



The West Australian Music Industry Association
Incorporated
Financial Statements
For the Six Months Ended
30 June 2019

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INDEPENDENT AUDITOR'S REPORT

To the members of The West Australian Music Industry Association Incorporated

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of The West Australian Music Industry Association Incorporated ("the Association") which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income and the statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Association as at 30 June 2019, and its financial performance and its cash flows for the period then ended in accordance with the *Associations Incorporation Act 2015* and the accounting policies set out in Note 1 to the financial report.

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 Association in accordance with the auditor independence 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.

Responsibilities of management and the Board for the financial report

Management is responsible for the preparation and fair presentation of the special purpose financial report in accordance with the accounting policies described in Note 1 of the financial statements and for such internal control as management determines 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 special purpose financial report, management is responsible for assessing the Association'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 management either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

The Board is responsible for overseeing the Association's financial reporting process.

Emphasis of matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the financial reporting responsibilities under the *Associations Incorporation Act 2015* and the Association's Constitution. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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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 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
6 February 2020



L Di Giallonardo
Partner

Declaration on Behalf of the Board

For the six months ended 30 June 2019

I, Al Taylor, President of The West Australian Music Industry Association Incorporated declare on behalf of the Board of the Association, that in my opinion:

1. The attached financial statements and notes, give a true and fair view of the Association's financial position as at 30 June 2019, and of its operations for the year then ended.
2. The Association will be able to pay its debts as and when they become due and payable.



Al Taylor
President
The West Australian Music Industry Association Inc

Dated this 6 day of February 2020

Statement of Financial Position

As at 30 June 2019

	Note	30 June 2019 \$	31 December 2018 \$
Current Assets			
Cash		522,518	367,994
Receivables	2	117,293	127,211
Total Current Assets		639,811	495,205
Non-Current Assets			
Right of use asset	3	32,890	-
Property plant and equipment	4	54,612	58,178
Total Non-Current Assets		87,502	58,178
Total Assets		727,313	553,382
Current Liabilities			
Accounts payable	5	12,718	3,718
Provisions and accruals	6	209,893	167,141
Grants received in advance	8	320,495	222,872
Other deferred income		4,164	15,218
Financial liability current	9	24,527	-
Total Current Liabilities		571,797	408,949
Non-Current Liabilities			
Financial liability non-current	9	8,363	-
Total Non-Current Liabilities		8,363	-
Total Liabilities		580,160	408,949
Net Assets		147,153	144,434
Represented by:			
Accumulated funds			
Balance at beginning of period		144,434	140,838
Current period surplus		2,719	3,596
Accumulated Funds		147,153	144,434

Statement of Comprehensive Income

For the Six Months Ended 30 June 2019

	Note	6 months ended 30 June 2019 \$	12 months ended 31 December 2018 \$
Income			
Membership fees		24,139	34,005
Ticket sales		5,032	8,673
Participant fees		36,391	37,370
Project management fees		147,885	317,753
Sponsorship		17,474	100,889
Event funding		15,000	170,000
Grants and subsidies	10	408,197	615,140
Other income		9,145	11,464
Total income		663,263	1,295,294
Expenses			
Audit and compliance		5,500	8,605
Advertising and marketing		25,534	63,419
Bank charges/interest		1,261	2,099
Computer and internet		10,795	12,422
Depreciation		22,902	21,680
Entertainment		2,681	6,383
Insurance		7,196	8,014
Other expenses		6,605	1,640
Other staff costs		3,040	6,485
Printing postage and stationery		1,894	6,099
Projects and events		217,636	521,891
Rent and outgoing		2,063	24,258
Repairs and maintenance		1,624	3,112
Salary and wages		295,124	516,219
Subscriptions		2,863	3,206
Telephone		2,831	5,310
Travel and accommodation		21,501	32,258
Superannuation		27,894	47,125
Workers compensation		1,600	1,473
Total Expenditure		660,544	1,291,698
Surplus		2,719	3,596

Statement of Cash Flows

For the Six Months Ended 30 June 2019

	Note	6 months ended 30 June 2019 \$	12 months ended 31 December 2018 \$
Cash flows from operating activities			
Grants and sponsorship received		853,970	1,554,360
Other income		743	1,579
Payment to suppliers and employees		(692,543)	(1,357,958)
Net cash flows from operating activities	11	162,170	197,981
Cash flows from investing activities			
Payments for property plant and equipment		(7,646)	(1,539)
Net cash used in investing activities		(7,646)	(1,539)
Net increase in cash held		154,524	196,442
Cash at the beginning of the period		367,994	171,552
Cash at the end of the period		522,518	367,994

Notes to the Financial Statements

For the Six Months Ended 30 June 2019

Note 1 Summary of Significant Accounting Policies

This special purpose financial report has been prepared in accordance with Australian Accounting Standards and other mandatory professional reporting requirements and statutory requirements. The financial report has been prepared for the purpose of fulfilling the financial reporting responsibilities under the Associations Incorporations Act 2015 and the Associations Constitution.

