



3 December 2020

Richard Evans
President
Australian Entertainment Industry Association

Sent via email: info@liveperformance.com.au
CC: james.mooney@bdo.com.au

Dear Richard Evans,

**Australian Entertainment Industry Association
Financial Report for the year ended 30 June 2020 – (FR2020/181)**

I acknowledge receipt of the financial report for the year ended 30 June 2020 for the Australian Entertainment Industry Association (**the reporting unit**). The documents were lodged with the Registered Organisations Commission (**the ROC**) on 25 November 2020.

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 2021 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 comments to assist you when you next prepare a financial report. The ROC will confirm these concerns have been addressed prior to filing next year's report.

Audit scope to include officer's declaration statement

Where nil activity disclosures are contained in an officer's declaration statement, in accordance with reporting guideline 21, the officer's declaration statement also forms part of a general purpose financial report (**GPFR**) prepared under section 253 of the RO Act (see subsection 253(2)(c) of the RO Act.)

Please also note that an officer's declaration statement must, where one is prepared, be identified by title in the auditor's statement in accordance with paragraph 24(c) of Australian Auditing Standard ASA 700 Forming an Opinion and Reporting on a Financial Report.

An officer's declaration statement was included in the copy of the documents lodged with the ROC, but the auditor did not refer to the statement in the auditor's report. Please ensure in future years that the officer's declaration statement is audited before provided to members and lodged with the ROC.

AASB 15 - Disaggregation of revenue from contracts with customers

Australian Accounting Standard AASB 15 *Revenue from Contracts with Customers* paragraph 114 requires an entity to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors.

It appears that no such disclosure has been made.

Please note that in future years the reporting unit's GPFR must include all relevant and required financial disclosures in accordance with AASB 15.

Reporting Requirements

The ROC website provides 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 0764 or via email at kylie.ngo@roc.gov.au.

Yours sincerely,



Kylie Ngo
Registered Organisations Commission

AUSTRALIAN ENTERTAINMENT INDUSTRY ASSOCIATION

AUSTRALIAN ENTERTAINMENT INDUSTRY ASSOCIATION

ABN 43 095 907 857

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

AUSTRALIAN ENTERTAINMENT INDUSTRY ASSOCIATION

Registered Office

**Level 1, 15-17 Queen Street
MELBOURNE VIC 3000**

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

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AUSTRALIAN ENTERTAINMENT INDUSTRY ASSOCIATION

DESIGNATED OFFICERS CERTIFICATE

s. 268 Fair work (Registered Organisations) Act 2009

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

FOR THE YEAR ENDED 30 JUNE 2020

I, Richard Evans, being the President of the Australian Entertainment Industry Association certify:

- that the documents lodged herewith are copies of the full report for the Australian Entertainment Industry Association for the Year ended 30 June 2020 referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the reporting unit on 02 November 2020; and
- that the full report was presented to a general meeting of members of Australian Entertainment Industry Association on 24 November 2020 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.



Richard Evans
President

24 November 2020

AUSTRALIAN ENTERTAINMENT INDUSTRY ASSOCIATION

**CATEGORIES OF EXPENDITURE
REPORT REQUIRED UNDER SUBSECTION 255(2A)**

FOR THE YEAR ENDED 30 JUNE 2020

The Executive Council presents the expenditure report as required under subsection 255(2A) on Australian Entertainment Industry Association for the year ended 30 June 2020.

| Categories of expenditures | 2020 \$ | 2019 \$ |
|--|--------------------|--------------------|
| Remuneration and other employment-related costs and expenses - employees | 1,214,178 | 1,316,607 |
| Advertising | - | - |
| Operating costs | 222,483 | 359,573 |
| Donations to political parties | - | 2,800 |
| Legal costs | 23,232 | 11,205 |

Signed in accordance with a resolution of the Councillors.



**Richard Evans
President**

08 October 2020



**John Kotzas
Vice President**

AUSTRALIAN ENTERTAINMENT INDUSTRY ASSOCIATION

OFFICER DECLARATION STATEMENT

I, Richard Evans, being the President of Australian Entertainment Industry Association, declare that the following activities did not occur during the reporting period ending 30 June 2020.

Australian Entertainment Industry Association did not:

- agree to receive financial support from another reporting unit to continue as a going concern (refers to agreement regarding financial support not dollar amount)
- agree to provide financial support to another reporting unit to ensure they continue as a going concern (refers to agreement regarding financial support not dollar amount)
- acquire 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
- receive capitation fees or any other revenue amount from another reporting unit
- receive revenue via compulsory levies
- receive revenue from undertaking recovery of wages activity
- incur fees as consideration for employers making payroll deductions of membership subscriptions
- pay capitation fees or any other expense to another reporting unit
- pay affiliation fees to other entity
- pay compulsory levies
- pay to a person fees or allowances to attend conferences or meetings as a representative of the reporting unit
- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit



Richard Evans
President
08 October 2020

AUSTRALIAN ENTERTAINMENT INDUSTRY ASSOCIATION

COUNCILLORS' OPERATING REPORT

FOR THE YEAR ENDED 30 JUNE 2020

Your Councillors submit the financial report of the Australian Entertainment Industry Association for the year ended 30 June 2020.

REVIEW OF PRINCIPAL ACTIVITIES, THE RESULTS OF THOSE ACTIVITIES AND ANY SIGNIFICANT CHANGES IN THE NATURE OF THOSE ACTIVITIES DURING THE YEAR

The principal activities of the Association during the financial year were:

- ◆ The provision of benefits, advice and support to Members in the areas of industrial relations, workplace relations, human resource services, policy and a broad range of other industry related issues.
- ◆ In 2019-2020 AEIA undertook 10 major initiatives in response to COVID-19. These include: provided detailed member advice on all government changes, health directives and policy decisions that impacted members' business activities; targeted advocacy campaign for emergency support for live performance industry due to significant financial impacts of COVID-19; advocated for a national wage subsidy; developed and presented to federal, state and territory governments a detailed Roadmap to reopening theatre venues and productions; developed two national COVIDSafe guidelines for theatre auditions, rehearsals and performances and for national touring; collaborated with major events sector as an executive member of the Live Entertainment Industry Forum (LEIF); made submissions to the Fair Work Commission to vary modern awards in response to COVID-19; revised Ticketing Code of Practice; provided specific guidance on refunds and exchanges; and created a template agreement for the recording, streaming, broadcast and transmission of live theatre and archival footage.
- ◆ In addition to COVID-19 specific initiatives, AEIA undertook 10 major initiatives. These include: finalised LPA's Strategic Plan 2020-2024; detailed submissions to the Fair Work Commission on modern awards; consulted with members on key issues relating to the Performers Collective Agreement; successfully lobbied for the disallowance of NSW's *Liquor Amendment (Music Festivals) Regulation 2019* and the *Gaming and Liquor Administration Amendment (Music Festivals) Regulation 2019*; successfully lobbied for amendments to the *Music Festivals Bill 2019*; continued negotiations with APRA AMCOS and PPCA regarding the OneMusic Events licence; released the 2018 Ticket Attendance and Revenue Report; developed and released a Whistleblower guide and template policy; and made 12 significant government submissions.
- ◆ These major initiatives have resulted in:
 - ◆ Membership base remains strong, diverse and national
 - ◆ Federal government announcement of a \$250 million Creative Industries funding package
 - ◆ State funding support announcements in various states and territories for live performance
 - ◆ National COVIDSafe guidelines for the safe reactivation of the live performance industry
 - ◆ Gradual reopening of theatres and live music venues

AUSTRALIAN ENTERTAINMENT INDUSTRY ASSOCIATION

- ◆ Extension of unpaid pandemic leave and annual leave flexibility provisions for the live performance industry
- ◆ Members' interests represented in the 4-yearly review of modern awards
- ◆ A new digital recording agreement: MEAA - LPA Template Recording Agreement (COVID-19) 2020
- ◆ Music Festivals Act 2019 in NSW required establishment of a Music Festival Roundtable with government and industry representation, including LPA
- ◆ Raised profile of live performance industry and the association nationally.

