



FAIR WORK  
COMMISSION

22 July 2015

Mr Terry Noone  
Federal Secretary, Musicians' Union of Australia

Sent by email: [musiciansua@gmail.com](mailto:musiciansua@gmail.com)

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Dear Mr Noone

**RE: Lodgement of Financial accounts and statements - Musicians' Union of Australia, Federal Office - for year ending 30 June 2013 (FR2013/303)**

I refer to the financial report of the Musicians' Union of Australia, Federal Office, for the year ending 30 June 2013. The documents were lodged with the Fair Work Commission on 20 May 2015.

The report has now been filed. You are not required to take any further action in respect of the report lodged.

Whilst the 2013 report has been filed, the following matters should be addressed in the preparation of the financial report for the year ended 30 June 2015.

**1. Face Statement Discrepancies**

Subsidies and cash flows

Errors in balances reported in relation to, and derived from, the subsidies paid by the Melbourne Branch and re-paid by the Federal Office, including in relation to the reporting of net cash flows in respect of each must be, as previously discussed,<sup>1</sup> corrected where appropriate, including any relevant references in the explanatory notes (e.g. under 'Going Concern' and/or ".....Subsidies").

**2. General Purpose Financial report**

Activities under Reporting Guidelines not disclosed

Item 18 of the Reporting Guidelines<sup>2</sup> states that if any activities identified in item 17 have not occurred in the reporting period, a statement to this effect<sup>3</sup> must be included in the notes to the GPFR. I note that for the following activities no such disclosure was made:

- 17(f)(v) – 'other employee expenses' with respect to holders of office
- 17(g)(iv) – 'separation/redundancies' expenses with respect to employees other than holders of office
- 17(g)(v) – 'other employee expenses' with respect to employees other than holders of office

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<sup>1</sup> See also my email to you dated 8 July 2015 which is superseded by this letter

<sup>2</sup> 3<sup>rd</sup> edition, as applying to the year ended 30 June 2013

<sup>3</sup> or a nil balance in the statement of comprehensive income or Notes cf. Model Financial statements

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, please contact me by email at [stephen.kellett@fwc.gov.au](mailto:stephen.kellett@fwc.gov.au).

Yours sincerely,

A handwritten signature in black ink that reads "Stephen Kellett". The signature is written in a cursive style with a long horizontal stroke extending to the right from the end of the name.

Stephen Kellett  
Senior Adviser, Regulatory Compliance Branch

**MUSICIANS UNION OF AUSTRALIA FEDERAL OFFICE  
ABN 99 561 356 238**

**Financial Report  
For the year ended 30 June 2013**

**Ascensio Accountants**

Suite 12, 116-120 Melbourne Street  
NORTH ADELAIDE SA 5006

Phone: 08 8267 4800 Fax: 08 8239 0728

Email: [nat@ascensio.com.au](mailto:nat@ascensio.com.au)

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**Secretary's Certificate**

**For the year ended 30 June 2013**

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**Secretary's Certificate**

*s.268 Fair Work (Registered Organisations) Act 2009*

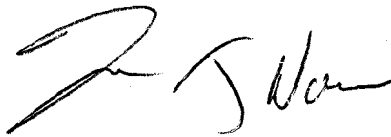
I, Terry Noone, being Secretary of the Musician's Union of Australia Federal Office certify:

(i) That the documents attached are copies of the full report referred to in s.268 Fair Work (Registered Organisations) Act 2009, and

(ii) That the full report was provided to the members of the Musician's Union of Australia on 19 May 2015

(iii) That the full report was presented to a meeting of the committee of management on 19 May 2015 in accordance with s.266 Fair Work (Registered Organisations) Act 2009

Signature:



Title: Federal Secretary

Date: 19/5/15

**MUSICIANS UNION OF AUSTRALIA FEDERAL OFFICE ABN 99 561 356 238**

**Committee of Management Statement**

**For the year ended 30 June 2013**

On 18/5/15 the Committee of Management of the Musician's Union of Australia Federal Office passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 30<sup>th</sup> June 2013:

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

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the General Manager of the Fair Work Commission;
- (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 reporting unit will be able to pay its debts as and when they become due and payable;
- (e) during the financial year to which the GPFR relates and since the end of that year:
  - (i) meetings of the committee of management were held in accordance with the rules of the organisation; 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 Fair Work (Registered Organisations) Act 2009; and
  - (iv) where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and
  - (v) no information has had to be provided to a member of the reporting unit or the General Manager as a result of a request by a member or General Manager duly made under section 272 of the RO Act because no such request was made
  - (vi) there has been no order for inspection of financial records by the Fair Work Commission under section 273 of the RO Act.
- (f) no revenue has been derived from undertaking recovery of wages activity during the reporting period:

This statement is made in accordance with a resolution of the Committee and is signed for and on behalf of the Committee

Signed:



Title of Office Held:

Federal Secretary

Date:

18/5/15

# MUSICIANS UNION OF AUSTRALIA FEDERAL OFFICE ABN 99 561 356 238

## Committee's Operating Report

For the year ended 30 June 2013

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In accordance with section 254 of the Fair Work (Registered Organisations) Act 2009, your committee members have caused the following operating report of the MUSICIANS UNION OF AUSTRALIA FEDERAL OFFICE to be prepared for the financial year ended 30 June 2013.

### Committee Members

The names of committee members at the date of this report are:

Terry Noone  
Glenn Price  
Peter Davidson  
Sam Moody  
Bernice Claire Clark  
Ken Laing

### Principal Activities

The principal activities of the Federal Office during the financial year were to provide industrial, professional and managerial services to members consistent with the objects of the Federal Office and particularly the object of protecting and improving the interests of the members. A review of the results of these activities indicated that they were largely successful and that the activities continue to serve the Union's purpose. No significant change in the nature of these activities occurred during the year.

### Operating Result

The deficit from ordinary activities amounted to

Year ended	30 June 2013	30 June 2012
	\$1,037	(\$7,169)

### Significant changes in financial affairs

There were no significant changes in the financial affairs of the Federal Office during the reporting period.

### Rights of Members

In accordance with subsection 254(2)(c), all members have the right to resign from the Union in accordance with the Rules of the Union and section 174 of the Fair Work (Registered Organisations) Act 2009; namely, by providing written notice addressed and delivered to the Secretary of the Union.

### Superannuation Trustees/Directors

No officers and/or members of the organisation are trustees of a superannuation entity or exempt public sector superannuation scheme or directors of companies that are trustees of superannuation funds entities or exempt public superannuation schemes which require one or more of their trustees or directors to be an officer or a member of a registered organisation.

**MUSICIANS UNION OF AUSTRALIA FEDERAL OFFICE ABN 99 561 356 238**

**Committee's Operating Report**

**For the year ended 30 June 2013**

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**Prescribed Information under the Fair Work (Registered Organisations) Regulations (2009)**

The number of persons that were at the end of the financial year recorded in the register of members of the Musician's Union of Australia was 848 and the number of persons taken to be members of the reporting unit (the Federal Office) was 0

The number of persons who were at the end of the financial year employees of the reporting unit including both full-time and part-time employees measured on a full-time equivalent basis was: 0.60

The names of those who have been members of the Committee of Management of the organisation at any time during the financial year and the periods for which he or she held office were:

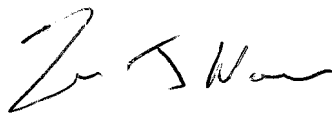
<u>NAME</u>	<u>PERIOD</u>
Terry Noone	01/07/2012 - 30/06/2013
Glenn Price	01/07/2012 - 30/06/2013
Denis Shelverton	01/07/2012 - 30/06/2013
Sam Moody	01/07/2012 - 30/06/2013
Bernice Claire Clark	01/07/2012 - 30/06/2013
Ken Laing	01/07/2012 - 30/06/2013

**Other Relevant Information**

NIL

**For Committee of Management:** Terry Noone  
**Title of Office Held:** Federal Secretary

Signed:



Date:

18/5/13



**MUSICIANS UNION OF AUSTRALIA FEDERAL OFFICE ABN 99 561 356 238****Income and Expenditure Statement****For the year ended 30 June 2013**

	2013	2012
	\$	\$
<b>Income</b>		
Sundry Income	125	1,581
Adelaide Branch Sustentation	660	1,253
Brisbane Branch Sustentation	190	325
Hobart Branch Sustentation	1,586	0
Launceston Branch Sustentation	175	0
Melbourne Branch Sustentation	3,005	722
Sydney Branch Sustentation	10	85
Overseas Artists	36,233	29,938
Total income	<u>41,983</u>	<u>33,904</u>
<b>Expenses</b>		
Audit fees	2,000	2,000
Bank Fees And Charges	463	345
Computer Expenses	11	434
Depreciation	120	80
Fines & Interest (ATO)	5,834	(550)
Holiday Pay (provisions) – Employees	1,552	(15,115)
Holiday Pay (provisions) - Officials	(1,088)	(927)
Long Service Leave (provisions) - Employees	396	(7,943)
Long Service Leave (provisions) - Officials	277	281
Postage	310	0
Printing & stationery	0	600
Salaries & Allowances - Employees	15,719	36,473
Salaries & Allowances - Officials	11,631	12,343
Annual Leave - Officials		
Long Service Leave – Officials		
Storage & Removal	1,500	2,415
Sundry expenses	0	1,885
Superannuation - Employees	1,159	1,522
Superannuation - Officials	914	1,163
Telephone	149	1,433
Travel & Accommodation	0	334
Web Site	0	4,300
Total expenses	<u>40,946</u>	<u>41,073</u>
<b>Profit from ordinary</b>	<u><b>1,037</b></u>	<u><b>(7,169)</b></u>
Profit (loss) from extraordinary items		
- Melbourne Branch Subsidies	(1,696)	34,500
<b>Net profit (loss) attributable to the Union</b>	<u><b>(659)</b></u>	<u><b>27,331</b></u>

**The accompanying notes form part of these financial statements.**

**MUSICIANS UNION OF AUSTRALIA FEDERAL OFFICE ABN 99 561 356 238**

**Income and Expenditure Statement**

**For the year ended 30 June 2013**

	2013	2012
	\$	\$
Total changes in equity of the Union	(659)	27,331
Opening retained profits	(4,669)	(32,000)
Net profit (loss) attributable to the association	(659)	27,331
<b>Closing retained profits</b>	<b>(5,328)</b>	<b>(4,669)</b>

**MUSICIANS UNION OF AUSTRALIA FEDERAL OFFICE ABN 99 561 356 238**  
**Detailed Statement of Financial Position as at 30 June 2013**

	2013	2012
	\$	\$
<hr/>		
<b>Current Assets</b>		
<b>Cash Assets</b>		
Cash At Bank - Cheque Account	589	2,008
	589	2,008
<b>Receivables</b>		
Funds Receivable - Sydney Branch	27,556	23,809
	27,556	23,809
<b>Total Current Assets</b>	<b>28,145</b>	<b>25,817</b>
<b>Non-Current Assets</b>		
<b>Property, Plant and Equipment</b>		
Furniture & Fittings	33,163	33,163
Less: Accumulated depreciation	(33,046)	(32,926)
Plant & Equipment	2,414	2,414
	2,531	2,651
<b>Total Non-Current Assets</b>	<b>2,531</b>	<b>2,651</b>
<b>Total Assets</b>	<b>30,677</b>	<b>28,469</b>

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The accompanying notes form part of these financial statements.

