



FAIR WORK
COMMISSION

3 September 2013

Mr Peter Davidson
Acting Secretary/Treasurer, Hobart Branch
Musicians Union of Australia,
PO Box 579
MOONAH TAS 7009

Dear Mr Davidson

Re: Lodgement of Financial Accounts and Statements – The Musicians’ Union of Australia, Hobart Branch – for years ending 30 June 2010 (FR2010/2707) - 30 June 2011 (FR2011/2719) - 30 June 2012 (FR2012/397)

I refer to the above financial statements and accounts which were lodged with the Fair Work Commission on 22 April 2013.

I consider it appropriate to file the documents notwithstanding that the investigation into the Branch’s financial reporting for these years, in matter FR2012/512, has not yet concluded. I am mindful that the Branch must take steps to prepare a general purpose financial report for audit and comply with the *Fair Work (Registered Organisations) Act 2009* for the year ended 30 June 2013. I consider that the Branch should be aware of any issues arising from the report and of any new requirements in time for it to reflect these in its next report which will be due to be lodged no later than 14 January 2014.

The reporting requirements for disclosure, set out in provisions of the Act, the regulations and the previous Reporting Guidelines, have substantially been met. However I have identified where some additional disclosures or alternative presentation will make future reports more fully or more transparently compliant and I set these out in the table attached.

I attach a copy of the new Reporting Guidelines issued on 26 June 2013, which apply to the report for the year ending 30 June 2013. I encourage you to read these closely and to contact me on (02) [REDACTED] [REDACTED] if you have any queries about the financial reporting requirements.

Yours sincerely,

Stephen Kellett
Senior Adviser, Regulatory Compliance Branch

cc. Mr Terry Noone, Federal Secretary

Table of particular provisions

Provision	What it says	Explanation
S254(2)(a)	<p>“The operating report must contain a review of the reporting unit’s principal activities during the year, <i>the results of those activities</i> and any significant changes in the nature of those activities during the year”</p>	<p>This is a commonly overlooked element of operating report reviews. The operating report is designed to provide a summary or snapshot of key aspects of the reporting unit. Here it would suffice to state whether the activities described have generally achieved their objectives, or to identify any significant achievements or results (other than purely financial ones) of particular activities*</p> <p>[*The nature of the principal activities has been described comprehensively as “industrial support including representation of individual member’s grievances, advice on legal and legislative matters”; administration of Federal and State Awards”; “communication to members” “development of policy”. Therefore results which the Branch might relevantly describe could include for example whether there have been <i>fair and just outcomes</i> or <i>better or more effective policies implemented</i> for working musicians etc.]</p>
S254(2)(b)	<p>“The operating report must: (b) give details of any significant changes in the reporting unit’s financial affairs during the year”</p>	<p>The Branch’s financial affairs are separate from its principal activities, and so should be separately considered. Although the wording of the Act does not explicitly make a statement necessary if there have been no significant changes to the financial affairs, FWC considers that in that case it serves transparency and avoids doubt if a separate statement is made that there have been no significant changes to financial affairs.</p>
S254(2)(d)	<p>“The operating report must: (d) give details (Including details of the position held) of any officer or member of the reporting unit who is” (i) a trustee of a superannuation entity or an exempt public sector superannuation scheme, or (ii) a director of a company that is a trustee of a superannuation entity or an exempt public sector superannuation scheme and Where a criterion for the officer or member being the trustee or director is that the officer or member is an officer or member of a registered organisation”</p>	<p>Although the wording of the Act itself does not explicitly make any statement necessary if there are no such superannuation entity trustees or directors, the new Reporting Guidelines applying to future reports make a statement to that effect necessary for the avoidance of doubt.</p>
Regulation 159(c)	<p>“The following information is prescribed: The name of each person who has been a member of the committee of management of the reporting unit at any time during the reporting period <i>and the period for which he or she held such a position</i>”</p>	<p>This is also a frequently ambiguously reported item. The period should be clear. The phrase “during the year” does not indicate sufficiently certainly whether the period was for all or only part of the financial year. It is not correct for FWC or the ordinary reader to infer that it means ‘the whole year’.</p> <p>If all the persons named held their position on the committee for the entire year, then it would suffice to state explicitly that “all persons listed held their position for the entire year”.</p>

