



23 December 2020

Peter Davidson
Federal Secretary
Musicians' Union of Australia

Dear Peter

Re: – Financial reporting – Musicians' Union of Australia – for year ending 30 June 2020 (FR2020/176)

I refer to the financial report of the Musicians' Union of Australia in respect of the year ending 30 June 2020. The documents were lodged with the Registered Organisations Commission ('the ROC') on 14 December 2020.

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

You are not required to take any further action in respect of the report lodged. Please note that the report for year ending 30 June 2021 may be subject to an advanced review.

Reporting Requirements

The ROC website provides a number of factsheets in relation to the financial reporting process and associated timelines. The website also contains the s.253 reporting guidelines and a model set of financial statements. The ROC recommends that reporting units use these model financial statements to assist in complying with the RO Act, the s.253 Reporting Guidelines and Australian Accounting Standards. Access to this information is available via [this link](#).

Yours faithfully

A handwritten signature in black ink that reads "Stephen Kellett".

Stephen Kellett
Financial Reporting
Registered Organisations Commission



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

Certificate by Prescribed Designated Officer
Certificate for the financial year ended 30 June 2020

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

- that the documents lodged herewith are copies of the full report for the Musicians' Union of Australia for the period ended June 2020, referred to in s268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that, the full report and Officer and Related Parties Disclosure Statements were made available for download from the Union's website on the 27th of November 2020. Members were notified of the availability of the Report by the 30th of November; and
- that the full report was presented to a meeting of the Federal Executive of the Musicians' Union on the 1st of December 2020 in accordance with s2.66 of the *Fair Work (Registered Organisations) Act 2009*.

Yours Faithfully

Peter Davidson
Federal Secretary
Musicians' Union of Australia

13 December 2020

MUSICIANS' UNION OF AUSTRALIA

ABN 99 561 356 238

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

MUSICIANS' UNION OF AUSTRALIA

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Musicians' Union Of Australia

U4 23A King William Rd
Unley SA 5061

OPERATING REPORT

for the period ended 30 June 2020

The Federal Council presents its report on the Musicians' Union of Australia for the financial year ended 30 June 2020.

Review of principal activities.

During the financial year the Musicians' Union of Australia's primary activities were to provide industrial and professional services to members consistent with the objects of the Union.

Advice and assistance was provided in the preparation and lodgement of civil matters pertaining to breach of contract and enforcement.

Advice and assistance was provided to members with the preparation and negotiation of contracts pertaining to independent contracts for musical performances, instrumental teaching services, licensing of copyright material, and partnership agreements.

Results of those activities

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

The Musicians' Union's principal activities resulted in a surplus/(deficit) for the financial year of (\$42,178)

Significant changes in the nature of those activities during the year

There were no significant changes in the nature of the Union's principal activities during the financial year. However, the COVID19 Pandemic had a catastrophic effect on musicians and the entertainment industry resulting in a near complete cessation of live performances and work opportunities.

Significant changes in financial affairs

The enforced shutdown of the Live Music Industry due to the COVID19 pandemic resulted in all international touring being cancelled immediately and it is expected it will be some time before international touring will begin again. As a result the Federal Imports Office has administered no new applications for working touring visas since March this year.

In recognition of the lack of work opportunities for musicians in Australia, the Branches of the Union unanimously voted to suspend all members' subscription fees for a period of six months including the March and July 2020 Quarters.

Right of members to resign

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

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

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

(a) where the member ceases to be eligible to become a member of the union:

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

whichever is later; or

(b) in any other case:

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

whichever is later.

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

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

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

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

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

Number of members

As at the 30th June 2020 there were:

Adelaide Branch members 119;
Brisbane Branch members 54;
Hobart Branch members 39;
Launceston Branch members 14;
Melbourne Branch members 157;
Sydney Branch members 117;

Total 500

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

Sam Moody	Adelaide Secretary	01/07/19 - 30/06/20
Peter Davidson	Hobart Secretary	01/07/19 - 30/06/20
Glenn Price	Launceston Secretary	01/07/19 - 30/06/20
Alan Richards	Melbourne Secretary	01/07/19 - 30/06/20

Officers or members who are superannuation fund trustee(s)

