MUSIC OUTBACK FOUNDATION LIMITED

ABN: 26 119 784 388

Financial Report For 14 months Ended
30 November 2011

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Financial Report For The Year Ended 30 November 2011

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MUSIC OUTBACK FOUNDATION LIMITED
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DIRECTORS' REPORT

Your directors present this report on the company for the 14 months ended ended 30 November 2011. This year the company adopted the 30th November as its year end date which was a change from the previous September balance date.

Directors

The names of each person who has been a director during the year and to the date of this report are:

Stephen Lewis Berry
Gabrielle Beryl Hollows
David Alan Spillman resigned (18/04/2011)
Giancarlo Santone appointed (4/04/2011)
Lydia Fairhall appointed (11/09/2011)

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

Objectives

Music Outback Foundation Limited is constituted as a non profit charity with the principal purpose of supporting the use of music and associated art forms as a means of improving a broad range of outcomes on remote Indigenous communities. This object is achieved largely through the development of long-term relationships with remote Indigenous schools and their communities, designing and delivering programs that specifically address the unique circumstances of each community.

Our principal locations for workshop delivery are the remote Government schools that are found on most remote Indigenous communities. Using the schools as our primary means of access, the programs have the students at their heart, but through teachers and parents expand their reach to the wider community.

Along with the school based workshops that form the heart of Music Outback Foundation's work, the organisation has now established itself as a provider for the Federal Government, utilising federal funding obtained under the DEEWR initiative known as Community Festivals for Education Engagement. This project has built on previous work in schools in the Tanami region north of Alice Springs, and includes an arts education festival known as Mobfest which has been held annually for the last four years. In 2011, Music Outback Foundation expanded its operation into Western NSW and the APY region of SA .

Further promotional activities include website development, partnerships with other philanthropic agencies, media and press opportunities, and the promotion of the organization in the wider non-profit sector.

Strategies for achieving objectives

In Music Outback Foundation's fifth year of operation, the year's activities involved:

a. The granting of DEEWR funding under the Community Festivals for Education Engagement initiative for 2011-2012 to support work in three regions.
b. Upon receipt of the above funding notification and signing of the funding agreement, the rolling out of workshops and the proposed festivals (MOBFEST) as proposed under the original submission to DEEWR.
c. Continuing development of public profile as a non-profit organisation working in the remote indigenous sector
d. Continuing development of partnerships and collaboration with relevant agencies working in the non-profit sector and the accessing of capacity building and strategic planning funding through a new partnerships.
e. Investigations into how to evolve the management and creative teams within Music Outback Foundation that will enable the organisation to move forward and achieve its aims.

Operating results

The profit/(loss) of the company for the financial year after providing for income tax was loss ($14,126). (2010 was ($52,357))

Preview of the Coming Year

Having successfully fulfilled its 2011 obligations to DEEWR under the MOBFEST project funding agreement, Music Outback will deliver a similar project in 2012. Music Outback Foundation will concentrate on the delivery of this project as the primary activity for 2012, while developing other contracts, submissions and partnership opportunities in the remote Indigenous sector as the opportunities arise.

Significant changes in state of affairs

The most significant changes in the company's state of affairs during the financial year was the expansion of funding to cover two additional regions: APY and Western NSW, and the relocating of the Principal Place of Business to Melbourne.

Dividends paid or recommended

As this is a company limited by guarantee, no dividend can be paid or recommended.

Review of operations

The company continued to engage in activities outlined in this report. No significant changes in the nature of these activities occurred during the period.

Likely developments and results

The company will continue to operate in accordance with its business plan and does not expect its operations or results to vary significantly

General

No indemnities have been given or insurance premiums paid, during or since the end of the financial period, for any person who is or has been an officer or auditor of the company.

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the
The company was not a party to any such proceedings during the period.

The entity is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of $50.00 each towards meeting any outstanding obligations of the company. At 30 November 2011 the collective liability of members was $200 (2010: $200).

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 November 2011 has been received and can be found on page 3 of the financial report.

