

2007  
MELBOURNE SYMPHONY ORCHESTRA  

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ANNUAL REPORT



# 2007

## MELBOURNE SYMPHONY ORCHESTRA PTY LIMITED

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### ANNUAL REPORT

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# CHIEF CONDUCTOR AND ARTISTIC DIRECTOR'S REPORT

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In my third year with the Orchestra I felt very keenly that the musicians were moving ever-closer to the ideal sound we are striving to create for each work. The *Opera in Concert* experiences of recent seasons have contributed greatly to a new flexibility: the musicians' mastery of the swiftly changing world of an operatic score has brought a renewed sense of flexibility and drama to their work. For example, the unwavering commitment they brought to one of the year's most demanding programs – the pairing of the Berg Violin Concerto with Mahler's Fifth Symphony in December – was a testament to the standards they are now achieving as a matter of course.

The year began with the European tour that was perhaps the most important aspect of the Orchestra's centenary celebrations, and an event that would be significant in the life of any great orchestra. Together, the MSO and I performed in Spain (four cities), Paris, Berlin and Milan. As anyone who heard the tour broadcasts on ABC Classic FM will know, the musicians performed a broad and challenging series of programs superbly and to great acclaim, in partnership with soloists Sarah Chang and Vadim Repin. Composer Brett Dean's work *Amphitheatre* was warmly received wherever we performed it, and we were delighted that he was able to be in Berlin for our performance there. In Milan, our concert capped off a week of 'Melbourne in Milan' events, celebrating the sister city relationship between the two cities.

For me another real highlight was the cycle of Tchaikovsky's numbered symphonies, performed in the Arts Centre, Geelong and at Monash University, particularly as it allowed us to place the final three in the context of the

far lesser-known symphonies Nos. 1-3. These earlier pieces – which suggest in places the work of a Russian Mendelssohn – have been played infrequently in the Orchestra's long history. It was, therefore, a thrill not only to bring them back into the light again, but also to know that each Hamer Hall performance was being recorded for CD release. Now that we have performed and recorded Tchaikovsky's *Manfred* Symphony, the complete Tchaikovsky symphonies will be released on the MSO Live label, taken from our performances. This will be the first complete Tchaikovsky cycle to be recorded by an Australian orchestra.

Another special experience was my debut season of Sidney Myer Free Concerts, particularly the second program, a tribute to the music of Verdi. The work on a complete Verdi program was of particular value in preparing for the Verdi Requiem concerts in 2008, and in nurturing the talents of the fine young Australian soloists who sang in this concert. The Sidney Myer Music Bowl is a magnificent venue and the audiences are wonderfully enthusiastic and attentive.

Of special importance in our main season was the world premiere of Ross Edwards' Clarinet Concerto, which was created for our principal clarinet, David Thomas. Under my direction, the first performance, at the Melbourne Town Hall was followed by sessions in which we recorded the work for future release on ABC Classics. I believe Ross' recent Oboe Concerto is the most beautiful for the instrument since the Strauss – Edwards' Concerto for clarinet is, equally, a milestone in the repertoire for this instrument, and the recording is the result of very intense and tight teamwork

from composer, soloist and conductor that I particularly enjoyed. I must express my sincere thanks to MSO board member Justice Alan Goldberg AO, who sponsored the commissioning of this work.

I was fortunate to work with a number of superb soloists in 2007, among them violinist Frank Peter Zimmermann, whose performance as soloist in the Berg violin concerto was magnificent, and Nikolai Demidenko, who brought a tremendous panache to our Australian premiere performance of Weber's Piano Concerto No. 2.

The 2008 season promises to be even more fulfilling than my work with the Orchestra in 2007, and I am very much looking forward to it.

A handwritten signature in black ink that reads "Caetani". The signature is written in a cursive, flowing style.

**OLEG CAETANI**  
Chief Conductor and Artistic Director

*Any orchestra reaching 100 years is an amazing achievement. One which can keep its eye on the ball as to tradition, the future, and with such heartfelt passion and commitment, is an even more unique asset to the cultural world we live in.*

*I am proud to have worked with my friends in Melbourne, and like every other artist fortunate enough to have had this privilege, am looking forward tremendously to having another rumble as soon as possible!*

NIGEL KENNEDY



## CHAIRMAN'S REPORT

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2007 was a year in which board, management and musicians proved the determination of the organisation to realise its vision: to present, to our audiences, the highest quality live orchestral and choral experience possible. While implementing divestment from the ABC and the merger with Melbourne Chorale, and undertaking a major European tour – activities that absorbed significant amounts of time and energy – we maintained our high artistic standards in a tremendously broad repertoire.

This was manifest in many events throughout the year: in the three concert performances of Puccini's *La fanciulla del West*, with an outstanding cast comprising many fine Australian singers, the combined forces of the men of the Melbourne Chorale and of the Chorus of Victorian Opera under Oleg Caetani; in Maestro Caetani's cycle of Tchaikovsky's numbered symphonies, which was presented across our subscription series and recorded for CD release; in the season of Sidney Myer Free Concerts, all given under Maestro Caetani's direction; in the superb concert given under the direction of Sir Charles Mackerras; in the exciting MSO Pops concert of Viennese favourites conducted by Ola Rudner; in our Classic Kids concerts for children, on tours in regional Victoria and on many, many other occasions.

Financial stability has been critical to our success, and in recent years the Orchestra has been able to report consecutive annual surpluses. For many and complex reasons – primarily the one-off costs associated with divestment, some unusually challenging repertoire and lower than expected ticket sales to some events – our centenary season was in deficit by \$486,980. Our total net assets for the year were \$4,641,778.

Our fundraising achievements during the year resulted in corporate sponsorship of \$660,749 and fundraising from individuals of \$407,860. The total amount of private sponsorship raised was \$1,068,609.

Our funding partners have been vital to the Orchestra's success; I would particularly like to thank the Australia Council, Arts Victoria and the City of Melbourne for their continued acknowledgment of our dedication to inspire and engage our audiences in high quality live performance.

The beginning of the MSO's second century coincided with the conclusion of the process that saw us become an independent company, fully divested from ABC ownership. A new

agreement with the ABC, which took effect from the beginning of 2007, preserves the mutual benefits of the previous arrangements regarding the promotion and broadcasting of performances. While retaining our important broadcast relationship with ABC Classic FM, we now, as an independent organisation, are building on the success and hard work of the last few years to ensure that the MSO's stature as one of the world's great orchestras is enhanced further in the time to come.

A handwritten signature in black ink that reads "Elizabeth Proust". The signature is fluid and cursive, written in a professional style.

**ELIZABETH PROUST**  
Chairman



## MANAGING DIRECTOR'S REPORT

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It gives me great pleasure to present our seventh Annual Report. Our centenary year of 2007 was a difficult one for the organisation, one in which significant challenges were balanced by exciting projects that will have a big influence on the Orchestra's future.

Programming was a key factor in the Orchestra's financial concerns. The music we performed was, arguably, too esoteric and insufficiently celebratory for our 100th season, and the year was also short on the star soloists and conductors audiences have rightfully come to expect from the one of Australia's flagship performing companies. I believe our financial results reflect in part the public's muted response to the range of our concert offerings. This response has had a profound impact on our planning for future seasons.

In addition, an extra financial burden was placed on the Company by the costs associated with divestment from the ABC. As a result of the recommendations made by the committee of review into Australia's symphony orchestras, chaired by James Strong, we undertook the process of establishing a new operating entity for the organisation. The creation of this fully-independent company had significant cost implications for us, particularly in the areas of superannuation, insurance and worker's compensation, and put enormous pressure on Board and management alike. My thanks to the Board – particularly chairman Elizabeth Proust and deputy chairman Alan Goldberg – and the many staff and musicians who worked so hard to make divestment a reality.

Another major structural issue that absorbed much of our energy in 2007 was the integration with the Melbourne Chorale, which came to fruition in October, when Victoria's Minister for the Arts, Lynne Kosky, accepted the proposal prepared jointly by the two organisations. As of January 2008, the Chorale became known as the MSO Chorus. This is a positive step for both Orchestra and Chorus, ensuring stability of funding and greater opportunities for the new organisation to further develop the choral art form, including innovative performance collaborations. It will also have far-reaching effects on all aspects of the Orchestra's life, from subscription concerts in Melbourne and Geelong through to Powercor Regional Touring and the MSO's Community Outreach and Education programs. This integration is the result of discussions which began more than 20 years ago and, under the leadership of chorus master Jonathan Grieves-Smith, I have no doubt that the future of the MSO Chorus is exceptionally bright.

During 2007 our involvement in the discussions surrounding the redevelopment of the Southbank arts precinct, specifically the area behind the Arts Centre known as the 'Y' site, increased as the State Government's work on the project moved to the feasibility stage. The project has the potential to create a new rehearsal home, recording studio and education facility for the Orchestra, and we have a major role to play in the development of the proposed facility.

Even with these issues so dominant for us through 2007, it was year of significant artistic achievement for the Orchestra,

beginning with the centenary tour of Europe in January. This had been in the planning for many years, and saw the musicians perform with outstanding success in Spain, Paris, Berlin and Milan over 16 days, under Oleg Caetani's direction.

Our performances on some of the major stages in Europe continued to place the Melbourne Symphony Orchestra at the forefront with some of the world's finest orchestras.

The Orchestra finished its tour in Milan with a performance in the Auditorium di Milano that closed the City of Melbourne's *Melbourne a Milano* week. The Lord Mayor John So and other dignitaries attended this sold-out concert. A highlight for many musicians on the tour was the opportunity to perform Stravinsky's *The Rite of Spring* in the same Paris theatre in which it first premiered in 1913, the Théâtre des Champs-Élysées.

