

Financial Statements

For the year ended 31 October 2007

Statement by the Mount Buller and Mount Stirling Alpine Resort Management Board Chairman and Chief Executive Officer

We certify that the attached financial statements for the Mount Buller and Mount Stirling Alpine Resort Management Board have been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian accounting standards and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the operating statement, balance sheet, statement of changes in equity, cash flow statement and notes to and forming part of the financial report, presents fairly the financial transactions during the year ended 31 October 2007 and financial position of the Mount Buller and Mount Stirling Alpine Resort Management Board as at 31 October 2007.

We are not aware of any circumstance, which would render any particulars included in the financial statements to be misleading or inaccurate.



John W Dyson Chairman
Mount Buller and Mount Stirling
Alpine Resort Management Board



Philip Nunn Chief Executive Officer
Mount Buller and Mount Stirling
Alpine Resort Management Board

25 January 2008

Operating Statement

For the year ended 31 October 2007

	Note	2007 \$'000	2006 \$'000
Revenue from Operating Activities			
Gate Entry		3,168	1,889
Site Rental		2,860	2,797
Service Charges		3,023	2,990
Service Charge – Infrastructure Fee		177	135
Marketing Revenue		209	186
Taxi Transport Commission		107	58
Total Revenue from Operating Activities		9,544	8,055
Revenue from Non-Operating Activities			
Sale of Rights to Lease and Develop Crown Land		113	1,287
Government Grants		33	20
Interest Received		272	234
Other Revenue		381	375
Total Revenue from Non-Operating Activities		799	1,916
Total Revenue		10,343	9,971
Expenses			
Village Operations		3,160	2,988
Visitor Services		1,437	1,181
Administration and Corporate Services		2,046	2,174
Land Management and Environmental Services		864	1,130
Marketing		1,317	1,285
Borrowing Costs	2	30	-
Total Expenses		8,854	8,758
Net Result		1,489	1,213

The Operating Statement above should be read in conjunction with the accompanying notes.

Balance Sheet As at 31 October 2007

	Note	2007 \$'000	2006 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	3	5,373	5,802
Receivables	4	661	568
Inventories	5	19	43
Prepayments	6	253	230
Total Current Assets		6,306	6,643
Non-Current Assets			
Infrastructure, Property, Plant and Equipment	7	190,853	134,200
Receivables	4	43	56
Total Non-Current Assets		190,896	134,256
Total Assets		197,202	140,899
LIABILITIES			
Current Liabilities			
Payables	8	782	1,176
Borrowings	9	315	-
Employee benefits	10	372	356
Other	11	51	45
Total Current Liabilities		1,520	1,577
Non-Current Liabilities			
Borrowings	9	3,082	-
Employee benefits	10	34	56
Total Non-Current Liabilities		3,116	56
Total Liabilities		4,636	1,633
Net Assets		192,566	139,266
Equity			
Contributed equity	12	137,157	137,157
Retained profits	13	3,598	2,109
Asset revaluation reserve	14	51,811	-
Total Equity		192,566	139,266

The Balance Sheet above should be read in conjunction with the accompanying notes.

Statement of Changes in Equity For the year ended 31 October 2007

	Note	Contributed Capital \$'000	Retained Profits \$'000	Asset Revaluation Reserve \$'000	Total \$'000
Balance 1 November 2005		136,104	896	-	137,000
Allocation of contributed capital	12	1,053	-	-	1,053
Net result for the year		-	1,213	-	1,213
Balance 31 October 2006		137,157	2,109	-	139,266
Revaluation of land, buildings and infrastructure		-	-	51,811	51,811
Net result for the year		-	1,489	-	1,489
Balance 31 October 2007		137,157	3,598	51,811	192,566

The Statement of Changes in Equity above should be read in conjunction with the accompanying notes.

Cash Flow Statement For the year ended 31 October 2007

	Note	2007 \$'000	2006 \$'000
Cash Flows from Operating Activities			
Receipts from Customers (Inc of GST)		9,999	10,558
Payments to Suppliers and Employees (Inc of GST)		(7,671)	(7,787)
Interest received		280	247
Interest paid		(21)	-
Net Cash Provided by Operating Activities	21	2,587	3,018
Cash Flows from Investing Activities			
Payments for Infrastructure, Property, Plant and Equipment		(4,207)	(2,246)
Proceeds from Sale of Property, Plant and Equipment	15	2	42
Net Cash Used in Investing Activities		(4,205)	(2,204)
Cash Flows from Financing Activities			
Proceeds from Capital Contributions	12	-	1,053
Proceeds from Borrowings		1,210	-
Repayment of Borrowings		(21)	-
Net Cash Provided by Financing Activities		1,189	1,053
Net Increase/(Decrease) in cash held		(429)	1,867
Cash and cash equivalents at the beginning of the financial year		5,802	3,935
Cash at the end of the financial year	3	5,373	5,802

The Cash Flow Statement above should be read in conjunction with the accompanying notes.

