



3 February 2022

Peter Davidson  
Federal Secretary  
Musicians' Union of Australia  
Sent via email: [peterdavidson@netspace.net.au](mailto:peterdavidson@netspace.net.au)  
CC: [nat@ascensio.com.au](mailto:nat@ascensio.com.au)

Dear Peter Davidson,

**Musicians' Union of Australia  
Financial Report for the year ended 30 June 2021 – (FR2021/175)**

I acknowledge receipt of the financial report for the year ended 30 June 2021 for the Musicians' Union of Australia (**MUA**). The documents were lodged with the Registered Organisations Commission (**the ROC**) on 14 January 2022.

The financial report has now been filed.

The financial report was filed based on a primary review. This involved confirming that the financial reporting timelines required under s.253, s.265, s.266 and s.268 of the *Fair Work (Registered Organisations) Act 2009 (RO Act)* have been satisfied, all documents required under s.268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and reporting guidelines have been complied with. A primary review does not examine all disclosure requirements.

Please note that the financial report for the year ending 30 June 2022 may be subject to an advanced compliance review.

You are not required to take any further action in respect of the report lodged. I make the following comment to assist you when you next prepare a financial report.

**MUA meetings and rules**

A section 245 certificate was granted to the MUA on 29 June 2015. This certificate stated, that for the purposes of compliance with Part 3 of Chapter 8 of the RO Act, that the federal office of the MUA and its branches would be deemed to be one (1) reporting unit. That is, the branches would no longer be separate reporting units and would therefore no longer be required to prepare individual general purpose financial reports (**GPFR**). Instead, the federal office would prepare a single GPFR which encompasses the financial transactions and disclosure requirements of the federal office and each branch and report them as one entity.

It is noted that the full report of the reporting unit was presented to a federal executive meeting. This may not be fully in accord with the RO Act.

Under the RO Act the standard obligation is for the full financial report to be presented to a general meeting of members of the reporting unit within 6 months of the end of the financial year. The documents may only be presented directly to a committee of management meeting where the rules of the organisation contain a provision that requires no more than 5% of members to call a general meeting of the reporting unit for the purpose of considering the report - see subsection 266(3).

It would appear that the rules of the organisation do not currently contain a provision to this effect. While rule 80(b) of the organisation's rules is a 5% rule, the MUA rules do not provide for any general meetings to be conducted at the federal level. Therefore rule 80(b) cannot function as required now that the whole organisation is deemed to be a reporting unit. Members of the MUA (i.e. the reporting unit) are unable to call a general meeting to allow all members from the various branches to attend to consider the full report. I note that the MUA rules only provide for meetings for the federal council in an annual conference session (see rules 21 and 22) and meetings of the federal executive (see rule 51).

From the information provided in the designated officer's certificate, it appears that to meet the obligations under section 266, that each branch of the MUA holds a general meeting of members. Section 266(2) does provide that presenting the full report to a series of meetings is taken to be the presenting of the report to a general meeting '*if the rules of the reporting unit permit a general meeting to be a series of meetings at different locations.....*'. No such rule exists in the MUA rule book at the federal level. Rule 80 refers to a special general meeting of the branches being held as a series of meetings, not the general meeting of the reporting unit being held as a series of meetings.

It appears that the MUA rule book does not provide any avenue for the reporting unit to present the full report to either a:

- general meeting of members;
- committee of management meeting; or
- series of meetings

of the reporting unit. To ensure that the reporting unit can meet its obligations under the RO Act, a rule alternation is urgently required.

The Fair Work Commission (**FWC**) can provide advice and/or assistance regarding any draft rules the organisation may wish to submit with respect to this issue. I have already identified this issue with the FWC and I will also forward a copy of this letter to them for reference. The Regulatory Compliance Branch of the FWC can be contacted via [ros@fwc.gov.au](mailto:ros@fwc.gov.au).

### **Reports must be signed and dated before being provided to members**

Under subsection 265(1)(a) of the RO Act a reporting unit must provide free of charge to its members a full report. A full report consists of:

- (i) a copy of the report of the auditor in relation to the inspection and audit of the financial records of the reporting unit in relation to a financial year; and
- (ii) a copy of the general purpose financial report to which the report relates; and
- (iii) a copy of the operating report to which the report relates.

Subsection 253(2) states that the general purpose financial report must consist of:

- (a) financial statement containing
  - (i) a profit and loss statement, or other operating statement; and
  - (ii) a balance sheet; and
  - (iii) a statement of cash flows; and
  - (iv) any other statements required by the Australian Accounting Standards; and
- (b) notes to the financial statements containing:
  - (i) notes required by the Australian Accounting Standards; and
  - (ii) information required by the reporting guidelines (see section 255); and
- (c) any other reports or statements required by the reporting guidelines (see section 255) (including a committee of management statement, subsection 255(2A) report and officer's declaration statement).

