



MELBOURNE COMMUNITY
TELEVISION CONSORTIUM LIMITED
A.C.N. 104 562 076



FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2011

Walker Wayland NSW
Chartered Accountants

MELBOURNE COMMUNITY TELEVISION CONSORTIUM LIMITED

A.C.N. 104 562 076

A COMPANY LIMITED BY GUARANTEE

DIRECTORS' REPORT FOR THE FINANCIAL YEAR 1 JULY 2010 TO 30 JUNE 2011

The Board of Directors of the Melbourne Community Television Consortium Limited present their report on the company for the financial year ended 30 June 2011.

Activities and objectives of the company

Melbourne Community Television Consortium Limited holds the community television broadcasting services licence for the region of Melbourne & Geelong. Under this licence, the company operates the C31 community television station.

The long-term objectives of Melbourne Community Television Consortium Limited are:

- to continue to comply with the legislated licence conditions which require C31 to encourage members of the community to participate in the operations of the service, and in the selection and provision of programs; and
- to continue to provide a community television service which is interesting, engaging and relevant to the population of Melbourne and Geelong;
- to maintain the company's financial viability, whilst striking a balance between the community focus required by the licence, and the commercial imperatives of running a successful company.

Members of the community participate in the operations of the station by being part of the Board or the committees which determine the policy directions of the company. The Programming Committee in particular is the engine-room for the station's programming policy, which lays out the parameters by which programs are selected for broadcast on the station. C31's primary focus is on broadcasting programs made by and for the community of Melbourne and Geelong. Participation by members of the community is therefore vital in producing content for the station, and in participating in the technical and administrative processes required to make a television show.

The membership structure of the Consortium comprises community based organisations which are the members of the company. These organisations are not-for-profit entities which provide access for individual members of the community. The organisations cover a broad range of specific communities of interest. There are also a number of organisations with a focus on geographic regions of Melbourne and Geelong, which provide access for the general population of those regions. If a community interest is not represented by an existing organisation, the members of that community are able to form an organisation and apply for membership of the Consortium.

Each organisation is required, as a condition of its membership of the Consortium, to have an open access membership structure. This allows any individual to join the organisation, and thereby be eligible to be nominated to a position on the C31 Board and committees. Aspiring program makers can either become part of one of the member organisations, or approach C31 directly in order to have their program broadcast on C31. This structure ensures that there are multiple points of access for the members of C31's community of interest.

The company's key short-term objective during the 2010-11 financial year was to take advantage of the commencement of the digital simulcast of its broadcast signal on 28 May 2010, and rebuild the audience levels lost to digital take-up during the period when the station was broadcasting in analogue mode only. The monthly cumulative audience reach just prior to the commencement of digital simulcast in April 2010 was just 829,000 viewers. By January 2011 the monthly cumulative reach audience had risen to 1,453,000, a 75% increase. C31 continued to sustain an audience reach of 1.3 million to 1.4 million viewers per month throughout rest of the 2010-11 financial year.

Community television receives no government funding to cover operational expenses. The financial model for community television broadcasters enshrined in the regulations of the Broadcasting Services Act 1992 allows for revenue to be raised through the sale of sponsorship announcements and the limited sale of access to airtime for program providers. One of C31's core business activities is utilising these revenue streams to ensure the company has sufficient income to meet the high costs of operating a television broadcasting service.

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DIRECTORS' REPORT FOR THE FINANCIAL YEAR 1 JULY 2010 TO 30 JUNE 2011 (CONT.)

The station has a staff sales team which sells sponsorship announcements predominantly to small and medium sized businesses which otherwise could not afford to promote their businesses on television on other channels.

Achieving a critical audience penetration is vital to ensuring the success of the financial model. Sponsors need to be confident that their message is reaching an audience, and that that message has measurable results for their business. Persons wishing to buy access to program airtime need to know that people will be able to watch their program. Digital broadcasting has given the financial supporters of C31 the confidence they need to continue supporting the station. Strong sponsorship revenue ensures the financial viability of the company, and allows the company to be self-sufficient, without needing to rely on donations and grant income to cover the operating costs of the business.