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

Director

Stephen Lewis Berry

Dated this 17th January 2012

MUSIC OUTBACK FOUNDATION LIMITED
ABN: 26 119 784 388
AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF MUSIC OUTBACK FOUNDATION LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 November 2011 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Name of Firm E Townsend & Co

Name of Auditor Eric Townsend

Date 17th January 2012

Address 15 Taylor Street

ASHBURTON Vic 3147

Phone 8738 77 77

MUSIC OUTBACK FOUNDATION LIMITED
ABN: 26 119 784 388
STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 NOVEMBER 2011

	Note	14 months 2011 $	12 months 2010 $
Revenue	2	903,680	232,315
Other income	2	72,482	155,323
Total Revenue		**976,162**	**387,638**
less expenses			
Employee benefits expense		(297,376)	(97,349)
Depreciation and amortisation expense		(1,111)	(896)
Finance costs	3	(1,676)	(1,115)
Doubtful debts expense	3	-	-
Consultants		(50,687)	-
Food and Catering		(84,222)	(24,299)
Community Indigenous Contributors		(17,552)	(37,332)
Audit & Accounting expense		(7,300)	-
Production expenses		(30,695)	(28,566)
Teachers and performers fees		(214,563)	(85,286)
Travel and Accomodation		(173,466)	(64,529)
Other expenses		(110,031)	(100,623)
Total expenses		**(990,288)**	**(439,995)**
Profit (Loss) for the year		(14,126)	(52,357)
Other comprehensive income for the year		-	-
Total comprehensive income (loss)for the year		(14,126)	(52,357)
Total comprehensive income loss) attributable to members of the entity		(14,126)	(52,357)

The accompanying notes form part of these financial statements.

MUSIC OUTBACK FOUNDATION LIMITED
ABN: 26 119 784 388
STATEMENT OF FINANCIAL POSITION AS AT 30 NOVEMBER 2011

	Note	2011 $	2010 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	209,395	161,292
Trade and other receivables	5	1,552	-
TOTAL CURRENT ASSETS		210,947	161,292
NON-CURRENT ASSETS			
Property, plant and equipment	6	3,361	2,001
TOTAL NON-CURRENT ASSETS		3,361	2,001
TOTAL ASSETS		214,308	163,293
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	55,891	70,110
Provisions	8	383	-
Grants unspent and carried forward		78,977	-
TOTAL CURRENT LIABILITIES		135,251	70,110
NON-CURRENT LIABILITIES			
Trade and other payables	7	-	-
Provisions	8	-	-
TOTAL NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		135,251	70,110
NET ASSETS		79,057	93,183
EQUITY			
Retained earnings		79,057	93,183
Reserves		-	-
TOTAL EQUITY		79,057	93,183

The accompanying notes form part of these financial statements.

MUSIC OUTBACK FOUNDATION LIMITED
ABN: 26 119 784 388
STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 NOVEMBER 2011

			Retained Earnings $	Total $
Balance at 1st October 2009			145,540	145,540
Comprehensive income				
Profit (Loss) for the year - 12 months			(52,357)	(52,357)
Other comprehensive income for the year				-
Total comprehensive income	-	-	(52,357)	(52,357)
Balance at 30th September 2010	-	-	93,183	93,183
Comprehensive income				
Profit (Loss) attributable to the entity 14 months			(14,126)	(14,126)
Other comprehensive income for the year				-
Total comprehensive income	-	-	(14,126)	(14,126)
Balance at 30 November 2011	-	-	79,057	79,057

The accompanying notes form part of these financial statements

MUSIC OUTBACK FOUNDATION LIMITED
ABN: 26 119 784 388
STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 NOVEMBER 2011

	Note	14 Months 2011 $	12 Months 2010 $
CASH FLOW FROM OPERATING ACTIVITIES			
Receipt of grants		1,060,811	255,547
Other receipts		78,023	93,198
Payments to suppliers and employees		(1,104,867)	(430,536)
Interest received		8,363	-
Donations received		9,920	96,998
Finance costs paid		(1,676)	(1,115)
Net cash generated from operating activities		50,574	14,092
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(2,471)	-
Net cash used in investing activities		(2,471)	-
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds of borrowing		-	16,193
Net cash used in financing activities		-	16,193
Net increase/(decrease) in cash held		48,103	30,285
Cash and cash equivalents at the beginning of the financial year		161,292	131,007
Cash and cash equivalents at the end of the financial year	4	209,395	161,292

The accompanying notes form part of these financial statements.