SIGNIFICANT CHANGES IN FINANCIAL AFFAIRS

There are no other significant changes in the nature of the Association's principal activities during the financial year.

OPERATING RESULTS

The net result for the year amounted to a loss \$79,840 (2019: loss \$67,491).
There have been no significant changes in the financial affairs of the association.

RIGHT OF MEMBERS TO RESIGN

Under section 174 of the *Fair Work (Registered Organisations) Act 2009* members have the right to resign from Australian Entertainment Industry Association by providing written notice.

Under Australian Entertainment Industry Association's Rules – Rule 11 Resignation of members:

- (a) A Member may resign from membership of the Association by written notice addressed and delivered to the Chief Executive.
- (b) A notice of resignation from membership takes effect:
 - (i) where a Member ceases to be eligible to be a Member of the Association – on the date the notice is received by the Association or the day specified in the notice (being a date after the date on which the Member ceased to be eligible to be a Member of the Association); or
 - (ii) in all other cases – on the date specified in the notice or if no date is specified, 2 weeks after the notice is received by the Association.
- (c) Any amount owed by a former Member to the Association in relation to the period before the Member's resignation takes effect will remain due and payable by the former Member. The amount owing may be sued for and recovered in the name of the Association in a court of competent jurisdiction as a debt due to the Association.
- (d) A notice delivered to the Chief Executive in accordance with Rule 11(a) is taken to have been received by the Association when it was delivered to the offices of the Association.

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- (e) A notice of resignation that the Association receives at its registered office will be valid, even if it is not addressed and delivered to the Chief Executive.
- (f) A resignation from membership of the Association is valid even if it is not made in accordance with this Rule if the Member is informed in writing by or on behalf of the Association that the resignation has been accepted.
- (g) If a Member resigns with outstanding amounts due to the Association and subsequently seeks to re-join the Association without having paid the amounts due, the Person must pay the Association the outstanding amounts due in full before that Person will be eligible to become a Member of the Association again.

NUMBER OF MEMBERS

As at 30 June 2020 the Association had 412 members (2019: 409 members).

NUMBER OF EMPLOYEES

Number of Employees 6, (2019: 10).

COMMITTEE OF MANAGEMENT - EXECUTIVE COUNCILLORS

The names of the Councillors during the year and up to the date of this report are:

| | |
|--------------|-----------------------------------|
| T Brookman * | L Withers * |
| L Campbell * | F Winning * |
| M Coppel * | |
| S Donnelly * | L Christie (appointed 28/11/2019) |
| R Evans * | A Copley (appointed 28/11/2019) |
| J Kotzas * | L Hawkins (appointed 28/11/2019) |
| P McIntyre * | P McKinnon (appointed 28/11/2019) |
| L McLean * | |
| S McGrath * | A Budd (term ended 28/11/19) |
| M O'Connor * | D Gautier (term ended 28/11/19) |
| M Smith * | R Pilbeam (term ended 28/11/19) |
| J Vince * | |

*All held office for the full Financial Year

INDEMNIFYING OFFICERS, EXECUTIVES OR AUDITORS

The Association has obtained insurance in respect of councillors, officers and executives against all liabilities to other persons that may arise from their positions as councillors, officers or executives. A premium of \$13,598 (2019: \$13,576) has been paid for this insurance.

AUSTRALIAN ENTERTAINMENT INDUSTRY ASSOCIATION

The Association has not during or since the end of the financial year, in respect of an auditor of the Association:

- ♦ Indemnified or made any relevant agreement for indemnifying a liability, including costs and expenses in successfully defending legal proceedings; or
- ♦ Paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expenses to defend legal proceedings.

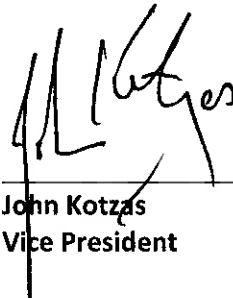
No other officer or member of the reporting unit holds a position as a trustee or director of a superannuation entity or exempt public sector superannuation scheme where the criterion for holding such position is that they are an officer or member of an organisation.

Signed in accordance with a resolution of the Councillors.



Richard Evans
President

08 October 2020



John Kotzas
Vice President

AUSTRALIAN ENTERTAINMENT INDUSTRY ASSOCIATION

EXECUTIVE COUNCIL STATEMENT

FOR THE YEAR ENDED 30 JUNE 2020

On 08 October 2020 the Executive Councillors of Australian Entertainment Industry Association (AEIA) passed the following resolution in relation to the general purpose Financial report (GPFR) for the year ended 30 June 2020.

The Executive Council 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 AEIA for the financial year to which they relate;
- d) there are reasonable grounds to believe that the reporting unit 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 Executive Council were held in accordance with the rules of the Association; and
 - ii. the financial affairs of AEIA have been managed in accordance with the rules of the Association; and
 - iii. the financial records of AEIA have been kept and maintained in accordance with the RO Act; and
 - iv. where information has been sought in any request by a member of AEIA or Commissioner duly made under section 272 of the RO Act has been provided to the member or Commissioner; and
 - v. 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 the Executive Councillors and is signed for and on behalf of the Councillors by:



Richard Evans
President



John Kotzas
Vice President

08 October 2020

AUSTRALIAN ENTERTAINMENT INDUSTRY ASSOCIATION

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020**

| | Notes | 2020 \$ | 2019 \$ |
|--|-------|-------------------------|-------------------------|
| Revenue | | | |
| Membership subscription * | | 518,228 | 502,626 |
| Interest | 3A | 11,498 | 19,590 |
| Helpmann Awards | | 815,004 | 658,281 |
| Other revenue | 3B | <u>1,231,827</u> | <u>1,580,064</u> |
| Total Revenue | | <u>2,576,557</u> | <u>2,760,561</u> |
| Other Income | | | |
| Grants and/or donations* | 3C | <u>118,532</u> | <u>-</u> |
| Total Other Income | | <u>118,532</u> | <u>-</u> |
| Total Income | | <u>2,695,089</u> | <u>2,760,561</u> |
| Expenses | | | |
| Employee expenses | 4A | 1,250,155 | 1,357,524 |
| Administration expenses | 4B | 411,988 | 698,527 |
| Depreciation and amortisation | 4C | 140,671 | 37,547 |
| Legal costs | 4D | 23,232 | 11,205 |
| Audit fees | 14 | 17,763 | 17,254 |
| Grants and/or donations * | 4E | - | 2,800 |
| Finance costs | 4F | 7,445 | - |
| Other expenses * | 4G | - | - |
| Helpmann Awards | | <u>923,675</u> | <u>703,195</u> |
| Total expenses | | <u>2,774,929</u> | <u>2,828,052</u> |
| (Deficit)/ Surplus for the year | | <u>(79,840)</u> | <u>(67,491)</u> |
| Income tax expense | | - | - |
| (Deficit)/ Surplus after Income Tax Expense | | <u>(79,840)</u> | <u>(67,491)</u> |
| Other Comprehensive Income, net of tax | | - | - |
| Total Comprehensive Income for the Year | | <u>(79,840)</u> | <u>(67,491)</u> |

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

* As required by the reporting Guidelines. Item to remain even if 'nil'.

