

MELBOURNE
SYMPHONY
ORCHESTRA

ANNUAL
REPORT
2004

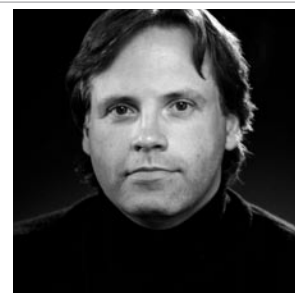



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CHIEF CONDUCTOR AND ARTISTIC DIRECTOR'S REPORT

“Passing the baton” was the phrase I used toward the end of 2004, when my seven years as the MSO’s Chief Conductor and Artistic Director were drawing to a close. Naturally enough, this was a year with special meaning for me, as it brought together so many of the themes which symbolised my work as the Orchestra’s artistic leader.



The opening concert in the Electrolux Master Series was a good example of what I mean: there was a fine soloist (pianist Jean-Yves Thibaudet) and an Australian premiere of a landmark of 20th century music (Varèse’s *Amériques*). It also included another in the series of pieces we called Act 3, the surprise “final act” to a concert. In this case it was the Melbourne premiere of Michael Daugherty’s *Le tombeau de Liberace*.

This concert was a good illustration of the journey taken by the MSO between 1998 and 2004; in that time we brought a great deal of new and unusual music to the mainstream MSO concert experience, in part through our association with Brett Dean, the MSO’s artist-in-residence between 2000 and 2004, and through a conscious decision to expand the nature of concert-going for our subscribers and single-ticket buyers. In the 2004 Electrolux Master Series, this manifested itself in the world premiere of Dean’s *Moments of Bliss*, the Wagner/John Adams pairing, the Australian premiere of Zemlinsky’s *The Mermaid* and TaikOz’s appearance in Ishii’s *Monoprism*; likewise in the powerful brass-dominated program comprising works by Gabrieli, Janáček and Shostakovich, which we performed for audiences in Melbourne and Geelong.

This kind of programming represents a journey for audiences as much as it does for the musicians, and it was heartening to see strong attendances – and enthusiastic responses – at each of these programs. I thank the MSO’s magnificent audiences for their manifest faith in the musical adventures we have taken together.

One of my ambitions for the year was to effect a seamless transition between myself and my successor Oleg Caetani, so of course I am delighted that Maestro Caetani presented some particularly important concerts in the season, including performances of Brahms’ *A German Requiem* with the Melbourne Chorale and his first *Opera in Concert*, an all-Wagner program.

2004 presented an opportunity for me to invite guest artists who were old friends of the collaborative partnership with the MSO: so it was wonderful to welcome back pianists Geoffrey Lancaster and Ian Munro, violinist Kolja Blacher and cellist Steven Isserlis, all of whom gave exceptional performances with the Orchestra. I also derived tremendous satisfaction at the performance of Schoenberg’s *Gurrelieder* we gave with massed choirs and many soloists, on the closing night of the Melbourne International

Festival of the Arts. This was a genuinely special event and a true “grand finale” to my involvement with the MSO in the Festival.

Once again our *Metropolis* concerts offered a focused contemporary music experience. I believe it’s fair to say that these concerts continue to be some of the most significant new music events in Australia; the musicians of the MSO bring a unique dedication and authority to them and provide a rare opportunity to hear three kinds of important new music: by major composers from around the world; by senior figures in the world of Australian music and by emerging Australian compositional voices. So in 2004 the range of styles and idioms we covered in the series was vast: we began with the Australian premiere of British composer Colin Matthews’ *Hidden Variables* and continued with music commissioned for the Cybec 21st Century Composers program, including Daniel Rojas’ *Festival Afraoandino*, Damien Ricketson’s *Hol-Spannen-Luiden* and Taran Carter’s *Moondani Music*.

Musical experiences of this kind are absolutely impossible without the kind of funding support we receive from our government and corporate partners, and the private support we receive from our Friends and Patrons. I am grateful to all these stakeholders for helping us make 2004 such a memorable year of music-making, as I am to the musicians of the MSO for their dedication and encouragement over seven exciting years.

The release, towards the end of the year, of the first CD devoted wholly to the music of Brett Dean, *Beggars and Angels*, on ABC Classics, was a kind of tangible “amen” to our relationship with Brett. This was followed soon after by our performances of Mahler’s *Resurrection* Symphony, echoing my very first concert as Chief Conductor in 1998. While these final events brought a sense of closure to this part of my life – and I say that with a mixture of sadness and fulfilment – I am pleased to say that my relationship with the Orchestra will continue in a very real way: initially, I look forward to my return in 2006. The MSO will always be very special to me, and I wish the Orchestra and Maestro Caetani sincere good wishes for their musical journey together in the years to come.

Markus Stenz
Chief Conductor and Artistic Director 1998 – 2004

CHAIRMAN'S REPORT



The strengthening of the Melbourne Symphony Orchestra's financial foundations has been a hallmark of its recent history. Since 1998, when the Orchestra was corporatised with a deficit of nearly \$1.5 million, each subsequent year has taken the organisation further along the path of financial stability. I am pleased to report that our continued focus on cost control and income growth produced an operating surplus for the year of \$874,096. The consolidated 2004 surplus of \$2,420,096 includes funding from the Commonwealth and State Governments' Reserves Incentives Scheme of \$1,546,000. At the end of the year, the Organisation's total net assets were \$3,415,182, an increase of \$2,420,096 on 2003. To have reached this position is a tribute to the dedication and talent of the Melbourne Symphony Orchestra musicians, management and staff.

Financial stability is integral to our vision: to be an inspirational, world-renowned orchestra. This vision manifested itself in many important events in 2004, including our sell-out performance of Schoenberg's *Gurrelieder* as part of the Melbourne International Festival of the Arts; our four Sidney Myer Free Concerts, attended by more than 30,000 people; our innovative presentation of the percussion ensemble TaikOz with the Orchestra as part of our Electrolux Master Series, the on-going success of our Education and Outreach programs, which more than 20,000 students experienced in 2004; and the performances with artists as diverse as Dionne Warwick, Kiss, Meat Loaf and Andrea Bocelli. Along with the Orchestra's participation in the 2004 Grand Final edition of *The Footy Show* and the launch of the 2006 Commonwealth Games TV Campaign, these appearances with performers from the world of pop and rock brought the work of the Orchestra to the attention of large audiences of all ages.

2004 was the year in which we farewelled Markus Stenz as Chief Conductor and Artistic Director, and his final concerts in that capacity were an emotional experience for everyone. Markus' considerable achievements with the MSO are chronicled elsewhere in the Annual Report. Suffice to say that he has made an indelible mark on the Orchestra and its future.

We reached several landmarks in fundraising during the year: our Patron Program, only established in 2003, had raised more than \$100,000 by the end of 2004, while, at our Gala Celebration, *La dolce vita*, we launched the International Touring Fund.

It might be said that the honour of representing Australia's musical achievements abroad is as great as its price tag, for international touring is the MSO's most expensive activity. To establish the possibility of major tours occurring every few years a fund of working capital needed to be established, and I'm pleased to say that the launch of the International Touring Fund at *La dolce vita* was a great success, raising more than \$160,000 for our future overseas tours.

We also launched the innovative Encore Leadership Program, in partnership with The Hay Group. This is proving to be a tremendous leadership development initiative which brings the Orchestra's musicians together with the business world.

Our funding partners have been crucial to our success. The Australia Council, Arts Victoria and the City of Melbourne are responsible for 62 per cent of our overall revenue; I thank them for their continued acknowledgment of our dedication to inspire and engage our audiences in high quality live performance.



The Federal Government's inquiry into the future of the six State symphony orchestras, and the theatre orchestras of Sydney and Melbourne, began in 2004. The Report contains a range of recommendations which includes changes to our governance structure and to the industrial relations environment. We are now working through the Report's implications with the MSO's musicians and funding partners.

At the end of 2003 the Board of Directors bid farewell to my predecessor, Sylvia Miller, as Chairman. Sylvia remains on the Board and her contribution to our deliberations remain characteristically vital. I thank her warmly for the magnificent contribution she made to the MSO in her four years as Chair. Towards the end of 2004 Anthony Nicholson's term as the Board's City of Melbourne representative also came to an end. I would like to thank him for his service to the MSO.

Three new Board members joined us in 2004. We welcomed the MSO-elected director Russell Davis, a member of the Orchestra's horn section. We also welcomed Bill O'Shea, who combines tremendous legal skills with a passion for the MSO. Our newest board member, Dr. Bronte Adams, who joined towards the end of the year, brings a wealth of experience in management issues and new media to the Orchestra. I am very proud of the range of expertise brought to the decision-making process around the MSO Board table.

To further improve the Company governance methodology, we introduced a formal induction process for all new Board members. This involves a thorough familiarisation process with key orchestral personnel and with the breadth of the MSO's activities.