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

Number of employees

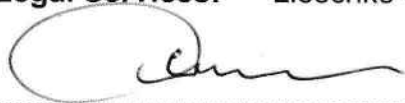
As at the 30th of June 2020 the number of employees of the Union was:

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

Key Relationships

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

Legal Services: Lieschke & Weatherill Lawyers

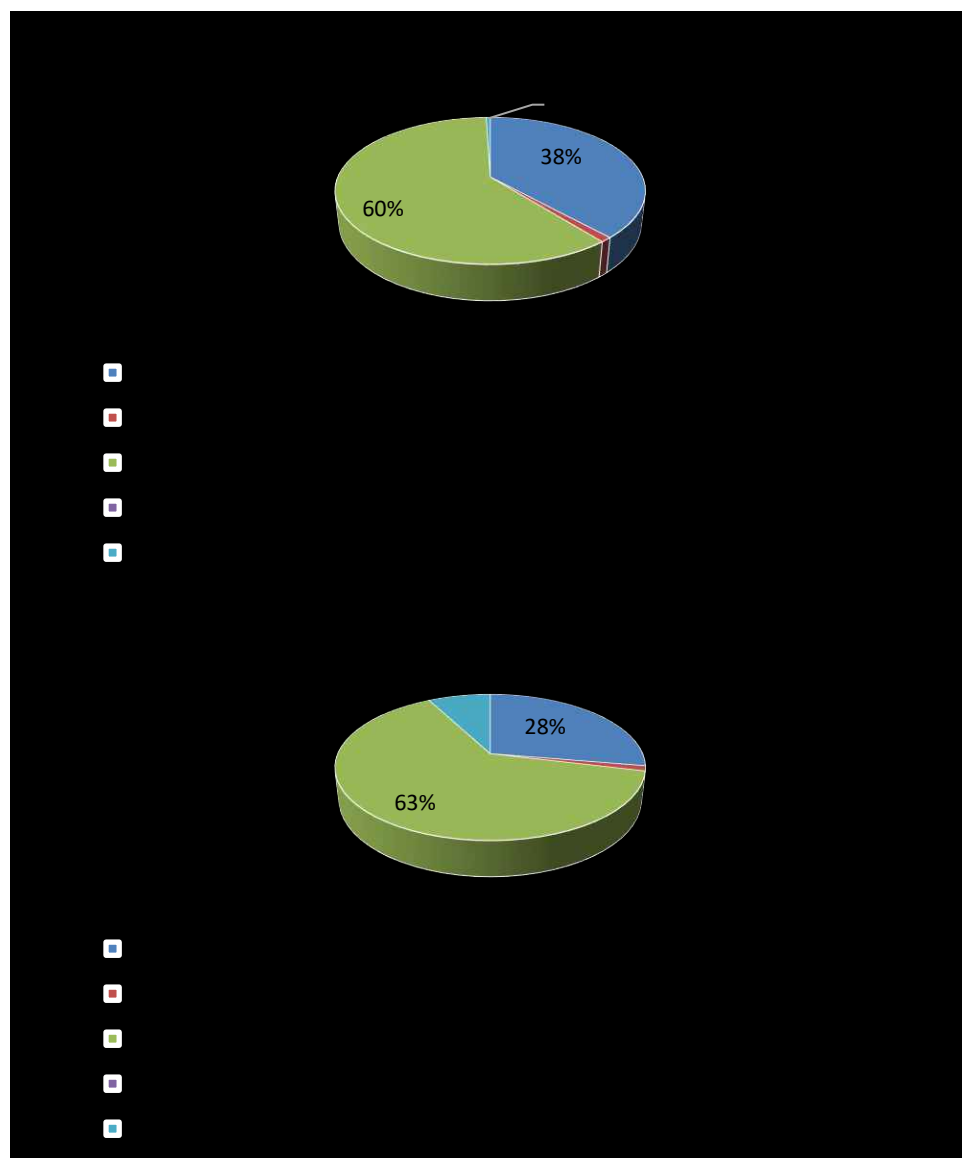


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Peter Davidson
Federal Secretary
Musicians' Union of Australia
22 November 2020

REPORT REQUIRED UNDER S.255(2A)

The Committee of Management, for the purposes of the *Fair Work (Registered Organisations) Act 2009* (RO Act), presents its operating report of the Musicians' Union of Australia for the financial year ended 30 June 2020.