		If some persons named held their position on the committee only for part of the year, then it would be necessary to indicate when each such person was either appointed or resigned, whichever applies. In that case, it would suffice to state "all persons listed held their position for the entire year unless otherwise indicated".
Reporting Guideline 25	"Where another reporting unit and/or controlled entity of the organisation is the source of a cash inflow or the application of a cash outflow, such cash flow should be separately disclosed in the notes to the financial statements and show the <u>name of the other reporting unit and/or controlled entity</u> concerned"	This means that for any kind of cash payment made to or received from the Federal Office that is reported in the cash flow statement the relevant name of the donor or recipient reporting unit must be indicated in the notes.
Australian Accounting Standard AASB 1054 Paragraph 10	The standard states: "An entity shall disclose fees to each auditor separately for: (a) the audit or review of the financial statements (b) all other services performed during the reporting period.	This is self-explanatory.
Sub-section 253 Paragraph 27 Australian Accounting Standard 101	".....a reporting unit must cause a general purpose financial report to be prepared, in accordance with the Australian Accounting Standards...." "An entity shall prepare its financial statements, except for cash flow information, using the accrual basis of accounting."	This is a frequently misunderstood provision, possibly because sub-section 252(4) of the Act states that a reporting unit may <i>keep</i> the financial records for its membership subscriptions separately on a cash basis. In fact, there is a difference between "keeping accounts" and the "preparation of financial statements". Even if membership subscriptions are <i>kept</i> on a cash basis, they must be <i>reported</i> on an accrual basis. The statement at Note 1(f) that "membership subscriptions have been brought to account on a cash basis during the course of the year" does not reflect compliance. This should be brought to the attention of your accountant and auditor.
S272(5)	"A general purpose financial report prepared under section 253....must include a notice drawing attention to subsections (1),(2) and (3) of this section and setting out those subsections." The <u>correct wording of section 272</u> is: ".(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)"	The reporting unit has consistently used wording which is very close to the text of the current section 272 but does not exactly mirror paragraph (2). The intent and practical effect of the wording used in the Branch's reports is not material in my view but the Act makes section 272 a civil penalty provision which underscores its importance and the correct wording should be used to avoid all doubt.

Stephen Kellett
Statutory Services Branch
Fair Work Australia
Level 8, 80 William St
East Sydney NSW 2011

Musicians Union of Australia
Hobart Branch
P O Box 579
MOONAH Tas 7009



Dear Sir

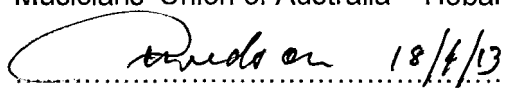
Certificate of Secretary
S268 of Schedule 1B Workplace Relations Act 1996

I, Peter Davidson being the Acting Secretary/Treasurer of the Musicians/ Union of Australia – Hobart, certify that:-

- the documents lodged herewith for the financial year ended 30 June 2011, are copies of the full report referred to in s268 of the RAO Schedule; and
- the full report was placed online for download from the MUA website. A Newsletter (copy attached) was posted to our members on 28 March 2013, directing them to the copy of the Full Report.
- the full report was presented to a general meeting of members of the reporting unit on 6 February 2013 and 17 April 2013, in accordance with section 266 of the RAO Schedule.

Yours faithfully,

Peter Davidson
Acting Secretary/Treasurer
Musicians' Union of Australia – Hobart Branch

 18/4/13

**MUSICIANS' UNION OF
AUSTRALIA
HOBART BRANCH**

Financial Statements

2010/2011

**B Fairbairn
29 Brisbane Street
LAUNCESTON TAS 7250
Tel: 03 63317699
Email: [REDACTED] u**

**THE MUSICIANS/ UNION OF AUSTRALIA
HOBART BRANCH
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

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MUSICIANS' UNION OF AUSTRALIA – HOBART BRANCH

OPERATING REPORT

This Operating Report covers the activities of the Musicians' Union of Australia – Hobart Branch, for the financial year ended 30 June 2011, the results of those activities and any significant changes in the nature or those activities during the year.

Principal Activities of the Branch

The principal activities of the Hobart Branch during the past year fell into the following categories:

Implementation of the decisions of the Branch Committee and Federal Council
Industrial support including representation of individual member's grievances, advice on legal and legislative matters.

The administration of Federal and State Awards.

