# ANNUAL REPORT 2018/19

## MELBOURNE CONVENTION BUREAU

MELBOURNE Convention Bureau


# CONTENTS

# FOREWORD

# MINISTER'S FOREWORD

Victoria is the business state of Australia and the Andrews Labor Government has made growing our business events sector a priority – to the point where it is now the highest-yielding sector in the visitor economy.

The Melbourne Convention Bureau is an integral partner in attracting conference business to the state, achieving a record $500 million in secured events in 2018/19, supporting 6,000 local jobs.

These impressive results show MCB is playing a vital role in delivering the Victorian Visitor Economy Strategy, which aims to increase visitor spending from $30 billion to $36.5 billion by 2025, supporting 320,700 jobs.

Our investment in infrastructure, including the recent $205 million redevelopment of the Melbourne Convention and Exhibition Centre, has been a key factor in expanding the state's events capacity and securing the most valuable conference ever signed to Victoria – the 2023 Rotary International Conference.

Together with the MCB and industry, we are building on Victoria's reputation as a leading global business events destination with ongoing investment in conference facilities and accommodation options, food and wine experiences, infrastructure to support natural attractions and our nation-leading major events calendar.

The MCB is a key contributor to Victoria's strength and prosperity – securing marquee international business events, creating jobs and injecting millions of dollars into the economy.

We look forward to continuing the strong working relationship between MCB and the Andrews Labor Government.

**The Hon. Martin Pakula MP**

Minister for Racing
Minister for Jobs, Innovation and Trade
Minister for Tourism, Sport and Major Events

# CHAIRMAN'S FOREWORD

MCB delivered $507 million in economic contribution, an increase of 28 per cent on the previous financial year, from the 229 events which we won. These events are expected to deliver over 136,000 delegates to Victoria in the coming years.

The integration of MCB into Visit Victoria has been completely bedded down and this has enabled our excellent performance to be delivered. The support we get from being part of a larger very professional team cannot be underestimated. The bureau also adds significant value to our colleagues in Visit Victoria.

We have locked in a series of significant international association conferences which have ensured a strong pipeline of business and continued significant economic contribution to Victoria for years to come. This will provide long term certainty for Victoria's visitor economy.

I'd like to pay tribute to MCB's former CEO Karen Bolinger who after over seven years announced her departure from MCB. A thought leader in the business events sector, we thank Karen for her contribution which charted MCB's course to our great success.

I am proud to be the Chairman of MCB and on behalf of your Board of Directors I would like to thank Julia Swanson, acting CEO for leading her passionate and committed team to deliver these outstanding results in 2018-2019.

I would also like to acknowledge the broader industry and government partnerships for their ongoing support provided to MCB. I look forward to our success continuing over the next financial year.

**Chris Barlow**
Chairman
Melbourne Convention Bureau

# ACTING CEO'S FOREWORD

The Melbourne Convention Bureau (MCB) is delivering more money and more visitors to Victoria than ever before, reaching the milestone of over half a billion dollars in secured business events for Victoria over the 2018-2019 financial year.

MCB's success is underpinned by the support of the Victorian Government, Visit Victoria, City of Melbourne, Melbourne Convention and Exhibition Centre and our industry partners culminating in an effective 'Team Melbourne' approach to winning business.

This record-breaking achievement cements business events position as the highest yielding sector in Victoria's visitor economy and provides measurable economic benefits to our MCB partners, the Victorian economy and the business events sector.

Exceeding all targets, this year's results demonstrate the ongoing commitment and passion of the MCB team in building an enviable pipeline of business events - securing some of the largest and most prestigious global meetings ever for Victoria, increased sales leads and business opportunities for our partners and execution of a bold and innovative strategy to propel the sector forward.

Melbourne's global reputation as a centre for knowledge and innovation saw 229 events held across the state, attracting 67,000 delegates. 39 international association events were held valued at $133 million. Corporate meetings and incentives accounted for 127 events contributing significantly to the overall success of the financial year driving 10,000 new international visitors to regional Victoria. Strong sector diversity also continued with a significant upward lift in the number of groups from South East Asia.

Our mandate continues to be on filling our state through international association and incentive reward groups who are going to stay in our hotels and visit our venues, restaurants, attractions and regions – and we did just that. Significantly, 226,000 room nights were secured in 2018-2019 with 76 per cent held in low season months of April-September, driving revenue across Victoria. These room nights will deliver over $45 million in revenue for hotels.

Our integration into Visit Victoria gives us an edge over domestic local and international competitors in accessing major events and generating outcomes for incentive groups to create money can't buy, VIP experiences that are unique to the city.

While we have a proven track record of success, in an increasingly competitive global environment we have recognised the need to continually innovate to deliver even more for the state and our stakeholders and partners. We launched the revitalised 27th Asia-Pacific Incentives & Meetings Expo (AIME), welcoming over 300 exhibitors from 20 countries, with over 8,400 appointments made with global event management professionals, making it the region's largest and most significant exhibition for the meetings industry.