Financial Statements For the year ended 31 October 2007

NOTE 1 Summary of Significant Accounting Policies

The Mount Buller and Mount Stirling Alpine Resort Management Board (ARMB) is constituted under the *Alpine Resorts (Management) Act 1997* and has its principal place of business located at Mt Buller, Victoria, Australia.

(a) Basis of Accounting

This financial report of ARMB is a general purpose financial report that consists of an Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes accompanying these statements. The general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), the *Financial Management Act 1994*, the *Alpine Resorts (Management) Act 1997*, relevant Directions of the Minister of Finance, and other mandatory professional reporting requirements (Australian Accounting Interpretations).

This financial report has been prepared on an accrual basis in accordance with the historical cost convention and, except where stated, does not take into account changing money values or fair value of assets.

Accounting policies

The accounting policies set out below have been applied consistently to all periods presented in the financial report.

Classification between current and non-current

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. An asset is classified as current if it is expected to be settled within the next 12 months, being the ARMB's operational cycle. In the case of liabilities where the ARMB does not have the unconditional right to defer settlement beyond 12 months, the liability is classified as current. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months.

Rounding

Unless otherwise stated, amounts in the report have been rounded to the nearest thousand dollars.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the ARMB's accounting

policies. The estimates and underlying assumptions are reviewed on an ongoing basis. There were no critical accounting estimates.

Not-for-profit status

Under AIFRS, there are requirements that apply specifically to not-for-profit entities that are not consistent with International Financial Reporting Standards (IFRS) requirements. The ARMB has analysed its purpose, objectives and operating philosophy and determined that it does not have profit generation as a prime objective. Consequently where appropriate the ARMB has elected to apply options and exemptions within AIFRS that are applicable to not-for-profit entities.

(b) Revenue recognition

Service charge revenue is brought to account when a rate/tariff is levied or determined for service charges leviable under Section 13 of the *Alpine Resorts (Management) Act 1997*. A service charge infrastructure fee is also levied upon site holders where development or redevelopment leading to an increased number of beds occurs. This is levied upon completion of the development.

Site rental income from leased crowned land is recognised annually in the operating statement in accordance with the terms and conditions of individual leases.

Gate entry revenue (including season access passes) is recognised when received.

Revenue from the sale of rights to lease and develop crown land is recognised on the execution of a contract of sale, following approval by the Minister. Any deposits received prior to approval from the Minister and execution of contract of sale are recorded as unearned revenue.

Interest revenue is recognised upon the control of the right to receive the interest payment existing.

Government grants and contributions are recognised as operating revenue on receipt or when an entitlement is established, whichever is the sooner, and disclosed in the operating statement as government contributions. However grants and contributions received from the Victorian State Government which were originally appropriated by Parliament as additions to net assets or where the Minister for Finance and the Minister for Environment have indicated are in the nature of owners' contributions are accounted for as equity – contributed capital (refer note 12).

(c) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred. Borrowing costs include interest on Treasury Corporation of Victoria loans.

(d) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

(e) Receivables

Receivables are stated at their fair value less impairment losses (refer Note 1(j)). Receivables are due for settlement no more than 30 days from the date of recognition unless specific payment arrangements have been approved. Default interest is levied on overdue debts.

Collectibility of receivables is reviewed on an ongoing basis. Debts known to be uncollectible are written off. A provision for doubtful debts is established when there is objective evidence the ARMB will not be able to collect all amounts due.

(f) Inventories

Inventories comprise stores and materials used in the construction of new works, operation of the waste water treatment plant, repair and maintenance of existing assets, and minor amount of merchandise held for resale or promotional purposes. These are stated at the lower of cost and current replacement cost. Current replacement cost is the cost the ARMB would incur to acquire the asset at reporting date.

(g) Investments

Investments consist of fixed term deposits held with Treasury Corporation of Victoria. These investments are carried at cost with interest revenue recognised in the operating statement when it is earned.

(h) Infrastructure, property, plant and equipment

Acquisition

The purchase method of accounting is used for all acquisitions of assets, regardless of whether equity instruments or other assets are acquired. Cost is measured at the fair value of the assets given or liabilities incurred at the date of exchange plus costs directly attributable to the acquisition. Where payment of an asset is deferred beyond normal credit terms, the asset is recorded at the cash price equivalent at the recognition date (ie present value). Commonwealth Bond rates are used in determining present values. The difference between the cash price equivalent and the total price paid is recognised as interest and expensed over the period of credit.