2007 also saw the conclusion of the negotiations for the renewal of Oleg Caetani's contract as the Orchestra's Chief Conductor. Having begun his appointment in 2005, his contract has now been renewed until 2010. His passion for excellence, his love for the MSO and his demonstrable success with the Orchestra on CD, in concert and on tour has brought a tremendous depth and consistency to the Orchestra's work.

Maestro Caetani was integral to another important appointment – that of Assistant Conductor. Young Melbourne musician Paul Fitzsimon, appointed last year as Assistant Conductor to the Orchestra for 2008, will

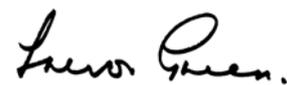
work closely under Oleg Caetani's auspices on a number of performances during the year, as well as playing a part in programs at the Australian National Academy of Music.

Many external partners come together to make the Orchestra's range of activities possible. Above all, I would like to thank the people of Victoria for continuing to affirm the Orchestra's importance to the community by attending our performances. Whether long-term subscribers or primary-age children attending a Schools concert in Sale, they were among the more than 210,000 people who attended MSO performances in 2007. The support of government at all levels is vital to

our continued development and I extend my heartfelt thanks to the Australia Council, Arts Victoria and the City of Melbourne for their continued investment in the MSO's present and future. We are equally indebted to our corporate partners for their involvement in the life of the Orchestra. The MSO Friends' tireless energy and passionate advocacy are a magnificent example of how great a difference a support group can make to the life of a performing arts organisation. My grateful thanks to them.

I must also express my sincere thanks to the Australian Broadcasting Corporation (ABC) and, in particular, ABC Classic FM. Through

our national concert broadcasts – and there were 47 in 2007 – we reach more than a million people a week across the length and breadth of Australia. Our new service level agreement with the ABC sees us retain the links to broadcasting that are such a vital part of our output.



**TREVOR GREEN**  
Managing Director



MSO's City Circle Tram – proudly sponsored by Yarra Trams

# 2007 HIGHLIGHTS

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## CONCERT PERFORMANCES

- Three concert performances of Puccini's *The Girl of the Golden West*, conducted by Chief Conductor Oleg Caetani and with a cast of soloists including Elena Zelenskaya, Robert Brubaker, Carlos Almaguer, Richard Anderson, James Egglestone, Deborah Humble and David Thelander, with the men of Melbourne Chorale.
- A complete cycle of Tchaikovsky's numbered symphonies, conducted by Chief Conductor Oleg Caetani. These were recorded for release on the *MSO Live* label in 2008.
- Performances of Elgar's masterpiece *The Dream of Gerontius*, conducted by Opera Australia's Music Director Richard Hickox, and featuring the combined choirs of the Melbourne Chorale and the West Australian Symphony Orchestra Chorus, with soloists Anthony Dean Griffey, Fiona Janes and Joshua Bloom.
- The return of Sir Charles Mackerras to the MSO's podium, with a program of Wagner, Dvořák, Delius and Elgar. This concert will be released on the *MSO Live* CD label during 2008.
- The return of former MSO Artistic Director and Chief Conductor Markus Stenz, for concerts with long-time collaborator, violinist Kolja Blacher.
- Performances of Mahler's Symphony No.4 with popular guest conductor Mark Wigglesworth.
- The MSO debut of international conductors including Josep Pons, Hannu Lintu, Carl St. Clair and Olari Elts.
- Performances by major international soloists including Kolja Blacher, Frank Peter Zimmermann, Stephen Hough, Pieter Wispelwey and Gautier Capuçon.

## SIDNEY MYER FREE CONCERTS

- As part of the celebrations surrounding the MSO's Centenary season, all four concerts were conducted by Oleg Caetani.
- The roster of all-Australian soloists included pianists Caroline Almonte and Ian Munro, violinist Sophie Rowell and singers Emily Burke and David Parkin, finalist and winner, respectively, of ABC TV's *Operatunity Oz*.
- An all-Verdi Gala concert featuring operatic excerpts from *Ernani*, *Macbeth*, *Luisa Miller*, *Rigoletto*, *Il trovatore* and *Simon Boccanegra*, featuring the Melbourne Chorale.

## PREMIERES

### World premieres of:

- Ross Edwards' Clarinet Concerto, commissioned by the MSO and Justice Alan Goldberg AO, and performed by the Orchestra's Principal Clarinet (for whom it was composed) David Thomas, with the MSO conducted by Oleg Caetani. Following the premiere, the artists made a studio recording of the work for future release on ABC Classics.
- Anthony Pateras' *QQ*, commissioned by the MSO for performance in the **Metropolis** series.
- Julian Langdon – *Visions from Holographic Space*.
- Anne Cawrse – *Musaic*.

Both works were commissioned as part of the Cybec 21st Century Australian Composers Program, which nurtures the work of original and innovative Australian composers, and is supported by the Cybec Foundation.

## Australian premieres of:

- Sally Beamish – *The Singing*, a co-commission between the MSO and the Cheltenham Festival, in which the soloist was the work's dedicatee, accordionist James Crabb.
- Narong Prangcharoen – *Sattab*
- Shostakovich – Symphony No.2
- Fujikura – *Code 80*
- Chong Kee-Yong – *Tearless Moon*
- Ticheli – *Shooting Stars*

## AUSTRALIAN ARTISTS

- Conductors – Richard Gill, Sir Charles Mackerras, Richard Mills, Nicholas Milton, Antony Walker
- Instrumentalists – Caroline Almonte, Calvin Bowman, Claire Edwardes, Cameron Hill, Genevieve Lacey, Li-Wei, Ian Munro, Dene Olding, Anthony Pateras, Shefali Pryor, Sophie Rowell, David Thomas
- Singers – Richard Anderson, Joshua Bloom, Emily Burke, Andrew Collis, James Egglestone, Mark Fowler, Fiona Janes, Celeste Lazarenko, Douglas McNicol, Virgilio Marino, Renae Martin, Emma Matthews, David Parkin, Merlyn Quaife, Sally-Anne Russell, David Thelander, Christopher Tonkin, Angus Wood

## SPECIAL EVENTS

- Concerts with the legendary conductor/pianist/composer Lalo Schifrin together with trumpeter James Morrison, as part of their worldwide *Jazz Meets the Symphony* program.
- Performances of the folk-inspired *Scotland the Brave* at Hamer Hall.

- Performances of the soundtrack of *The Wizard of Oz*, together with the screening of the original film, at The Regent Theatre
- Gala concert with Kate Cerberano at the Crown Palladium
- A performance at the Crown Palladium as part of the charitable *Million Dollar Lunch*

The Orchestra performed concerts for schools and evening concerts in Hamilton, Warrnambool, Bendigo, Shepparton, Albury, Ballarat and Warragul, and an evening concert in Frankston. The tours were conducted by Australian maestri Richard Gill and Nicholas Milton, and featured recent Young Performers Awards finalists Cameron Hill and Shefali Pryor as soloists.

## TOURING

The special centenary tour of Europe is discussed in the Managing Director's report on page 6.



Melbourne Symphony Orchestra performs at The Sidney Myer Music Bowl



# EDUCATION AND COMMUNITY OUTREACH

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## YOUNG ARTIST DEVELOPMENT

### **Cybec 21st Century Australian Composers Program**

The annual Cybec 21st Century Australian Composers Program saw two young Australian composers – Julian Langdon and Anna Cawrse – complete a commission for an ensemble of MSO musicians in 2007. Both under the age of 30, the composers were from Melbourne and Adelaide and had spent several months working with their mentors – Brenton Broadstock and David Harris – on their ten-minute composition. The pieces were premiered in the Orchestra's **Metropolis** concerts in May 2007.

Although three young composers were originally accepted into the program, only two completed their work. Julian Langdon was later given the Development Award in the Melbourne Prize for Music.

*The Cybec 21st Century Australian Composers Program is made possible through the generous support of The Cybec Foundation.*

### **Symphony Australia Young Performers Awards**

The MSO hosted first and second round auditions for the 2007 Symphony Australia Young Performers Awards. 58 applicants auditioned in Melbourne for Stage I of the Awards, with ten successfully making it through to the second Stage. Finals for Stage III of the Awards were held in three different states with the category winners performing with the West Australian Symphony Orchestra in the final. The MSO's Director of Artistic Planning, Huw Humphreys, was National Adjudicator for Stage III of the Awards.

### **Symphony Australia Conductor Development Program**

Internationally renowned conductor Christopher Seaman led six young Australian conductors in a week of training and development with the Melbourne Symphony Orchestra. The young conductors worked closely with Maestro Seaman on practising their technique and preparing for a well-received public performance in the Iwaki Auditorium at the end of the week. One participant – Paul Fitzsimon – was later appointed MSO Assistant Conductor for 2008.

### **Australian Youth Orchestra / Melbourne Symphony Orchestra String Fellowships**

The Melbourne Symphony Orchestra continued its collaboration with the Australian Youth Orchestra in the presentation of the String Fellowships program.

Nine string players from across Australia spent one week in Melbourne being mentored by an MSO musician whilst preparing for a casual audition with the Orchestra. Students also participated in professional development sessions covering a variety of topics including media training, audition preparation and life in an orchestra.

Four musicians progressed to Stage II of the program, in which they continued the relationship with their MSO mentor whilst rehearsing and performing with the MSO for two to three weeks.