The financial statements cover Music Outback Foundation Limited as an individual entity, incorporated and domiciled in Australia. Music Outback Foundation Limited is a company limited by guarantee.

NOTE This year the company changed from a September balance date to 30th November resulting in this years activity being for 14 months. The 2010 year figures are only for 12 months

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

The financial statements are special purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001.

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

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

The financial statements were authorised for issue by the directors of the company.

Accounting Policies

(a) Revenue

Grant revenue is recognised in the statement of comprehensive income when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to retain the contribution, that part of the grant that has not been achieved will not be recognized as revenue until those conditions are satisfied. The unachieved portion will be carried forward in the balance sheet.

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

Music Outback Foundation Limited may receive non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the statement of comprehensive income.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

(b) Inventories

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

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

(c) Property, Plant and Equipment

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

Property

Where shown freehold land and buildings is shown at cost or, where indicated at fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

In periods when revalued freehold land and buildings are not subject to an independent valuation, the directors conduct directors' valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

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

Plant and Equipment

Plant and equipment is measured on the cost basis and is therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(f) for details of impairment.

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

Depreciation

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

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

Class of Fixed Asset	Depreciation Rate
Computer equipment	33.3%
Office equipment	10.0%
Camping equipment	10.0%

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

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

(d) Leases

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

Finance leases are capitalised, recognising an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Finance leased assets are depreciated over their estimated useful lives where it is likely that the entity will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

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

(e) Financial Instruments

Initial Recognition and Measurement

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

Classification and Subsequent Measurement

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

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method* .

(i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking, or where they are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in fair value (i.e. gains or losses) being

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

(v) Financial liabilities

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

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

Derecognition

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

(f) Impairment of Assets

At the end of each reporting period, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is recognised in profit or loss.

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

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

Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

(g) Employee Benefits

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

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

(h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial

(i) Goods and Services Tax (GST)

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

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

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

(j) Income Tax

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

(k) Intangibles

Software

When it has been capitalized software is recorded at cost. Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It is assessed annually for impairment.

(l) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of reporting period.

(m) Comparative Figures

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

When an entity applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

(n) Trade and Other Payables

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

(o) Critical Accounting Estimates and Judgments

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

Key Estimates

Impairment

The Directors review the carrying value of assets annually and expense any relevant impairment loss

The Directors reviewed the assumptions and carrying value of any revalued assets and are confident of their carrying value

Key Judgements

Available-for-sale investments

and the Directors do not believe this decline constitutes a significant or prolonged decline they have not recognized any impairment. Should this decline in share value continue for a period in excess of 12 months, the Directors have determined that such investments will be considered for impairment in the future.

(p) Economic Dependence

The entity is dependent on Commonwealth, State and other Government departments for the majority of the revenue used to operate the business. At the date of this report the Board of Directors has no reason to believe that this support will not continue.

(q) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the Company has decided not to early adopt. A discussion of those future requirements and their impact on the Company is as follows:

— *AASB 9: Financial Instruments [December 2010] (applicable for annual reporting periods commencing on or after 1 January 2013).*

This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments . The Company has not yet determined any potential impact on the financial statements.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in the other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

— *AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).*

This Standard removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies the definition of a 'related party' to remove inconsistencies and simplify the structure of the Standard. No changes are expected to materially affect the Company.

— *AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013)*

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

Since the company is a not-for-profit private sector entity, it qualifies for the reduced disclosure requirements for Tier 2 entities. It is anticipated that the company will take advantage of Tier 2 reporting at a later date.

