



the future looks bright

Melbourne Community Television Consortium Ltd

ACN 104 562 076

**annual** report

2007/2008



# Melbourne Community Television Consortium Limited

Financial Statements For the Year Ended 30 June 2008

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# Assembly Report 2007/2008

**Peter McArthur – Assembly President**

Once again C31 has had a very pleasing year as our members continue to produce fine community programs.

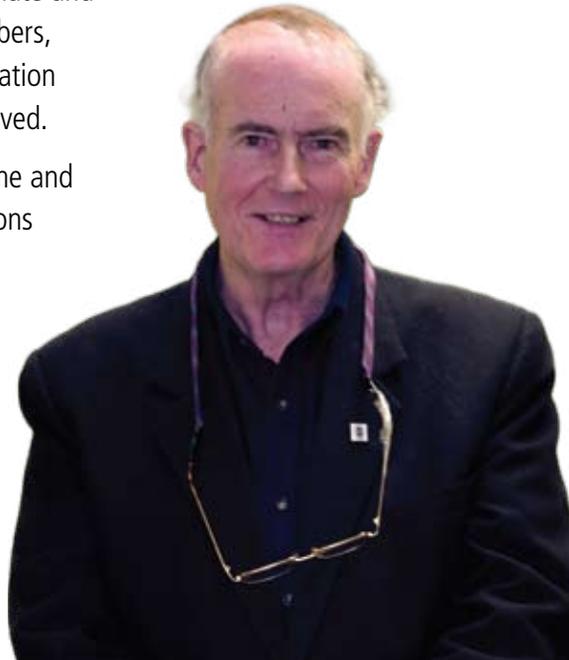
I believe our business model for community television is the best in Australia, and this has been demonstrated recently by the station's continued stability in the face of the global economic situation. Thanks to our General Manager, Greg Dee, for implementing and overseeing the solid position we are in.

I am an optimist and confident there is a strong future for our station. We are working with the Federal Government to finalise the arrangements for digital transmission. We have a passionate and dedicated group of people involved in the station – members, management and staff – who all work to achieve a TV station infused with community spirit. It is a pleasure to be involved.

C31 has become a household name throughout Melbourne and Geelong. As technology advances, I hope our transmissions will be able to be seen across all of Victoria. This is not something that can happen tomorrow, but it is certainly something to think and talk about for the future.

This station has provided Melbourne and Geelong people and community organisations with the opportunity to have their say and be seen on television, something which was very rare until C31 started broadcasting in 1994. It is something of which we should all be proud.

My thanks to Peter Lane (Board Chairman), Greg Dee (General Manager) and Matthew Sharp (Company Secretary) for their dedication towards a strong future for C31.



# Chairman's Report 2007/2008

**Peter Lane**

It is time to look ahead to a permanent home for community television on the digital airwaves. The Federal Government has committed to giving community television access to digital broadcasting, and are in the process of developing the details of implementation.

The station now needs to look at developing long term sustainability into the digital age. The place to start is by identifying the core of our success so far.

The Melbourne Community Television Consortium Ltd model differs from other models in many ways. These include:

- Community access to decision making at both Board and policy levels.
- Guaranteed access to airtime for community producers, and multiple points of access.
- Sponsorship at an affordable level for local business.

I believe it is our unique mix of community access and sound business management that has made the station successful, and that both are essential for a healthy future.

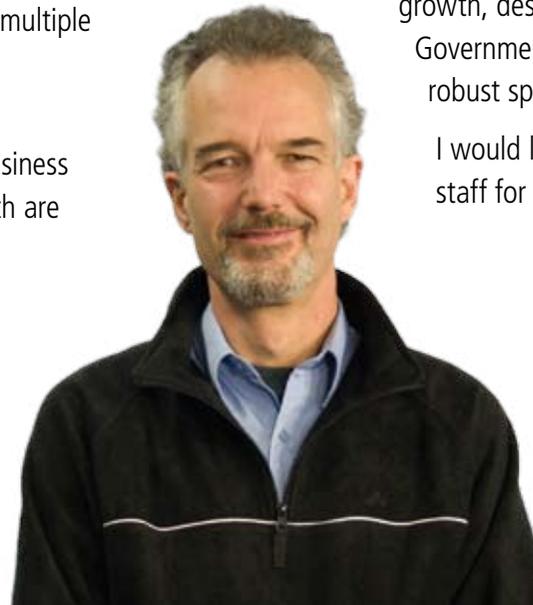
As hope turns to certainty with digital, it is time to further develop ways to meet community needs in balance with efficiency. We will continue to review the station to ensure we have the best possible business model, structure and programming access in a changing world.

The priorities for the coming year are to:

- Ensure stable revenue.
- Continue to pursue affordable digital transmission as soon as possible.
- Further develop training and support for community producers to increase their production capability and sustainability.

We have achieved much already. However, 2008 is proving to be an uncertain time for individuals, communities and business. As I write, the community television service in Perth has ceased broadcasting due to financial difficulties. At C31 Melbourne we are confident of maintaining financial stability and achieving continued growth, despite a significant reduction in State Government sponsorship support, due to our robust sponsorship model.

I would like to thank all Board Members and staff for their time and input this year.



