MELBOURNE
YOUTH
ORCHESTRAS

2018
Financial Report

Financial Report

MELBOURNE YOUTH MUSIC INC.
ABN 54 089 059 805

FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

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MELBOURNE YOUTH MUSIC INC.
ABN: 54 089 059 805

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2018

	Note	2018 $	2017 $
Revenue	2	1,582,803	1,516,207
Other revenue (Sale of fixed assets)		3,000	0
Employee benefits expense		(974,053)	(887,061)
Overheads & consumables		(196,502)	(213,431)
Venue hire		(170,314)	(202,956)
Printing & advertising costs		(43,747)	(44,951)
Travelling expenses		(21,536)	(39,257)
Music, equipment & instruments		(38,581)	(53,653)
Depreciation and amortisation expenses		(40,592)	(23,199)
Insurance		(16,787)	(18,317)
Other expenses		(73,922)	(65,767)
Current year surplus before income tax		9,770	(32,385)
Income tax expense		-	-
Net current year operating surplus		9,770	(32,385)
Fair value gain / (loss) on investment		(37,241)	38,303
Total comprehensive income for the year		(27,472)	5,918
Total comprehensive income attributable to members of the entity		(27,472)	5,918

MELBOURNE YOUTH MUSIC INC.
ABN: 54 089 059 805

Statement of Financial Position
For the year ended 31 December 2018

	Note	2018 $	2017 $
Assets			
Current Assets			
Cash on hand	3	746,328	787,896
Accounts receivable and other debtors	4	61,473	282,768
Financial assets	5	614,782	625,620
Other current assets	6	59,556	35,632
Total Current Assets		1,482,139	1,731,916
Non-Current Assets			
Property, plant and equipment	7	151,787	148,461
Total Non-Current Assets		151,787	148,461
Total Assets		1,633,926	1,880,377
Liabilities			
Current Liabilities			
Accounts payable and other payables	8	44,131	41,094
Provisions	9	33,426	32,764
Other liabilities	10	606,594	842,818
Total Current Liabilities		684,151	916,676
Non-Current Liabilities			
Provisions	9	27,309	13,763
Total Non-Current Liabilities		27,309	13,763
Total Liabilities		711,460	930,439
Net Assets		922,466	949,938
Equity			
Reserves		12,752	49,993
Retained Earnings		909,715	899,945
Total Equity		922,466	949,938

MELBOURNE YOUTH MUSIC INC.
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Statement of Changes in Equity
For the year ended 31 December 2018

	Reserves*	Retained Earnings	Total Equity
Balance at 1 January 2017 Comprehensive income	11,690	1,011,362	1,023,052
Net surplus for the year	-	(32,385)	(32,385)
Other comprehensive income for the year	38,303	-	38,303
Total comprehensive income for the year attributable to members of the association	38,303	(32,385)	5,918
Balance at 31 December 2017	49,993	978,977	1,028,970
Retrospective superannuation contributions made**	-	(79,032)	(79,032)
Balance at 31 December 2017 (restated)	49,993	899,945	949,938
Balance at 1 January 2018 Comprehensive income	49,993	899,945	949,938
Net surplus for the year		9,770	9,770
Other comprehensive income for the year	(37,241)	-	(37,241)
Total comprehensive income for the year attributable to members of the association	(37,241)	9,770	(27,472)
Balance at 31 December 2018	12,752	909,715	922,466

**Fair value gain/loss on equity instruments designated as FVOCI (Fair Value through Other Comprehensive Income)*

*** During the 2017 financial year, the entity received legal advice regarding payments made to contractors. The advice received concluded that some of the payments made to these workers used to run Summer School and Saturday programs fell under the ATO's definition of "ordinary times earnings", therefore superannuation is required to be paid to their superannuation account for 9.5% of these "ordinary times earnings".*

In accordance with AASB 108: Accounting Policies, Changes in Accounting Estimate and Errors, this is classified as a prior period adjustment and the relevant adjustment has been made retrospectively and applied to the year ended 31 December 2016, the period in which the relevant services were incurred. The additional superannuation expense recorded was for $79,032. The entire payable amount was paid fully in 2017.