Heralded a huge success, with over 2,500 total attendee registrations, the 2019 event saw 50 percent more hosted buyers than the previous year; with 62 per cent coming from outside Australia and 55 per cent attending AIME for the first time.

Embracing the future, we also launched the Melbourne Virtual Site Visit - an immersive 360 Virtual Reality (VR) experience featuring over 30 Melbourne venues, hotels and attractions to influence international decision makers to choose Melbourne for their next business. This tool is providing an exceptional opportunity to showcase Melbourne and Victoria in international tradeshows and aid in delegate boosting.

I would like to acknowledge Karen Bolinger who stepped away from MCB as CEO this year. Karen played a pivotal role in bringing new business to our state and creating new and valuable connections to drive commerce for the wider region. Thank you, Karen for your contribution.

We look forward to another successful year in delivering new business to the state creating trade, investment and commerce opportunities and delivering real social impacts for our community that extend well beyond the life of a conference.

**Julia Swanson**
Acting Chief Executive Officer
Melbourne Convention Bureau

# GREAT RESULTS LIVE HERE

# OVERALL RESULTS SNAPSHOT 2018/19

MCB is pleased to present its overall results for the 2018-2019 financial year exceeding all targets for economic contribution, delegates and events secured.

MCB has achieved a 28 per cent increase in economic contribution from secured business events in the 2018-2019 financial year over the previous year, and achieved its strongest economic impact ever delivered.

| 229 Events Won | $507M Economic Contribution | 136K Visiting Delegates | 226K Room Nights | 228K MCEC Delegate Days |
|---|---|---|---|---|
| 145% Of Target | 120% Of Target | 118% Of Target | 115% Of Target | 106% Of Target |

## MAJOR EVENT WINS 2018-2019

### Rotary International Conference 2023

| Economic Contribution | Expected Delegates | Room Nights |
|---|---|---|
| $110M | 20K | 44.6K |

### International Convention of Jehovah's Witnesses 2019

| Economic Contribution | Expected Delegates | Room Nights |
|---|---|---|
| $60.9M | 50K | 35K |

### 20th International World Congress of Basic and Clinical Pharmacology (IUPHAR) 2026

| Economic Contribution | Expected Delegates | Room Nights |
|---|---|---|
| $22.1M | 2.5K | 10.5K |

### International Congress of Genetics 2023

| Economic Contribution | Expected Delegates | Room Nights |
|---|---|---|
| $22.1M | 3K | 11.2K |

# DIRECTORS' AND FINANCIAL REPORT

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# Melbourne Convention Bureau Ltd

A.B.N. 62 072 324 933

# DIRECTORS' REPORT

## FOR THE YEAR ENDED 30 JUNE 2019

The Directors present their report together with the financial report of Melbourne Convention Bureau Ltd (the "Company"), for the financial year ended 30 June 2019 and the auditor's report thereon.

### 1. DIRECTORS

The Directors of the Company at any time during or since the end of the financial year are:

| Name, Qualifications and Independence Status | Experience, special responsibilities and other directorships |
|---|---|
| **Christopher Barlow**<br><br>B.Sc. (Honours)<br>Civil Engineering<br><br>Independent<br>Non-Executive Director | Appointed 27 November 2001<br><br>Appointed Chairman 28 November 2007<br>Chairman Remuneration Committee<br><br>Board member of Visit Victoria. Board member Australian Rail Track Corporation. Non Executive Director and Chair of Airport Development Group (operators of Darwin, Alice Springs and Tennant Creek airports). Previously Chief Executive Officer & Managing Director - Australian Pacific Airports Corporation (operators of Melbourne and Launceston Airports); formerly Developmental Director of BAA plc. Chartered Civil Engineer. |
| **Julian Clark**<br><br>B.Com, BA<br><br>Independent<br>Non-Executive Director | Appointed 24 November 2009, resigned 5 September 2018<br><br>Audit, Finance & Risk Committee Member from February 2012<br><br>CEO – The Lancemore Group (Victorian Hotels - Mansion Hotel & Spa at Werribee Park, Lindenderry at Red Hill, Lindenwarrah at Milawa, Lancemore Hill at Macedon Ranges and Yarra Valley Lodge).<br><br>President of the National Board of the Accommodation Association of Australia (AAoA). Previously board member of the Victorian Tourism Industry Council (VTIC). |
| **Ben Sington**<br><br>Independent<br>Non- Executive Director | Appointed 5 September 2018<br><br>Audit, Finance & Risk Committee Member from September 2018<br><br>Chair – Tourism Accomodation Australia (Victoria) ,<br>Former Managing Director at The Langham Hotel Melbourne |
| **Peter King**<br><br>B. of Business<br><br>Independent<br>Non-Executive Director | Appointed 31 January 2012<br><br>Deputy Chairman<br>Audit, Finance & Risk Committee Member from February 2012<br><br>Chief Executive - Melbourne Convention and Exhibition Centre. Deputy Chairman, Business Events Council of Australia (BECA), Board member of Events and Exhibition Association of Australasia (EEAA) and Board member of International Association of Conference Centres, (AIPC).<br><br>Melbourne Cricket Club Committee (MCC) and Chair of Cricket at the MCC. |
| **Julia Langdon**<br>B. Com, B. Sc, FCA ANZ.<br><br>Independent<br>Non-Executive Director | Appointed 9 May 2013<br><br>Audit, Finance and Risk Committee Chair from May 2013<br><br>Partner, Advisory – Ernst & Young. Specific experience in risk management. |

# DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

## 1. DIRECTORS (CONTINUED)

| Name, Qualifications and Independence Status | Experience, special responsibilities and other directorships |
|---|---|
| **Peter Bingeman**<br><br>B.Com (Economics) & B.Arts (Philosophy)<br><br>Independent Non-Executive Director | Appointed 18 August 2016<br><br>Chief Executive Officer - Visit Victoria<br>Remuneration Committee Member from 18 August 2016<br><br>Previously Managing Director, Malaysia, Thailand, Singapore, Vietnam and Indochina with Mondelez International.<br><br>Senior leadership positions across sales and marketing with Procter and Gamble, Cadbury/Schweppes, Kraft and Mondelez. |
| **Adrian Williams**<br><br>B. Business, M. Business<br><br>Independent Non-Executive Director | Appointed 16 August 2017<br><br>Vice President of Operations Accor, Victoria, Tasmania and South Australia |

## 2. COMPANY SECRETARY

Keith Herdman, B. Bus (RMIT) CPA, who has held various senior management roles in the private sector and was appointed to the position of Company Secretary on 18 October 2006.

## 3. DIRECTORS' MEETINGS

The number of Directors' meetings (including meetings of Committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year are:

| | Board of Directors Meetings | | Audit, Finance and Risk Committee Meetings | | Remuneration Committee Meetings | |
|---|---|---|---|---|---|---|
| **Director** | **A** | **B** | **A** | **B** | **A** | **B** |
| Christopher Barlow | 8 | 8 | 1* | 1* | 3 | 2 |
| Julian Clark | 2 | 1 | 1 | - | - | - |
| Peter King | 8 | 5 | 5 | 4 | - | - |
| Julia Langdon | 8 | 8 | 5 | 5 | - | - |
| Ben Sington | 6 | 6 | 3 | 3 | - | - |
| Peter Bingeman | 8 | 8 | 1* | 1* | 1 | 1 |
| Adrian Williams | 8 | 8 | 1* | 1* | - | - |

*A* *Number of meetings held during the time the Director held office during the year*
*B* *Number of meetings attended*
* *Joint Board and Audit, Finance & Risk Committee meetings*

# DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

## 4. ENVIRONMENTAL REGULATION

The Company's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Company.

## 5. PRINCIPAL ACTIVITIES

The principal activities of the Company during the year ended 30 June 2019 comprised of business development activities promoting Melbourne as Australia's premier business events destination and the securing of business events for Victoria. These assist in achieving the Company's short term and long term objectives of generating economic wealth for Melbourne and regional Victoria by securing national and international conventions, corporate meetings, exhibitions and incentive travel reward programs. The Company measures its performance by assessing the economic contribution delivered as a direct result of the business secured.

## 6. OPERATING AND FINANCIAL REVIEW

Revenue from operations for the year ended 30 June 2019 was $11,988,056 (2018:$12,814,829).

The result for the current year is a deficit of $550,286 (2018 surplus: $1,180,936).

The Company is susceptible to volatility in reported results which are related purely to the timing of receipt of grants and the timing of related payments. The current year's $550k deficit is a direct result of the increase in grant expenditure over the prior year; the income for which was recorded in the 2017/18 financial year and was a significant contributor to that year's surplus of $1.1M.

Whilst directors acknowledge the required treatment of grants received is in accordance with accounting standards, it's view remains that a more effective measure of the financial performance of the company recognises the grants received as income in the same accounting period as the related expenditures. It has maintained a set of management accounts on this basis and this has recorded a loss of $259k for the 2018/19 financial year. The following table reconciles the management accounts loss of $259k with the reported deficit result of $550k.

| | $'000 |
|---|---|
| | |
| **FY 2018/19 Management Accounts (Operational) Loss** | (259) |
| Adjustments - relating to timing differences on recognition / payments of grants | (291) |
| | |
| **FY 2018/19 Statutory Accounting Loss** | **(550)** |

## 7. STATE OF AFFAIRS

In the opinion of the directors there were no significant changes in the state of affairs of the company that occurred during the financial year under review.

## 8. DIVIDENDS

Under the constitution, no dividends are allowed to members of the Company.

## 9. EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

## 10. LIKELY DEVELOPMENTS

There are no likely developments that will have an effect on the Company's operations or the expected results of its operations.

## 11. INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

**(a) Indemnification**

Since the end of the previous financial year, the Company has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an Officer or Auditor of the Company.

**(b) Insurance premiums**

During the financial year the Company has paid insurance premiums totalling $4,411 (2018: $3,947) in respect of Directors' and Officers' liability insurance. These insurance premiums related to insurance of Directors and Officers of the Company named in this report, and to former Directors and Officers of the predecessor companies, Melbourne City Marketing Limited and The Melbourne Convention & Tourism Authority. The policies do not specify the premium for individual Directors and Officers.