# General Manager's Report 2007/2008

Greg Dee

The last year has been another period of solid growth for C31. Programming has remained strong, with increasing numbers of people and organisations seeking access to airtime. We have invested \$353,000 in our transmitter, doubling the broadcast power to 10kW. Although the transmitter is currently running in analogue mode, it can be easily converted to digital. This gives us flexibility when the time comes to start broadcasting in digital. Audience viewing figures have held steady despite the increase in digital take-up. Currently the station is viewed by around 1.45 million people each month.

The new Federal Labour government continues to work openly and willingly with C31 and the community television sector to find an appropriate method of achieving digital broadcasting. We thank the minister, Senator Stephen Conroy, and his staff for their efforts in working to resolve this issue.

After four and a half years of continued State Government sponsorship support, the arrangement was terminated by the government at the end of June 2008. This required some cost reductions in both staffing and operations. The station has taken this development on as a challenge, and the Sales team has stepped up to the mark with some great results, with sponsorship revenue on the rise. This new found vigour has energised the station, and we have continued into the new financial year with a positive mindset and a continued strong income stream.

The station has begun developing a range of training DVDs designed specifically to meet the needs of community television producers. The topics covered so far include audio; legals and sponsorship; camera and lighting; and post production. We have received very positive feedback from our producers about the DVDs, and intend to continue expanding the range in the future.

Our new look website, with an increased focus on streamed videos of our programs, has given audiences an additional chance to watch their favourite shows. The site averages around 50,000 video viewings each month, with many viewers watching entire programs on line.

C31 is now in its strongest position ever. We have a reliable income stream; we own our own transmitter, presentation suite and studio facilities; and we have a truly diverse range of very talented community producers. We are ready to take on the future, certain that C31 will remain a permanent fixture in Melbourne's television viewing.



# Financial Report 2007/2008

**Amy Herbohn, Finance Manager**

The figures for the 2007/08 financial year were quite positive, despite C31 undergoing a few financial hiccups towards the end of the year. These were due to State Government media buyers Mitchells, wishing to pull sponsorship announcement spending as of January 2008. With vigorous negotiations however the contract was extended to June 2008 with reduced spending continuing on after this date. This has allowed C31 time to plan for the future, making some trims on expenses and restructuring some roles within the company before the agreement ended. The result has been an achievable, if not conservative budget for the 2009 financial year which should allow C31 to reach and exceed budgets throughout the next financial year.

In light of these changes it is quite encouraging that Melbourne Community Television has continued its positive trend of returning a surplus for the year. Although the \$45,788 surplus is lower than budgeted, this is still quite an achievement especially considering \$134,100 was expended during the year on upgrading the transmitter from the existing 5kW to 10kW.



The increase in quality of reception seems to have somewhat counteracted any digital impact as viewing figures remain strong. This has helped the station to raise \$2.755M in revenue during the year which is considerably higher than previous years – a very positive result considering the lack of digital access. These results are also very encouraging in light of recent meetings with the Federal Government that seem to promise imminent access to digital which will further increase C31s reach and hopefully also increase sponsorship revenue figures.

Indeed the future of Melbourne Community Television looks bright and is tribute to its ability to soldier on against the odds, assisted by some wonderful support from the Melbourne & Geelong community.

# Programming Report 2007/2008

**The Programming Team – Elisa Allen, Kat Barron, Laura Kelly, Lisa Richardson**

C31's programming has continued to expand during the 2007/08 financial year, with the station broadcasting an average of 90 first-run locally produced programs every week. 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 grid, themed nights, and more flexibility to include seasonal sports and programs starting and ending out of fixed season dates.

Strong, diverse local programming is an integral part of the station's push for digital, and programs are continuing to improve in quality.

The C31 studio continues to be in strong demand. A live one hour program is broadcast from there every weekday, and it is used for the production of a increasing number of pre-recorded programs.

C31 and Open Channel continue to develop a strong relationship. In the last financial year a television production course was structured for students to learn how to make a show and have it broadcast on C31. This covered the initial idea and pitching stage, through to pre-production, production and post production.

C31 also continues to offer camera kits at Open Channel to C31 producers at a special low rate of \$50 per day that are in high demand.

In the 2007/ 2008 financial year, C31 welcomed 22 brand new locally made shows (not including returning programs or one off specials):

- Our Melbourne
- Gasolene
- Bite Size
- The Magic of Musicals
- Sophie's Wedding Guide
- IMA – Interactive Martial Arts
- Teenie Weenie Greenies
- The Melbourne Update
- Snow Rave
- Open TV
- Room to Grow
- Viva Melbourne
- Wrokdawn
- Trak Attak
- Going 4WD
- The Blue Line
- Love Bunker
- The Surfers Life
- The Jazz Show
- 100% Pure Fishing
- Inline Plus
- Conflict of Interest



# The 2008 Antenna Awards

**Simon Myers, Antennas Producer**

The 2008 Antenna Awards were presented at BMW Edge at Federation Square in Melbourne on Thursday April 24th 2008. This year for the first time the awards were not broadcast live. Instead the Antennas were recorded "as live" and shown nationally at 7.30pm on Sunday 27th April, ensuring the interstate producers unable to attend were able to watch the program.

The 2008 Antennas was a great opportunity for all to meet, celebrate and reward the makers of community television, whilst also focusing on the essential role community television has in representing the many diverse communities of Australia.