### **University of Melbourne Young Composers Recording**

Three Masters in Composition students from the University of Melbourne spent a morning in September working with the Melbourne Symphony Orchestra and conductor Brett Kelly on their own composition. Their works were rehearsed before being recorded by ABC Classic FM.

The three composers and their works were:

ANNIE HSIEH  
*Marching on, little man*  
ANTHOY LYONS  
*The surge, the sound, the pull*  
MARK VICCIANI  
*Untitled (Magenta)*

### **Snare Drum Award**

An initiative of MSO musician Robert Cossom, the MSO Snare Drum Award continued to grow in 2007 with 13 first and second year tertiary percussionists from Melbourne, Sydney and Brisbane auditioning in Stage I. Five students progressed to the performance final of Stage II with Anna Zeltzer from the Sydney Conservatorium of Music winning the Award – a Mastro concert snare drum and case, a bitsandpieces trap table, and a one-year mentorship with the Melbourne Symphony Orchestra.

# EDUCATION AND COMMUNITY OUTREACH CONT.

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## ADULT EDUCATION

### Keys to Music

Two performances of Graham Abbott's popular ABC Classic FM radio program, *Keys to Music*, were recorded in front of a sell-out audience in the Iwaki Auditorium. The first program in March, explored the third and fourth movements of Rimsky-Korsakov's Suite from *The Golden Cockerel* with the full Orchestra. As a new initiative, the second program in October featured the MSO Chamber Players performing the first, second and fifth movements of the Serenade No 11 in E flat by Mozart.

In these uniquely informative and entertaining concert, Graham and the MSO musicians put the two works under the microscope, exploring the inner workings before finishing with a complete performance. The recordings were broadcast on ABC Classic FM later in the year.

### Pre-Concert Talks

The Orchestra's program of pre-concert talks continued in 2007. The talks, attended by concert-goers of all ages, were given before MSO performances held at Hamer Hall; Robert Blackwood Hall, Monash University; Deakin University, Waterfront, Costa Hall, Geelong and in all regional tour venues.

## PROGRAMS FOR SCHOOL-AGED CHILDREN

### School Concerts

MSO school concerts continued to reach a large number of students in both metropolitan and regional Victoria in 2007. The program reached more than 19,000 students through concerts including **Classic Kids, Meet the Orchestra, Meet the Music and Up Close and Musical.**

Each school attending a Melbourne Symphony Orchestra school concert had access to teaching resources provided on the MSO's website or in booklet form. Resources provided had background information about the composers and music heard in school performances, suggested classroom activities and an audio CD.

### Open Rehearsals

The MSO's Education Open Rehearsals continued in 2007 with more than 200 students attending four rehearsals across the year. Students had the opportunity to hear a range of music being rehearsed and the chance to listen to soloists, conductors and musicians speak about their career and the rehearsal process.

### Education Passports

This popular discounted three-concert subscription package, available to school groups, music schools and home educators, continued in 2007. For the first time, the Passport holders had the opportunity to subscribe to the MSO's Monday night **Great Classics** series, as well as Thursday **Master Series** concerts. Approximately 2493 teachers, parents and students enjoyed the experience of live orchestral performance through this program.

### Family Classic Kids

**Family Classic Kids** continued in 2007 with eight performances welcoming around 1,600 children and parents. The concerts, held on Saturdays in the Iwaki Auditorium, are open to families as a way of introducing their children to the symphony orchestra, its instruments and great classical music.

## COMMUNITY OUTREACH

Community Outreach had its busiest year in 2007, increasing its reach into new communities and schools by up to four times. The program explores the power of music to connect people, and creates opportunities for groups and individuals to interact and collaborate with musicians from the Orchestra in diverse ways.

More than 40 MSO musicians – both permanent and casual – were involved in projects throughout 2007 with many participating in more than one project during the year. With an increase in demand, the MSO introduced Teaching Artists to lead projects. The number of participants for each project varied from as little as 15 through to 200, with more than 1,600 people accessing the program across the year.

### Projects in Schools

Community Outreach projects took MSO musicians into schools across metropolitan and regional Victoria. Projects included masterclasses, creative workshops, tutorials for instrumental groups and ensembles, as well as pre-concert workshops.

Fintona Girls School, Korowa Girls School, Maramba Kindergarten, North Ringwood Kindergarten and Macedon Ranges Pre-School were some of the schools to participate in the Community Outreach program in 2007.

### Shell Geelong Projects

Shell's support of the Community Outreach program increased in 2007 which allowed more schools and community groups in the Geelong/Corio area greater access to MSO musicians. This year's projects included:

#### *Primary School Workshops*

St Francis Xavier Primary School, Bell Park North Primary School, Corio South Primary School.

#### *Secondary School Workshop*

Corio Bay Secondary College.

#### *Community Centres*

Performance by brass quintet (lead by Brett Kelly, with Geoff Payne, Julie Pyane, Scott Frankcombe, Russell Davis) at Cloverdale Community Centre, Rosewall Neighbourhood House, Lara Community Centre.

#### *Geelong Grammar School*

Seven string students attended master class in Iwaki with Monica Curro, then MSO performance.

#### *Geelong Gallery Project*

Up to five students from four schools in the area joined four MSO musicians and a teaching artist for a day creative workshop in the Geelong Gallery:

St Anthony's Primary School, Rosewall Primary School, North Shore Primary School and Torquay Primary School.

### Special Projects

As part of Community Outreach in 2007 the Melbourne Symphony Orchestra collaborated with several other organisations in presentation and exploration of new projects.

- **Hunger** – collaboration with Rawcus, presented as part of the 2007 Melbourne International Arts Festival.

This project was generously supported by The R E Ross Trust and Trust Company.

- **Sweet Melodies** – Royal Children's Hospital, Music Therapy Unit.

This project was generously supported by MSO Patron, Glenda McNaught, and the William Buckland Foundation.

- **MSO ArtPlay Ensemble Program**  
**Junior Ensemble**  
**Main Ensemble**  
**Graduate Ensemble**  
**Musicircus**

This project was generously supported by the Cybec Foundation and ArtPlay (City of Melbourne).

- **Saturday Jams with the MSO and Federation Square.**

- **Regional Outreach Tour** (supported by Arts Victoria's Major Touring Initiative).

- **Centenary Celebrations included**

- **Regional Jams** (supported by Arts Victoria).

- **Workshops at the George Adams Gallery**, presented in association with the MSO exhibition 100 Years of Firsts. These comprised storytelling, performance by the ArtPlay Graduate Ensemble and a jam session).

- **Line Drawings** – A collaborative composition and performance project between the Australian Centre for Contemporary Art (ACCA) Education Program, Melbourne Symphony Orchestra Community Outreach Program and Caulfield Grammar School, presented in conjunction with the MSO's *Metropolis* concert series.

- **MOPS (Mothers of Pre-Schoolers)**  
MSO musician Cindy Watkin visited a MOPS session to discuss the importance of music education for young children.

*The Melbourne Symphony Orchestra's Education and Community Outreach programs are generously supported by the Iva Ronald Evans Foundation (Equity Trustees).*

*The MSO's contribution to the cultural life  
of the city, the state and the nation  
is difficult to put into words for  
the simple fact that it is so  
immense.*

**BRETT DEAN**



# GOVERNMENT AND PRIVATE SECTOR SUPPORT

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The Commercial Development Department, newly named to recognise the commercial focus of our activities, manages the Government, Corporate and Private sector support which is fundamental to the ongoing success and financial viability of the Melbourne Symphony Orchestra.

The Department underwent a dramatic overhaul in the third and fourth quarter of 2007, with a total restructure and the appointment of completely new staff. In many ways 2007 was a development year to set personnel and plans in place for the future.

In 2007 the MSO received \$1,068,609 from its government partners, corporate partners, donors and from other private giving.

Notwithstanding this period of re-structuring, in the second half of the year corporate partners had been increased from six to 12 and commitment for financial support had increased by 46%.

The MSO has a very strong relationship with its Principal Partner, **Emirates**, and at the end of 2007 was delighted to confirm renewal of this partnership for a further three years until the end of 2010. Other key partners who renewed their partnerships with the MSO in 2007 included, **Powercor, KPMG, Fletcher Jones** and **Kilikanoon Wines**.

New levels of partnership were introduced in 2007 for the 2008 Season, allowing us increased scope to recognise our corporate supporters in the community. We are proud to welcome new members to the MSO family of partners: **JPMorgan, Herald Sun, Bang & Olufsen, Allans Music, Stable Properties, Sofitel Melbourne, Yarra Trams** and **Renaissance Tours**.

The MSO would also like to acknowledge the many 2007 MSO Gala supporting partners, including **Crown, Roses Only, Editel, Channel 7** and **Linda Britten**.

The MSO's major fundraising event in 2007 was the MSO Spring Racing Carnival Gala, for the first time held at Crown Palladium, and an unqualified success. Taking place during the height of the Spring Racing Carnival in October, the theme related back to one of Melbourne's other enduring passions, with the MSO dressed in jockey silks, Kate Ceberano performing, the inaugural running of The MSO Cup Phantom Call Raffle, and 12 auction items headed by generous prizes from **Emirates** and **Mercedes-Benz**. 450 guests attended and over \$130,000 was raised to help fund the MSO Education and Community Outreach Programs. This was a 260% increase on funds raised at the same event in 2006.

All levels of government provided invaluable on-going support for the Orchestra. The MSO would particularly like to acknowledge the contributions from the **Australia Council, Arts Victoria** and the **City of Melbourne**. Their support is vital to our continued success, and is particularly gratifying as an acknowledgment of the MSO's dedication to providing the greatest possible live orchestral experience for its diverse Melbourne and regional audiences.