The Directors' and Officers' liability insurance provides cover against all costs and expenses involved in defending legal actions and resulting payments arising from a liability to persons (other than the Company or a related body corporate) incurred in their position as Director or Executive Officer unless the conduct involves a wilful breach of duty or an improper use of inside information or position to gain advantage.

## 12. MEMBER'S GUARANTEE

The Company is limited by guarantee. If the Company is wound up the constitution states that each member is required to contribute a maximum of $1 towards meeting any outstanding obligations of the Company.

At 30 June 2019 the number of members was 220 (2018: 203).

## 13. LEAD AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is set out on page 39 and forms part of the Directors' Report for the year ended 30 June 2019.

This report is made with a resolution of the Directors:

| | |
|---|---|
| **Christopher Barlow** | **Peter King** |
| Chairman | Director |

Dated at Melbourne this 4th day of September 2019.

# Melbourne Convention Bureau Ltd

A.B.N. 62 072 324 933

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

| | Note | 2019<br>$ | 2018<br>$ |
|---|---|---|---|
| | | | |
| Operating revenue | 4 a) | 10,938, 048 | 11,800,944 |
| Revenue relating to future years | 4 b) | 1,050,008 | 1,013,885 |
| Other income | | - | 5,240 |
| Grant payments | | (3,917,292) | (3,053,818) |
| Marketing expenses | | (3,189,044) | (3,398,591) |
| Employee benefit expenses | | (4,290,784) | (4,103,774) |
| Administrative expenses | | (1,178,773) | (1,132,273) |
| **Result from operating activities** | | **(587,837)** | **1,131,613** |
| | | | |
| Finance income | | 38,235 | 49,796 |
| Finance costs | | (684) | (473) |
| **Net finance income** | **5** | **37,551** | **49,323** |
| | | | |
| **Operating profit / (loss) for the year** | | **(550,286)** | **1,180,936** |
| | | | |
| **Total comprehensive income / (loss) for the year** | | **(550,286)** | **1,180,936** |

The notes on pages 20 to 34 are an integral part of these financial statements.

# Melbourne Convention Bureau Ltd

A.B.N. 62 072 324 933

# STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

| | Note | 2019 $ | 2018 $ |
|---|---|---|---|
| | | | |
| **Assets** | | | |
| Cash and cash equivalents | 6 | 4,458,025 | 4,932,984 |
| Trade and other receivables | 7 | 1,035,218 | 340,925 |
| **Total current assets** | | **5,493,243** | **5,273,909** |
| | | | |
| Plant and equipment | 8 | 1,213 | 4,707 |
| **Total non-current assets** | | **1,213** | **4,707** |
| | | | |
| **Total assets** | | **5,494,456** | **5,278,616** |
| | | | |
| **Liabilities** | | | |
| Trade and other payables | 9 | 1,632,866 | 700,447 |
| Employee benefits | 10 | 343,560 | 455,260 |
| **Total current liabilities** | | **1,976,426** | **1,155,707** |
| | | | |
| Employee benefits | 10 | 45,915 | 100,508 |
| **Total non-current liabilities** | | **45,915** | **100,508** |
| | | | |
| **Total liabilities** | | **2,022,341** | **1,256,215** |
| | | | |
| **Net assets** | | **3,472,115** | **4,022,401** |
| | | | |
| **Equity** | | | |
| Retained earnings | | 3,472,115 | 4,022,401 |
| **Total equity** | | **3,472,115** | **4,022,401** |

The notes on pages 20 to 34 are an integral part of these financial statements.

# Melbourne Convention Bureau Ltd

A.B.N. 62 072 324 933

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

| | 2019<br>$ | 2018<br>$ |
|---|---|---|
| | | |
| **Retained earnings** | | |
| Opening balance at 1 July | 4,022,401 | 2,841,465 |
| | | |
| **Total comprehensive income for the year** | | |
| Profit/(loss) for the year | (550,286) | 1,180,936 |
| **Total comprehensive income/(loss) for the year** | **(550,286)** | **1,180,936** |
| | | |
| **Closing balance at 30 June** | **3,472,115** | **4,022,401** |

The notes on pages 20 to 34 are an integral part of these financial statements.

# Melbourne Convention Bureau Ltd

A.B.N. 62 072 324 933

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

| | Note | 2019<br>$ | 2018<br>$ |
|---|---|---|---|
| | | | |
| **Cash flows from operating activities** | | | |
| Cash received from customers and funding bodies | | 13,303,430 | 13,720,402 |
| Cash paid to suppliers and employees | | (13,815,940) | (12,876,325) |
| **Cash generated from operations** | | **(512,510)** | **844,077** |
| Interest received | | 38,235 | 49,796 |
| Interest paid | | (684) | (473) |
| **Net cash providing by operating activities** | | **(474,959)** | **893,400** |
| | | | |
| **Cash flows from financing activities** | | | |
| Finance lease payments | | - | (13,821) |
| **Net cash used in financing activities** | | **-** | **(13,821)** |
| | | | |
| **Net increase in cash and cash equivalents** | | (474,959) | 879,579 |
| Cash and cash equivalents at 1 July | | 4,932,984 | 4,053,405 |
| **Cash and cash equivalents at 30 June** | **6** | **4,458,025** | **4,932,984** |

The notes on pages 20 to 34 are an integral part of these financial statements.