AUSTRALIAN ENTERTAINMENT INDUSTRY ASSOCIATION

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020**

| | Notes | 2020 \$ | 2019 \$ |
|--------------------------------------|-------|------------------|------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 5A | 670,665 | 1,422,740 |
| Trade and other receivables * | 5B | 579,767 | 303,972 |
| Other current assets | 5C | 28,072 | 210,673 |
| TOTAL CURRENT ASSETS | | 1,278,504 | 1,937,385 |
| NON-CURRENT ASSETS | | | |
| Office equipment | 6A | 22,852 | 33,519 |
| Furniture and fittings | 6B | 3,395 | 4,770 |
| Intangibles | 6C | 52,490 | 81,672 |
| Right of use assets | 6D | 89,662 | - |
| TOTAL NON-CURRENT ASSETS | | 168,399 | 119,961 |
| TOTAL ASSETS | | 1,446,904 | 2,057,346 |
| CURRENT LIABILITIES | | | |
| Trade payables * | 7A | 91,776 | 208,048 |
| Other payables * | 7B | 679,485 | 1,161,015 |
| Employee provisions | 8A | 192,535 | 202,342 |
| Lease liabilities | 6D | 105,336 | - |
| TOTAL CURRENT LIABILITIES | | 1,069,132 | 1,571,405 |
| NON-CURRENT LIABILITIES | | | |
| Employee provisions | 8A | 7,490 | 15,800 |
| Other non-current liabilities * | 9A | - | - |
| Lease liabilities | 6D | 1,940 | - |
| TOTAL NON-CURRENT LIABILITIES | | 9,430 | 15,800 |
| TOTAL LIABILITIES | | 1,078,562 | 1,587,205 |
| NET ASSETS | | 368,342 | 470,141 |
| MEMBERS' EQUITY | | | |
| General funds | 10A | 120,000 | 120,000 |
| Retained earnings | | 248,342 | 350,141 |
| TOTAL MEMBERS' EQUITY | | 368,342 | 470,141 |

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

* As required by the reporting Guidelines. Item to remain even if 'nil'.

AUSTRALIAN ENTERTAINMENT INDUSTRY ASSOCIATION

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

| | General Funds \$ | Retained Earnings \$ | Total Equity \$ |
|---|---------------------------------|-------------------------------------|--------------------------------|
| Balance as at 01 July 2018 | 120,000 | 417,632 | 537,632 |
| Adjustment for errors | - | - | - |
| Adjustment for changes in accounting policies | - | - | - |
| Deficit for the year | - | (67,491) | (67,491) |
| Other comprehensive income for the year | - | - | - |
| Transfer from retained earnings | - | - | - |
| Closing balance as at 30 June 2019 | 120,000 | 350,141 | 470,141 |
| Effect of adoption of AASB 16 leases | - | (21,959) | (21,959) |
| Adjusted balance as at 01 July 2019 | 120,000 | 328,182 | 448,182 |
| Adjustment for errors | - | - | - |
| Deficit for the year | - | (79,840) | (79,840) |
| Other comprehensive income for the year | - | - | - |
| Transfer from retained earnings | - | - | - |
| Closing balance as at 30 June 2020 | 120,000 | 248,342 | 368,342 |

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

AUSTRALIAN ENTERTAINMENT INDUSTRY ASSOCIATION

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020**

| | Notes | 2020 \$ | 2019 \$ |
|---|--------------|-------------------------|-------------------------|
| Operating Activities | | | |
| Cash received | | | |
| Receipts from other reporting units/ controlled entity(s) * | | - | - |
| Receipts from members and non members | | 1,923,775 | 2,969,771 |
| Interest received | | <u>13,934</u> | <u>19,734</u> |
| Cash Used | | | |
| Payment to other reporting units/controlled entity(s) * | | - | - |
| Payments to suppliers and employees | | <u>(2,578,546)</u> | <u>(2,817,876)</u> |
| Net (Used by)/ Cash from Operating Activities | 11 | <u>(640,837)</u> | <u>171,629</u> |
| Investing Activities | | | |
| Cash Used | | | |
| Purchase of Property, Plant and Equipment | 6A, 6B | - | (30,376) |
| Purchase of Website | 6C | <u>(11,520)</u> | <u>(57,399)</u> |
| Net Cash (used by) Investing Activities | | <u>(11,520)</u> | <u>(87,775)</u> |
| Financing Activities | | | |
| Cash Used | | | |
| Repayment of Lease Liabilities | 6D | <u>(99,717)</u> | - |
| Net Cash (used by) Financing Activities | | <u>(99,717)</u> | <u>-</u> |
| Net (Decrease)/ Increase in Cash Held | | <u>(752,075)</u> | <u>83,854</u> |
| Cash & cash equivalents the beginning of the financial year | | 1,422,740 | 1,338,886 |
| Cash & cash equivalents at the end of the Financial Year | 5A | <u>670,665</u> | <u>1,422,740</u> |

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

* As required by the reporting Guidelines. Item to remain even if 'nil'.

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AUSTRALIAN ENTERTAINMENT INDUSTRY ASSOCIATION

Notes to the financial statements for year ended 30 June 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Preparation of the Financial Statements

The Australian Entertainment Industry Association (AEIA) is an incorporated association, incorporated and domiciled in Australia. AEIA's principal activities are the provision of benefits and support to its members in the areas of industrial relations, human resource services and a broad range of other issues.

The registered office and principal place of business is Level 1, 15-17 Queen Street, Melbourne, Victoria. The financial statements are presented in Australian dollars, rounded to the nearest \$1.

The financial report was authorised for issue by the Executive Council of AEIA on the date shown on the Executive Council Statement attached to the Financial Statements.

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the *Fair Work (Registered Organisations) Act 2009*.

The financial report has been prepared on a going concern and an accrual basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

AEIA is considered to be a Not for Profit entity and has prepared the financial statements in accordance with the requirements regarding Not for Profit entities as contained in Australian Accounting Standards.

The following is a summary of the material accounting policies adopted by the Association in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

1.2 Comparative Figures

Comparatives have been reclassified where necessary so as to be consistent with the figures presented in the current financial year.

1.3 Significant Accounting Judgements and Estimates

There are no key accounting assumptions or estimates that have been identified that have a significant risk.

1.4 New Australian Accounting Standards

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:

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Notes to the financial statements for year ended 30 June 2020

- AASB 15 Revenue from Contracts with Customers, which replaces AASB 118 Revenue, and AASB 1058 Income of Not-for-Profit-Entities, which replaces in the income recognition requirements of AASB 1004 Contributions

[Application of these standards are discussed further below]

- AASB 16 Leases and amending standards, which replaces AASB117 Leases.

[Application of this standard is discussed further below]

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

Impact on adoption of AASB 15 Revenue from Contracts with Customers (AASB 15) and AASB 1058 Income of Not-for-Profit Entities (AASB 1058)

AASB 15 Revenue from Contracts with Customers supersedes AASB 118 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers.

AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. AASB 15 also includes implementation guidance to assist not-for-profit entities to determine whether particular transactions, or components thereof, are contracts with customers. If a transaction is outside the scope of AASB 15, the recognition and measurement of income arising from the transaction may instead be specified by another Standard, for example AASB 1058 Income of Not-for-Profit Entities.

AASB 1058 replaces the income recognition requirements in AASB 1004 Contributions that had previously applied to AEIA. AASB 1058 provides a more comprehensive model for accounting for income of not-for-profit entities and specifies that:

- the timing of revenue or income recognition will depend on whether a performance obligation is identified or a liability is recognised;
- not-for-profit lessees can elect to recognise assets, including leases provided at significantly less than fair value, at their fair value; and
- all not-for-profit entities can elect to recognise volunteer services at fair value if the fair value of those services can be reliably measured.

AEIA adopted AASB 15 and AASB 1058 using the modified retrospective method of adoption, with the date of initial application of 01 July 2019. In accordance with the transition approach, AEIA recognised the cumulative effect of applying these new standards as an adjustment to opening retained earnings at the date of initial application, i.e., 01 July 2019. Consequently, the comparative information presented has not been restated and continues to be reported under the previous standards on revenue and income recognition.

The adoption of AASB 15 and AASB 1058 did not have a material impact on AEIA's financial statements.

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Notes to the financial statements for year ended 30 June 2020

Impact on adoption of AASB 16 Leases

AASB 16 Leases supersedes AASB 117 Leases, Interpretation 4 Determining whether an Arrangement contains a Lease, Interpretation 115 Operating Leases—Incentives and Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under AASB 16 is substantially unchanged from AASB 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in AASB 117. Therefore, AASB 16 does not have an impact for leases where AEIA is the lessor.

AEIA has adopted AASB 16 using the modified retrospective method of transition, with the date of initial application of 01 July 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. AEIA elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at 01 July 2019.

Instead, AEIA applied the standard only to contracts that were previously identified as leases applying AASB 117 and Interpretation 4 at the date of initial application.

Upon adoption of AASB 16, AEIA applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 1.9 Leases for the accounting policy beginning 01 July 2019.

Based on the above, as at 01 July 2019:

- Right-of-use assets of \$177,589 were recognised.
- Lease liabilities of \$199,548 were recognised.
- The net effect of these adjustments had been adjusted to retained earnings (\$21,959)

The lease liabilities as at 01 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019, as follows:

| | |
|--|----------------|
| Operating lease commitments disclosed as at 30 June 2019 | 217,412 |
| Add: Adjustments as a result of a different treatment of extension option on office equipment lease | 5,970 |
| Less: adjustments as a result of lease rentals waived | (12,812) |
| Discounted using AEIA's weighted average incremental borrowing rate of 5.2% | (11,022) |
| Lease liability recognised as at 01 July 2019 | 199,548 |

AUSTRALIAN ENTERTAINMENT INDUSTRY ASSOCIATION

Notes to the financial statements for year ended 30 June 2020

The effect of adoption of AASB 16 as at 01 July 2019 (increase/ (decrease)) is as follows:

| | \$ |
|---------------------|-----------------|
| Assets | |
| Right-of-use assets | 177,589 |
| Total assets | 177,589 |
| Liabilities | |
| Lease liabilities | 199,548 |
| Total liabilities | 199,548 |
| Equity | |
| Retained earnings | (21,959) |

1.5 Revenue

AEIA enters into various arrangements where it receives consideration from another party. These arrangements include consideration in the form of membership subscriptions, grants, sponsorships and service fees.

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

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 AEIA.

If there is only one distinct membership service promised in the arrangement, AEIA recognises revenue as the membership service is provided, which is typically based on the passage of time over the subscription period to reflect AEIA promise to stand ready to provide assistance and support to the member as required.

If there is more than one distinct good or service promised in the membership subscription, AEIA allocates the transaction price to each performance obligation based on the relative standalone selling prices of each promised good or service. In performing this allocation, standalone selling prices are estimated if there is no observable evidence of the price that AEIA charges for that good or service in a standalone sale.

When a performance obligation is satisfied, which is either when the customer obtains control of the good or as the service transfers to the customer (for example, member services or training course), AEIA recognises revenue at the amount of the transaction price that was allocated to that performance obligation.

For member subscriptions paid annually in advance, AEIA has elected to apply the practical expedient to not adjust the transaction price for the effects of a 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.

AUSTRALIAN ENTERTAINMENT INDUSTRY ASSOCIATION

Notes to the financial statements for year ended 30 June 2020

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

The revenues do not meet the AASB15 tests. Ie,

- They are not for the purpose of acquiring non-financial assets.
- The revenue transactions do not create enforceable rights or obligations.
- The revenue transactions do not include specific performance obligations.

Memberships are generally for a period of twelve months from July to June financial year. The membership fees are invoiced a month prior to 01 July each year and Membership Fee income is recognised in equal monthly instalments over the twelve month period ending June in the year to which it relates.

Helpmann Awards Revenue is from Sponsorships, Ticket sales, Award entry fees. Income is recognised against the specific Helpmann Awards ceremony held.

These revenue transactions provide some obligations to be met. Revenue is posted after completion of the Helpmann Awards event and any obligations relative to the event.

Industry Service Fee revenue is paid by Members and Non-Members dependant on the shows/ events held during the financial year.

A surcharge fee is charged for each show held. It is either collected through the venues and passed to LPA or paid directly by the Members to LPA.

Income is recognised as invoices are raised on a monthly basis for ISF surcharges applied to prior shows held.

1.6 Government Grants

Government grants are not recognised until there is reasonable assurance that AEIA will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which AEIA recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to AEIA with no future related costs are recognised in profit or loss in the period in which they become receivable.

1.7 Gains

Gains and losses from disposal of assets are recognised when control of the asset has passed to the buyer.

AUSTRALIAN ENTERTAINMENT INDUSTRY ASSOCIATION

Notes to the financial statements for year ended 30 June 2020

1.8 Employee Benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and termination benefits when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities for short-term employee benefits (as defined in AASB 119 *Employee Benefits*) and termination benefits due within twelve months of the end of reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability. These are recorded as current Liabilities.

Other long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the reporting unit in respect of services provided by employees up to reporting date. These are recorded as non-current Liabilities.

1.9 Leases

All leases are now recognised under the new standard AASB 16 which introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

This will result in almost all leases being recognised on the statement of financial position by lessees, as an asset (the right to use the leased item) and a financial liability (lease liability) to pay rentals/ lease payments.

The only exception are short-term and low value leases. These are expensed in the profit & loss.

1.10 Cash

Cash is recognised at its nominal value. Cash and cash equivalents include cash on hand, deposits held at call with banks and other short term liquid investments.

1.11 Impairment

The collectability of debts is assessed at year-end and allowance is made if required for any expected credit losses.

1.12 Trade and Other Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement with 30 days.

The entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

1.13 Trade and Other Payables

Accounts payable represent the principal amounts outstanding at reporting date plus, when applicable, any accrued interest.

AUSTRALIAN ENTERTAINMENT INDUSTRY ASSOCIATION

Notes to the financial statements for year ended 30 June 2020

1.14 Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses. The carrying amount of plant and equipment is reviewed annually by Councillors to ensure it is not in excess of the recoverable amount from the assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

1.15 Depreciation and Amortisation

Items of property plant and equipment are depreciated using the straight line method over their useful lives.