The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, and where relevant, the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

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

Carrying Amount

All land, buildings and infrastructure assets are valued at fair value. Land is not depreciated. Leased assets and plant and equipment are stated at cost less depreciation and impairment losses.

Land, buildings and infrastructure assets were re-valued on 31 October 2007 by the Victorian Valuer-General applying an indexation method to 31 October 2004 fair values (the date of the most recent valuation).

All fixed assets with the exception of land are depreciated using the straight line method to allocate the cost or revalued amount of each item net of their residual values, over its estimated useful life. Where assets have separate identifiable components that have distinct useful lives and/or residual values, a separate depreciation rate is determined for each component. The estimated useful lives of each group of assets have been reviewed during the year, and adjustments made where required.

The estimated useful lives are as follows:

Buildings	9 to 80 years
Infrastructure assets	5 to 100 years
Other plant and equipment	5 to 20 years

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the operating statement.

Revaluation

Assets other than those that are carried at cost are revalued with sufficient regularity to ensure that the carrying amount of each asset does not differ materially from its fair value. This revaluation process normally occurs at least every 5 years in accordance with Financial Reporting Direction 103B. Revaluation increments or decrements arise from differences between an asset's depreciated cost or deemed cost and fair value.

Revaluation increments are credited directly to equity in the revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as expense in determining the net result, the increment is recognised as revenue in determining the net result.

Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the revaluation reserve in respect of the same class of assets, they are debited to the revaluation reserve.

(i) Leases

Leases of plant and equipment where the ARMB has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long term payables.

Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the operating statement on a straight line basis over the term of the lease.

(j) Impairment of assets

Items of infrastructure, property, plant and equipment are assessed annually for indicators of impairment. Where an impairment indicator is triggered, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an assets carrying amount exceeds its recoverable amount, the difference is written-off by a charge to the operating statement except to the extent that the write-down can be debited to an asset revaluation reserve amount applicable to that class of asset.

The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell. It is deemed that, in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made.

(k) Payables

These amounts represent liabilities for goods and services provided to the ARMB prior to the reporting date which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(l) Provisions

A provision is recognised when there is a legal, equitable or constructive obligation as a result of a past event and it is probable (more likely than not) that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are not recognised for future operating losses.

(m) Employee benefits

Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, rostered days off, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values, using the remuneration rates expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value (Commonwealth Bond rates are used in determining present values) of the estimated future cash outflows to be made, in respect of services provided by employees up to the reporting date.

Superannuation

Contributions to defined contribution superannuation plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Employee benefit on-costs

Employee benefit on-costs are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

Performance payments

Performance payments for the ARMB's Executive Officers and staff are based on a percentage of the annual salary package provided under their employment contracts. Unpaid, but committed, employee performance payments are recognised as a liability in the financial report. Performance payments are assessed and paid annually where applicable.

(n) Goods and services tax

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

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows arising from operating activities are disclosed in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(o) Interest bearing liabilities

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost.

Borrowings are classified as current liabilities unless the ARMB has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2007
\$'000

2006
\$'000

**NOTE 2
BORROWING COSTS**

Interest expense	30	-
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**NOTE 3
CASH AND CASH EQUIVALENTS**

Cash at Bank and on hand	1,273	725
Deposits on Call	4,100	5,077
Total Cash Assets	5,373	5,802

The ARMB does not have access to a bank overdraft as at 31 October 2007. The weighted average interest rate applicable to cash at bank and on hand is 6.3%. The deposits on call are interest bearing floating rates between 5.9% and 6.92%, with an average maturity of 37 days.

Included in these cash balances are amounts set aside for use as the ARMB's Snow Drought Fund of \$600,000 (2006: \$600,000), Debt Repayment Fund of \$1,000,000 (2006:nil) and Capital Improvement Fund of \$1,500,000 (2006: \$1,400,000). These funds have been established to comply with the Minister of Environment's Alpine Reform Package program, the aim of which was to improve financial governance and thus the financial sustainability of the Alpine Resort Management Boards.

The Snow Drought Fund may be drawn upon with Ministerial approval in the event of a poor snow season which leads to a liquidity shortage as a result of a reduction in visitor related revenue. The Debt Repayment Fund will be drawn upon to repay outstanding debt when required, in times of low cash resources and/or financial hardship.

The purpose of the Capital Improvement Fund is to provide a pool of internally generated funds to finance asset replacement and capital works expenditure.

Financial Statements

For the year ended 31 October 2007

	2007 \$'000	2006 \$'000
NOTE 4 RECEIVABLES		
Current		
Trade Debtors	547	426
Less: Provision for Doubtful Debts	(2)	(8)
	545	418
Sundry Debtors	104	138
Capital In-goings	12	12
	661	568
Non-Current		
Capital In-goings	43	56
Total Receivables	704	624

The carrying value of debtors at 31 October 2007 approximates fair value. A provision of \$2,317 (2006: \$8,279) has been made in regard to the possible non-collection of Trade Debtors. Interest is charged on overdue site rentals and utility charges at a rate fixed by Section 2 of the *Penalty Interest Rates Act 1983*, which, at 31 October 2007 was 12% per annum.