**MUSICIANS UNION OF AUSTRALIA FEDERAL OFFICE ABN 99 561 356 238**  
**Detailed Statement of Financial Position as at 30 June 2013**

	2013	2012
	\$	\$
<hr/>		
<b>Current Liabilities</b>		
<b>Payables</b>		
<b>Unsecured:</b>		
Sundry Creditors	1,213	5,967
Funds Payable - Adelaide Branch	6,761	6,765
	7,974	12,732
<b>Current Tax Liabilities</b>		
GST clearing	768	1,095
ATO Running Account	5,834	0
BAS Overpayment (Sept 2011)	(3,903)	(3,903)
PAYG Withholding Payable	399	1,417
	3,098	(1,391)
<b>Provisions</b>		
Provision for Annual Leave - Employees	2,814	1,261
Provision for Annual Leave - Officials	5,842	6,931
Provision for LSL - Employees	718	322
Provision for LSL - Officials	3,558	3,282
Provision for Audit Fees	12,000	10,000
	24,933	21,796
<b>Total Current Liabilities</b>	<b>36,005</b>	<b>33,138</b>
<b>Total Liabilities</b>	<b>36,005</b>	<b>33,138</b>
<b>Net Assets (Liabilities)</b>	<b>(5,328)</b>	<b>(4,669)</b>
 <b>Members' Funds</b>		
Accumulated surplus (deficit)	(5,328)	(4,669)
<b>Total Members' Funds</b>	<b>(5,328)</b>	<b>(4,669)</b>

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The accompanying notes form part of these financial statements.

Statement of Changes in Equity

	Retained Profits	Total
<b>Balance at 01/07/2011</b>	(32,000)	(32,000)
Profit attributable to the members	(7,169)	(7,169)
Extraordinary Items	34,500	34,500
<b>Balance at 30/06/2012</b>	(4,669)	(4,669)
Profit attributable to the members	1,037	1,037
Extraordinary Items	(1,696)	(1,696)
<b>Balance at 30/06/2013</b>	(5,328)	(5,328)

**MUSICIANS UNION OF AUSTRALIA FEDERAL OFFICE ABN 99 561 356 238****Statement of Cash Flows****For the year ended 30 June 2013**

	2013	2012
	\$	\$
<b>Cash Flow From Operating Activities</b>		
Receipts from customers	38,236	26,627
Payments to Suppliers and employees	(37,959)	(64,002)
Net cash provided by (used in) operating activities (note 2)	<u>277</u>	<u>(37,375)</u>
<b>Cash Flow From Extraordinary Items</b>		
Net cash provided by (used in) extraordinary item (note 3)	<u>(1,696)</u>	<u>34,500</u>
Net increase (decrease) in cash held	(1,419)	(2,875)
Cash at the beginning of the year	2,008	4,883
Cash at the end of the year (note 1)	<u>589</u>	<u>2,008</u>

**Note 1. Reconciliation Of Cash**

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

Cash At Bank - Cheque Account	<u>589</u>	<u>2,008</u>
	<u>589</u>	<u>2,008</u>

**Note 2. Reconciliation Of Net Cash Provided By/Used In Operating Activities To Net Profit**

Operating profit (loss)	1,037	(7,169)
Depreciation	120	80
Changes in assets and liabilities net of effects of purchases and disposals of controlled entities:		
(Increase) decrease in trade and term debtors	(3,747)	(7,277)
Increase (decrease) in trade creditors and accruals	(4,754)	(2,415)
Increase (decrease) in other creditors	(4)	6,765
Increase (decrease) in employee entitlements	1,137	(23,704)
Increase (decrease) in sundry provisions	6,489	(1,963)
Net cash provided by operating activities	<u>277</u>	<u>(37,375)</u>

**Note 3. Reconciliation Of Net Cash Provided By (Used In) Extraordinary**

Profit (loss) on extraordinary items	(1,696)	34,500
(Increase) decrease in income tax payable	<u>0</u>	<u>0</u>
Net cash provided by (used in) extraordinary item	<u>(1,696)</u>	<u>34,500</u>

The accompanying notes form part of these financial statements.

# MUSICIANS UNION OF AUSTRALIA FEDERAL OFFICE ABN 99 561 356 238

## Notes to the Financial Statements

For the year ended 30 June 2013

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### Note 1: Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards and the Fair Work (Registered Organisations) Act 2009.

The financial report covers the MUSICIAN'S UNION OF AUSTRALIA FEDERAL OFFICE, a not for profit, unincorporated association domiciled in Victoria, Australia.