Support from private individuals also plays a key part of the success of the MSO, and will increase in importance in the coming years.

There are four key pillars of individual support for the MSO:

1. **MSO Patrons** – a key group of people who give generously each year. Patron participation grew by 10% in 2007 with 111 individuals and families making a recurrent pledge of support. Patron giving is directed to the MSO Foundation, a fund established and governed by the MSO Board to support current projects and the Orchestra's long-term future.

2. **Instrument Fund** – assisting the MSO purchase new instruments or equipment to help create the world-class performances for which the MSO is renowned. In 2007, the commitment of more than 200 donors enabled us to purchase a new Lorée Bass Oboe and two new Buffet C Clarinets – a wonderful outcome for the Orchestra.

3. **Orchestra Chair** – supporting individual musicians with their careers and musical experience.

4. **Conductor's Circle** – recognises those individuals who have notified us that they have provided for the MSO in their Will. Monies that come to the Orchestra from a Bequest are invested in the MSO Foundation and the interest from these funds is used in support of the Orchestra.

The support of philanthropic organisations is also vital to the MSO. In 2007 we were able to undertake substantial projects in the Education and Community sectors because of the valuable contribution made by The Cybec Foundation, the Ivor Ronald Evans Foundation, RE Ross Trust, Trust Company, the Pierce Armstrong Foundation and the William Buckland Foundation.

We look forward to working with our committed supporters again in 2008, and thank all our Corporate Partners for helping us make 2007 a turnaround year as we build momentum for the future.

## MSO PATRONS AT 31 DECEMBER 2007

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### **Impresario Patron \$20,000+**

Stanley and Annette Kilroy

### **Maestro Patron \$10,000 - \$19,999**

Rachel and Justice Alan Goldberg AO  
Elizabeth Proust  
John and Cathy Simpson  
Michael and Jenny Ullmer

### **Principal Patron \$5,000 - \$9,999**

Glenda McNaught  
Mr and Mrs D R Meagher  
John E Middleton QC  
Dr Paul Nisselle AM  
Onbass Foundation  
Lady Potter AC  
Mr Roger Riordan AM and Mrs Pat Riordan  
Lyn Williams AM  
Kee Wong and Wai Tong  
Anonymous (1)

### **Associated Patron \$2,500 - \$4,999**

Dr Bronte Adams  
Peter and Mary Biggs  
Kaye and David Birks  
Oleg and Susanna Caetani  
Paul Carter  
Dr Mitchell Chipman  
Tim and Lyn Edward  
Dr Helen M Ferguson  
Nereda Hanlon and Michael Hanlon AM  
The Hon Walter Jona AM and  
Mrs Alwynne Jona AM  
Bill and Pat Melleuish  
Wayne and Penny Morgan  
Marie Morton  
In memory of the late Nan Murdoch  
Frederick Palmer  
Schapper Family Foundation  
Mr and Mrs Glenn Sedgwick  
Chris and Joy Selby Smith  
Gary Singer and Geoffrey A Smith  
Lisl Singer  
Mr Tam Vu and Dr Cherilyn Tillman  
Paul and Ann Wherry

### **Player Patron \$1,000 - \$2,499**

Janette Altmann and Elaine Lingard  
Dorothy Bailey and Will Bailey AO  
Marilyn and Peter Bancroft OAM  
through Melbourne Community Foundation  
Tony Berry and Geraldine Cornall  
Mr Marc Besen AO and Mrs Eva Besen AO

M Ward Breheny  
Mr John Brockman OAM  
and Mrs Pat Brockman  
Jill and Christopher Buckley  
Patricia Burke  
Jan and Peter Clark  
Joanne Daniels  
Leslie J Darby and Miss Ann Darby  
Mr and Mrs Bruce Davis  
K R Eisner  
Joyce Flowers  
William J Forrest AM  
Dr David Gale  
Maria and Brian Gallery  
David I Gibbs  
Merqyn and Greta Goldblatt  
Coling Golvan SC  
George H Golvan QC  
Dr Marged Goode  
Jan and Robert Green  
Trevor Green  
Jean Hedges  
Stuart and Sue Hamilton  
Dr Heinz Kestermann  
Norman and Betty Lees  
Dr Elizabeth A Lewis AM  
John A McKay  
Lois R McKay  
Dr Gabriele Medley AM  
Sylvia Miller  
Jan Minchin  
Mr Albert Myatt  
The Novy family  
Laurence O'Keefe and Christopher James  
Mr David Richards  
Hugh T Rogers AM  
Elzbieta and Tomasz Romanowski  
Mrs M.S Ross AM  
Douglas Savige  
Max and Jill Schultz  
Alan and Carol Schwartz  
Miss Sheila Scotter AM MBE  
David Shavin QC  
Professor Allan Shaw  
Mr Sam Smorgon AO  
and Mrs Minnie Smorgon  
Maria Sola and Malcolm Douglas  
Charles Sowerwine and Susan Foley  
Patrick and Carol Stone  
Gai and David Taylor  
Mavis Thompson  
Margaret Tritsch

P & E Turner  
Mrs Ila Vanrenen and Dr Bertram Vanrenen  
Hon Rosemary Varty  
Sue Walker AM  
Mrs Elaine Walters OAM  
and Mr Gregory Walters  
Rod and Alison Watkins  
Erna Werner and Neil Werner OAM  
Marian and Terry Wills Cooke  
Ruth Wisniak and Prof. John Miller AO  
Anonymous (6)

### **Foundation and Trusts**

Robert Cossom Snare Drum Award  
The Cybec Foundation  
The Emily Kilroy Memorial Award  
The R E Ross Trust  
Equity Trustees Limited  
The Williams Buckland Foundation  
The Pierce Armstrong Foundation  
Trust Foundation

### **Members of the Conductor's Circle**

The MSO gratefully acknowledges the support received from the Estates of Peter Forbes MacLaren, Herta & Fred B Vogel, Gwen Hunt and Prof Andrew McCredie.  
Jenny Anderson  
Joyce Bown  
Kenneth Bullen  
Sandra Dent  
Lyn Edward  
Alan Egan JP  
Ms Susan Henshall  
Mr Tony Howe  
John and Joan Jones  
Penny Rawlins  
Mrs Joan P Robinson  
Miss Sheila Scotter AM MBE  
Pamela Swansson  
Michael Ullmer  
Marian and Terry Wills Cooke  
Anonymous (13)

### **MSO Orchestra Chairs**

Jill and Robert Grogan – Fiona Sargeant viola  
Emirates – Chief Conductor Oleg Caetani

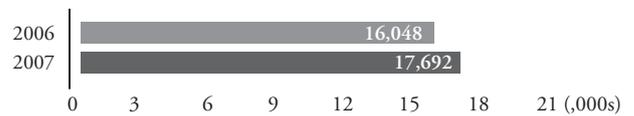
# KEY PERFORMANCE STATISTICS

In 2007 the Melbourne Symphony Orchestra gave 153 performances to an audience of 210,831.

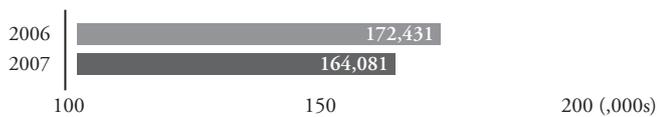
## TOTAL AUDIENCE



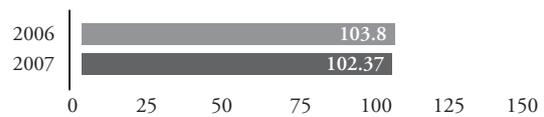
## REGIONAL PAID ATTENDANCE



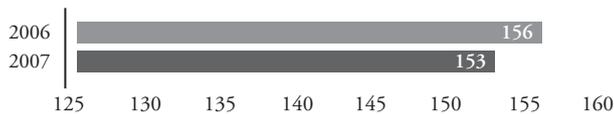
## TOTAL PAID ATTENDANCE



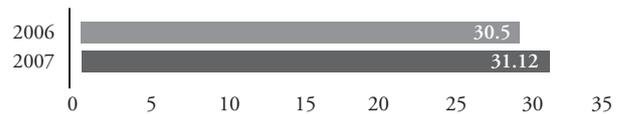
## MUSICIANS (FTES) – AVERAGE THROUGHOUT YEAR



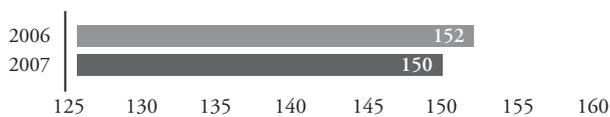
## NUMBER OF PERFORMANCES



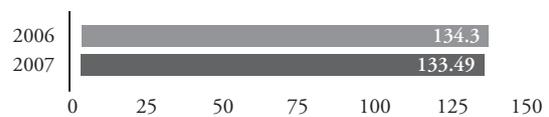
## MANAGEMENT STAFF (FTES) – AVERAGE THROUGHOUT YEAR



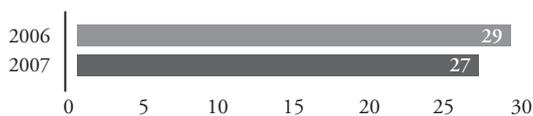
## SELF PRESENTED CONCERTS



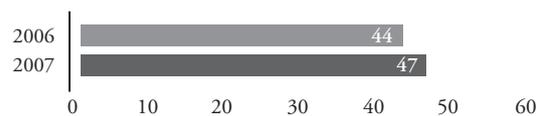
## TOTAL EMPLOYEES (FTES) – AVERAGE THROUGHOUT YEAR



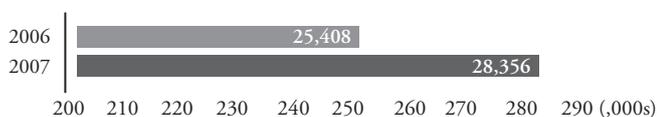
## REGIONAL CONCERTS



## SCHOOL CONCERTS



## SCHOOL CONCERT ATTENDANCES





*The MSO has set and maintained an extremely high standard, one that does honour to the great city of which it is such a vital and attractive part.*

**SIR CHARLES MACKERRAS, A.C., C.H.**

# MELBOURNE SYMPHONY ORCHESTRA PTY LIMITED

## ANNUAL FINANCIAL REPORT

31 DECEMBER 2007

ABN 47 078 925 658

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# DIRECTORS' REPORT

## FOR THE YEAR ENDED 31 DECEMBER 2007

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The directors present their report together with the financial report of Melbourne Symphony Orchestra Pty Limited for the year ended 31st December 2007 and the auditor's report thereon.