Communication to members via newsletters and to the broader community.

The Branch has consulted with the Tasmanian, State and Federal Unions in the development of policy with regard to working musicians.

1. Right of Members to Resign

All members of the Union have the right to resign from the Union in accordance with Rule 14 (1) and 14(3) of the Union Rules, (and Section 264 of the Workplace Relations Act 1996).

Membership of the Branch

There were 68 members of the Branch as at 30 June 2011.

Employees of the Hobart Branch

As at the 30 June 2011 the Branch employed nil employees.

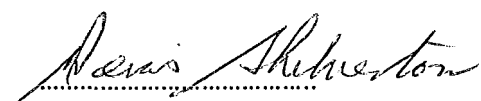
Hobart Branch Committee of Management

The following persons were members of the Branch Committee of Management, during the year ended 30 June 2011.

President	Michael Kinsella
Vice President	Chris Norris
Vice President	Doug Fletcher
Treasurer	Peter Davidson
Secretary	Denis Shelverton

Committee Members	Gerald Andrews
	Tony Gregs
	Phil Lawler
	Michael Fortescue
	Michael Johnston
	David Burgess

Trustees	Geoff McCann
	Tony Gregs
	John Young



Denis Shelverton, Branch Secretary

6.12.13

Musicians Union of Australia
Hobart Branch
Ph: 62286142
Fax: 62286142
Mob: [REDACTED]

Email: [REDACTED]

Committee of Management Statement

On 6 February 2013, the Committee of Management of the Musicians' Union of Australia – Hobart Branch passed the following resolution in relation to the general purpose financial report (GPFR) of the Musicians' of Australia – Hobart Branch for the financial year ended 30 June 2011.

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) (b)the financial statements and notes comply with the reporting guidelines of the Industrial Registrar;
- (c) The financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) There are reasonable grounds to believe that the Musicians' Union of Australia – Hobart Branch 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 Musicians' Union of Australia; and
 - (ii) The financial affairs of the Musicians' Union of Australia – Hobart Branch have been managed in accordance with the rules of the organisation; and
 - (iii) The financial affairs of the Musicians' Union of Australia – Hobart Branch have been kept and maintained in accordance with the RAO Regulations; and
 - (iv) Where the organisation consists of 2 or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation; and
 - (v) The information sought in any request of a member of the Musicians' Union of Australia, Hobart Branch or a Registrar duly made under section 272 of the RAO Schedule has been furnished to the member of Registrar; and
 - (vi) There has been compliance with any order for inspection of financial records made by the Commission under section 273 of the RAO Schedule.

Michael Kinsella
President
Musicians' Union of Australia – Hobart Branch

Michael Kinsella 6-2-2013

.....

Musicians Union of Australia

Hobart Branch

Ph: 62286142

Fax: 62286142

Mob: [REDACTED]

Email: [REDACTED]@u

STATEMENT OF THE ACCOUNTING OFFICER FOR THE YEAR ENDED 30 JUNE 2011

I, Denis Shelverton, being the officer responsible for keeping the accounting records of the Musicians' Union of Australia, Hobart Branch, certify that as at 30 June 2011, the number of members of the organisation was 68.

In my opinion:-

The accompanying Accounts are drawn up so as to give a true and fair view of the financial affairs of the organisation as at 30 June 2011.

A record has been kept of all moneys paid by, or collected from, members of the organisation, and all moneys so paid or collected have been credited to the bank accounts to which those moneys are to be credited, in accordance with the rules of the organisation.

Before any expenditure was incurred by the organisation, approval of the incurring of the expenditure was obtained in accordance with the rules of the organisation.

Funds of the organisation raised by compulsory levies or voluntary contributions by members, or funds other than the General Fund, were operated in accordance with the rules of the organisation, and no payments were made out of any such fund for a purpose other than those for which the fund was operated.


No loan or other financial benefits, other than remuneration in respect of their employment with the organisation, were made to persons holding office in the organisation.

The register of members of the branch was maintained in accordance with the Act.

The Accounts have been prepared in accordance with applicable Australian Accounting Standards.

