appointed by Australian Croatian Cultural Association Inc	12	1	-	-
Simon Moore	Appointed by Northern Access Television Association Inc	11	6	-	-
Sudha Saini	Appointed by The Indian Television Broadcasting Association Inc	11	6	6	-
Tom Padula	Appointed by Italian TV Inc	9	7	-	-
Judy Magassy	Appointed by Eastern Regional Access Television Inc	9	4	5	-
Roman Zapadowski	Appointed by Southern TV Inc	9	4	-	-
Alex Jobbagy	Appointed by MHTV Inc; Elected at 2006 AGM	13	11	-	-
Stanley Chang	Appointed by Asian Television Australia Association Inc; from 30/11/06	8	6	-	-
Andrew Phung	Appointed by Vietnamese Television Association (VNTV) Inc; term ended 30/11/06	5	2	-	-
Chung Cheng	Appointed by Asian Television Australia Association Inc; term ended 30/11/06	5	2	-	-
Al Noveloso	Appointed by Pinoy TV Inc; term ended 30/11/06	5	1	-	-
Michael King	Appointed by Bent TV Association Inc; term ended 30/11/06	5	1	-	-
Michael Profyris	Appointed by GCTV Inc; term ended 30/11/06	5	-	-	-
Noel Fanning	Appointed by Geelong Newsbeat Inc; term ended 30/11/06	5	-	-	-
Peter McArthur	Appointed as alternate by Judy Magassy; 5/10/06 to 14/12/06	4	4	11	8
Danny Kong	Co-opted by Board; term ended 23/11/06	4	3	5	5
Giancarlo Mazzarotta	Appointed as alternate by Tom Padula; 14/12/06 to 24/5/07	4	3	-	-
Andrew Home	Co-opted by Board; from 5/10/06 to 16/11/06	1	1	2	-
Nicole Symington	Appointed as alternate by Bec Brown; on 22/2/07 only	1	1	-	-
Paul Spanos	Appointed as alternate by Simon Moore; on 22/3/07 only	1	1	-	-
Ray Moon	Appointed as alternate by Simon Moore; on 23/11/06 only	1	1	-	-

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

An amount of \$30,170 was paid to Matthew Sharp for services rendered as a company secretary. Other directors are honorary and did not receive any remuneration for their services.

### Company Secretary

Matthew Sharp has held the position of company secretary for the financial year ended 30 June, 2007.

### Principal Activities

The principal activities of Melbourne Community Television Consortium Limited during the financial year were broadcasting of community television programs, developing and maintaining television presentation and transmission facilities and seeking sponsorship revenue. No significant change in the nature of these activities occurred during the year.

### Operations and Results

The surplus of Melbourne Community Television Consortium Limited amounted to \$ 146,759 .

### 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.

The company was not a party to any such proceedings during the year.

### Indemnifying Officers or Auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of Melbourne Community Television Consortium Limited.

### After balance day events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of Melbourne Community Television Consortium Limited, the results of those operations or the state of affairs of Melbourne Community Television Consortium Limited in future financial years.

### Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out below.

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



Director: Peter Lane

Director: Matthew Sharp

Dated this day of 26 Oct 2007.

### Auditors Independence Declaration Under Section 307C of the Corporations Act 2001

To the directors of Melbourne Community Television Consortium Limited:

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2007 there have been:

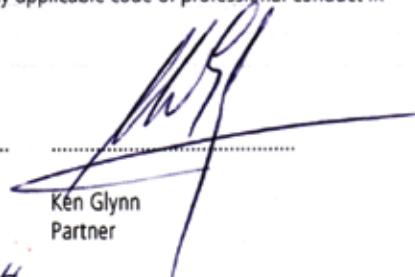
(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001;

and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.



William Buck  
Chartered Accountants



Ken Glynn  
Partner

Dated this day of 29<sup>th</sup> October 2007.