The designated officer's certificate states that the full report was provided to members on 9 December 2021. However, the auditor's report was not signed until 29 December 2021 which is after the date the full report was purportedly provided to members. This report must be signed and dated before being provided to members as they form part of a full report. It would therefore appear that members have not been provided with a copy of the full report.

Please note that subsections 265(1) and 265(5) are both civil penalty provisions.

### **Subsection 255(2A) report**

I also note that the subsection 255(2A) report is dated 6 December 2021, however the committee of management statement declares that the resolution in relation to the GPFR was passed on 4 December 2021.

As the subsection 255(2A) report forms part of the full report, the resolution passed does not cover all aspects of the GPFR in accordance with section 253.

### **Going Concern Monitoring**

I acknowledge the contents of the paragraph *significant changes in financial affairs* within the *operating report*.

Please note that the ROC will continue to monitor the management's use of the going concern basis of accounting.

### **You must rotate your registered auditor**

Correspondence was provided to the reporting unit on 23 June 2021, which alerted you that your registered auditor is approaching their statutory limit on how many consecutive financial years they are permitted to audit your financial report. The financial report lodged identifies that Natale Rugari was the reporting unit's registered auditor for this financial year. Our records indicate that you have now used your current registered auditor for five consecutive financial years, which is the statutory limit under section 256A.

Please ensure that Natale Rugari is not assigned to audit the financial report of the reporting unit for at least the following two financial years. Further information on the rotation of registered auditor requirement can be found via [this link](#).

### **Auditor's Report**

I note that the auditor's report provides a link to the auditor's responsibilities. It is recommended for greater transparency to members that the relevant responsibilities are included in the auditor's report, so the obligation is not placed on individuals to locate them.

### **Reporting Requirements**

The ROC website provides a number of factsheets in relation to the financial reporting process and associated timelines. The website also contains the s.253 reporting guidelines and a model set of financial statements.

The ROC recommends that reporting units use these model financial statements to assist in complying with the RO Act, the s.253 reporting guidelines and Australian Accounting Standards. Access to this information is available via [this link](#).

If you have any queries regarding this letter, please contact me on (03) 9603 0841 or by email at [Mihiri.jayawardane@roc.gov.au](mailto:Mihiri.jayawardane@roc.gov.au).

Yours sincerely,



**Mihiri Jayawardane**  
**Registered Organisations Commission**



Musicians Union of Australia  
U4 23A King William Rd.  
Unley, SA, 5061

**Certificate by Prescribed Designated Officer**

Certificate for the financial year ended 30 June 2021

I, Peter Davidson, being the Federal Secretary of the Musicians' Union of Australia certify:

- that the documents lodged herewith are copies of the full report for the Musicians' Union of Australia for the period ended June 2021, referred to in s268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that, on the 9<sup>th</sup> of December 2021, the full report was made available for download from the Union's website and members were notified of the availability of the report and provided with a notice that a General Meeting of the members would be held on the 30<sup>th</sup> of December 2021; and
- that, in accordance with s266(1) of the *Fair Work (Registered Organisations) Act* the full report was presented to a General Meeting of the Adelaide Branch on the 30<sup>th</sup> of December 2021. Unfortunately, the general meetings for the Brisbane, Hobart, Launceston, Melbourne and Sydney Branches which were held on the same day were inquorate; and
- that, the full report was presented to a meeting of the Federal Executive on the 31<sup>st</sup> of December 2021 in accordance with s266(3) of the *Fair Work (Registered Organisations) Act 2009*.

Yours Faithfully

Peter Davidson  
Federal Secretary  
Musicians' Union of Australia

14 January 2022

**MUSICIANS' UNION OF AUSTRALIA**

**ABN 99 561 356 238**

**FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021**

# MUSICIANS' UNION OF AUSTRALIA

## CONTENTS

	<b>Page</b>
Operating Report	3
Report Required Under S.255(2A) RO Act	6
Committee of Management Statement	7
Statement of Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Accumulated Funds/(Losses)	10
Statement of Cash Flows	11
Notes to and forming part of the Accounts	12
Independent Audit Report	23



# Musicians' Union Of Australia

U4 23A King William Rd  
Unley SA 5061

## **OPERATING REPORT**

for the period ended 30 June 2021

The Federal Council presents its report on the Musicians' Union of Australia for the financial year ended 30 June 2021.

### **Review of principal activities.**

The COVID-19 Pandemic continued to have a devastating effect of the music industry and our members.

During the financial year, the Musicians' Union of Australia continued to provide industrial and professional services to members consistent with the objects of the Union.

Advice and assistance was provided to members with the preparation and negotiation of contracts pertaining to musical performances, instrumental teaching services, licensing of copyright material, partnership agreements and understanding and negotiating laws and regulations from territories outside Australia.

### **Results of those activities**

A review of the results of these activities indicated that they were largely successful and that the activities continue to serve the Union's purpose.