# Melbourne Convention Bureau Ltd

A.B.N. 62 072 324 933

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## 1. REPORTING ENTITY

Melbourne Convention Bureau Ltd (the 'Company') is a not-for-profit company limited by guarantee, incorporated and domiciled in Australia and is at and for the year ended 30 June 2019. The address of the Company's registered office and principal place of business is Collins Square, Tower Two, Level 28, 727 Collins Street, Melbourne, Victoria, Australia. The Company operates in one industry and geographic segment, being the provision of convention and destination marketing for Victoria, Australia.

## 2. BASIS OF PREPARATION

### a) STATEMENT OF COMPLIANCE

In the opinion of the Directors, the Company is not publicly accountable. The financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

The financial statements were authorised for issue by the Board of Directors on 4th September 2019. Details of the Company's accounting policies, including changes during the year, are included in note 3.

### b) BASIS OF MEASUREMENT

These financial statements have been prepared on the historical cost basis unless otherwise stated.

### c) FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Australian dollars, which is the Company's functional currency.

### d) USE OF ESTIMATES AND JUDGEMENT

The preparation of financial statements in conformity with Australian Accounting Standards – Reduced Disclosure Requirements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

### e) GOING CONCERN

The financial report has been prepared on the going concern basis which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

## 3. SIGNIFICANT ACCOUNTING POLICIES

Except for any changes noted in 3(n), the accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Company.

### a) FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### a) FOREIGN CURRENCY TRANSACTIONS (CONTINUED)

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

### b) FINANCIAL INSTRUMENTS

#### (i) Non-derivative financial assets – recognition and derecognition

The Company initially recognises receivables and deposits on the date when they originated.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### (ii) Non-derivative financial assets - measurement

The Company has the following non-derivative financial assets:

*Receivables*

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Receivables comprise cash and cash equivalents and trade and other receivables.

*Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

#### (iii) Non-derivative financial liabilities – recognition and derecognition

The Company initially recognises debt securities issued and subordinated liabilities on the date they originated. All other financial liabilities are recognised initially on the trade date which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### b) FINANCIAL INSTRUMENTS (CONTINUED)

#### (iv) Non-derivative financial liabilities – measurement

Other financial liabilities comprise trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

### c) PLANT AND EQUIPMENT

#### (i) Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

Any gain and loss on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and are recognised net within other income/other expenses in profit or loss.

#### (ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company.

#### (iii) Depreciation

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The estimated useful lives in the current and comparative periods are as follows:

| | 2019 | 2018 |
|---|---:|---:|
| Plant and equipment | 3-5 years | 3-5 years |
| Leased plant | 5 years | 5 years |

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

#### (iv) Leasehold improvements

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease, or the estimated useful life of the improvement to the Company, whichever is shorter.

### d) INTANGIBLES

#### (i) Intangible assets

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### d) INTANGIBLES (CONTINUED)

#### (ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

#### (iii) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

| | 2019 | 2018 |
|---|---|---|
| Computer software | 2-3 years | 2-3 years |

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

### e) LEASED ASSETS

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised on the Company's statement of financial position.

### f) IMPAIRMENT

#### (i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise and indications that a debtor will enter bankruptcy.

#### (ii) Financial assets measured at amortised cost

*Loans and receivables*

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### f) IMPAIRMENT (CONTINUED)

#### (ii) Financial assets measured at amortised cost (continued)

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

#### (iii) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### g) EMPLOYEE BENEFITS

#### (i) Defined contribution superannuation funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payment is available.

#### (ii) Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs. That benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Company's obligations. Remeasurements are recognised in profit or loss in the period in which they arise.

#### (iii) Short term benefits

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### h) PROVISIONS

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost in profit and loss.

### i) REVENUE

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the entity's activities as described below. Revenue is recognised for the major business activities as follows:

**(i) Government funding**

Grants made by the State Government are recognised as revenue when the Company receive the contribution, or where conditions are attached to the grants, when the conditions are satisfied.

**(ii) Membership and industry co-operative revenue**

Membership contributions and income from co-operative projects are recognised when received or due and receivable, except where received in respect of the following financial year.

**(iii) Advertising sales revenue**

Advertising revenue is recognised when received or due and receivable.

**(iv) In-kind revenue**

In-kind contributions that are non-reciprocal transfers to the Company are recognised at their fair value as income and expenditure when received, where fair value is determined with reference to similar goods and services.

### j) LEASE PAYMENTS

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

*Determining whether an arrangement contains a lease*

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease.

At inception or upon reassessment of the arrangement, the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Company's incremental borrowing rate.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### k) FINANCE INCOME AND FINANCE COSTS

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues, using the effective interest method.

