



FAIR WORK
COMMISSION

22 July 2015

Mr Terry Noone
Federal Secretary,
Musicians' Union of Australia

Sent by email: musiciansua@gmail.com

Dear Mr Noone

RE: Lodgement of Financial accounts and statements - Musicians' Union of Australia, Federal Office - for year ending 30 June 2014 (FR2014/230)

I refer to the financial report of the Musicians' Union of Australia, Federal Office, for the year ending 30 June 2014. 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 2014 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. General Purpose Financial report - Discrepancies

Subsidies and cash flows

Any 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,¹ corrected where appropriate, including any related references in relevant explanatory notes (e.g. under 'Going Concern' and/or ".....Subsidies").

2. General Purpose Financial report – other disclosures

Activities under Reporting Guidelines not disclosed

Item 17 of the Reporting Guidelines² states that if any activities identified in item 16 have not occurred in the reporting period, a statement to this effect³ must be included in the notes to the GPFR. I note that for the following activities no such disclosure was made:

- 16(g)(iv) – 'separation/redundancies' expenses with respect to employees other than holders of office
- 16(g)(v) – 'other employee expenses' (i.e. other than wages, leave entitlements or superannuation) with respect to employees other than holders of office

¹ cf. my emails dated 11 June 2015 and 1 July 2015

² 4th edition, as applying to the year ended 30 June 2014

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

Fair Value Measurement

Australian Accounting Standard *AASB 13 Fair Value Measurement* paragraph 93 identifies the disclosure requirements for when assets and liabilities are measured at fair value.

These disclosure requirements were not fully addressed in the GPFR.

3. Timescale requirements

I note that the following timescale requirements were not met:

3.1 Preparation of the General Purpose Financial Report (GPFR)

The Committee of Management Statement was not signed and the resolution not made until 19 May 2015, some months later than the latest period allowed. Sections 253 and 254 of the RO Act require that a GPFR and an Operating Report be prepared as soon as practicable after the end of the financial year. Bearing in mind the requirement of subsection 265(5)(b) that, in the absence of an extension of time, the full report must be provided to members within the period of 5 months after the end of the financial year (i.e. by 30 November), the GPFR and Operating Report for the year ended 30 June 2015 must be prepared prior to 30 November 2015.

3.2 Reports must be provided to members within 5 months of end of financial year where the report is presented before Committee of Management meeting

Under section 265(5)(b) of the RO Act, where the report is presented to a Committee of Management meeting, the report must be provided to members within 5 months of the end of the financial year. If it is anticipated that the full report will not be able to be provided to members by that date, a formal request for extension of no more than one month must be made before the expiry of the 5 month period (i.e. before 30 November 2015).

3.3 Reports must be presented to a Committee of Management meeting within 6 months after the end of the financial year.

The report was not presented until 19 May 2015, some months later than the latest date allowed by the extension of time granted by the Delegate on 24 November 2014. Under section 266(3) of the RO Act, which allows for the full report to be presented to a meeting of the Committee of Management when the rules of the organisation provide for this, the timing of this meeting must be in accordance with section 266(1), that is, within 6 months after the end of the financial year. If it is anticipated that the full report will not be able to be presented by that date, a formal request for extension of no more than one month must be made before the expiry of the 6 month period (i.e. before 31 December 2015).⁴

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.

Yours sincerely,



Stephen Kellett
Senior Adviser, Regulatory Compliance Branch

⁴ You have already been advised that presentation to a Committee meeting for the purposes of section 266(3) may occur on the same day as the first meeting of the Committee, *provided that* the act of presentation takes place subsequent to (i) passing the resolution (ii) signing the Committee of Management statement, and (iii) signing the auditor statement where the auditor is present. The consequence of presenting the report on the same day as these antecedent events is that presentation must occur before the expiry of the 5 month period (i.e. before 30 November) prescribed by subsection 265(5) for providing the full report to members. In the circumstance where the auditor is not present and the auditor statement cannot be signed on that day, presentation must occur on a subsequent date and by no later than 31 December.

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

**Financial Statements
For the year ended 30 June 2014**

Ascensio Accountants

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NORTH ADELAIDE SA 5006

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MUSICIANS UNION OF AUSTRALIA FEDERAL OFFICE ABN 99 561 356 238

Secretary's Certificate

For the year ended 30 June 2014

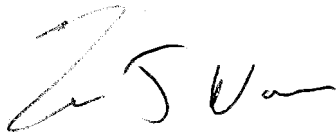
Secretary's Certificate

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 20 May 2015
- (iii) That the full report was presented to a meeting of the committee of management on 20 May 2015 in accordance with s.266 Fair Work (Registered Organisations) Act 2009

Signature:



Title: Federal Secretary

Date: 20/5/15

MUSICIANS UNION OF AUSTRALIA FEDERAL OFFICE ABN 99 561 356 238

Committee of Management Statement

For the year ended 30 June 2014

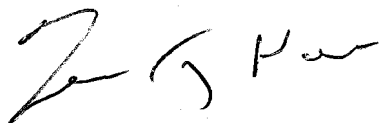
On 19/5/15 the Committee of Management of the Musician's Union of Australia Federal Office passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 30th June 2014:

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:

19/5/15

The accompanying notes form part of these financial statements.