The event itself was again a sell-out, with over 450 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.

All the artists performing at this year's awards agreed to do so completely free of charge.

This was a fantastic show of support for community television by these performers:

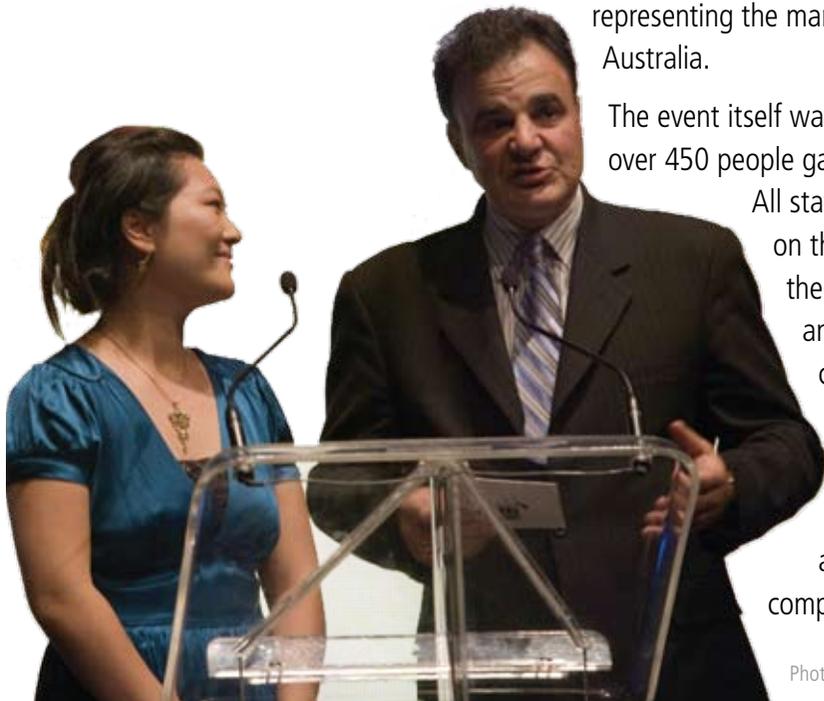
- The Pearly Shells – 12 piece Swing Orchestra
- Swing Thing - Circus / Acrobatic Trio
- Folk Waves – Bollywood Dance Ensemble
- Nicky Bomba and the Melbourne Ska Orchestra - Ska Big Band

For the first time the services of Bella P.R., a public relations company, were contracted to help lift the profile of the Antennas. Whilst well know amongst the community TV sector, these awards are relatively unknown to the wider community. Bella agreed to work on the awards and came on board as a sponsor of C31 Melbourne.

VIPS who attended and presented awards included:

- The Hon. Peter Batchelor - Minister for the Department of Communities and Planning
- Corrine Grant - Comedian
- Chris Chapman - CEO of the Australian Media and Communications Authority
- David Parker – Film Producer
- Graeme Hill – Head of Programming, Seven Network
- Amy Parks – Reporter, Nine Network News

The 2008 Antenna Awards was an exceptional night of celebration and entertainment for all involved in community television around Australia. The awards achieved success in demonstrating the diversity of the national community television sector, a key factor in making it a valuable part of the Australian media landscape.



# Directors' Report

30 June 2008



Back row (L-R): Paul Spanos, Walter Adamson, Noel Fanning, Joe Varga, Tom Padula, Louis-robot Stomm, Campbell Manderson, Scott Star, David Wong  
Front row (L-R): Ben Todica, Peter McArthur, Peter Lane, Bec Brown

Your directors (acting as the Committee) present their report on the company for the financial year ended 30 June 2008.

## Directors

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

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

# Directors Meetings

Board directors appointed as at June 30th 2008

Name	Eligible to Attend	Number Attended	Notes:
Campbell Manderson	14	13	
Peter McArthur	14	13	
Tom Padula	14	13	
Peter Lane (Chair)	14	12	
David Wong	14	10	
Alex Jobbagy	14	9	
Ben Todica	13	13	
Walter Adamson	13	11	
Sudha Saini	12	9	Term finished at 2007 AGM; co-opted by Board for 2008
Bec Brown	11	10	Appointed alternate directors 26-7-07 to 4-10-07
Paul Spanos	9	9	Appointed as alternate by Simon Moore 25-10-07; Term commenced at 2007 AGM
Louis-robert Stomm	9	9	Term commenced at 2007 AGM
Joe Varga	9	8	Term commenced at 2007 AGM
Christina Critch	9	2	Term commenced at 2007 AGM
Noel Fanning	7	2	Term commenced 31-1-08
Gladys Liu	5	3	Term commenced 25-3-08
Scott Star	3	3	Term commenced 15-5-08