C31 continues to strive to improve the diversity and quality of the programs being offered to audiences. C31's Programming Policy affirms the station's commitment to open access to the people of Melbourne and Geelong, and provides some base level technical standards for program production. This has been supported by developing training materials in various aspects of production, which are available in hard copies and online. C31 has sought, and is continuing to nurture, relationships with training institutes to provide training to those people interesting in participating in program production. C31 has also upgraded its studio and production facilities, to allow a greater number of community producers access to facilities which can enable them to produce a high quality program.

C31 measures its financial performance by ensuring that the company remains financially viable, being able to fund its operational costs with limited drawing on credit facilities, and generate a surplus which can be used to implement strategies to increase community participation.

Community engagement and participation is measured by the numbers of people and organisations using C31 as a platform to communicate with their audiences. C31 currently has 29 Member organisations and 14 Affiliate organisations, as well a large number of independent program makers. These members of the community of Greater Melbourne and Geelong produce on average around ninety first-run locally made programs each week, across a range of areas of community interest, such as geographic, ethnicity, and special interest.

C31 holds quarterly "Make TV" information sessions which interested members of the community can attend to find out what is involved in community television production. These sessions have proved to be popular, with a consistent attendance of around 50-70 people each quarter. C31 also encourages interested people to call its 1300 MAKETV number to find out information about becoming involved in program production.

Enquiries from potential program makers have remained consistent, with C31 receiving over 100 program proposals during the year. Around 70% of these proposals result in a series being broadcast on air, and the station currently premieres around 15 to 20 new series in each of its quarterly programming seasons.

An important measure of the station's success is the number of people watching. Whilst C31 is not as ratings-driven as the commercial and national broadcasters, it still needs to be recognised that community television broadcasters have free access to broadcast spectrum, which is a valuable community asset. It is incumbent upon community broadcasters to ensure that they are making best use of that asset by reaching as wide an audience as possible. This does not necessarily mean that individual programs must rate highly; but that the mix of programming should draw a broad audience from a wide stratum of community members.

C31 subscribes to the audience measurement services provided by OzTAM Pty Ltd, the company which provides viewing data for commercial, national and subscription television services. This allows C31 to measure its audience reach using the same standards as all other broadcasters. Despite increased competition for viewers' attention from additional digital television channels, the internet and other screen-based media, C31 has managed to achieve and sustain an audience reach of 1.3 million to 1.4 million viewers per month throughout the 2010-11 financial year.

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DIRECTORS' REPORT FOR THE FINANCIAL YEAR 1 JULY 2010 TO 30 JUNE 2011 (CONT.)

Directors

The names of each person who has been a director of the company during the financial year, and their attendance at meetings of the Board of Directors, are:

Name of Director	No. of meetings attended	No of meetings eligible to attend	Method of appointment to the Board
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Directors in office at 30 June 2011

Mike Zafiroopoulos (<i>Chair</i>)	12	13	Co-opted by the Board of Directors
Emma Sharp	9	13	Appointed by Student Youth Network Inc.
Peter McArthur	13	13	Appointed by Eastern Regional Access Television Inc.
Louis-robert Stomm	13	13	Elected by Members at 2009 AGM; re-elected at 2010 AGM
Walter Adamson	13	13	Appointed by Russian Television Victoria Inc.
Joe Varga	12	13	Appointed by Melbourne Hungarian Television Association Inc.
Paul Spanos	11	13	Appointed by Northern Access Television Association Inc.
David Wong	9	13	Elected by Members at 2009 AGM; re-elected at 2010 AGM
Kate Gladman	9	13	Appointed by Yarra Access Inner-City Television Inc.; term commenced Jul 2010
Gladys Liu	9	13	Appointed by Asian Television Australia Association Inc.
Tom Padula	10	12	Appointed by Italian TV Inc.
Melody Griffiths	7	10	Appointed by Inner South-Eastern Access Television Inc.; term commenced Oct 2010
Carlos Parrilla	1	8	Appointed by Hispanic Community Television Antenna Hispana Inc. ; term commenced at 2010 AGM
John Worcester	5	5	Appointed by Melbourne East Regional Television Organisation Inc.; term commenced at 2010 AGM

Directors whose terms finished during the financial year

Ben Todica	5	5	Appointed by Australian Romanian Community Television; term ended at 2010 AGM
Noel Fanning	1	5	Appointed by Geelong Newsbeat Inc; term ended at 2010 AGM
Jospehine Christensen	3	3	Appointed as an alternate director by John Worcester on the dates 25/1/11, 22/3/11 and 28/6/11 only.
Francisco Lopez	8	9	Co-opted by the Board of Directors; resigned 22 Feb 2011
Mariano Coreno	1	1	Appointed as an alternate director by Tom Padula on the date 27/7/10 only.