MELBOURNE YOUTH MUSIC INC.
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Statement of Cash Flows
For the year ended 31 December 2018

	Note	2018 $	2017 $
Cash Flow From Operating Activities			
Receipts from activities (excluding donations received)		1,134,192	963,089
Operating grants		326,634	497,435
Donations received		86,297	42,110
Payments to suppliers and employees		(1,554,087)	(1,621,818)
Dividends received		25,753	36,088
Interest received		12,104	13,841
Net cash provided by operating activities	12	30,893	(69,255)
Cash Flow From Investing Activities			
Payments for plant and equipment		(43,335)	(112,510)
Payments for investments		(29,127)	(30,449)
Proceeds from sale of investments		-	-
Net Cash Generated (Used) by Investing Activities		(72,461)	(142,959)
Net increase (decrease) in cash held		(41,569)	(212,214)
Cash on hand at beginning of financial year		787,896	1,000,110
Cash and cash equivalents at the end of the year	3	746,327	787,896

**Does not include bank facilities*

MELBOURNE YOUTH MUSIC INC.
ABN 54 089 059 805

Notes to the Financial Statements
For the year ended 31 December 2018

The financial statements cover Melbourne Youth Music Inc. as an individual entity. Melbourne Youth Music Inc. is an association incorporated in Victoria and operating pursuant to the Associations Incorporation Reform Act 2012.

The financial statements were authorised for issue on 20 March 2019 by the Board of Directors.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

Melbourne Youth Music Inc. applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements and other applicable Australian Accounting Standards – Reduced Disclosure Requirements.

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 (AASB) and the Australian Charities and Not-for-profits Commission Act 2012 (Cth). The association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Australian Accounting Standards set out accounting policies that the AASB 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 the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, 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. The amounts presented in the financial statements have been rounded to the nearest dollar.

(a) Income Tax

No provision for income tax has been raised as Melbourne Youth Music Inc. is exempt from income tax under section 50-5 of the Income Tax Assessment Act 1997.

(b) Fair Value of Assets and Liabilities

The association measures some of its assets and liabilities at fair value on either a recurring or nonrecurring basis, depending on the requirements of the applicable accounting standard.

(b) Fair Value of Assets and Liabilities (cont'd)

Fair value is the price the association would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

(c) Property, Plant and Equipment

Plant and Equipment

Plant and equipment are measured on a cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(f) for details of impairment).

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

Notes to the Financial Statements

For the year ended 31 December 2018

(c) Property, Plant and Equipment (cont'd)

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 association commencing from the time the asset is held ready for use.

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

Class of Fixed Asset:	Depreciation Rate:
Music library	22.5%
Musical instruments	15%
Percussion instruments	30%
Computers, websites & software	37.5%
Office furniture	7.5%–20%
Office equipment	20%–30%

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss when the item is derecognised. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

(d) Leases

Leases of property, plant and equipment, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to the association, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amount equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

(d) Leases (cont'd)

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(e) Financial Instruments

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the association's business model for managing them.

With the exception of trade receivables that do not contain a significant financing component or for which the association has applied the practical expedient, the association initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the association has applied the practical expedient are measured at the transaction price determined under AASB 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The association's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date (i.e. the date that the association commits to purchase or sell the asset).

Notes to the Financial Statements
For the year ended 31 December 2018

(e) Financial Instruments (cont'd)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into four categories:
- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the association can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the association benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The association elected to classify irrevocably its non-listed equity investments under this category.

Financial liabilities

Non derivative financial liabilities are subsequently measured at amortised cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process and when the financial liability is derecognised.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(f) Impairment of assets

At the end of each reporting period, the association assesses whether there is any indication that an asset may be impaired. The assessment will consider both external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of that asset, being the higher of the asset's fair value less costs to sell and its value-in-use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is immediately recognised in profit or loss.