The MSO Board has three Sub-Committees: the Finance, Membership/Governance and Development Sub-Committees. These are chaired by MSO directors and form a very important part of the Board's corporate governance. My thanks to those directors who have taken on this extra task.

As we head towards the organisation's centenary in 2007, my fellow Board members will continue to work in concert with the talented individuals who make up the MSO, to further consolidate the Orchestra's financial and artistic successes.

Elizabeth Proust
Chairman

MANAGING DIRECTOR'S REPORT



It gives me great pleasure to present the Melbourne Symphony Orchestra's fourth Annual Report.

The operating results for the year amounted to a consolidated surplus of \$2,420,096, a significant increase on the \$919,486 surplus for 2003. The 2004 figure includes funding from the Federal and State Government Reserve Incentive Scheme (RIS), which amounted to \$1,546,000, including our own RIS contribution.

Once again we have continued to control costs within budgets and at the same time have aggressively sought alternate sources for revenue. I am delighted with the results from our commercial hires, which show a measurable increase over 2003. We continue to maintain a strong cash position with \$9,875 million invested.

Although only introduced in 2003, our activities in the philanthropic area have shown positive results with the introduction of a Patron Program and had an excellent outcome to our annual Gala fundraising event, *La dolce vita*.

Single ticket sales also increased during the last quarter, no doubt in part due to the tremendous community interest in the final concerts by Markus Stenz after seven years as Chief Conductor and Artistic Director.

In many ways 2004 was a celebration, being the culmination of Markus' work. He took up this role in 1998 and helped raise performance standards and introduce much new and rare repertoire to audiences. Some of the highlights from Markus during 2004 were the Australian premiere of *Amériques* by the French composer Edgard Varèse. This huge sound landscape, with

its exotic colours and rhythms, opened the 2004 season with a bang (literally). There was a truly magnificent performance of Schoenberg's massive *Gurrelieder* at the 2004 Melbourne International Festival of the Arts, followed in December by Markus's farewell concert, a performance of Mahler's Symphony No. 2 *Resurrection*. This was a truly fitting end to an era that has been exciting, stimulating and full of variety.

Commercial engagements in 2004 saw us sharing the stage with artists such as Meat Loaf, Dionne Warwick, KISS and Andrea Bocelli. We performed at the Prime Minister's Olympic Dinner and participated in the International Double Reed Conference. Our first appearance on *The Footy Show*, as part of the 2004 Grand Final edition, was easily our most widely seen performance of the year.

We continued to enhance the quality and variety of our artistic output. It was a pleasure to see the high calibre of international conductors and soloists who worked with the Melbourne Symphony Orchestra. In particular, pianists Jean-Yves Thibaudet, Ian Munro and Lang Lang; violinist Kolja Blacher and conductors Hiroyuki Iwaki, Manfred Honeck, Jaap van Zweden and Jiri Belohlávek. Oleg Caetani, our Chief Conductor designate, appeared in a diverse range of programs in May/June and September. We proudly featured a range of Australian artists throughout the year, including conductor Benjamin Northey, percussionist Clare Edwardes, pianist Raymond Yong, violinist Sally Cooper and mezzo-soprano Sally-Anne Russell, across our full spectrum of concert presentations.



My sincere thanks, as always, to the Australian Broadcasting Corporation (ABC) and ABC Classic FM. Through our concert broadcasts we reach more than a million people a week across the length and breadth of Australia. The benefits we receive from this relationship, apart from our rehearsal and administrative home in the ABC Southbank building, have enabled the Orchestra to grow in reputation as an independent company, yet retain these vital links to broadcasting that are such an important part of our output.

In total, the Orchestra presented more than 50 education concerts in metropolitan Melbourne and in the regions, capturing attendances of more than 20,000 young people, from ages three to VCE level. In addition, the Education Passport program continued to offer discounted subscriptions to school groups and their teachers. The growing success of the program is an indication of the strong demand for school access to mainstream orchestral programming at a highly subsidised price.

The City of Melbourne Outreach program continued to provide unique opportunities for community engagement and interaction with MSO musicians, and once again grew in strength and influence by working creatively with new presentation and performance partners. Some of the year's major Outreach events included collaborations with ArtPlay and the Royal Children's Hospital.

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 in such large numbers. Whether long-term subscribers or primary-age children attending a Schools concert in Hamilton, they were among the nearly 270,000 attendances at MSO performances in 2004.

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. Emirates' principal sponsorship of the MSO is a truly creative partnership, in which both parties explore the many mutual benefits one organisation can bring to the other. Then again, that is a strength of all our corporate relationships.

2004 was a most rewarding year for the Melbourne Symphony Orchestra both financially and artistically. Although it is always difficult to see a successful era come to an end, the signs are good that under Oleg Caetani we will continue to grow in quality, reputation and variety, striving always to bring the highest quality live music experience to our audiences.

Trevor Green
Managing Director

2004 HIGHLIGHTS



SIDNEY MYER FREE CONCERTS

The first major events of the year were the 2004 Sidney Myer Free Concerts, held at the Sidney Myer Music Bowl, presented by the University of Melbourne and the MSO. The four concerts in the series showcased the talents of Australian soloists violinist Vivien Jeffery, pianist Raymond Yong, Prudence Davis (the Orchestra's Principal Flute) and guitarist Slava Grigoryan. Conducted by British-born conductor Edward Gardner and young Australian maestro Benjamin Northey, the concerts were once again tremendously popular and attracted total attendances of more than 30,000.

CONCERT PERFORMANCES

Chief Conductor Designate Oleg Caetani returned to Melbourne for six concert programs including the first *Opera in Concert*, which Maestro Caetani plans as an annual event during his tenure. The 2004 concert, an all-Wagner program, featured Act 1 of *The Valkyrie* with a distinguished cast including Australian tenor Glenn Winslade. The MSO's programs under Maestro Caetani's direction also included Brahms' *A German Requiem*, with the Melbourne Chorale. In his debut in the City of Melbourne Town Hall Proms, he conducted Australian violinist Nicole Vasilakis in Glazunov's Violin Concerto. During his 2004 visits, Maestro Caetani also listened to the work of many Australian performers as part of his planning for future seasons.

The many fine soloists and conductors who worked with the Orchestra during the year included:

- Chinese pianist Lang Lang, who gave three sold-out performances of Tchaikovsky's Piano Concerto No. 1, conducted by Matthias Bamert.
- The much-anticipated MSO debut of soprano Barbara Bonney, performing orchestral songs by Edvard Grieg.
- The return of conductor Manfred Honeck, whose performances of Mozart's Requiem, including poetry and liturgical music and texts, were especially stimulating and caused a spirited audience response.
- Percussion ensemble TaikOz, who performed Ishii's *Monoprism* under the MSO's conductor laureate Hiroyuki Iwaki.

AUSTRALIAN ARTISTS

In addition to those already mentioned, the 36 Australian artists who performed in concert with the MSO in 2004 included pianists Caroline Almonte and Geoffrey Lancaster, bass Stephen Bennett, baritone Peter Coleman-Wright, mezzo-soprano Bernadette Cullen, percussionist Clare Edwardes, soprano Emma Matthews, pianist Ian Munro, violinists Sally Cooper and Kristian Winther and soprano Elizabeth Whitehouse.

WORLD PREMIERES

The MSO performed 125 works in 2004, and introduced a significant number of premieres to its repertoire. Of the 11 Australian works, four were world premieres: Brett Dean's *Moments of Bliss*, Daniel Rojas' *Festival AfroAndino*, Taran Carter's *Moondani Music* and Peter Rankine's *and so the soul... Krank*, by British composer Oscar Bettison, was commissioned by the MSO and received its world premiere performance in the *Metropolis* series. The premiere of *Moments of Bliss* was a fitting conclusion to Brett Dean's four-year tenure as the Orchestra's Artist-in-Residence.

During the year the MSO also gave the first Australian performances of Colin Matthews' *Hidden Variables*, Judith Weir's *The Welcome Arrival of Rain*, Mark-Anthony Turnage's *Dispelling the Fears*, Thomas Adès' *Asyla*, Edgar Varese's *Amériques* and Alexander von Zemlinsky's *The Mermaid*.

MARKUS STENZ FAREWELL SEASON

Markus Stenz's continuation of his popular *Act 3* at the conclusion of five subscription concerts resulted in the performance of such novelties as Michael Daugherty's *Le tombeau de Liberace* and 'The twilight hour' from Hans Werner Henze's final opera *L'Upupa and the triumph of filial love*.

Maestro Stenz's final concerts as the Orchestra's Chief Conductor and Artistic Director in November and December included farewell performances in every concert series presented by the MSO.