NOTE 5 INVENTORIES

Raw Materials	19	43

NOTE 6 OTHER CURRENT ASSETS

Prepayments	253	230

Financial Statements

For the year ended 31 October 2007

	2007 \$'000	2006 \$'000
NOTE 7 INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT		
Land		
Land at Fair Value – 31 October 2007 – Mount Buller	144,676	101,985
Land at Fair Value – 31 October 2007– Mount Stirling	5,637	4,050
	150,313	106,035
Buildings		
Buildings at Fair Value – 31 October 2007	12,064	6,919
Less Accumulated Depreciation	-	(285)
Closing WDV	12,064	6,634
Infrastructure Assets		
Infrastructure Assets at Fair Value – 31 October 2007	23,356	20,401
Infrastructure Assets at Cost	-	402
Less Accumulated Depreciation	-	(1,801)
Closing WDV	23,356	19,002
Leased Assets		
Lease at Cost	58	58
Less Accumulated Depreciation	(36)	(24)
Closing WDV	22	34
Plant and Equipment		
Plant and Equipment at Cost	2,215	2,133
Less Accumulated Depreciation	(954)	(580)
Closing WDV	1,261	1,553
Capital Work in Progress	3,837	942
Total Infrastructure, Property, Plant and Equipment	190,853	134,200

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For the year ended 31 October 2007

NOTE 7 (CONTINUED) INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT

	Land \$'000	Buildings \$'000	Infrastructure Assets \$'000	Leased Assets \$'000	Plant and Equipment \$'000	CWIP \$'000	Total \$'000
Year ended 31 October 2006							
Opening net book value	106,035	6,764	18,760	46	1,269	95	132,969
Additions	-	-	402	-	669	1,623	2,694
Disposals	-	-	-	-	(53)	-	(53)
Depreciation	-	(143)	(923)	(12)	(332)	-	(1,410)
Transfers	-	13	763	-	-	(776)	-
Closing net book value	106,035	6,634	19,002	34	1,553	942	134,200
Year ended 31 October 2007							
Opening net book value	106,035	6,634	19,002	34	1,553	942	134,200
Additions	-	3,065	53	-	83	3,205	6,406
Disposals	-	-	-	-	-	(17)	(17)
Depreciation	-	(206)	(955)	(12)	(374)	-	(1,547)
Transfers	-	338	(44)	-	(1)	(293)	-
Revaluations	44,278	2,233	5,300	-	-	-	51,811
Closing net book value	150,313	12,064	23,356	22	1,261	3,837	190,853

NOTE 8 PAYABLES

	2007 \$'000	2006 \$'000
Accounts Payable	248	568
Other Creditors and Accruals	534	608
Total Payables	782	1,176

All trade and other creditors are non-interest bearing.
The carrying amount of creditors at balance date approximates fair value.

Financial Statements

For the year ended 31 October 2007

NOTE 9 BORROWINGS

	2007 \$'000	2006 \$'000
Current		
Interest bearing loan	98	-
Non-interest bearing loan	217	-
	<u>315</u>	<u>-</u>
Non-Current		
Interest bearing loan	1,100	-
Non-interest bearing loan	1,982	-
	<u>3,082</u>	<u>-</u>
Total Borrowings	3,397	-

Interest bearing loans have been taken out with the Treasury Corporation of Victoria. They have an interest rate of 6.84% and are repayable in quarterly instalments over the next 10 years.

Non interest bearing loans relate to the deferred settlement with La Trobe University on the acquisition of the Buller Community Centre. The loan is recorded at its net present value at the date of acquisition, discounted over 15 years using the 10 year government bond rate of 6.3%.

NOTE 10 EMPLOYEE BENEFITS

	2007 \$'000	2006 \$'000
Current		
Annual Leave	175	156
Accrued Day Off (ADO)	13	6
Long Service Leave	145	144
Staff Bonuses	39	50
	<u>372</u>	<u>356</u>
Non-Current		
Long Service Leave	34	56
Total Employee Benefits	406	412

Long service leave entitlements for those employees with 7 or more years continuous service are treated as a current liability. Long service leave entitlements for those employees with less than 7 years continuous service are treated as a non-current liability.