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

Note: Directors are appointed, elected or co-opted for a period of one year, ending at the Annual General Meeting. Directors appointed by Member organisations may be re-appointed for a further term, subject to the director having attended 75% of the number of meetings they were eligible to attend.

Mike Zafiroopoulos AM

Mr Zafiroopoulos has extensive experience in the areas of community development, local government, philanthropy, arts and culture, public administration, NFP sector governance and the media. He previously held executive positions at the Bureau of Immigration and Population research, at the Department of Immigration and between 1995 and 2007 was the General Manager of SBS in Melbourne. In 1980 he won SBS' very first award, a SAMMY for best documentary. Mike serves on the board of the Lord Mayor's Charitable Foundation, the board of the Royal Victorian Eye and Ear Hospital and chairs the board of Fronditha Care. He is a former mayor of Fitzroy.

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Francisco Lopez

Francisco Lopez holds a Post Graduate Diploma of Health Service Management, and is employed by the Alfred Hospital as a project manager in strategy and planning and service improvement. He is a member of the Australian College of Health Service Executives.

David Wong

David Wong worked for over twenty years as a Civil Engineer and Project Manager for the Victorian Government. He holds a graduate diploma of Business and Administration. In retirement, he holds the positions of vice president of Asian Television Australia Association Inc, and chairman of the Australian Chinese Events Committee.

Paul Spanos

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.

Joe Varga

Joe Varga is a veteran of the television industry, with over 41 years employment in commercial television. Joe is a Justice of the Peace, and for the last fourteen years he has also volunteered his time to the Melbourne Hungarian Television Association in both management and production roles.

Walter Adamson

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.

Tom Padula

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. His qualifications include a Bachelor of Arts from the University of Melbourne and a Dip.Ed. from Melbourne State College/ Tom retired from secondary school teaching to start Insegna Booksellers, publishing and distributing books in a wide variety of languages, and is a published author of poetry in Italian and English.

Ben Todica

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

Noel Fanning

Noel Fanning has been producing television content for 28 years. He has also been a teacher for 23 years, and his qualifications include a Bachelor of Arts, a Graduate Diploma in media, a Certificate in Multimedia and a Diploma of Education.

Louis-robot Stomm

Louis-robot 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-robot 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.

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Peter McArthur

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.

Gladys Liu

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 the Special Adviser to the Premier of Victoria on the Chinese Community.

Emma Sharp

Emma Sharp has over seven years experience in community broadcasting, and is currently the Assistant Manager of SYN-FM, a youth focussed community radio station.

Kate Gladman

Kate Gladman holds a Bachelor of Arts and a Bachelor of Law (Hons). She is a qualified barrister and a member of the Victorian Bar.

John Worcester

John Worcester holds a Bachelor of Arts and a Post Graduate Diploma in Geography from the University of Melbourne. In addition to his career as a secondary school teacher of English and Geography, he has been active in community broadcasting, including a period as manager of 3ZZZ, volunteering at 3MBS from 1975 to the present and at 3WBC from 1998 to the present. He has also been part of the Community Broadcasting Association of Victoria since 1983.

Melody Griffiths

Melody Griffiths has served as a director of the Goldstream Region Museum Society in Langford, Canada. She has provided IT advice, equipment and support to not-for-profit community organisations such as the learning disability centre Victoria (BC) READ Society, the prostitute empowerment group PEERS and the children's fund-raising charity Vancouver Island Wallaby Club. Melody has worked as a human rights advocate, and is an Apple certified technical co-ordinator and Macintosh technician.