	2020	2019
Remuneration and other employment-related costs and expenses: employees	43,374	29,587
Advertising	1,182	1,199
Operating Costs	68,486	67,903
Donations to Political Parties	-	-
Legal Costs	582	8,312
TOTAL	113,624	107,001



Signed: *Sam Moody*
 Sam Moody
 Federal Treasurer



Musicians' Union Of Australia

U4 23A King William Rd
Unley SA 5061

COMMITTEE OF MANAGEMENT STATEMENT

On the 28th of September 2020 the Federal Executive of the Musician's Union of Australia Federal Office (MUA) passed the following resolution in relation to the general purpose financial report (GPFR) of the MUA for the year ended 30 June 2020.

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

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

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

.....
Peter Davidson - Federal Secretary
Musicians' Union of Australia
22 November 2020

**STATEMENT OF COMPREHENSIVE INCOME FOR THE
YEAR ENDED 30 JUNE 2020**

	Note	2020 \$	2019 \$
INCOME			
Revenue from contracts with customers			
Membership Contributions		5,256	8,670
Import Visa Fees		27,100	57,582
Total Revenue from Contracts with Customers		<u>32,356</u>	<u>66,252</u>
Other Revenue			
Capitation Fees	4(a)	740	853
Levies		-	-
Grants and/or Donations	4(b)	-	-
Revenue from Recovery of Wages Activity		-	-
Interest Received		13,759	26,727
Profit on Sale of Assets		-	-
Sundry Income		24,711	700
Total Other Revenue		<u>39,210</u>	<u>28,280</u>
TOTAL INCOME		<u>71,566</u>	<u>94,532</u>
EXPENDITURE			
Affiliation fees	5(a)	1,669	1,647
Advertising & Promotion		1,182	1,199
Bank charges		711	969
Capitation fees		740	853
Cleaning & Rubbish Removal		375	26
Consideration to employers for payroll deductions		-	-
Compulsory levies		-	-
Conference & meeting expenses		1,722	729
Depreciation		410	342
Employee expenses		74,529	62,185
Fees/allowances – meeting and conferences		-	-
Grants or donations	5(b)	-	-
Insurance		455	-
Leave Provisions		6,090	4,161
Mortuary Benefits Paid		800	500
Motor vehicle expenses		-	-
Penalties – via RO Act or RO Regulations		-	-
Postage		1,488	615
Printing & Stationery		1,678	1,939
Publicity		-	-
Professional services	6	5,582	13,313
Rates & Taxes		2,004	2,679
Rent		7,153	7,905
Repairs & Maintenance		-	26
Subscriptions		-	-
Sundry Expenses		463	270
Telephone & Internet		4,069	4,308
Travel & Accommodation		1,200	1,800
Utilities		876	880
Worker's Compensation Insurance		548	655
TOTAL EXPENDITURE		<u>113,624</u>	<u>107,001</u>
NET SURPLUS/ (DEFICIT) FOR THE YEAR		<u>(42,178)</u>	<u>(12,470)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(42,178)</u>	<u>(12,470)</u>

The above statement should be read in conjunction with the notes

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 \$	2019 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	1,030,685	1,067,759
Memberships Outstanding		4,620	6,762
Total Current Assets		<u>1,035,305</u>	<u>1,074,521</u>
Non-Current Assets			
Property, Plant & Equipment	8	2,382	1,992
Total Non-Current Assets		<u>2,382</u>	<u>1,992</u>
TOTAL ASSETS		<u>1,037,687</u>	<u>1,076,513</u>
LIABILITIES			
Current Liabilities			
Payables	9	-	-
Tax Liabilities	10	3,465	5,258
Employee provisions	11	33,559	27,469
Other Provisions		-	-
Other Liabilities	12	11,273	12,217
Total Current Liabilities		<u>48,297</u>	<u>44,944</u>
NET ASSETS (LIABILITIES)		<u>989,390</u>	<u>1,031,569</u>
EQUITY			
Reserves		1,476,810	1,477,250
Retained Profits / (Accumulated Losses)		(487,420)	(445,681)
ACCUMULATED FUNDS (LOSSES)		<u>989,390</u>	<u>1,031,569</u>