MUSICIANS UNION OF AUSTRALIA FEDERAL OFFICE ABN 99 561 356 238

Committee's Operating Report For the year ended 30 June 2014

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 2014.

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 2014	30 June 2013
	(\$2,590)	\$1,037

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 2014

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 656 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: 0.50

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	01/07/2013 - 30/06/2014
Glenn Price	01/07/2013 - 30/06/2014
Peter Davidson	01/07/2013 - 30/06/2014
Sam Moody	01/07/2013 - 30/06/2014
Bernice Claire Clark	01/07/2013 - 30/06/2014
Ken Laing	01/07/2013 - 30/06/2014

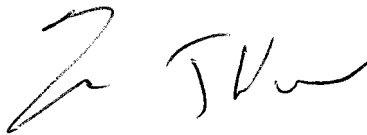
Other Relevant Information

NIL

For Committee of Management:
Title of Office Held:

Terry Noone
Secretary

Signed:



Date:

19/5/15

MUSICIANS UNION OF AUSTRALIA FEDERAL OFFICE ABN 99 561 356 238**Income and Expenditure Statement****For the year ended 30 June 2014**

	2014	2013
	\$	\$
Income		
Sundry Income	4,832	125
Adelaide Branch Sustentation	582	660
Brisbane Branch Sustentation	209	190
Hobart Branch Sustentation	0	1,586
Launceston Branch Sustentation	0	175
Melbourne Branch Sustentation	1,424	3,005
Sydney Branch Sustentation	35	10
Overseas Artists	30,533	36,233
Total income	<u>37,615</u>	<u>41,983</u>
Expenses		
Advertising and promotion	9,790	0
Audit fees	2,000	2,000
Bank Fees And Charges	660	463
Computer Expenses	0	11
Depreciation	599	120
Fines & Interest (ATO)	0	5,834
Holiday Pay (provisions) - Employees	990	1,552
Holiday Pay (provisions) – Officials	1,352	(1,088)
Long Service Leave (provisions) – Employees	270	396
Long Service Leave (provision) - Officials	276	277
Postage	0	310
Salaries & Allowances - Employees	10,247	15,719
Annual Leave – Employees	68	0
Long Service Leave – Employees	0	0
Salaries & Allowances - Officials	12,040	11,631
Annual Leave - Officials	0	0
Long Service Leave – Officials	0	0
Storage & Removal	0	1,500
Superannuation - Employees	996	1,159
Superannuation - Officials	910	914
Telephone	5	149
Total Expenses	<u>40,204</u>	<u>40,946</u>
Profit (loss) from ordinary activities	<u>(2,590)</u>	<u>1,037</u>
Profit (loss) from extraordinary items		
- Melbourne Branch Subsidies	(11,904)	(1,696)
Net profit (loss) attributable to the Union	<u>(14,494)</u>	<u>(659)</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 2014

	2014	2013
	\$	\$
Total changes in equity of the Union	<u>(14,494)</u>	<u>(659)</u>
Opening retained profits	(5,328)	(4,669)
Net profit (loss) attributable to the Union	<u>(14,494)</u>	<u>(659)</u>
Closing retained profits	<u><u>(19,822)</u></u>	<u><u>(5,328)</u></u>

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 2014

	2014	2013
	\$	\$
<hr/>		
Current Assets		
Cash Assets		
Cash At Bank - Cheque Account	1,003	589
	1,003	589
Receivables		
Loan - Sydney Branch	27,534	27,556
	27,534	27,556
Total Current Assets	28,536	28,145
Non-Current Assets		
Property, Plant and Equipment		
Furniture & Fittings	33,163	33,163
Less: Accumulated depreciation	(33,163)	(33,046)
Plant & Equipment	2,414	2,414
Less: Accumulated Depreciation	(483)	0
	1,932	2,531
Total Non-Current Assets	1,932	2,531
Total Assets	30,468	30,677