The Musicians' Union's principal activities resulted in a surplus/(deficit) for the financial year of (\$63,233)

### **Significant changes in the nature of those activities during the year**

The COVID19 Pandemic has had a catastrophic effect on musicians and the entertainment industry. Victoria and NSW experienced significant periods of shutdown. Whilst the implementation of restrictions, by all states and territories, on attendances at venues, bans or limits on dancing, restrictions on weddings and private events has resulted in few musicians being able to resume regular work activities. The restrictions have led to a reduction of the number of musicians being engaged for events as hirers have shown a preference for solo and duo work over larger ensembles. It is a concern that this may become the new normal as restrictions on functions and venues ease over the coming years.

Musical Instrument retailers have experienced a surge in instrument sales over the past 12 months and the Union anticipates there may be an increase in need, from the membership, for assistance with music teacher arrangements as well as contract and liability issues for performances due to COVID uncertainty and cancellation risks.

### **Significant changes in financial affairs**

The enforced shutdown of the Live Music Industry due to the COVID19 pandemic resulted in all international touring being cancelled. No applications for touring visas were received by the Federal Office during the year which resulted in a loss of an estimated \$50,000 of income for the Federal

Office. The Federal Office able to access Jobkeeper assistance which was helpful in continuing the part time employment of the Federal Imports/Industrial Officer.

The Adelaide Branch has continued to fund the part time employment of the Adelaide Secretary from the Adelaide Branch funds. The Adelaide Secretary has been performing the role of Federal Treasurer on a voluntary basis.

In recognition of the lack of work opportunities for musicians in Australia, the Branches of the Union unanimously voted to suspend all members' subscription fees until shutdowns have ceased and restrictions are lifted, allowing musicians to return to work. This has been possible due to the savings of the Adelaide Branch.

### **Right of members to resign**

Rule 14 of the Rules of the Musicians' Union of Australia states that:

(1) A member of the Union may resign from membership by written notice addressed and delivered to the Branch Secretary or an agent authorised by the Branch Secretary. Such notice of resignation may be forwarded by mail or electronic communication to the registered office of the Branch or an agent authorised by the Branch Secretary.

(2) A notice of resignation from membership of the Union takes effect:

- (a) where the member ceases to be eligible to become a member of the union:
  - (i) on the day on which the notice is received by the union; or
  - (ii) on the day specified in the notice, which is a day not earlier than the day when the member ceases to be eligible to become a member;

whichever is later; or

- (b) in any other case:
  - (i) at the end of 2 weeks after the notice is received by the union; or
  - (ii) on the day specified in the notice;

whichever is later.

(3) Any dues payable but not paid by a former member of the Union in relation to a period before the member's resignation from the Union took effect, may be sued for and recovered in the name of the Union, in a court of competent jurisdiction, as a debt due to the Union.

(4) A notice delivered to the person mentioned in subrule (1) shall be taken to have been received by the Union when it was delivered.

(5) A notice of resignation that has been received by the Union is not invalid because it was not addressed and delivered in accordance with subrule (1).

(6) A resignation from membership of the Union is valid even if it is not effected in accordance with this rule if the member is informed in writing by or on behalf of the Union that the resignation has been accepted.

Nothing in Rule 14 of the Musicians' Union Rules interferes with a member's right to resign from the union as set out under section 174(1) of the Fair Work (Registered Organisations) Act 2009. In accordance with section 174(1) of the Fair Work (Registered Organisations) Act 2009 a member of an organisation may resign from membership by written notice addressed and delivered to a person designated for the purpose in the rules of the organisation or a branch of the organisation.



## **Number of members**

As at the 30th June 2021 there were:

Adelaide Branch members 122;  
Brisbane Branch members 54;  
Hobart Branch members 39;  
Launceston Branch members 14;  
Melbourne Branch members 156;  
Sydney Branch members 120;

Total 505

## **Names of Committee of Management members and period positions held during the financial year - Federal Executive**

Sam Moody	Adelaide Secretary	01/07/20 - 30/06/21
Peter Davidson	Hobart Secretary	01/07/20 - 30/06/21
Glenn Price	Launceston Secretary	01/07/20 - 30/06/21
Alan Richards	Melbourne Secretary	01/07/20 - 30/06/21

## **Officers or members who are superannuation fund trustee(s)**

No officers or employees of the Musicians' Union of Australia were trustees of a superannuation fund or directors of a company that were trustees of a superannuation fund during the financial year.

## **Number of employees**

As at the 30th of June 2021 the number of employees of the Union was:

Federal Office - 1 part time;  
Adelaide Branch - 1 part time.

## **Key Relationships**

The Musicians' Union has developed key relationships over a long period with a number of suppliers of various goods and services. These relationships are conducted on normal commercial terms, and are periodically tested against market price:

**Legal Services:** Lieschke & Weatherill Lawyers



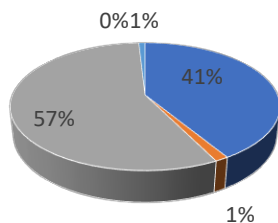
.....  
Peter Davidson  
Federal Secretary  
Musicians' Union of Australia  
3 December 2021

## Expenditure Report as required under s.255(2A) RO Act

The Committee of Management, for the purposes of the Fair Work (Registered Organisations) Act 2009 (RO Act), presents its operating report of the Musician’s Union of Australia for the financial year ended 30 June 2021.