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 individual asset, the association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(g) Accounts Receivable and Other Debtors

Accounts receivable and other debtors largely include amounts due from students as well as amounts receivable from donors. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1 (f) for further discussion on the determination of impairment losses.

(h) Employee Provisions

Provision is made for the association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits have been measured at the nominal amounts expected to be paid when the liability is settled, plus any related on-costs. Both annual leave and long service leave are recognised within the provisions liability.

Short-term employee benefits

Provision is made for the association's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The association's obligations for short-term employee benefits such as wages and salaries are recognised as a part of current trade and other payables in the statement of financial position.

(h) Employee Provisions (cont'd)

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as a part of employee benefits expense.

The association's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the association does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(i) Provisions

Provisions are recognised when the association 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.

(j) Cash on Hand

Cash on hand includes cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

(k) Revenue and Other Income

Non-reciprocal grant revenue is recognised in profit or loss when the association obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the association and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the association incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

(k) Revenue and Other Income (cont'd)

The association receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the statement of profit or loss and other comprehensive income.

Donations and bequests are recognised as revenue when received.

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

Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of services is recognised upon the delivery of the service to the customer.

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

(l) Accounts Payable and Other Payables

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

(m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST component of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO is presented as operating cash flow included in receipts from customers or payments to suppliers.

(n) Critical Accounting Estimates and Judgements

The board evaluates estimates and judgements 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 association.

Key estimates

Impairment – general
The association assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the association that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

There were no indicators of impairment for assets during the financial year.

Key judgements

Provision for impairment of receivables
Included in accounts receivable and other debtors at the end of the reporting period are amounts receivable from members in relation to unpaid 2018 fees. The amount overdue as at 31 December 2018 is $8,899. The board notes that small amounts overdue at the end of the financial year are reasonable and consistent with prior years due to timing of year end being around Christmas.

(o) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended accounting standards that have mandatory application dates for future reporting periods, some of which are relevant to the association. The association has decided not to early adopt any of the new and amended pronouncements. The association's assessment of the new and amended pronouncements that are relevant to the association but applicable in future reporting periods is set out below:

AASB 15: Revenue from Contracts with Customers
(applicable to annual reporting periods beginning on or after 1 January 2019, as deferred by AASB 2015-8: Amendments to Australian Accounting Standards - Effective Date of AASB 15)

This new revenue recognition standard is applicable to annual reporting periods beginning on or after 1 January 2019. In relation to not-for-profit entities, AASB 15 will be applicable to the association's grant contracts with funding providers attached to specific performance obligations.Given that all grants are recognised as income in the year the performance obligations are met, this amendment will not have an impact on the association.

(o) New Accounting Standards for Application in Future Periods (cont'd)

AASB 16: Leases
(applicable to annual reporting periods beginning on or after 1 January 2019)

When effective, this standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and Related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

AASB 1058: Income of Not-for-Profit Entities
(applicable to annual reporting periods beginning on or after 1 January 2019)

This standard is applicable to transactions that do not arise from enforceable contracts with customers involving performance obligations. The significant accounting requirements of AASB 1058 are as follows:

- Income arising from an excess of the initial carrying amount of an asset over the related increases in liabilities, decreases in assets and revenue should be immediately recognised in Income and expenditure statement. For this purpose, the assets, liabilities and revenue are to be measured in accordance with other applicable standards.

- Liabilities should be recognised for the excess of the initial carrying amount of a financial asset (received in a transfer to enable the entity to acquire or construct a recognisable non-financial asset that is to be controlled by the entity) over any related amounts recognised in accordance with the applicable Standards. The liabilities must be amortised to income and expenditure statement as income when the entity satisfies its obligations under the transfer.