Finance costs comprise interest expense on finance leases and the financial effect of unwinding of the make good provision. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

### l) INCOME TAX

No income tax expense is charged and no income tax is payable by the Company as the Australian Taxation Office has granted the Company an exemption from income tax.

### m) GOODS AND SERVICES TAX

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

### n) NEW STANDARDS AND INTERPRETATIONS

#### (i) Change in accounting policies

The Company has consistently applied the accounting policies set out in note 3 to all periods presented in these financial statements.

The Company has elected to apply the limited exemption in AASB 9 paragraph 7.2.15 relating to transition for classification and measurement and impairment, and accordingly has not restated comparative periods in the year of initial application.

*As a result:*

a) any adjustments to carrying amounts of financial assets or liabilities are recognised at beginning of the current reporting period with any difference recognised in opening retained earnings; and

b) financial assets and provision for impairment have not been reclassified and/or restated in the comparative period.

On assessment the Company has not made any changes to the classification of its financial assets and its accounting for financial liabilities also remains unchanged.

For other loans and receivables, the Company applies the AASB 9 simplified approach to measure expected credit losses (ECL) based on the change in the ECL's over the life of the asset. Application of the lifetime ECL allowance method did not result in a change in the impairment loss allowance of $5,407. Refer to note 3(f)(ii) for details about the calculation of the allowance.

#### (ii) New standards and interpretations not yet adopted

In the current year, the Company adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Boards (AASB) that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2018.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### n) NEW STANDARDS AND INTERPRETATIONS (CONTINUED)

#### (ii) New standards and interpretations not yet adopted (continued)

The following Australian Accounting Standards (AAS's) that are applicable to the Company become effective for reporting periods commencing after 1 July 2019:

- AASB 16 Leases;
- AASB 15 Revenue from Contract with Customers; and
- AASB 1058 Income of Not-for-Profit Entities.

AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases on the balance sheet by recording a Right-Of-Use (RoU) asset and a lease liability except for leases that are shorter than 12 months and leases where the underlying asset is of low value (deemed to be below $10,000). The Standard came into effect for not-for-profit entities for annual reporting periods beginning on or after 1 January 2019 and the Company will adopt this Standard from 1 July 2019.

The Company has assessed its lease obligations at 30 June 2019 and do not consider the introduction of AASB16 to affect the manner in which the Company accounts for its lease obligations.

AASB 15, AASB 1058 and the related guidance will come into effect for not-for-profit entities for annual reporting periods beginning on or after 1 January 2019. The Company intends to adopt these standards in 2019-20 financial year when it becomes effective. The Company will apply the standard using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 July 2019, with no restatement of comparative information.

The Company has performed a detailed impact assessment of AASB 15 and AASB 1058 and do not consider the potential impact for each major class of revenue and income in the initial year of application to be material.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

## 4. REVENUE

| | 2019 $ | 2018 $ |
|---|---|---|
| | | |
| **a) Operating Revenue** | | |
| State Government funding - MCET[1] | 1,772,143 | 1,739,100 |
| State Government funding - DJPR[2] | 6,600,996 | 7,058,818 |
| City of Melbourne funding | 500,000 | 500,000 |
| Industry co-operative revenue | 807,240 | 1,040,577 |
| Member revenue | 1,054,681 | 1,054,491 |
| Advertising sales revenue | 119,858 | 175,075 |
| In-kind co-operative revenue | 83,130 | 232,883 |
| | **10,938,048** | **11,800,944** |
| | | |
| **b) Income received in advance** | 1,050,008 | 1,013,885 |
| **Total Revenue** | **11,988,056** | **12,814,829** |

1. *MCET – Melbourne Convention and Exhibition Trust*
2. *DJPR – Department of Jobs, Precincts and Regions*

## 5. FINANCE INCOME AND FINANCE COSTS

| | 2019 $ | 2018 $ |
|---|---|---|
| | | |
| **Finance income** | | |
| Interest income on bank deposits | 38,235 | 49,796 |
| **Finance costs** | | |
| Interest expense | (684) | (473) |
| **Net finance income** | **37,551** | **49,323** |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

## 6. CASH AND CASH EQUIVALENTS

| | 2019 $ | 2018 $ |
|---|---|---|
| | | |
| Bank balances | 4,458,025 | 4,932,440 |
| Cash on hand | - | 544 |
| | | |
| **Cash and cash equivalents** | **4,458,025** | **4,932,984** |
| | | |

## 7. TRADE AND OTHER RECEIVABLES

| | 2019 $ | 2018 $ |
|---|---|---|
| | | |
| Other trade receivables | 360,425 | 166,047 |
| Provision for impairment | (5,407) | (9,117) |
| Other receivables | 680,200 | 183,995 |
| | **1,035,218** | **340,925** |

### IMPAIRMENT LOSSES

The movement in the allowance for impairment in respect of receivables during the year was as follows:

| | 2019 $ | 2018 $ |
|---|---|---|
| | | |
| Balance at 1 July | 9,117 | 82,805 |
| Impairment loss (derecognised) | (3,710) | (73,688) |
| **Balance at 30 June** | **5,407** | **9,117** |

