



THE MARITIME UNION OF AUSTRALIA DIVISION
AND ITS SUBSIDIARY AND BRANCHES
CONSTRUCTION, FORESTRY, MARITIME, MINING AND ENERGY UNION
ABN 93 047 659 794

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

**THE MARITIME UNION OF AUSTRALIA DIVISION
AND ITS SUBSIDIARY AND BRANCHES
CONSTRUCTION, FORESTRY, MARITIME, MINING AND ENERGY UNION
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OPERATING REPORT

Your Divisional National Council present their consolidated report on the Maritime Union of Australia Division ("Union") of the Construction, Forestry, Maritime, Mining and Energy Union, consisting of the National Divisional Branch of the Union ("Federal"), the Divisional Branches of the Union and the subsidiary company of the Union (MUA HTS Pty Limited) for the financial year ending 30 June 2019.

Union Officials

The names of the Officials in office at any time during the financial year and to the date of this report are:

Ball, D ^ (elected 1/7/2019)	Hoy, J (not re-elected 30/6/2019)
Bray, I ^	Italia, J ^ (not re-elected 30/6/2019)
Bull, A ^ *	Jones, M ^ (not re-elected 30/6/2019)
Burford, A ^	Keane, G ^ (retired 30/6/2019)
Cain, C ^	Keating, P ^
Cain, D	Lumsden, R (elected 1/7/2019)
Campbell, J ^	Mayor, T ^ *
Carnegie, R ^ (not re-elected 30/6/2019)	McAleer, P ^
Cassar, J	Miners, J ^
Carter, S ^ (elected 1/7/2019)	Myers, M ^ *
Clothier, C ^ *	Newlyn, J ^
Cross, M ^ (elected 1/7/2019)	Outram, D ^ *
Crumlin, P ^	Patchett, R
Cumberlidge, S ^ (elected 1/7/2019)	Paterson, J ^ * (retired 30/6/2019)
Deakin, J (retired 30/6/2019)	Peterson, P
Donato, N (elected 1/7/2019)	Smith, W ^
Evans, A ^	Stevens, S ^ (elected 1/7/2019)
Gallagher, P	Tracey, W ^
Garrett, P	Williams, G ^

*^ Divisional National Councillor *Honorary Electorate*

Officials have been in office since the start of the period to the date of this report unless otherwise stated. During the period all Officials attended the Divisional National Council meeting with no apologies.

Review of Operations

The consolidated total comprehensive surplus of the Union for the year amounted to \$1,310,497 (2018: \$476,063).

The number of members of the Union at the end of the year was 12,595 (2018: 12,705).

The number of employees of the reporting unit at the end of the year was 75 (2018: 74).

The right of members to resign from the organisation is set out at Section 11 of the Union's rules.

Significant Changes in State of Affairs

On the 27th of March 2018, the Maritime Union of Australia (MUA) amalgamated with the Construction, Forestry, Mining and Energy Union (CFMEU). Since then, the MUA and its branches became a division of the Construction, Forestry, Maritime, Mining and Energy Union (CFMMEU) and will report as such to the Registered Organisation Commission (ROC).

As such the comparative figures cover the financial period 27 March 2018 to 30 June 2018.

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OPERATING REPORT

Principal Activities

The principal activities of the Union during the financial year was the provision of Trade Union services to its members. The Objects of the Union are set out in Section 4 of the Union's Rules. No significant change in the nature of these activities occurred during the year.

Rights of Members to Resign

All members have a right to resign in accordance with Section 11 of the Union's Registered Rules and 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 branch of the organisations.

Events Subsequent to the End of the Reporting Period

There has not arisen in the interval between the reporting date and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Officials, to affect significantly the operations of the Union, the results of those operations, or the state of affairs of the Union, in future financial years.

Proceedings on Behalf of the Union

No person has applied for leave of Court to bring proceedings on behalf of the Union or intervene in any proceedings to which the Union is a party for the purpose of taking responsibility on behalf of the Union for all or any part of those proceedings.

Indemnification of Officers

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Union.

Auditor's Independence Declaration

The auditor's independence declaration for the year has been received and can be found on page 5 of the report.

Superannuation Fund Office Holders

The following Officials were trustees or directors of a company that acted as a trustee or alternative trustee of the Maritime Super, a related party:

Crumlin, P

Newlyn, J

Tracey, W

Garrett, P

Signed in accordance with a resolution of the Divisional National Council:

Dated this 23rd day of October 2019



P. Crumlin

Divisional National Secretary



W. Tracey

Divisional Deputy National Secretary



**AUDITOR'S INDEPENDENCE DECLARATION TO THE DIVISIONAL NATIONAL COUNCIL OF CONSTRUCTION,
FORESTRY, MARITIME, MINING AND ENERGY UNION, THE MARITIME UNION OF AUSTRALIA DIVISION AND ITS
SUBSIDIARY**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019, there have been no contraventions of any applicable code of professional conduct in relation to the audit of the financial report.

Dated at Sydney on the 23rd day of October 2019

A handwritten signature in black ink that reads 'ESV'.

ESV Accounting and Business Advisors

A handwritten signature in black ink that reads 'Tim Valtwies'.

**Tim Valtwies
Partner**

Registration number: AA2017/92

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**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019**

	Note	Consolidated		Federal	
		1/7/2018 to 30/6/2019	27/3/2018 to 30/6/2018	1/7/2018 to 30/6/2019	27/3/2018 to 30/6/2018
		\$	\$	\$	\$
Operating activities					
Revenues	2	21,013,437	5,407,292	18,538,732	4,909,542
Capitation fees and other revenue from another reporting unit	2,18	274,849	22,773	5,000	22,773
Revenue from recovery of wages activity		-	-	-	-
Employee benefits expense	3	(10,958,503)	(2,701,482)	(10,638,014)	(2,631,401)
Finance cost		(409,883)	(103,468)	(409,883)	(103,468)
Depreciation and amortisation expenses	3	(893,122)	(255,176)	(826,129)	(237,219)
Capitation fees and other expense to another reporting unit	3,18	(1,407,762)	(151,420)	(1,152,459)	(151,420)
All other expenses	3	(9,752,431)	(2,740,348)	(7,733,996)	(2,438,631)
Net (deficits) from operating activities		(2,133,415)	(521,829)	(2,216,749)	(629,824)
Non-operating activities					
Other income/(expenses)	2 (a)	(221,912)	997,892	(247,923)	736,893
Net (deficit)/surplus from non-operating activities		(221,912)	997,892	(247,923)	736,893
Net (deficit)/surplus for the year/period		(2,355,327)	476,063	(2,464,672)	107,069
Other comprehensive income					
Gain on revaluation of land and buildings		3,665,824	-	3,558,574	-
Total comprehensive income for the year/period		1,310,497	476,063	1,093,902	107,069

The accompanying notes form part of the financial statements.

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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	Consolidated		Federal	
		As at 30/6/2019 \$	As at 30/6/2018 \$	As at 30/6/2019 \$	As at 30/6/2018 \$
CURRENT ASSETS					
Cash and cash equivalents	5	6,509,828	6,315,562	1,068,715	1,028,979
Inventories on hand	6	183,617	190,212	86,817	107,103
Trade and other receivables	7	1,208,403	1,226,748	1,156,895	1,123,392
Investments	8	7,310,465	7,795,368	6,088,842	6,601,794
TOTAL CURRENT ASSETS		15,212,313	15,527,890	8,401,269	8,861,268
NON-CURRENT ASSETS					
Trade and other receivables	7	75,763	85,672	90,763	100,672
Property, plant and equipment	9	41,177,592	37,521,122	40,305,144	36,690,500
Investment property	10	4,100,000	4,550,000	3,116,000	3,458,000
TOTAL NON-CURRENT ASSETS		45,353,355	42,156,794	43,511,907	40,249,172
TOTAL ASSETS		60,565,668	57,684,684	51,913,176	49,110,440
CURRENT LIABILITIES					
Trade and other payables	11	4,010,911	3,485,756	4,479,419	3,815,919
Employee Provisions	12	3,062,326	2,488,506	3,062,326	2,488,506
Borrowings	13	1,027,494	399,310	1,027,494	399,310
TOTAL CURRENT LIABILITIES		8,100,731	6,373,572	8,569,239	6,703,735
NON-CURRENT LIABILITIES					
Trade and other payables	11	663,367	872,195	663,367	872,195
Employee Provisions	12	703,062	650,904	703,062	650,904
Borrowings	13	6,403,280	6,403,280	6,403,280	6,403,280
TOTAL NON-CURRENT LIABILITIES		7,769,709	7,926,379	7,769,709	7,926,379
TOTAL LIABILITIES		15,870,440	14,299,951	16,338,948	14,630,114
NET ASSETS		44,695,228	43,384,733	35,574,228	34,480,326
MEMBERS' FUNDS					
Fighting fund reserve	14	18,739	18,739	18,739	18,739
Revaluation reserve		13,451,668	9,785,844	13,359,768	9,801,194
Other reserves	14	1,905,237	1,857,174	-	-
Retained surplus		29,319,584	31,722,976	22,195,721	24,660,393
TOTAL MEMBERS' FUNDS		44,695,228	43,384,733	35,574,228	34,480,326

The accompanying notes form part of the financial statements.

