



**media, entertainment & arts alliance**  
the people who inform and entertain

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19 August 2011

Fair Work Australia  
80 William Street  
East Sydney NSW

**Re: Lodgement of Financial Statement and Accounts – Media, Entertainment & Arts Alliance – for year ending 30 June 2010 (FR2010/2672) : Your letter 17 August 2011**

Thank you for acknowledging receipt of our Financial Return for 2010 and drawing three points to our attention.

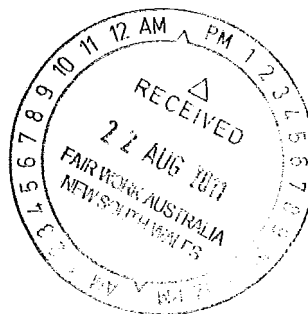
Point 1: “Recovery of Money” I would advise that the monies referred to on Page 17 are monies that are paid directly to our members after intervention by Alliance staff. None of these moneys are actually paid to the Alliance. Accordingly, the provisions you refer to do not apply.

Point 2: “Donations” No amount exceeded \$1000 in donations, therefore, we did not lodge a separate certificate.

Point 3: The Alliance regrets the omissions you point out in the 2010 Annual Report and undertakes to ensure they are included in this year’s Annual Report.

Yours sincerely

Carole Carney  
Media, Entertainment & Arts Alliance





FAIR WORK  
AUSTRALIA

Ms Carole Carney  
Media, Entertainment and Arts Alliance  
PO Box 723  
STRAWBERRY HILLS NSW 2012



Dear Ms Carney

**Re: Lodgement of Financial Statements and Accounts –  
Media, Entertainment and Arts Alliance – for year ending 30 June 2010 (FR2010/2672)**

Thank you for lodging the abovementioned financial statements and accounts with Fair Work Australia, received on 29 July 2011.

The documents have been filed but I must draw the organization's attention to the following matters.

(1) Although there was a general disclosure of "Recovery of Money" on page 17 of the Annual Report, there was no reference in the Auditor's report, nor any declaration relating to recovery of wage activity in the Federal Secretary's Report on page 29. The preparation of a recovery of wages financial activity report is required by the General Manager's Reporting Guidelines, if applicable, according to paragraph 16 of those Guidelines. It is applicable where revenues are derived from such activity.

I attach the relevant guideline extracts for the organization's consideration and request the organization's undertaking that the requirements will be met in any future reports to which they may be applicable.

(2) An amount of \$1,865 is disclosed at Note 3 in respect of "Donations". I take this opportunity to remind the organization of its obligation to lodge a separate statement, pursuant to s237 of the Act, setting out the required particulars, if this amount included any single donation exceeding \$1,000.

(3) The Report appears to omit certain prescribed information. Section 254(2)(c) requires the operating report to "give details of the right of members to resign from the reporting unit under section 174". I was unable to locate this information in the body of the report. Further, Regulation 159(c) prescribes the following information: "the name of each person who has been a member of the committee of management of the reporting unit at any time during the reporting period and the period for which he or she held such a position".

Note 4(a) gives the names of “salaried elected officials of the Alliance at any time during the year”. However it is not clear that this list encompasses the full Committee of Management nor does it indicate the period for which each person held their position.

These items should be included in future reports. Please don't hesitate to contact me if you have any queries in relation to these matters.

Yours sincerely

A handwritten signature in black ink, appearing to be 'S. Kellett', written in a cursive style.

Stephen Kellett

Fair Work Australia

17 August 2011

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**media, entertainment & arts alliance**  
the people who inform and entertain

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29 July 2011

Fair Work Australia  
80 William Street  
East Sydney NSW

**Re: Financial Documents for Media, Entertainment & Arts Alliance.**

Please find enclosed the Annual Report "Full Operating Report" for the Media, Entertainment & Arts Alliance, for the financial year ended 30 June 2010 and the Secretary's certificate.

Yours sincerely

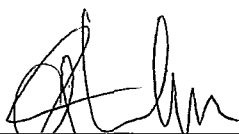
Carole Carney  
**Media, Entertainment & Arts Alliance**



**Designated Officer's Certificate**  
*s268 Fair Work (Registered Organisations) Act 2009*

I, Christopher Warren, being the Federal Secretary, of the Media, Entertainment & Arts Alliance certify:

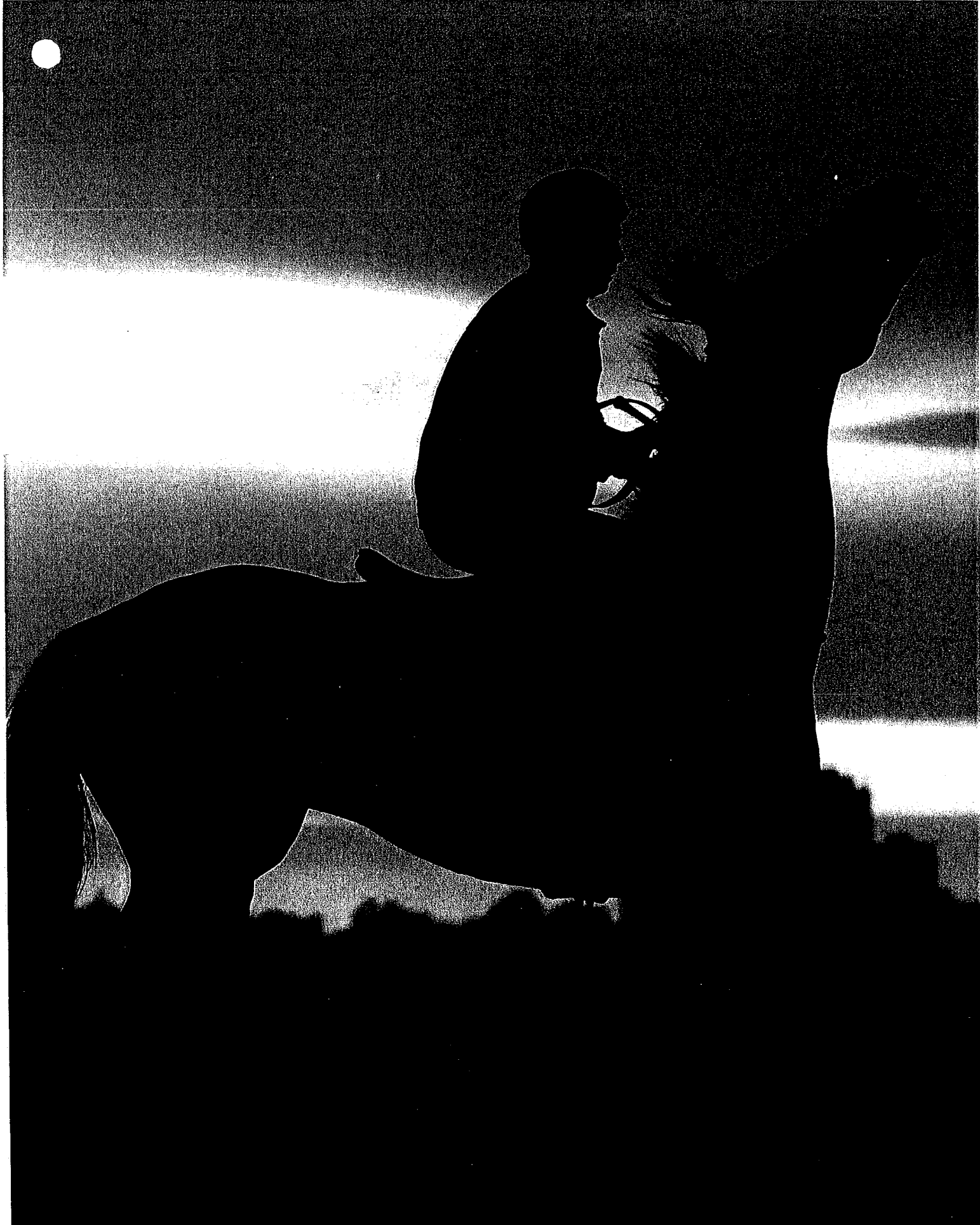
- that the documents lodged herewith are copies of the full report, referred to in s268 of the Fair Work (Registered Organisations) Act 2009; and
- that the full report, was provided to members on 13 September 2010; and
- that the full report was presented to a meeting of the Federal Executive of the union on 8 December 2010; in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009.