Carlos Parrilla

Carlos Parrilla is a TAFE accounting teacher and is an Associate Member of CPA Australia.

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DIRECTORS' REPORT FOR THE FINANCIAL YEAR 1 JULY 2010 TO 30 JUNE 2011 (CONT.)

Finance Committee 2010/11

Name of Committee Member	No. of meetings attended	No of meetings eligible to attend	Notes
Richard McLelland	12	12	
Louis-robert Stomm	12	12	
Paul Spanos	11	12	
Mike Zafiroopoulos	9	12	
Francisco Lopez	7	8	Resigned 22 Feb 2011
Kate Gladman	4	7	Term commenced at 2010 AGM
Emma Sharp	2	3	Term commenced 23 Mar 2011

Members of the committee were in office for the whole of the financial year unless otherwise stated.

Programming Committee 2010/11

Name of Committee Member	No. of meetings attended	No of meetings eligible to attend	Notes
David Wong	9	9	
Peter McArthur	9	9	
Louis-robert Stomm	6	9	
Francisco Lopez	6	7	Resigned 22 Feb 2011
Nicole Brown	2	5	Term ended at 2010 AGM
Emma Sharp	4	4	Term commenced at 2010 AGM
Melody Griffiths	4	4	Term commenced at 2010 AGM

Members of the committee were in office for the whole of the financial year unless otherwise stated.

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DIRECTORS' REPORT FOR THE FINANCIAL YEAR 1 JULY 2010 TO 30 JUNE 2011 (CONT.)

Company Secretary

The following person held the position of entity secretary at the end of the financial year: Matthew Sharp

Matthew Sharp has worked for Melbourne Community Television Consortium Limited, a Company Limited by Guarantee, for the past ten years, and is currently the Regulatory & Business Affairs Manager. Matthew Sharp was appointed company secretary on 7 September 2006.

Principal Activities

The principal activities of the entity during the financial year were broadcasting of community television programs, developing and maintaining television presentation and transmission facilities, and seeking sponsorship revenue.

No significant changes in the nature of the entity's activities occurred during the financial year.

Members Guarantee

The entity is incorporated under the Corporations Act 2001 and is an entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$20 each towards meeting any outstandings and obligations of the entity. At 30 June 2011 the number of members was 29. (2010: 29).

Auditors' Independence Declaration

The auditors' independence declaration for the year ended 30 June 2011 has been received and can be found on page 8 and form part of the directors' report.

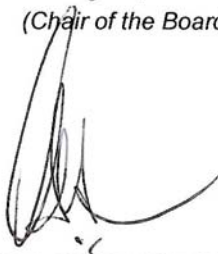
Signed in accordance with a resolution of the Board of Directors.

Director: _____



Mike Zafropoulos
(Chair of the Board of Directors)

Director: _____



Andrew Home
(Chair of the Finance Committee)

Dated this 6th day of December 2011

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**AUDITORS' INDEPENDENCE DECLARATION
UNDER S 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 2011 there have been:

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


Walker Wayland NSW
Chartered Accountants


Grant Allsopp
Partner

Dated this 6th day of December 2011

MELBOURNE COMMUNITY TELEVISION CONSORTIUM LIMITED

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STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011	2010
		\$	\$
Revenue	2	2,619,750	3,133,100
Other income	2	2,654	2,882
Cost of goods sold		(110,734)	(140,869)
Bad debts expense		(72,651)	(83,383)
Employee benefits expense		(1,400,342)	(1,433,492)
Depreciation and amortisation expense	3	(207,911)	(124,528)
Occupancy expenses		(196,125)	(191,241)
Marketing expenses		(22,580)	(25,826)
Other expenses		(555,465)	(1,112,069)
Finance costs		(8,107)	(1,725)
Profit before income tax		48,489	22,849
Income tax expense		-	-
Profit for the year		48,489	22,849
Other comprehensive income for the year		-	-
Total comprehensive income for the year		48,489	22,849
Profit attributable to members of the entity		48,489	22,849
Total comprehensive income attributable to members of the entity		48,489	22,849

The accompanying notes form part of these financial statements.