The financial report has been prepared on an accruals 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.

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

#### Taxation

No provision has been made in the accounts for income tax, on the basis that the Federal Office is exempt under Section 50-1 of the Income Tax Assessment Act 1997. Obligations for Fringe Benefits Tax (FBT) and Goods and Services Tax (GST) still apply.

##### *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

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

#### New Australian Accounting Standards

- i) Adoption of New Australian Accounting Standard Requirements

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

- ii) Future Australian Accounting Standards Requirements

There have been no accounting standards issued which will have a financial impact on the financial report in future periods and which are not yet effective.

#### Accounting Estimates and Judgements

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

- i) Critical Accounting Estimates and Assumptions

The Federal Office makes estimates and assumptions concerning the future. The resulting accounting estimates by definition seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

- ii) Critical Judgements in applying the Branch's Accounting Principles

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

#### Financial Instruments

Financial assets and liabilities are recognised when the Federal Office becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value.

#### Financial Assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit and loss, and loans and receivables.

*Fair Value through profit and loss*  
Financial assets at fair value through profit and loss are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss is included in the 'profit (loss)' line in the income and expenditure statement.

# MUSICIANS UNION OF AUSTRALIA FEDERAL OFFICE ABN 99 561 356 238

## Notes to the Financial Statements

For the year ended 30 June 2013

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*Loans* and *receivables*  
Loans and receivables are measured at cost. Interest charges are not applied.

### **Impairment of Financial Assets**

Financial assets, other than those at fair value through profit or loss, are assessed for impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

### **De-recognition of Financial Assets**

The reporting unit derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

### **Financial Liabilities**

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss.

*Fair Value through profit and loss*  
Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss.

*Other Financial Liabilities*  
Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs

### **De-recognition of Financial Liabilities**

The reporting unit derecognises financial liabilities when, and only when, the reporting units obligations are discharged, cancelled or they expire. The difference between the carrying amounts of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

### **Contingent Assets and Liabilities**

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

### **Impairment for non-financial assets**

All assets are assessed for impairment at the end of each reporting period to the extent that there is an impairment trigger. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Federal Office were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

### **Property, Plant and Equipment**

*Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.*

#### a) Plant and equipment

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from those 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 not been discounted to present values in determining the recoverable amounts.



# MUSICIANS UNION OF AUSTRALIA FEDERAL OFFICE ABN 99 561 356 238

## Notes to the Financial Statements

For the year ended 30 June 2013

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### b) 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 MUSICIANS UNION OF AUSTRALIA FEDERAL OFFICE commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to a depreciation charge. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

### Employee entitlements

Provision is made for the liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year have been measured at their nominal amount.

Contributions are made by MUSICIANS UNION OF AUSTRALIA FEDERAL OFFICE to an employee superannuation fund and are charged as expenses when incurred.

### Cash

Cash is recognised at its nominal amount. For the purpose of the statement of cash flows, cash includes cash on hand and in all call deposits with banks or financial institutions, investments in money market instruments maturing within less than two months, net of bank overdrafts.

### Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year. No reclassification adjustments have been made.

Expenditure amounts for "Salaries & Allowances - Officials" as shown in the 2012 report has been broken down into: "Salaries & Allowances - Officials", "Long Service Leave - Officials" and "Annual Leave - Officials" for the 2013 report.

### Revenue

Revenue from overseas artists is measured at the fair value of the consideration received or receivable.

Revenue from sustentation is accounted for on an accrual basis and is recorded as revenue in the year to which it relates.

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

### Note 2: Information to be provided to members or General Manager

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provision of Section 272, which reads as follows:

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

### Note 3: Auditors' Remuneration

Remuneration of the auditor of the company for:

Auditing or reviewing the financial report	2,000	2,000
Other services	0	0
	<u>2,000</u>	<u>2,000</u>

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The accompanying notes form part of these financial statements.

# MUSICIANS UNION OF AUSTRALIA FEDERAL OFFICE ABN 99 561 356 238

## Notes to the Financial Statements

For the year ended 30 June 2013

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### Note 4: Events Subsequent to Reporting Date

No event has arisen subsequent to balance date, the effect of which may be material in relation to the financial statements.