— *AASB 2009–12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).*

This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The amendments are not expected to impact the Company.

— *AASB 2009–14: Amendments to Australian Interpretation — Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).*

This Standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

This Standard is not expected to impact the Company.

— *AASB 2010-4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] (applicable for annual reporting periods commencing on or after 1 January 2011)*

This Standard details numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. Key changes include:

— clarifying the application of AASB 108 prior to an entity's first Australian Accounting Standard financial statements;

— amending AASB 7 to add an explicit statement that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;

— amending AASB 101 to clarify that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity

— amending AASB 134 by adding a number of examples to the list of events or transactions that require disclosure under AASB 134; and

— adding sundry editorial amendments to various Standards and Interpretations.

This Standard is not expected to impact the Company.

— *AASB 2010-5: Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods beginning on or after 1 January 2011).*

This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

— *AASB 2010-6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (applicable for annual reporting periods beginning on or after 1 July 2011).*

This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. Accordingly, this Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards; and AASB 7: Financial Instruments: Disclosures; establishing additional disclosure requirements in relation to transfers of financial assets.

This Standard is not expected to impact the Company.

— *AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applies to periods beginning on or after*

This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9.

This Standard is not expected to impact the Company.

— *AASB 2010-8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012).*

This Standard makes amendments to AASB 112: Income Taxes.

The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: Investment Property.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments brought in by this Standard also incorporate Interpretation 121 into AASB 112.

The amendments are not expected to impact the Company.

— *AASB 2010-9: Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1] (applies to periods beginning on or after 1 July 2011).*

This Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards.
The amendments brought in by this Standard provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.

Furthermore, the amendments brought in by this Standard also provide guidance for entities emerging from severe hyperinflation either to resume presenting Australian-Accounting-Standards financial statements or to present Australian-Accounting-Standards financial statements for the first

This Standard is not expected to impact the Company.

— *AASB 2010-10: Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009-11 & AASB 2010-7] (applies to periods beginning on or after 1 January 2013).*

This Standard makes amendments to AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9; and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).

The amendments brought in by this Standard ultimately affect AASB 1: First-time Adoption of Australian Accounting Standards and provide relief for first-time adopters from having to reconstruct transactions that occurred before their transition date.

[The amendments to AASB 2009-11 will only affect early adopters of AASB 2009-11 (and AASB 9: Financial Instruments that was issued in December 2009) as it has been superseded by AASB 2010-7].

This Standard is not expected to impact the Company.

Note 2 **Revenue and Other Income**

	Note	2011 $	2010 $
Revenue from government grants and other grants			
— DEEWR MobFest Funding		870,000	-
— DEEWR 2010 project		30,000	-
— plus Grants brought forward		-	-
— less Grants carried forward		(28,128)	-
— Other grants		23,445	232,315
		895,317	232,315
Other revenue			
— Interest received		8,363	-
		8,363	-
Total Revenue		903,680	232,315
Other Income			
— Other		4,472	1,504
— Workshop Income		35,684	56,476
— Donations		9,920	96,998
— Catering		1,491	345
— Other contracts		20,915	-
Total Other Income		72,482	155,323
Total Revenue and Other Income		976,162	387,638

Note 3 **Profit for the Year**

	2011 $	2010 $
(a) Expenses		
Interest expense	1,676	1,115
Doubtful debts expense	-	-
Loss on disposal of non-current assets	-	-
Rental expense on operating leases		
— minimum lease payments	1,609	-
— contingent rentals	-	-
Total Rental Expense	1,609	-
Audit Remuneration		
— audit services	4,800	-
— other services	2,500	-
Total Audit Remuneration	7,300	-

Note 4 **Cash and Cash Equivalents**

	2011 $	2010 $
CURRENT		
Cash at bank	208,671	160,990
Cash on hand	724	302
Total cash and cash equivalents as stated in the statement of financial position	209,395	161,292
Total cash and cash equivalents as stated in the cash flows statement	209,395	161,292