\_\_\_\_\_  
Christopher Warren  
Federal Secretary

Date: \_\_\_\_\_

29/7/2011



Media, Entertainment & Arts Alliance  
**Annual Report 2009-2010**  
Power @ Work



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COVER PHOTO by Jay Town For me the most satisfying aspect of the Spring Racing Carnival is not covering the actual races, but covering the pre-dawn trackwork each morning. It is quite challenging, as we are restricted not only in where we can go, but also in the fact that the good horses do their work in total darkness, before the sun rises. Often this means making the most of the beautiful early morning light. In this picture, I have tried to capture one of the horses returning from its work, and going past the hut that the trainers watch their horses from. Luckily for me, the horse lifted its head and whinnied, which produced a very satisfying silhouette.

Jay Town is a Victoria-based photojournalist with the *Herald Sun*

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DISCLAIMER: The views in this report are not necessarily those of the Media, Entertainment & Arts Alliance  
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**INDEPENDENT AUDIT REPORT TO THE TRUSTEES OF EQUITY TRUST**

We are pleased to present our Audit Report on the Statement of Financial Position for the Media, Entertainment & Arts Alliance Equity Trust ("the Trust") as at 30 June 2010.

**Scope**

We have audited the attached Statement of Financial Position for the Trust as at 30 June 2010. The Trustees of the Trust are responsible for the Statement of Financial Position and the information contained therein. We have conducted an independent audit of the Statement of Financial Position in order to express an opinion on it to the Trustees.

We have completed the audit in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the Statement of Financial Position is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the Statement of Financial Position, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the Statement of Financial Position is presented fairly.

The audit opinion expressed in this report has been formed on the above basis.

**Audit Opinion**

In our opinion, the Statement of Financial Position for the Trust presents fairly the assets and liabilities of Trust and is adequately supported by appropriate documentation.

The audit report has been prepared solely for the use of the Trustees of the Trust. This report is not to be distributed to any other parties without written consent.

If you have any queries concerning the above, please contact me on (02) 9262 2155.

**WHK HORWATH SYDNEY  
LEAH RUSSELL**

Principal

Dated this 9th day of September 2010

**Equity Trust Statement of Financial Position  
As at 30 June 2010**

Administered by the Media, Entertainment & Arts Alliance

	2010	2009
	\$	\$
<b>Current assets</b>		
Cash at bank	6,082,818	5,646,483
<b>Total assets</b>	<u>6,082,818</u>	<u>5,646,483</u>
<b>Current liabilities</b>		
Owed to cast members	5,614,765	5,205,736
Owed to Alliance	422,153	394,847
Provision	45,900	45,900
<b>Total liabilities</b>	<u>6,082,818</u>	<u>5,646,483</u>
<b>NET ASSETS</b>	<u>-</u>	<u>-</u>

**ABOUT EQUITY TRUST**

**Residuals**

Equity Trust is responsible for distributing residual fees (residuals), which are fees paid by distributors to the performers concerned. They are sometimes referred to as "royalties", "repeats" or "second usage fees". These fees are negotiated by the Alliance and paid to qualifying performers who work on film or TV productions, after the initial use or exploitation of these productions.

We collect these fees on behalf of the performers and then calculate the residuals for each of them.

These calculations are audited by the Alliance's external auditors, prior to the issue of cheques to performers each quarter. On occasion, there are discrepancies relating to performers entitlement to residuals or the attributed portion and these need to be resolved before payments are made.

Equity Trust monitors exploitation or sales which may trigger residuals and contacts the producer and distributor when money is due from them. Producers and distributors are required to provide regular reports on all income they have received and residuals owing.

In the last eight years, Equity Trust has received over \$56 million on behalf of performers. The Trust aims to pay out all residuals received, but some performers are difficult to trace.

To contact Equity Trust, call the Residuals department on 1300 65 65 12 or email them at [residuals@alliance.org.au](mailto:residuals@alliance.org.au)

**Superannuation contributions**

Equity Trust also negotiates, monitors and collects superannuation contributions on behalf of Australian performers working overseas and forwards their entitlement to the appropriate superannuation fund.

**Bonds**

To safeguard the wages of performers and crew working on productions, Equity may require a bond to be lodged by the producer. In such cases, Equity Trust releases the bond after the production has provided a certificate from its accountants, certifying that all performers' and crews' wages, including superannuation and annual leave, have been paid.



**FINANCIAL REPORT**

Continued tight control of costs and better than expected income has seen the Alliance produce a significant surplus which has enabled the union to continue to build our Fighting Fund. The Fighting Fund was set up in 2008 to help members affected by industrial or other action and has now been built to over \$1 million. Our goal is to build this fund to \$10 million out of our annual surpluses.

Largely due to the impact of job losses in the media, membership income increased only marginally, despite a CPI-linked fee rise. A fall in income from media members was offset by higher than expected income from imported artists fees and from the fees paid by performers on residual payments. Other income declined as a result in the fall in sponsorship and grants received by the Foundations.

Overall expenditure was down. This was largely the result of the cut back of staff and other costs implemented in the previous financial year as the global financial crisis began to bite. This saw staff costs across the Alliance fall from about \$5.6 million to \$5.4 million, although staff numbers were held at around the same level through the financial year.

Nonetheless, staff remained the major cost for the Alliance. At the end of the financial year, the Alliance employed 70 staff either full-time or part-time. This was equivalent to 63.75 full time staff, up from 62.6 at the beginning of the year.

Staff wages were adjusted during the year under a pay agreement that extends to staff rises that reflect the average rises under Alliance negotiated collective agreements. This involved a rise of 3.875 per cent on July 1, 2009. Salaries paid to officers and staff inclusive of superannuation fell into the following bands:

	Staff	Officers	2008-2009
Under \$20,000	7	0	11
\$20,000-\$30,000	6	0	2
\$30,000-\$40,000	10	0	9
\$40,000-\$50,000	5	0	5
\$50,000-\$60,000	7	0	2
\$60,000-\$70,000	8	1	10
\$70,000-\$80,000	6	0	6
\$80,000-\$90,000	5	1	7
\$90,000-\$100,000	4	1	11
\$100,000-\$110,000	4	0	2
\$110,000-\$120,000	1	1	3
Over \$120,000		3	2
	63	7	70

The Alliance continued with its debt reduction strategy, with the goal of being debt free by 2013. The Alliance has set aside real cash provision for staff entitlements to annual leave, long service leave and other benefits. At the end of the financial year, we had set aside about \$800,000 against an entitlement of about \$950,000. We have also provided a special reserve of \$215,000 for unforeseeable costs that may arise due to things such as serious illness for long term staff.

We are continuing to pay down our mortgage. At the end of the financial year, there was about \$1.5 million owing underpinned by properties in Sydney, Melbourne and Adelaide with a book value of about \$5 million. This means that the union now only owes the additional money it borrowed in 2006 to purchase our Melbourne property and we can expect that this will be paid off by 2013 as we are continuing to set aside 4 per cent of our fee income to pay down this debt.