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

| | 2020 | 2019 |
|--------------------------|---------------|---------------|
| - Office Equipment | 1 to 5 years | 1 to 5 years |
| - Furniture and Fittings | 4 to 10 years | 4 to 10 years |

1.16 Intangibles

Trademarks

Trademarks are stated at cost and are not amortised as the Councillors believe they have an indeterminate life and are not expected to diminish in value over time. The carrying amounts of the trademarks are reviewed at the end of each accounting period to ensure they are not valued in excess of their recoverable amounts.

Websites

AEIA Members' website is initially measured at cost. Following initial recognition it is carried at cost less accumulated amortisation and any accumulated impairment losses.

The website is amortised over a useful life of three years.

1.17 Impairment of Non-Financial Assets

At each reporting date AEIA reviews the carrying amounts of assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss if any. The Councillors are satisfied that the carrying amounts of assets do not exceed the net amounts that are expected to be recovered through the cash inflows and outflows arising from the continued use and subsequent disposal of the assets.

1.18 Taxation

AEIA is exempt from income tax under Section 50.1 of the Income Tax Assessment Act 1997 however still has obligation for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

AUSTRALIAN ENTERTAINMENT INDUSTRY ASSOCIATION

Notes to the financial statements for year ended 30 June 2020

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

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office is classified within operating cash flows.

1.19 Investment in Associates, Business Combinations

There were no investments in Associates, or any Business Combinations during the Year ended 30 June 2020.

1.20 Going Concern

As disclosed in Note 2, AEIA has been impacted by COVID-19 subsequent to the reporting period. The severity of the COVID-19 outbreak and the rapidly evolving government policies of restrictive measures put in place to contain it have had a significant impact on the operations and financial position of AEIA.

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business for the following reasons:

- AEIA has a strong cash position of \$670,665 as at 30 June 2020 and receipted \$671,545 of their 2020-21 Financial Membership fees to date;
- Headcount and operational expenditure have been scaled back;
- AEIA continues to have access to Government support and funding including cash boost, grants and Job-keeper;
- The budgets and forecasts prepared by AEIA for a period of 12 months from the date of signing the financial report anticipate that the business will generate sufficient cash flows to fund its operations.

Note 2 EVENTS AFTER THE REPORTING PERIOD

On 3 August 2020, the Victorian Government declared a State of Disaster in response to the development of increased COVID-19 cases. This resulted in increased restrictions around work places, with enforced business closures, limited movements allowed and prevented the associations staff from returning to the office. All staff will continue to work from home until the emergency restrictions are lifted and is safe to do so.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is uncertain as to the full magnitude that the pandemic will have on the Company's financial condition, liquidity, and future results of operations.

The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce.

AUSTRALIAN ENTERTAINMENT INDUSTRY ASSOCIATION

Notes to the financial statements for year ended 30 June 2020

Note 3 INCOME

| | 2020 | 2019 |
|--|------------------|------------------|
| | \$ | \$ |
| 3A. Interest | | |
| Deposits | 11,498 | 19,590 |
| Total Interest | <u>11,498</u> | <u>19,590</u> |
| 3B. Other Revenue | | |
| Industry Service Fee | 1,148,063 | 1,493,443 |
| Other | 83,764 | 86,621 |
| Total Other Revenue | <u>1,231,827</u> | <u>1,580,064</u> |
| 3C. Grants and/or donations | | |
| Federal Government – Cash Flow Boost Support | 50,000 | - |
| Federal Government – Jobkeeper Support | 36,000 | - |
| Victorian Government – Payroll Tax waived | 32,532 | - |
| Total Other Revenue | <u>118,532</u> | <u>-</u> |

Note 4 EXPENSES

| | 2020 | 2019 |
|---|------------------|------------------|
| | \$ | \$ |
| 4A. Employee Expenses * | | |
| Holders of office: | | |
| Wages and Salaries | - | - |
| Superannuation | - | - |
| Leave and other entitlements | - | - |
| Separation and redundancies | - | - |
| Other employee expenses | - | - |
| Subtotal employee expenses holders of office | <u>-</u> | <u>-</u> |
| Employees other than office holders: | | |
| Wages and Salaries | 1,120,077 | 1,173,910 |
| Superannuation | 100,475 | 108,060 |
| Leave and other entitlements | (18,117) | 21,513 |
| Separation and redundancies | - | - |
| Other employee expenses | 47,720 | 54,041 |
| Subtotal employee expenses employees other than office holders | <u>1,250,155</u> | <u>1,357,524</u> |
| Total Employee Expenses | <u>1,250,155</u> | <u>1,357,524</u> |

* As required by the reporting Guidelines. Item to remain even if 'nil'.

AUSTRALIAN ENTERTAINMENT INDUSTRY ASSOCIATION

Notes to the financial statements for year ended 30 June 2020

| | 2020 | 2019 |
|--|----------------|----------------|
| | \$ | \$ |
| 4B. Administration Expenses | | |
| Fees/allowances - meeting and conferences* | - | - |
| Conferences and meeting Expenses | 2,227 | - |
| Meeting Expenses - Executive Council | 13,460 | 21,221 |
| Meeting Expenses - Annual General Meeting | 1,971 | 1,316 |
| Meeting Expenses - Members Forum | 20,546 | 32,570 |
| Rent | - | - |
| Other Expenses | 373,784 | 643,420 |
| Total Administration Expenses | <u>411,988</u> | <u>698,527</u> |

| | 2020 | 2019 |
|--|----------------|---------------|
| | \$ | \$ |
| 4C. Depreciation and Amortisation | | |
| Depreciation | | |
| Office equipment | 10,667 | 6,685 |
| Furniture & Fittings | 1,375 | 3,246 |
| Right of use assets | 87,928 | - |
| Total Depreciation | <u>99,970</u> | <u>9,931</u> |
| Amortisation | | |
| Intangibles | 40,701 | 27,616 |
| Total Amortisation | <u>40,701</u> | <u>27,616</u> |
| Total Depreciation and Amortisation | <u>140,671</u> | <u>37,547</u> |

| | | |
|-----------------------------|---------------|---------------|
| 4D. Legal Costs * | | |
| Litigation | - | - |
| Other legal general matters | 23,232 | 11,205 |
| Total Legal Costs | <u>23,232</u> | <u>11,205</u> |

* As required by the reporting Guidelines. Item to remain even if 'nil'.

AUSTRALIAN ENTERTAINMENT INDUSTRY ASSOCIATION

Notes to the financial statements for year ended 30 June 2020

| | 2020 | 2019 |
|---|--------------|--------------|
| | \$ | \$ |
| 4E. Grants or Donations* | | |
| Grants: | | |
| Total paid that were \$1,000 or less | - | - |
| Total paid that exceeded \$1,000 | - | - |
| Donations: | | |
| Total paid that were \$1,000 or less | - | - |
| Total paid that exceeded \$1,000 - (paid to Australian Festival Association) | - | 2,800 |
| Total Grants or Donations | <u>-</u> | <u>2,800</u> |
| | | |
| 4F. Finance Expenses | | |
| Interest expense on lease liabilities | <u>7,445</u> | <u>-</u> |
| Total Other Expenses | <u>7,445</u> | <u>-</u> |
| | | |
| 4G. Other Expenses | | |
| Penalties – via RO Act or the <i>Fair Work Act 2009</i> * | <u>-</u> | <u>-</u> |
| Total Other Expenses | <u>-</u> | <u>-</u> |

Note 5 CURRENT ASSETS

| 5A. Cash and Cash Equivalents | 2020 | 2019 |
|--|----------------|------------------|
| | \$ | \$ |
| Cash at Bank | 670,285 | 686,093 |
| Cash on Hand | 380 | 200 |
| Short-term Deposit | - | 736,447 |
| Total Cash and Cash Equivalents | <u>670,665</u> | <u>1,422,740</u> |

* As required by the reporting Guidelines. Item to remain even if 'nil'.