It is prepared in accordance with the historical cost convention. The accounting policies are consistent with those of the previous year. Comparative information is reclassified where appropriate to enhance comparability. During the period, the Association changed its balance date from 31 December to 30 June. As a result, the current period financial statements are presented for the period of six months ended 30 June 2019, with the comparative period for 12 months ended 31 December 2018.

The following is a summary of the material accounting policies adopted by the Association in the preparation of the financial statements.

- (a) *Depreciation of property, plant and equipment*
Depreciation is calculated on a straight line basis to write off the net cost of each item of property, plant and equipment over its expected useful life. Estimates of remaining useful lives are made on a regular basis for all assets.
- (b) *Taxation*
The Association is exempt from income tax by virtue of section 50-45 of the Income Tax Assessment Act (1997).
- (c) *Grants*
Grants received for specific projects are brought to account as income in the period to which they relate. Any grant monies received for specific projects in advance of the accounting period to which they relate are treated as a liability entitled "Grants Received in Advance".
- (d) *Cash*
For the purpose of the statement of cash flows, cash includes deposits at call which are readily convertible to cash on hand and which are used in the cash management function on a day-to-day basis, net of outstanding bank overdrafts.
- (e) *Acquisition of Assets*
The cost method of accounting is used for all acquisitions of assets. Cost is determined as the fair value of the assets given up at the date of acquisition plus costs incidental to the acquisition.

Notes to the Financial Statements (cont)

For the Six Months Ended 30 June 2019

(f) *Recoverable Amount of Non-Current Assets*

The recoverable amount of an asset is the net amount expected to be recovered through the net cash inflows arising from its continued use and subsequent disposal.

Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is impaired to its recoverable amount. Impairments are recognised as an expense in the statement of comprehensive income.

(g) *Employee Entitlements*

(i) *Wages, salaries and annual leave*

An accrual is made for the entity's short term employee benefits. Short term employee benefits are benefits that are expected to be paid before 12 months after the end of the annual reporting period in which the employees render services, including wages, salaries and annual leave.

(ii) *Long service leave*

The liability for long service leave is recognised as a provision and is measured as the present value of expected future payments made in respect of services provided by employees up to the balance date. Consideration is given to expected future wages and salary levels, experience of employee departures and period of service.

(h) *Leases*

All leases, except for short term and low value leases, are capitalised as "right of use" assets as well as a corresponding lease liability.

Right of use assets are depreciated on a straight line basis over the lease term. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

(i) *Provisions*

Provisions are recognised when the Association has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefit will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Notes to the Financial Statements (cont)

For the Six Months Ended 30 June 2019

(j) *Goods and Services Tax (GST)*

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

(k) *Accounts Receivable and Other Debtors*

Accounts receivable and other debtors include amounts due from members as well as amounts receivable from customers for goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

(l) *Comparative Figures*

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

When the Association retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period, in addition to the minimum comparative financial statements, must be disclosed.

(m) *Accounts Payable and Other Payables*

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Notes to the Financial Statements (cont)

For the Six Months Ended 30 June 2019

(n) *Adoption of new and revised standards*

In the period ended 30 June 2019, the Board has reviewed all the new and revised Standards and Interpretations issued by the AASB that are relevant to the Association and effective for the current reporting period. Those which have a material impact on the Association are set out below.

Initial application of AASB 16

The Association has adopted AASB 16 *Leases* retrospectively with the cumulative effect of initially applying AASB 16 recognised at 1 January 2019. In accordance with AASB 16, the comparatives for the 2018 reporting period have not been restated.

The Association has recognised a lease liability and right-of-use asset for all leases (except for short-term and low-value leases).

The lease liabilities are measured at the present value of the remaining lease payments. The Association's incremental borrowing rate as at 1 January 2019 was used to discount the lease payments.

The right-of-use assets were measured at their carrying amounts as if AASB 16 had been applied since the commencement date, but discounted using the Association's weighted average incremental borrowing rate on 1 January 2019.

The right-of-use assets for the remaining leases were measured and recognised in the statement of financial position as at 1 January 2019 by taking into consideration the lease liability and prepaid and accrued lease payments previously recognised at 1 January 2019.