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 2014

	2014	2013
	\$	\$
<hr/>		
Current Liabilities		
Payables		
Unsecured:		
Sundry Creditors	1,204	1,213
Loan - Adelaide Branch	16,511	6,761
	17,715	7,974
	17,715	7,974
Current Tax Liabilities		
GST clearing	638	768
ATO Running Account	5,834	5,834
BAS Overpayment (Sept 2011)	(3,903)	(3,903)
PAYG Withholding Payable	185	399
	2,754	3,098
	2,754	3,098
Provisions		
Provision for Annual Leave - Employees	3,804	2,814
Provision for Annual Leave - Officials	7,194	5,842
Provision for LSL - Employees	989	718
Provision for LSL - Officials	3,834	3,558
Provision for Audit Fees	14,000	12,000
	29,821	24,933
	29,821	24,933
Total Current Liabilities	50,290	36,005
Total Liabilities	50,290	36,005
Net Assets (Liabilities)	(19,822)	(5,328)
Members' Funds		
Accumulated surplus (deficit)	(19,822)	(5,328)
Total Members' Funds	(19,822)	(5,328)

The accompanying notes form part of these financial statements.

MUSICIANS UNION OF AUSTRALIA FEDERAL OFFICE ABN 99 561 356 238
Statement of Changes in Equity

	Notes	Retained Profits	Total
Balance at 01/07/2012		(4,669)	(4,669)
Profit attributable to the members		1,037	1,037
Extraordinary Items		(1,696)	(1,696)
Subtotal		(5,328)	(5,328)
Balance at 30/06/2013		(5,328)	(5,328)
Profit attributable to the members		(2,590)	(2,590)
Extraordinary Items		(11,904)	(11,904)
Subtotal		(19,822)	(19,822)
Balance at 30/06/2014		(19,822)	(19,822)

The accompanying notes form part of these financial statements.

MUSICIANS UNION OF AUSTRALIA FEDERAL OFFICE ABN 99 561 356 238**Statement of Cash Flows****For the year ended 30 June 2014**

	2014	2013
	\$	\$
Cash Flow From Operating Activities		
Receipts from customers	37,637	38,236
Payments to Suppliers and employees	(25,319)	(37,959)
Net cash provided by (used in) operating activities (note 2)	<u>12,317</u>	<u>277</u>
Cash Flow From Extraordinary Items		
Net cash provided by (used in) extraordinary item (note 3)	<u>(11,904)</u>	<u>(1,696)</u>
Net increase (decrease) in cash held	413	(1,419)
Cash at the beginning of the year	589	2,008
Cash at the end of the year (note 1)	<u>1,003</u>	<u>589</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>1,003</u>	<u>589</u>
	<u>1,003</u>	<u>589</u>

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

Operating profit	(2,590)	1,037
Depreciation	599	120
Changes in assets and liabilities net of effects of purchases and disposals of controlled entities:		
(Increase) decrease in trade and term debtors	22	(3,747)
Increase (decrease) in trade creditors and accruals	(9)	(4,754)
Increase (decrease) in other creditors	9,750	(4)
Increase (decrease) in employee entitlements	2,888	1,137
Increase (decrease) in sundry provisions	1,656	6,489
Net cash provided by operating activities	<u>12,317</u>	<u>277</u>

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

Profit (loss) on extraordinary items	(11,904)	(1,696)
(Increase) decrease in income tax payable	0	0
Net cash provided by (used in) extraordinary item	<u>(11,904)</u>	<u>(1,696)</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 2014

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 2014

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 2014

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.

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.

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

	2014	2013
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>

MUSICIANS UNION OF AUSTRALIA FEDERAL OFFICE ABN 99 561 356 238

Notes to the Financial Statements

For the year ended 30 June 2014

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	\$ 10,315
Post-Employment Benefits	\$ 996
Other Long-Term Benefits	\$ 270
Termination Payments	\$ -
Share-Based Payments	\$ -
TOTAL	<u>\$ 11,581</u>

Key Management Personnel Compensation

	<u>Amount</u>
Short-term Employee Benefits	\$ 12,040
Post-Employment Benefits	\$ 910
Other Long-Term Benefits	\$ 277
Termination Payments	\$ -
Share-Based Payments	\$ -
TOTAL	<u>\$ 12,821</u>

MUSICIANS UNION OF AUSTRALIA FEDERAL OFFICE ABN 99 561 356 238

Notes to the Financial Statements

For the year ended 30 June 2014

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.