Note 5 Trade and Other Receivables

	Note	2011 $	2010 $
CURRENT			
Trade receivables		1,418	-
Provision for impairment	5(i)	-	-
		1,418	-
Other receivables		134	-
Grants receivable		-	-
		-	-
Total current trade and other receivables	13	1,552	-

(i) Provision for Impairment of Receivables

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

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

	$
Provision for impairment as at 1 July 2009	
- Charge for year	
- Written off	
Provision for impairment as at 30 November 2010	-
- Charge for year	
- Written off	
Provision for impairment as at 30 November 2011	-

(ii) Credit Risk - Trade and Other Receivables

The company does not have any material credit risk exposure to any receivable of group of receivables.

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

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

2011	**Gross amount**	**Past due and impaired**	**Past due but not impaired (days overdue)**				**Within initial trade terms**
			< 30	**31 – 60**	**61 – 90**	**>90**	
	$	**$**	**$**	**$**	**$**	**$**	**$**
Trade and term receivables	1,419			1,419			
Grants receivable							
Other receivables	134		134				
Total	1,553	-	134	1,419	-	-	-

2010	**Gross amount**	**Past due and impaired**	**Past due but not impaired (days overdue)**				**Within initial trade terms**
			< 30	**31 – 60**	**61 – 90**	**>90**	
	$	**$**	**$**	**$**	**$**	**$**	**$**
Trade and term receivables							
Grants receivable							
Other receivables							
Total	-	-	-	-	-	-	-

The company does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

Note 6 **Property, Plant and Equipment**

	2011 $	2010 $
PLANT AND EQUIPMENT		
Office equipment		
At cost	888	888
(Accumulated depreciation)	(735)	(718)
	153	170
Camping equipment		
At cost	3,416	3,416
(Accumulated depreciation)	(2,141)	(1,999)
	1,275	1,417
Computer equipment		
At cost	4,515	2,044
(Accumulated depreciation)	(2,582)	(1,630)
	1,933	414
Total property, plant and equipment	3,361	2,001

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

			Camping equipment $	Office Equipment $	Computer equipment $	Total $
2010						
Balance at the beginning of the year			2,062	242	593	2,897
Additions at cost						-
Disposals						-
Depreciation expense			(645)	(72)	(179)	(896)
Carrying amount at end of year	-	-	1,417	170	414	2,001
2011						
Balance at the beginning of the year		-	1,417	170	414	2,001
Additions at cost					2,471	2,471
Disposals						-
Depreciation expense			(142)	(17)	(952)	(1,111)
Carrying amount at end of year		-	1,275	153	1,933	3,361

Note 7 Trade and Other Payables

	Note	2011 $	2010 $
CURRENT			
Trade payables		27,499	37,288
Deferred income		-	-
Other current payables		28,392	32,822
	7(a)	55,891	70,110
NON-CURRENT			
Trade payables		-	-
Deferred income		-	-
Other non-current payables		-	-
Long-term employee benefits		-	-
		-	-

		2011 $	2010 $
(a) Financial liabilities at amortised cost classified as trade and other payables			
Trade and other payables			
— Total current		55,891	70,110
— Total non-current		-	-
		55,891	70,110
Less deferred income			
Less annual leave entitlements			
Financial liabilities as trade and other payables	13	55,891	70,110

Note 8 Provisions

	2011	2010
CURRENT	$	$
Short-term Employee Benefits		
Opening balance at 1 July 2010	-	-
Additional provisions raised during year	383	-
Amounts used	-	-
Balance at 30 November 2011	383	-

NON-CURRENT		
Long-term Employee Benefits		
Opening balance at 1 July 2010	-	-
Additional provisions raised during year	-	-
Amounts used	-	-
Balance at 30 November 2011	-	-

	2011	2010
Analysis of Total Provisions	$	$
Current	383	-
Non-current	-	-
	383	-

Provision for Long-term Employee Benefits

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

Note 9 Capital and Leasing Commitments

(a) Finance Lease Commitments

	2011	2010
Payable – minimum lease payments	$	$
— not later than 12 months		
— later than 12 months but not later than 5 years		
— greater than 5 years		
Minimum lease payments	-	-
Less future finance charges		
Present value of minimum lease payments	-	-

(b) Operating Lease Commitments

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

	2011	2010
Payable – minimum lease payments	$	$
— not later than 12 months	2,252	
— later than 12 months but not later than 5 years		
— greater than 5 years		
	2,252	-

These lease commitments are non-cancellable operating leases contracted for but not recognised in the financial statements. Some lease commitments may increase in line with the terms of the lease .