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A COMPANY LIMITED BY GUARANTEE

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	Note	2011	2010
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	56,789	291,926
Trade and other receivables	5	570,751	353,498
Inventories	6	2,345	2,885
Other assets	7	40,778	56,931
TOTAL CURRENT ASSETS		670,663	705,240
NON-CURRENT ASSETS			
Property, plant and equipment	8	821,554	708,872
TOTAL NON-CURRENT ASSETS		821,554	708,872
TOTAL ASSETS		1,492,217	1,414,112
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	483,766	519,425
Other liabilities	10	689,082	850,346
Financial liabilities	11	56,529	-
Short-term provisions	12	2,233	1,809
TOTAL CURRENT LIABILITIES		1,231,610	1,371,580
NON-CURRENT LIABILITIES			
Financial liabilities	11	166,750	-
Long-term provisions	12	25,036	22,200
TOTAL NON-CURRENT LIABILITIES		191,786	22,200
TOTAL LIABILITIES		1,423,396	1,393,780
NET ASSETS/(LIABILITIES)		68,821	20,332
EQUITY			
Retained Earnings		68,821	20,332
TOTAL EQUITY		68,821	20,332

The accompanying notes form part of these financial statements.

MELBOURNE COMMUNITY TELEVISION CONSORTIUM LIMITED

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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2011

	Retained Earnings	Total
	\$	\$
Balance at 1 July 2009	(2,517)	(2,517)
Total comprehensive income for the year	22,849	22,849
Balance at 30 June 2010	20,332	20,332
Total comprehensive income for the year	48,489	48,489
Balance at 30 June 2011	68,821	68,821

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011	2010
		\$	\$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		2,430,957	3,612,750
Payments to suppliers and employees		(2,562,927)	(2,995,448)
Interest received		2,254	1,647
Finance costs		(8,107)	(1,725)
Net cash used in operating activities	16b	(137,823)	617,224
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(320,593)	(339,896)
Net cash used in investing activities		(320,593)	(339,896)
CASH FLOW FROM FINANCING ACTIVITIES			
Net movement in bank loans		223,279	-
Net cash used in financing activities		223,279	-
Net increase (decrease) in cash held		(235,137)	277,328
Cash and cash equivalents at beginning of the financial year		291,926	14,598
Cash and cash equivalents at the end of the financial year	4	56,789	291,926

The accompanying notes form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

The financial statements are for Melbourne Community Television Consortium Limited as an individual entity, incorporated and domiciled in Australia. Melbourne Community Television Consortium Limited is a company limited by guarantee.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

Melbourne Community Television Consortium Limited has elected to early adopt the pronouncements AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements to the annual reporting period beginning 1 July 2010.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board and the Corporations Act 2011.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Accounting Policies

a. Ongoing Viability

There is a deficiency of current assets over current liabilities of \$560,947 at balance date (2010: \$666,340). However current liabilities include deferred income of \$689,082 at balance date (2010: \$850,346). Excluding deferred income, there is no deficiency of current assets over current liabilities.

Based on the above, the financial statements have been prepared on a going concern basis.

b. Revenue

Revenue from broadcasting services is recognised upon delivery of the service to the customers.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

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

c. Inventories

Inventories are measured at the lower of cost and current replacement cost.

Inventories acquired at no cost, or for nominal consideration are valued at the current replacement cost as at the date of acquisition.

d. Property, Plant and Equipment

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

Plant and Equipment

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

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

These notes form part of the financial statements

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

d. Property, Plant and Equipment (Cont'd)

Plant and equipment that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	Depreciation Rate
Office equipment	30%
Plant and equipment	11.25–30%
Leasehold improvement	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Asset classes carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

e. Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- i. the amount at which the financial asset or financial liability is measured at initial recognition;
- ii. less principal repayments;
- iii. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- iv. less any reduction for impairment.