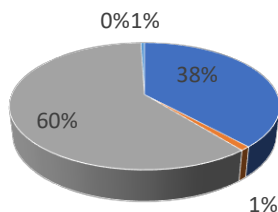
	2021	2020
<b>Remuneration and other employment-related costs and expenses: employees</b>	46,792	43,374
<b>Advertising</b>	1,553	1,182
<b>Operating Costs</b>	64,083	68,486
<b>Donations to Political Parties</b>	-	-
<b>Legal Costs</b>	1,000	582
<b>TOTAL</b>	<b>113,428</b>	<b>113,624</b>

### 2021 - Expenditure as required under s.255(2A) RO Act



- Remuneration and other employment-related costs and expenses: employees
- Advertising
- Operating Costs
- Donations to Political Parties
- Legal Costs

### 2020 - Expenditure as required under s.255(2A) RO Act



- Remuneration and other employment-related costs and expenses: employees
- Advertising
- Operating Costs
- Donations to Political Parties
- Legal Costs

Signed: 

Name: Sam Moody  
Federal Treasurer

Date: 6th December 2021



# Musicians' Union Of Australia

U4 23A King William Rd  
Unley SA 5061

## **COMMITTEE OF MANAGEMENT STATEMENT**

On the 4th of December 2021 the Federal Executive of the Musician's Union of Australia Federal Office (MUA) passed the following resolution in relation to the general purpose financial report (GPFR) of the MUA for the year ended 30 June 2021.

The Federal Executive of the Musicians 'Union of Australia declares that in its opinion:

- a) the financial statements and notes comply with the Australian Accounting Standards;
- b) the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act);
- c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the Musicians 'Union of Australia for the financial year to which they relate;
- d) there are reasonable grounds to believe that the Musicians 'Union of Australia will be able to pay its debts as and when they become due and payable; and
- e) during the financial year to which the GPFR relates and since the end of that year:
  - i. meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
  - ii. the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
  - iii. the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
  - iv. where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and
  - v. where information has been sought in any request by a member of the reporting unit or the Commissioner duly made under section 272 of the RO Act, that information has been provided to the member or the Commissioner; and
  - vi. where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

This declaration is made in accordance with a resolution of Federal Executive:

.....  
Peter Davidson  
Federal Secretary  
Musicians' Union of Australia

5th December 2021

**STATEMENT OF COMPREHENSIVE INCOME FOR THE  
YEAR ENDED 30 JUNE 2021**

	Note	2021 \$	2020 \$
<b>INCOME</b>			
<b>Revenue from contracts with customers</b>			
Membership Contributions		792	5,256
Import Visa Fees		600	27,100
<b>Total Revenue from Contracts with Customers</b>		<u>1,392</u>	<u>32,356</u>
<b>Other Revenue</b>			
Capitation Fees	4(a)	-	740
Levies		-	-
Grants and/or Donations	4(b)	-	-
Revenue from Recovery of Wages Activity		-	-
Interest Received		813	13,759
Profit on Sale of Assets		-	-
Sundry Income		48,000	24,711
<b>Total Other Revenue</b>		<u>48,814</u>	<u>39,210</u>
<b>TOTAL INCOME</b>		<u><b>50,205</b></u>	<u><b>71,566</b></u>
<b>EXPENDITURE</b>			
Affiliation fees	5(a)	1,705	1,669
Advertising & Promotion		1,553	1,182
Bank charges		802	711
Capitation fees		-	740
Cleaning & Rubbish Removal		35	375
Consideration to employers for payroll deductions		-	-
Compulsory levies		-	-
Conference & meeting expenses		550	1,722
Depreciation		349	410
Employee expenses		76,664	74,529
Fees/allowances – meeting and conferences		-	-
Grants or donations	5(b)	-	-
Insurance		662	455
Leave Provisions		6,173	6,090
Mortuary Benefits Paid		-	800
Motor vehicle expenses		-	-
Penalties – via RO Act or RO Regulations		-	-
Postage		246	1,488
Printing & Stationery		2,575	1,678
Publicity		-	-
Professional services	6	6,000	5,582
Rates & Taxes		1,007	2,004
Rent		8,473	7,153
Repairs & Maintenance		-	-
Subscriptions		-	-
Sundry Expenses		39	463
Telephone & Internet		3,988	4,069
Travel & Accommodation		1,200	1,200
Utilities		734	876
Worker's Compensation Insurance		673	548
<b>TOTAL EXPENDITURE</b>		<u><b>113,428</b></u>	<u><b>113,624</b></u>
<b>NET SURPLUS/ (DEFICIT) FOR THE YEAR</b>		<u><b>(63,223)</b></u>	<u><b>(42,178)</b></u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><b>(63,223)</b></u>	<u><b>(42,178)</b></u>