The above statement should be read in conjunction with the notes

**STATEMENT OF CHANGES IN ACCUMULATED FUNDS (LOSSES)
 FOR THE YEAR ENDED 30 JUNE 2020**

	Reserves	Retained Profits (Losses)	Total Equity
	\$	\$	\$
Balance at 30 June 2018	<u>1,480,993</u>	<u>(436,955)</u>	<u>1,044,038</u>
Net Surplus (Deficit) for the year Musicians' Mortuary Benefit Fund	(3,743)	(12,470) 3,743	(12,470) -
Balance at 30 June 2019	<u>1,477,250</u>	<u>(445,682)</u>	<u>1,031,569</u>
Net Surplus (Deficit) for the year Musicians' Mortuary Benefit Fund	(440)	(42,178) 440	(42,178) -
Balance at 30 June 2020	<u>1,476,810</u>	<u>(487,420)</u>	<u>989,390</u>

The above statement should be read in conjunction with the notes

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

	Note	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Members & Artists		59,948	67,660
Payments to suppliers and employees		(109,982)	(101,285)
Interest received		13,759	26,727
		<u> </u>	<u> </u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	13(b)	<u>(36,274)</u>	<u>(6,898)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant & equipment		(800)	-
Investment Income		-	-
		<u> </u>	<u> </u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		<u>(800)</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH HELD		(37,074)	(6,898)
Cash at the beginning of the year		<u>1,067,759</u>	<u>1,074,657</u>
CASH AT THE END OF THE YEAR	13(a)	<u>1,030,685</u>	<u>1,067,759</u>

The above statement should be read in conjunction with the notes

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

1. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

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

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

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

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

a) (i) Revenue

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

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

Revenue from contracts with customers

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

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

Membership subscriptions

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

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

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

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020 (Cont'd)

(ii) Expenditure

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

(iii) Employee Entitlements

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

(iv) Property, Plant and Equipment

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

(v) Income Tax

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

(vi) Goods and Services Tax (GST)

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

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

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

(vii) Leases

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

MUA as a lessee

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

Right-of-use assets

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

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

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020 (Cont'd)

Lease liabilities

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

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

Short-term leases and leases of low-value assets

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

b) Going concern basis of accounting

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

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

c) Adoption of New Australian Accounting Standard requirements

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

- AASB 15 Revenue from Contracts with Customers, which replaces AASB 118 Revenue, and AASB 1058 Income of Not-for-Profit-Entities, which replaces in the income recognition requirements of AASB 1004 Contributions
- AASB 16 Leases and amending standards, which replaces AASB117 Leases.

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

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020 (Cont'd)

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

AASB 15 Revenue from Contracts with Customers supersedes AASB 111 Construction Contracts, AASB 118 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers.

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

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

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

The MUA adopted AASB 15 and AASB 1058 using the modified retrospective method of adoption, with the date of initial application of 1 July 2019. In accordance with the transition approach, the MUA recognised the cumulative effect of applying these new standards as an adjustment to opening retained earnings at the date of initial application, i.e., 1 July 2019. Consequently, the comparative information presented has not been restated and continues to be reported under the previous standards on revenue and income recognition. In addition, the MUA has applied the practical expedient and elected to apply these standards retrospectively only to contracts and transactions that were not completed contracts at the date of initial application, i.e., as at 1 July 2019.

The adoption of AASB 15 and AASB 1058 did not have a material impact on the MUA financial statements.

Impact on adoption of AASB 16 Leases (AASB 16)

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

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

The MUA has adopted AASB 16 using the modified retrospective method of transition, with the date of initial application of 1 July 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The MUA elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at 1 July 2019.

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020 (Cont'd)

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

Upon adoption of AASB 16, the MUA applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 1.14 Leases for the accounting policy beginning 1 July 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the MUA.

Leases previously classified as finance leases

The MUA did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under AASB 117). The requirements of AASB 16 were applied to these leases from 1 July 2019.

Leases previously accounted for as operating leases

The MUA recognises right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases are recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities are recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The MUA also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

The MUA does not currently have any lease recognised under AASB 16. There is only one lease, being that of office premises, that it is short-term and of low-value, hence a right-of-use asset and lease liability have not been recognised.