These notes form part of the financial statements

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e. Financial Instruments (Cont'd)

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

(ii) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At the end of each reporting period, the entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability, which is extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

f. Impairment of Assets

At the end of each reporting period, the entity 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 statement of comprehensive income.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an assets class, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

These notes form part of the financial statements

MELBOURNE COMMUNITY TELEVISION CONSORTIUM LIMITED

A.C.N. 104 562 076

A COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

g. **Employee Benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. 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. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

h. **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 statement of financial position.

i. **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 expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

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

j. **Income Tax**

No provision for income tax has been raised as the entity is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

k. **Government grants**

Government grants related to assets are presented in the statement of financial position as deferred income. It is recognised in the statement of comprehensive income on a systematic basis over the useful life of the asset.

k. **Provisions**

Provisions are recognised when the entity 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. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

l. **Trade and Other Payables**

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

m. **Comparative Figures**

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

These notes form part of the financial statements

MELBOURNE COMMUNITY TELEVISION CONSORTIUM LIMITED

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A COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

n. Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key Estimates

Impairment

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

The financial report was authorised for issue on 06 December 2011 by the Board of Directors. The directors have the power to amend and reissue the financial report.

	2011	2010
	\$	\$
NOTE 2: REVENUE AND OTHER INCOME		
Revenue		
— Service revenue	2,502,818	2,463,764
— Grant revenue	117,332	669,336
	<u>2,620,150</u>	<u>3,133,100</u>
Other Income		
— interest received	2,254	1,647
— Donations	400	1,235
	<u>2,654</u>	<u>2,882</u>
Total revenue and other income	<u>2,622,804</u>	<u>3,135,982</u>

NOTE 3: PROFIT FOR THE YEAR

Expenses

Depreciation and amortisation	207,911	124,528
Doubtful debts expense	72,651	83,383
Rental expense on operating leases		
— minimum lease payments	115,583	119,019
Auditor remuneration		
— audit services	14,450	15,422
— other services	5,150	2,774
Total audit remuneration	<u>19,600</u>	<u>18,196</u>

NOTE 4: CASH AND CASH EQUIVALENTS

CURRENT

Cash at bank	56,289	290,833
Cash on hand	500	1,093
	<u>56,789</u>	<u>291,926</u>

These notes form part of the financial statements

MELBOURNE COMMUNITY TELEVISION CONSORTIUM LIMITED

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A COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011	2010
NOTE 5: TRADE AND OTHER RECEIVABLES		\$	\$
CURRENT			
Trade receivables		637,265	419,887
Provision for impairment	5(i)	(66,514)	(66,389)
		<u>570,751</u>	<u>353,498</u>

(i) Provision for Impairment of Receivables

Current trade receivables are generally on 30-day terms. These receivables are assessed for recoverability and a provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. These amounts have been included in bad debts expense.

Movement in the provision for impairment of receivables is as follows:

	\$
Provision for impairment as at 30 June 2009	47,701
— Charge for year	83,383
— Written off	(64,695)
Provision for impairment as at 30 June 2010	<u>66,389</u>
— Charge for year	2,685
— Written off	(2,560)
Provision for impairment as at 30 June 2011	<u>66,514</u>

	2011	2010
NOTE 6: INVENTORIES	\$	\$
CURRENT		
Inventory – at cost	<u>2,345</u>	<u>2,885</u>

	2011	2010
NOTE 7: OTHER ASSETS		
CURRENT		
Prepayments	40,297	56,450
Other assets	481	481
	<u>40,778</u>	<u>56,931</u>

These notes form part of the financial statements

MELBOURNE COMMUNITY TELEVISION CONSORTIUM LIMITED

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A COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	\$	\$
NOTE 8: PROPERTY, PLANT AND EQUIPMENT		
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	1,461,506	1,145,768
Less accumulated depreciation	(742,935)	(575,866)
	<u>718,571</u>	<u>569,902</u>
Office equipment		
At cost	209,065	204,520
Less accumulated depreciation	(159,160)	(138,390)
	<u>49,905</u>	<u>66,130</u>
Leasehold improvement		
At cost	204,592	204,282
Less accumulated depreciation	(151,514)	(131,442)
	<u>53,078</u>	<u>72,840</u>
Total plant and equipment	<u>821,554</u>	<u>708,872</u>