### Note 5: Contingent Liabilities

The Members of the Committee of Management are unaware of any contingent liability, the effect of which may be material in relation to the financial statements

### Note 6: Related Party Disclosures

During the reporting period, the Federal Office made transactions with/on behalf of the following related entities: Musician's Union of Australia Adelaide Branch, Brisbane Branch, Melbourne Branch and Sydney Branch. The net effect of transactions with related entities is fully disclosed in the financial statements and the notes to the accounts. These include:

- a) Sustainment (i.e. capitation) from Branches (see Income & Expenditure Statement)
- b) Loans to Sydney Branch and from Adelaide Branch (see Statement of Financial position)
- c) Subsidies and repayments (from/to Melbourne Branch) (see Note 9)

Items (b) and (c) above are unsecured, with no fixed term. No provision has been made, or expense recognised, for doubtful debts due from related parties.

Related parties of the Federal Office also include all members of the committee of management, i.e. the Federal Executive.

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

The Federal Imports Officer, Christopher Noone, is a family relative of the Federal Secretary and hence a related party, the amounts paid to him as an employee of the Federal Office are as follows:

#### Federal Imports Officer Compensation

	<u>Amount</u>
Short-term Employee Benefits	\$ 15,719
Post-Employment Benefits	\$ 996
Other Long-Term Benefits	\$ 270
Termination Payments	\$ -
Share-Based Payments	\$ -
<b>TOTAL</b>	<u><b>\$ 16,985</b></u>

#### Key Management Personnel Compensation

	<u>Amount</u>
Short-term Employee Benefits	\$ 11,630
Post-Employment Benefits	\$ 914
Other Long-Term Benefits	\$ 277
Termination Payments	\$ -
Share-Based Payments	\$ -
<b>TOTAL</b>	<u><b>\$ 12,821</b></u>

# MUSICIANS UNION OF AUSTRALIA FEDERAL OFFICE ABN 99 561 356 238

## Notes to the Financial Statements

For the year ended 30 June 2013

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### Note 7: Going Concern

Notwithstanding the deficiency in net assets, the financial report has been prepared on the basis of the Federal Office as a going concern on the basis that the Federal Office receives continued financial support from its members, its constituent branches, and both secured and unsecured creditors.

Whilst this support is not guaranteed, the continued communication and co-operation between the Federal Office and the Branches in working to a common goal leads to the conclusion that at the time of this report there is no foreseeable reason why financial support will be withheld or withdrawn.

The Branches (Adelaide in particular) have the capacity and willingness to continue this support.

The Federal Office has a reasonable expectation of continued financial support from the Melbourne Branch because:

(a) The Melbourne Branch has provided financial support to the Federal office since at least 2001.

(b) The net amount of support given by the Melbourne Branch during the year ended 30 June 2013 was \$1,104, this amount is well within the available resources of the Melbourne Branch.

### Note 9: Melbourne Branch Subsidies

	<u>2013</u>	<u>2012</u>
	\$	\$
Balance Brought Forward	216,515.12	182,015.36
Add: Current Year Advances	<u>49,438.98</u>	<u>69,811.13</u>
	265,954.10	251,826.49
Less: Advances refunded	<u>51,134.67</u>	<u>35,311.37</u>
Balance Carried Forward	<u><u>214,819.43</u></u>	<u><u>216,515.12</u></u>
Interest on Advances B/Fund	81,941.55	68,725.95
Add: Current Year Interest	<u>13,728.86</u>	<u>13,215.60</u>
Interest on Advance C/Fwd	<u><u>95,670.41</u></u>	<u><u>81,941.55</u></u>

Melbourne Branch Subsidies (and interest payable) have not been brought to account a liability of the Federal Office on the basis that they have been fully expended on meeting Federal Office expenses and are not capable of being refunded except out of future income of the Union which at balance date was not considered certain, and in the regard are considered contingent liabilities only.