CITY OF MELBOURNE TOWN HALL PROMS

The popularity of the Orchestra's City of Melbourne Town Hall Prom concerts continued in 2004. These concerts are intended in part to appeal to audiences who have not attended orchestral performances frequently, and each program is created to fulfil a broad introductory brief, featuring a centrepiece of the standard repertoire and a young Australian soloist. In 2004 the series included the Orchestra's associate principal trumpet Tristram Williams as soloist in Richard Mills' trumpet concerto and violinist Sally Cooper appearing with the Orchestra in Vaughan Williams' *The Lark Ascending*.

CITY OF MELBOURNE MSO CHAMBER PLAYERS

The four City of Melbourne MSO Chamber Players concerts, which give audiences the opportunity to experience MSO musicians performing chamber music repertoire in an intimate setting, continued, with sell-out success, on four Sunday mornings in the Iwaki Auditorium, ABC Southbank Centre. Highlights included Prokofiev's rarely-performed Quintet for oboe, clarinet, violin, viola and bass, the Schubert Octet and the complete chamber version of Copland's *Appalachian Spring* ballet music.

SPECIAL EVENTS

The MSO represents one of Melbourne's best-known "brands" in the arts and maintained its high profile in the community through its participation in a range of special events during the year. These included arena concerts with such popular artists as Meat Loaf, Andrea Bocelli, KISS (in Melbourne, Sydney and Brisbane) and performances with the legendary Dionne Warwick at Crown Casino.

The Orchestra also appeared on the program of the Prime Minister's Olympic Dinner in July and took part in a "rock symphony" as part of the Grand Final edition of *The Footy Show* before a capacity audience at the Rod Laver Arena and before a TV audience of more than 680,000. The Orchestra gave the major concert at the International Double Reed Conference, also in July, a gathering of oboists and bassoonists from around

the world. The concert, conducted by Arvo Vollmer, included a performance of Ross Edwards' Oboe Concerto featuring the performer for whom it was composed, Diana Doherty, as soloist.

In December the Orchestra accompanied seven students from the Australian National Academy of Music (ANAM) – Kristian Winther (violin), Blair Harris (cello), James Wanna (viola), Benjamin Kopp (piano), Brieley Cutting (piano), Hoang Pham (piano) and Vivien Jeffery (violin) – conducted by Brett Kelly, in an annual concert in which selected ANAM students are given the opportunity to perform concerto movements with the MSO, before a live audience. The concert was recorded by ABC Classic FM and a CD copy given to each participating student.

In collaboration with Orchestra Victoria and the Orchestra of the Victorian College of the Arts, the MSO proudly took part in the April concert commemorating the life and achievements of Sir Rupert Hamer at the then newly-named Hamer Hall.

RECORDINGS

In 2004 the MSO recorded a collection of music by Nigel Westlake for guitar and orchestra, under the composer's direction, with soloist Slava Grigoryan. The Orchestra also completed its recording of classical favourites for trumpet and orchestra arranged by Rafael Méndez, featuring Principal Trumpet Geoffrey Payne as soloist and Jean-Louis Forestier conducting. These recordings, for the ABC Classics label, will be released during 2005.

In conjunction with the concert at the International Double Reed Conference, the Orchestra, under Arvo Vollmer's direction, recorded Ross Edwards' Oboe Concerto. This was subsequently released as a CD single in Australia and the USA to coincide with the New York Philharmonic Orchestra's performance of the concerto in February 2005 with Diana Doherty and Lorin Maazel.

2004 marked the release of two recordings of the Orchestra on ABC Classics: The Leroy Anderson collection, *The Waltzing Cat*, recorded in 2003 and the collection of music by Brett Dean, *Beggars and Angels*, recorded in 2000.



Four talented young musicians – Lin Jiang (horn), Mark Chu (piano), Thomas Rann (cello) and Danny Gu (violin) - were chosen to further develop their skills in solo performance in an intensive workshop process with the MSO. All participants were provided with a CD of their 'performance'.

During the year the Orchestra recorded the music for a multi-platform game *The Polar Express*, based on the children's book and animated film.

REGIONAL TOURING

In 2004 the MSO presented evening and schools concerts in 12 regional and outer suburban centres, including Sale, Warragul, Ringwood, Ararat, Bendigo, Frankston, Shepparton, Echuca, Swan Hill, Horsham, Hamilton and Warrnambool. Attendances were particularly strong in Warragul, Frankston and Sale. Regional education concerts took place in most centres. These presentations will be further refined in 2005, with the addition of a dedicated program for children aged three to seven years.

AWARDS

Established in 2004, the MSO Snare Drum Award was created to encourage the pursuit of excellence in snare drum performance and is the brainchild of MSO percussionist, Robert Cossom.

Open to first and second year tertiary percussion students from around Australia, the 2004 award, held in August, attracted ten outstanding candidates from Victoria, New South Wales and the A.C.T, all of whom competed in the first round. Four finalists, Edward Higgs and Jenny Morrish from Melbourne, Adam Dickson from the A.C.T and Tim Brigden from Sydney were then selected to compete in a concert at ABC Southbank's Iwaki Auditorium in front of an enthusiastic live audience.

Victorian College of the Arts student Jenny Morrish was the winner of the inaugural Award with Adam Dickson from ACT receiving an encouragement award. Jenny won a Mastro concert snare drum and case, a bitsandpieces trap table and a one-year mentorship with the Melbourne Symphony Orchestra.

MSO Managing Director Trevor Green said of the Award: "It's a wonderful opportunity for young players to get a real sense of what it's like to perform with a professional orchestra. We're pleased to be able to support this award, which is a credit to Rob's passion and commitment as a performer and teacher." The Award will be given annually.

The annual Emily Kilroy Memorial Violin Award was given for the third time in 2004. Established by MSO Impresario Patron Stanley Kilroy, the Award is given each year to a promising young Australian resident violinist, who receives a violin made for them by Richard Panting.

In 2004 the Award was given to 17-year old VCA secondary school student Holly Piccoli. She received the Award at a special recital in September organised by the MSO Friends, at which a performance was given by the 2003 Award winner Reuben Blundell.

ARTISTIC DEVELOPMENT, EDUCATION AND COMMUNITY OUTREACH



YOUNG ARTIST DEVELOPMENT

Cybec 21st Century Australian Composers Program

Two young composers from Victoria and New South Wales were chosen from a field of 11 applicants to participate in the 2003-2004 Cybec 21st Century Australian Composers Program. The program was curated by the MSO's Artist-in-Residence 2000-2004, Brett Dean, and the young composers worked with Brett and with Richard Meale as mentors over four months. During this time they each composed a work to be performed by an ensemble of MSO musicians in the 2004 Metropolis Series.

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

Symphony Australia Young Performers Awards

In 2004 the Melbourne Symphony Orchestra held auditions for Victorian applicants in the first two stages of Symphony Australia's Young Performers Awards. From the 44 young musicians who first auditioned, just under 20 successfully progressed to Stage II. The Sydney Symphony performed at the 2004 final, at which saxophonist Amy Dickson was declared the winner.

Symphony Australia Conductor Development Program

For a week in October, the Melbourne Symphony Orchestra was host to three international and three young Australian conductors for Symphony Australia's Conductor Development Program. The Sydney Symphony's Chief Conductor and Artistic Director, Gianluigi Gelmetti, worked with the young musicians, helping them develop their skills in rehearsing with the Orchestra. This key module of the annual program culminated in a public concert in the Iwaki Auditorium, ABC Southbank Centre, featuring the MSO under the direction of the Program's conductors.

Orchestral Training Program

The Orchestral Training Program provides aspiring orchestral musicians with the opportunity to experience how a professional orchestra rehearses. Ten young Victorian musicians spent two weeks in rehearsals with the MSO as part of the Orchestra's Mentor Program. Each student was mentored by a member of

their section, sitting with them in rehearsals and having a private lesson before rehearsals commenced. Students then attended a performance of the concert they had just rehearsed.

Australian National Academy of Music Concertos

Towards the end of 2004, the MSO collaborated with the Australian National Academy of Music (ANAM) in a concert featuring some of the Academy's outstanding soloists. Seven ANAM students rehearsed with the Orchestra for two days, before the concert with the MSO conducted by Brett Kelly. The performance was recorded for national broadcast by ABC Classic FM and recordings were given to each of the participants.

Young Artists CD

Four talented young musicians were chosen to further develop their skills in solo performance in an intensive workshop process with the MSO. Over several days, the students rehearsed their solo work with the Orchestra. By providing an opportunity for upcoming soloists to rehearse with a professional orchestra, the MSO hopes to encourage and further develop their skills and involvement in orchestral music. All participants were provided with a CD of their 'performance' with the MSO.