Movements in Carrying Amounts

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

	Plant and equipment	Office equipment	Leasehold improvement	Total
	\$	\$	\$	\$
2011				
Balance at the beginning of the year	569,902	66,130	72,840	708,872
Additions at cost	316,542	4,585	310	321,437
Disposals	(804)	(40)	-	(844)
Depreciation expense	(167,069)	(20,770)	(20,072)	(207,911)
Carrying amount at end of year	<u>718,571</u>	<u>49,905</u>	<u>53,078</u>	<u>821,554</u>
2010				
Balance at the beginning of the year	389,501	80,817	23,265	493,583
Additions at cost	268,966	8,360	62,570	339,896
Disposals	(79)	-	-	(79)
Depreciation expense	(88,486)	(23,047)	(12,995)	(124,528)
Carrying amount at end of year	<u>569,902</u>	<u>66,130</u>	<u>72,840</u>	<u>708,872</u>

These notes form part of the financial statements

MELBOURNE COMMUNITY TELEVISION CONSORTIUM LIMITED

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A COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011	2010
NOTE 9: TRADE AND OTHER PAYABLES		\$	\$
CURRENT			
Trade payables		219,874	282,853
Other payables		195,094	178,057
Employee benefits		68,798	58,515
	9a	<u>483,766</u>	<u>519,425</u>
a. Financial liabilities at amortised cost classified as trade and other payables			
Trade and other payables			
— Total current		483,766	519,425
Less annual leave entitlements		(68,798)	(58,515)
Financial liabilities classified as trade and other payables	17	<u>414,968</u>	<u>460,910</u>

NOTE 10: OTHER LIABILITIES

CURRENT

Deferred service income	445,679	561,444
Deferred grant income	243,403	288,902
	<u>689,082</u>	<u>850,346</u>

NOTE 11: FINANCIAL LIABILITIES

CURRENT

Bank loan – secured	56,529	-
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NON CURRENT

Bank loan - secured	166,750	-
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Total Bank Loan	<u>223,279</u>	-
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The bank loan is secured by a registered mortgage over the goods.

	Long-term Employee Benefits	Total
NOTE 12: PROVISIONS	\$	\$
Opening balance at 1 July 2010	23,809	23,809
Additional provisions raised during year	3,460	3,460
Amounts used	-	-
Balance at 30 June 2011	<u>27,269</u>	<u>27,269</u>

These notes form part of the financial statements

MELBOURNE COMMUNITY TELEVISION CONSORTIUM LIMITED

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A COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
NOTE 12: PROVISIONS (CONT.)	\$	\$
Analysis of Total Provisions		
Current	2,233	1,809
Non-Current	25,036	22,000
	<u>27,269</u>	<u>23,809</u>

Provision for Long-term Employee Benefits

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1 to this report.

NOTE 13: CAPITAL AND LEASING COMMITMENTS

a. Operating Lease Commitments

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

Payable — minimum lease payments

— not later than 12 months	117,103	112,599
— later than 12 months but not later than 5 years	173,359	290,463
— greater than 5 years	-	-
	<u>290,462</u>	<u>403,062</u>

The property lease commitments are non-cancellable operating leases contracted for but not capitalised in the financial statements with a five-year term.

NOTE 14: EVENTS AFTER THE REPORTING PERIOD

There have been no significant events after 30 June 2011 to date of signing this report.

NOTE 15: KEY MANAGEMENT PERSONNEL COMPENSATION

Total Compensation	<u>308,588</u>	<u>267,380</u>
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These notes form part of the financial statements

MELBOURNE COMMUNITY TELEVISION CONSORTIUM LIMITED

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A COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011	2010
NOTE 16: CASH FLOW INFORMATION		\$	\$
a. Reconciliation of Cash			
Cash at bank		56,289	290,833
Cash on hand		500	1,093
	4	<u>56,789</u>	<u>291,926</u>
b. Reconciliation of Cashflow from Operations with profit after Income Tax			
Profit after income tax		48,489	22,849
Non cash flows			
Depreciation and amortisation		207,911	124,528
Plant and equipment written off		125	79
Changes in assets and liabilities			
Increase in trade and other receivables		(217,378)	(92,146)
Increase/(decrease) in trade and other payables		(45,942)	233,410
(Increase)/decrease in other assets		16,153	(13,200)
((Increase)/decrease in provisions		13,543	(44)
Decrease in inventories		540	1,114
Increase/(decrease) in deferred income		(161,264)	340,634
		<u>(137,823)</u>	<u>617,224</u>