An entity may elect to recognise volunteer services or a class of volunteer services as an accounting policy choice if the fair value of those services can be measured reliably, whether or not the services would have been purchased if they had not been donated. Recognised volunteer services should be measured at fair value and any excess over the related amounts (such as contributions by members or revenue) immediately recognised as income in income and expenditure statement.

The board accepts that the adoption of AASB 1058 will not have a material impact on the association's financial statements, as the rental facility in Southbank is paid at market rates.

Notes to the Financial Statements

For the year ended 31 December 2018

	2018 $	2017 $
2. REVENUE AND OTHER INCOME		
Grants & Funding		
Operating revenue (including donations received)	1,216,839	988,660
Revenue from grants	326,634	476,789
Dividends Income	27,226	36,878
Interest received	12,104	13,880
Total revenue	**1,582,803**	**1,516,207**
3. CASH ON HAND		
Petty cash	300	71
Cheque account	21,234	10,255
Undeposited funds	650	9,780
Term deposits	439,408	557,301
Cash management account	162,375	75,150
Public fund account	118,794	135,339
PayPal	3,567	-
	746,328	**787,896**
4. ACCOUNTS RECEIVABLE AND OTHER DEBTORS		
CURRENT		
Programs fees receivable	40,744	242,156
Grants receivable	4,000	22,500
Performance fees receivable	5,580	7,700
Good and services tax	1,387	-
Other receivables	9,762	10,412
	61,473	**282,768**

4. ACCOUNTS RECEIVABLE AND OTHER DEBTORS (CONT'D)

(a) Credit risk

The association has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned in the 'Accounts Receivable & Other Debtors' note. The main source of credit risk to the association is considered to relate to the class of assets described as 'program fees receivable'.

The following table details the association's accounts receivable and other debtors exposed to credit risk with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the association and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the association.

The balances of receivables that remain within initial trading terms (as detailed in the table below) are considered to be of high credit quality.

	$	$
Total < 30 days overdue	-	-
Total 31 - 60 days overdue	3,365	-
Total 61 - 90 days overdue	-	-
Total > 90 days overdue	5,534	3,178
Total within initial trade terms	52,574	279,590
Total gross amount	**61,473**	**282,768**

Notes to the Financial Statements
For the year ended 31 December 2018

	2018 $	2017 $
5. FINANCIAL ASSETS		
CURRENT		
Fair value through profit and loss financial assets:		
Investment in Australian shares	419,215	432,968
Investment in International shares	195,567	192,652
Total fair value through profit and loss financial assets	**614,782**	**625,620**
Total financial assets	**614,782**	**625,620**
6. OTHER CURRENT ASSETS		
Bond - Office	-	2,567
Accrued interest on term deposit	2,261	2,440
Prepayments	57,295	30,625
	59,556	**35,632**
7. PROPERTY, PLANT AND EQUIPMENT		
Music Library at cost	155,589	155,589
Less accumulated depreciation	(145,316)	(141,113)
	10,273	14,476
Musical Instruments at cost	245,254	223,968
Less accumulated depreciation	(210,943)	(206,213)
	34,311	17,755
Percussion Instruments at cost	19,759	19,759
Less accumulated depreciation	(18,786)	(18,108)
	973	1,651
Computers at cost	20,005	20,005
Less accumulated depreciation	(16,587)	(11,239)
	3,418	8,766
Websites & software at cost	26,590	9,457
Less accumulated depreciation	(11,076)	(8,667)
	15,514	790
Office furniture & other equipment	130,177	125,260
Less accumulated depreciation	(42,878)	(20,237)
	87,299	105,023
Total property, plant and equipment	**151,787**	**148,461**

7. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(a) Movements in carrying amounts