NOTE 11 OTHER CURRENT LIABILITIES

Unearned Revenue	51	45
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For the year ended 31 October 2007

	2007 \$'000	2006 \$'000
NOTE 12 CONTRIBUTED CAPITAL		
Balance at beginning of financial year	137,157	136,104
Allocation of Contributed Capital for the year	-	1,053
Balance at end of year	137,157	137,157
NOTE 13 RETAINED PROFITS		
Balance at beginning of the financial year	2,109	896
Net Surplus	1,489	1,213
Balance at the end of the financial year	3,598	2,109
NOTE 14 ASSET REVALUATION RESERVE		
Balance at beginning of the financial year	-	-
Revaluation of land, buildings and infrastructure	51,811	-
Balance at the end of the financial year	51,811	-
NOTE 15 PROFIT/(LOSS) ON DISPOSAL OF ASSETS		
Consideration Received on Disposal of Assets	2	42
Written Down Value of Fixed Assets disposed of	(17)	(52)
Profit/(Loss) on Disposal of Assets	(15)	(10)

Financial Statements

For the year ended 31 October 2007

NOTE 16 COMMITMENTS

Capital Commitments

The ARMB has entered into a commitment with the State Government to spend \$3.4 million (\$1 million funded by Government grant) on a Water Recycle and Conservation Project. At the reporting date \$3.1m has been spent and the project is virtually complete. We expect the new Waste Water Treatment Plant to be fully operational by the beginning of the 2007-08 snow season.

Operating Commitments

a) In regards to future operating commitments, the ARMB has the following:

- An annual commitment to Buller Ski Lifts Ltd for snow making, being \$196,509 for 2007-08. This commitment will be reviewed in the year ending 31 October 2009.
- A commitment exists to sponsor the annual Victorian Inter-Schools Skiing Competition for \$25,000 per annum.
- A commitment to Tourism Victoria to contribute to the Board of Alpine Regional Tourism (BART) for an amount of \$155,000 per annum to promote regional tourism in alpine areas.
- A commitment to the Alpine Resorts Coordinating Council (ARCC) for \$168,316 per annum, as directed by the Minister.
- A commitment to Mansfield-Mt Buller Regional Tourism Association Ltd (trading as High Country Reservations) for sales, promotion and the provision of tourist information services. An amount of \$129,000 has been committed for sales and promotion activities, under a 2 year agreement expiring 31 October 2008.
- A new contract for the provision of transport services to the resort is currently under negotiation. The annual value of the previous contract was \$333,500 (incl. GST).
- A garbage collection contract was entered into on 1 June 2005 and the base cost of the contract is \$375,000 per annum. The garbage contract is for eight years starting from 2005 (five years left to run) with the ARMB having the further option to add four one year extensions.
- An agreement has been entered into with DSE for the 'Burrmys Recovery Plan'. This commitment involves the expenditure of \$1.163 million over five years starting in the 2005-06 financial year. The amount of \$195,500 has been committed for the 2007-08 financial year.

b) The above operating commitments are payable as follows:

	2007 \$'000	2006 \$'000
Within one year	1,343	1,543
Later than one year but not later than 5 years	3,882	4,068
	5,225	5,611

Financial Statements

For the year ended 31 October 2007

NOTE 17 SUPERANNUATION

The ARMB meets the superannuation guarantee levy on behalf of seasonal and casual employees. All employees are members of one of the following superannuation schemes:

Scheme:	Type	Cont'n Range (%)	2007 \$'000	2006 \$'000
<i>State Superannuation Fund:</i>				
State Employees Retirement Benefits Scheme 4**	Defined Benefit	9.7-12.8	17	20
AJ Abercrombie Super Fund	Accumulation	9	-	-
AERF	Accumulation	9	-	-
AMP Flexible Lifetime	Accumulation	9	13	7
ANZ Life Assurance	Accumulation	9	1	1
Asgard Capital Management**	Accumulation	9	10	9
Australian Super *	Accumulation	9	7	7
AXA Australia	Accumulation	9	3	4
BT Fund	Accumulation	9	11	9
C-Bus	Accumulation	9	6	2
Colonial First State Investment	Accumulation	9	3	2
Dolling Family Superannuation	Accumulation	9	4	-
Dundas Superannuation Fund	Accumulation	9	1	1
Equipsuper	Accumulation	9	-	-
HESTA	Accumulation	9	1	1
Hopkins Gosper Superannuation Fund	Accumulation	9	-	1
Host Plus Superannuation	Accumulation	9	4	4
Health Superannuation	Accumulation	9	4	2
HT and JA Purcell Superannuation Fund	Accumulation	9	-	1
Independent Schools Super Fund	Accumulation	9	1	-
ING Master Fund	Accumulation	9	8	2
IOOF Investment Management Ltd	Accumulation	9	1	-
Legal Super	Accumulation	9	1	-
LG Super	Accumulation	9	-	-
Macquarie ADF Superannuation Fund	Accumulation	9	1	1
MLC Masterkey Superannuation	Accumulation	9	8	7
Retail Employees Superannuation Trust	Accumulation	9	1	1
Spectrum Superannuation	Accumulation	9	-	1
Sunsuper Superannuation Fund	Accumulation	9	1	-
Trujon Superannuation Fund	Accumulation	9	1	1
Uni Superannuation	Accumulation	9	-	1
Vic Super**	Accumulation	9	68	71
Vision Superannuation	Accumulation	9	7	4

** The Superannuation Trust of Australia and Australian Retirement Fund merged during the year to form Australian Super. Prior year balances have been adjusted to exclude salary sacrifice amounts.