# Directors Meetings

## Board directors whose terms finished during the financial year

Name	Eligible to Attend	Number Attended	Notes:
Wah Yeo	7	6	Term commenced 23-8-07; resigned 31-1-08
Matthew Sharp	6	6	Term finished at 2007 AGM; coopted by the Board for 25-3-08 meeting only
Taswinder Minhas	5	3	Term finished at 2007 AGM
Simon Meyer	5	3	Term finished at 2007 AGM
Gregory Vaisman	5	3	Term finished at 2007 AGM
Luki Kalonta	5	1	Term finished at 2007 AGM
Roman Zapedowski	5	0	Term finished at 2007 AGM
Janja Jamon	5	0	Term finished at 2007 AGM
Nick Bassett	4	0	Term commenced 23-8-07; term finished at 2007 AGM
Simon Moore	3	0	Term finished at 2007 AGM; appointed alternates for October 07 meetings
Lisa Fagan	2	2	Appointed as an alternate by Bec Brown for 23-8 and 4-10 meetings
Judy Magassy	1	1	Appointed as an alternate director by Simon Moore 4-10-07
Stanley Chang	1	1	Resigned 26-7-07
Julio Altamirano	1	0	Resigned 26-7-07

## **Board directors appointed as at June 30th 2008**

### **Peter Lane (Chair)**

**(Elected by Assembly delegates at the AGM)**

Peter Lane has worked in media for 25 years, as an actor, crew member, director, and producer. One of the founding fathers of community television in Australia, he has been active in many areas of the sector, including lobbying, planning, development, management and governance. Peter has extensive experience in language, employment, arts and media training across tertiary education, labour market programs, traineeships, short courses, work experience and volunteers. Previous Board and Committee memberships include the Community Broadcasting Association of Australia (CBAA), TVU, SKA TV, Professional and Graduate Education (PAGE), and the Program Development Committee of ACFE.

### **Bec Brown (Deputy Chair)**

**(Appointed by Student Community Television Inc - RMITV)**

Bec Brown has been an active member of the RMITV Board for several years, during which time she has also completed an Advanced Diploma of Screen at RMIT University. Bec has also acted as production manager on various television programs screened on C31, SBS, the Nine Network, Foxtel and internationally.

### **Walter Adamson**

**(Appointed by Russian Television Victoria Association Inc)**

Now retired, Walter Adamson qualified with an Associateship Diploma in Electrical Engineering from RMIT, and rose to become a Senior Professional Engineer with the Buildings Engineering Services Section of Australia Post.

### **Christina Critch**

**(Appointed by Inner South-Eastern Access Television Inc – SKA-TV)**

Christina Critch brings to C31 her experience on the boards and committees of a wide range of not for profit arts organizations. She has worked in and advocated for the arts and cultural industries.

### **Noel Fanning**

**(Appointed by Geelong Newsbeat Inc)**

Noel Fanning has produced nearly 500 programs within the Geelong community. His qualifications include a Bachelor of Arts, an Associate Diploma in Media, and a Graduate Diploma in Education.

### **Alex Jobbagy**

**(Elected by Assembly delegates at the AGM)**

Alex Jobbagy has been involved in community television production and management for over a decade. He is a professional graphic and web designer, with Bachelor of Arts and a certificate in New Media Studies.

### **Gladys Liu**

**(Appointed by Asian Television Australia Association Inc)**

Gladys Liu has been an active member of ATVAA since 2002. She has also been involved in other community organizations such as the Chinese Professional and Business Association, and the Chinese New Year Festival.

Gladys is currently an advisor to the leader of the Victorian Liberal Party, and stood as a candidate in the 2006 state election.

### **Campbell Manderson**

**(Elected by Assembly delegates at the AGM)**

Campbell Manderson has a long history with C31 as both a producer and an activist. Campbell has a particular interest in training, and holds a Certificate IV in Workplace Training & Assessment.

### **Peter McArthur**

**(Appointed by Eastern Regional Access Television Inc)**

Peter McArthur has had over forty years experience in radio and television, including nearly 30 years with the ABC as a newsreader, reporter and broadcaster. He has served as the mayor of Croydon, and in Victorian state parliament as the member for Ringwood from 1976 to 1982. In addition to his long-standing contributions to C31, Peter has also co-founded two community radio stations, Whitehorse-Boroondara and Eastern FM.

**Tom Padula**

(Appointed by Italian TV Inc)

In addition to being a director of C31, Tom Padula is also a member of the Moreland City Arts Board and public officer of the Italian Drama Company. Tom retired from secondary school teaching to start Insegna Booksellers, publishing and distributing books in a wide variety of languages.

**Sudha Saini**

(Appointed by The Indian Television Broadcasting Association Inc until 2007 AGM; thereafter co-opted by the Board)

Sudha Saini graduated from Delhi University with Physics, Chemistry and Advanced Maths as majors; and has subsequently gained a Masters in IT at Swinburne University, and is currently studying Law at RMIT. She has been active within the Indian Community since 1996, being an executive member of Hindi Niketan, the Federation of Indian Associations of Victoria, and now an executive member of Australian Indian Innovations Inc (AIII), which organizes the annual Indian Diwali fair at Sandown.

**Paul Spanos**

(Appointed by Northern Access Television Association Inc)

Paul Spanos holds a Business Administration Degree from the University of Thessalonika, a Graduate Diploma of Education from Monash University, a Diploma in Business from Swinburne University and a Master of Arts from the Sydney College of Divinity. Paul is also a co-producer and presenter of the Zontas 100% program, and assists in the translation and creation of English language subtitles for the program.

**Scott Star**

(Appointed by Student Youth Network Inc)

Scott Star has been a producer of community radio and television programs since 2006 for SYN-FM and C31.