Signed at Hobart.....*8th*.....day of.....*Feb*.....2013

Denis Shelverton



Secretary – Musicians Union of Australia Hobart Branch

**MUSICIANS' UNION OF AUSTRALIA HOBART BRANCH
BALANCE SHEET AS AT 30 JUNE 2011**

	2010	2011
ACCUMULATED FUNDS		
Balance at 1 July 2010	91,772	94,880
Add net surplus for 2010/11	2,456	<u>2,383</u>
	94,228	97,263
Less Benevolent payments in year (Note 3)	0	0
Historical balancing	652	(652)
Balance as at 30 June 2011	<u>\$94,880</u>	<u>\$96,611</u>
Represented by :_		
CURRENT ASSETS		
Benevolent Fund Island State Credit Union	6,532	3,676
Commonwealth Bank of Australia – General A/c	3,030	5,402
Commonwealth Bank of Australia – No. 2 A/c	104	2,215
Commonwealth Bank of Australia – Term Deposit	23,103	24,818
	<u>34,880</u>	<u>36,611</u>
 NON-CURRENT ASSETS		
Land & Buildings (at cost)	60,000	60,000
Net Assets at 30 June 2011	<u>\$94,880</u>	<u>\$96,611</u>

MUSICIANS' UNION OF AUSTRALIA HOBART BRANCH

STATEMENT OF INCOME & EXPENDITURE

FOR THE YEAR ENDED 30 JUNE 2011

	2010	2011
INCOME	\$	\$
Interest	1,447	1,199
Membership	6,040	5,455
Rent, Federal Office storage	3,937	6,622
TOTAL INCOME	\$11,425	\$13,276
OPERATING EXPENSES		
Administration expenses	8,369	7,969
Travelling	600	1,000
TOTAL OPERATING EXPENSES	<u>\$8,969</u>	<u>\$10,893</u>
SURPLUS (or DEFICIENCY) FOR YEAR	<u>\$2,456</u>	<u>\$2,383</u>

MUSICIANS' UNION OF AUSTRALIA HOBART BRANCH

SCHEDULE OF EXPENDITURE YEAR ENDED 30 JUNE 2011

	2010	2011
	\$	\$
Accounting & Audit fees	0	0
Advertising	130	0
Bank & Government Charges	137	135
Building expenses (Repairs & Maintenance)	0	0
Conference & Travel expenses	600	1000
Federal Sustentation	0	0
Freight & storage – Federal Records	0	1000
Insurance	1,485	1,095
Meeting expenses	0	0
Miscellaneous Expenses	0	0
Petty Cash	0	0
Postage	245	346
Printing, Stationery & Office Expenses	19	0
Rates, water & Land Tax	1,138	1,619
Power	1119	1171
Telephone/Fax	2,111	2,345
Office equipment	271	120
Shop expenses	1,346	1,762
Prizes & trophies	368	300
TOTAL OPERATING EXPENDITURE	<u>\$8,969</u>	<u>\$10,893</u>

MUSICIANS' UNION OF AUSTRALIA HOBART BRANCH

STATEMENT OF CASH FLOWS YEAR ENDED 30 JUNE 2011

	2010	2011
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
INFLOWS –		
Membership etc.	6,041	5,455
Other	3,937	6,622
Interest	1,447	1,199
OUTFLOWS –		
Payments to suppliers	(\$8,969)	(10,893)
Benevolent Fund Payments	(0)	(0)
NET INCREASE (DECREASE) IN CASH HELD	2,456	2,383
Cash at beginning of the year	91,772	94,228
CASH AT THE END OF THE YEAR	<u>\$94,228</u>	<u>\$96,611</u>

MUSICIANS UNION OF AUSTRALIA HOBART BRANCH

Statement of Changes in Equity

	Retained Profits	Total
Balance at 30/6/2010	91772	
Profit attributable to the members	<u>2456</u>	
Plus historic balancing	652	94880
Balance at 30/6/2011	94880	
Profit attributable to the members	<u>2383</u>	
Plus historic balancing	(652)	96611

MUSICIANS UNION OF AUSTRALIA – HOBART BRANCH

Notes to the Accounts

For the year ended 30 June 2011

1. Summary of Significant Accounting Policies

a) Basis of Preparation of Financial Reports

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

The financial report has been prepared in accordance with the following applicable Accounting Standards and Urgent Issues.