AUSTRALIAN ENTERTAINMENT INDUSTRY ASSOCIATION

Notes to the financial statements for year ended 30 June 2020

| | 2020 | 2019 |
|---|-----------------------|-----------------------|
| | \$ | \$ |
| 5B. Trade and Other Receivables (Current) | | |
| Receivables from other reporting unit* | - | - |
| Total Receivables from Other Reporting Unit(s) * | <u>-</u> | <u>-</u> |
| Less allowance for expected credit losses* | | |
| Total allowance for expected credit losses | <u>-</u> | <u>-</u> |
| Net Receivables from Other Reporting Unit(s) * | <u>-</u> | <u>-</u> |
| | | |
| Other Receivables | | |
| Trade Debtors | 584,767 | 308,972 |
| Allowance for expected credit losses | <u>(5,000)</u> | <u>(5,000)</u> |
| Net Total Other Receivables | <u>579,767</u> | <u>303,972</u> |
| | | |
| Total Trade and Other Receivables | <u><u>579,767</u></u> | <u><u>303,972</u></u> |

The movement in the allowance for expected credit losses of trade and other receivables is as follows:

| | | |
|------------------------|--------------|--------------|
| At 01 July | 5,000 | 19,503 |
| Provision not required | - | (14,503) |
| Amounts Written off | - | - |
| Amounts Recovered | - | - |
| At 30 June | <u>5,000</u> | <u>5,000</u> |

5C. Other Current Assets

| | | |
|-----------------------------------|----------------------|-----------------------|
| Helpmann Awards prepaid expenses | - | 177,725 |
| Other prepaid expenses | <u>28,072</u> | <u>32,948</u> |
| Total Other Current Assets | <u><u>28,072</u></u> | <u><u>210,673</u></u> |

* As required by the reporting Guidelines. Item to remain even if 'nil'.

AUSTRALIAN ENTERTAINMENT INDUSTRY ASSOCIATION

Notes to the financial statements for year ended 30 June 2020

Note 6 NON-CURRENT ASSETS

| | 2020 | 2019 |
|--------------------------------|----------------------|----------------------|
| 6A. Office Equipment | \$ | \$ |
| Office Equipment - At Cost | 57,620 | 78,347 |
| Less: Accumulated Depreciation | <u>(34,768)</u> | <u>(44,828)</u> |
| Total Office Equipment | <u><u>22,852</u></u> | <u><u>33,519</u></u> |

Reconciliation of the Opening and Closing Balances of Office Equipment

As at 01 July 2019

| | | |
|--|-----------------|-----------------|
| Gross book value | 78,347 | 52,807 |
| Accumulated depreciation | <u>(44,828)</u> | <u>(38,143)</u> |
| Net book value 01 July 2019 | <u>33,519</u> | <u>14,664</u> |
| Additions | - | 25,541 |
| Depreciation expense | (10,667) | (6,685) |
| Disposals | - | - |
| Transfers | <u>-</u> | <u>-</u> |
| Net book value 30 June 2020 | <u>22,852</u> | <u>33,519</u> |
| Net book value as of 30 June 2020 represented by: | | |
| Gross book value | 57,620 | 78,347 |
| Accumulated depreciation | <u>(34,768)</u> | <u>(44,828)</u> |
| Net book value 30 June 2020 | <u>22,852</u> | <u>33,519</u> |

6B. Furniture and Fittings

| | | |
|-------------------------------------|-----------------|-----------------|
| Furniture and Fittings - At Cost | 36,603 | 40,579 |
| Less: Accumulated Depreciation | <u>(33,208)</u> | <u>(35,809)</u> |
| Total Furniture and Fittings | <u>3,395</u> | <u>4,770</u> |

Reconciliation of the Opening and Closing Balances of Furniture and Fittings

As at 01 July 2019

| | | |
|--|-----------------|-----------------|
| Gross book value | 40,579 | 35,744 |
| Accumulated depreciation | <u>(35,809)</u> | <u>(32,563)</u> |
| Net book value 01 July 2019 | <u>4,770</u> | <u>3,181</u> |
| Additions | - | 4,835 |
| Depreciation expense | (1,375) | (3,246) |
| Disposals | - | - |
| Transfers | <u>-</u> | <u>-</u> |
| Net book value 30 June 2020 | <u>3,395</u> | <u>4,770</u> |
| Net book value as of 30 June 2020 represented by: | | |
| Gross book value | 36,603 | 40,579 |
| Accumulated depreciation | <u>(33,208)</u> | <u>(35,809)</u> |
| Net book value 30 June 2020 | <u>3,395</u> | <u>4,770</u> |

AUSTRALIAN ENTERTAINMENT INDUSTRY ASSOCIATION

Notes to the financial statements for year ended 30 June 2020

| 6C. Intangibles | 2020 | 2019 |
|--|---------------|---------------|
| | \$ | \$ |
| Trademarks – At Cost | <u>4,630</u> | <u>4,630</u> |
| Website | | |
| Website – At Cost | 140,062 | 265,508 |
| Less: Accumulated Amortisation - Website | (92,202) | (188,466) |
| Total Website | <u>47,860</u> | <u>77,042</u> |
| Total Website and Trademarks | <u>52,490</u> | <u>81,672</u> |

Reconciliation of the Opening and Closing Balances of Website

| | | |
|--|---------------|---------------|
| As at 01 July 2019 | | |
| Gross book value | 265,508 | 208,110 |
| Accumulated amortisation | (188,466) | (160,851) |
| Net book value 01 July 2019 | <u>77,042</u> | <u>47,259</u> |
| Additions | 11,520 | 57,399 |
| Amortisation expense | (40,701) | (27,616) |
| Disposals | - | - |
| Transfers | - | - |
| Net book value 30 June 2020 | <u>47,860</u> | <u>77,042</u> |
| Net book value as of 30 June 2020 represented by: | | |
| Gross book value | 140,062 | 265,508 |
| Accumulated amortisation | (92,202) | (188,466) |
| Net book value 30 June 2020 | <u>47,860</u> | <u>77,042</u> |

AUSTRALIAN ENTERTAINMENT INDUSTRY ASSOCIATION

Notes to the financial statements for year ended 30 June 2020

6D. Leases

Australian Entertainment Industry Association as a lessee

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

| | <u>Office Space</u> \$ | <u>Office Equipment</u> \$ | <u>Total</u> \$ |
|-------------------------------------|-------------------------------|-----------------------------------|--------------------|
| Right of use assets | | | |
| As at 01 July 2019 | 161,983 | 15,606 | 177,589 |
| Additions | - | - | - |
| Depreciation expense | (80,992) | (6,936) | (87,928) |
| Impairment | - | - | - |
| Disposal | - | - | - |
| Other movement [give details below] | - | - | - |
| As at 30 June 2020 | 80,992 | 8,670 | 89,662 |

Set out below are the carrying amounts of lease liabilities and the movements during the period:

| | 2020 \$ | 2019 \$ |
|--------------------------------|-------------------|-------------------|
| Lease Liabilities | | |
| As at 01 July 2019 | 199,548 | - |
| Additions | - | - |
| Accretion of interest | 7,445 | - |
| Payments | (99,717) | - |
| As at 30 June 2020 | 107,276 | - |
| Current | 105,336 | - |
| Non-current | 1,940 | - |
| Total Lease Liabilities | 107,276 | - |

The maturity analysis of lease liabilities is disclosed in Note 15C.