**Louis-robert Stomm**

(Appointed by Yarra Access Inner-City Television Inc)

Louis-robert Stomm has been involved in community television since 1987, and produced over 1500 programs for C31. He has been a director of the Cosmopolitan Art Group and is a member of the Wyndham City Community Arts Project. Louis-robert also has a background in community radio, having been a presenter and committee member with Southern FM and a producer and spoken word co-ordinator at PBS-FM.

**Ben Todica**

(Appointed by Australian Romanian Community Television)

Ben Todica is a long term volunteer with Australian Romanian Community Television, and has produced, shot and edited many programs for broadcast on C31.

**Joe Varga**

(Appointed by Melbourne Hungarian Television Association Inc)

Joe Varga is a veteran of the television industry, with 37 years employment in commercial television. For the last ten years he has also volunteered his time to the Melbourne Hungarian Television Association in both management and production roles.

**David Wong**

(Elected by Assembly delegates at the AGM)

David Wong is the Vice President of the Asian Television Association Australia Inc, and holder of a Diploma in Business Administration.

### **Board directors whose terms finished during the financial year 2007/08**

Wah Yeo	Appointed by Asian Television Australia Association Inc
Matthew Sharp	Appointed by Yarra Access Inner-City Television Inc
Taswinder Minhas	Appointed by Punjabi Television Network Inc
Simon Meyer	Appointed by Inner South-Eastern Access Television Inc – SKA-TV
Gregory Vaisman	Appointed by Russian Cultural & TV Association Inc
Luki Kalonta	Appointed by Indonesian Club Melbourne Inc
Roman Zapedowski	Appointed by Southern TV Inc
Janja Jamon	Appointed by Australian Croation Cultural Association Inc
Nick Bassett	Appointed by Bent TV Association Inc
Simon Moore	Appointed by Northern Access Television Association Inc
Lisa Fagan	Appointed as an alternate director by Bec Brown for two meetings
Judy Magassy	Appointed as an alternate director by Simon Moore for one meeting
Stanley Chang	Appointed by Asian Television Australia Association Inc
Julio Altamirano	Appointed by Hispanic Community TV Antenna Hispana Inc

## Finance Committee 2007/08

Name	Eligible to Attend	Number Attended	Notes
Greg Dee	11	11	
Campbell Manderson	11	11	
Peter Lane	11	9	
Sudha Saini	9	4	Term finished at 2007 AGM; re-appointed from March 2008
Bec Brown	6	5	Term commenced at 2007 AGM
Paul Spanos	6	5	Term commenced at 2007 AGM
Matthew Sharp	5	5	Term finished at 2007 AGM
Wah Yeo	5	3	Term commenced with Sep 07 meeting; resigned after Jan 08 meeting
Julio Altamirano	1	0	Resigned after July 07 meeting

## Programming Committee 2007/08

Bec Brown	8	8	
David Wong	8	4	
Louis-robert Stomm	6	6	Term commenced at 2007 AGM
Joe Varga	6	5	Term commenced at 2007 AGM
Simon Meyer	2	2	Term finished at 2007 AGM
Silvia Tejedor	2	0	Term finished at 2007 AGM

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

An amount of \$14,382 was paid to Matthew Sharp for services rendered as a company secretary. An amount of \$1,290 was paid to Peter Lane for his services rendered as Chairman of the Board. 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.

### 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 \$45,788 (2007: \$146,761).

### 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 at page 18.

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

Director:   
.....

Peter James Lane

Director:   
.....

Bec Brown

Dated this  day of  2008



# Grant Thornton

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## **AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF MELBOURNE COMMUNITY TELEVISION CONSORTIUM LIMITED**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Melbourne Community Television Consortium Limited for the year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b No contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON  
Chartered Accountants

K. Glynn  
Partner

Melbourne,

Dated this *23<sup>rd</sup>* day of *October*, 2008

## Income Statement For the Year Ended 30 June 2008

	Note	2008 \$	2007 \$
Revenue	2	2,755,173	2,391,140
Other revenue		-	63,928
Employee costs		(1,413,693)	(1,050,403)
Depreciation, amortisation and impairments		(142,955)	(131,710)
Cost of goods sold		(141,491)	(151,521)
Occupancy expenses		(110,000)	(100,017)
Marketing expenses		(15,301)	(8,932)
Other expenses		(878,518)	(863,548)
Finance costs		(7,427)	(2,178)
<b>Surplus</b>		<b>45,788</b>	<b>146,759</b>

The accompanying notes form part of these financial statements

## Balance Sheet 30 June 2008

	Note	2008 \$	2007 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	50,911	50,752
Trade and other receivables	5	439,355	361,842
Inventories		4,500	-
Other current assets	6	45,454	44,055
<b>Total current assets</b>		<b>540,220</b>	<b>456,649</b>
<b>Non-current assets</b>			
Plant and equipment	7	595,601	557,188
<b>Total non-current assets</b>		<b>595,601</b>	<b>557,188</b>
<b>TOTAL ASSETS</b>		<b>1,135,821</b>	<b>1,013,837</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	8	398,438	343,766
Financial liabilities	9	67,141	69,250
Short-term provisions	10	59,776	32,557
Other current liabilities	11	55,164	64,350
<b>Total current liabilities</b>		<b>580,519</b>	<b>509,923</b>
<b>Non-current liabilities</b>			
Other long-term provisions	10	5,600	-
<b>Total non-current liabilities</b>		<b>5,600</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>586,119</b>	<b>509,923</b>
<b>NET ASSETS</b>		<b>549,702</b>	<b>503,914</b>
<b>EQUITY</b>			
Retained surplus		549,702	503,914
<b>TOTAL EQUITY</b>		<b>549,702</b>	<b>503,914</b>