### DIRECTORS

**The directors of the Company at the end of the financial year were:**

Ms E Proust (Chairman)	<i>Director since 1 January 2004</i>
Mr T Green (Managing Director)	<i>Director since 8 February 1999</i>
Justice A Goldberg, AO	<i>Director since 15 March 2000</i>
Mr R Davis	<i>Director since 22 September 2004</i>
Dr B Adams	<i>Director since 24 November 2004</i>
Cr G Singer	<i>Director since 23 March 2005</i>
Mr P Biggs	<i>Director since 1 January 2007</i>
Ms A Peacock	<i>Director since 1 January 2007</i>
Mr M Ullmer	<i>Director since 1 January 2007</i>
Mr K Wong	<i>Director since 1 January 2007</i>

No directors of the company retired during the year.

### COMPANY SECRETARY

Mr O Carton *Appointed 13 February 2004*

### PRINCIPAL ACTIVITIES

The principal activity of the Company during the year was the performance of symphonic music. There were no significant changes in the nature of the activities of the Company during the year.

### REVIEW AND RESULTS OF OPERATIONS

The operating result for the year ended 31 December 2007 was \$486,980 deficit (equivalent result for the year ended 31 December 2006 was \$748,530 surplus).

Ownership of Melbourne Symphony Orchestra Pty Limited changed on 31 December 2006 with the Company's divestment from the Australian Broadcasting Corporation to the newly incorporated Melbourne Symphony Orchestra Holdings Limited. The increased cost of operations in 2007 due to divestment was \$383,313. If there had been no change in the cost of operations due to divestment, then a reduced deficit of \$103,667 would have been registered. The operating result was also affected by increased costs arising from the 2007 international tour.

Melbourne Symphony Orchestra Pty Limited presented 153 performances during the twelve months ended 31 December 2007. The majority of the concerts were held in Melbourne at the Arts Centre, Hamer Hall.

### 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.

### 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.

# DIRECTORS' REPORT CONT.

## FOR THE YEAR ENDED 31 DECEMBER 2007

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### LIKELY DEVELOPMENTS

The Company will continue to present performances of symphonic and other orchestral music during the next financial year, with performances currently scheduled to be presented during this period. The Company's continuing success is dependent on maintaining its current level of government funding, corporate sponsorship and ticket sales.

### DIVIDENDS

No dividends were paid, declared or recommended during or since the end of the financial year.

### INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

#### Indemnification

Since the end of the previous financial year, the Company has not indemnified, nor made a relevant agreement for indemnifying against a liability, any person who is or has been an officer or auditor of the Company.

#### Insurance premiums

During the financial year, the Company has paid premiums in respect of directors' and officers' liability, legal expenses and insurance contracts for the year ended 31 December 2007. Since the end of the financial year, the Company has paid or agreed to pay premiums in respect of such insurance contracts for the year ended 31 December 2008. Such insurance contracts insure persons who are or have been directors or officers of the Company against certain liabilities (subject to certain exclusions).

Directors have not included details of the nature of the liabilities covered or the amount of the premium paid as such disclosure is prohibited under the terms of the contract.

### EVENTS SUBSEQUENT TO BALANCE DATE

On 1 January 2008 the Company formed the Melbourne Symphony Orchestra Chorus by integrating the singers and staff of the disbanded Melbourne Chorale.

No other events have occurred subsequent to balance date that materially affect the accounts and are not already reflected in the Income Statement and Balance Sheet.

### AUDITORS INDEPENDENCE DECLARATION TO THE DIRECTORS OF MELBOURNE SYMPHONY ORCHESTRA PTY LIMITED

The directors have received a declaration from the auditor which is attached to this report.

Signed in accordance with a resolution of the directors:



Elizabeth Proust  
Chairman

Melbourne  
4 May 2008

# INCOME STATEMENT

## FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	2007 \$	2006 \$
<b>REVENUES FROM ORDINARY ACTIVITIES</b>			
Funding revenue direct from government	3a	1,055,950	10,874,133
Funding revenue from parent (MSOHL)	3b	11,207,583	185,295
Ticket sales	4	6,727,543	7,653,548
Sponsorship, donations and bequests	5	1,068,609	1,155,531
Other revenues	6	2,937,709	2,071,323
		<b>22,997,394</b>	<b>21,939,830</b>
<b>EXPENSES FROM ORDINARY ACTIVITIES</b>			
Employee expenses		12,430,409	11,995,254
Artists fees and expenses		3,042,911	2,415,055
Marketing expenses		1,453,717	1,337,619
Production expenses		3,580,559	2,377,805
Selling expenses		837,963	923,316
Depreciation and amortisation	10	154,805	128,905
Management fee		344,761	366,720
Other expenses		1,639,249	1,646,626
		<b>23,484,374</b>	<b>21,191,300</b>
<b>SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES</b>		<b>(486,980)</b>	<b>748,530</b>

The Income Statement should be read in conjunction with the notes to the financial statements set out on pages 27 to 41.

# BALANCE SHEET

## AS AT 31 DECEMBER 2007

	Note	2007 \$	2006 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	14	9,585,117	8,612,491
Receivables	8	850,196	1,473,523
Other	9	727,472	1,551,513
<b>TOTAL CURRENT ASSETS</b>		<b>11,162,785</b>	<b>11,637,527</b>
<b>NON-CURRENT ASSETS</b>			
Receivables	8	32,939	33,591
Plant and equipment	10	406,386	474,329
<b>TOTAL NON-CURRENT ASSETS</b>		<b>439,325</b>	<b>507,920</b>
<b>TOTAL ASSETS</b>		<b>11,602,110</b>	<b>12,145,447</b>
<b>CURRENT LIABILITIES</b>			
Payables	11	4,113,020	4,400,348
Provisions	12	2,446,781	2,190,219
<b>TOTAL CURRENT LIABILITIES</b>		<b>6,559,801</b>	<b>6,590,567</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	12	400,531	426,122
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>400,531</b>	<b>426,122</b>
<b>TOTAL LIABILITIES</b>		<b>6,960,332</b>	<b>7,016,689</b>
<b>NET ASSETS</b>		<b>4,641,778</b>	<b>5,128,758</b>
<b>SHAREHOLDERS' EQUITY</b>			
Contributed equity	13	438,002	438,002
MSO Foundation	22	1,088,067	1,052,381
MSO RIS Reserve	22	2,846,341	2,663,360
Retained surplus	22	269,368	975,015
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>4,641,778</b>	<b>5,128,758</b>

The Balance Sheet should be read in conjunction with the notes to the financial statements set out on pages 27 to 41.

# STATEMENT OF CHANGE IN EQUITY

## FOR THE YEAR ENDED 31 DECEMBER 2007

	Contributed Equity (Note 13) \$	Retained Profits (Note 22) \$	Foundation Reserve (Note 22) \$	MSO RIS Reserve (Note 22) \$	Total Equity \$
<b>SHAREHOLDERS' EQUITY</b>					
<b>As at 1 January 2006</b>	<b>438,002</b>	<b>755,438</b>	<b>669,644</b>	<b>2,517,144</b>	<b>4,380,228</b>
Net Surplus for the year	-	748,530	-	-	748,530
Transferred to reserves	-	(528,953)	382,737	146,216	-
<b>As at 31 December 2006</b>	<b>438,002</b>	<b>975,015</b>	<b>1,052,381</b>	<b>2,663,360</b>	<b>5,128,758</b>
Net Deficit for the year	-	(486,980)	-	-	(486,980)
Transferred to reserves	-	(483,569)	300,588	182,981	-
Transferred from reserves	-	264,902	(264,902)	-	-
<b>As at 31 December 2007</b>	<b>438,002</b>	<b>269,368</b>	<b>1,088,067</b>	<b>2,846,341</b>	<b>4,641,778</b>

The Statement of Change in Equity should be read in conjunction with the notes to the financial statements set out on pages 27 to 41.

# STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	2007 \$	2006 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts in the course of operations		9,866,117	7,298,700
Cash payments in the course of operations		(21,641,543)	(21,180,056)
Grants received from government funding bodies		12,059,105	10,809,428
Interest received	6	775,810	601,046
<b>NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES</b>	14b	<b>1,059,489</b>	<b>(2,470,882)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds on disposal of plant and equipment	7	-	24,980
Payment for property, plant and equipment	10	(86,863)	(130,038)
<b>NET CASH FLOWS PROVIDED BY/USED IN INVESTING ACTIVITIES</b>		<b>(86,863)</b>	<b>(105,058)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>972,626</b>	<b>(2,575,939)</b>
Cash and cash equivalents at the beginning of the financial year		8,612,491	11,188,430
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	14a	<b>9,585,117</b>	<b>8,612,491</b>

The Statement of Cash Flows should be read in conjunction with the notes to the financial statements set out on pages 27 to 41.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2007

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### 1. CORPORATE INFORMATION

The financial report of Melbourne Symphony Orchestra Pty Limited for the year ended 31 December 2007 was authorised for issue in accordance with a resolution of directors on 4 May 2008.

Melbourne Symphony Orchestra Pty Limited is a proprietary limited company incorporated in Australia. The ultimate parent of Melbourne Symphony Orchestra Pty Limited is Melbourne Symphony Orchestra Holdings Limited.

Melbourne Symphony Orchestra Holdings Limited is a public company limited by guarantee and was incorporated in Australia on 19 October 2006 and subsequently purchased all shares in Melbourne Symphony Orchestra Pty Limited from the Australian Broadcasting Corporation for Ten Dollars.

The nature of the operations and principal activities of the Company are described in the Directors' Report.

### 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, which have been adopted in the preparation of this financial report, are:

#### a) Basis of preparation

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

It has been prepared on the basis of historical costs and, except where stated, does not take into account changing money values or fair values of non-current assets.

These accounting policies have been consistently applied by the Company and, except where there has been a change in accounting policy, are consistent with those of the previous period.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

The financial report is presented in Australian dollars.

#### b) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standard (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

#### c) Revenue recognition – notes 3 to 6

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority. Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

#### *Concert revenue – note 4*

Concert revenue is recognised at the time of concert performance.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2007

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### 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### c) Revenue recognition – notes 3 to 6 (continued)

##### *Funding revenue - note 3*

Funding revenue comprises funding from the Australia Council for the Arts and the State Government of Victoria through the Ministry for the Arts.

Funding revenue was received from the Australia Council for the Arts through the Major Performing Arts Board, and the Victoria Ministry for the Arts, through Arts Victoria, under the terms of the Tripartite Funding Agreement entered into in January 2007. Funding is received based on payment schedules contained in that agreement between the funding bodies and Melbourne Symphony Orchestra Pty Ltd. The agreement was entered into for the three years ending 31 December 2009.

Funding revenue is recognised when due under the terms of the funding agreement. Special purpose funding, which requires the Company to fulfil an obligation outside its normal operations, is recognised at the time the obligation is fulfilled.

##### *Interest revenue – note 6*

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

##### *Sale of non-current assets*

The gross proceeds of non-current asset sales are included as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

#### d) Taxation and Goods and Services Tax Revenue recognition

The Company is exempt from income tax, capital gains tax, payroll tax, state debits tax and state financial institutions duty.

Revenues, 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 an item 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 balance sheet. Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

#### e) Cash and cash equivalents – note 14

Cash and cash equivalents, including short-term deposits with a maturity of six months or less, are carried at face value of the amounts deposited. The carrying amounts of cash and cash equivalents, including short-term deposits, approximate net fair value. Interest revenue is accrued at the market or contracted rates and is receivable monthly or when deposits mature.

#### f) Receivables – note 8

Trade receivables, which generally have 30-90 day terms, are recognised at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the company will not be able to collect the debt.

## 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### g) Impairment of non-financial assets other than goodwill

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are tested for possible reversal of the impairment whenever events or changes in circumstance indicate that the impairment may have reversed.

### h) Property, plant and equipment – note 10

All items of property, plant and equipment are carried at their historical cost of acquisition, being the fair value of the consideration provided plus the incidental costs directly attributable to the acquisition, less any accumulated impairment losses, less accumulated depreciation, and recoverable amount.

#### *Subsequent additional costs*

Costs incurred on assets subsequent to initial acquisition are capitalised when it is probable that future economic benefits, in excess of the originally assessed performance of the asset, will flow to the Company in future years.

Costs that do not meet the criteria for capitalisation are expensed as incurred.

### i) Depreciation – note 7

#### *Useful lives*

Items of plant and equipment, leasehold improvements, computer equipment and musical instruments are depreciated using the straight-line method over their estimated useful lives. Assets are depreciated from the date of acquisition. Depreciation rates and methods are reviewed annually for appropriateness. Depreciation is expensed.

The depreciation rates used for each class of asset are as follows:

<b>Asset class</b>	<b>Depreciation rates</b>
Plant & equipment	10% - 20%
Musical instruments	10% - 20%
Computer equipment	20% - 30%

#### *Complex assets*

Major items of plant and equipment comprising a number of components that have different useful lives are accounted for as separate assets. The components may be replaced during the useful life of the complex asset.

### j) Leased plant and equipment – note 7

Leases of plant and equipment are classified as operating leases as the lessors retain substantially all of the risks and benefits of ownership. Minimum lease payments are charged against Surplus over the accounting periods covered by the lease terms except where an alternative basis would be more representative of the pattern of benefits to be derived from the leased property.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2007

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### **k) Payables – note 11**

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

### **l) Employee benefits – note 15**

#### *Wages, salaries and annual leave*

Liabilities for employee entitlement to wages, salaries and annual leave represent present obligation resulting from employees' services provided up to the balance date. The provisions have been calculated at un-discounted amounts based on rates expected to be paid out for wages and salaries and include related on-costs.

#### *Long service leave*

The provision for employee benefits to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the reporting date.

The provision is calculated using estimated future increases in wage and salary rates, including related on-costs, and expected settlement rates based on turnover history and is discounted using the rates attaching to national government securities at balance date which most closely match the terms of maturity of the related liabilities.

#### *Superannuation plans*

The company contributes to several defined contribution superannuation plans, however, access to the Commonwealth Superannuation Scheme and the Public Sector Superannuation Schemes ceased as a result of divestment from the Australian Broadcasting Corporation on 31 December 2006. Final payments to these schemes was made in respect of the pay period ended 24th December 2006. No liability remained with the employer on change-over from the Commonwealth Schemes.

### **m) Significant accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. The following critical accounting policies have been identified for which significant judgements, estimates and assumptions are made.

#### *Impairment of Non-financial assets*

The company assesses impairment of its non-financial assets at each reporting date by evaluating conditions specific to the Company and to the specific asset. If an impairment trigger exists the recoverable amount of the asset is determined. Management do not consider that the triggers for impairment have been significant and these assets have not been tested for impairment in this financial period.

#### *Estimate of Useful Lives*

The estimation of useful lives is based on historical experience. The condition of assets are assessed periodically and considered in relation to the remaining useful life of the asset and adjustments made to useful lives as appropriate.

	2007 \$	2006 \$
<b>3. FUNDING REVENUE</b>		
<b>a) Direct funding (MSOPL)</b>		
Australia Council for the Arts - Annual Grant	-	8,552,031
Australia Council for the Arts - International Tour	50,000	-
Victoria Ministry for the Arts - Annual Grant	-	2,072,102
Victoria Ministry for the Arts - International Tour Grant 1	250,000	-
Victoria Ministry for the Arts - International Tour Grant 2	400,000	-
Victoria Ministry for the Arts - Centenary Grant	30,000	-
Victoria Ministry for the Arts - Centenary Commission	9,000	-
Victoria Ministry for the Arts - Community Outreach Grant	29,000	-
City of Melbourne - Annual Grant	257,950	250,000
City of Melbourne - International Tour	30,000	-
	<b>1,055,950</b>	<b>10,874,133</b>
<b>b) Funding from parent (MSOHL)</b>		
Australia Council for the Arts - Annual Grant	8,930,050	-
Australia Council for the Arts – Divestment	155,700	165,995
Victoria Ministry for the Arts - Annual Grant	2,121,833	19,300
	<b>11,207,583</b>	<b>185,295</b>
<b>Total Funding</b>	<b>12,263,533</b>	<b>11,059,428</b>
<p>Provision of funds by Melbourne Symphony Orchestra Holdings Limited to Melbourne Symphony Orchestra Pty Limited is in respect of funds payable as a result of the Orchestra Review Implementation Funding Agreement. It originates from federal and state governments, through the Australia Council for the Arts and the Victoria Ministry for the Arts and is paid to Melbourne Symphony Orchestra Holdings Limited. A funding agreement between Melbourne Symphony Orchestra Holdings Limited and Melbourne Symphony Orchestra Pty Limited provides the basis for the funds to be passed to Melbourne Symphony Orchestra Pty Limited. As a result, the company is economically dependent on Melbourne Symphony Orchestra Holdings Limited, and in turn, on the Australia Council for the Arts and the Victoria Ministry for the Arts.</p>		
<b>4. TICKET SALES REVENUE</b>		
Subscription sales	4,112,482	4,457,939
Single night ticket sales	2,615,061	3,195,609
	<b>6,727,543</b>	<b>7,653,548</b>
<b>5. SPONSORSHIP AND DONATION REVENUE</b>		
Sponsorship	660,749	679,260
Donations	377,860	476,271
Bequests	30,000	-
	<b>1,068,609</b>	<b>1,155,531</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2007

	2007	2006
	\$	\$
<b>6. OTHER REVENUE</b>		
Interest income, other parties	775,810	601,046
Orchestral hire	1,254,103	1,205,139
Grants from Foundations	617,081	52,330
Other	290,715	212,808
	<b>2,937,709</b>	<b>2,071,323</b>