Our net assets are now \$5.57 million, on a turnover of about \$10.4 million. Most importantly, our working capital (the difference between current assets and liabilities) is now about \$2.3 million. This is in line with the long-term Alliance goal of having working capital of at least 20 per cent of turnover.

The union did not spend its usual allocation for campaign costs. As a result, we are committing to spend that amount during the current financial year with a particular focus on the changing nature of our industries and organising campaigns in emerging areas of work.

**FEDERAL SECRETARY'S REPORT**

On 9<sup>th</sup> September 2010 the Committee of Management of the Media, Entertainment & Arts Alliance (the "Alliance") passed the following resolution in relation to the general purpose financial statements (GPFS) of the reporting unit for the financial year ended 30 June 2010:

The Committee of Management declares in relation to the GPFS that in its opinion:

- (a) the financial statements and notes comply with the reporting guidelines of the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the Industrial Registrar
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the Alliance will be able to pay its debts as and when they become due and payable;
- (e) during the financial year to which the GPFS relates and since the end of the year;
  - (i) meetings of the committee of management were held in accordance with the rules of the organisation; and
  - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation; and
  - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RAO Schedule and the Registration and Accountability of Organisations (RAO) Regulations; and
  - (iv) the information sought in any request of a member of the reporting unit or a Registrar duly made under section 272 of the RAO Schedule has been furnished to the member or Registrar; and
  - (v) there has been compliance with any order for inspection of financial records made by the Commission under section 273 of the RAO Schedule.

**Significant change in State of Affairs**

There has been no significant change in the Alliance's financial affairs or state of affairs during or since the end of the financial year.

**Events After Balance Sheet Date**

No matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Alliance, the results of those operations, or the state of affairs of the Alliance in future financial years.

**For Committee of Management:**

Christopher Warren

Title of Office held: Federal Secretary

Dated this 9<sup>th</sup> day of September 2010

**AUDITOR'S INDEPENDENCE DECLARATION**

I am pleased to provide the following declaration of independence to the Federal Management Committee of Media, Entertainment & Arts Alliance. As lead audit principal for the audit of the financial statements of Media, Entertainment & Arts Alliance for the financial year ended 30 June 2010, I declare that to the best of my knowledge and belief, that there have been no contraventions of:

- (i) the auditor independence requirements in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

WHK HORWATH SYDNEY

Leah Russell

Principal Dated this 9<sup>th</sup> day of September 2010

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF MEDIA, ENTERTAINMENT & ARTS ALLIANCE**

**Scope**

The financial statements and the Federal Secretary's responsibility

The financial statements comprise the Federal Secretary's report, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, notes to the financial statements and the Federal Secretary's Declaration for the Media, Entertainment & Arts Alliance for the year ended 30 June 2010.

The officers of the Alliance are responsible for the preparation and true and fair presentation of the financial statements in accordance with the Rules of the Media, Entertainment and Arts Alliance and the Workplace Relations Act. This includes the responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

**Audit Approach**

We conducted an independent audit in order to express an opinion to the members of the Alliance. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial statements are free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial statements present fairly, in accordance with the Alliance's Rules and Workplace Relations Act, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Alliance's financial position, and of its performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial statements; and

- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the officers.

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

**Independence**

In conducting our audit, we followed the applicable independence requirements of Australian professional ethical pronouncements and the Workplace Relations Act. We confirm that the independence declaration required by the Australian professional ethical pronouncements and the Workplace Relations Act, provided to the Federal Management Committee of the Media, Entertainment & Arts Alliance on 9 September 2010, would be in the same terms if provided to the Federal Management Committee as at the date of this auditor's report.

**Audit Opinion**

In our opinion, the financial statements of the Media, Entertainment & Arts Alliance is in accordance with the Workplace Relations Act, including:

- (i) giving a true and fair view of the Alliance's financial position as at 30 June 2010 and of their performance for the year ended on that date; and
- (ii) complying with Accounting Standards in Australia and the Workplace Relations Act.

WHK HORWATH SYDNEY

Leah Russell Principal Dated this 9<sup>th</sup> day of September 2010

	2010-2011 Budget	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Total income	10,522,800	10,480,906	11,039,723	10,706,162	9,913,677	9,010,401	7,655,953	7,773,560	7,113,710
Total costs	(9,509,100)	(9,143,369)	(10,230,635)	(9,931,254)	(9,470,269)	(8,753,424)	(7,394,694)	(6,955,713)	(7,058,532)
Surplus	1,013,700	1,337,537	809,088	774,908	443,408	256,977	261,259	817,847	55,178
Stability Reserve	1,000,000	1,000,000	1,000,000	1,000,000	1,017,514	958,496	725,237	519,954	323,497
Fighting Fund Reserve	1,300,000	1,024,801	554,617	254,905	0	0	0	0	0

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$	2009 \$
<b>REVENUE</b>			
Revenue from ordinary activities	2	10,480,906	10,898,316
<b>DIRECT COSTS</b>			
Depreciation and amortisation	3	(335,609)	(332,873)
Finance costs	3	(156,994)	(171,286)
Employee costs		(5,423,658)	(5,615,990)
Site costs		(409,908)	(411,328)
Affiliation fees	3	(247,076)	(294,786)
Printing and postage		(211,641)	(291,774)
Telephone		(153,755)	(174,892)
Magazines		(390,565)	(504,344)
Repairs and maintenance		(346,029)	(402,288)
Travel		(232,579)	(315,649)
Special events		(607,192)	(884,650)
Other expenses from ordinary activities		(628,363)	(689,368)
<b>Total direct costs</b>		<b>(9,143,369)</b>	<b>(10,089,228)</b>
Surplus		1,337,537	809,088
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<b>1,337,537</b>	<b>809,088</b>

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

	Note	2010 \$	2009 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	3,650,278	2,473,115
Trade and other receivables	6	1,032,472	833,755
Other current assets	7	115,256	107,573
<b>Total current assets</b>		<b>4,798,006</b>	<b>3,414,443</b>
<b>Non-current assets</b>			
<b>Financial assets</b>			
Property, equipment and vehicles	8	16,180	15,033
Other non-current assets	9	4,786,781	5,131,536
<b>Total non-current assets</b>		<b>4,802,961</b>	<b>5,146,569</b>
<b>TOTAL ASSETS</b>		<b>9,600,967</b>	<b>8,561,012</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	10	901,769	814,028
Short-term borrowings	11	-	2,131,173
Provisions	12	916,535	840,079
Other current liabilities	13	679,062	517,616
<b>Total current liabilities</b>		<b>2,497,366</b>	<b>4,302,896</b>
<b>Non-current liabilities</b>			
Provisions	12	38,212	21,437
Long-term borrowings	11	1,491,173	-
<b>Total non-current liabilities</b>		<b>1,529,385</b>	<b>21,437</b>
<b>TOTAL LIABILITIES</b>		<b>4,026,751</b>	<b>4,324,333</b>
<b>NET ASSETS</b>		<b>5,574,216</b>	<b>4,236,679</b>
<b>EQUITY</b>			
Reserves		3,420,632	2,627,375
Retained earnings		2,153,584	1,609,304
<b>TOTAL EQUITY</b>		<b>5,574,216</b>	<b>4,236,679</b>

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2010

		2010	2009
<b>Cash flows from operating activities:</b>			
Receipts from members and sponsors		10,943,844	11,182,205
Payments to suppliers and employees		(9,349,897)	(10,524,482)
Interest received		365,790	404,183
Finance costs		(156,994)	(171,286)
<b>Net cash provided by operating activities</b>	14	<b>1,802,743</b>	<b>890,620</b>
<b>Cash flows from investing activities:</b>			
Acquisition of property, equipment and vehicles	9	(29,625)	(405,316)
Proceeds from disposal of property, equipment and vehicles		44,045	6,535
<b>Net cash provided by/used in investing activities</b>		<b>14,420</b>	<b>(398,781)</b>
<b>Cash flows from financing activities:</b>			
Repayment of borrowings		(640,000)	(229,994)
<b>Net cash used in financing activities</b>		<b>(640,000)</b>	<b>(229,994)</b>
<b>Net increase in cash held</b>		<b>1,177,163</b>	<b>261,845</b>
Cash and cash equivalents at beginning of year		2,473,115	2,211,270
Cash and cash equivalents at end of financial year	5	3,650,278	2,473,115