The above statement should be read in conjunction with the notes

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2021**

	Note	2021 \$	2020 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	7	980,141	1,030,685
Memberships Outstanding		4,448	4,620
<b>Total Current Assets</b>		<u>984,589</u>	<u>1,035,305</u>
<b>Non-Current Assets</b>			
Property, Plant & Equipment	8	2,033	2,382
<b>Total Non-Current Assets</b>		<u>2,033</u>	<u>2,382</u>
<b>TOTAL ASSETS</b>		<u>986,622</u>	<u>1,037,687</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	9	-	-
Tax Liabilities	10	8,750	3,465
Employee provisions	11	39,732	33,559
Other Provisions		-	-
Other Liabilities	12	11,972	11,273
<b>Total Current Liabilities</b>		<u>60,454</u>	<u>48,297</u>
<b>NET ASSETS (LIABILITIES)</b>		<u>926,168</u>	<u>989,390</u>
<b>EQUITY</b>			
Reserves		1,476,810	1,476,810
Retained Profits / (Accumulated Losses)		(487,420)	(487,420)
<b>ACCUMULATED FUNDS (LOSSES)</b>		<u>926,168</u>	<u>989,390</u>

The above statement should be read in conjunction with the notes

**STATEMENT OF CHANGES IN ACCUMULATED FUNDS (LOSSES)  
 FOR THE YEAR ENDED 30 JUNE 2021**

	<b>Reserves</b>	<b>Retained Profits (Losses)</b>	<b>Total Equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 30 June 2019</b>	<u>1,477,250</u>	<u>(445,682)</u>	<u>1,031,569</u>
Net Surplus (Deficit) for the year		(42,178)	(42,178)
Musicians' Mortuary Benefit Fund	(440)	440	-
	<u>1,476,810</u>	<u>(487,420)</u>	<u>989,391</u>
<b>Balance at 30 June 2020</b>	<u>1,476,810</u>	<u>(487,420)</u>	<u>989,391</u>
Net Surplus (Deficit) for the year		(63,223)	(63,223)
Musicians' Mortuary Benefit Fund	-	-	-
	<u>1,476,810</u>	<u>(550,643)</u>	<u>926,168</u>
<b>Balance at 30 June 2021</b>	<u>1,476,810</u>	<u>(550,643)</u>	<u>926,168</u>

The above statement should be read in conjunction with the notes

**STATEMENT OF CASH FLOWS FOR THE  
YEAR ENDED 30 JUNE 2021**

	Note	2021 \$	2020 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Operations		49,565	59,948
Payments to suppliers and employees		(100,922)	(109,982)
Interest received		813	13,759
		<hr/>	<hr/>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	13(b)	<u>(50,544)</u>	<u>(36,274)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant & equipment		-	(800)
Investment Income		-	-
		<hr/>	<hr/>
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		<u>-</u>	<u>(800)</u>
<b>NET INCREASE (DECREASE) IN CASH HELD</b>		(50,544)	(37,074)
Cash at the beginning of the year		<u>1,030,685</u>	<u>1,067,759</u>
<b>CASH AT THE END OF THE YEAR</b>	13(a)	<u>980,141</u>	<u>1,030,685</u>

The above statement should be read in conjunction with the notes

## **NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021**

### **1. SIGNIFICANT ACCOUNTING POLICIES**

#### **BASIS OF PREPARATION**

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Fair Work (Registered Organisations) Act 2009*. For the purpose of preparing the general-purpose financial statements, the Musicians' Union of Australia is a not-for-profit entity.

The financial report is for the Musicians' Union of Australia (MUA). The MUA is an organisation registered under the RO Act. In accordance with the RO Act the Union is a body corporate and has perpetual succession. By virtue of this method of incorporation, the Union and the Branch are not subject to the Corporations Act 2001.

The financial report has been prepared on an accrual basis and in accordance with historical cost. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

The following is a summary of the significant accounting policies adopted by the MUA in the preparation of the financial report.

#### **a) (i) Revenue**

The MUA enters into various arrangements where it receives consideration from another party. These arrangements include consideration in the form of membership subscriptions, Import Visa Fees, capitation fees, levies, grants, and donations.

The timing of recognition of these amounts as either revenue or income depends on the rights and obligations in those arrangements.

#### **Revenue from contracts with customers**

Where the MUA has a contract with a customer, the MUA recognises revenue when or as it transfers control of goods or services to the customer. The MUA accounts for an arrangement as a contract with a customer if the following criteria are met:

- the arrangement is enforceable; and
- the arrangement contains promises (that are also known as performance obligations) to transfer goods or services to the customer (or to other parties on behalf of the customer) that are sufficiently specific so that it can be determined when the performance obligation has been satisfied.

#### **Membership subscriptions**

For membership subscription arrangements that meet the criteria to be contracts with customers, revenue is recognised when the promised goods or services transfer to the customer as a member of the MUA.