## 7. SURPLUS FROM ORDINARY ACTIVITIES

Surplus from ordinary activities has been arrived at after charging the following items:

Depreciation:		
Plant and equipment	18,628	19,395
Office equipment, furniture and fittings	705	342
Computers	39,376	20,263
Musical instruments	96,096	88,905
<b>Total depreciation</b>	<b>154,805</b>	<b>128,905</b>
Net expense from movement in provision for:		
Employee benefits	230,970	232,087
Net gain on disposal of non-current assets	-	24,980
Operating lease rental expenses		
Lease payments – cars	59,222	44,689
Lease payments – office equipment	38,493	26,853

## 8. RECEIVABLES

### a) Trade and other receivables

<i>Current</i>		
Trade debtors	750,017	1,312,892
GST receivable	100,179	160,631
	<b>850,196</b>	<b>1,473,523</b>
<i>Non-current</i>		
Other debtors	32,939	33,591
	<b>32,939</b>	<b>33,591</b>

	2007	2006
	\$	\$
<b>8. RECEIVABLES (CONTINUED)</b>		
<b>b) Past due but not impaired</b>		
<i>Trade debtors aging:</i>		
0 to 60 days	682,108	1,116,964
61 to 90 days	1,925	100,053
Over 90 days	98,923	95,875
<b>Total trade debtors</b>	<b>782,956</b>	<b>1,312,892</b>

Trade debtors are non-interest bearing and are normally settled in 30 days. Other debtors amounts generally arise from transactions outside the usual operating activities of the Company.

## 9. OTHER CURRENT ASSETS

Prepayments	390,772	1,341,460
Accrued income	336,700	210,053
	<b>727,472</b>	<b>1,551,513</b>

## 10. PLANT AND EQUIPMENT

	Plant and equipment	Musical instruments	Office equipment	Computer equipment	Total
	\$	\$	\$	\$	\$
<i>Cost:</i>					
Opening balance	103,592	791,884	1,709	177,193	1,074,378
Additions	-	35,809	16,730	34,324	86,863
Disposal	-	-	-	-	-
Closing balance	103,592	827,693	18,439	211,517	1,161,241
<i>Accumulated depreciation:</i>					
Opening balance	63,207	469,338	1,410	66,095	600,050
Depreciation expense	18,628	96,096	705	39,376	154,805
Disposal	-	-	-	-	-
Closing balance	81,835	565,434	2,115	105,471	754,855
<b>Net book value, 31 December 2007</b>	<b>21,757</b>	<b>262,259</b>	<b>16,324</b>	<b>106,046</b>	<b>406,386</b>
Net book value, 31 December 2006	40,386	322,547	299	111,097	474,329

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	2007 \$	2006 \$
<b>11. PAYABLES</b>			
Trade creditors		303,736	246,173
Other creditors and accruals		538,279	310,675
Prepaid subscription revenue		3,183,687	2,685,870
Prepaid overseas tour revenue		-	773,604
Prepaid government funding		68,522	272,950
Prepaid other revenue		18,796	111,076
<b>Total trade and other payables (ageing: all 0 to 60 days)</b>		<b>4,113,020</b>	<b>4,400,348</b>

Trade payables are non-interest bearing and are normally settled in 30 days.

## 12. PROVISIONS

### *Current*

Employee benefits	15	2,446,781	2,190,219
		<b>2,446,781</b>	<b>2,190,219</b>

### *Non-current*

Employee benefits	15	400,531	426,122
		<b>400,531</b>	<b>426,122</b>

## 13. CONTRIBUTED EQUITY

### Share capital

438,002 (2005: 438,002) ordinary shares, fully paid		438,002	438,002
		<b>438,002</b>	<b>438,002</b>

On 31 December 2006 Melbourne Symphony Orchestra Holdings Limited purchased all shares of Melbourne Symphony Orchestra Pty Limited that were previously held by the Australian Broadcasting Corporation.

## 14. STATEMENT OF CASH FLOWS

### a) Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and at bank and short-term deposits at call. Cash assets as at the end of the financial year as shown in the statement of cash flows are as follows:

	2007 \$	2006 \$
Cash	736,358	863,856
Cash equivalents	8,848,759	7,748,635
	<b>9,585,117</b>	<b>8,612,491</b>

Short term deposits mature within 30-90 days and pay interest at a weighted average interest rate of 6.60% (2006: 5.83%). Cash equivalents includes \$2,846,341 (2005: \$2,663,360) in the Reserves Incentive Scheme reserve which is set aside, unencumbered and held in escrow, for 15 years until 3rd June 2019 (details are explained at note 22).

### b) Reconciliation of surplus from ordinary activities to net cash provided by operating activities

Surplus/(deficit) from ordinary activities	(486,980)	748,531
Less items classified as investing/financing activities:		
(Surplus)/deficit on disposal of non-current assets	-	(24,980)
Add non-cash items:		
Depreciation	154,805	128,905
<b>Net cash provided by/(supplied to) operating activities before change in assets and liabilities</b>	<b>(332,175)</b>	<b>852,456</b>
Change in assets and liabilities:		
(Increase)/decrease in receivables	623,979	(646,227)
(Increase)/decrease in prepayments	950,688	(601,350)
(Increase)/decrease in accrued income	(126,647)	7,943
Increase/(decrease) in accounts payable	285,167	(66,120)
Increase/(decrease) in prepaid revenue	(572,494)	(2,249,671)
Increase/(decrease) in provisions	230,971	232,087
<b>Net cash flows provided by operating activities</b>	<b>1,059,489</b>	<b>(2,470,882)</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2007

	2007	2006
	\$	\$
<b>15. EMPLOYEE BENEFITS</b>		
Current	2,446,781	2,190,219
Non-current	400,531	426,122
	<b>2,847,312</b>	<b>2,616,341</b>

Aggregate employee benefits presented above include on-costs. The present values of employee benefits not expected to be settled within twelve months of balance date have been calculated using the following weighted averages:

	2007	2006
Assumed rate of increase in wage and salary rates	3.5%	3.5%
Discount rate	5.9%	5.6%
Settlement term	10 years	10 years
Full-time equivalent employees employed at year-end	133.4	125.4

## 16. KEY MANAGEMENT PERSONNEL

### a) Details of Key Management Personnel

#### (i) Directors

Name	Position Held	Board Meeting Attendances
Ms E Proust	Chairman	5 out of a possible 5
Mr T Green	Managing Director	5 out of a possible 5
Justice A Goldberg, AO	Deputy Chairman	4 out of a possible 5
Mr R Davis	Director	5 out of a possible 5
Dr B Adams	Director	3 out of a possible 5
Cr G Singer	Director	4 out of a possible 5
Mr P Biggs	Director – appointed 1 January 2007	4 out of a possible 5
Ms A Peacock	Director – appointed 1 January 2007	5 out of a possible 5
Mr M Ullmer	Director – appointed 1 January 2007	4 out of a possible 5
Mr K Wong	Director – appointed 1 January 2007	4 out of a possible 5

#### (ii) Executives

Name	Position Held
Mr P McCoy	Director of Finance and Administration
Mr H Humphreys	Director of Artistic Planning
Ms C Le Cornu	Director of Marketing
Ms R Hollands	Director of Development – ceased 26 April 2007
Mr F Hughes	Director of Development – commenced 9 July 2007

	2007	2006
	\$	\$
<b>16. KEY MANAGEMENT PERSONNEL (CONTINUED)</b>		
<b>b) Compensation of Key Management Personnel</b>		
Short-term employee benefits	765,462	627,431
Post-employment benefits	-	-
Other long-term benefits	123,775	77,095
Termination benefits	8,545	-
Share-based payment	-	-
<b>Total Compensation</b>	<b>897,782</b>	<b>704,526</b>

Payments made to directors are for their contributions as employees of the Company and not for their additional services as directors.

## 17. RELATED PARTIES

### a) Directors

The names of each person holding the position of director of Melbourne Symphony Orchestra Pty Limited during the financial year are:

Ms E Proust, Mr T Green, Justice A Goldberg, AO, Mr R Davis, Dr B Adams, Cr G Singer, Mr P Biggs, Ms A Peacock, Mr M Ullmer, Mr K Wong

Unless otherwise stated, the directors have been in office for the financial year. Details of directors' remuneration are set out in note 16. No directors retired during the year.

No director has entered into a material contract with the Company since the end of the previous financial year and there were no material contracts involving directors' interest subsisting at year-end.

### b) Wholly-owned group

The ultimate holding company of Melbourne Symphony Orchestra Pty Limited (MSOPL) is Melbourne Symphony Orchestra Holdings Limited (MSOHL) which owns 100% of the equity in the Company. The directors of MSOHL are also directors of MSOPL. An agreement between MSOHL and MSOPL exists whereby MSOHL has agreed to fund MSOPL via contributions from the Australia Council for the Arts through the Major Performing Arts Board and the Victoria Ministry for the Arts through Arts Victoria. A service agreement that is governed by the contents of the Tripartite Agreement exists between the two entities MSOHL and MSOPL. Corporate costs associated with MSOHL have been met by MSOPL.

### c) Other related parties

Sponsorship from director-related entities is on terms and conditions no more favourable than those offered to other sponsors.

Cr Gary Singer is a councillor and the current deputy Lord Mayor of the City of Melbourne which also makes grants to the Company for various purposes (note 3). Total grants from the City of Melbourne in 2007 were \$287,950 (2006 grants were \$250,000).