Note 10 Contingent Liabilities and Contingent Assets

	2011	2010
	$	$
Estimates of the potential financial effect of contingent liabilities that may become payable:	Nil	Nil

Note 11 Events After the Reporting Period

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the entity, the result of those operations, or the state of affairs of the entity in future financial periods

Note 12 Cash Flow Information

Reconciliation of Cashflow from Operations with Profit after Income Tax

	2011 $	2010 $
Profit after income tax	(14,126)	(52,357)
Non cash flows		
Depreciation and amortisation	1,111	896
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(1,552)	26,400
Increase/(decrease) in trade and other payables	(14,219)	39,153
Increase / (Decrease) in provisions	383	
(Decrease) / Increase in grants unspent	78,977	
	50,574	14,092

Note 13 Financial Risk Management

The company's financial instruments include deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, and leases.

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

	Note	**2011 $**	**2010 $**
Financial Assets			
Cash and cash equivalents	4	209,395	161,292
Loans and receivables	5	1,552	-
Total Financial Assets		210,947	161,292
Financial Liabilities			
Financial liabilities at amortised cost			
— Trade and other payables	7(a)	55,891	70,110
— Borrowings		-	-
Grant funds unspent		78,977	
Income in advance			
Total Financial Liabilities		134,868	70,110

Financial Risk Management Policies

The entities overall risk management strategy is to meet its financial targets whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board. These include credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk and equity price risk.

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the company.

The company does not have any material credit risk exposures as its major source of revenue is the receipt of grants. Credit risk is further mitigated as the grants and other revenue being received from state and federal governments are in accordance with funding agreements which have ensured regular funding.

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at Note 5.

The company has no significant concentrations of credit risk with any single counterparty or group of counterparties. Details with respect to credit risk of Trade and Other Receivables are provided in Note 5.

Credit risk related to balances with banks and other financial institutions is managed by the finance committee in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard and Poor's counterparty credit ratings.

	Note	2011 $	2010 $
Cash and cash equivalents			
— AA Rated		209,395	161,292
	4	209,395	161,292

(b) Liquidity risk

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The company manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The company's policy is to ensure borrowings should mature in a reasonable manageable way to match available funds.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Net Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgement, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgement and the assumptions have been detailed below. Where possible, valuation information used to calculate fair values is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the company. Most of these instruments, which are carried at amortised cost (i.e. trade receivables, loan liabilities), are to be held until maturity and therefore the net fair value figures calculated bear little relevance to the company.

		2011		2010	
	Footnote	Net Carrying Amount $	Net Fair Value $	Net Carrying Amount $	Net Fair Value $
Financial assets					
Cash and cash equivalents	(i)	209,395	209,395	161,292	161,292
Trade and other receivables	(i)	1,552	1,552	-	-
Total financial assets		210,947	210,947	161,292	161,292
Financial liabilities					
Trade and other payables	(i)	55,891	55,891	70,110	70,110
Property loan	(iv)	-		-	
Total financial liabilities		55,891	55,891	70,110	70,110

The fair values disclosed in the above table have been determined based on the following methodologies:

(i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables excludes amounts relating to the provision of annual leave which is outside the scope of AASB 139.

(ii) For listed available-for-sale and held-for-trading financial assets, closing quoted bid prices at the end of the reporting period are used. In determining the fair values of the unlisted available-for-sale financial assets, the directors have used inputs that are observable either directly (as prices) or indirectly (derived from prices).

(iii) Fair values of held-to-maturity investments are based on quoted market prices at the end of the reporting period.