Note 8: Melbourne Branch Subsidies

	<u>2014</u>	<u>2013</u>
	\$	\$
Balance Brought Forward	214,819.43	216,515.12
Add: Current Year Advances	<u>28,551.04</u>	<u>49,438.98</u>
	243,370.47	265,954.10
Less: Advances refunded	<u>43,255.27</u>	<u>51,134.67</u>
Balance Carried Forward	<u><u>200,115.20</u></u>	<u><u>214,819.43</u></u>
Interest on Advances B/Fund	95,670.41	81,941.55
Add: Current Year Interest	<u>14,115.98</u>	<u>13,728.86</u>
Interest on Advance C/Fwd	<u><u>109,786.39</u></u>	<u><u>95,670.41</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.

Note 9: 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 2014

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 Federal Office, or representative of any other Branch acting on behalf of the Federal Office

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).

Statement of Comprehensive Income

Revenue

Paragraph 14 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 16: 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;
-

MUSICIANS UNION OF AUSTRALIA FEDERAL OFFICE ABN 99 561 356 238

Notes to the Financial Statements

For the year ended 30 June 2014

- k) penalties imposed on the organisation under the RO Act with respect to conduct of the reporting unit
-

Statement of Financial Position

Paragraph 18: Payables and/or receivables resulting from transactions with related reporting units are disclosed in the Detailed Statement of Financial Position.

Liabilities

Paragraph 20: 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 22: 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 24: The following cash inflows/outflows from/to related reporting units occurred during the reporting period:

2014 Cash Flows	<u>Cash Inflow</u>	<u>Cash Outflow</u>
Adelaide Branch	\$ 10,332	
Brisbane Branch	\$ 209	
Melbourne Branch	\$ 1,442	
Sydney Branch	\$ 13	
Launceston Branch	\$ 0	\$ 0
Hobart Branch	\$ 0	
	<u>\$ 11,996</u>	<u>\$ 0</u>

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 2014.

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 8, 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 2014 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 : 20 May 2015



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



24 November 2014

Mr Terry Noone
Federal Secretary
Musicians' Union of Australia

Sent by email: musiciansua@gmail.com

Dear Mr Noone

Re: Application for extension of time - s268 *Fair Work (Registered Organisations) Act 2009* - Musicians' Union of Australia, Federal Office - for year ended 30 June 2014 (FR2014/230)

I refer to your letter dated 19 November 2014 requesting an extension of time in respect of the lodgement of the financial return of the Federal Office for the year ended 30 June 2014.

Under subsection 265(5) I may extend the period in which the meeting required by section 266 must be held or the period in which the financial report must be provided to members by no more than one month. The effect of a grant of extension of time will also be to extend the time by which the report must be lodged.

With an extension of time of up to the maximum period permitted, the latest date by which the report may be provided to the members will be 31 December 2014, and the latest date by which the report may be presented for the purposes of section 266 will be 31 January 2015.

Having regard to the circumstances and the correspondence provided, I grant an extension of time of one month.

Yours sincerely

Chris Enright
Delegate of the General Manager
Fair Work Commission

Mr. Chris Enright
The Delegate to the General Manager
Fair Work Commission
11 Exhibition Street
Melbourne
VIC 3000



19/11/14

**THE MUSICIANS' UNION
OF AUSTRALIA**
FEDERAL OFFICE

Fair Work (Registered Organisations) Act 2009
s.265(5) Application for extension of time

Dear Mr Enright,

I hereby apply under s.265(5) of the Fair Work (Registered Organisations) Act 2009 for an extension of the period(s) referred to in subsections 265(5)(a) and (b) by one month, that is, for the purposes of providing copies of the full report of the Musicians' Union of Australia (Federal Office) for the financial year ended 30 June 2014 to the members of the Union and presenting it to the meeting required by section 266.

We ask for this extension on the following ground: as you are aware the report in question is the last of a series currently outstanding. The audit of the 2014 report has been delayed by delays in the completion of the audits for the previous years with the consequence that it will now not be possible to comply with the normal time frame. However we have taken steps to rectify the situation and we have now engaged alternative accountants who have undertaken to audit all of the outstanding reports within a time frame which will enable us to provide the 2014 report to the members of the Union by the extended time period applied for in this letter.

We are aware that reports must be lodged within 14 days after they have been presented to a meeting under s266. It is our intention to lodge the full report for 2014 (along with any of the previous outstanding reports not already lodged) immediately after providing it to the members and presenting it. Therefore, notwithstanding that the net effect of the grant of a one month extension will be to extend the latest date by which the report must be lodged, from 14 January 2015 to 14 February 2015, it is intended that the report will be able to be lodged before that date.

t: (03) [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] VIC [REDACTED]
f: (03) 9008 7823 e: musiciansua@gmail.com

We make this application as an indication of our commitment to time-frame compliance. Please contact me if you require any further information.

Yours faithfully



Terry Noone
Federal Secretary
Musicians' Union of Australia

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