## Statement of Changes in Equity For the Year Ended 30 June 2008

### 2008

	Note	Retained Surplus \$	Total \$
Balance at 1 July 2007		503,914	503,914
Surplus for the year		<b>45,788</b>	<b>45,788</b>
<b>Balance at 30 June 2008</b>		<b>549,702</b>	<b>549,702</b>

### 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>		503,914	503,914

The accompanying notes form part of these financial statements

## Cash Flow Statement For the Year Ended 30 June 2008

	Note	2008 \$	2007 \$
<b>Cash from operating activities:</b>			
Receipts from customers		2,478,059	2,147,796
Payments to suppliers and employees		(2,317,444)	(2,075,121)
Interest received		2,374	416
Interest paid		(7,427)	(2,178)
<b>Net cash provided by (used in) operating activities</b>	13	<b>155,636</b>	<b>70,913</b>
<b>Cash flows from investing activities:</b>			
Payment to acquire property, plant and equipment		(153,368)	(274,127)
<b>Net cash provided by (used in) investing activities</b>		<b>(153,368)</b>	<b>(274,127)</b>
<b>Other activities:</b>			
<b>Net increase (decreases) in cash held</b>		<b>2,268</b>	<b>(203,214)</b>
Cash at beginning of financial year		(18,498)	184,716
<b>Cash at end of financial year</b>	4	<b>(16,230)</b>	<b>(18,498)</b>

## **Notes to the Financial Statements For the Year Ended 30 June 2008**

### **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.

#### **Statement of compliance**

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards ("IFRS").

#### **Comparative Figures**

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

#### **Standards applied for the first time**

Melbourne Community Television Consortium Limited have adopted AASB 7 Financial Instruments: Disclosures and all consequential amendments for the first time in its 2008 financial statements. This standard has been applied retrospectively, i.e. with amendments to the presentation of items disclosed in the 2007 accounts.

The 2007 comparatives contained in these financial statements therefore differ from those published in the financial statements for the year ended 30 June 2007 in presentation only. No changes have been made to the recognition or measurement criteria associated with any amounts disclosed in the 2007 accounts.

AASB 7 Financial Instruments: Disclosures is mandatory for reporting periods beginning on or after 1 January 2007. The new standard replaces and amends disclosure requirements previously set out in AASB 132 Financial Instruments: Presentation and Disclosures. All disclosures relating to financial instruments including all comparative information have been updated to reflect the new requirements. In particular:

The company's financial statements now feature, a sensitivity analysis to explain the company's market risk exposure in regards to its financial instruments and a maturity analysis that shows the remaining contractual maturities of financial liabilities as at the balance sheet date.

The first-time application of AASB 7 however has not resulted in any prior-period adjustments of cash flows, net income or balance sheet line items.

## 1 Statement of Significant Accounting Policies (continued)

### Plant and Equipment

Each class of 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 2008 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 2008 and therefore there has been no early adoption of these standards or interpretations.

## 2 Revenue

	2008	2007
	\$	\$
Services revenue	<b>2,752,725</b>	2,390,724
Interest received (a)	<b>2,374</b>	416
Donations	<b>74</b>	-
Total	<b>2,755,173</b>	2,391,140

(a) Interest revenue from:

Other persons	<b>2,374</b>	416
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## 3 Surplus

Cost of goods sold	<b>45,090</b>	151,521
Finance Costs:		
external	<b>7,427</b>	2,178
Bad and doubtful debts		
Doubtful debts	<b>71,383</b>	164,142

## 4 Cash and Cash Equivalents

	2008	2007
	\$	\$
Cash on hand	<b>653</b>	61
Cash at bank	<b>50,258</b>	50,691
	<b>50,911</b>	50,752

### (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:

Cash and cash equivalents	<b>50,911</b>	50,753
Bank overdraft	<b>(67,141)</b>	(69,250)
	<b>(16,230)</b>	(18,498)

## 5 Trade and Other Receivables

CURRENT		
Trade receivables	<b>499,999</b>	365,673
Provision for impairment of receivables	<b>(60,644)</b>	(53,557)
	<b>439,355</b>	312,116
Other receivables	-	49,726
	<b>439,355</b>	361,842

## 5 Trade and Other Receivables (continued)

Trade receivables have been aged according to their original due date in the ageing analysis below, including where repayment terms for certain long outstanding trade receivables have been renegotiated. The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short term nature of the balances. Payment terms for Sponsorship are always in advance of going to air. Payments made up front at the time of sale are incentivised by offering the client bonus spots – otherwise set dates for payment are agreed and entered on the booking form. In some cases agreed payments may be spread over several months as the campaign is aired

The basis for our estimate of the doubtful debt provision required for trade receivables is that we consider all balances where there is an indication that the client is not going to utilise the company's services. In most cases this would be noted at or before the production stage. As at 30 June 2008, trade receivables with a carrying amount of \$214,978 (2007: \$143,164) were past due but not doubtful. These trade receivables are not considered doubtful as they comprise customers who there is no recent history of default and the Company expects to recover in full.