University of Melbourne Young Composers

To complement the MSO's national Cybec 21st Century Australian Composers Program, the MSO created an opportunity for Victorian composers studying at the University of Melbourne to have their compositions workshopped by the Orchestra, in the Iwaki Auditorium. Each composer's work was rehearsed and recorded. In 2004, the composers and their music were:

Tim Shawcross *From within shadows*

Jesmond Gixti *Canticum Melitense ii ("Il-Vitorja")*

Robert Dahm *bent*

Eve Duncan *Buddha on Mars*

ARTISTIC DEVELOPMENT, EDUCATION AND COMMUNITY OUTREACH



HEWLETT PACKARD EDUCATION PROGRAM

ADULT EDUCATION

Background Briefings

Three one-day courses for adults were held throughout 2004 in the Iwaki Auditorium at ABC Southbank Centre. Each course covered a topic of musical interest and where appropriate, was related to an MSO concert. The courses, discussing the essentials of *Musical Frameworks*, *Basic Musicianship* and the *Orchestra and its Instruments* proved popular, with more than 100 people attending in total. Background Briefings increase familiarity with the building blocks of orchestral music, creating a greater appreciation and understanding for attendees when enjoying the concert experience.

Pre-Concert Talks

Once again, in 2004 the Orchestra's program of pre-concert talks extended well beyond its concerts at the Arts Centre. Concertgoers of all ages attended the talks, which were given before all 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

In 2004, more than 40 school concerts occurred throughout metropolitan and regional Victoria. These concerts were attended by students from 76 metropolitan schools, 59 regional schools and 101 kindergartens, pre-schools and early primary school groups. Each school attending a school concert had access to teaching resources, via the MSO's website, for most resource components. Resources included background information on the composers and the music being performed, suggested classroom activities and an audio CD featuring compositions performed in the school concerts, allowing teachers to use the MSO experience as a springboard for many other learning activities.

Family Classic Kids

Following the popularity of Family Classic Kids in 2003, the Orchestra performed eight concerts for families introducing them to the Melbourne Symphony Orchestra, its members and instruments. More than 3,500 people attended these popular Saturday performances in the Iwaki Auditorium, ABC Southbank Centre.

Open Rehearsals

Four concert rehearsals were open to secondary school students. Open Rehearsals offer a unique opportunity for young musicians to gain an insight into the Orchestra at work and how a conductor communicates with the musicians to achieve the result heard in concert. Part of the Open Rehearsal experience involved students hearing MSO musicians and guest conductors speak before the rehearsals began. Approximately 200 students from years nine to 12, from schools across Melbourne, attended the rehearsals throughout the year.

Strung Out

Four young MSO musicians joined forces in 2004 to form a string quartet, Strung Out, and travelled to schools across Melbourne performing as part of the Musica Viva in Schools program. Teachers attended a professional development session prior to the quartet's performance, providing further resources and teaching material for classroom use. The quartet performed six concerts at three schools in 2004.

Education Passports

Education Passports are designed for school groups, music schools and home educators as an introduction to the MSO's Electrolux Master Series. More than 1700 students from 51 schools took advantage of the discounted three-concert subscription package.



CITY OF MELBOURNE OUTREACH PROGRAM

Close Encounters

Close Encounters brings students and community members into inspiring and creative exchanges with MSO musicians. The aim of the program is to involve MSO musicians – their artistry, skills and creative ideas – at a new and in-depth level with those involved in the school or community group. Projects include creative workshops, masterclasses, discussions on performance and preparation, ensemble coaching and collaborations.

In 2004, 15 Close Encounter projects occurred, involving participants from three to 80 years of age. The projects took MSO musicians across Victoria, from metropolitan venues to Shepparton and Sale. Twenty-nine musicians were involved in different projects throughout the year, with many being involved in two or three projects and workshops. The Orchestra continued to collaborate with other organisations including MSO Major Partner Shell, which supported three projects in schools throughout the Geelong area. Many participants furthered their involvement in the City of Melbourne MSO Outreach program by attending a concert and/or open rehearsal.

School and community groups which took part in Close Encounter projects in 2004 include: Carlton Primary School, Carlton Gardens Primary School, Corio Primary School, Corio South Primary School, Dandenong Ranges Music Council, Hello Music, Keilor Downs Kindergarten, Methodist Ladies College, Mount Eliza Secondary College, Rosewall Primary School, Royal Children's Hospital, Sale Kindergarten, Shepparton High School and St Michael's Primary School.

Adopt-a-Player

2004 saw Highton Primary School "adopt" MSO Assistant Principal Cello Nicholas Bochner, who thus became the first musician to be "adopted" as part of the Adopt-a-Player program. The program aims to highlight the connections between the school/community group's music-making and the work of professional musicians. Each project of this kind creates unique and memorable links between the school and the MSO. The adopted musician returns to the school on four occasions to lead hands-on workshops exploring repertoire the students will hear at an MSO concert they attend as part of the program. The 2004 project concluded with music students from Highton Primary School attending an MSO evening concert in Geelong.

ArtPlay Opening Celebration

MSO was invited by ArtPlay, the City of Melbourne's Cultural Centre for Children at Birrarung Marr, to create a piece of music to be performed at the official opening event. Eight MSO musicians worked with a group of students from Errol Street Primary School, North Melbourne, to create a work that came to be called *Common Ground*. The music was part-devised and part-composed by MSO Outreach Project Facilitator Gillian Howell, and sound designer David Franzlee.

GOVERNMENT AND PRIVATE SECTOR SUPPORT



The Development Department manages the private, corporate and government sector support which is fundamental to the ongoing success of the Melbourne Symphony Orchestra and contributes to the organisation's financial viability. Corporate partnerships have very specific and targeted goals. These include unique market position and branding benefits and client entertainment opportunities. Each arrangement is tailored to suit the particular needs or objectives of the partner. In 2004 we welcomed Emirates as our Principal Partner. This relationship is based on a shared strategic vision and a mutually creative approach to achieving objectives.

We welcomed the following new Partners in 2004:

- **Tattersalls** partnered the inaugural *Opera in Concert* performances at the Arts Centre, Hamer Hall.
- **Park Hyatt Melbourne** joined as the official hotel partner.

Melbourne Symphony Orchestra looks forward to continuing to work with these companies in 2005.

In addition, we set great value by the ongoing support of our Major Partners **Australian Broadcasting Corporation, Electrolux, Jetset, Hewlett Packard, DaimlerChrysler, Shell, Powercor, Channel Ten, Wingara Wine Group** and the **University of Melbourne**. The Melbourne Symphony Orchestra would also like to acknowledge the many supporting partners of 2004, including **KPMG, Neopurple, 3AW, Declic, Editel** and **Fabric Restaurant & Bar**. We look forward to working with many of these partners again in 2005, and thank all our Corporate Partners for helping us make 2004 a wonderful and rewarding year.

An exciting and innovative collaboration between the Melbourne Symphony Orchestra and Hay Group resulted in the launch of Encore Leadership in November 2004. Encore Leadership draws on Hay Group's expert understanding of leadership and behaviours, and combines it with the creative insight, impact and energy of the Melbourne Symphony Orchestra. Combining the beauty and imagination of the arts with a powerful model of the modern business leader, this highly participative program challenges executives' understanding of leadership.

In September 2004 the Development Department organised a highly successful and enjoyable fundraising gala dinner, *La dolce vita* which raised more than \$150,000. Featuring the MSO performing "live" under the baton of Chief Conductor and Artistic Director Oleg Caetani, this gala dinner was attended by dignitaries including the Italian Ambassador Dino Volpicelli, Italian Consul General Francesco Calogero, and many of the Melbourne Symphony Orchestra's patrons and corporate partners.

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 on-going success, and is particularly gratifying as an acknowledgment of the MSO's dedication to providing the greatest possible live orchestral experience for its diverse audiences.

Support from individuals plays a key part of the ongoing success of the Melbourne Symphony Orchestra. The Philanthropy Program continued strong growth with new patrons joining the program, including the establishment of the MSO Foundation to raise and accumulate capital, ensuring the long-term viability and financial security of the Orchestra. Incorporating the long-standing Annual Fund, this program also gives our many supporters the means to contribute to the MSO Foundation through the Patron Program and the Bequest Program.

The MSO Foundation has received bequests from the estates of Miss Gwen Hunt, Mr Peter Forbes MacLaren and Herta and Fred B. Vogel totalling \$280,000. Monies that come to the Orchestra from a Bequest are invested in the Foundation and the interest from these funds is used in support of the Orchestra. Therefore the money 'lives on forever,' providing funds for the development of young artists and composers, the commissioning of new work, international touring and many other projects. The 'living bequest' or 'pledged bequest' program, known as the *Conductor's Circle*, recognises those individuals who have notified us that they have provided for the Melbourne Symphony Orchestra in their will. Mr Alan Egan J.P., Ms Susan Henshall, Mr A. J. Howe, Mrs Joan P Robinson and Miss Sheila Scotter AM MBE along with eight anonymous bequestors, comprise the *Conductor's Circle* program. We look forward to the continued growth of the *Conductor's Circle* in 2005.