(iv) Fair values are determined using a discounted cash flow model incorporating current commercial borrowing rates. The fair value of fixed rate debt will differ from carrying values.

Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

2011	Level 1	Level 2	Level 3	Total
Financial assets:				
Available-for-sale financial assets	0	0	0	-
Held-for-trading financial assets	0	0	0	-
Held-for-maturity financial assets	0	0	0	-
	-	-	-	-

2010	Level 1	Level 2	Level 3	Total
Financial assets:				
Available-for-sale financial assets	0	0	0	-
Held-for-trading financial assets	0	0	0	-
Held-for-maturity financial assets	0	0	0	-
	-	-	-	-

Included within Level 1 of the hierarchy are listed investments. The fair value of these financial assets has been based on the closing quoted bid prices at the end of the reporting period, excluding transaction costs.

In valuing unlisted investments, included in Level 2 of the hierarchy, valuation techniques such as those using comparisons to similar investments for which market observable prices are available have been adopted to determine the fair value of these investments.

Note 13 Capital Management

The Board controls the capital of the entity to ensure that within tolerable risk parameters adequate cash flows are generated to fund its mentoring programs and that returns from investments are maximised.

Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

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

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

There have been no changes to the strategy adopted by management to control the capital of the entity since the previous year. The strategy of the entity is to maintain a reasonable gearing ratio .

The gearing ratios for the years ended 30 November 2011 and 30 November 2010 are as follows:

	Note	2011 $	2010 $
Total borrowings		-	-
Less cash and cash equivalents	4	(209,395)	(161,292)
Net debt		(209,395)	(161,292)
Total equity (reserves + retained earnings)		79,057	93,183
Total capital		(130,338)	(68,109)
Gearing ratio		N/A	N/A

Note 13 Reserves

(a) Revaluation Surplus

A revaluation surplus records the revaluations of non-current assets. Where revaluations are deemed to represent profits of a permanent nature, dividends may be declared from this surplus.

(b) Financial Assets Reserve

A financial asset reserve records revaluation increments and decrements (that do not represent impairment write-downs) that relate to financial assets that are classified as available-for-sale.

Note 14 Entity Details

The registered office of the entity is:

Music Outback Foundation Limited
Office 8, Meat Market Arts House
5 Blackwood Street
NORTH MELBOURNE Vic 3051

The principal places of business is:

Music Outback Foundation Limited
Office 8, Meat Market Arts House
5 Blackwood Street
NORTH MELBOURNE Vic 3051

MUSIC OUTBACK FOUNDATION LIMITED
ABN: 26 119 784 388
DIRECTORS' DECLARATION

The directors have determined that the company is not a reporting entity and that these special purpose financial statements should be prepared in accordance with the accounting policies described in Note 1 of the financial statements .
The Directors of the entity declare that:

1. The financial statements and notes, as set out on pages 3 to 22, are in accordance with the Corporations Act 2001 and:
   (a) comply with Australian Accounting Standards; and
   (b) give a true and fair view of the financial position as at 30 November 2011 and of the performance for the period ended on that date of the entity.
2. In the directors' opinion there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director

Stephen Lewis Berry

MUSIC OUTBACK FOUNDATION LIMITED
ABN: 26 119 784 388
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MUSIC OUTBACK FOUNDATION LIMITED

Report on the Financial Report

I have audited the accompanying financial report of Music Outback Foundation Limited, being a special purpose financial report, which comprises the statement of financial position as at 30 November 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report that gives a true and fair value in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on our audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have complied with the independence requirements of the Corporations Act 2001. I confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Music Outback Foundation Limited, would be in the same terms if provided to the directors as at the date of this auditor's report.

Opinion

In my opinion, the financial report of Music Outback Foundation Limited is in accordance with Corporations Act 2001, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 November 2011 and of its performance for the period ended on that date; and

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

Auditor's signature:

Name: Eric Townsend
Address: 15 Taylor Street
ASHBURTON Vic 3147

Dated this 17th January 2012