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020 (Cont'd)

d) Future Australian Accounting Standard requirements

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

2. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) Critical accounting estimates and assumptions

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

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

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

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

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

Information to be provided to members or Commissioner:

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

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020 (Cont'd)

4. Income		
	2020	2019
	\$	\$
4a. Capitation fees*		
MUA Melbourne Branch	126	61
MUA Sydney Branch	130	165
MUA Hobart Branch	99	183
MUA Launceston Branch	-	22
MUA Brisbane Branch	76	84
MUA Adelaide Branch	308	337
	<u>740</u>	<u>853</u>
4b. Grants or Donations \$1,000 or Less		
Grants	-	-
Donations	-	-
Grants or Donations over \$1,000		
Grants	-	-
Donations	-	-
	<u>-</u>	<u>-</u>
5. Expenditure		
5a. Affiliation Fees		
SA Unions	1,669	1,647
	<u>1,669</u>	<u>1,647</u>
5b. Grants or Donations \$1,000 or less		
Grants	-	-
Donations	-	-
	<u>-</u>	<u>-</u>
Grants or Donations over \$1,000		
Grants	-	-
Donations	-	-
	<u>-</u>	<u>-</u>
6. PROFESSIONAL SERVICES		
Auditors - Auditing the financial report	5,000	5,000
- Other Services	-	-
Legal Costs*	-	-
Litigation	-	-
Other Legal Matters	582	8,313
	<u>5,582</u>	<u>13,313</u>

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020 (Cont'd)

	2020 \$	2019 \$
7. CASH AND CASH EQUIVALENTS		
Cash at Bank	<u>1,030,685</u>	<u>1,067,759</u>
	1,030,685	1,067,759
8. PROPERTY, PLANT & EQUIPMENT		
(a) Furniture & Fittings		
Net book Value as at 1 July	1,432	1,685
Additions	-	-
Revaluations	-	-
Impairments	-	-
Depreciation Expense	(214)	(253)
Disposals	-	-
Net Book Value as at 30 June	<u>1,218</u>	<u>1,432</u>
(b) Plant & Equipment		
Net book Value as at 1 July	560	649
Additions	800	-
Revaluations	-	-
Impairments	-	-
Depreciation Expense	(196)	(89)
Disposals	-	-
Net Book Value as at 30 June	<u>1,164</u>	<u>560</u>
9. TRADE AND OTHER PAYABLES		
Trade and other payables	-	-
Other payables: Legal costs - litigation	-	-
Other payables: Legal costs – other	-	-
Consideration to employers for payroll deductions	-	-
	<u>-</u>	<u>-</u>
10. TAX LIABILITIES		
GST Payable	(477)	(8)
PAYG Withholding Payable	3,144	3,732
Superannuation Payable	798	1,533
	<u>3,465</u>	<u>4,588</u>

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020 (Cont'd)

	2020	2019
	\$	\$
11. EMPLOYEE PROVISIONS		
Office holders		
Annual leave	9,507	9,507
Long service leave	14,010	14,010
Separation & Redundancy	-	-
Other Employee Expenses	-	-
Subtotal employee provisions—office holders	<u>23,517</u>	<u>23,517</u>
OTHER		
Annual leave	1,664	1,664
Long service leave	2,288	2,288
Separation & Redundancy	-	-
Other Employee Expenses	-	-
Subtotal employee provisions— other	<u>3,952</u>	<u>3,952</u>
Total employee provisions	<u>27,469</u>	<u>27,469</u>
12. OTHER LIABILITIES		
NSW Benevolent Fund	3,787	3,787
Love Never Dies Trust	2,233	3,177
Other Funds Held in Trust	5,253	5,253
	<u>11,273</u>	<u>12,217</u>

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020 (Cont'd)

	2020	2019
	\$	\$
13. CASH FLOW		
(a) For the purposes of the statement of cash flows, cash includes cash on hand and at call deposits with banks and other financial institutions.		
Cash at bank	<u>1,030,685</u>	<u>1,067,759</u>
	<u>1,030,685</u>	<u>1,067,759</u>
(b) Reconciliation of cash flow from operations with Net Surplus (Deficit)		
Net Surplus (Deficit)	(42,178)	(12,470)
Depreciation	410	342
(Profit)/Loss on Sale of property, plant & equipment	-	-
Changes in Assets and Liabilities:		
(Increase) decrease in receivables	2,141	(144)
Increase (decrease) in payables	-	-
Increase (decrease) in other liabilities	(944)	543
Increase (decrease) in employee entitlements	6,090	4,161
Increase (decrease) in sundry provisions	<u>(1,793)</u>	<u>669</u>
CASH FLOW FROM OPERATIONS	<u>(36,274)</u>	<u>(6,898)</u>