Contributions to the Defined Benefit Schemes are based on the scheme's estimate at the beginning of the period of the liabilities falling due for payment and also on certain termination payments that had not been allowed for.

Total contributions for the period were \$183,981 (2006: \$159,859) and there were no outstanding contributions at the end of the period. There are no loans between any Superannuation Scheme and the ARMB.

The ARMB has met all of its obligations under the employer sponsored defined benefits superannuation scheme and does not have any unfunded liability.

Financial Statements

For the year ended 31 October 2007

2007 \$'000 2006 \$'000

NOTE 18 AUDITOR'S REMUNERATION

Audit Services

Victorian Auditor-General

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NOTE 19 CONTINGENT ASSETS AND LIABILITIES

As at 31 October 2007, the ARMB has no contingent assets or liabilities.

NOTE 20 CONSULTANTS ENGAGED

There were 13 projects undertaken for the ARMB by consultants. The total costs of these assignments were \$338,247 (2006: \$230,115). No individual consultant was paid more than \$100,000 during the financial year.

NOTE 21 RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING SURPLUS

From Operating Activities to Operating Profit

Operating Profit/(Loss) for the period	1,489	1,213
Depreciation	1,547	1,410
Net (Profit)/Loss on Sale of Fixed Assets	15	10
Doubtful debts expense	(6)	(1)
Decrease/(Increase) in Trade and Other Debtors	(87)	27
Decrease/(Increase) in Inventories	24	(13)
Decrease/(Increase) in Other Current Assets	(23)	(21)
Decrease/(Increase) in Other Non-Current Assets	13	18
Increase/(Decrease) in Trade and Other Creditors	(385)	323
Increase/(Decrease) in Current Provisions	16	13
Increase/(Decrease) in Non-Current Provisions	(22)	22
Increase/(Decrease) in Unearned Revenue	6	17
Net Cash Generated by Operations	2,587	3,018

NOTE 22
CONTRIBUTED CAPITAL

The ARMB's maximum exposure to credit risk at reporting date in respect of financial assets is limited to the carrying amount in the balance sheet.

NOTE 23
NET FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The net fair value of financial assets and financial liabilities detailed in the balance sheet are not materially different to the carrying value of the financial assets and financial liabilities.

NOTE 24
BOARD MEETINGS AND RESPONSIBLE PERSONS RELATED DISCLOSURES

a) Board Meetings

The following table records the attendance of members at board meetings between 1 November 2006 and 31 October 2007:

	Total Meetings while in office	Meetings Attended
Board Members		
John Dyson (Chairman)	12	12
Don Cummins (Deputy Chairman)	12	10
Judy Dixon	12	12
Bruce Dowding	12	10
Dean Gosper (appointment ceased 24 April 2007)	5	5
Susan Hocking	12	11
Andrew Abercrombie (appointed 25 April 2007)	7	6
Stuart Worn (appointed 25 April 2007)	7	7

b) Responsible Persons

The names of persons who were Responsible Persons at any time during the financial year were:

- Gavin Jennings MLC, (Minister for Environment – appointed 3 August 2007)
- John Thwaites MLA, (Minister for Environment – resigned 27 July 2007)
- John Dyson, (Chairman of ARMB)
- Don Cummins, (Deputy Chairman of ARMB)
- Judy Dixon, (ARMB Member)
- Bruce Dowding, (ARMB Member)
- Dean Gosper, (ARMB Member – appointment ended 24 April 2007)
- Susan Hocking, (ARMB Member)
- Andrew Abercrombie, (ARMB Member – appointed 25 April 2007)
- Stuart Worn, (ARMB Member – appointed 25 April 2007)
- Philip Nunn, (Chief Executive Officer)

NOTE 24 (CONTINUED)

Remuneration of Responsible Persons

Remuneration received, or due and receivable from the ARMB in connection with the management of the ARMB for the financial period ended 31 October 2007 was \$207,546 (2006: \$213,128).

The number of Responsible Persons whose remuneration from the ARMB was within the specified bands is as follows:

\$000's	2007	2006
1-10	7	6
11-20	1	1
151-160	1	1

The relevant Minister's remuneration is reported separately in the financial statements of the Department of Premier and Cabinet.