The allowance accounts in respect of receivables are used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible; at that point the amount is considered irrecoverable and is written off against the financial asset directly.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

## 8. PLANT AND EQUIPMENT

| | Plant and Equipment | Leased Plant | Total |
|---|---|---|---|
| | $ | $ | $ |
| **Cost** | | | |
| Balance at 1 July 2017 | 60,091 | 81,312 | 141,403 |
| Disposals | (1,960) | - | (1,960) |
| **Balance at 30 June 2018** | **58,131** | **81,312** | **139,443** |
| | | | |
| Balance at 1 July 2018 | 58,131 | 81,312 | 139,443 |
| Acquisitions | - | - | - |
| Disposals | - | - | - |
| **Balance at 30 June 2019** | **58,131** | **81,312** | **139,443** |
| | | | |
| **Depreciation and amortisation** | | | |
| Balance at 1 July 2017 | 46,323 | 65,095 | 111,418 |
| Depreciation | 11,808 | 11,510 | 23,318 |
| Disposals | - | - | - |
| **Balance at 30 June 2018** | **58,131** | **76,605** | **134,736** |
| | | | |
| Balance at 1 July 2018 | 58,131 | 76,605 | 134,736 |
| Depreciation | - | 3,494 | 3,494 |
| Disposals | - | - | - |
| **Balance at 30 June 2019** | **58,131** | **80,099** | **138,230** |
| | | | |
| **Carrying amounts** | | | |
| **At 30 June 2018** | - | **4,707** | **4,707** |
| | | | |
| **At 30 June 2019** | - | **1,213** | **1,213** |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

## 9. TRADE AND OTHER PAYABLES

| | 2019<br>$ | 2018<br>$ |
|---|---|---|
| | | |
| Trade payables | 65,778 | 226,605 |
| Income in advance | 242,964 | 54,720 |
| Other payables and acrrued expense | 1,324,124 | 419,122 |
| | **1,632,866** | **700,447** |

## 10. EMPLOYEE BENEFITS

| | 2019<br>$ | 2018<br>$ |
|---|---|---|
| | | |
| **Current** | | |
| Annual leave | 128,756 | 205,935 |
| Long service leave | 89,602 | 65,048 |
| Others | - | (9,405) |
| Employee bonus liability | 125,202 | 193,682 |
| | **343,560** | **455,260** |
| | | |
| **Non-current** | | |
| Long service leave | 45,915 | 100,508 |
| | **389,475** | **555,768** |

The Company does not make any contributions to defined benefits plans.

**Defined contribution superannuation plans**

For the year ended 30 June 2019 the Company has paid contributions of $306,403 to defined contribution superannuation plans on behalf of its employees. (2018: $291,020).

## 11. RELATED PARTIES

The Company is a not for profit company limited by guarantee. The members of the Company are also the ultimate owners of the Company. The related parties of the Company are considered to include:

- All key management personnel and their close family members; and
- The Company's parent entity Visit Victoria Ltd who holds a controlling 51% voting share in the Company.

All related party transactions have been entered into an arm's length basis.

The Company have assessed key management personnel to comprise:

- Directors and director related entities of the Company
- The CEO of the Company and any employees who held executive position in the company at anytime during the year.

**a) Key management personnel compensation**

The key management personnel compensation was $1,868,666 for the year ended 30 June 2019 (2018: $1,316,701). Key management personnel compensation includes the payment of Director's Fees to Christopher Barlow of $38,325 (2018: $38,325).

**b) Key management personnel transactions**

A number of key management personnel held positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

A number of these entities transacted with the Company in the reporting period. The terms and conditions of these transactions with the other related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

The aggregate value of transaction and outstanding balances relating to directors and entities over which they have control or significant influence were as follows:

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

## 11. RELATED PARTIES (CONTINUED)

| | | | Transaction value for the year ended 30 June | | Balance outstanding as at 30 June | |
|---|---|---|---|---|---|---|
| **Directors related parties** | **Transaction** | **Note** | **2019** | **2018** | **2019** | **2018** |
| | | | **$** | **$** | **$** | **$** |
| **Mr. Adrian Williams**<br>Accor Hotels (AAPC Limited) | Revenue - member and advertising sales | (i) | 145,044 | - | - | - |
| | Expenditure - Sales and marketing | | - | - | - | - |
| **Mr. Peter King**<br>Melbourne Convention and Exhibition Trust | Revenue - MCET funding | (ii) | 1,772,143 | 1,739,100 | - | - |
| | Revenue - Sales and marketing | | 44,928 | - | - | - |
| | Expenditure - Sales and marketing | | 19,901 | 17,285 | - | - |
| **Mr. Ben Sington**<br>Tourism Accommodation Australia (Victoria) | Revenue - member sales | (iii) | 2,310 | - | - | - |
| | Expenditure - Sales and marketing | | - | - | - | - |
| **Mr. Chris Barlow**<br>**Mr. Peter Bingeman**<br>Visit Victoria | Revenue - VV funding | (iv) | 12,000 | 58,878 | - | - |
| | Expenditure - Administrative expense | | 914,184 | 992,116 | - | - |
| **Ms. Julia Langdon**<br>Ernst and Young | Expenditure - Sales and marketing | (v) | 11,000 | 22,000 | - | - |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

## 11. RELATED PARTIES (CONTINUED)

Other than compensation noted at (a) above there were no related party transactions involving executives of the Company.