	Music Library at Cost	Music Instruments at Cost	Percussion Instruments at Cost	Computers at Cost	Websites & Software at Cost	Office Furniture & Other Equipment at Cost	Total
Balance at 1 January 2017	18,679	20,888	1,508	6,866	2,715	8,494	59,150
Additions	-	-	821	4,613	-	107,076	112,510
Disposals	-	-	-	-	-	-	-
Depreciation	(4,203)	(3,133)	(678)	(2,713)	(1,925)	(10,547)	(23,199)
Carrying Amount at 31 December 2017	14,476	17,755	1,651	8,766	790	105,023	148,461
Additions	-	21,285	-	-	17,133	4,916	43,335
Disposals	-	-	-	-	-	-	-
Depreciation	(4,203)	(4,730)	(678)	(5,348)	(2,409)	(22,640)	(40,008)
Carrying Amount at 31 December 2018	**10,273**	**34,311**	**973**	**3,418**	**15,514**	**87,299**	**151,787**

	Note	2018 $	2017 $
8. ACCOUNTS PAYABLE AND OTHER PAYABLES			
CURRENT			
Trade creditors		26,623	18,500
Superannuation payable		11,526	3,286
MYM credit cards		3,171	3,255
Goods and services tax		2,812	7,397
Withholding taxes payable		-	8,656
	8(a)	**44,131**	**41,094**
a) Financial liabilities at amortised cost classified as accounts payable and other payables			
Accounts payable and other payables			
- Total Current		44,131	41,094
- Total non-current		-	-
Financial liabilities as accounts payable and other payables		44,131	41,094
9. PROVISIONS			
CURRENT			
Provision for annual leave		33,426	32,764
NON-CURRENT			
Provision for long service leave		27,309	13,763

Notes to the Financial Statements
For the year ended 31 December 2018

	Note	2018 $	2017 $
9. PROVISIONS (cont'd)			
Provision for annual leave:			
Opening balance at 1 January 2018		32,764	38,960
Additional provisions raised		15,295	27,030
Amounts used		(14,633)	(33,226)
Balance at 31 December 2018		**33,426**	**32,764**

Based on past experience, the association does not expect the full amount of annual leave to be settled wholly within the next 12 months. However, the amount must be classified as a current liability because the association does not have an unconditional right to defer the settlement of the amount in the event employees wish to use their leave entitlements.

Provision for long service leave:			
Opening balance at 1 January 2018		13,763	25,898
Additional provisions raised		13,546	370
Amounts used		-	-
Provisions removed		-	- 12,505
Balance at 31 December 2018		**27,309**	**13,763**
10. OTHER LIABILITIES			
CURRENT			
Accrued charges		17,732	31,466
Financial Assistance Reserve		11,072	-
Income in advance		577,790	811,352
		606,594	**842,818**
11. LEASING COMMITMENTS			
(a) Operating Lease Commitments			
Non-cancellable operating leases contracted for but not recognised in the financial statements			
Payable:			
not later than 12 months		50,362	61,613
between 12 months and five years		31,736	82,098
greater than five years		-	-
		82,098	**143,711**

Operating lease commitments relate to business premises leased at 120 Southbank Boulevard, Southbank. The lease is for three years from 17 August 2017, with two further options available. One option available for the three year period beginning 17 August 2020 and the next is available for the three year period beginning 17 August 2023. Market rate lease payment adjustments will be made at the end of lease term moving forward.

Notes to the Financial Statements

For the year ended 31 December 2018

	Note	2018 $	2017 $
12. CASH FLOW INFORMATION			
Reconciliation of cash flow from operating activities with net current year surplus			
Current year surplus after income tax		(27,472)	5,918
Cash flows excluded from current year surplus			
Non-cash flow in current year surplus			
- Depreciation		40,592	23,199
- (Increase) / decrease in fair value of financial assets through profit and loss		37,241	(38,303)
Changes in assets and liabilities			
- (Increase) / decrease in receivables		221,295	(41,736)
- (Increase) / decrease in other assets		(23,924)	35,709
- Increase / (decrease) in payables		5,175	(76,729)
- Increase / (decrease) in other liabilities		(236,224)	41,018
- Increase / (decrease) in provisions		14,208	(18,331)
Net cash provided by operating activities		**30,893**	**(69,255)**