PATRONS

Maestro Patron

\$10,000 – \$19,999

Elizabeth Proust

Principal Patron

\$5,000 – \$9,999

Alan and Rachel Goldberg

Dr Paul Nisselle AM

Mr Roger Riordan AM and Mrs Pat Riordan

Lyn Williams AM

Associate Patron

\$2,500 – \$4,999

Paul and Lynette Carter

Hon Walter Jona AM and Mrs Alwynne Jona OAM

Glenda McNaught

Wayne Morgan

Marie Morton

Player Patron

\$1,000 – \$2,499

Dr Janette Altmann

Mrs Ana Bacic

Peter and Marilyn Bancroft

Tony Berry

Mr Marc Besen AO and Mrs Eva Besen

Mr John Brockman OAM and Mrs Pat Brockman

Jill and Chris Buckley

Patricia Burke

Dr Mitchell Chipman

Mr Robert Clarke

Leslie J. Darby

Mr and Mrs Bruce Davis

Dr Helen M. Ferguson

Joyce Flowers

William J. Forrest

Peter S. Gassenheimer

Colin Golvan SC

George H. Golvan QC

Trevor Green

Stuart and Sue Hamilton

Dr Heinz Kestermann

George Krawat and Min Segal

Dr Elizabeth A. Lewis AM

Mrs Elaine Lingard

J.A. McKay

L.R. McKay

Mr and Mrs D.R. Meagher

Dr Gabriele Medley AM

Mr Albert Myatt

Onbass Foundation

Frederick Palmer

Lady Potter AC

Ms Stephanie J. Poustie

Graeme Retchford

David Richards

Hugh T. Rogers AM

Douglas Savige

Mr and Mrs Glenn Sedgwick

John and Cathy Simpson

Mr Sam Smorgon AO and Mrs Minnie Smorgon

Maria Sola and Malcolm Douglas

Dr Charles Sowerwine

Susie Stock

Graeme Studd

Mr David Taylor

Margaret Tritsch

Mrs Ila Vanrenen and Dr Bertram Vanrenen

Hon Rosemary Varty

Sue Walker AM

Erna and Neil Werner

Anonymous (2)

At 31 December 2004.

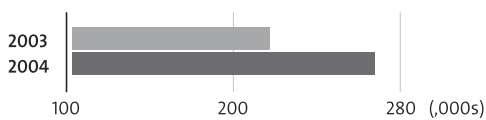
KEY PERFORMANCE STATISTICS



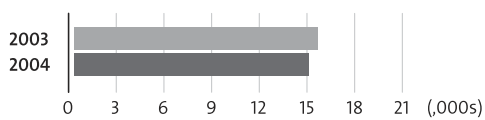
In 2004 the Melbourne Symphony Orchestra gave 153 performances of 62 programs, to an audience of 267,575. The Orchestra itself presented or co-presented 135 concerts to a paying audience of 142,075. The Orchestra was broadcast nationally on 32 occasions to a listening audience of nearly one and a half million people.

The Orchestra introduced a significant amount of new music to its repertoire, performing 13 Australian pieces and working with more than 93 Australian artists, whilst continuing its tradition of presenting the best artists from around the world.

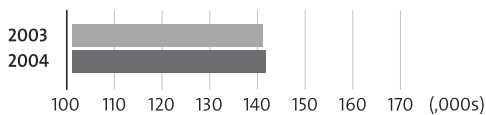
TOTAL AUDIENCE



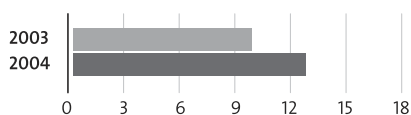
REGIONAL PAID ATTENDANCE



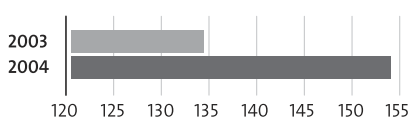
TOTAL PAID ATTENDANCE



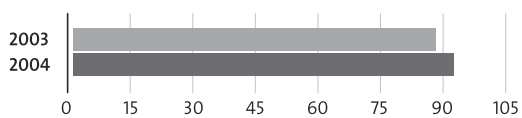
NUMBER OF AUSTRALIAN WORKS



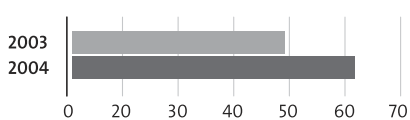
NUMBER OF PERFORMANCES



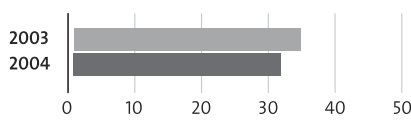
NUMBER OF AUSTRALIAN ARTISTS



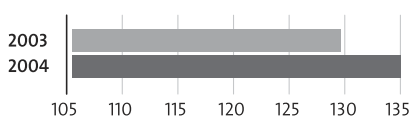
NUMBER OF PROGRAMS



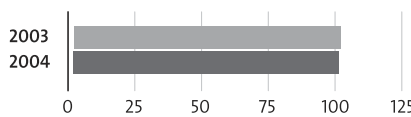
RADIO BROADCASTS



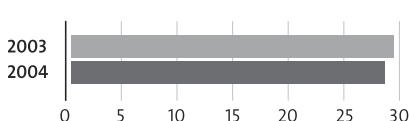
SELF PRESENTED CONCERTS



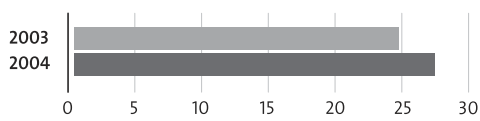
MUSICIANS (FTEs) – AVERAGE THROUGHTOUT 2004



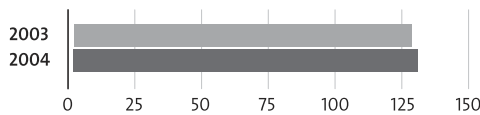
REGIONAL CONCERTS



MANAGEMENT STAFF (FTEs) – AVERAGE THROUGHTOUT 2004



TOTAL EMPLOYEE'S (FTEs) – AVERAGE THROUGHTOUT 2004



ANNUAL FINANCIAL REPORT

MELBOURNE SYMPHONY ORCHESTRA PTY LTD ACN 078 925 658

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DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2004

The directors present their report together with the financial report of Melbourne Symphony Orchestra Pty Limited for the year ended 31st December 2004 and the auditor's report thereon.

DIRECTORS

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

Ms S. Miller, Director since 1 July 1997
Mr T.J. Green, Director since 8 February 1999
Justice A. Goldberg, Director since 15 March 2000
Mr J. Simpson, Director since 11 January 2001
Mr T. Clynes, Director since 31 October 2001
Ms A. Watkins, Director since 3 December 2001
Mr A. Nicholson, Director since 23 March 2002
Mr B. Kelly, Director since 5 August 2002
Mr R. Slater, Director since 22 May 2003
Ms E. Proust, Director since 1 January 2004
Mr W. O'Shea, Director since 28 July 2004
Mr R. Davis, Director since 22 September 2004
Ms B. Adams, Director since 24 November 2004

The names of the directors of the company who retired during the year and the date of their retirement are:

Mr T. Clynes, Director ceased 31 January 2004
Mr B. Kelly, Director ceased 28 July 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 results for the year ended 31 December 2004 amounted to \$2,420,096 profit (year ended 31 December 2003: \$919,486 profit).

Without the one-off injection of Reserves Incentives Scheme (RIS) funding, the reported profit for 2004 would have been \$874,096.

Melbourne Symphony Orchestra Pty Limited presented 153 performances during the twelve months ended 31 December 2004. 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 CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2004

LIKELY DEVELOPMENTS

The Company will continue to present performances of 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 2004. 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 2005. Such insurance contracts insure persons who are or have been directors or officers of the Company against certain liabilities (subject to certain exclusions).

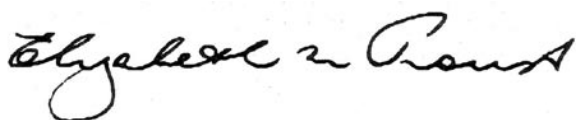
Directors have not included details of the nature of the liabilities covered or the amount of the premium paid as such disclosure is prohibited under the terms of the contract.

EVENTS SUBSEQUENT TO BALANCE DATE

As outlined in the report recently issued by James Strong for the Australian Government, "A NEW ERA - Orchestras Review Report 2005", significant reform is considered to be required to ensure that orchestras are sustainable in years to come. The review concentrated on the financial viability of the orchestras, individually and collectively. The report outlines a number of recommendations that have yet to be adopted by the Government. The report recommends that the costs of implementing most of the recommendations be funded by both the federal and state governments with certain financial limits and subject to certain conditions as to the level of that support. The report also recommends that the federal government provide the required funding to eliminate any accumulated deficits at the point of implementation of the recommendations.