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**STATEMENT OF CHANGES IN MEMBERS' FUNDS
FOR THE YEAR ENDED 30 JUNE 2019**

	Fighting Fund Reserve	Revaluation Reserve	General Reserves	Retained Surplus	Total Funds
	\$	\$	\$	\$	\$
CONSOLIDATED					
At 27 March 2018	18,739	9,785,844	1,805,509	31,298,578	42,908,670
Net surplus for the period	-	-	36,849	439,214	476,063
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	36,849	439,214	476,063
Transfer to/(from) reserves	-	-	14,816	(14,816)	-
At 30 June 2018	18,739	9,785,844	1,857,174	31,722,976	43,384,733
Net surplus/(deficit) for the year	-	-	91,853	(2,447,182)	(2,355,329)
Other comprehensive income	-	3,665,824	-	-	3,665,824
Total comprehensive income	-	3,665,824	91,853	(2,447,182)	1,310,495
Transfer to/(from) reserves	-	-	(43,790)	43,790	-
At 30 June 2019	18,739	13,451,668	1,905,237	29,319,584	44,695,228
FEDERAL					
At 27 March 2018	18,739	9,801,194	-	24,553,324	34,373,257
Net surplus for the period	-	-	-	107,069	107,069
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	107,069	107,069
At 27 March 2018	18,739	9,801,194	-	24,660,393	34,480,326
Net surplus for the period	-	-	-	(2,464,672)	(2,464,672)
Other comprehensive income	-	3,558,574	-	-	3,558,574
Total comprehensive income	-	3,558,574	-	(2,464,672)	1,093,902
At 30 June 2019	18,739	13,359,768	-	22,195,721	35,574,228

The accompanying notes form part of the financial statements.

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Consolidated		Federal	
		1/7/2018 to 30/6/2019 \$	27/3/2018 to 30/6/2018 \$	1/7/2018 to 30/6/2019 \$	27/3/2018 to 30/6/2018 \$
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from members		21,340,478	5,647,673	20,041,726	5,310,335
Payments to suppliers and employees		(22,334,091)	(5,332,531)	(20,147,920)	(5,080,417)
Cashflow to/from other reporting units (CFMMEU)		(1,132,913)	(128,647)	(1,147,459)	(128,647)
Fundraising receipts		14,086	7,664	-	-
Fundraising expenses		(18,120)	(5,472)	-	-
Interest Paid		(392,699)	(102,882)	(392,699)	(103,468)
Interest received		108,007	10,106	30	8
Commission received		547,262	40,922	305,125	16,040
Rent received		665,831	99,846	604,308	91,821
Other receipts		1,072,471	409,189	487,094	378,586
Donations paid		(327,027)	(28,235)	(60,893)	-
Donations received		308,160	89,611	7,437	4,920
Net cash provided by operating activities	15(b)	(148,555)	707,244	(303,251)	489,178
CASH FLOW FROM INVESTING ACTIVITIES					
Proceeds from disposal of managed investments		600,000	-	600,000	-
Proceeds from sale of property, plant and equipment		9,091	-	9,091	-
Purchase of property, plant and equipment	9	(891,669)	(144,193)	(890,104)	(144,193)
Net cash (used in) investing activities		(282,578)	(144,193)	(281,013)	(144,193)
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from borrowings		611,000	(885)	611,000	(885)
Repayment of borrowings		1,400	-	-	-
Net repayment of official loan/member's loan		13,000	1,781	13,000	3,000
Net cash provided by financing activities		625,400	896	624,000	2,115
Net increase in cash and cash equivalents		194,267	563,947	39,736	347,100
Cash and cash equivalents at the beginning of the financial period		6,315,562	5,751,615	1,028,979	681,879
Cash and cash equivalents at the end of the financial period	15(a)	6,509,829	6,315,562	1,068,715	1,028,979

The accompanying notes form part of the financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

1. Summary of Significant Accounting Policies

The financial statements cover the National Office of the Maritime Union of Australia Division of the Construction, Forestry, Maritime, Mining & Energy Union ("Federal"), the State Divisional Branches of the Maritime Union of Australia Division and its subsidiary company MUA HTS Pty Ltd ("Consolidated"/"Union").

The Maritime Union of Australia Division of the Construction, Forestry, Maritime, Mining & Energy Union is a Trade Union created under the Fair Work (Registered Organisations) Act 2009, registered and domiciled in Australia.

The financial report of The Maritime Union of Australia and its subsidiary and Branches for the year ended 30 June 2019 was authorised for issue in accordance with a resolution of the Divisional National Council on the 23rd October 2019.

Basis of Preparation

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standard Board (AASB) that apply for the reporting period, and the *Fair Work (Registered Organisations) Act 2009*. The Union is a not for profit entity.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities, as explained in the accounting policies below. 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.

(a) Basis of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by the Union at the end of the reporting period. A controlled entity is any entity over which the Union has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Where controlled entities have entered or left the Union during the year, the financial performance of those entities is included only for the period of the year that they were controlled.

In preparing the consolidated financial statements, all intra-entity balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

For a full list of consolidated entities, please refer to Note 21.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

1. Summary of Significant Accounting Policies (cont)

b) New Australian Accounting Standards

Adoption of New Australian Accounting Standard requirements

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

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 9 Financial Instruments and relevant amending standards, which replaces AASB 139 Financial Instruments: Recognition and Measurement.
- AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investments Property, Annual Improvements 2014-2016 Cycle and other amendments, which clarify certain requirements in:
 - AASB 12 Disclosure of Interests in Other Entities – clarification of scope
 - AASB 128 Investments in Associates and Joint Ventures – measuring an associate or joint venture at fair value
 - AASB 140 Investment Property – change in use
- AASB Interpretation 22 Foreign Currency Transactions and Advance Considerations, which clarifies that the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration.

This amendment does not have an impact on the Union.

Impact of adoption of AASB 9

(a) Initial application

AASB 9 Financial Instruments (AASB 9) replaces AASB139 Financial Instruments: Recognition and Measurement (AASB 139) for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Union has not applied AASB 9 retrospectively, with an initial application date of 1 July 2018. The Union has not restated the comparative information, which continues to be reported under AASB 139. There were no differences arising from the adoption of AASB 9.

(i) Classification and measurement

The adoption of this standard has no impact on the classification and measurement on the financial statements of the Union.

(ii) Impairment loss

The adoption of AASB 9 has fundamentally changed the Union's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) using the simplified approach. AASB 9 requires the Union to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets, i.e. those held at amortised cost and at FVTOCI.

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**NOTES TO THE FINANCIAL STATEMENTS
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1. Summary of Significant Accounting Policies (cont)

b) New Australian Accounting Standards (cont)

Upon adoption of AASB 9, there were no additional impairment on the trade receivables and loan receivable from related party recognised as at 1 July 2018.

Future Australian Accounting Standards Requirements

New standards, amendments to standards or interpretations that were issued prior to the sign-off date and are applicable to future reporting periods that are expected to have a future financial impact on the Union include:

AASB 16 Leases (AASB 16)

AASB 16 was issued in January 2016 and it replaces AASB 117 Leases, AASB Interpretation 4 Determining whether an Arrangement contains a Lease, AASB Interpretation-115 Operating Leases-Incentives and AASB Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

For NFP entities, AASB 16 will commence from financial years beginning on or after 1 January 2019. Either a full retrospective application or a modified retrospective application is required for AASB 16. The Union plans to adopt AASB 16 on the reporting period commencing 1 July 2019 using modified retrospective method.

AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under AASB 16 is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.

During the financial year ended 30 June 2019, the Union performed a preliminary assessment of AASB 16 and found that there is only one active contract captured by AASB 16, as such impact on adoption will likely be immaterial.

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**NOTES TO THE FINANCIAL STATEMENTS
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1. Summary of Significant Accounting Policies (cont)

b) New Australian Accounting Standards (cont)

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

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities in conjunction with AASB 15. AASB 1058 and AASB 15 supersede all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contributions.

For NFP entities, both AASB 1058 and 15 will commence from financial years beginning on or after 1 January 2019. Either a full retrospective application or a modified retrospective application is required for AASB 15. The Union plans to adopt AASB 15 on the reporting period commencing 1 July 2019 using modified retrospective method.