The Alliance's bank loan facility has been extended to 31 August 2012. The previous facility expired on 31 October 2009, and, in order to comply with Accounting Standards, the loan was classified as a Current Liability at 30 June 2009. If this reclassification had not been required, the Alliance's working capital at 30 June 2009 would have been \$1,042,720.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2010	Stability Reserve (formerly Fighting Fund)	Fighting Fund Reserve	Equity Foundation Reserve	SOMA Reserve	Walkley Foundation Reserve	Western Australian Journalists Reserve	Campaign Reserve	Special Leave Reserve	Retained Earnings	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2010										
Balance at 1 July 2009	1,000,000	554,617	375,234	20,429	432,723	42,919	201,453	-	1,609,304	4,236,679
Net surplus attributable to members of the entity	-	-	-	-	-	-	-	-	1,337,537	1,337,537
Transfers to and from reserves										
- Fighting Fund Reserve	-	470,184	-	-	-	-	-	-	(470,184)	-
- Equity Foundation Reserve	-	-	9,574	-	-	-	-	-	(9,574)	-
- Walkley Foundation Reserve	-	-	-	-	(59,212)	-	-	-	59,212	-
- Western Australian Journalists Reserve	-	-	-	-	-	(42,289)	-	-	42,289	-
- Campaign Reserve	-	-	-	-	-	-	200,000	-	(200,000)	-
- Special Leave Reserve	-	-	-	-	-	-	-	215,000	(215,000)	-
<b>Balance at 30 June 2010</b>	<b>1,000,000</b>	<b>1,024,801</b>	<b>384,808</b>	<b>20,429</b>	<b>373,511</b>	<b>630</b>	<b>401,453</b>	<b>215,000</b>	<b>2,153,584</b>	<b>5,574,216</b>

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009	Stability Reserve (formerly Fighting Fund)	Fighting Fund Reserve	Equity Foundation Reserve	SOMA Reserve	Walkley Foundation Reserve	Western Australian Journalists Reserve	Campaign Reserve	Retained Earnings	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
2009									
Balance at 1 July 2008	1,000,000	254,905	362,554	19,491	361,337	54,400	201,453	1,173,451	3,427,591
Net surplus attributable to members of the entity	-	-	-	-	-	-	-	809,088	809,088
Transfers to and from reserves									
- Fighting Fund Reserve	-	299,712	-	-	-	-	-	(299,712)	-
- Equity Foundation Reserve	-	-	12,680	-	-	-	-	(12,680)	-
- SOMA Reserve	-	-	-	938	-	-	-	(938)	-
- Walkley Foundation Reserve	-	-	-	-	71,386	-	-	(71,386)	-
- Western Australian Journalists Reserve	-	-	-	-	-	(11,481)	-	11,481	-
<b>Balance at 30 June 2009</b>	<b>1,000,000</b>	<b>554,617</b>	<b>375,234</b>	<b>20,429</b>	<b>432,723</b>	<b>42,919</b>	<b>201,453</b>	<b>1,609,304</b>	<b>4,236,679</b>

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are general purpose financial statements that has been prepared in accordance with the Australian Accounting Standards, including Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Board and section 253 and section 270 of the Workplace Relations Amendments (Registration and Accountability of Organisation) Act, 2002. The Alliance is an entity created under the Workplace Relations Act, registered and domiciled in Australia. The financial statements of the Alliance comply with the Australian equivalents to International Financial Reporting Standards (AIFRS) as they relate to a not-for-profit entity. The following is a summary of the material accounting policies adopted by the Alliance in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

**Basis of Preparation****Reporting Basis and Conventions**

The financial statements have been prepared on an accruals basis and is based on historical costs and modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

**Accounting Policies**

(a) **Property, Equipment and Vehicles** Each class of property, equipment and vehicles is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

**Property** Freehold land and buildings are measured at cost or fair value less, where applicable, any accumulated depreciation and impairment losses. In the opinion of the Federal Management Committee, the carrying value of land and buildings does not exceed recoverable amounts.

**Equipment and Motor Vehicles** are measured on the cost basis less depreciation and impairment losses. The carrying amount of equipment and motor vehicles is reviewed annually by the Federal Management Committee to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the depreciated replacement cost of the asset or net cash flows that will be received from the assets' subsequent disposal.

**Depreciation** The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the Alliance commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Buildings	2.5%
Equipment and Motor Vehicles	10-30%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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

(b) **Impairment of Assets** At each reporting date, the Alliance reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and depreciated replacement cost, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income. Where it is not possible to estimate the recoverable amount of an individual asset, the Alliance estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**(c) Financial Instruments**

**Initial recognition and measurement** Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit or loss in which case transaction costs are expensed to profit or loss immediately.

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

**Amortised cost** is calculated as: (i) the amount at which the financial asset or financial liability is measured at initial recognition; (ii) less principal repayments; (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (iv) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and

other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Alliance does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

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

They are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets. Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

They are included in non-current assets, except for those which are expected to be disposed of within 12 months after the end of the reporting period, which will be classified as current assets. Financial liabilities Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment At each reporting date, the Alliance assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

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

(d) **Cash and Cash Equivalents** include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(e) **Employee Benefits** Provision is made for the Alliance's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits.

(f) **Provisions** are recognised when the Alliance has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(g) **Revenue** is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Grant revenue is recognised in the statement of comprehensive income when it is expended. When there are conditions attached to grant revenue relating to the use of those grants for specific purposes it is recognised in the statement of financial position as a liability until such conditions are met or services provided. Donations are recognised as revenue when received unless they are designated for a specific purpose, where they are carried forward as prepaid income on the statement of financial position until expended. Membership subscription income has been accounted for on a mix of cash and accruals basis. Membership subscriptions outstanding at balance sheet date have been brought to account as receivables where subscriptions are paid by the members' employers through salary deductions. All other membership subscriptions due to be paid are recognised when received. Membership income is deemed earned in the year to which it relates. Membership subscriptions relating to the unexpired part of the membership year are deferred and recognised as income in the next financial year. Interest revenue is recognised when received. Dividend revenue is recognised when the right to receive a dividend has been established. All revenue is stated net of the amount of goods and services tax (GST).

(h) **Goods and Services Tax (GST)** Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office or the New Zealand Inland Revenue. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(i) **Income Tax** The Alliance is an income tax exempt entity under item 1.7 section 50-5 of the Income Tax Assessment Act 1997.

(j) **Trade and other payables** represent liabilities for goods and services provided to the Alliance prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(k) **Borrowings** are initially recognised at fair value, net of transaction costs incurred. They are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses. Borrowings are classified as current liabilities unless the Alliance has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(l) **Foreign Currency Transactions and Balances** The financial statements are presented in Australian dollars which is the Alliance's functional and presentation currency.

Transaction and balances Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined. Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income. Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

**(m) Comparative Figures**

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

**(n) Critical accounting estimates and judgments**

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

**Key estimates - Impairment** The Alliance assesses impairment at each reporting date by evaluating conditions specific to the Alliance that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. No impairment has been recognised.

**(o) Adoption of new and revised accounting standards**

During the current year the Alliance adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory. The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of the Alliance.

**AASB 101: Presentation of Financial Statements**

In September 2007, the Australian Accounting Standards Board revised AASB 101, and as a result there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Alliance's financial statements.