NOTE 17: FINANCIAL RISK MANAGEMENT

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term and long-term investments, accounts receivable and payable and bank loans.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

Financial Assets

Cash and cash equivalents	4	56,789	291,926
Trade and other receivables	5	570,751	353,498
Total Financial Assets		<u>627,540</u>	<u>645,424</u>

Financial Liabilities

Financial liabilities at amortised cost

– Trade and other payables	9a	414,968	460,910
– Financial liabilities	11	223,279	-
Total Financial Liabilities		<u>638,247</u>	<u>460,910</u>

These notes form part of the financial statements

MELBOURNE COMMUNITY TELEVISION CONSORTIUM LIMITED

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A COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 17: FINANCIAL RISK MANAGEMENT (CONT.)

Net Fair Values

The fair values of financial assets and financial liabilities are equal to their carrying value in the balance sheet.

The fair values have been determined based on the following methodologies:

- (i) Cash and cash equivalents, trade and other receivables and trade and other payables are short term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables excludes amounts provided for relating to annual leave which is not considered a financial instrument.

NOTE 18: CAPITAL MANAGEMENT

Management controls the capital of the entity to ensure that adequate cash flows are generated to fund its mentoring programs and that returns from investments are maximised. The finance committee ensures that the overall risk management strategy is in line with this objective.

The finance committee operates under policies approved by the Board of Directors. Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

The entity's capital consists of financial liabilities, supported by financial assets.

Management effectively manages the entity's capital by assessing the entity's financial risks and responding to changes in these risks and in the market. These responses may include the consideration of debt levels.

NOTE 19: EVENTS SUBSEQUENT TO BALANCE DATE

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

NOTE 20: ENTITY DETAILS

The registered office of the entity is:

Melbourne Community Television Consortium Limited
Level 1, 501 Swanston Street
Melbourne Victoria 3000

The principal place of business is:

Melbourne Community Television Consortium Limited
Level 1, 501 Swanston Street
Melbourne Victoria 3000

NOTE 21: MEMBERS' GUARANTEE

The entity is incorporated under the *Corporations Act 2001* and is an entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$20 each towards meeting any outstandings and obligations of the entity. At 30 June 2011 the number of members was 29. (2010: 29).

These notes form part of the financial statements

MELBOURNE COMMUNITY TELEVISION CONSORTIUM LIMITED

A.C.N. 104 562 076


A COMPANY LIMITED BY GUARANTEE

DIRECTORS' DECLARATION


The directors of the entity declare that:

1. The financial statements and notes, as set out on pages 10 to 22, are in accordance with the *Corporations Act 2001*:
 - a. comply with Australian Accounting Standards; and
 - b. give a true and fair view of the financial position as at 30 June 2011 and of the performance for the year ended on that date of the entity.
2. In the directors' opinion there are reasonable grounds to believe that the entity 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: Mike Zafiroopoulos
(Chair of the Board of Directors)



Director: Andrew Home
(Chair of the Finance Committee)

Dated this 6th day of December 2011

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
MELBOURNE COMMUNITY TELEVISION CONSORTIUM LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Melbourne Community Television Consortium Limited (the company), which comprises the statement of financial position as at 30 June 2011 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration

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 – Reduced Disclosure Requirements (including Australian Accounting Interpretations) and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditors' 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from 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 judgment, 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 circumstances, 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 have complied with the independence requirements of the *Corporations Act 2001*.

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
MELBOURNE COMMUNITY TELEVISION CONSORTIUM LIMITED

Auditors' Opinion

In our opinion the financial report of Melbourne Community Television Consortium Limited is in accordance with the Corporations Act 2001, including

- a. Giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards – Reduced Disclosure Requirements (including Australian Accounting Interpretations) and the Corporations Regulations 2001.


Walker Wayland NSW
Chartered Accountants


Grant D Allsopp
Partner

Dated this 6th day of December 2011