During the financial year ended 30 June 2019, the Union performed a preliminary assessment of AASB 1058 and 15. The Union does not have any enforceable contracts which has sufficiently specific performance obligations. It does not also receive any volunteer services and/or enters into other transactions where the consideration to acquire an asset is significantly less than the fair value of the asset.

AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle

These improvements include:

- AASB 123 Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

Amendment applies for annual reporting periods beginning on or after 1 January 2019, with early application permitted. The Union rarely borrows funds, the impact of this standard will likely be immaterial.

c) Income Tax

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

d) Revenue

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

Revenue from member contributions is recognised on an accrual basis. These comprise of actual contributions received during the year and contributions due from members and those paid in advance at reporting date.

Donations are recognised as revenue when received unless they are designated for a specific purpose, where they are carried forward as deferred income on the statement of financial position.

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**NOTES TO THE FINANCIAL STATEMENTS
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1. Summary of Significant Accounting Policies (cont)

d) Revenue (cont)

When grant revenue is received whereby the Union has the obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise, the grant is recognised as income on receipt.

Interest revenue is recognised on an accrual basis using the effective interest rate method.

Revenue from rendering of a service is recognised upon the delivery of service to the customer.

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Revenue from the sale of goods is recognised when, the risks and rewards of ownership have been transferred to the buyer, the entity retains no managerial involvement or effective control over the goods, the revenue and transaction costs incurred can be reliably measured, and it is probable that the economic benefits associated with the transaction will flow to the entity.

Capitation fees and levies are recognised on an accrual basis and recorded as a revenue and/or expense in the year to which it relates.

All revenue is stated net of the amount of GST.

e) Employee Benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and termination benefits when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities for short-term employee benefits (as defined in AASB 119 Employee Benefits) and termination benefits which are expected to be settled within twelve months of the end of reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits which are expected to be settled beyond twelve months are measured as the present value of the estimated future cash outflows to be made by the Union in respect of services provided by employees up to reporting date.

Provision is made for separation and redundancy benefit payments. The Union recognises a provision for termination as part of a broader restructuring when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations. A provision for voluntary termination is recognised when the employee has accepted the offer of termination.

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1. Summary of Significant Accounting Policies (cont)

f) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

g) Borrowing Costs

All borrowing costs are recognised in profit and loss in the period in which they are incurred.

h) 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. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Union's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the [reporting unit] initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

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1. Summary of Significant Accounting Policies (cont)

i) Financial assets (cont)

The Union's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Union commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- (Other) financial assets at amortised cost
- (Other) financial assets at fair value through profit or loss
- (Other) financial assets designated at fair value through OCI

Financial assets at amortised cost

The Union measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or

The Union's financial assets at amortised cost includes trade receivables and loans to related parties.

Financial assets at fair value through profit or loss (including designated)

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

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1. Summary of Significant Accounting Policies (cont)

i) Financial Assets (cont)

Derecognition

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired or
- The Union has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - a) the Union has transferred substantially all the risks and rewards of the asset, or
 - b) the Union has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Union has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Union continues to recognise the transferred asset to the extent of its continuing involvement together with associated liability.

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Impairment

(i) Trade receivables

For trade receivables that do not have a significant financing component, the Union applies a simplified approach in calculating expected credit losses (ECLs) which requires lifetime expected credit losses to be recognised from initial recognition of the receivables.

Therefore, the Union does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Union establishes provision for uncollectable member dues receivable by identifying individual members that have not settled their dues for more than two years. When there is sufficient evidence that the amount is no longer recoverable, the receivable is written off.

j) Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, at amortised cost unless or at fair value through profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The Union's financial liabilities include trade and other payables and borrowings.

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1. Summary of Significant Accounting Policies (cont)

j) Financial Liabilities (cont)

Subsequent measurement

Financial liabilities at amortised cost

After initial recognition, trade payables and interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

k) Property, Plant and Equipment

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

Property

Freehold land and buildings are recognised initially at cost in the Statement of Financial Position. The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Following initial recognition at cost, land and buildings are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient frequency such that the carrying amount of assets do not differ materially from those that would be determined using fair values as at the reporting date.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the profit or loss except to the extent that they reverse a previous revaluation increment for that class. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

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1. Summary of Significant Accounting Policies (cont)

k) Property, Plant and Equipment (cont)

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses. The carrying amount of plant and equipment is reviewed annually by the National Council to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Union and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets, is depreciated on a straight-line basis over the asset's useful life commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset			Effective life (years)	Depreciation Rate
Buildings	40	-	40	2.00%
Plant and Equipment	15	-	15	6.85%
Office Equipment	5	-	5	20.0%
Office Furniture	6.6	-	6.6	15.0%
Motor Vehicles	8	-	8	12.5%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Derecognition

An item of land, buildings, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss.

Gains and losses from disposal of assets are recognised when control of the asset has passed to the buyer.

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1. Summary of Significant Accounting Policies (cont)

l) Investment Properties

Investment properties are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit and loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

m) Impairment of Non-Financial Assets

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

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

n) Fair Value Measurement

The Union measures financial instruments, such as, financial asset as at fair value through the profit & loss and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Union. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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1. Summary of Significant Accounting Policies (cont)

n) Fair Value Measurement (cont)

The Union uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1—Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Union determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as land and buildings and investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the Union has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

o) Cash and Cash Equivalents

Cash is recognised at its nominal amount. Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

p) Inventories on Hand

Inventories are measured at the lower of cost and current replacement cost.

q) Trade and Other Receivables

Trade and other receivables include amounts due from member contributions as well as amounts receivable from customers for goods sold and services provided 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.

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1. Summary of Significant Accounting Policies (cont)

q) Trade and Other Receivables (cont)

Accounts receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any provision for expected credit losses.

r) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Union 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.

s) Accrued Expenditure

Accruals are recognised when there is a definitive commitment and where an obligation for the Union has arisen. Usually the Union accrues for the international conferences, election expenses, legal fees, and any other payables for which the Union has an estimate. Estimates are based on past year trends and current factors which may have an impact on the Union's obligations. During the current financial year the Union accrued for Union elections, international and national conferences.

t) Critical Accounting Estimates and Judgements and Key Sources of Estimation Uncertainty

The following accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Estimation of useful lives of assets

The Union determines the estimated useful lives and related depreciation of assets. The useful lives can change from time to time due to technical innovations or some other events.

Long service leave provision

Long service leave is recognised and measured at present value of the estimated future cash flow to be made in respect of employees at the reporting date. In determining the present value of the liability, estimates of attribution rates, inflation and the probability of entitlement paid outs are taken into account.

Fair value measurement hierarchy

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

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1. Summary of Significant Accounting Policies (cont)

u) Information to be Provided to Members or the General Manager

In accordance with the requirements of the *Fair Work (Registered Organisation) Act 2009* the attention of members is drawn to the following sub sections of Section 272 of the Act which read as follows:

- i). 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.
- ii). 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.
- iii). A reporting unit must comply with an application made under subsection (1).

v) Comparative Figures

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

w) Contingent Liabilities and Contingent Assets

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

x) Going Concern

The MUA Division of the Construction, Forestry, Maritime, Mining & Energy Union is not reliant on the agreed financial support of another reporting unit to continue on a going concern basis.

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	Consolidated		Federal	
	1/7/2018 to 30/6/2019	27/3/2018 to 30/6/2018	1/7/2018 to 30/6/2019	27/3/2018 to 30/6/2018
	\$	\$	\$	\$
2. Revenue				
Operating activities				
Union contributions	15,833,276	4,251,827	15,867,079	4,253,750
Special purpose levies received	1,410,049	336,422	1,410,049	336,422
Special purpose levies paid	-	-	(1,410,049)	(336,422)
MJLFF levies received (note 2b)	996,282	266,877	996,282	266,877
Donations	308,160	89,611	7,437	4,920
Consulting fees	317,192	76,573	317,192	76,573
Rent received	796,917	154,014	739,987	145,989
Union sales	67,025	23,547	26,662	7,887
Commission Income	416,931	79,859	206,983	39,930
Sundry income (note 18)	1,142,454	151,335	382,110	136,389
Grants	-	-	-	-
Capitation fees received	-	-	-	-
Total revenue	21,288,286	5,430,065	18,543,732	4,932,315
(a) Income & Expenses from Non-operating Activities				
Gain/(loss) from financial assets at fair value through profit and loss	89,643	(113,745)	89,643	(113,745)
Dividend income on managed funds	52	128,040	52	128,040
Interest received on deposits	134,042	33,007	31	8
Interest received on loans	3,090	759	3,090	759
Foreign exchange gain/(loss)	75	(169)	75	(169)
(Loss)/Gain on revaluation of investment property	(450,000)	950,000	(342,000)	722,000
Other income	(221,912)	997,892	(247,923)	736,893
(b) Maritime Jobs Legal Fighting Fund (MJLFF)				
The purpose of the MJLFF is to raise funds and assist in contesting strategic litigation when required in the event that a judgment from the Court or law from the Parliament is contrary to the labour, human and civil rights and interests of the MUA Division of the Construction, Forestry, Maritime, Mining & Energy Union, its officers and its members. The fund has been fully utilised and the balance as at period end is NIL.				
3. Expenses				
Depreciation for non-current assets				
Buildings and investment property	414,844	116,226	369,198	104,260
Plant and equipment	478,278	138,950	456,931	132,959
Total depreciation	893,122	255,176	826,129	237,219