As the Government's response to the Strong Report is yet to be determined, the Orchestra can not, at this time, determine what the likely impact will be on its future operations and financial results. No adjustments to the 31 December 2004 financial statements have therefore been made to reflect the impact, if any, of the recommendations.

Signed in accordance with a resolution of the directors:



Chairman

Melbourne, 31st March 2005

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 DECEMBER 2004

	NOTE	31/12/04 \$	31/12/03 \$
REVENUES FROM ORDINARY ACTIVITIES			
FUNDING REVENUE	2	12,133,703	10,781,759
TICKET SALES	3	5,201,225	4,509,032
SPONSORSHIP, DONATIONS AND BEQUESTS	4	997,162	1,613,114
OTHER REVENUES	5	2,054,163	1,092,473
		20,386,253	17,996,378
EXPENSES FROM ORDINARY ACTIVITIES			
EMPLOYEE EXPENSES		10,722,213	10,089,963
ARTISTS FEES AND EXPENSES		2,069,061	1,724,905
MARKETING EXPENSES		1,050,413	1,016,614
PRODUCTION EXPENSES		1,519,024	2,015,621
SELLING EXPENSES		623,960	499,566
DEPRECIATION AND AMORTISATION	9	90,979	92,271
MANAGEMENT FEE		639,911	620,122
OTHER EXPENSES		1,250,596	1,017,830
		17,966,157	17,076,892
PROFIT FROM ORDINARY ACTIVITIES		2,420,096	919,486

THE STATEMENT OF FINANCIAL PERFORMANCE SHOULD BE READ IN CONJUNCTION WITH THE NOTES TO THE FINANCIAL STATEMENTS SET OUT ON PAGES 21 TO 29.

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31 2004

	NOTE	31/12/04 \$	31/12/03 \$
CURRENT ASSETS			
CASH ASSETS	13	9,877,123	8,564,767
RECEIVABLES	7	1,036,092	946,621
OTHER	8	679,177	444,443
TOTAL CURRENT ASSETS		11,592,392	9,955,831
NON-CURRENT ASSETS			
RECEIVABLES	7	53,457	75,434
PLANT AND EQUIPMENT	9	315,585	327,731
TOTAL NON-CURRENT ASSETS		369,042	403,165
TOTAL ASSETS		11,961,434	10,358,996
CURRENT LIABILITIES			
PAYABLES	10	6,257,627	6,997,544
PROVISIONS	11	2,018,430	2,045,665
TOTAL CURRENT LIABILITIES		8,276,057	9,043,209
NON-CURRENT LIABILITIES			
PROVISIONS	11	270,195	320,701
TOTAL NON-CURRENT LIABILITIES		270,195	320,701
TOTAL LIABILITIES		8,546,252	9,363,910
NET ASSETS		3,415,182	995,086
SHAREHOLDERS' EQUITY			
CONTRIBUTED EQUITY	12	438,002	438,002
MSO FOUNDATION	21	431,979	280,000
MSO RIS FUND	21	2,373,556	0
RETAINED PROFITS/(ACCUMULATED LOSSES)	21	171,645	277,084
TOTAL SHAREHOLDERS' EQUITY		3,415,182	995,086

THE STATEMENT OF FINANCIAL POSITION SHOULD BE READ IN CONJUNCTION WITH THE NOTES TO THE FINANCIAL STATEMENTS SET OUT ON PAGES 21 TO 29.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2004

	NOTE	31/12/04 \$	31/12/03 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
CASH RECEIPTS IN THE COURSE OF OPERATIONS		7,091,083	9,696,532
CASH PAYMENTS IN THE COURSE OF OPERATIONS		(17,947,145)	(17,038,556)
GRANTS RECEIVED FROM GOVERNMENT FUNDING BODIES		11,883,703	10,205,114
INTEREST RECEIVED		373,517	257,421
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	13B	1,401,158	3,120,511
CASH FLOWS FROM INVESTING ACTIVITIES			
PROCEEDS ON DISPOSAL OF PLANT AND EQUIPMENT		–	–
PAYMENT FOR PROPERTY, PLANT AND EQUIPMENT		(88,802)	(67,735)
NET CASH FLOWS PROVIDED BY/USED IN INVESTING ACTIVITIES		(88,802)	(67,735)
NET INCREASE IN CASH HELD		1,312,356	3,052,776
CASH AT THE BEGINNING OF THE FINANCIAL YEAR		8,564,767	5,511,991
CASH AT THE END OF THE FINANCIAL YEAR	13A	9,877,123	8,564,767

THE STATEMENT OF CASH FLOWS SHOULD BE READ IN CONJUNCTION WITH THE NOTES TO THE FINANCIAL STATEMENTS SET OUT ON PAGES 21 TO 29.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004

1. 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.

B) REVENUE RECOGNITION

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

Concert revenue is recognised at the time of concert performance.

Funding Revenue

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 (as represented by the Major Performing Arts Board) and the Victoria Ministry for the Arts under the terms of the Tripartite Funding Agreement entered into in April 2004. Funding is received based on payment schedules contained in that agreement between the funding bodies and Melbourne Symphony Orchestra Pty Ltd.

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

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.

C) TAXATION AND GOODS AND SERVICES TAX

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 statement of financial position. 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.

D) CASH AND SHORT-TERM DEPOSITS

Cash and short-term deposits are carried at face value of the amounts deposited or drawn. The carrying amounts of cash and short-term deposits approximate net fair value.

E) RECEIVABLES

Trade debtors to be settled within 30 days are carried at amounts due. The collectibility of debts is assessed at balance date and specific provision is made for any doubtful accounts.

F) RECOVERABLE AMOUNT OF NON-CURRENT ASSETS VALUED ON COST BASIS

The carrying amounts of all non-current assets valued on a cost basis are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower amount. The write-down is expensed in the reporting period in which it occurs. In assessing recoverable amounts the relevant cash flows have not been discounted to their present value.

G) ACQUISITION OF ASSETS

All assets acquired including property, plant and equipment are initially recorded at their cost of acquisition, being the fair value of the consideration provided plus the incidental costs directly attributable to the acquisition.

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.

H) DEPRECIATION

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:

Asset class	Depreciation rates
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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I) LEASED PLANT AND EQUIPMENT

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 profits 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.

J) PAYABLES

Liabilities are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable are normally settled within 30 days.

K) EMPLOYEE BENEFITS

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 undiscounted 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-benefit and defined-contribution superannuation plans. Contributions are charged against income as they are made.

	NOTE	31/12/04 \$	31/12/03 \$
2. FUNDING REVENUE			
AUSTRALIA COUNCIL FOR THE ARTS		8,337,727	8,230,356
AUSTRALIA COUNCIL SPECIAL FUNDING (RIS FUNDING)	21C	773,000	-
AUSTRALIA COUNCIL SPECIAL FUNDING (MULTICULTURAL PROJECT)		-	43,645
AUSTRALIA COUNCIL SPECIAL FUNDING (INTERNATIONAL TOUR)		-	53,000
ARTS VICTORIA, VICTORIA MINISTRY FOR THE ARTS		1,999,976	1,974,758
ARTS VICTORIA, VICTORIA MINISTRY FOR THE ARTS (RIS FUNDING)	21C	773,000	-
ARTS VICTORIA, VICTORIA MINISTRY FOR THE ARTS (INTERNATIONAL TOUR)		-	150,000
DFAT CULTURAL RELATIONS GRANT		-	50,000
CITY OF MELBOURNE		250,000	250,000
CITY OF MELBOURNE (INTERNATIONAL TOUR)		-	30,000
		12,133,703	10,781,759
3. TICKET SALES REVENUE			
SUBSCRIPTION SALES		3,658,356	3,377,096
SINGLE NIGHT TICKET SALES		1,542,869	1,131,936
		5,201,225	4,509,032
4. SPONSORSHIP AND DONATION REVENUE			
SPONSORSHIP		801,037	991,748
DONATIONS		186,367	341,366
BEQUESTS	21B	9,758	280,000
		997,162	1,613,114