**Disclosure impact Terminology changes** - the revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements. **Reporting changes in equity** - The revised AASB 101 requires all changes in equity arising from transactions with owners in their capacity as owners to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

**Statement of comprehensive income** - The revised AASB 101 requires all income and expenses to be presented in either one statement - the statement of comprehensive income, or two statements - a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement. The Alliance's financial statements now contain a statement of comprehensive income.

**Other comprehensive income** - The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expense that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

**2. REVENUE**

	2010	2009
	\$	\$
Operating activities		
- Subscriptions and fees	8,439,893	8,314,239
- Grants, sponsorships and events income	1,158,485	1,603,697
- Interest from financial institutions	365,790	404,183
- Rental income	88,582	103,237
- Sundry income	428,156	472,960
<b>Total Revenue</b>	<b>10,480,906</b>	<b>10,898,316</b>

**3 SURPLUS FROM ORDINARY ACTIVITIES**

Surplus from ordinary activities has been determined after charging the following:

Finance costs		
- Financial institutions	156,994	171,286
Depreciation of non-current assets, including equipment and vehicles	182,280	183,673
Amortisation of non-current assets		
- leasehold improvements	153,329	149,200
Remuneration of auditor		
Auditing the financial statements	54,000	52,000
Other services (taxation advice, review of cheque runs)	31,250	25,360
	85,250	77,360
Affiliation fees		
- International	86,947	123,508
- Other	160,129	171,278
<b>Total affiliation fees</b>	<b>247,076</b>	<b>294,786</b>
Legal fees	144,411	142,433
Donations	1,865	33,153
Gain/(loss) from disposal of property, equipment and vehicles	5,281	(5,680)
Honoraria	34,350	31,399
Rental expense on operating leases	110,091	95,261
Employee benefits to Elected Officials		
- salaries	667,669	566,830
- annual leave	96,584	74,102
- long service leave and severance pay	14,837	27,222
- superannuation	129,419	140,817
- benefits	5,145	42,412
<b>Total Employee Benefits to Elected Officials</b>	<b>913,654</b>	<b>851,383</b>
Employee benefits to Staff		
- salaries	3,097,202	3,415,032
- annual leave	344,303	439,532
- long service leave	51,184	(6,351)
- redundancies	12,068	199,881
- superannuation	455,051	499,513
- benefits	25,479	66,204
<b>Total Employee Benefits to Staff</b>	<b>3,985,288</b>	<b>4,613,811</b>

**4. KEY MANAGEMENT PERSONNEL COMPENSATION**
**(a) Key Management Personnel**

Names and positions held of key management personnel in office at any time during the financial year are:

Key Management Personnel	Position
Christopher Warren	Federal Secretary
Mark Ryan	Elected Official
Simon Whipp	Elected Official

Persons holding the position of salaried elected officials of the Alliance at any time during the year were:

C Warren, S Whipp, M Ryan, R Harris, S Culph, L Connor, A Ivanica, M Sinclair-Jones and M White.

**(b) Key Management Personnel Compensation**

	Salary	Superannuation	Short-term and Long-term benefits	Total
2010	326,183	61,819	4,990	392,992
2009	319,815	63,954	49,479	433,248

**5. CASH AND CASH EQUIVALENTS**

	2010	2009
	\$	\$
Cash on hand	5,488	7,692
Cash at bank	3,644,790	2,465,423
	<b>3,650,278</b>	<b>2,473,115</b>

**Reconciliation of Cash**

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	3,650,278	2,473,115
	<b>3,650,278</b>	<b>2,473,115</b>

**Risk exposures**

The Alliance's risk exposure to interest rate and foreign exchange risk is discussed in note 17.

**6. TRADE AND OTHER RECEIVABLES**
**CURRENT**

Membership debtors	47,450	70,376
Other debtors	985,022	763,379
	<b>1,032,472</b>	<b>833,755</b>

**(a) Impaired trade and other receivables**

There are no balances within trade and other receivables in 2010 and 2009 that contain assets that are impaired and are past due. Normal payment term is 30 days. It is expected these balances will be received when due.

**(b) Aged analysis**

0 - 30 days	446,418	389,667
1 - 3 months	4,420	28,733
3 to 6 months	-	13,943
Over 6 months	581,634	401,412
	<b>1,032,472</b>	<b>833,755</b>

**(c) Other debtors**

These amounts mainly arise from related party loans.

Equity Trust	422,153	394,846
International Federation of Journalists Asia Pacific Office	243,224	203,755
	<b>665,377</b>	<b>598,601</b>

There is no interest charged to either Equity Trust or International Federation of Journalists Asia Pacific Office for the outstanding loan balance. Collateral is not normally obtained.

**(d) Fair values**

Due to the short term nature of these receivables, their carrying amount is assumed to approximate to their fair value.

**(e) Risk exposures**

Information about the Alliance's exposure to credit risk, foreign exchange and interest rate risk is discussed in note 17.

**7. OTHER ASSETS**
**CURRENT**

Prepayments	109,970	71,193
Deposits refundable	1,802	10,299
Payroll clearing account	3,484	26,081
	<b>115,256</b>	<b>107,573</b>

**8. FINANCIAL ASSETS**

Available-for-sale Financial Assets comprise:

Listed investments		
shares - at fair value	1,037	1,037
shares in listed trusts	15,143	13,996
<b>Total available-for-sale financial assets</b>	<b>16,180</b>	<b>15,033</b>

**(a) Impairment and risk exposure**

The maximum exposure to credit risk at the reporting date is the fair value of the investments classified as available-for-sale. None of the financial assets are impaired. All available-for-sale financial assets are denominated in Australian currency. For an analysis of the sensitivity of available-for-sale financial assets to price and interest rate risk, refer to note 17.

**9. PROPERTY, EQUIPMENT AND VEHICLES**
**LAND AND BUILDINGS**

Sydney		
At cost	4,759,207	4,759,207
- Less accumulated depreciation	(1,703,888)	(1,597,427)
	<b>3,055,319</b>	<b>3,161,780</b>
Adelaide		
- At cost	204,628	204,628
- Less accumulated depreciation	(82,026)	(76,910)
	<b>122,602</b>	<b>127,718</b>
Melbourne		
- At cost	1,657,656	1,646,617
- Less accumulated depreciation	(146,216)	(104,464)
	<b>1,511,440</b>	<b>1,542,153</b>

**EQUIPMENT AND VEHICLES**

- At cost	1,473,841	1,628,427
- Less accumulated depreciation	(1,376,421)	(1,328,542)
	<b>97,420</b>	<b>299,885</b>

<b>Total property, equipment and vehicles</b>	<b>4,786,781</b>	<b>5,131,536</b>
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## 9. PROPERTY, EQUIPMENT AND VEHICLES (continued)

## (a) Movements in Carrying Amounts

2010	Land and buildings			Equipment and Vehicles \$	Total \$
	Sydney \$	Adelaide \$	Melbourne \$		
Balance at the beginning of year	3,161,780	127,718	1,542,153	299,885	5,131,536
Additions	-	-	11,039	18,586	29,625
Disposals	-	-	-	(38,771)	(38,771)
Depreciation expense	(106,461)	(5,116)	(41,752)	(182,280)	(335,609)
Carrying amount at the end of year	3,055,319	122,602	1,511,440	97,420	4,786,781

## (b) Valuations of land and buildings

The Federal Management Committee has reviewed the book value of land and buildings and believes that the market value is substantially in excess of the book value. The latest valuation of the Sydney property was performed by CB Richard Ellis on 10 August 2009, when the property was valued at \$4,600,000.

## (c) Non-current assets pledged as security

Refer to note 11 for information on non-current assets pledged as security.