An allowance has been made for estimated irrecoverable trade receivable amounts arising from the past provision of goods and services, determined by reference to past default experience. During the current financial year, the allowance for doubtful debts increased by \$7,087 (2007: (\$23,042)). This movement was recognised in profit for the year. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements. No collateral is held over impaired receivables.

Refer to note 18 (Financial Instruments Note) for more information on the risk management policy of Melbourne Community Television Consortium Ltd.

### The aging of the impaired trade receivables is:

	2008 Gross	2008 Allowance	2007 Gross	2007 Allowance
	\$	\$	\$	\$
Not past due	499,999	60,644	365,673	53,557

### A reconciliation of the movement in the provision for impairment of trade receivables is shown below:

	2008 \$	2007 \$
Opening balance	53,557	76,599
- additional provisions	71,383	164,142
- amounts used	(64,296)	(187,184)
<b>Total</b>	<b>60,644</b>	<b>53,557</b>

## 6 Other Assets

### CURRENT

Prepayments	44,973	43,574
Other assets	481	481
	<b>45,454</b>	<b>44,055</b>

## 7 Plant and Equipment

### PLANT AND EQUIPMENT

#### Plant and equipment

At cost	876,456	717,032
Less accumulated depreciation	(406,102)	(316,989)
<b>Total plant and equipment</b>	<b>470,354</b>	<b>400,043</b>

#### Office equipment

At cost	175,412	157,558
Less accumulated depreciation	(91,236)	(64,437)
<b>Total office equipment</b>	<b>84,176</b>	<b>93,121</b>

#### Leasehold improvements

At cost	136,100	132,009
Less accumulated depreciation	(95,029)	(67,985)
<b>Total leasehold improvements</b>	<b>41,071</b>	<b>64,024</b>

<b>Total plant and equipment</b>	<b>595,601</b>	<b>557,188</b>
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#### Movements in Carrying Amounts

	Plant and Equipment \$	Office Equipment \$	Leasehold Improvements \$	Total \$
<b>Current Year</b>				
Balance at the beginning of year	400,043	93,121	64,024	557,188
Additions	159,423	17,855	4,091	181,369
Depreciation expense	(89,112)	(26,798)	(27,044)	(142,956)
Carrying amount at the end of year	470,354	84,176	41,071	595,601
<b>Prior 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)
Carrying amount at the end of year	400,043	93,121	64,024	557,188

## 8 Trade and Other Payables

	2008	2007
	\$	\$
CURRENT		
Unsecured liabilities		
Trade payables	157,361	132,278
Other payables	241,077	211,490
	<b>398,438</b>	343,768

## 9 Financial Liabilities

CURRENT		
Secured liabilities		
Bank overdraft	67,141	69,250

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

## 10 Provisions

CURRENT		
Employee entitlements	59,776	32,557

## NON-CURRENT

Employee entitlements	5,600	-
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## 11 Other Liabilities

Deferred income	55,164	64,350
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## 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 2008 the number of members was 28 (2007: 26).

## 13 Cash Flow Information

### Reconciliation of Cash Flow from Operations with Surplus

	2008	2007
	\$	\$
Net surplus for the year	<b>45,788</b>	146,759

### Cash flows excluded from surplus attributable to operating activities

Non-cash flows in surplus		
Amortisation	-	24,707
Depreciation	<b>142,955</b>	107,003
Assets received on contra account	-	(5,400)
changes in assets and liabilities		
(Increase)/decrease in trade & term receivables	<b>(77,513)</b>	(10,116)
(Increase)/decrease in inventory	<b>(4,500)</b>	-
(Increase)/decrease in prepayments	<b>(1,400)</b>	4,381
Increase/(decrease) in trade payables & accruals	<b>26,670</b>	32,671
Increase/(decrease) in unearned income	<b>(9,186)</b>	(227,412)
Increase/(decrease) in provisions	<b>32,822</b>	(1,680)
	<b>155,636</b>	70,913

### Loan Facilities

	2008	2007
	\$	\$
Overdraft facilities	<b>130,000</b>	130,000
Amount utilised	<b>(67,141)</b>	(69,250)
	<b>62,859</b>	60,750

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

	2008	2007
	\$	\$
Payable - minimum lease payments		
- not later than 12 months	<b>47,917</b>	110,833
- between 12 months and 5 years	-	47,917
	<b>47,917</b>	158,750

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:

Transmitter upgrade	28,000	145,000
Payable:		
- not later than 12 months	28,000	117,000

## 15 Key Management Personnel Compensation

	Short-term benefits \$	Post employment benefits \$	Total \$
<b>2008</b>			
Total compensation	244,881	21,374	266,255
<b>2007</b>			
Total compensation	224,257	17,371	241,628

## 16 Auditors' Remuneration

	2008 \$	2007 \$
Remuneration of the auditor of the company for:		
- auditing or reviewing the financial report	<b>13,000</b>	12,000
- other services	<b>3,000</b>	3,000

## 17 Segment Reporting

The company operates predominately in one business and geographical segment being Television Broadcasting in the greater region of Melbourne and Geelong.

## **18 Financial Instruments**

The company is exposed to a variety of financial risks through its use of financial instruments. This note discloses the company's objectives, policies and processes for managing and measuring these risks.