AUSTRALIAN ENTERTAINMENT INDUSTRY ASSOCIATION

Notes to the financial statements for year ended 30 June 2020

6D. Leases (Continued)

The following are the amounts recognised in profit or loss:

| | 2020 | 2019 |
|--|---------------|-------------|
| | \$ | \$ |
| Depreciation expense of right-of-use assets | 87,928 | - |
| Interest expense on lease liabilities | 7,445 | - |
| Expense relating to short-term leases | - | - |
| Expense relating to leases of low-value assets (included in administrative expenses) | - | - |
| Variable lease payments | - | - |
| Total amount recognised in profit or loss | 95,373 | - |

Note 7 CURRENT LIABILITIES

7A. Trade Payables

Non-Interest Bearing

| | | |
|---|---------------|----------------|
| Trade creditors | 56,513 | 110,664 |
| Accruals | 35,263 | 97,384 |
| Subtotal Trade Creditors and Accruals | 91,776 | 208,048 |
| Payables to Other Reporting Unit(s) * | - | - |
| Subtotal Payables to Other Reporting Unit(s) | - | - |
| Total Trade Payables | 91,776 | 208,048 |

Settlement is usually made within 30 days.

* As required by the reporting Guidelines. Item to remain even if 'nil'.

AUSTRALIAN ENTERTAINMENT INDUSTRY ASSOCIATION

Notes to the financial statements for year ended 30 June 2020

| 7B. Other Payables | 2020 | 2019 |
|--|----------------|------------------|
| | \$ | \$ |
| Wages and Salaries | - | - |
| Superannuation | - | - |
| Payable to employers for making payroll deductions of membership subscriptions * | - | - |
| Legal costs - Litigation* | - | - |
| Legal costs – Other legal costs * | - | - |
| Prepayments received/ unearned revenue | 615,415 | 1,066,934 |
| GST payable | 63,606 | 92,959 |
| Other | 464 | 1,122 |
| Total Other Payables | <u>679,485</u> | <u>1,161,015</u> |
| Total other payables are expected to be settled in: | | |
| No more than 12 months | 679,485 | 1,161,015 |
| More than 12 months | - | - |
| Total Other Payables | <u>679,485</u> | <u>1,161,015</u> |
| Note 8 PROVISIONS | | |
| 8A. Employee Provisions* | | |
| Office holders * | | |
| Annual Leave | - | - |
| Long Service Leave | - | - |
| Separation and Redundancies | - | - |
| Superannuation | - | - |
| Other Employee Provisions | - | - |
| Subtotal Employee Provisions – Office holders * | <u>-</u> | <u>-</u> |
| Employees other than Office holders | | |
| Annual Leave | 53,229 | 55,665 |
| Long Service Leave | 146,796 | 162,477 |
| Separation and Redundancies | - | - |
| Superannuation | - | - |
| Other Employee Provisions | - | - |
| Subtotal Employee Provisions – Employees other than Office holders | <u>200,025</u> | <u>218,142</u> |
| Total Employee Provisions | <u>200,025</u> | <u>218,142</u> |
| Current | 192,535 | 202,342 |
| Non-current | 7,490 | 15,800 |
| Total Employee Provisions | <u>200,025</u> | <u>218,142</u> |

* As required by the reporting Guidelines. Item to remain even if 'nil'.

AUSTRALIAN ENTERTAINMENT INDUSTRY ASSOCIATION

Notes to the financial statements for year ended 30 June 2020

Note 9 NON-CURRENT LIABILITIES

| | 2020 | 2019 |
|--|-------------|-------------|
| | \$ | \$ |
| 9A. Other Non-Current Liabilities * | | |
| Other Non-Current Liabilities | | |
| | - | - |
| Total Other Non-Current Liabilities | <u>-</u> | <u>-</u> |

Note 10 MEMBERS EQUITY

10A. General Funds

| Legal Expense Reserve | | |
|----------------------------------|----------------|----------------|
| Balance at start of year | 120,000 | 120,000 |
| Transferred to reserve | - | - |
| Transferred from Reserve | - | - |
| Balance as at end of year | <u>120,000</u> | <u>120,000</u> |

Note 11 STATEMENT OF CASH FLOWS

11A. Cash Flow Reconciliation

Reconciliation of Cash and Cash Equivalents as per Statement of Financial Position to Cash Flow Statement:

| | | |
|--|----------------|------------------|
| Cash and Cash Equivalents as per: | | |
| Statement of Cash Flows | 670,665 | 1,422,740 |
| Statement of Financial Position | <u>670,665</u> | <u>1,422,740</u> |
| Difference | <u>-</u> | <u>-</u> |

* As required by the reporting Guidelines. Item to remain even if 'nil'.

AUSTRALIAN ENTERTAINMENT INDUSTRY ASSOCIATION

Notes to the financial statements for year ended 30 June 2020

Note 11 STATEMENT OF CASH FLOWS (Cont'd)

| | 2020 | 2019 |
|---|------------------|----------------|
| | \$ | \$ |
| Reconciliation of deficit to net cash from operating activities: | | |
| (Deficit)/ Surplus for the year | (79,840) | (67,491) |
| Adjustments for non-cash items | | |
| Depreciation of Property, Plant & Equipment | 12,042 | 9,931 |
| Amortisation of Intangibles | 40,701 | 27,616 |
| Depreciation of right of use Assets | 87,928 | - |
| Interest on Lease Liabilities | 7,445 | - |
| Gain on Disposal of Assets | - | - |
| Changes in Assets and Liabilities | | |
| (Increase)/ Decrease in trade and other receivables | (275,795) | 59,941 |
| (Decrease) in allowance for expected credit losses | - | (14,503) |
| Decrease/ (Increase) in other assets | 182,601 | (5,937) |
| (Decrease)/ Increase in trade and other payables | (597,144) | 154,261 |
| (Decrease)/ Increase in employee provisions | (18,775) | 7,811 |
| Net Cash Provided/ (used in) by Operating Activities | <u>(640,837)</u> | <u>171,629</u> |

Note 12 CONTINGENT LIABILITIES AND COMMITMENTS

Upon the adoption of AASB 16 Leases from 1 July 2019 the association has recognised all significant leases required on balance sheet. (Refer note 1.4)

12A. Lease Commitments

| | | |
|---|----------|----------------|
| Non-Cancellable Operating Leases Payable: | - | - |
| Premises Rental (excl GST) | | |
| Payable no later than one year | - | 106,851 |
| Payable later than one year but not later than five years | - | 110,561 |
| Total Lease Commitments | <u>-</u> | <u>217,412</u> |

12B. Contingent Liabilities

AEIA maintains a security deposit of \$20,000 as part of the lease agreement of the office premises at 15-17 Queen Street, Melbourne.