	2010 \$	2009 \$
<b>10. TRADE AND OTHER PAYABLES</b>		
<b>CURRENT</b>		
Unsecured liabilities		
Trade payables	209,256	175,262
Goods and Services tax payable	113,609	124,911
Creditors and accruals	578,904	513,855
	<u>901,769</u>	<u>814,028</u>

## (a) Included in creditors and accruals are the following:

Legal fees	132,384	85,086
Employee benefits to Office holders and staff	14,022	-
	<u>146,046</u>	<u>85,086</u>

## (b) Amounts not expected to be settled within the next 12 months

There are no amounts not expected to be settled within the next 12 months.

## (c) Risk exposure

Information about the Alliance's risk exposure is provided in note 17.

## 11. BORROWINGS

## CURRENT

Secured liabilities		
Bank loans	-	2,131,173

## NON-CURRENT

Secured liabilities		
Bank loans	1,491,173	-

## (a) Bank loans

The Alliance's bank loan facility has been extended to 31 August 2012 with a facility limit of \$2,300,000. The previous facility expired on 31 October 2009, and, in order to comply with Accounting Standards, the loan was classified as a Current Liability at 30 June 2009. If this reclassification had not been required, the Alliance's working capital at 30 June 2009 would have been \$1,042,720.

## (b) Assets pledged as security

The Bank has a fixed charge over all land and buildings owned by the Alliance in Sydney and Adelaide.

The carrying amounts of non-current assets pledged as security are:

First mortgage over freehold land and buildings	3,177,921	3,289,498
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## (c) Risk exposures

Details of the Alliance's exposure to risks arising from borrowings are set out in note 17.

## 12. PROVISIONS

## CURRENT

Annual leave	423,241	379,401
Long service leave	426,924	411,680
Severance and other provisions	66,370	48,998
	<u>916,535</u>	<u>840,079</u>

## NON-CURRENT

Employee entitlements	38,212	21,437
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## 13. OTHER LIABILITIES

## CURRENT

Deferred membership income	30,821	9,159
Deferred other income	625,994	497,176
Other current liabilities	22,247	11,281
Total	<u>679,062</u>	<u>517,616</u>

Deferred other income include funds raised and expended by the Alliance Safety & Solidarity Appeal Fund.

The following is the movement in the Alliance Safety & Solidarity Appeal Fund:

## 13. OTHER LIABILITIES (continued)

	2010 \$	2009 \$
Balance as at 1 July	368,563	175,872
Funds raised during the year	89,744	221,144
Payments made during the year	(68,470)	(28,453)
Balance as at 30 June	<u>389,837</u>	<u>368,563</u>

## 14. CASH FLOW INFORMATION

Reconciliation of cash flow from operations with surplus after nil income tax

Net surplus for the year	1,337,537	809,088
Non-cash flows in profit		
Distribution reinvested	(1,147)	(2,557)
Amortisation	153,329	149,200
Depreciation	182,280	183,673
(Gain)/loss on disposal of fixed assets	(5,281)	5,680
Changes in assets and liabilities		
Decrease in trade and other receivables	(198,717)	(281,150)
(Increase)/decrease in other current assets	(7,683)	169,384
Increase/(decrease) in trade and other payables	87,741	(132,768)
Increase in other current liabilities	161,446	36,146
Increase/(decrease) in provisions	93,238	(46,076)
	<u>1,802,743</u>	<u>890,620</u>

## 15. RESERVES

## (a) Stability Reserve (formerly Fighting Fund)

The Stability Reserve was set up to advance the working capital of the Alliance and has been invested in bank accounts.

## (b) Equity Foundation Reserve

The Equity Foundation Reserve has been set up to advance the interests of the Equity Foundation.

## (c) Symphony Orchestra Musicians' Association (SOMA)

The SOMA Reserve has been set up to advance the interests of orchestral musicians.

## (d) Walkley Awards Reserve

The Walkley Awards Reserve has been set up to advance the interests of the Walkley Foundation.

## (e) Campaign Reserve

The Campaign Reserve has been set up to advance the interests of the members. For several years, each member paid a campaign levy of 6% as part of the yearly subscription.

## (f) Special Projects Reserve

The Special Projects Reserve was set up to advance the interests of the Alliance.

## (g) Western Australian Journalists Reserve

The Western Australian Journalists Reserve was set up to advance the interests of journalist members in Western Australia.

## (h) Fighting Fund Reserve

The Fighting Fund Reserve was set up to assist members undertaking action in support of Alliance objectives or other related activities in support of Alliance objectives.

## (i) Special Leave Reserve

The Special Leave Reserve was set up to provide for unforeseen staff contingencies.

## 16. CAPITAL AND LEASING COMMITMENTS

## (a) Operating Lease Commitments

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

Payable - minimum lease payments		
- not later than 12 months	60,280	-
- between 12 months and 5 years	184,481	-
	<u>244,761</u>	-

The operating lease, which relates to the Brisbane office, will expire on 30 June 2014.

## (b) Capital Expenditure Commitments

There are no material capital expenditure commitments as at 30 June 2010.

## 17. FINANCIAL RISK MANAGEMENT

The Alliance's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Alliance's financial instruments consist mainly of deposits with banks, accounts receivable and payable, loans to related entities, bills, and leases. The main purpose of non-derivative financial instruments is to raise finance for the Alliance's operations. The Alliance does not have any derivative financial instruments at 30 June 2010.

The Officers of the Alliance analyse currency and interest rate exposure and evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

## (a) Market Risk

## (i) Cash flow and fair value interest rate risk

The Alliance's main interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Alliance to cash flow interest rate risk. In 2010 and 2009, the Alliance's borrowings at variable rates were denominated in Australian dollars. The Alliance's exposure to interest rate risk, and the effective weighted average interest rates on classes of financial assets and financial liabilities, presented in the next page.

The interest rate risk for financial assets and liabilities above are not material in terms of the possible impact on net surplus or total equity. It has therefore not been included in the sensitivity analysis.

## (ii) Foreign exchange risk

The Alliance operates in Australia and New Zealand and is exposed to foreign exchange risk arising from currency exposures with respect to the NZ dollar.

	Weighted Average Effective Interest Rate %	Floating interest rate \$	Non-interest bearing \$	Total \$
2010				
<b>Financial Assets:</b>				
Cash and cash equivalents	2.00	3,644,790	5,488	3,650,278
Trade and other receivables	-	-	1,032,472	1,032,472
Investments	-	-	16,180	16,180
<b>Total Financial Assets</b>		<b>3,644,790</b>	<b>1,054,140</b>	<b>4,698,930</b>
<b>Financial Liabilities:</b>				
Borrowings	4.87	1,491,173	-	1,491,173
Trade and other payables	-	-	901,769	901,769
Other current liabilities	-	-	22,247	679,062
<b>Total Financial Liabilities</b>		<b>1,491,173</b>	<b>924,016</b>	<b>2,415,189</b>
<b>Net exposure</b>		<b>2,153,617</b>	<b>130,124</b>	<b>2,283,741</b>

	Weighted Average Effective Interest Rate %	Floating interest rate \$	Non-interest bearing \$	Total \$
2009				
<b>Financial Assets:</b>				
Cash and cash equivalents	3.94	2,465,423	7,692	2,473,115
Trade and other receivables	-	-	833,755	833,755
Investments	-	-	15,033	15,033
<b>Total Financial Assets</b>		<b>2,465,423</b>	<b>856,480</b>	<b>3,321,903</b>
<b>Financial Liabilities:</b>				
Borrowings	3.96	2,131,173	-	2,131,173
Trade and other payables	-	-	814,028	814,028
Other current liabilities	-	-	11,281	11,281
<b>Total Financial Liabilities</b>		<b>2,131,173</b>	<b>825,309</b>	<b>2,956,482</b>
<b>Net exposure</b>		<b>334,250</b>	<b>31,171</b>	<b>365,421</b>

The Alliance's exposure to foreign currency risk at the reporting date was as follows:

	30 June 2010 NZD	30 June 2009 NZD
Cash and cash equivalents	103,125	46,185
Trade payables	4,742	3,844
<b>Total</b>	<b>107,867</b>	<b>50,029</b>

The foreign exchange risks for the above financial instruments are not material in terms of the possible impact on net surplus or total equity. It has therefore not been included in the sensitivity analysis.