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	Consolidated		Federal	
	1/7/2018 to 30/6/2019	27/3/2018 to 30/6/2018	1/7/2018 to 30/6/2019	27/3/2018 to 30/6/2018
	\$	\$	\$	\$
Employee benefits				
<i>Officials</i>				
Salaries and wages	3,666,065	950,625	3,666,065	950,625
Annual leave entitlement	399,011	88,889	399,011	88,889
Long service leave entitlement	160,164	20,690	160,164	20,690
Superannuation contributions	555,938	140,520	555,938	140,520
Separation and redundancies	-	-	-	-
Other employment costs	525,970	135,135	536,892	130,588
	<u>5,307,148</u>	<u>1,335,859</u>	<u>5,318,070</u>	<u>1,331,312</u>
<i>Other employees</i>				
Salaries and wages	3,928,728	950,475	3,630,534	950,475
Annual leave entitlement	429,023	14,360	429,023	14,360
Long service leave entitlement	130,058	40,802	130,058	40,802
Superannuation contributions	550,087	145,163	550,087	145,163
Staff and member training	25,218	13,290	23,965	13,334
Separation and redundancies	-	-	-	-
Other employment costs	588,241	201,533	556,277	135,955
	<u>5,651,355</u>	<u>1,365,623</u>	<u>5,319,944</u>	<u>1,300,089</u>
Total employee benefits	<u>10,958,503</u>	<u>2,701,482</u>	<u>10,638,014</u>	<u>2,631,401</u>
Other operating expenses				
Affiliation fees and levies				
ACTU Affiliation	-	18,136	-	18,136
Australian Labour Party	60,047	18,701	60,047	18,701
ITF Seafarers	43,977	39,641	43,977	39,641
Unions NSW - Trades & Labour Council	18,804	8,728	18,349	5,728
Unions QLD - Trades & Labour Council	14,214	13,572	12,974	13,572
Unions SA - Trades & Labour Council	10,565	2,655	10,365	2,655
Unions VIC - Trades & Labour Council	18,282	4,487	18,282	4,487
Unions WA - Trades & Labour Council	31,558	8,410	31,558	8,410
Other Affiliations	7,359	13,686	2,807	938
	<u>208,936</u>	<u>128,016</u>	<u>202,489</u>	<u>112,268</u>
Consideration to employers for payroll deductions	-	-	-	-
Capitation fees paid to CFMMEU (note 18)	228,459	-	228,459	-
Compulsory levies paid to CFMMEU (note 18)	924,000	-	924,000	-
Penalties - via RO Act or RO Regulations	-	-	-	-
Grants	-	-	-	-

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	Consolidated		Federal	
	1/7/2018 to 30/6/2019	27/3/2018 to 30/6/2018	1/7/2018 to 30/6/2019	27/3/2018 to 30/6/2018
	\$	\$	\$	\$
Other operating expenses, continued				
Conferences and meeting expenses	2,501,446	786,212	1,523,430	727,454
Fees/allowances - conferences and meetings	301,359	117,860	214,305	80,040
Travelling	214,897	59,779	198,671	58,132
Other membership services	1,620,825	125,605	1,062,496	44,630
IT and Telecommunications Expense	776,177	219,681	768,419	217,187
Occupancy & rental expenses	1,153,927	287,542	1,086,319	278,136
Administration expenses	1,785,253	451,396	1,544,935	388,293
<i>Donations</i>				
- Total paid that were \$1,000 or less	64,883	16,073	4,088	-
- Total paid that exceeded \$1,000	313,086	14,333	63,313	-
	<u>377,969</u>	<u>30,406</u>	<u>67,401</u>	<u>-</u>
<i>Legal expenses</i>				
- Litigation	1,468,758	543,447	1,468,758	542,084
- Other legal expense	417,741	36,826	416,324	36,826
	<u>1,886,499</u>	<u>580,273</u>	<u>1,885,082</u>	<u>578,910</u>
4. Remuneration of auditors				
- Audit services	100,000	58,000	100,000	58,000
- Other services	4,448	-	4,448	-
	<u>104,448</u>	<u>58,000</u>	<u>104,448</u>	<u>58,000</u>
	Consolidated	Consolidated	Federal	Federal
	As at 30/6/2019	As at 30/6/2018	As at 30/6/2019	As at 30/6/2018
	\$	\$	\$	\$
5. Cash and Cash Equivalents				
Cash at banks and on hand	3,050,410	2,941,014	1,068,715	1,028,979
Deposits at call	3,459,418	3,374,548	-	-
	<u>6,509,828</u>	<u>6,315,562</u>	<u>1,068,715</u>	<u>1,028,979</u>
6. Inventories on Hand				
Union Merchandise	183,617	190,212	86,817	107,103
	<u>183,617</u>	<u>190,212</u>	<u>86,817</u>	<u>107,103</u>

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	Note	Consolidated		Federal	
		As at 30/6/2019 \$	As at 30/6/2018 \$	As at 30/6/2019 \$	As at 30/6/2018 \$
7. Trade and Other Receivables					
CURRENT					
Trade debtors		361,341	96,107	383,897	100,596
Accrued contributions		625,108	709,892	625,108	709,892
Loan to Officials		13,000	13,000	13,000	13,000
Loan to Members		14,029	15,429	-	-
Other receivables		30,071	139,173	34,964	42,480
Prepayments		243,881	287,470	243,881	286,747
Receivable from other reporting unit		-	-	-	-
Receivable from other related parties		-	-	-	-
Provision for expected credit losses (2018: provision for doubtful debts)	7(b)	(79,027)	(34,323)	(74,027)	(29,323)
		1,208,403	1,226,748	1,156,895	1,123,392
NON-CURRENT					
Amount due from subsidiary	19	-	-	15,000	15,000
Loans to Officials	7(a)	75,763	85,672	75,763	85,672
		75,763	85,672	90,763	100,672
		1,284,166	1,312,420	1,247,658	1,224,064
(a) Loans to Officials					
Repayments paid during the period		13,000	3,000	13,000	3,000
The name of the former Official who held a loan from the Union was: - Dean Summers					
The loan is secured by mortgage over a residential property and are made on normal commercial terms and conditions. The total interest received on loans to Officials for the period was \$759.					
(b) The movement in the allowance for expected credit losses of trade and other receivables is as follows (none of which relates to another reporting unit):					
At 1 July		(34,323)	(34,323)	(29,323)	(29,323)
Provision for expected credit losses		(44,704)	-	(44,704)	-
Write-off		-	-	-	-
At 30 June		(79,027)	(34,323)	(74,027)	(29,323)
8. Investments					
Managed funds at market value		6,048,349	6,562,047	6,048,349	6,562,047
Short term deposits		1,221,604	1,193,555	-	-
Shares - other entities		40,512	39,766	40,492	39,746
Shares in subsidiary		-	-	1	1
		7,310,465	7,795,368	6,088,842	6,601,794

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9. Property, Plant and Equipment

(a) Consolidated

Cost:

	Land & Buildings	Plant & Equipment	Office Equipment	Office Furniture	Motor Vehicles	Total
Balance at 1 July 2018	36,507,607	1,363,875	2,326,817	1,279,091	1,740,769	43,218,159
Additions	464,899	274,390	106,380	7,658	38,346	891,673
Disposals	-	-	-	-	(68,724)	(68,724)
Revaluation	3,665,824	-	-	-	-	3,665,824
Reversal of Depreciation	(979,406)	-	-	-	-	(979,406)
Balance at 30 June 2019	39,658,924	1,638,265	2,433,197	1,286,749	1,710,391	46,727,526

Accumulated Depreciation:

Balance at 1 July 2018	(851,785)	(796,565)	(2,046,839)	(1,117,155)	(884,692)	(5,697,037)
Depreciation	(414,845)	(81,090)	(131,827)	(68,196)	(197,164)	(893,122)
Disposals	-	-	-	-	60,819	60,819
Reversal of Depreciation	979,406	-	-	-	-	979,406
Balance at 30 June 2019	(287,224)	(877,655)	(2,178,666)	(1,185,351)	(1,021,037)	(5,549,934)

Carrying Value

As at 1 July 2018	35,655,822	567,310	279,978	161,936	856,077	37,521,122
As at 30 June 2019	39,371,700	760,610	254,531	101,398	689,354	41,177,592

Land and buildings are stated at fair value, which has been determined based on valuations as at 30 June 2019 excluding 365 Sussex St, Sydney property which was valued as at 31 December 2018 performed by Gentle & Co Pty Ltd, an accredited independent valuer. The fair value of the properties have been determined on transactions observable in the market, summation and capitalisation of income approach. This means that the valuations performed by the valuer are based on active market prices, significantly adjusted for the difference in the nature, location or condition of the specific property. The National Council determined that these constitute one class of asset under AASB 13, based on the nature, characteristics and risks of the property.