As member subscriptions are paid annually in advance, the MUA has elected to apply the practical expedient to not adjust the transaction price for the effects of a significant financing component because the period from when the customer pays and the good or services will transfer to the customer will be one year or less.

When a member subsequently purchases additional goods or services from the MUA at their standalone selling price, the MUA accounts for those sales as a separate contract with a customer.



**NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021 (Cont'd)**

**(ii) Expenditure**

Expenses represent amounts paid directly by the Branch for operational costs.

**(iii) Employee Entitlements**

Provision for employee benefits in the form of Long Service Leave and Accrued Annual Leave have been made for the estimated accrued entitlements of all employees on the basis of their terms of employment.

**(iv) Property, Plant and Equipment**

Depreciation, using the diminishing value method, has been provided for in the Accounts on all Non-Current Assets, so as to allocate their cost over their estimated remaining useful life.

**(v) Income Tax**

No provision for income tax is necessary, as Trade Unions are exempt from income tax under Section 50-15 of the Income Tax Assessment Act 1997.

**(vi) Goods and Services Tax (GST)**

Revenues and expenses are recognised net of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or part of an item of the expense. Receivables and payables on the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to the taxation authority is included as part of receivables or payables as appropriate.

Cash flows are included in the statement of cash flows on a gross basis.

**(vii) Leases**

The MUA assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**MUA as a lessee**

The MUA applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The [reporting unit] recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**Right-of-use assets**

The MUA recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

If ownership of the leased asset transfers to the MUA at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

**NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021 (Cont'd)**

**Lease liabilities**

At the commencement date of the lease, MUA recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the MUA and payments of penalties for terminating the lease, if the lease term reflects the MUA exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the MUA uses the incremental borrowing rate if the implicit lease rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

**Short-term leases and leases of low-value assets**

The MUA's short-term leases are those that have a lease term of 12 months or less from the commencement. It also applies the lease of low-value assets recognition exemption to leases of property that are below \$10,000 in value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**b) Going concern basis of accounting**

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

The Federal Council believes it is appropriate to adopt the going concern basis for preparing the report on the grounds that the Federal Office and each branch have made an undertaking to provide financial support to each other as necessary.

**c) Adoption of New Australian Accounting Standard requirements**

The accounting policies adopted are consistent with those of the previous financial year except for the following standards and amendments, which have been adopted for the first time this financial year:

- AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material

No accounting standard has been adopted earlier than the application date stated in the standard.

**NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021 (Cont'd)**

***Impact on adoption of AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material***

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the MUA.

**d) Future Australian Accounting Standard requirements**

There have been no accounting standards issued prior to the sign off date, but not yet effective, which will have a material impact on the financial report in future periods.

**2. ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**(a) Critical accounting estimates and assumptions**

There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

**(b) Critical judgments in applying the Union's accounting principles**

There are no critical judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

**3. SECTION 272 - INFORMATION TO BE PROVIDED TO MEMBERS OR THE COMMISSIONER**

In accordance with the requirements of the *Fair Work (Registered Organisations) Act 2009*, the attention of members is drawn to the provisions of subsections (1) to (3) of section 272, which reads as follows:

Information to be provided to members or Commissioner:

- (1) A member of a reporting unit, or the Commissioner, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- (2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.
- (3) A reporting unit must comply with an application made under subsection (1).

**NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021 (Cont'd)**

<b>4. Income</b>		
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>4a. Capitation fees*</b>		
MUA Melbourne Branch	-	126
MUA Sydney Branch	-	130
MUA Hobart Branch	-	99
MUA Launceston Branch	-	-
MUA Brisbane Branch	-	76
MUA Adelaide Branch	-	308
	<u>-</u>	<u>740</u>
<b>4b. Grants or Donations \$1,000 or Less</b>		
Grants	-	-
Donations	-	-
<b>Grants or Donations over \$1,000</b>		
Grants	-	-
Donations	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
<b>5. Expenditure</b>		
<b>5a. Affiliation Fees</b>		
SA Unions	1,705	1,669
	<u>1,705</u>	<u>1,669</u>
<b>5b. Grants or Donations \$1,000 or less</b>		
Grants	-	-
Donations	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
<b>Grants or Donations over \$1,000</b>		
Grants	-	-
Donations	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
<b>6. PROFESSIONAL SERVICES</b>		
Auditors - Auditing the financial report	5,000	5,000
- Other Services	-	-
<b>Legal Costs*</b>	-	-
Litigation	-	-
Other Legal Matters	1,000	582
	<u>6,000</u>	<u>5,582</u>

**NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021 (Cont'd)**

	2021 \$	2020 \$
<b>7. CASH AND CASH EQUIVALENTS</b>		
Cash at Bank	980,141	1,030,685
	<u>980,141</u>	<u>1,030,685</u>
<b>8. PROPERTY, PLANT &amp; EQUIPMENT</b>		
<b>(a) Furniture &amp; Fittings</b>		
Net book Value as at 1 July	1,218	1,432
Additions	-	-
Revaluations	-	-
Impairments	-	-
Depreciation Expense	(182)	(214)
Disposals	-	-
Net Book Value as at 30 June	<u>1,036</u>	<u>1,218</u>
<b>(b) Plant &amp; Equipment</b>		
Net book Value as at 1 July	1,164	560
Additions	-	800
Revaluations	-	-
Impairments	-	-
Depreciation Expense	(167)	(196)
Disposals	-	-
Net Book Value as at 30 June	<u>997</u>	<u>1,164</u>
<b>9. TRADE AND OTHER PAYABLES</b>		
Trade and other payables	-	-
Other payables: Legal costs - litigation	-	-
Other payables: Legal costs – other	-	-
Consideration to employers for payroll deductions	-	-
	<u>-</u>	<u>-</u>
<b>10. TAX LIABILITIES</b>		
GST Payable	(262)	(477)
PAYG Withholding Payable	1,128	3,144
Superannuation Payable	7,884	798
	<u>8,750</u>	<u>3,465</u>

**NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021 (Cont'd)**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>11. EMPLOYEE PROVISIONS</b>		
<b>Office holders</b>		
Annual leave	13,107	11,907
Long service leave	15,570	14,790
Separation & Redundancy	-	-
Other Employee Expenses	-	-
Subtotal employee provisions—office holders	<u>28,677</u>	<u>26,697</u>
<b>OTHER</b>		
Annual leave	6,722	3,585
Long service leave	4,333	3,277
Separation & Redundancy	-	-
Other Employee Expenses	-	-
Subtotal employee provisions— other	<u>11,055</u>	<u>6,862</u>
<b>Total employee provisions</b>	<u>39,732</u>	<u>33,559</u>
<b>12. OTHER LIABILITIES</b>		
NSW Benevolent Fund	3,787	3,787
Love Never Dies Trust	2,931	2,233
Other Funds Held in Trust	5,253	5,253
	<u>11,971</u>	<u>11,273</u>

**NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021 (Cont'd)**

	2021 \$	2020 \$
<b>13. CASH FLOW</b>		
(a) For the purposes of the statement of cash flows, cash includes cash on hand and at call deposits with banks and other financial institutions.		
Cash at bank	<u>980,141</u>	<u>1,030,685</u>
	<u>980,141</u>	<u>1,030,685</u>
(b) Reconciliation of cash flow from operations with Net Surplus (Deficit)		
Net Surplus (Deficit)	(63,223)	(42,178)
Depreciation	349	410
(Profit)/Loss on Sale of property, plant & equipment	-	-
Changes in Assets and Liabilities:		
(Increase) decrease in receivables	173	2,141
Increase (decrease) in payables	-	-
Increase (decrease) in other liabilities	699	(944)
Increase (decrease) in employee entitlements	6,173	6,090
Increase (decrease) in sundry provisions	<u>5,284</u>	<u>(1,793)</u>
<b>CASH FLOW FROM OPERATIONS</b>	<u>(50,544)</u>	<u>(36,274)</u>

**14. RELATED PARTIES**

- (a) Related parties of the Union also include all members of the committee of management.

There have been no other transactions between the officers and the Union other than those relating to their membership of the Branch and the reimbursement by the Union in respect of expenses incurred by them in the performance of their duties. Such transactions have been on conditions no more favourable than those which it is reasonable to expect would have been adopted by parties at arm's length.

- (b) Employee Benefits

	2021		2020	
	<u>Non-Office Holders</u>	<u>Office Holders</u>	<u>Non-Office Holders</u>	<u>Office Holders</u>
Benefits				
Wages and Salaries	39,704	31,080	36,954	31,278
Superannuation	2,896	2,984	3,511	2,786
Leave and other entitlements	-	-	-	-
Separation and redundancies	-	-	-	-
Other Employee Expenses	-	-	-	-
<b>TOTAL</b>	<u>42,600</u>	<u>34,064</u>	<u>40,465</u>	<u>34,064</u>

- (c) Key Management Personnel Compensation

Benefits	\$
Short-term employee benefits	31,080
Post-employment benefits	2,984
Other long-term benefits	-
Termination benefits	-
Share-based Payments	-
<b>TOTAL</b>	<u>34,064</u>

**NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021 (Cont'd)**

**15. FINANCIAL RISK MANAGEMENT**

*(a) General objectives, policies and processes*

The Union is exposed to risks that arise from its use of financial instruments. This note describes the Union's objectives, policies and processes for managing those risks and the methods used to measure them.

There have been no substantive changes in the Union's exposure to financial instrument risk, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Union's financial instruments consist mainly of deposits with banks and receivables. The main risks the Union is exposed to through its financial instruments are interest rate risk (see section (e) below), liquidity risk and credit risk.

The Committee of Management have overall responsibility for the determination of the Union's risk management objectives and policies.