Melbourne, Australia

## Income Statement for the Year Ended 30 June 2007

	Note	2007	2006
		\$	\$
Revenue	2	2,391,140	2,302,016
Other revenue		63,928	-
Employee costs		(900,114)	(766,682)
Depreciation, amortisation and impairments		(131,710)	(138,181)
Commission expense		(150,291)	(221,514)
Cost of goods sold		(151,521)	(166,419)
Occupancy expenses		(100,017)	(89,284)
Marketing expenses		(8,932)	(9,796)
Other expenses		(863,546)	(731,900)
Finance costs		(2,178)	(3,998)
<b>Surplus</b>		<b>146,759</b>	<b>174,242</b>

## Balance Sheet - 30 June 2007

	Note	2007	2006
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	50,752	184,716
Trade and other receivables	5	361,842	351,726
Other current assets	6	44,055	48,435
<b>Total current assets</b>		<b>456,649</b>	<b>584,877</b>
<b>Non-current assets</b>			
Property, plant and equipment	7	557,188	409,373
Total non-current assets		557,188	409,373
<b>TOTAL ASSETS</b>		<b>1,013,837</b>	<b>994,250</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	8	343,766	311,098
Financial liabilities	9	69,250	-
Short-term provisions	10	32,557	34,235
Other current liabilities	11	64,350	274,262
Total current liabilities		509,923	619,595
<b>Non-current liabilities</b>			
Other non-current liabilities	11	-	17,500
<b>Total non-current liabilities</b>		<b>-</b>	<b>17,500</b>
<b>TOTAL LIABILITIES</b>		<b>509,923</b>	<b>637,095</b>
<b>NET ASSETS</b>		<b>503,914</b>	<b>357,155</b>
<b>EQUITY</b>			
Retained surplus		503,914	357,155
<b>TOTAL EQUITY</b>		<b>503,914</b>	<b>357,155</b>

The accompanying notes form part of these financial statements

## Statement of Changes in Equity For the Year Ended 30 June 2007

2007

	Note	Retained Surplus	Total
		\$	\$
Balance at 1 July 2006		357,155	357,155
Surplus for the year		146,759	146,759
<b>Balance at 30 June 2007</b>		<b>503,914</b>	<b>503,914</b>

2006

	Note	Surplus	Retained Total
		\$	\$
Balance at 1 July 2005		182,913	182,913
Surplus for the year		174,242	174,242
Balance at 30 June 2006		357,155	357,155

The accompanying notes form part of these financial statements

## Cash Flow Statement For the Year Ended 30 June 2007

	Note	2007	2006
		\$	\$
<b>Cash from operating activities:</b>			
Receipts from customers		2,147,796	2,093,089
Payments to suppliers and employees		(2,075,121)	(1,825,244)
Interest received		416	2,726
Interest paid		(2,178)	(2,275)
<b>Net cash provided by (used in) operating activities</b>	13	<b>70,913</b>	268,296
<b>Cash flows from investing activities:</b>			
Payment to acquire property, plant and equipment		(274,127)	(97,481)
<b>Net cash provided by (used in) investing activities</b>		<b>(274,127)</b>	(97,481)
<b>Cash flows from financing activities:</b>			
Repayment of borrowings		-	(20,992)
<b>Net cash provided by (used in) financing activities</b>		<b>-</b>	(20,992)
<b>Other activities:</b>			
<b>Net increase (decreases) in cash held</b>		<b>(203,214)</b>	149,823
Cash at beginning of financial year		184,716	34,893
<b>Cash at end of financial year</b>	4	<b>(18,498)</b>	184,716

The accompanying notes form part of these financial statements

# Notes to the Financial Statements For the Year Ended 30 June 2007

## 1 Statement of Significant Accounting Policies

### General information

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

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

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.

### Basis of Preparation

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

### Comparative Figures

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

### Property, Plant and Equipment

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

Plant and equipment are measured on the cost basis.

#### Depreciation

The depreciable amount of all fixed assets and capitalised leased assets 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.

#### Depreciation rates

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

#### Class of Fixed Asset

Plant and Equipment	30%
Office Equipment	11.25 - 30%
Leasehold improvements	20%

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

### 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, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

### Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits.

### Provisions

Provisions are recognised when the group 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.

### Revenue

Revenue from broadcasting services other than Telemarketing is recognised upon delivery of the service to the customers. Revenue from Telemarketing is recognised when non-cancellable contracts are executed.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

## 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.

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

## 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.

## New Accounting Standards and AASB Interpretations

Certain new accounting standards and AASB Interpretations have been published that are not mandatory for 30 June 2007 reporting periods but contain an option for early adoption.

The company has reviewed each of these new standards and Interpretations and is satisfied that they have no impact on the reported financial position or performance of the company for the year ended 30 June 2007 and therefore there has been no early adoption of these standards or interpretations.