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9. Property, Plant and Equipment

(b) Federal

Cost:

	Land & Buildings	Plant & Equipment	Office Equipment	Office Furniture	Motor Vehicles	Total
Balance at 1 July 2018	35,643,672	1,294,207	2,326,817	1,252,691	1,640,283	42,157,670
Additions	464,895	272,825	106,380	7,658	38,346	890,104
Disposals	-	-	-	-	(68,724)	(68,724)
Revaluation	3,558,574	-	-	-	-	3,558,574
Reversal of Depreciation	(857,156)	-	-	-	-	(857,156)
Balance at 30 June 2019	38,809,985	1,567,032	2,433,197	1,260,349	1,609,905	45,680,468

Accumulated Depreciation:

Balance at 1 July 2018	(759,688)	(751,158)	(2,046,839)	(1,094,111)	(815,374)	(5,467,170)
Depreciation	(369,198)	(72,812)	(131,827)	(67,196)	(185,096)	(826,129)
Disposals	-	-	-	-	60,819	60,819
Reversal of Depreciation	857,156	-	-	-	-	857,156
Balance at 30 June 2019	(271,730)	(823,970)	(2,178,666)	(1,161,307)	(939,651)	(5,375,324)

Carrying Value

As at 1 July 2018	34,883,984	543,049	279,978	158,580	824,909	36,690,500
As at 30 June 2019	38,538,255	743,062	254,531	99,042	670,254	40,305,144

Land and buildings are stated at fair value, which has been determined based on valuations as at 30 June 2019 excluding 365 Sussex St, Sydney property which was valued as at 31 December 2018 performed by Gentle & Co Pty Ltd, an accredited independent valuer. The fair value of the properties have been determined on transactions observable in the market, summation and capitalisation of income approach. This means that the valuations performed by the valuer are based on active market prices, significantly adjusted for the difference in the nature, location or condition of the specific property. The National Council determined that these constitute one class of asset under AASB 13, based on the nature, characteristics and risks of the property.

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	As at 30/6/2019 \$	As at 30/6/2018 \$	As at 30/6/2019 \$	As at 30/6/2018 \$
10. Investment Property at Fair Value				
Opening Balance as at 1 July 2018	4,550,000	3,600,000	3,458,000	2,736,000
Net (loss)/gain from fair value adjustment	(450,000)	950,000	(342,000)	722,000
Closing Balance as at 30 June 2018	4,100,000	4,550,000	3,116,000	3,458,000

Investment property are stated at fair value, which has been determined based on a valuation as at 30 June 2019 performed by Gentle & Co Pty Ltd, an accredited independent valuer. The fair value of the properties have been determined on transactions observable in the market and summation and capitalisation of income approach.

The highest and best use is not considered to be different from its current use.

Rental income earned and received from the investment property during the period was \$250,000 (2018: \$62,500).

Direct expenses incurred in relation to the investment properties that generated rental income during the year was Nil (2018: \$375). During the year and as at the year-end, no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal were present. The Union does not have any contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

11. Trade and Other Payables

CURRENT

Trade creditors	1,172,497	1,452,249	1,199,257	1,504,637
Other Creditors	44,908	-	486,656	293,423
Legal costs - Other Matters	-	-	-	-
Legal costs - Litigations	233,805	235,000	233,805	235,000
Accruals and other provisions	1,222,890	808,206	1,222,890	792,558
Deferred contributions	589,372	618,838	589,372	618,838
Revenue in advance	208,828	208,828	208,828	208,828
Consideration to employers for payroll deduction	-	-	-	-
Payable to other related parties	87,582	162,635	87,582	162,635
Payable to other reporting unit CFMMEU	451,029	-	451,029	-
	4,010,911	3,485,756	4,479,419	3,815,919

NON-CURRENT

Revenue in advance	663,367	872,195	663,367	872,195
	663,367	872,195	663,367	872,195
	4,674,278	4,357,951	5,142,786	4,688,114

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	As at 30/6/2019 \$	As at 30/6/2018 \$	As at 30/6/2019 \$	As at 30/6/2018 \$
12. Employee Provisions				
CURRENT				
Annual leave				
Officials	908,589	798,055	908,589	798,055
Employees	858,728	633,507	858,728	633,507
Long service leave				
Officials	739,270	621,943	739,270	621,943
Employees	555,739	435,001	555,739	435,001
Separation and redundancies	-	-	-	-
Others	-	-	-	-
	3,062,326	2,488,506	3,062,326	2,488,506
NON-CURRENT				
Officials				
Long service leave	268,019	225,181	268,019	225,181
Separation and redundancies	-	-	-	-
Others	-	-	-	-
Employees				
Long service leave	435,043	425,723	435,043	425,723
Separation and redundancies	-	-	-	-
Others	-	-	-	-
	703,062	650,904	703,062	650,904
Aggregate employee benefit liability	3,765,388	3,139,410	3,765,388	3,139,410
13. Borrowings				
Current	1,027,494	399,310	1,027,494	399,310
Noncurrent	6,403,280	6,403,280	6,403,280	6,403,280
	7,430,774	6,802,590	7,430,774	6,802,590

These loans are secured by a mortgage over one of the Union's land and building with carrying value of \$17,000,000.

The Union's borrowings are subject to financial covenants. During the financial period and at period end, the Union was in compliance with those covenants.

14. Fighting Fund Reserve

The fighting fund was set up to advance the defence of the Union's interest. Ongoing contributions to the fighting fund by the Union will be dependent on prevailing requirements.

18,739	18,739	18,739	18,739
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	As at 30/6/2019 \$	As at 30/6/2018 \$	As at 30/6/2019 \$	As at 30/6/2018 \$
14. Fighting Fund Reserve (cont)				
Other Reserves				
Appeal and Welfare Fund	1,112,407	1,050,536	-	-
Point Peron Fund	130,870	98,613	-	-
State Conference Reserve	10,229	53,070	-	-
Sustenance Fund	490,639	491,589	-	-
Special Purpose Fund	6,683	6,683	-	-
Sick and Accident Fund	106,806	104,510	-	-
Divers Fighting Fund	47,600	52,173	-	-
	1,905,234	1,857,174	-	-

The members of the Fremantle Port Committee pays additional levies to build up the Sickness, Accident and Funeral Fund (known as *Appeal and Welfare Fund*). The fund is used to provide financial assistance/benefits to members in distress and in hospital. It also provides funeral and death benefits and also assist widows and dependant children of deceased members. The fund is governed by rules and are accounted for appropriately as part of the Western Australian Divisional Branch's normal transactions.

The Western Australian Divisional Branch entered into a Lease Agreement with the Conservation and Land Management Executive Body of Western Australia, for *Point Peron* Site to be used for members recreation. The members contribute levies to the fund which are used to manage the site. Members also pay rent as they use the recreational site.

The *Sustenance and Special Purpose Fund* (held by the Sydney Divisional Branch) was set up to provide members assistance in their time of need and special branch actions.

The *Divers Fighting Fund* (held by the Victorian Divisional Branch) was set up by members working in the offshore diving industry and is utilised for the benefit of divers in need or other activities related to the offshore diving industry. The *Sick and Accident Fund*, on the other hand was set up to provide Victorian members assistance in their time of need through specific fund raising campaigns or donations.