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2007

	2007	2006
	\$	\$
<b>18. AUDITOR'S REMUNERATION</b>		
Audit of the financial report	27,500	25,915
	<b>27,500</b>	<b>25,915</b>

No other benefits were received by the auditor.

### 19. EXPENDITURE COMMITMENTS

<i>Artists fees contracted for but not provided for and payable</i>		
Within one year	1,194,432	961,181
One year or later but not later than five years	1,374,800	583,492
	<b>2,569,232</b>	<b>1,544,673</b>

<i>Vehicle lease expenditure committed as per agreement with the Australian Broadcasting Commission</i>		
Within one year	8,213	33,996
One year or later but not later than five years	-	4,917
	<b>8,213</b>	<b>38,913</b>

<i>Office equipment lease expenditure committed as per agreements</i>		
Within one year	33,731	31,798
One year or later but not later than five years	62,661	84,795
	<b>96,392</b>	<b>116,593</b>

<i>Rental leases committed as per agreements (ABC/Box Office)</i>		
Within one year	189,308	-
One year or later but not later than five years	944,982	-
	<b>1,134,290</b>	-

Expenditure commitments are contracted up to the follow dates:

- Artist fees – 31st December, 2010
- Vehicle leases – 3rd April, 2008
- Office equipment – 23rd August, 2012
- Office rent – 30th June, 2013

### 20. SEGMENT INFORMATION

For the current and previous financial year, the Company has performed symphonic music within Australia and overseas.

## 21. ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURE

### a) Interest rate risk

#### *Interest rate risk exposures*

The Company's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and liabilities are set out below:

	Weighted average interest rate %	Floating interest rate \$	Fixed interest maturing in:			Non- Interest bearing \$	Total \$
			1 Year or less \$	1 to 5 Years \$	More than 5 Years \$		
<b>31 December 2007</b>							
<i>Financial assets</i>							
Cash and cash equivalents	6.40%	734,358	8,848,759	-	-	2,000	9,585,117
Receivables – note 8		-	-	-	-	883,135	883,135
		<b>734,358</b>	<b>8,848,759</b>	<b>-</b>	<b>-</b>	<b>885,135</b>	<b>10,468,252</b>
<i>Financial liabilities</i>							
Accounts payable – note 11		-	-	-	-	4,113,020	4,113,020
Employee benefits – note 15	5.90%	-	4,516	132,082	263,933	2,446,781	2,847,312
		-	<b>4,516</b>	<b>132,082</b>	<b>263,933</b>	<b>6,559,801</b>	<b>6,960,332</b>
<b>31 December 2006</b>							
<i>Financial assets</i>							
Cash and cash equivalents	5.68%	861,856	7,748,635	-	-	2,000	8,612,491
Receivables – note 8		-	-	-	-	1,507,114	1,507,114
		<b>861,856</b>	<b>7,748,635</b>	<b>-</b>	<b>-</b>	<b>1,509,114</b>	<b>10,119,605</b>
<i>Financial liabilities</i>							
Accounts payable – note 11		-	-	-	-	4,400,348	4,400,348
Employee benefits – note 15	5.66%	-	1,916	93,137	331,069	2,190,219	2,616,341
		-	<b>1,916</b>	<b>93,137</b>	<b>331,069</b>	<b>6,590,567</b>	<b>7,016,689</b>

### b) Net fair value

The net fair value of financial assets and liabilities at the balance date are those disclosed in the balance sheet and related notes. This is because either the carrying amounts approximate net fair value or because of their short term to maturity.

### c) Credit risk

The Company's maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the balance sheet and related notes.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2007

	2007 \$	2006 \$
<b>22. RESERVES</b>		
<b>a) Retained surplus/(accumulated losses)</b>		
Retained surplus/(accumulated losses) at the beginning of the year	975,015	755,438
Surplus from ordinary activities for the year	(486,980)	748,530
Transfer from/(to) MSO Foundation Reserve	(300,588)	(382,737)
Transfer from/(to) RIS Reserve	(182,981)	(146,216)
Transfer from/(to) MSO Foundation Reserve - International Tour	264,902	-
<b>Retained surplus at year-end</b>	<b>269,368</b>	<b>975,015</b>
<b>b) MSO Foundation Reserve</b>		
The purpose of the MSO Foundation Reserve is to accumulate capital generated by bequests and patrons donations and special purpose donations to ensure the long-term viability and financial security of the Melbourne Symphony Orchestra. The interest accrued on the investment of the Fund, and the capital as permitted in its constitution, may be used for MSO projects that come within the purposes of the MSO Articles of Association.		
Opening balance	1,052,381	669,644
Transfer from/(to) Retained surplus	300,588	382,737
Transfer from/(to) Retained surplus - International Tour	(264,902)	-
<b>Accumulated funds at year-end</b>	<b>1,088,067</b>	<b>1,052,381</b>
<b>c) MSO Reserves Incentives Scheme Reserve</b>		
The Reserves Incentive Scheme (RIS) is designed to encourage and assist major performing arts companies to strengthen their balance sheets by building reserves to a level that is sufficient to underpin their financial health and provide a base from which can be taken appropriate artistic and access risks.		
The Australia Council and the Victorian Government have, together with the Company, contributed funds which are set aside, unencumbered and subject to the terms and conditions of the Reserves Incentive Scheme Funding Agreement. All income received on the funds received must be re-invested with the funds received and held in escrow for 15 years. These funds are not accessible to the Company until 3rd June 2019 and have not been used to secure any liabilities of the Company.		
Opening balance	2,663,360	2,517,144
Transfer from/(to) Retained surplus	182,981	146,216
<b>Accumulated funds at year-end</b>	<b>2,846,341</b>	<b>2,663,360</b>

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## **23. ECONOMIC DEPENDENCY**

Provision of federal and state funding via the parent company, Melbourne Symphony Orchestra Holdings Limited, to Melbourne Symphony Orchestra Pty Limited is in respect of funds payable as a result of the Orchestra Review Implementation Funding Agreement. It originates from federal and state governments, through the Australia Council for the Arts and the Victoria Ministry for the Arts and is paid to Melbourne Symphony Orchestra Holdings Limited. A funding agreement between Melbourne Symphony Orchestra Holdings Limited and Melbourne Symphony Orchestra Pty Limited provides the basis for the funds to be passed to Melbourne Symphony Orchestra Pty Limited. As a result, the company is economically dependent on Melbourne Symphony Orchestra Holdings Limited, and in turn, on the Australia Council for the Arts and the Victoria Ministry for the Arts.

The directors note that the Company's continued success is also dependent on maintaining current levels of corporate sponsorship and ticket sales.

## **24. SUBSEQUENT EVENTS**

On 1 January 2008 the Company formed the Melbourne Symphony Orchestra Chorus by integrating the singers and staff of the disbanded Melbourne Chorale.

No other events have occurred subsequent to balance date that materially affect the accounts and are not already reflected in the Income Statement and Balance Sheet.

## **25. ADDITIONAL DISCLOSURES**

Melbourne Symphony Orchestra Pty Limited is a company limited by shares, incorporated in Australia and having its registered office address and principal place of business at:

ABC Southbank Centre  
120 - 130 Southbank Boulevard  
Southbank VIC 3006

The postal address of Melbourne Symphony Orchestra Pty Limited is:

GPO Box 9994  
Melbourne VIC 3001

# DIRECTORS' DECLARATION

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## DIRECTORS' DECLARATION

In the opinion of the directors of Melbourne Symphony Orchestra Pty Limited ("the Company"):

(a) the financial statements and notes, set out on pages 23 to 41, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of the Company as at 31 December 2007 and of its performance, as represented by the results of its operations and its cash flows for the financial year ended on that date; and

(ii) complying with Accounting Standards and the Corporations Regulations 2001; and

(b) 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:



Elizabeth Proust  
Chairman

Melbourne  
4 May 2008



Trevor Green  
Managing Director

Melbourne  
4 May 2008

**Auditor's Independence Declaration to the Directors of the Melbourne Symphony Orchestra Pty Ltd**

In relation to our audit of the financial report of the Melbourne Symphony Orchestra Pty Ltd for the financial year ended 31 December 2007, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

A handwritten signature in blue ink that reads 'Ernst + Young'.

Ernst & Young

A handwritten signature in blue ink that reads 'Michael Perry'.

Michael Perry  
Partner  
Melbourne  
4 May 2008

## Independent auditor's report to the members of the Melbourne Symphony Orchestra Pty Ltd

We have audited the accompanying financial report of the Melbourne Symphony Orchestra Pty Ltd, which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the company.

### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The directors are also responsible for the remuneration disclosures contained in the directors' report.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

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

### *Independence*

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration.

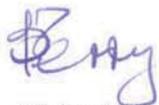
*Auditor's Opinion*

In our opinion:

1. the financial report of the Melbourne Symphony Orchestra Pty Ltd is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the financial position of the Melbourne Symphony Orchestra Pty Ltd at 31 December 2007 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

A handwritten signature in blue ink that reads 'Ernst + Young'.

Ernst & Young

A handwritten signature in blue ink that reads 'Michael Perry'.

Michael Perry  
Partner  
Melbourne  
4 May 2008



Melbourne Symphony Orchestra gratefully acknowledges the following organisations for their generous support:



PRINCIPAL PARTNER



Living  
the Arts

ARTS  
VICTORIA



GOVERNMENT PARTNERS



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HayGroup

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MSO CENTENARY PARTNER



FLETCHER JONES

YARRA TRAMS



BANG & OLUFSEN



NEO PURPLE  
communication  
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SUPPORTING PARTNERS



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