**MUSICIANS UNION OF AUSTRALIA FEDERAL OFFICE ABN 99 561 356 238**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2013**

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**Note 10: Financial Risk Management**

*(a) General objectives, policies and processes*

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

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

The Federal Office's financial instruments consist of deposits with banks, receivables and payables. The main risks the Federal Office is exposed to through its financial instruments are credit risk and liquidity risk.

The Committee of Management has overall responsibility for the determination of the Federal Office's risk management objectives and policies.

*(b) Credit Risk*

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

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

*(c) Liquidity Risk*

Liquidity risk is the risk that the Federal Office may encounter difficulties raising funds to meet commitments associated with financial instruments. The Federal Office manages liquidity risk by monitoring cash flows. The liquidity of the Federal Office is dependent of the continued support of affiliate branches.

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

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

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

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

# MUSICIANS UNION OF AUSTRALIA FEDERAL OFFICE ABN 99 561 356 238

## Notes to the Financial Statements

For the year ended 30 June 2013

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### **Note 11: Disclosures for the purpose of Section 253 of the RO Act**

Paragraph 10: The reporting unit's ability to continue as a going concern is reliant on the agreed financial support of another reporting unit as defined under the Fair Work (Registered Organisations) Act 2009.

#### **Name of Reporting Unit**

Musicians' Union of Australia (Melbourne Branch)

#### **Terms & Conditions**

- Melbourne Branch approval required before entering any financial commitment
- Melbourne Branch not liable for any expenses resulting from any fines, breaches of legislation or any impropriety undertaken by any representative of the Sydney Branch, or representative of any other Branch acting on behalf of the Sydney Branch

Paragraph 11: The reporting unit provides financial support to ensure another reporting unit (as defined under the Fair Work (Registered Organisations) Act 2009) has the ability to continue as a going concern

#### **Name of Reporting Unit**

Musicians' Union of Australia (Sydney Branch)

#### **Terms & Conditions**

- Federal Office approval required before entering any financial commitment
- Federal Office not liable for any expenses resulting from any fines, breaches of legislation or any impropriety undertaken by any representative of the Sydney Branch, or representative of any other Branch acting on behalf of the Sydney Branch

Paragraph 12: No asset or a liability was acquired during the financial year as a result of:

- a) an amalgamation under Part 2 of Chapter 3, of the RO Act in which the organisation (of which the reporting unit form part) was the amalgamated organisation ; or
- b) a restructure of the organisation of the Branch; or
- c) a determination by the General Manager under subsection 245(1) of the RO Act of an alternative reporting structure for the organisation; or
- d) a revocation by the General Manager under subsection 249(1) of the RO Act of a certificate issued to an Organisation under subsection 245(1).

Paragraph 13: No assets or liabilities were acquired by the Branch during the year as a part of a business combination.

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### **Statement of Comprehensive Income**

#### **Revenue**

Paragraph 15 The following items were not received during the year:

- a) Entrance Fees or periodic subscriptions
- c) Compulsory levies raised from the members or appeals for voluntary contribution (including whip-arounds) for the furtherance of a particular purpose.
- d) Donations or grants

#### **Expenses**

Paragraph 17: The following items were not incurred during the year:

- a) expenses incurred as consideration for employers making payroll deductions of membership subscriptions.
  - c) fees and periodic subscriptions paid in respect of its affiliation to any political party, any federation, congress, council or group of organisations, or any international body having an interest in industrial matters.
  - d) compulsory levies imposed on the reporting unit, for each such levy.
  - e) grants or donations.
  - f) Employee expenses related to holders of office:
    - (iii) leave and other entitlements
    - (iv) separation and redundancies
  - h) fees and/or allowances paid to persons in respect of their attendances as representatives of the reporting unit at conferences or other meetings;
  - i) expenses (other than expenses included in an amount referred to elsewhere in this paragraph) incurred in connection with holding meetings of members of the reporting unit and any conferences or meetings of councils, committees, panels or other bodies for the holding of which the reporting unit was wholly or partly responsible;
  - j) Legal costs and other expenses related to: i) litigation, and; ii) other legal matters;
  - k) penalties imposed on the organisation under the RO Act with respect to conduct of the reporting unit
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The accompanying notes form part of these financial statements.