	Consolidated		Federal	
	1/7/2018 to 30/6/2019 \$	27/3/2018 to 30/6/2018 \$	1/7/2018 to 30/6/2019 \$	27/3/2018 to 30/6/2018 \$
15. Cash Flow Information				
(a) Reconciliation of Cash				
Cash at the end of the financial period as shown in the Statement of Cash Flows is represented as:				
Cash at bank and on hand	3,050,410	2,941,014	1,068,715	1,028,979
Deposits at call	3,459,418	3,374,548	-	-
	6,509,828	6,315,562	1,068,715	1,028,979

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	Consolidated		Federal	
	1/7/2018 to 30/6/2019 \$	27/3/2018 to 30/6/2018 \$	1/7/2018 to 30/6/2019 \$	27/3/2018 to 30/6/2018 \$
(b) Reconciliation of Cash Flow from Operations with Net (Deficit)/Surplus for the Year/Period				
Net (deficit)/surplus for the year/period	(2,355,327)	476,063	(2,464,672)	107,069
Adjustments for:				
Depreciation	893,119	255,174	826,129	237,219
Amortisation of deferred rent	(248,828)	(132,207)	(248,828)	(132,207)
Bad debts	44,704	(31,528)	44,704	(31,528)
Foreign exchange gain	(75)	169	(75)	169
Loss on disposal of non current asset	(1,186)	-	(1,186)	-
Provisions	93,876	-	93,876	-
Gain from financial assets at fair value through profit and loss	(89,695)	113,746	(89,695)	113,746
Dividend income on managed funds	-	(128,041)	-	(128,041)
Revaluation of Investment Property	450,000	(950,000)	342,000	(722,000)
Changes in assets and liabilities :				
(Increase)/decrease in trade and other receivables	(179,312)	239,630	(76,369)	206,884
Decrease/(increase) in inventory	6,598	(8,800)	20,286	(22,897)
Decrease/(increase) in prepayments	43,589	(112,385)	42,866	(111,662)
Increase in trade and other payables	568,004	822,478	581,735	811,673
Increase in provisions	625,978	160,753	625,978	160,753
Increase in other liabilities	-	2,192	-	-
Cash flows from operations	(148,555)	707,244	(303,251)	489,178

16. Financial Risk Management

Specific Financial Risk Exposures and Management

The main risks the Union is exposed to through its financial instruments are credit risk, interest rate risk and equity price risk.

a. Credit risk

Credit risk is managed through maintaining procedures (such as the utilisation of systems for the approval, granting and removal of credit limits, regular monitoring of exposure against such limits and monitoring of the financial stability of significant customers and counterparties) ensuring, to the extent possible, that members and counterparties to transactions are of sound credit worthiness.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the committee has otherwise cleared as being financially sound.

Credit risk exposures

The Union has no significant concentration of credit risk with any single counterparty or group of counterparties.

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the Statement of Financial Position.

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16. Financial Risk Management (cont)

b. Interest rate risk

Exposure to interest rate risk arises on cash and investments held to maturity and long term borrowings recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows.

c. Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities held.

The Union is exposed to securities price risk on financial assets at fair value through profit & loss. Such risk is managed through diversification of investments across industries and geographic locations. The Union's investments are held in diversified management fund portfolios.

Sensitivity analysis

The following table illustrates sensitivities to the Union's exposure to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reporting at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit	Equity
	\$	\$
Year ended 30 June 2019		
+/- 2% in interest rates	53,220/(53,220)	53,220/(53,220)
+/- 10% in fair value of financial assets	731,047/(731,047)	731,047/(731,047)
Year ended 30 June 2018		
+/- 2% in interest rates	42,716/(42,716)	42,716/(42,716)
+/- 10% in fair value of financial assets	779,537/(779,537)	779,537/(779,537)

d. Liquidity risk

Vigilant liquidity risk management requires the Union to maintain sufficient liquid assets (mainly cash, cash equivalents and investments) to be able to pay debts as and when they become due and payable.

The Union manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining Contractual Maturities

The following tables detail the Union's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

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16. Financial Risk Management (cont)

	Weighted Average Effective Interest Rate	1 year or less	Between 1 & 2 years	Between 2 & 5 years	Over 5 years	Remaining contractual maturities
Consolidated - 2019	%	\$	\$	\$	\$	\$
Financial Liabilities						
<i>Non interest bearing</i>						
Trade and other payables	-	3,212,711	-	-	-	3,212,711
Employee provisions	-	3,062,326	247,948	455,113	-	3,765,387
<i>Interest-bearing - variable rate</i>						
Borrowings	5.80%	1,027,494	400,006	6,003,274	-	7,430,774
		<u>7,302,531</u>	<u>647,954</u>	<u>6,458,387</u>	<u>-</u>	<u>14,408,872</u>
Federal - 2019						
Financial Liabilities						
<i>Non interest bearing</i>						
Trade and other payables	-	3,681,219	-	-	-	3,681,219
Employee provisions	-	3,062,326	247,948	455,113	-	3,765,387
<i>Interest-bearing - variable rate</i>						
Borrowings	5.80%	1,027,494	400,006	6,003,274	-	7,430,774
		<u>7,771,039</u>	<u>647,954</u>	<u>6,458,387</u>	<u>-</u>	<u>14,877,380</u>
Consolidated - 2018						
Financial Liabilities						
<i>Non interest bearing</i>						
Trade and other payables	-	2,658,090	-	-	-	2,658,090
Employee provisions	-	2,488,506	166,352	484,552	-	3,139,410
<i>Interest-bearing - variable rate</i>						
Borrowings	5.80%	399,310	399,310	6,003,970	-	6,802,590
		<u>5,545,906</u>	<u>565,662</u>	<u>6,488,522</u>	<u>-</u>	<u>12,600,090</u>
Federal - 2018						
Financial Liabilities						
<i>Non interest bearing</i>						
Trade and other payables	-	2,988,253	-	-	-	2,988,253
Employee provisions	-	2,488,506	166,352	484,552	-	3,139,410
<i>Interest-bearing - variable rate</i>						
Borrowings	5.80%	399,310	399,310	6,003,970	-	6,802,590
		<u>5,876,069</u>	<u>565,662</u>	<u>6,488,522</u>	<u>-</u>	<u>12,930,253</u>

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17. Fair Value Measurement

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Consolidated - 2019				
<i>Assets</i>				
Investments (managed funds)	6,088,861	-	-	6,088,861
Investment properties	-	-	4,100,000	4,100,000
Land and buildings	-	-	39,371,700	39,371,700
Total assets	6,088,861	-	43,471,700	49,560,561
Consolidated - 2018				
<i>Assets</i>				
Investments (managed funds)	6,601,793	-	-	7,795,368
Investment properties	-	-	4,550,000	4,550,000
Land and buildings	-	-	35,655,822	35,655,822
Total assets	6,601,793	-	40,205,822	48,001,190
Federal - 2019				
<i>Assets</i>				
Investments (managed funds)	6,088,842	-	-	6,088,842
Investment properties	-	-	3,116,000	3,116,000
Land and buildings	-	-	38,538,255	38,538,255
Total assets	6,088,842	-	41,654,255	47,743,097
Federal - 2018				
<i>Assets</i>				
Investments (managed funds)	6,601,794	-	-	6,601,794
Investment properties	-	-	3,458,000	3,458,000
Land and buildings	-	-	34,883,984	34,883,984
Total assets	6,601,794	-	38,341,984	44,943,778

Assets and liabilities held for sale are measured at fair value on a non-recurring basis. There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

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**NOTES TO THE FINANCIAL STATEMENTS
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17. Fair Value Measurement (cont)

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 2 and level 3

The basis of the valuation of land and buildings and investment properties is fair value determined on transactions observable in the market and summation and capitalisation of income approach. The land and buildings and investment property excluding 365 Sussex St, Sydney were last revalued on 30 June 2019 and 365 Sussex St, Sydney was last revalued on 31 December 2018 based on independent assessments by a member of the Australian Property Institute having recent experience in the location and category of land and buildings being valued. The Divisional National Council do not believe that there has been a material movement in fair value since the revaluation date. Valuations are based on current prices for similar properties in the same location and condition.