14. RELATED PARTIES

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

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

- (b) Employee Benefits

	2020		2019	
	<u>Non-Office Holders</u>	<u>Office Holders</u>	<u>Non-Office Holders</u>	<u>Office Holders</u>
Benefits				
Wages and Salaries	36,954	31,278	25,589	31,201
Superannuation	3,511	2,786	2,431	2,964
Leave and other entitlements	-	-	-	-
Separation and redundancies	-	-	-	-
Other Employee Expenses	-	-	-	-
TOTAL	<u>40,465</u>	<u>34,064</u>	<u>28,020</u>	<u>34,165</u>

- (c) Key Management Personnel Compensation

Benefits	\$
Short-term employee benefits	31,278
Post-employment benefits	2,786
Other long-term benefits	-
Termination benefits	-
Share-based Payments	-
TOTAL	<u>34,064</u>

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020 (Cont'd)

15. FINANCIAL RISK MANAGEMENT

(a) General objectives, policies and processes

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

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

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

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

(b) Credit risk

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

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

(c) Liquidity risk

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

The Union is not significantly exposed to this risk; as at 30 June 2020 it had \$1,030,685 of cash and cash equivalents to meet these obligations as they fall due.

Financial liabilities at 30 June 2020 totaled \$48,297

The Union manages liquidity risk by monitoring cash flows.

(d) Market risk

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

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020 (Cont'd)

15. FINANCIAL RISK MANAGEMENT (Cont'd)

(e) Interest rate risk

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

30 June 2020	Floating interest rate	Non interest Bearing	Total
	\$	\$	\$
Financial Assets			
Cash and cash equivalents	1,030,685	-	1,030,685
	<u>1,030,685</u>	<u>-</u>	<u>1,030,685</u>
Weighted average Interest rate	0.8%	-	
Financial Liabilities			
Current Liabilities	-	48,297	48,297
	<u>-</u>	<u>48,297</u>	<u>48,297</u>
Net Financial Assets (Liabilities)	<u>1,030,685</u>	<u>-</u>	<u>982,388</u>

Sensitivity Analysis

2020	Carrying Amount	+1.0% Profit	-1.0% Loss
	\$	\$	\$
Cash Assets	1,030,685	10,306	(10,306)
	<u>1,030,685</u>	<u>10,306</u>	<u>(10,306)</u>
2019			
Cash Assets	1,067,759	10,677	(10,677)
	<u>1,067,759</u>	<u>10,677</u>	<u>(10,677)</u>

(f) Other Price Risks

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

(g) Foreign Exchange Risk

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

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019 (Cont'd)

Other disclosures under AASB 7 – Financial Risk Management

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

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

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

16. OTHER DISCLOSURES AS PER REPORTING GUIDELINES

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

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

16. SUBSEQUENT EVENTS

There were no events that occurred after 30 June 2020, and/or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of the Union.

17. CONTINGENT LIABILITIES, ASSETS AND COMMITMENTS

NIL

18. ADDITIONAL BRANCH INFORMATION

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Musician's Union of Australia, which comprises the Statement of Financial Position as at 30 June 2020, the statement of Profit or Loss and other Comprehensive Income, the statement of changes in equity and the Statement of Cash Flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, the committee of management statement and the subsection 255(2A) report.

In our opinion the accompanying financial report of Musician's Union of Australia (MUA), presents fairly, in all material respects the reporting unit's financial position as at 30 June 2020 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and Part 3 of the *Fair Work (Registered Organisations) Act 2009*. It is also our opinion that management's use of the going concern basis of accounting is appropriate.

Basis for opinion

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

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

Other information

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

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

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

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

Responsibilities of the Committee of Management for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

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

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

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

Declaration by the auditor

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



Natale Rugari, Principal

North Adelaide, 22nd November 2020

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