(i) Price risk

Price risk arises from investments held by the Alliance and classified on the statement of financial position as available-for-sale. The Alliance is not exposed to commodity price risk.

The price risk for the listed investments is not material in terms of the possible impact on net surplus or total equity. It has therefore not been included in the sensitivity analysis.

(b) Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as trade and other receivables and investments.

The Alliance's funds are deposited with banks which have a satisfactory or better rating. All Alliance bank accounts are covered by the Australian Government Deposit Guarantee. For trade and other receivables and investments, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The Alliance does not have any material credit risk exposure to any single trade receivable or group of trade receivables under financial instruments entered into by the Alliance.

(c) Liquidity Risk The Alliance manages liquidity risk by maintaining adequate levels of cash in bank to ensure that all short-term liabilities can be settled when they fall due. Liquidity risk is also managed by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained. Also, the Federal Management Committee has created a stability reserve which aims to maintain a balance of \$1,000,000 at all times. The table below analyses the Alliance's financial liabilities into relevant maturity groupings based on the remaining period to the earliest possible contractual maturity date at year end.

2010	Less than 1 year	1-5 years	Total
Trade and other payables	901,769	-	901,769
Borrowings	-	1,491,173	1,491,173
Other current liabilities	22,247	-	22,247
	<b>924,016</b>	<b>1,491,173</b>	<b>2,415,189</b>

(d) Fair Value The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. For all assets and liabilities, net fair value approximates to their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments. These are recorded at market value as advised by the Fund.

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

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

2010	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Financial assets</b>				
Available-for-sale financial assets:				
- Shares at fair value	1,037	-	-	1,037
- Shares in listed trusts	-	15,143	-	15,143
	<b>1,037</b>	<b>15,143</b>	<b>-</b>	<b>16,180</b>

2009	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Financial assets</b>				
Available-for-sale financial assets:				
- Shares at fair value	1,037	-	-	1,037
- Shares in listed trusts	-	13,996	-	13,996
	<b>1,037</b>	<b>13,996</b>	<b>-</b>	<b>15,033</b>

18. INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR

In accordance with the requirements of RAO Schedule, as amended, the attention of members is drawn to the provisions of section 272(5) which read as follows:

(1) A member of the Alliance, or a Registrar, may apply to the Alliance for specified prescribed information in relation to the Alliance, to be made available to the person making the application.

(2) The application must be in writing and must specify the period in 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 Alliance.

(3) The Alliance must comply with an application made under subsection (1).

19. MONIES HELD IN TRUST

At year end the Alliance was holding in trust an amount of \$6,082,818 (2009: \$5,619,441). This amount and the corresponding liability are not reflected in the statement of comprehensive income or the statement of financial position of the Alliance.

20. EVENTS AFTER THE BALANCE SHEET DATE

There have been no material events subsequent to balance date.

The financial statements were authorised for issue on 9 September 2010 by the Federal Management Committee. The Committee has the right to amend the financial statement after it has been issued.

21. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or contingent assets as at 30 June 2010.

22. COMPANY DETAILS

The registered office and principal place of business of the Alliance is: 245 Chalmers Street, Redfern NSW 2012

23. NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The Alliance does not anticipate early adoption of any of the reporting requirements and does not expect them to have any material effect on the Alliance's financial statements. A discussion of those future requirements and their impact on the Alliance is as follows:

AASB 9: *Financial Instruments* and AASB 2009-11: *Amendments to Australian Accounting Standards arising from AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12* (applicable for annual reporting periods commencing on or after 1 January 2013).

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows.

No changes are expected to materially affect the Alliance.

FEDERAL SECRETARY'S DECLARATION

The Federal Secretary of the Alliance declares that:

1. The financial statements and notes, as set out on pages 26 to 30, are in accordance with the Workplace Relations Act and:

- (a) comply with Accounting Standards and the Workplace regulations; and
- (b) give a true and fair view of the financial position as at 30 June 2010 and of the performance for the year ended on that date of the Alliance.

2. In the Federal Secretary's opinion, there are reasonable grounds to believe that the Alliance will be able to pay its debts as and when they become due and payable.

Federal Secretary:

Christopher Warren

Dated this 9<sup>th</sup> day of September 2010

DETAILED INCOME & EXPENDITURE STATEMENT FOR THE YEAR ENDED 30 JUNE 2010

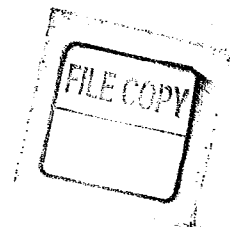
	Federal \$	NSW \$	Victoria \$	Queensland \$	SA \$	WA \$	Tasmania \$	ACT \$	SOMA \$	NZ \$	Imports \$	Campaigns & Organising \$	Membership \$	Enquiry desk \$	Finance Administration \$	CORE INDUSTRIAL \$	Equity Trust \$	Equity Foundation \$	Walkley Awards \$	01.07.09 to 30.06.10 TOTAL \$	Previous year 30.06.09 TOTAL \$	
<b>MEMBER INCOME</b>																						
Equity	-	1,226,600	1,050,203	336,739	69,268	110,977	9,110	24,786	-	125,022	208,530	-	-	-	-	3,161,235	-	-	-	3,161,235	2,983,427	
Journalists	-	1,608,528	922,706	506,715	232,950	323,333	100,965	210,587	-	-	-	-	-	-	-	3,905,784	-	-	-	3,905,784	3,980,996	
Theatrical	-	432,580	344,712	78,488	73,240	31,221	8,695	14,609	-	-	61,625	-	-	-	-	1,045,170	-	-	-	1,045,170	1,022,642	
Musicians	-	58,064	-	2,829	-	37,548	-	-	229,262	-	-	-	-	-	-	327,703	-	-	-	327,703	327,175	
Collection costs	(922)	(30,704)	(20,332)	(6,700)	(3,480)	(5,626)	(964)	(2,522)	(683)	(130)	(2,466)	-	-	-	(15)	(74,544)	-	(69)	(11,730)	(86,343)	(77,720)	
<b>NET MEMBER INCOME</b>	<b>(922)</b>	<b>3,295,068</b>	<b>2,297,289</b>	<b>918,071</b>	<b>371,978</b>	<b>497,453</b>	<b>117,806</b>	<b>247,460</b>	<b>228,579</b>	<b>124,892</b>	<b>267,689</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(15)</b>	<b>8,365,348</b>	<b>-</b>	<b>(69)</b>	<b>(11,730)</b>	<b>8,353,549</b>	<b>8,236,520</b>	
<b>OTHER INCOME</b>	<b>(6,573)</b>	<b>36,000</b>	<b>12,000</b>	<b>1,182</b>	<b>13,414</b>	<b>43,347</b>	<b>1,018</b>	<b>67</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>165,391</b>	<b>265,846</b>	<b>470,938</b>	<b>216,567</b>	<b>1,000,926</b>	<b>1,954,277</b>	<b>2,625,774</b>	
<b>TOTAL INCOME</b>	<b>(7,495)</b>	<b>3,331,068</b>	<b>2,309,289</b>	<b>919,253</b>	<b>385,392</b>	<b>540,800</b>	<b>118,824</b>	<b>247,527</b>	<b>228,579</b>	<b>124,892</b>	<b>267,689</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>165,376</b>	<b>8,631,194</b>	<b>470,938</b>	<b>216,498</b>	<b>989,196</b>	<b>10,307,826</b>	<b>10,862,294</b>	
Share of overheads	1,754,280	(2,176,800)	(963,600)	(314,160)	(96,120)	(137,220)	(11,280)	(74,640)	(58,320)	-	-	-	535,380	197,040	1,345,440	-	-	-	-	-	-	
<b>FUNDS AVAILABLE</b>	<b>1,746,785</b>	<b>1,154,268</b>	<b>1,345,689</b>	<b>605,093</b>	<b>289,272</b>	<b>403,580</b>	<b>107,544</b>	<b>172,887</b>	<b>170,259</b>	<b>124,892</b>	<b>267,689</b>	<b>-</b>	<b>535,380</b>	<b>197,040</b>	<b>1,510,816</b>	<b>8,631,194</b>	<b>470,938</b>	<b>216,498</b>	<b>989,196</b>	<b>10,307,826</b>	<b>10,862,294</b>	
<b>COSTS</b>																						
Staff	(682,554)	(217,160)	(341,188)	(265,155)	(180,154)	(185,774)	(61,659)	(90,515)	(95,678)	(56,976)	(67,000)	(993,118)	(384,935)	(196,827)	(677,485)	(4,496,178)	(190,720)	(237,685)	(499,077)	(5,423,660)	(5,614,024)	
Site	(101,160)	(37,440)	(55,817)	(35,298)	(12,621)	(25,363)	(4,782)	(6,064)	(9,480)	(14,567)	-	(128,400)	(35,298)	(24,840)	293	(490,837)	(19,100)	(17,600)	(35,700)	(563,237)	(708,566)	
Admin	(785,764)	(77,520)	(100,532)	(48,534)	(38,190)	(126,659)	(17,173)	(12,566)	(39,064)	(39,101)	(262)	(67,875)	(137,317)	(4,383)	(848,801)	(2,343,741)	(48,559)	(164,198)	(513,631)	(3,070,132)	(3,830,325)	
<b>Total costs</b>	<b>(1,569,478)</b>	<b>(332,120)</b>	<b>(497,537)</b>	<b>(348,987)</b>	<b>(230,965)</b>	<b>(337,796)</b>	<b>(83,614)</b>	<b>(109,145)</b>	<b>(144,222)</b>	<b>(110,644)</b>	<b>(67,262)</b>	<b>(1,189,393)</b>	<b>(557,550)</b>	<b>(226,050)</b>	<b>(1,525,993)</b>	<b>(7,330,756)</b>	<b>(258,379)</b>	<b>(419,483)</b>	<b>(1,048,408)</b>	<b>(9,057,026)</b>	<b>(10,152,915)</b>	
<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>177,307</b>	<b>822,148</b>	<b>848,152</b>	<b>256,106</b>	<b>58,307</b>	<b>65,784</b>	<b>23,930</b>	<b>63,742</b>	<b>26,037</b>	<b>14,248</b>	<b>200,427</b>	<b>(1,189,393)</b>	<b>(22,170)</b>	<b>(29,010)</b>	<b>(15,177)</b>	<b>1,300,438</b>	<b>212,559</b>	<b>(202,985)</b>	<b>(59,212)</b>	<b>1,250,800</b>	<b>709,379</b>	
<b>OTHER TRANSACTIONS</b>																						
Profit on sale of fixed assets																5,002					5,002	-
Stability Reserve bank interest received																48,637					48,637	72,114
Fighting Fund bank interest received																22,813					22,813	27,595
Funds received from WA Journalists																10,285					10,285	-
																1,387,175	212,559	(202,985)	(59,212)	1,337,537	809,088	
<b>TRANSFERS (TO)/ FROM RESERVES</b>																						
Transfer from WA Journalists Reserve																42,289					42,289	11,481
Transfer to Special Leave Reserve																(215,000)					(215,000)	-
Transfer to Equity Foundation																-	(212,559)	212,559			-	-
Transfer (to) SOMA Reserve																-					-	(936)
Transfer to Fighting Fund Reserve																(421,547)					(421,547)	(299,711)
Transfer to Walkley Awards Reserve																-			59,212	59,212	(71,389)	
Transfer to Campaigns Reserve																(200,000)					(200,000)	-
Transfer to Equity Foundation Reserve																-		(9,574)			(9,574)	(12,680)
Transfer of interest to Fighting Fund Reserve																(48,637)					(48,637)	-
<b>SURPLUS added to RETAINED EARNINGS</b>																544,280	-	-	-	-	544,280	435,853



FAIR WORK  
AUSTRALIA

7 July 2011

Mr Christopher Warren  
Secretary  
Media, Entertainment and Arts Alliance  
245 Chalmers Street  
REDFERN NSW 2016



Dear Mr Warren,

**Re: Lodgement of Financial Statements and Accounts – Media, Entertainment and Arts Alliance –  
for year ending 30 June 2010 (FR2010/2672)**

There is no record of the abovementioned financial return having been lodged. The normal statutory period in which the return should have been lodged expired in January 2011. This is a courtesy letter to remind you of the obligation to lodge audited financial accounts and statements with Fair Work Australia as soon as possible.

This is particularly pressing given that the financial year ending 30 June 2011 has recently concluded and a financial return for that period will also be due to be lodged at the end of the year.

I would appreciate your advice if there are any circumstances presently preventing you from lodging the 2010 return.

Yours sincerely,

Stephen Kellett

Statutory Services Branch



27 July 2010

Mr Christopher Warren  
Secretary,  
Media, Entertainment and Arts Alliance  
245 Chalmers Street  
REDFERN NSW 2016



Dear Mr Warren,

**Re: Lodgement of Financial Statements and Accounts – Media, Entertainment and Arts Alliance –  
for year ending 30 June 2010 (FR2010/2672)**

The financial year of the Alliance has recently ended. This is a courtesy letter to remind you of the obligation to prepare the reporting unit's financial documents and to lodge audited financial accounts and statements with Fair Work Australia within the prescribed time frame unless a 1 month extension or an application for a certificate of exemption under the *Fair Work (Registered Organisations) Act 2009* ('the RO Act') is applied for and granted.

The documents you must lodge include:

(i) A *general purpose financial report* [see section 253(2)] including a separate Statement of Changes in Equity or its accepted equivalent; (ii) A *Committee of Management statement* (see the General Manager's Reporting Guidelines); (iii) An *operating report* [see section 254(2)]; (iv) An *auditor's report* [see sections 257(5) to 257(11)]; and (v) A *certificate* of the secretary or other designated officer signed after all the prescribed events have taken place [see section 268(c)].

I draw your particular attention to

- (a) s237 which requires you to prepare and lodge *a separate statement* providing the prescribed particulars of any loan, grant or donation made during the year which exceeds \$1,000;
- (b) s265(5) which requires you to publish or otherwise *provide your members with completed/signed copies* of the audited accounts, report and statements before final presentation and lodgment; and
- (c) s266 which requires you to *present the completed documents to an eligible meeting(s)* (either of the members or of the committee of management). Note that this meeting is distinct from any initial committee meeting convened to prepare, sign or otherwise approve pre-audited documents.

Relevant references may be found at <http://www.fwa.gov.au/index.cfm?pagename=regorgsfrguidelines> and <http://www.fwa.gov.au/index.cfm?pagename=legislationfwoact>. If you are in any doubt as to the requirements or anticipate any difficulty in complying with the requirements, do not hesitate to contact Fair Work Australia.

Yours sincerely,

Stephen Kellett

Statutory Services Branch