(i) The Accor Hotels (AAPC Limited) pays the revenue of $145,044.

(ii) The Company established a three-year contract commencing 1 July 2016 with Melbourne Convention and Exhibition Trust (MCET) for the provision of funding to the Company to conduct international sales and marketing activities on behalf of MCET. Mr Peter King is the Chief Executive of MCET. The total annual contract value is $1,772,143 (2018:$ 1,739,100). In addition, the Company has paid MCET for sales and marketing activities.

(iii) Tourism Accommodation Australia (Victoria) pays the standard membership fee. Mr Ben Sington is Chair – Tourism Accommodation Australia (Victoria).

(iv)Visit Victoria(VV) provide funding to the Company for the purpose of the economic development of Victoria on behalf of VV. Mr Chris Barlow is the board member of VV and Mr Peter Bingeman is the Chief Executive Officer of VV. The total annual revenue value is $12,000 (2018:$58,878). The total annual expenses value is $914,184 (2018:$992,116)

(v) Ms Julia Langdon is a partner of Ernst and Young.

There are no amounts receivable from and payable to other related parties at reporting date arising from these transactions.

# Melbourne Convention Bureau Ltd

A.B.N. 62 072 324 933

# DIRECTORS DECLARATION

FOR THE YEAR ENDED 30 JUNE 2019

## DIRECTORS' DECLARATION

**In the opinion of the Directors of Melbourne Convention Bureau Ltd ("the Company"):**

(a) the Company is not publicly accountable:

(b) the financial statements and notes, set out on pages 16 to 34, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001; and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

| | |
|---|---|
| **Christopher Barlow** | **Peter King** |
| Chairman | Director |

Dated at Melbourne this 4th day of September 2019.

# Independent Auditor's Report

VAGO
Victorian Auditor-General's Office

***To the Directors of Melbourne Convention Bureau Limited***

| | |
|---|---|
| **Opinion** | I have audited the financial report of Melbourne Convention Bureau Limited (the company) which comprises the:<br>• statement of financial position as at 30 June 2019<br>• statement of profit or loss and other comprehensive income for the year then ended<br>• statement of changes in equity for the year then ended<br>• statement of cash flows for the year then ended<br>• notes to the financial statements, including significant accounting policies<br>• directors' declaration.<br><br>In my opinion the financial report is in accordance with the *Corporations Act 2001* including:<br>• giving a true and fair view of the financial position of the company as at 30 June 2019 and its financial performance and cash flows for the year then ended<br>• complying with Australian Accounting Standards and the *Corporations Regulations 2001*. |
| **Basis for Opinion** | I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.<br><br>My independence is established by the *Constitution Act 1975*. My staff and I are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.<br><br>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion. |
| **Other information** | Other Information is financial or non-financial information in the company's financial reporting which is provided in addition to the financial report and the auditor's report. The Directors are responsible for the Other Information.<br><br>The Other Information we obtained prior to the date of this auditor's report was the directors' report. My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information.<br><br>However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard. |

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| | |
|---|---|
| **Directors' responsibilities for the financial report** | The Directors of the company are responsible for the preparation of a financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*, and for such internal control as the Directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.<br><br>In preparing the financial report, the Directors are responsible for assessing the company'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 it is inappropriate to do so. |
| **Auditor's responsibilities for the audit of the financial report** | As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit 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 my 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.<br><br>As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:<br><br>• 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 my 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.<br>• 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 company's internal control<br>• evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors<br>• conclude on the appropriateness of the Directors 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 company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.<br>• 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. |

I communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the Directors with a statement that I 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 my independence, and where applicable, related safeguards.

| | |
|---|---|
| MELBOURNE | Simone Bohan |
| 9 September 2019 | *as delegate for the Auditor-General of Victoria* |

VAGO
Victorian Auditor-General's Office

# Auditor-General's Independence Declaration

**To the Directors, Melbourne Convention Bureau Limited**

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General, an independent officer of parliament, is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised.

Under the *Audit Act 1994*, the Auditor-General is the auditor of each public body and for the purposes of conducting an audit has access to all documents and property and may report to parliament matters which the Auditor-General considers appropriate.

## *Independence Declaration*

As auditor for Melbourne Convention Bureau Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of auditor independence requirements of the *Corporations Act 2001* in relation to the audit.
- no contraventions of any applicable code of professional conduct in relation to the audit.

MELBOURNE
9 September 2019

Simone Bohan
*as delegate for the Auditor-General of Victoria*

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# PARTNERS


# MELBOURNE CONVENTION BUREAU

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MELBOURNE
Convention
Bureau