AUSTRALIAN ENTERTAINMENT INDUSTRY ASSOCIATION

Notes to the financial statements for year ended 30 June 2020

Note 13 RELATED PARTY DISCLOSURES

13A. Related Party Transactions - Executive Councillors

Related Party Transactions

The following related party transactions occurred during the financial year:

Revenue received from:

All Executive Councillors' Organisations pay a membership subscription fee at the standard commercial rates set for the membership.

| Expenses paid to: | 2020 | 2019 |
|---|-------------|-------------|
| | \$ | \$ |
| D Gautier – CEO, Adelaide Festival Centre - for Venue Hire/ Catering. | - | 1,298 |
| J Kotzas – Chief Executive, Queensland Performing Arts Centre - for Venue Hire/ Catering/ Audio staging. | 3,005 | 8,905 |
| P McIntyre - Executive Director – Sydney Theatre Company – for Venue hire/ Catering. | 1,821 | 882 |
| M Smith – Executive Director – Arts Centre Melbourne - for Venue Hire/ Catering/ Audio/ Tech support. | 75,338 | - |
| F Winning – Head of Programming – Sydney Opera House Trust – for Venue hire/ Catering/ Audio staging. | - | 5,708 |

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms to those that prevail in arm's length transactions. Outstanding balances for sales and purchases at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2020, the Australian Entertainment Industry Association has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (2019: \$Nil).

No members of the Executive Council/ Office holders received any remuneration (wages, salary, or superannuation) for services as Executive Councillors.

No annual leave or long service leave provisions have been made or paid for any Executive Councillor/ Office holders.

AUSTRALIAN ENTERTAINMENT INDUSTRY ASSOCIATION

Notes to the financial statements for year ended 30 June 2020

13B. Key Management Personnel Remuneration

| | 2020 | 2019 |
|--|-----------------------|-----------------------|
| | \$ | \$ |
| Short-term employee benefits | | |
| Salary (including annual leave taken) | 244,976 | 241,552 |
| Annual leave accrued | 10,729 | - |
| Performance Bonus | - | 5,476 |
| Total Short-term employee benefits | <u>255,705</u> | <u>247,028</u> |
| Post-employment benefits | | |
| Superannuation | <u>20,184</u> | <u>20,307</u> |
| Total post-employment benefits | <u>20,184</u> | <u>20,307</u> |
| Other long-term benefits | | |
| Long service leave | <u>67,899</u> | <u>58,616</u> |
| Total Other long-term benefits | <u>67,899</u> | <u>58,616</u> |
| Total Key Management Personnel Remuneration | <u><u>343,788</u></u> | <u><u>325,951</u></u> |

Note 14 REMUNERATION OF AUDITORS

| | | |
|---------------------------------------|----------------------|----------------------|
| Financial statement audit services | 17,763 | 17,254 |
| Other services | - | - |
| Total Remuneration of Auditors | <u><u>17,763</u></u> | <u><u>17,254</u></u> |

AUSTRALIAN ENTERTAINMENT INDUSTRY ASSOCIATION

Notes to the financial statements for year ended 30 June 2020

Note 15 FINANCIAL INSTRUMENTS

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Association's principal financial instruments comprise receivables, payables, cash, and short-term deposits. These activities expose the Association to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk.

Although the Association does not have documented policies and procedures, the Councillors manage the different types of risks to which it is exposed by considering risk and monitoring levels of exposure to interest rate risk and by being aware of market forecasts for interest rates. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through general business budgets and forecasts.

15A. Categories of Financial Instruments

The Association holds the following financial instruments:

| | 2020 | 2019 |
|------------------------------------|-----------------------|-----------------------|
| | \$ | \$ |
| Financial Assets | | |
| Cash and cash equivalents | 670,665 | 1,422,740 |
| Trade and other receivables | <u>579,767</u> | <u>303,971</u> |
| Total Financial Assets | <u>1,250,432</u> | <u>1,726,711</u> |
| Financial Liabilities | | |
| Trade and other payables | 771,260 | 1,369,063 |
| Lease Liabilities | <u>107,276</u> | <u>-</u> |
| Total Financial Liabilities | <u>878,536</u> | <u>1,369,063</u> |
| Net exposure | <u><u>371,896</u></u> | <u><u>357,648</u></u> |

15B. Risk Exposure and Responses

Market risk

The Association's exposure to market interest rates relates primarily to the entity's short term deposits held. The effect of volatility of interest rates within expected reasonable possible movements would not be material.

Price risk

The Association's exposure to commodity and equity securities price risk is minimal.

Liquidity Risk

The Association manages liquidity risk by monitoring cash flow and maturity profiles of financial assets and liabilities.

AUSTRALIAN ENTERTAINMENT INDUSTRY ASSOCIATION

Notes to the financial statements for year ended 30 June 2020

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets is the carrying amount of those assets, net of any allowance for doubtful debts, as disclosed in the statement of financial position and notes to the financial report.

The Association trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the entity's policy to securitise its trade and other receivables.

It is the Association's policy to consider the credit worthiness of all customers who wish to trade on credit terms.

In addition, receivable balances are monitored on an ongoing basis with the result that the Association's exposure to bad debts is not significant. There are no significant concentrations of credit risk.

15C. Maturities of Financial Assets and Liabilities

The table below analyses the Association's financial liabilities, net and gross settled derivative financial instruments into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

| Year ended 30 June 2020 | < 6 months | 6 – 12 months | 1 – 5 years | > 5 years | Total |
|------------------------------------|----------------------|--------------------------|------------------------|---------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Financial assets | | | | | |
| Bank | 670,665 | - | - | - | 670,665 |
| Trade and other receivables | 579,767 | - | - | - | 579,767 |
| Total Financial assets | 1,250,432 | - | - | - | 1,250,432 |
| Financial liabilities | | | | | |
| Trade and other payables | 463,552 | 307,708 | - | - | 771,260 |
| Lease Liabilities | 52,668 | 52,668 | 1,940 | - | 107,276 |
| Total Financial liabilities | 516,220 | 360,376 | 1,940 | - | 878,536 |
| Net maturity | 734,212 | (360,376) | (1,940) | - | 371,896 |

AUSTRALIAN ENTERTAINMENT INDUSTRY ASSOCIATION

Notes to the financial statements for year ended 30 June 2020

Note 16 FAIR VALUE MEASUREMENT

Note 16A: Financial Assets and Liabilities

Management of AEIA assessed that cash, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

Note 17 SECTION 272 FAIR WORK (REGISTERED ORGANISATIONS) ACT 2009

In accordance with the requirements of Section 272 of the *Fair Work (Registered Organisations) Act 2009*, the attention of members is drawn to the provisions of sub-sections (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) This 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).



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INDEPENDENT AUDITOR'S REPORT

To the members of Australian Entertainment Industry Association

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australian Entertainment Industry Association (the reporting unit), which comprises the statement of financial position as at 30 June 2020, the statement of 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 Australian Entertainment Industry Association, presents fairly, in all material respects the reporting unit's financial position as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and any other requirement imposed by these Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009.

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 Councillors' 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Reporting Unit's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Reporting Unit's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Reporting Unit to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Reporting Unit to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Reporting Unit audit. We remain solely responsible for our audit opinion.



We communicate with the Committee of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during our audit. This description forms part of our auditor's report.

Declaration by the auditor

I, James Mooney, declare that I am an approved auditor, a member of the Chartered Accountants Australia New Zealand and hold a current Public Practice Certificate.

BDO Audit Pty Ltd

A handwritten signature in black ink, appearing to read 'James Mooney', written over a faint, stylized 'BDO' logo.

James Mooney
Director

Melbourne, 8 October 2020

Registration number: AA2017/65