Retirement Benefits of Responsible Persons

There were no retirement benefits paid by the ARMB in conjunction with the retirement of Responsible Persons of the ARMB during the financial year.

Loans

At 31 October 2007 there were no loans in existence that have been made, guaranteed or secured by the Board to a Responsible Person of the ARMB or a related party of a Responsible Person.

Shares

There were no interests in the shares of related entities held by Responsible Persons of the ARMB during the financial period ended 31 October 2007.

Related party transactions

John Dyson is a Committee member of Yurredda Ski Club, an organisation which is a leaseholder on Mount Buller. Mr Dyson is also a member of the Ski Club of Victoria and the Mount Buller Race Club. Mr Dyson is a member of the Alpine Resorts Coordinating Council (ARCC) and receives remuneration of \$7,700 annually from the ARCC. To his knowledge he has no other direct financial transactions with the ARMB.

Dean Gosper is President of Ski and Snowboard Australia Ltd, which is the host of the World Cup Aerials at Mount Buller. Mr Gosper is also a member of the Ski Club of Victoria and also has an interest in an apartment located at Chalet Apartments, Mount Buller. Mr Gosper is also a member of the School Snowsports Development Foundation Committee, which is licenced annually by Ski and Snowboard Australia Ltd to conduct the Victorian and National Interscholls events.

Bruce Dowding is a director of Buller Ski Lifts Ltd, a group of companies that has many contractual arrangements with the ARMB. Mr Dowding is also a Board Member of the Mansfield-Mount Buller Regional Tourism Association Ltd (MMBRTA). Mr Dowding received no direct remuneration from this position.

Stuart Worn is a member of Alkira Ski Club, an organisation which is a leaseholder on Mount Buller. Mr Worn is also a member of the Ski Club of Victoria. To his knowledge he has no other direct financial transactions with the ARMB.

Andrew Abercrombie is a member of Ski Club of Victoria, and the Mount Buller Race Club. Mr Abercrombie has an interest in an apartment located at Alto Villas, Mt Buller. Mr Abercrombie is also employed by Buller Ski Lifts Pty Ltd as a ski instructor.

Judy Dixon is a member of the Board of Alpine Resort Tourism (BART). Ms Dixon did not receive any remuneration from BART.

Don Cummins and Susan Hocking have no related interests in the operation of the ARMB.

Philip Nunn is currently on the boards of the Mansfield-Mount Buller Regional Tourism Association Ltd (MMBRTA) and the Board of Alpine Regional Tourism (BART). Mr Nunn is also a committee member of the Snow Safe Inc. and National Alpine Museum. The National Alpine Museum received a grant of \$20,000 during this financial year from the ARMB. Mr Nunn received no direct remuneration from these positions.

Snow Safe Inc. is an organisation established to promote and enhance public safety in the ski fields. Snow Safe charges Ski Industry participants, including the ARMB for materials provided for public distribution. In the financial year ending 31 October 2007, the amount paid by the ARMB to Snow Safe Inc was nil (2006: \$3,300).

Mansfield-Mount Buller Regional Tourism Association Ltd (MMBRTA) is a company limited by guarantee of which the ARMB is the guarantor. Transactions to the value of \$312,737 (2006: \$305,230) were incurred and paid on behalf of MMBRTA by the ARMB and \$7,786 (2006: \$5,969) was invoiced to the MMBRTA by the ARMB being payments for gate entry and reimbursement of fuel expenses.

Financial Statements

For the year ended 31 October 2007

	2007 \$'000	2006 \$'000
NOTE 24 (CONTINUED)		
BOARD MEETINGS AND RESPONSIBLE PERSONS RELATED DISCLOSURES		
The following additional transactions have been entered into with related party entities:		
Yurredla Ski Club		
No transactions were entered into with this entity	-	-
Ski Club of Victoria		
Revenue received ⁽¹⁾	56	58
Other services paid	(10)	(5)
Ski and Snowboard Australia		
No transactions were entered into with this entity	-	-
Chalet Apartments		
Revenue received ⁽¹⁾	211	203
Buller Ski Lifts Ltd		
Revenue received ⁽¹⁾	750	574
Snow making contribution	(189)	(183)
Grooming costs	(46)	-
Machinery hire	(57)	-
Other services paid	(31)	(12)
Alkira Ski Club		
Revenue received ⁽¹⁾	26	26
Alto Villas		
Revenue received ⁽¹⁾	144	132

⁽¹⁾ Revenue received includes site rent and service charges which are levied in accordance with the site lease contract and using a formula that is equally applied to all sites.

c) Executive Officers Remuneration

The number of executive officers, other than responsible persons, whose remuneration falls within the specified bands above \$100,000 is as follows:

\$000's	Total Remuneration		Base Remuneration	
	2007	2006	2007	2006
101 – 110	-	-	1	2
111 – 120	1	1	-	-
121 – 130	-	1	-	-
131 – 140	1	-	-	-
Total Amount	258,115	240,519	109,504	216,299

Financial Statements

For the year ended 31 October 2007

NOTE 25 EVENTS OCCURRING AFTER BALANCE SHEET DATE

No matters or circumstances have arisen since the end of the reporting period which may significantly affect the operations of the ARMB, the result of those operations, and the state of affairs of the ARMB in future financial years.