*(b) Credit risk*

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Union incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Branch.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provision for doubtful debts, as disclosed in the Detailed Statement of Financial Position and the Notes to the Accounts.

*(c) Liquidity risk*

Liquidity risk is the risk that the Union may encounter difficulties raising funds to meet commitments associated with financial instruments.

The Union is not significantly exposed to this risk; as at 30 June 2021 it had \$980,141 of cash and cash equivalents to meet these obligations as they fall due.

Financial liabilities at 30 June 2021 totaled \$60,454

The Union manages liquidity risk by monitoring cash flows.

*(d) Market risk*

Market risk arises from the use of interest bearing, tradable financial instruments. It is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk) or other market factors (other price risk).



**NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021 (Cont'd)**

**15. FINANCIAL RISK MANAGEMENT (Cont'd)**

*(e) Interest rate risk*

The Branch's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and liabilities are summarised below:

<b>30 June 2021</b>	<b>Floating interest rate</b>	<b>Non interest Bearing</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>			
Cash and cash equivalents	980,141	-	980,141
	<u>980,141</u>	<u>-</u>	<u>980,141</u>
Weighted average Interest rate	0.8%	-	
<b>Financial Liabilities</b>			
Current Liabilities	-	60,454	60,454
	<u>-</u>	<u>60,454</u>	<u>60,454</u>
<b>Net Financial Assets (Liabilities)</b>	<u>980,141</u>	<u>-</u>	<u>919,687</u>

**Sensitivity Analysis**

	<b>Carrying Amount</b>	<b>+1.0%</b>	<b>-1.0%</b>
<b>2021</b>	<b>\$</b>	<b>Profit \$</b>	<b>Loss \$</b>
Cash Assets	980,141	9,801	(9,801)
	<u>980,141</u>	<u>9,801</u>	<u>(9,801)</u>
<b>2020</b>			
Cash Assets	1,030,685	10,306	(10,306)
	<u>1,030,685</u>	<u>10,306</u>	<u>(10,306)</u>

*(f) Other Price Risks*

The Branch does not invest in shares or derivatives therefore it does not expose itself to the fluctuations in price that are inherent in such a market.

*(g) Foreign Exchange Risk*

The Branch is not directly exposed to foreign exchange rate risk.

**NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021 (Cont'd)**

**Other disclosures under AASB 7 – Financial Risk Management**

Para 25 - The carrying value of all financial assets and liabilities is equivalent to fair value (refer Para 29)

Para 20 - Income and expenses from financial assets and liabilities are fully disclosed in the Income and Expenditure Statement.

Para 36 – The carrying amount of all financial instruments best represents maximum exposure to credit risk

**16. OTHER DISCLOSURES AS PER REPORTING GUIDELINES**

No activity was recorded for the following categories as described under Section 253 of the RO Act:

- Receiving financial support from another reporting unit to continue as a going concern
- Providing financial support to another reporting unit to continue as a going concern
- Acquiring an asset or liability due to an amalgamation under part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission
- Having a fund for or account for compulsory levies, voluntary contributions or required by the rules of the Union
- Transferring to or withdrawing from a fund (other than the general fund), account, asset or controlled entity
- Having another entity administer the financial affairs of the Union
- Making a payment to a former related party of the reporting unit

**16. SUBSEQUENT EVENTS**

There were no events that occurred after 30 June 2021, and/or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of the Union.

**17. CONTINGENT LIABILITIES, ASSETS AND COMMITMENTS**

NIL

**18. ADDITIONAL BRANCH INFORMATION**

The registered office and principal place of business of the Union is:

Unit 4, 23A King William Road  
Unley, South Australia 5061

## INDEPENDENT AUDITOR'S REPORT

To the members of the Musician's Union of Australia (MUA)

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Musician's Union of Australia, which comprises the Statement of Financial Position as at 30 June 2021, the statement of Profit or Loss and other Comprehensive Income, the statement of changes in equity and the Statement of Cash Flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, the committee of management statement and the subsection 255(2A) report.

In our opinion the accompanying financial report of Musician's Union of Australia (MUA), presents fairly, in all material respects the reporting unit's financial position as at 30 June 2021 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and b) any other requirements imposed by the reporting guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act). It is also our opinion that management's use of the going concern basis of accounting is appropriate.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the reporting unit in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### Other information

The Committee of Management are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Musician's Union of Australia operating report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of the Committee of Management for the Financial Report**

The Committee of Management of the reporting unit are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Fair Work (Registered Organisations) Act 2009*, and for such internal control as the Committee of Management determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Committee of Management are responsible for assessing the registered entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible entities either intends to liquidate the registered entity or to cease operations, or has no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf)

This description forms part of our auditor's report.

#### **Declaration by the auditor**

I, Natale Rugari, declare that I am an approved auditor, a member of CPA Australia and hold a current Public Practice Certificate.



**Natale Rugari, Principal**

North Adelaide, 29<sup>th</sup> December 2021

Registration Number AA2017/32(as registered by the RO Commission under the Act)

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