## 2. Revenue

	2007	2006
	\$	\$
Services revenue	2,390,724	2,299,290
Interest received (a)	416	2,726
<b>Total</b>	<b>2,391,140</b>	<b>2,302,016</b>

	2007	2006
	\$	\$
(a) Interest revenue from: Other persons	416	2,726
<b>Total interest revenue</b>	<b>416</b>	<b>2,726</b>

## 3. Surplus from Ordinary Activities

	2007	2006
	\$	\$
Cost of goods sold	151,521	166,419
Finance Costs: external	2,178	3,998
<b>Total finance costs</b>	<b>2,178</b>	<b>3,998</b>
Bad and doubtful debts		
<b>Doubtful debts</b>	<b>164,142</b>	<b>111,654</b>

## 4. Cash and Cash Equivalents

	2007	2006
	\$	\$
Cash on hand	61	400
Cash at bank	50,691	184,316
	<b>50,752</b>	<b>184,716</b>

### (a) Reconciliation of Cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

	2007	2006
	\$	\$
Cash and cash equivalents	50,752	184,716
Bank overdraft	(69,250)	-
	<b>(18,498)</b>	<b>184,716</b>

## 5 Trade and Other Receivables

	2007	2006
	\$	\$
CURRENT		
Trade receivables	365,673	423,482
Provision for impairment of receivables	(53,557)	(76,590)
	312,116	346,892
Other receivables	49,726	4,834
	361,842	351,726

## 6 Other Assets

	2007	2006
	\$	\$
CURRENT		
Prepayments	43,574	47,954
Other assets	481	481
	44,055	48,435

## 7 Property Plant and Equipment

	2007	2006
	\$	\$
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	717,032	496,747
Less accumulated depreciation	(316,989)	(236,029)
<b>Total plant and equipment</b>	<b>400,043</b>	<b>260,718</b>
Office equipment		
At cost	157,558	121,232
Less accumulated depreciation	(64,437)	(38,394)
<b>Total office equipment</b>	<b>93,121</b>	<b>82,838</b>
Leasehold improvements		
At cost	132,009	109,095
Less accumulated depreciation	(67,985)	(43,278)
<b>Total leasehold improvements</b>	<b>64,024</b>	<b>65,817</b>
<b>Total plant and equipment</b>	<b>157,145</b>	<b>148,655</b>
<b>Total property, plant and equipment</b>	<b>557,188</b>	<b>409,373</b>

## Movements in Carrying Amounts

	Plant and Equipment	Total Equipment	Leasehold Improvements	Total
	\$	\$	\$	\$
<b>Current Year</b>				
Balance at the beginning of year	260,718	82,838	65,817	409,373
Additions	220,285	36,325	22,915	279,525
Depreciation expense	(80,960)	(26,042)	(24,708)	(131,710)
<b>Carrying amount at the end of year</b>	<b>400,043</b>	<b>93,121</b>	<b>64,024</b>	<b>557,188</b>
<b>Prior Year</b>				
Balance at the beginning of year	305,694	55,607	64,990	426,291
Additions	50,410	51,939	18,914	121,263
Depreciation expense	(95,386)	(24,708)	(18,087)	(138,181)
<b>Carrying amount at the end of year</b>	<b>260,718</b>	<b>82,838</b>	<b>65,817</b>	<b>409,373</b>

## 8 Trade and Other Payables

	2007	2006
	\$	\$
CURRENT		
Unsecured liabilities		
Trade payables	132,278	92,063
Other payables and accrued expenses	211,488	219,035
	<b>343,766</b>	311,098

## 9 Financial Liabilities

	2007	2006
	\$	\$
CURRENT		
Secured liabilities		
Bank overdraft	69,250	-
	<b>69,250</b>	-

The bank overdraft is secured by a registered mortgage over the business.

## 10 Provisions

	2007	2006
	\$	\$
Employee entitlements	32,557	34,235
	<b>32,557</b>	34,235

## 11 Other Liabilities

	2007	2006
	\$	\$
Government grants	-	150,000
Other deferred income	64,350	124,262
<b>Total</b>	<b>64,350</b>	274,262

## Non-Current

	2007	2006
	\$	\$
Deferred income	-	17,500
	-	17,500

## 12 Members' Guarantee

The company is limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute a maximum of \$20 each towards any outstanding obligations of the company. At 30 June 2007 the number of members was 26 (2006: 26).