AASB 1031 Materiality

AASB110 Events after the Balance Sheet Date

AASB 108 Accounting Policies, changes in Accounting Estimates and Errors

The financial report is prepared in accordance with the historical convention. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year. Comparative Information is reclassified where appropriate to enhance comparability.

b) Income Tax

The Union is exempt from Income tax pursuant to the Income Tax Assessment Act. Accordingly Australian Accounting Standard AASB 112 has not been applied and no provision for income tax has been included in the Accounts.

c) Goods and Services Tax

The union is not registered for Goods and Services Tax.

d) Non-Current Assets – Freehold Land and Buildings

Includes the Hobart Branch Office situated at 113 Main Road, Moonah Tasmania.

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.

e) Employee Entitlements

Provision is made for the Union's 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, salaries, annual and long service leave which will be settled after one year, have been measured at their nominal amount. Contributions made by the Union to employee superannuation funds are charged as expenses when incurred.

f) Subscriptions

Members subscription Income has been brought to account on a cash basis during the course of the year.

g) Going Concern Basis of Accounting

The financial report has been prepared on the basis that the Hobart Branch 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.

2. Notice required under Fair Work (Registered Organisations) Act 2009

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provision of subsections (1), (2) and (3) of Section 272 of the Fair Work (Registered Organisations) Act 2009, which reads as follows:-

- (1) A member of an organisation, or the General Manager, may apply to the organisation for specified prescribed information in relation to the organisation.
- (2) An organisation shall, on application made under subsection (1) by a member of the organisation or the General Manager, make the specified information available to the member or the General Manager in such a manner, and within such time, as is prescribed. The period must not be less than 14 days after the application is given.
- (3) A General Manager may only make an application under subsection (1) at the request of a member or the organisation concerned, and the General Manager shall provide to a member information received because of an application made at the request of the member".

MUSICIANS' UNION OF AUSTRALIA HOBART BRANCH

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011**

1. For the purposes of the Statement of Cash Flows, Cash includes:
 - (i) Cash on hand,
 - (ii) Cash at bank and financial institutions

Reconciliation of Cash Flows used in operating with the
Net Surplus (Deficiency) shown in the Statement of Income & Expenditure

	2010	2011
	\$	\$
Net Surplus (Deficiency) as per Statement of Income & Expenditure	2,456	2,383

The Statement of Cash Flows has been prepared in accordance
With AAS 26 "Statement of Cash Flows"

2. The activities of the Association are exempt from income tax.
3. Benevolent Fund:
During the year 2010/2011, no benefit payments were made.

The Secretary's accrued Long Service Leave as at 30 June 2007
amounting to approx. \$4,850 is not included in the accounts.

MUA office is shared, for which rental is received.

MUA Federal office records are stored for which
the Hobart Branch receives an annual rental of \$1500.

MUSICIANS' UNION OF AUSTRALIA HOBART BRANCH

INDEPENDENT AUDIT REPORT



To the members of the Musicians Union of Australia Hobart Branch

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Launceston TAS 7250
PO Box 138 Legana TAS 7277
p: 03 6331 7699
f: 03 6331 7699
e: bigpond.net.au
abn: 43 930 995 011

I have audited the general purpose financial report of Musicians Union of Australia Hobart Branch which comprises the statement of financial position as at 30th June, 2011 and the statement of comprehensive income, statement of changes in accumulated funds (losses) and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes and branch committee of management's statement for the year then ended.

Branch Committee of Management and the Branch Secretary's Responsibility for the Financial Report

The branch committee of management and the branch secretary of the Branch are responsible for the preparation and fair presentation for the financial report in accordance with Australian Accounting Interpretations and the Fair Work (Registered Organisations) Act 2010. This responsibility also includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatements, 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

My responsibility is to express an opinion on the financial report based on our audit. I have conducted the audit in accordance with Australian Auditing Standards. These Auditing Standards require compliance with relevant ethical requirements relating to audit engagements and performing 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 the reasonableness of accounting estimates made by the branch committee of management and branch secretary, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting the audit, I have complied with the independence requirements of the Australian professional accounting bodies and the Fair Work (Registered Organisations) Act 2009.

Auditor's Opinion

In my opinion the general purpose financial report of Musicians Union of Australia Hobart Branch is presented fairly in accordance with applicable Australian Accounting Standards and the requirements imposed by Part 3 Chapter 8 of the Fair Work (Registered Organisations) Act 2009.



Bettina Fairbairn – Auditor

Date at Launceston this 20th day of Feb. 2013.