The company's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed to are describe below.

### **Specific risks**

- Market risk (interest rate risk);
- Credit risk
- Liquidity risk

### **Financial assets/liabilities used**

The principal categories of financial assets/liabilities used by the company are:

- Cash at bank;
- Trade receivables;
- Bank overdraft; and
- Trade payables.

## **Objectives, policies and processes**

The risk management policies of the company are designed to mitigate the above risks and reduce volatility on the financial performance of the company. Financial risk management is carried out by management and is overseen by the Finance Committee and the Board.

### **Capital Risk Management**

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising returns through the optimisation of equity balances.

### **Market risk**

#### *Interest rate risk*

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates.

## 18 Financial Instruments (continued)

The following table outlines the Company's financial instruments:

	2008	2007
	\$	\$
<b>Financial Assets</b>		
Cash at bank	50,258	50,691
Cash on Hand	653	61
Trade receivables	439,355	312,355
<b>Financial Liabilities</b>		
Trade payables	157,361	132,278
Bank Overdraft	67,141	69,250

The following table demonstrates the impact on net profit if the average interest rate had either increased or decreased by 1% over the whole year ending 30 June 2008.

### Interest rate sensitivity

	2008	2008	2007	2007
	Interest (revenue) / expense	Net (Profit) / Loss	Interest (revenue) / expense	Net (Profit) / Loss
	\$	\$	\$	\$
If interest rates were 1 percent higher with all other variables held constant -increase/(decrease)	(185)	(185)	1,175	1,175
If interest rates were 1 percent lower with all other variables held constant - increase/(decrease)	185	185	(1,175)	(1,175)

### Credit risk

The company trades only with recognised, creditworthy third parties. It is the company policy that all telemarketing customers do not have access to credit terms as sponsor's programs do not go to air until consideration is obtained from sponsor. In addition, receivable balances are monitored on an ongoing basis.

With respect to credit risk arising from the other financial assets of the company which comprise cash and cash equivalents, the company'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 the company.

### Liquidity risk analysis

Liquidity risk arises from the company's management of working capital. It is the risk that the company will encounter difficulty in meeting its financial obligations as they fall due.

Liquidity risk includes the risk that, as a result of our operational liquidity requirements;

- We will not have sufficient funds to settle a transaction on the due date;
- We will be forced to sell financial assets at a value which is less than what they are worth;
- We may be unable to settle or recover a financial asset at all.

To help reduce these risks we:

- have readily accessible overdraft facilities in place (refer to note 13).

Amounts presented below represent the future undiscounted principal and interest cash flows.

	<b>Effective Interest Rate 2008 %</b>	<b>1 - 5 Years 2008 \$</b>	<b>Over 5 Years 2008 \$</b>	<b>Non-Interest Bearing 2008 \$</b>	<b>Total</b>
<i>Financial Assets</i>					
Cash and cash equivalents	6.91	50,258	-	653	50,911
Trade receivables		-	-	499,999	499,999
<b>Total Financial Assets</b>					
<i>Financial Liabilities</i>					
Bank Overdraft	14.02	67,141	-		67,141
Trade payables		-	-	157,361	157,361

### **Total Financial Liabilities**

The above contractual maturities reflect the gross cash flows, which may differ to the carrying values of the liabilities at the balance sheet date.

### **Fair Value Estimation**

The directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values (2007: net fair value)

The fair values and net fair values of financial assets and financial liabilities are determined as follows:

- Cash & cash equivalents, bank overdraft, receivables and payables – due to the short-term nature, the carrying value approximates fair value.
- The carrying value less impairment provisions of trade receivables and payables is a reasonable approximation of their fair values due to the short term nature of trade receivables and payables.

### **20 Subsequent 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.

### **21 Company Details**

#### **Registered office and principal place of business**

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 33, 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 2008 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.

Director ..... 

Peter James Lane

Director ..... 

Bec Brown

Dated this 23<sup>rd</sup> day of OCTOBER 2008



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**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF MELBOURNE COMMUNITY TELEVISION  
CONSORTIUM LIMITED  
ABN 54 104 562 076**

We have audited the accompanying financial report of Melbourne Community Television Consortium Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration set out on page 8 to 24.

**Directors' responsibility for the financial report**

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1 the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

**Auditor's responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards, which require us to comply with relevant ethical requirements relating to audit engagements and plan and



perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Independence**

In conducting our audit, we complied with applicable independence requirements of the Corporations Act 2001.

### **Electronic presentation of audited financial report**

This auditor's report relates to the financial report of Melbourne Community Television Consortium Limited for the year ended 30 June 2008 included on Melbourne Community Television Consortium Limited's web site. The Company's directors are responsible for the integrity of the Melbourne Community Television Consortium Limited's web site. We have not been engaged to report on the integrity of the Melbourne Community Television Consortium Limited's web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

### Auditor's opinion

In our opinion:

- a the financial report of Melbourne Community Television Consortium Limited is in accordance with the Corporations Act 2001, including:
  - i giving a true and fair view of the company's financial position as at 30 June 2008 and of its performance for the year ended on that date; and
  - ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

  
GRANT THORNTON  
Chartered Accountants  
K. Glynn  
Partner  
Melbourne,

Dated this *23<sup>rd</sup>* day of *October*, 2008