NOTE 26 LEASING ARRANGEMENTS

a) Crown Land

Crown Land is recorded in the accounts of the ARMB at the Valuer-General's valuation. The ARMB has brought to account the rental revenue in relation to the leased sites and does not account for depreciation since the class of assets is defined as land. The ARMB, acting as a Committee of Management under Section 38 of the *Alpine Resorts (Management) Act 1997*, manages 176 Crown lease arrangements with site holders. The lease arrangements cover lease periods from three to ninety-nine years. Anticipated rental from these leases during the 2008 financial year is \$3.365 million (excluding GST).

	2007 \$'000	2006 \$'000
For each class of asset:		
(a) Gross amount of leased crown land at reporting date	87,017	82,094
(b) Lease commitments receivable at reporting date	105	-
(c) For operating leases that are non-cancellable leases, the lease payment expected for the next financial year:	3,365	2,785

(d) A general description of the lessor's leasing arrangements:

- Leasing powers are defined in Section 7 of the *Alpine Resorts (Management) Act 1997*. Lease terms of up to ninety nine years are permissible under this section. The ARMB also has the power to grant leases up to twenty one years as a Committee of Management under the *Crown Land (Reserves) Act 1978*.
- New leases are granted on the basis that the rental will be negotiated at market value.
- All lease renewals and/or lease variations are granted on the basis that the rental will be negotiated at market value.
- An existing lessee shall pay rent in accordance with the relevant lease clause for the duration of the lease term.

Payment of rentals:

New Leases:

- The tenant shall pay rent to the ARMB by either of the following methods:
 - (a) An initial payment of the tenant's interest (determined by valuation); and/or
 - (b) An ongoing annual market rent (determined by valuation) for the term of the lease.

Existing Leases:

- Site rent shall be paid in accordance with the rent review clause of the lease document throughout the term of the lease.

2007
\$'000

2006
\$'000

NOTE 26 (CONTINUED)
LEASING ARRANGEMENTS

b) Gas Network

The right to operate the LP Gas system was licensed to Indigo Shire Council in June 2002. The ARMB has retained the majority of the infrastructure assets associated with the delivery of gas to the site holders on the mountain. The ARMB has leased the use of these assets to Indigo Way Services for ten years and will receive \$100,000 per annum (indexed for CPI) during the period of the lease. The lease contains provisions for further ten year options. All assets remain the property of the ARMB at the conclusion of the lease period.

(a) Gross amount of leased assets at reporting date	2,419	1,920
(b) Accumulated depreciation as at reporting date	1,439	1,388
(c) Depreciation recognised as an expense in current year	51	51
(d) Lease commitments receivable at reporting date	111	109
(e) Future minimum lease payments in the following time bands, according to the time expected to elapse from the reporting date to the expected date of receipt:		
— Not later than one year	114	113
— Later than one year but not later than five years	407	488
— Later than five years	-	132
(f) Payments recognised as revenue in the current year	111	109

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INDEPENDENT AUDITOR'S REPORT

**To the Members of the Board, Mount Buller & Mount Stirling Alpine Resort
Management Board**

The Financial Report

The accompanying financial report for the year ended 31 October 2007 of the Mount Buller & Mount Stirling Alpine Resort Management Board which comprises the operating statement, balance sheet, statement of changes in equity, cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the statement by the Mount Buller and Mount Stirling Alpine Resort Management Board Chairman and Chief Executive Officer has been audited.

The Members of the Board's Responsibility for the Financial Report

The Members of the Mount Buller & Mount Stirling Alpine Resort Management Board are responsible for the preparation and the fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the financial reporting requirements of the *Financial Management Act 1994*. This responsibility includes:

- establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. These Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance whether the financial report is free from material misstatement.

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

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

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Independent Audit Report (continued)

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial statements published in both the annual report and on the website of the Mount Buller & Mount Stirling Alpine Resort Management Board for the year ended 31 October 2007. The Members of the Mount Buller & Mount Stirling Alpine Resort Management Board are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the Mount Buller & Mount Stirling Alpine Resort Management Board web site.


Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Auditor's Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Mount Buller & Mount Stirling Alpine Resort Management Board as at 31 October 2007 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE
29 January 2008


F.D.R. Pearson
Auditor-General