## 13 Cash Flow Information

Reconciliation of Cash Flow from Operations with Surplus

	2007	2006
	\$	\$
Net surplus for the year	146,759	174,242
Cash flows excluded from surplus attributable to operating activities		
Non-cash flows in surplus		
Amortisation	24,707	18,087
Depreciation	107,003	120,093
Assets received on contra account	(5,400)	(23,773)

changes in assets and liabilities

(Increase)/decrease in trade and term receivables	(10,116)	(109,797)
(Increase)/decrease in prepayments	4,381	10,254
Increase/(decrease) in trade payables and accruals increase/ (decrease) in unearned income	32,671	44,216
Increase/(decrease) in provisions	(1,680)	4,587
	<b>70,913</b>	268,296

Loan Facilities

	2007	2006
	\$	\$
Overdraft facilities	130,000	130,000
Amount utilised	(69,250)	-
	<b>60,750</b>	130,000

The company has a bank overdraft facility. The facility may be terminated at any time at the option of the bank.



## 14 Capital and Leasing Commitments

### Operating Lease Commitments

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

	2007	2006
	\$	\$
Payable - minimum lease payments		
- not later than 12 months	121,500	121,500
- between 12 months and 5 years	10,000	131,500
	<b>131,500</b>	253,000

The lease is a non-cancellable property lease, with rent payable in advance. An option exists to renew the lease at the end of the term for an additional term of 5 years.

### Capital Expenditure Commitments

Capital expenditure commitments contracted for:

	2007	2006
	\$	\$
Transmitter upgrade	145,000	-
	<b>145,000</b>	-
Payable:		
- not later than 12 months	145,000	-
	<b>145,000</b>	-

## 15 Key Management Personnel Compensation

	Short-term benefits	Post-employment benefit	Total
	\$	\$	\$
2007			
Total compensation	224,257	17,371	241,628
2006			
Total compensation	168,257	17,844	186,101

### 16 Auditors' Remuneration

	2007	2006
	\$	\$
Remuneration of the auditor of the company for:		
-auditing or reviewing the financial report	12,000	12,000
- other services	3,000	3,000

## 17 Segment Reporting

The company operates predominately in one business and geographical segment being.

### 18 Financial Instruments

Melbourne Community Television Consortium Limited's principal financial instruments comprise of cash and bank overdraft. Additionally 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 risk Melbourne Community Television Consortium Limited is exposed to through its financial instruments is interest rate risk, liquidity risk and credit risk. The policies for managing each of these risks are summarised below.

#### Interest rate risk

Melbourne Community Television Consortium Limited exposure to market risk for changes in interest rates relates primarily to cash and bank overdraft. It is the companies policy to manage this risk by using a mixture of fixed and variable rate debt.

#### Credit Risk

Melbourne Community Television Consortium Limited have a policy in place whereby any exposure to credit risk is monitored on an on-going basis. The company only trades with recognised, credit worthy third parties. Additionally receivables balances are monitored on an on-going basis to limit the companies exposure to bad debts.

With respect to credit risk arising from other financial assets of the company the exposure to credit risk results 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 balance date.

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

The company's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average	Floating Interest Rate		Non-interest Bearing	
	Effective Interest Rate	2007	2006	2007	2006
	2007	2007	2006	2007	2006
	%	\$	\$	\$	\$
<b>Financial Assets:</b>					
Cash and cash equivalents	-	50,752	184,716	-	-
Trade receivables	-	-	-	361,842	351,726
<b>Total Financial Assets</b>	-	<b>50,752</b>	<b>184,716</b>	<b>361,842</b>	<b>351,726</b>
<b>Financial Liabilities:</b>					
Bank loans and overdrafts	12.20	69,250	-	-	-
Trade payables	-	-	-	343,768	311,099
<b>Total Financial Liabilities</b>	-	<b>69,250</b>	-	<b>343,768</b>	<b>311,099</b>

Total	2007	2006
	\$	\$
<b>Financial Assets:</b>		
Cash and cash equivalents	50,752	184,716
Trade receivables	361,842	351,726
<b>Total Financial Assets</b>	<b>412,594</b>	<b>536,442</b>
<b>Financial Liabilities:</b>		
Bank loans and overdrafts	69,250	-
Trade payables	343,768	311,099
<b>Total Financial Liabilities</b>	<b>413,018</b>	<b>311,099</b>

## 19 Legal action

The company is aware of a suit commenced in Australia wherein the company is named concerning alleged damages relating to the development of a TV Dating Program for broadcasting on Channel 31. As the company has not been formally served, details of allegations, estimate of outcome, and related issues can not be commented on or dealt with at this time.

## 20 Company Details

Registered office

The registered office of the company is:  
Melbourne Community Television Consortium Limited  
Level 1, 501 Swanston Street  
Melbourne Victoria 3000

## Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 19 to 26, 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 2007 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.

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

*Peter J Lane* *Matthew K Sharp*

Director: Peter Lane

Director: Matthew Sharp

Dated this day of 26 OCT 2007.