13. ASSOCIATION DETAILS

The registered office and principal place of business of the association is:

Melbourne Youth Music Inc. trading as Melbourne Youth Orchestras
120 Southbank Boulevard
Southbank VIC 3006

MELBOURNE YOUTH MUSIC INC.
ABN 54 089 059 805

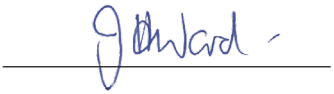
Statement by Members of the Board

In the opinion of the Board of Directors, the financial report as set out on pages 4 to 23:

1. Presents fairly the financial position of Melbourne Youth Music Inc, as at 31 December 2018 and its performance for the year ended on that date in accordance with Australian Accounting Standards, the Associations Incorporation Reform Act 2012 and the Australian Charities and Not-for-profits Commission Act 2012 (Cth); and

2. At the date of this statement there are reasonable grounds to believe that Melbourne Youth Music Inc will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Board and is signed for and on behalf of the Committee by:



Jeanette Ward
Board Chair

Carol Benson
Deputy Board Chair

Dated this 20th day of March 2019

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 60-40 OF THE AUSTRALIAN CHARITIES AND NOT FOR PROFITS COMMISSION ACT 2012
TO THE BOARD OF
MELBOURNE YOUTH MUSIC INC.

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2018 there has been no contraventions of:

i. the auditor independence requirements as set out in the *Australian Charities and Not for Profits Commission Act 2012* in relation to the audit; and

ii. any applicable code of professional conduct in relation to the audit.

HAINES MUIR HILL
Chartered Accountants
888 Doncaster Road
DONCASTER EAST VIC 3109

Kristian Lunardello
Partner

Dated on this 19th day of March 2019

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
MELBOURNE YOUTH MUSIC INC.
ABN 54 089 059 805

Report on the Audit of the Financial Report

Opinion
We have audited the financial report of Melbourne Youth Music Inc. (the Association), which comprises the statement of financial position as at 31 December 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the statement by the members of the board.

In our opinion, the accompanying financial report of Melbourne Youth Music Inc. is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and the requirements of the *Association Incorporation Reform Act 2012 (Vic)* including:

(i) giving a true and fair view of the Association's financial position as at 31 December 2018 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards- Reduced Disclosure Requirements to the extent described in Note 1 and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013.*

Basis for Opinion
We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Association in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the board of the Association, would be in the same terms if given to the board as at the time of this auditor's report.

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

Information Other than the Financial Report and Auditor's Report Thereon
The board is responsible for the other information. The other information comprises the information included in the Association's annual report for the year ended 31 December 2018, but does not include the financial report and our auditor's report thereon.
Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board for the Financial Report
The board of the Association are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards- Reduced Disclosure Requirements and the *Australian Charities and Not-for Profits Commission Regulations 2013* and the *Australian Charities and Not-for-profits Commission Act 2012*. This includes such internal control as the board determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the board are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board intend to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- Obtain an understanding of internal control relevant to the audit 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board.
- Conclude on the appropriateness of the board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

HAINES MUIR HILL
Chartered Accountants
888 Doncaster Road
Doncaster East, Victoria

Kristian Lunardello
Partner

Dated on this 20th day of March 2019

www.myo.org.au

MELBOURNE YOUTH ORCHESTRAS

CERTIFICATE BY MEMBER OF THE BOARD

I, Jeanette Ward of Melbourne Youth Music Inc, certify that:

I attended the annual general meeting of the association held on 15 May 2019; and

The financial statements for the year ended 31 December 2018 were submitted to the members of the association at its annual general meeting.

Dated on this 15th day of May 2019

JEANETTE WARD
Board Chair

ABC Southbank Centre
120 – 130 Southbank Boulevard
Southbank VIC 3006
Australia

03 9376 8988
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