Initial application of AASB 15 and AASB 1058

The Association has applied AASB 15: *Revenue from Contracts with Customers* and AASB 1058: *Income of Not-for-profit Entities* using the cumulative effective method of initially applying AASB 15 and AASB 1058 as an adjustment to the opening balance of equity at 1 January 2019. Therefore the comparative information has not been restated and continues to be presented under AASB 118: *Revenue* and AASB 1004: *Contributions*.

The Association has elected to apply AASB 1058 retrospectively only to contracts that are not completed contracts at the date of initial application. As a result of this review the Board has determined that AASB 15 and AASB 1058 has not had any material effect on the application in the current or future periods.

Notes to the Financial Statements (cont)

For the Six Months Ended 30 June 2019

	30 June 2019	31 December 2018
	\$	\$
Note 2: Receivables		
Accounts receivable	109,582	125,666
Prepayments	7,711	1,545
	117,293	127,211
Note 3: Right of use asset		
Leased building	44,580	-
Less: Accumulated depreciation	(11,690)	-
	32,890	-
Reconciliation		
Opening net value at 1 January 2019	44,580	-
Depreciation charges	(11,690)	-
	32,890	-

The lease liabilities have been recognised on first time implementation of AASB 16. Further details are included in note 1. AASB 16 related amounts in the statement of profit and loss:

	6 months ended 30 June 2019	12 months ended 31 December 2018
	\$	\$
Depreciation charge related to right of use assets	11,690	-
Interest expense on lease liabilities	993	-

	30 June 2019	31 December 2018
	\$	\$
Note 4: Property plant and equipment		
Plant and equipment at cost	100,574	92,928
Less: Accumulated depreciation	(45,962)	(34,750)
	54,612	58,178

Notes to the Financial Statements (cont)

For the Six Months Ended 30 June 2019

Note 5: Accounts payable	30 June 2019 \$	31 December 2018 \$
Trade payables	12,718	3,718
	12,718	3,718

Note 6: Provisions and accruals

Accrued audit fees	5,500	5,000
Accrued superannuation	12,967	12,295
Accrued annual leave	23,690	32,330
Provision for long service leave	24,690	20,875
Other accruals	104,284	48,846
Accrued GST	38,762	47,795
	209,893	167,141

Note 7: Related party information

(a) Board of Directors

The names of the persons who held office as committee members of The West Australian Music Association Incorporated during the course of the financial period are as follows:

Al Taylor	President
Noah Shilkin	Vice President
Steven McCabe	Treasurer
Bel Skinner	Secretary
Toby Browne-Cooper	
Chris Edmondson	
Clive Hodson	
Kylie Thompson	
Aysha Amani	
Sam Cutri	(term ended June 2019)

(b) Related Party Transactions

There were no material transactions between the Association and any related parties during the period.

(c) Remuneration of Committee Members

The committee members receive no remuneration from the Association.

Notes to the Financial Statements (cont)

For the Six Months Ended 30 June 2019

Note 8: Grants received in advance

Grant	Grantor	30 June 2019 \$	31 December 2018 \$
Core funding	Australia Council	68,500	83,500
Girls Rock! WA	DLGSC	65,000	-
Regional Recording	DLGSC	92,500	2,892
Bush Bands scoping	Lotterywest	27,828	41,480
Audience Development	Healthway	-	60,000
Song of the Year	Healthway & APRA	-	35,000
WAMCon	DLGSC	66,667	-
		320,495	222,872

Note 9: Financial liabilities

	30 June 2019 \$	31 December 2018 \$
Current lease liability	24,527	-
Non-current lease liability	8,363	-
	32,890	-
Reconciliation:		
Opening balance at 1 January 2019	44,580	-
Principal repaid	(12,683)	-
Finance charges	993	-
Closing net book amount	32,890	-

The lease liabilities have been recognised on first time implementation of AASB 16. Further details are included in note 1.

Notes to the Financial Statements (cont)

For the Six Months Ended 30 June 2019

Note 10: Grants and subsidies

	6 months ended 30 June 2019	12months ended 31 December 2018
DLGSC Core	275,000	400,000
DLGSC Project	20,000	20,000
State government grants	97,652	61,140
Local government grants	-	90,000
Other national funding	15,545	40,000
	408,197	615,140

Note 11: Reconciliation of cash flows from operating activities

Net surplus for the period	2,719	3,596
<i>Non-cash flows in operating surplus:</i>		
Depreciation	22,902	21,680
Provision for employee benefits	(3,681)	15,249
<i>Net changes in working capital:</i>		
Net (increase)/decrease in receivables	9,918	(17,440)
Net increase in payables	43,744	29,129
Net increase in income in advance	86,568	145,767
Net cash flows from operating activities	162,170	197,981