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

	NOTE	31/12/04 \$	31/12/03 \$
5. OTHER REVENUE			
INTEREST INCOME, OTHER PARTIES		373,517	257,421
ORCHESTRAL HIRE		1,294,534	664,848
OTHER		386,112	170,204
		2,054,163	1,092,473
6. PROFIT FROM ORDINARY ACTIVITIES			
Profit/(loss) from ordinary activities has been arrived at after charging the following items:			
DEPRECIATION:			
PLANT AND EQUIPMENT		5,887	5,050
OFFICE EQUIPMENT		6,607	9,380
COMPUTERS		36,852	34,300
MUSICAL INSTRUMENTS		41,633	43,541
NET EXPENSE FROM MOVEMENT IN PROVISION FOR:			
EMPLOYEE BENEFITS		(77,742)	62,474
NET GAIN ON DISPOSAL OF NON-CURRENT ASSETS		-	-
NET LOSS ON DISPOSAL OF NON-CURRENT ASSETS		9,969	1,010
OPERATING LEASE RENTAL EXPENSES			
MINIMUM LEASE PAYMENTS – CARS		39,117	32,217
MINIMUM LEASE PAYMENTS – PHOTOCOPIERS		12,408	-
7. RECEIVABLES			
CURRENT			
TRADE DEBTORS		962,596	910,121
RELATED ENTITIES	16B	72,396	36,500
CONTROLLING ENTITY	16B	1,100	-
		1,036,092	946,621
NON-CURRENT			
OTHER DEBTORS		35,157	37,134
RELATED ENTITIES	16B	18,300	38,300
		53,457	75,434
Other debtors amounts generally arise from transactions outside the usual operating activities of the Company.			
8. OTHER CURRENT ASSETS			
PREPAYMENTS		555,615	415,679
ACCRUED INCOME		123,415	28,647
DEPOSITS PAID		147	117
		679,177	444,443

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004

9. PLANT AND EQUIPMENT

	PLANT & EQUIPMENT \$	MUSICAL INSTRUMENTS \$	FURNITURE & FITTINGS \$	OFFICE EQUIPEMENT \$	COMPUTERS \$	TOTAL \$
COST:						
OPENING BALANCE	56,662	475,005	826	42,690	184,794	759,977
ADDITIONS	3,631	69,964	-	-	15,207	88,802
DISPOSAL	-	-	-	(40,981)	(64,926)	(105,907)
CLOSING BALANCE	60,293	544,969	826	1,709	135,075	742,872
ACCUMULATED DEPRECIATION:						
OPENING BALANCE	30,094	264,944	826	27,323	109,060	432,247
DEPRECIATION EXPENSE	5,887	41,633	-	6,607	36,852	90,979
DISPOSAL	-	-	-	(33,204)	(62,735)	(95,939)
CLOSING BALANCE	35,981	306,577	826	726	83,177	427,287
NET BOOK VALUE, 31 DECEMBER 2004	24,312	238,392	-	983	51,898	315,585
NET BOOK VALUE, 31 DECEMBER 2003	26,568	210,061	-	15,367	75,735	327,731

	NOTE	31/12/04 \$	31/12/03 \$
10. PAYABLES			
TRADE CREDITORS		57,477	71,550
RELATED PARTY	16B	122,963	96,033
OTHER CREDITORS AND ACCRUALS		324,089	285,004
GST PAYABLE		79,764	259,056
PREPAID REVENUE		5,673,334	6,285,901
		6,257,627	6,997,544

11. PROVISIONS

CURRENT			
EMPLOYEE BENEFITS	14	2,018,430	2,045,665
		2,018,430	2,045,665
NON-CURRENT			
EMPLOYEE BENEFITS	14	270,195	320,701
		270,195	320,701

12. CONTRIBUTED EQUITY

SHARE CAPITAL			
438,002 (2003: 438,002) ORDINARY SHARES, FULLY PAID		438,002	438,002
		438,002	438,002

Holders of ordinary shares are entitled to one vote per share at shareholders' meetings. In the event of winding up the Company, ordinary shareholders are not entitled to any proceeds of liquidation. The proceeds shall be given or transferred to one or more institutions, selected by the members of the Company at or before dissolution, having purposes similar to the purposes for which the Company was incorporated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004

	NOTE	31/12/04 \$	31/12/03 \$
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13. STATEMENT OF CASH FLOWS

A) RECONCILIATION OF CASH

For the purposes of the statement of cash flows, cash 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:

CASH		2,086,455	3,283,709
SHORT-TERM DEPOSITS		7,790,668	5,281,058
		9,877,123	8,564,767

Short term deposits mature within 30-90 days and pay interest at a weighted average interest rate of 5.34% (2003: 4.74%).

B) RECONCILIATION OF PROFIT FROM ORDINARY ACTIVITIES TO NET CASH PROVIDED BY OPERATING ACTIVITIES

PROFIT FROM ORDINARY ACTIVITIES		2,420,096	919,486
LESS ITEMS CLASSIFIED AS INVESTING/FINANCING ACTIVITIES:			
(PROFIT)/LOSS ON DISPOSAL OF NON-CURRENT ASSETS		9,969	1,010
ADD NON-CASH ITEMS:			
DEPRECIATION		90,980	92,271
NET CASH PROVIDED BY OPERATING ACTIVITIES BEFORE CHANGE IN ASSETS AND LIABILITIES		2,521,045	1,012,767

CHANGE IN ASSETS AND LIABILITIES:

(INCREASE)/DECREASE IN RECEIVABLES		(67,525)	303,051
(INCREASE)/DECREASE IN PREPAYMENTS		(139,936)	37,740
(INCREASE)/DECREASE IN ACCRUED INCOME		(94,768)	173,579
INCREASE/(DECREASE) IN ACCOUNTS PAYABLE		(127,348)	(98,266)
INCREASE/(DECREASE) IN PREPAID REVENUE		(612,568)	1,629,166
INCREASE/(DECREASE) IN PROVISIONS		(77,742)	62,474
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		1,401,158	3,120,511

14. EMPLOYEE BENEFITS

CURRENT		2,018,430	2,045,665
NON-CURRENT		270,195	320,701
		2,288,625	2,366,366

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:

ASSUMED RATE OF INCREASE IN WAGE AND SALARY RATES	3.5%	3.5%
DISCOUNT RATE	5.2%	5.7%
SETTLEMENT TERM	10 YEARS	10 YEARS
FULL-TIME EQUIVALENT EMPLOYEES EMPLOYED AT YEAR-END	110.7	115.4

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004

	31/12/04	31/12/03
15. DIRECTORS' REMUNERATION		
The numbers of directors of the Company whose income from the Company or any related party falls within the following bands are:		
\$ NIL	10	8
\$20,000 - \$29,999	1	-
\$40,000 - \$49,999	1	-
\$90,000 - \$99,999	-	1
\$190,000 - \$199,999	-	1
\$200,000 - \$209,999	1	-

Total income paid or payable, or otherwise made available, to all directors of the Company from the Company or any related party, amounted to \$275,631 for the year (year-ended 31 December 2003 – \$286,303). Payments made to directors are for their contributions as employees of the Company and not for their additional services as directors.

16. RELATED PARTIES

A) DIRECTORS

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

Ms S. Miller, Mr T. J. Green, Justice A. Goldberg, Mr J. Simpson, Mr T. Clynes, Ms A. Watkins, Mr A. Nicholson, Mr B. Kelly, Mr R. Slater, Ms E. Proust, Mr B. O'Shea, Mr R. Davis and Ms B. Adams.

Mr B. Kelly and Mr T. Clynes retired during the year.

Unless otherwise stated, the directors have been in office for the financial year. Details of directors' remuneration are set out in note 15.

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 Company is a wholly owned subsidiary of the controlling entity, the Australian Broadcasting Corporation.

AMOUNTS PAYABLE TO ENTITIES IN THE WHOLLY-OWNED GROUP:	\$	\$
SYMPHONY AUSTRALIA HOLDINGS PTY LTD	122,963	96,033
	122,963	96,033

These amounts relate to the provision of services. The Australian Broadcasting Corporation provides services to the Company on a cost basis. Services provided by Symphony Australia Holdings Pty Ltd are funded from Melbourne Symphony Orchestra's appropriation from Australia Council for the Arts so that they are provided cost-neutral to the Company. A charge of \$639,911 (year ended 31 December 2003 – \$620,122) was incurred for the year in relation to administrative services provided by Symphony Australia (the provision of payroll support, information systems support, music library, program research, artist development, artistic tour co-ordination and other services).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004