# MUSICIANS UNION OF AUSTRALIA FEDERAL OFFICE ABN 99 561 356 238

## Notes to the Financial Statements

For the year ended 30 June 2013

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### Statement of Financial Position

Paragraph 19: Payables and/or receivables resulting from transactions with related reporting units are disclosed in the Detailed Statement of Financial Position.

### **Liabilities**

Paragraph 21: No amounts are payable in respect to:

- a) employers as consideration for the employers making payroll deductions of membership subscriptions;
- b) legal costs and other expenses related to litigation or other legal matters;
- c) employee provisions in respect of holders of offices in the reporting unit for: (iii) separation and redundancies, (iv) other employee provisions
- d) employee provisions in respect of employees (other than holders of offices) of the reporting unit for: (iii) separation and redundancies, (iv) other employee provisions

### Statement of Changes in Equity

Paragraph 23: No amounts are included in equity in respect of:

- a) compulsory levies raised by the reporting unit or voluntary contributions collected from members of the reporting unit;
- b) investment of moneys referred to in subparagraph (a);
- c) a fund or account, the operation of which is required by the rules of the organisation including the rules of a Branch of the organisation;
- d) transfer(s) and/or withdrawal(s) to a fund, account or controlled entity, when any of these are kept for a specific purpose(s) by the reporting unit.

### Statement of Cash Flows

Paragraph 25: The following cash inflows/outflows from/to related reporting units occurred during the reporting period:

<b>2013 Cash Flows</b>	<b><u>Cash Inflow</u></b>	<b><u>Cash Outflow</u></b>
Adelaide Branch	\$ 655	
Brisbane Branch	\$ 190	
Melbourne Branch	\$ 1,309	
Sydney Branch		\$ 3,737
Launceston Branch	\$ 0	\$ 0
Hobart Branch	\$ 86	
	<b>\$ 2,240</b>	<b>\$ 3,737</b>

### Recovery of Wages Activity financial report

No recovery of wages activity has occurred in the reporting period.

To the members of the Musicians Union of Australia Federal Office

We have audited the accompanying financial report of MUSICIANS UNION OF AUSTRALIA FEDERAL OFFICE (the Union), which comprises the Statement by Members of the Committee, Income and Expenditure Statement, the Statement of Financial Position, Statement of Cash Flows, Statement of Changes In Equity, a summary of significant accounting policies and other explanatory notes for the financial year ended 30 June 2013

### ***Committee's Responsibility for the Financial Report***

The Committee of the Branch is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Fair Work (Registered Organisation) Act 2009. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### ***Auditor's Responsibility***

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

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

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

### ***Independence***

In conducting our audit, we have complied with the independence requirements of Australian Professional and Ethical Standards Board.

### ***Qualifications***

As stated in Note 9, and notwithstanding the deficiency in net assets, the financial report has been prepared on the basis of the Union as a going concern on the basis that the Union receives continued financial support from its members, constituent branches, and both secured and unsecured creditors. Although no indication has been given that such financial support will be withheld, no guarantee has been given and, accordingly, the ability of the Union to pay its debts as and when required is not certain. In this regard, there is a risk that the going concern basis may be invalid in which case a provision would be required for any loss on realisation of the assets of the Union.

### ***Auditor's Opinion***

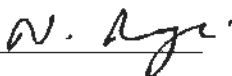
In our opinion:

Except for, and subject to, the matters referred to in the qualifications above, in our opinion:

The financial report of MUSICIANS UNION OF AUSTRALIA FEDERAL OFFICE

- (i) presents a true and fair view of the Union's financial position as at 30 June 2013 and of its performance and its cash flows for the year ended on that date;
- (ii) complies with Australian Accounting Standards and the Fair Work (Registered Organisations) Act 2009.

Signed on: 19 May 2015



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**Natale Rugari**, Principal  
Member CPA Australia  
Current Public Practice Certificate Holder  
Registered Company Auditor - Reg No. 5527