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

	Investment properties	Land and buildings	Total
	\$	\$	\$
Consolidated			
Balance at 27 March 2018	3,600,000	35,819,247	39,419,247
Gains recognised in profit and loss	950,000	-	950,000
Gains recognised in other comprehensive income	-	-	-
Other changes	-	(163,425)	(163,425)
Balance at 30 June 2018	4,550,000	35,655,822	40,205,822
Gains/(Losses) recognised in profit and loss	(450,000)	-	(450,000)
Gains recognised in other comprehensive income	-	3,665,824	3,665,824
Other changes	-	50,054	50,054
Balance at 30 June 2019	4,100,000	39,371,700	43,471,700
Federal			
Balance at 27 March 2018	2,736,000	35,001,766	37,737,766
Gains recognised in profit and loss	722,000	-	722,000
Gains recognised in other comprehensive income	-	-	-
Other changes	-	(117,782)	(117,782)
Balance at 30 June 2018	3,458,000	34,883,984	38,341,984
Gains/(Losses) recognised in profit and loss	(342,000)	-	(342,000)
Gains recognised in other comprehensive income	-	3,558,574	3,558,574
Other changes	-	95,697	95,697
Balance at 30 June 2019	3,116,000	38,538,255	41,654,255

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17. Fair Value Measurement (cont)

The level 3 assets and liabilities unobservable inputs and sensitivity are as follows:

Description	Unobservable inputs	Range (weighted average)	Sensitivity	
			Federal	Consolidated
			1% change would increase / decrease fair value by	
Investment properties	Capitalisation Rate	7%	389,600 / (519,500)	512,600 / (683,500)
Land and buildings	Capitalisation Rate	6-10% (8%)	3,880,000 / (5,145,000)	3,880,000 / (5,145,000)
			Consolidated	
			1/7/2018 to 30/6/2019	27/3/2018 to 30/6/2018
			\$	\$
			Federal	
			1/7/2018 to 30/6/2019	27/3/2018 to 30/6/2018
			\$	\$

18. Related Party Disclosures

The following provides the total amount of transactions that have been entered into with related parties for the financial year:

Revenue received from related parties:

Special Purpose levies paid to branches	-	-	1,410,049	336,422
Consulting fees received	317,192	76,573	317,192	76,573
Rental received	272,658	127,061	272,658	127,061
Income received from CFMMEU (note 2)	274,849	22,773	5,000	22,773

Expenses paid to related parties:

Conferences paid to CFMMEU	255,303	151,420	-	151,420
Capitation fees paid to CFMMEU	228,459	-	228,459	-
Campaign levy paid to CFMMEU	924,000	-	924,000	-

Amounts owed by related parties:

Amounts receivable from International Transport Federation (ITF) are disclosed in Note 7. These represent expenses that were paid by the Union on behalf of ITF.

Amounts owed to related parties:

Amounts payable to International Transport Federation (ITF) are disclosed in Note 11. These represent monies received in advance by the Union from the ITF for expenses to be incurred.

Assets transferred from/to related parties

There were no assets transferred to related parties

Loans from/to related parties:

Dean Summers	7(a)	88,763	98,672	88,763	98,672
Loan repayments from Union Officials have been received during the financial period.					
Total repayments received		13,000	3,000	13,000	3,000

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18. Related Party Disclosures (cont)

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances for sales and purchases at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

Funds Held in Trust

The Western Australian Divisional Branch holds monies in trust for Thomas Leslie Bradshaw (Tom Bradshaw) to be used for the welfare of the retired and sick members of the West Australian Divisional Branch (formerly The Seamen's Union of Australia). The fund is governed by rules and are accounted for separately from the branch's normal transactions. The unaudited balance of the fund as at 30 June 2019 is \$132,970.

The Tasmanian Divisional Branch holds monies in trust, for the "Burnie Funeral Fund". The object of the fund is to provide funeral benefits and death benefits to existing life members and members who have made contributions to the fund in the past. The unaudited balance of the fund as at 30 June is \$156,345.

	Consolidated		Federal	
	1/7/2018 to 30/6/2019	27/3/2018 to 30/6/2018	1/7/2018 to 30/6/2019	27/3/2018 to 30/6/2018
	\$	\$	\$	\$
19. Key Management Personnel Remuneration for the Reporting Period				
Short-term employee benefits				
Salary (including annual leave taken)	2,867,211	346,993	2,867,211	346,993
Annual leave accrued	365,067	357,895	365,067	357,895
Performance bonus	-	-	-	-
Total short-term employee benefits	<u>3,232,278</u>	<u>704,888</u>	<u>3,232,278</u>	<u>704,888</u>
Post-employment benefits:				
Superannuation	374,385	47,655	374,385	47,655
Total post-employment benefits	<u>374,385</u>	<u>47,655</u>	<u>374,385</u>	<u>47,655</u>
Other long-term benefits:				
Long-service leave	79,095	77,546	79,095	77,546
Non-cash benefits	156,484	39,192	156,484	39,192
Total other long-term benefits	<u>235,579</u>	<u>116,738</u>	<u>235,579</u>	<u>116,738</u>
Termination benefits	-	-	-	-
Total	<u>3,842,242</u>	<u>869,281</u>	<u>3,842,242</u>	<u>869,281</u>

The key management personnel are the Elected Officials that form the Divisional National Council as per Rule 16 of the MUA Division Rules, and are indicated as a "Divisional National Councillor" within the Operating Report on page 3.

20. Transactions with key management personnel and their close family members

No Official, their family members or any relative, held or acquired a material personal interest in the affairs of the Union during the financial year.

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21. Controlled Entities

The consolidated financial statements incorporate the financial statements of the entities controlled by the Union. The entities that are controlled by the Union during the financial year were:

- MUA HTS Pty Limited ("Subsidiary")
- Newcastle Divisional Branch
- Northern Territory Divisional Branch
- Queensland Divisional Branch
- South Australian Divisional Branch
- Southern New South Wales Divisional Branch
- Sydney Divisional Branch
- Tasmanian Divisional Branch
- Victorian Divisional Branch
- Western Australian Divisional Branch

22. Segment Reporting

The economic entity operates predominantly in one business and geographical segment being Trade Union services in Australia.

23. Union Details

The National Office of the Union is located at:
Level 2, 365 - 375 Sussex Street SYDNEY NSW 2000

24. Events Subsequent to Reporting Date

There has not arisen in the interval between the reporting date and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Divisional National Council, to affect significantly the operations of the Branch, the results of those operations, or the state of affairs of the Branch, in future financial years.

25. Information required under the Reporting Guidelines for the purposes of Section 253, of the Fair Work (Registered Organisations) Act 2009

- (1) No revenue has been derived from undertaking recovery of wages activity during the reporting period (2018: Nil).
- (2) The Union is liquid and does not rely on other reporting units/entities to continue as a going concern. No financial support was received or given to/from other reporting units/entities during or since the end financial year (2018: Nil).
- (3) The Union did not acquire any assets nor liability during the financial year (2018: Nil) as a result of amalgamation, restructuring of branches, business combination or determination and revocation by the Commissioner.

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26. Contingent Liabilities, Assets and Commitments

Contingent Liabilities

The Union regularly engages legal action in support of its members. These cases are often ongoing pending court outcomes and are considered activities common to the Union's operations.

At 30 June 2019, there are a number of ongoing legal actions against or taken by the Union, one of which relates to a claim by Qube & Patrick. The claim is that the MUA breached provisions in the Fair Work Act and as a result, should be liable to pay them pecuniary penalties.

As at the date of this report, it is not possible to provide a reasonable estimate of the potential liability arising from the claim from Qube & Patrick however, in relation to other ongoing cases, the reasonable estimate of the amounts that the Union may or may not be liable to pay is \$516,000.

Commitments

During the financial year and the previous financial year, the Union has received advanced rental payments from the ITF and Unity Bank respectively, in relation to the lease of its office space. The advanced rent relates to the period until 30 June 2026. Should the Union cease to occupy the building, both tenants are entitled to terminate the lease and be entitled to a pro-rata refund of the rent that has been paid in advance.

	Consolidated		Federal	
	1/7/2018 to 30/6/2019	27/3/2018 to 30/6/2018	1/7/2018 to 30/6/2019	27/3/2018 to 30/6/2018
	\$	\$	\$	\$
Operating lease commitments—as lessor				
Future minimum rentals receivable under non-cancellable operating leases as at 30 June 2019 are as follows:				
Within one year	572,889	510,112	572,889	510,112
After one year but not more than five years	1,703,046	1,703,010	1,703,046	1,703,010
More than five years	183,333	458,333	183,333	458,333
	<u>2,459,268</u>	<u>2,671,455</u>	<u>2,459,268</u>	<u>2,671,455</u>
Operating lease commitments—as lessee				
Future minimum rentals payable under non-cancellable operating leases as at 30 June 2019 are as follows:				
Within one year	126,885	126,004	126,885	126,004
After one year but not more than five years	137,029	164,120	137,029	164,120
More than five years	-	-	-	-
	<u>263,914</u>	<u>290,124</u>	<u>263,914</u>	<u>290,124</u>

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**DIVISIONAL NATIONAL COUNCIL'S STATEMENT
FOR THE YEAR ENDED 30 JUNE 2019**

On the 23rd October 2019, the Divisional National Council of The Maritime Union of Australia Division passed the following resolution to the general purpose financial report (GPFR) for the year ended 30 June 2019:

The Divisional National Council, declares that in it's opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the Commissioner;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the Union for the financial year ended to which they relate;
- (d) there are reasonable grounds to believe that the Union 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 Divisional National Council were held in accordance with the rules of the Union; and
 - (ii) the financial affairs of the Union have been managed in accordance with the rules of the Union; and
 - (iii) the financial records of the Union have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009 (the "RO Act"); and
 - (iv) where the Union 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 union; and
 - (v) where information has been sought in any request by a member of the reporting unit or Commissioner duly made under section 272 of the RO Act has been provided to the member or Commissioner; and
 - (vi) where any order for inspection of financial records has been made by the Registered Organisations Commission under section 273 of the RO Act, there has been compliance.
 - (vii) with regard to the funds of the Union raised by the compulsory levies or voluntary contributions from members, or funds other than the General Fund operated in accordance with the rules, no payments were made out of any such fund for purposes other than those for which the fund was operated.
- (f) No revenue has been derived from undertaking recovery of wages activity during the reporting period.