	31/12/04 \$	31/12/03 \$
16. RELATED PARTIES		
B) WHOLLY-OWNED GROUP (CONTINUED)		
AMOUNTS RECEIVABLE FROM ENTITIES IN THE WHOLLY-OWNED GROUP:		
<i>RECEIVABLES – CURRENT</i>		
AUSTRALIAN BROADCASTING CORPORATION	1,100	-
SYMPHONY AUSTRALIA HOLDINGS PTY LTD	72,396	36,500
THE QUEENSLAND ORCHESTRA	2,509	-
	76,005	36,500
<i>RECEIVABLES – NON-CURRENT</i>		
SYMPHONY AUSTRALIA HOLDINGS PTY LTD	18,300	38,300
	18,300	38,300
C) OTHER RELATED PARTIES		
Sponsorship from director-related entities is on terms and conditions no more favourable than those offered to other sponsors.		
17. AUDITOR'S REMUNERATION		
AUDIT OF THE FINANCIAL REPORT	12,000	12,000
	12,000	12,000
No other benefits were received by the auditor.		
18. EXPENDITURE COMMITMENTS		
ARTISTS FEES CONTRACTED FOR BUT NOT PROVIDED FOR AND PAYABLE		
WITHIN ONE YEAR	1,158,407	446,689
ONE YEAR OR LATER BUT NOT LATER THAN FIVE YEARS	1,687,464	2,205,540
	2,845,871	2,652,229
VEHICLE LEASE EXPENDITURE COMMITTED AS PER FUNDING AGREEMENT WITH THE AUSTRALIAN BROADCASTING COMMISSION		
WITHIN ONE YEAR	7,452	28,849
ONE YEAR OR LATER BUT NOT LATER THAN FIVE YEARS	6,472	13,924
	13,924	42,773
COPIER LEASE EXPENDITURE COMMITTED AS PER AGREEMENT WITH UPSTREAM TECHNOLOGY PTY LTD		
WITHIN ONE YEAR	25,461	-
ONE YEAR OR LATER BUT NOT LATER THAN FIVE YEARS	99,722	-
	125,183	-

19. SEGMENT INFORMATION

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004

20. ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURE

A) 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: 1 YEAR OR LESS \$	1 TO 5 YEARS \$	MORE THAN 5 YEARS \$	NON- INTEREST BEARING \$	TOTAL \$
31 DECEMBER 2004							
FINANCIAL ASSETS							
CASH	5.10%	2,084,455	7,790,668	-	-	2,000	9,877,123
RECEIVABLES – NOTE 7		-	-	-	-	1,089,550	1,089,550
		2,084,455	7,790,668	-	-	1,091,550	10,966,673
FINANCIAL LIABILITIES							
ACCOUNTS PAYABLE – NOTE 10		-	-	-	-	6,257,627	6,257,627
EMPLOYEE BENEFITS – NOTE 14	5.21%	-	4,242	105,590	157,557	2,021,236	2,288,625
		-	4,242	105,590	157,557	8,278,863	8,546,252
31 DECEMBER 2003							
FINANCIAL ASSETS							
CASH	4.51%	3,282,909	5,281,058	-	-	800	8,564,767
RECEIVABLES – NOTE 7		-	-	-	-	1,022,055	1,022,055
		3,282,909	5,281,058	-	-	1,022,855	9,586,822
FINANCIAL LIABILITIES							
ACCOUNTS PAYABLE – NOTE 10		-	-	-	-	6,997,542	6,997,542
EMPLOYEE BENEFITS – NOTE 14	5.65%	-	5,070	127,399	125,979	2,018,665	2,277,113
		-	5,070	127,399	125,979	9,016,207	9,274,655

B) NET FAIR VALUE

The net fair value of financial assets and liabilities at the balance date are those disclosed in the statement of financial position 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 statement of financial position and related notes.

	31/12/04 \$	31/12/03 1\$
21. RESERVES		
A) RETAINED PROFITS/(ACCUMULATED LOSSES)		
RETAINED PROFITS/(ACCUMULATED LOSSES) AT THE BEGINNING OF THE YEAR	277,084	(362,402)
PROFIT FROM ORDINARY ACTIVITIES FOR THE YEAR	2,420,096	919,486
TRANSFER FROM/(TO) MSO FOUNDATION RESERVE	(151,979)	(280,000)
TRANSFER FROM/(TO) RIS RESERVE	(2,373,556)	-
RETAINED PROFITS/(ACCUMULATED LOSSES) AT THE END OF THE YEAR	171,645	277,084

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004

	31/12/04	31/12/03
	\$	\$
21. RESERVES (CONTINUED)		
B) MSO FOUNDATION RESERVE		
The purpose of the MSO Foundation Reserve is to accumulate capital generated by bequests and patrons donations and 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	280,000	-
TRANSFER FROM/(TO) RETAINED PROFITS	151,979	280,000
ACCUMULATED FUNDS AT YEAR-END	431,979	280,000
C) MSO RIS RESERVE		
The Australia Council and the Victorian Government have, together with the Company, contributed funds which are held in escrow and subject to the terms and conditions of the Reserves Incentive Scheme Funding Agreement. These funds have not been used to secure any liabilities of the Company.		
OPENING BALANCE	-	-
TRANSFER FROM/(TO) RETAINED PROFITS	2,373,556	-
ACCUMULATED FUNDS AT YEAR-END	2,373,556	-

22. ECONOMIC DEPENDENCY

A significant portion of the Company's annual revenue consists of funding from the federal and state governments, through the Australia Council for the Arts and the Victoria Ministry for the Arts. As a result, the Company experiences economic dependency on these entities. The directors note that the Company's continued success is also dependent on maintaining current levels of corporate sponsorship and ticket sales.

23. INTERNATIONAL FINANCIAL REPORTING STANDARDS

The adoption of Australian equivalents to IFRS will be first reflected in the Melbourne Symphony Orchestra's financial statements for the year ending 31 December 2005.

The Melbourne Symphony Orchestra will be required to restate its comparative financial statements for the year ended 31 December 2004 to amounts reflecting the application of IFRS for that comparative period. Most adjustments required on transition to IFRS will be made, retrospectively, against opening retained earnings as at 1 January 2004.

Set out below is the key area where accounting policy may change and have an impact on the Financial Report of the Melbourne Symphony Orchestra.

At this stage the Melbourne Symphony Orchestra has not been able to reliably quantify the impact, if any, on the Financial Report.

GOVERNMENT GRANTS

The application of the Australian equivalent of IFRS Standard, AASB 1004 Contributions, would require Melbourne Symphony Orchestra to account for government grants on a cash basis. Currently the Melbourne Symphony Orchestra accounts for government grants on an accruals basis. The AASB and the UIG are currently being lobbied by Arts industry representatives for a continuation of accruals accounting for government grants.

24. SUBSEQUENT EVENTS

As outlined in the report recently issued by James Strong for the Australian Government, "A NEW ERA - Orchestras Review Report 2005", significant reform is considered to be required to ensure that orchestras are sustainable in years to come.

As the Government's response to the Strong Report is as yet to be determined, the Orchestra can not at this time determine what the likely impact will be on its future operations and financial results. No adjustments to the 31 December 2004 financial statements have therefore been made to reflect the impact, if any of the recommendations.

25. ADDITIONAL DISCLOSURES

Melbourne Symphony Orchestra Pty Ltd. is a company limited by shares, incorporated in Australia and having its principal place of business at:

ABC Southbank Centre
120 - 130 Southbank Boulevard
Southbank VIC 3006

The Company's registered office address is:

C/o ABC Legal
700 Harris Street
Ultimo NSW 2007

Melbourne Symphony Orchestra Pty Limited
A.B.N. 47 078 925 658

Directors' Declaration

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

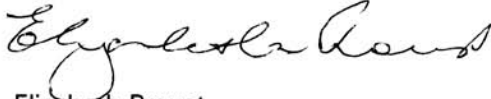
(a) the financial statements and notes, set out on pages 3 to 18, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of the Company as at 31 December 2004 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, 31st March 2005



Alison Watkins
Director

Melbourne, 31st March 2005



INDEPENDENT AUDIT REPORT

To the members of the Melbourne Symphony Orchestra Pty Limited

Scope

The financial report and Directors' responsibility

The financial report comprises:

- Directors' Declaration;
- Statements of Financial Performance, Financial Position and Cash Flows; and
- Notes to and forming part of the Financial Report

of the Melbourne Symphony Orchestra Pty Limited for the year ended 31 December 2004.

The Directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

I have conducted an independent audit of the financial report in order to express an opinion on it to you. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing and Assurance Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive, rather than conclusive, evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

While the effectiveness of management's internal controls over financial reporting was considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

I have performed procedures to assess whether, in all material respects, the financial report presents fairly, in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with my understanding of the Company's financial position, and of its performance as represented by the statements of financial performance and cash flows.

The audit opinion is formed on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by management.

Independence

In conducting the audit, I followed the independence requirements of the Australian National Audit Office, which incorporate Australian professional ethical pronouncements.

Audit Opinion

In my opinion, the financial report of the Melbourne Symphony Orchestra Pty Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 31 December 2004 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

Australian National Audit Office



John Jones
Executive Director
For the Auditor-General

Canberra
21 April 2005

2004 PARTNERS

GOVERNMENT PARTNERS



**ARTS
VICTORIA**



PRINCIPAL PARTNER



MAJOR PARTNERS



DAIMLERCHRYSLER



PARK HYATT MELBOURNE®

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