This declaration is made in accordance with a resolution of the Divisional National Council.

Signed at Sydney this 23rd day of October 2019



P. Crumlin
Divisional National Secretary



W. Tracey
Divisional Deputy National Secretary

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**REPORT REQUIRED UNDER SUBSECTION 255(2A)
FOR THE YEAR ENDED 30 JUNE 2019**

The Divisional National Council presents the expenditure report as required under subsection 255(2A) on the Union for the year 30 June 2019.

	Consolidated		Federal	
	As at 30/6/2019 \$	As at 30/6/2018 \$	As at 30/6/2019 \$	As at 30/6/2018 \$
Categories of expenditures				
Remuneration and other employment related costs and expenses	11,315,712	2,784,926	10,995,223	2,714,845
Advertising	5,044	5,044	5,000	5,000
Operating Costs	9,564,855	2,406,509	7,389,192	2,114,608
Donations to Political Parties	113,680	8,456	17,064	-
Legal Costs	1,886,499	580,273	1,885,082	578,911
	22,885,790	5,785,208	20,291,561	5,413,364

Signed at Sydney this 23rd day of October 2019



P. Crumlin
Divisional National Secretary



W. Tracey
Divisional Deputy National Secretary



INDEPENDENT AUDIT REPORT TO THE MEMBERS OF CONSTRUCTION, FORESTRY, MARITIME, MINING AND ENERGY UNION, THE MARITIME UNION OF AUSTRALIA DIVISION AND ITS SUBSIDIARY

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the accompanying financial report of Construction, Forestry, Maritime, Mining and Energy Union, The Maritime Union of Australia Division, its Subsidiary and Divisional Branches (the "Union"), which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in members' funds and statement of cash flows for the year ended 2019, and notes to the financial statements, including a summary of significant accounting policies, the Divisional National Council's statement and the subsection 255(2A) report.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Union as at 30 June 2019, and its financial performance and its cash flows for the year then ended in accordance with:

- a) the Australian Accounting Standards; and
- b) part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the "RO Act") and any other requirements imposed by the Reporting Guidelines.

As part of the audit of the financial statements, we have concluded that management's use of the going concern basis of accounting in the preparation of the financial report 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 Union 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.

Information Other than the Financial Report and Audit Report Thereon

The Divisional National Council of the Union is responsible for the other information. The other information obtained at the date of this auditor's report is in the Operating Report accompanying the financial report.

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, 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.



Divisional National Council's Responsibility for the Financial Report

The Divisional National Council of the Union (the “Council”) is responsible for the preparation and fair presentation in accordance with the Australian Accounting Standards (including Australian Accounting Interpretation) and the RO Act, and for such internal control as the Council 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 financial report, the Council is responsible for assessing the Union’s ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Council either intends to liquidate the Union or to cease operations, or have 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.

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 Union’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee of 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 Union’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 Union 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Union to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Union audit. We remain solely responsible for our audit opinion.



We communicate with the Council 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 the audit.

I declare that I am an auditor registered under the RO Act.

Dated at Sydney on the 30th day of October 2019

ESV Accounting and Business Advisors

Tim Valtwies
Partner

Registration number: AA2017/92

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**ITEMISED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019**

	Consolidated		Federal	
	1/7/2018 to 30/6/2019	27/3/2018 to 30/6/2018	1/7/2018 to 30/6/2019	27/3/2018 to 30/6/2018
	\$	\$	\$	\$
Operating income				
Union contributions	18,239,607	4,855,126	16,863,361	4,520,627
Donations	308,160	89,611	7,437	4,920
Consulting fees	317,192	76,573	317,192	76,573
Rent received	796,917	154,014	739,987	145,989
Union sales	67,025	23,547	26,662	7,887
Commission income	416,931	79,859	206,983	39,930
Sundry income	1,142,454	151,335	382,110	136,389
Total operating income	<u>21,288,286</u>	<u>5,430,065</u>	<u>18,543,732</u>	<u>4,932,315</u>
Compensation and benefit				
Direct salaries - Officials	3,666,065	950,625	3,666,065	950,625
Direct salaries - Staff	3,630,534	950,475	3,630,534	950,475
Fringe benefits tax	115,064	9,076	115,064	9,076
Motor vehicle expenses	373,642	90,950	352,599	81,858
Payroll tax	498,534	138,298	498,534	138,298
Staff & Official training	25,218	13,290	23,965	13,334
Superannuation	1,106,025	285,683	1,106,025	285,683
Employee entitlement expense	1,118,256	164,741	1,118,256	164,741
Temporary staff	322,780	66,420	24,587	5,387
Workers compensation insurance	102,385	31,924	102,385	31,924
Total compensation and benefit	<u>10,958,503</u>	<u>2,701,482</u>	<u>10,638,014</u>	<u>2,631,401</u>
General expenses				
Audit & accountancy	142,457	70,000	142,457	70,000
Bank & government charges	74,082	18,391	72,139	17,998
Consultants	549,061	151,212	549,061	151,212
Depreciation	478,278	138,950	456,931	132,959
Donations	310,412	27,762	60,893	-
Insurance - general	91,688	9,980	83,143	9,980
Merchandise	153,951	76,361	59,451	32,497
National Council expenses	111,098	44,357	111,098	44,357
Office expenses	256,843	66,446	184,361	58,503
Media activities	138,374	33,693	119,740	32,560
Postage and freight	49,179	11,444	48,757	11,094
Printing and stationery	123,345	39,862	89,187	31,514
Provision for bad debts expense	44,704	(31,528)	44,704	(31,528)
Repairs and maintenance	44,832	22,477	44,225	22,182
Subscriptions, newspapers & periodicals	83,569	25,526	76,243	24,664
Sundry expenses	26,518	18,175	24,817	18,260
Total general expenses	<u>2,678,391</u>	<u>723,108</u>	<u>2,167,207</u>	<u>626,252</u>

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ITEMISED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Consolidated		Federal	
	1/7/2018 to 30/6/2019	27/3/2018 to 30/6/2018	1/7/2018 to 30/6/2019	27/3/2018 to 30/6/2018
	\$	\$	\$	\$
Occupancy & rental expenses				
Cleaning	224,316	53,623	222,437	52,353
Building depreciation	414,842	116,224	369,198	104,260
Security	22,634	3,591	22,634	3,591
Electricity	211,642	77,123	202,562	75,222
Interest Expense	409,883	103,468	409,883	103,468
Property insurance	98,512	11,729	90,393	11,729
Property rates	374,129	79,271	356,501	78,630
Property sales and purchase costs	2,105	-	2,105	-
Property valuation fees	13,000	-	13,000	-
Rent	71,084	20,463	71,084	20,463
Repairs & Maintenance	136,505	41,742	105,603	36,148
Total occupancy and rental expenses	1,978,652	507,234	1,865,400	485,864
Industrial & member services				
Affiliation fees & levies	437,395	128,016	430,948	112,268
Branch activities	1,380,776	97,853	848,484	19,402
Business expenses	51,960	7,717	51,344	7,717
Conferences - International	368,587	113,598	263,075	92,019
Conferences - National	1,191,622	493,204	433,628	467,023
Fares & travel	1,457,490	356,213	1,239,701	306,582
Funeral expenses	27,309	5,508	6,254	2,452
Legal expenses	1,886,499	580,273	1,885,082	578,911
Member training	12,738	6,693	7,787	6,003
Research & professional services	291	58	291	58
Union election	18,284	9,000	18,284	9,000
Union publications	124,162	(388)	126,349	-
ALP donations / campaign advertising	67,557	2,644	6,509	-
Total industrial & member services	7,029,978	1,800,389	5,321,441	1,601,435
IT & telecommunications expenses				
Computer consumables	11,952	1,328	11,458	1,328
Internet expenses	130,357	71,070	129,489	70,844
IT support & maintenance	342,963	85,774	342,419	85,774
Telephone	285,092	59,445	279,240	57,177
Video and teleconference	5,813	2,064	5,813	2,064
Total IT & telecommunications expenses	776,177	219,681	768,419	217,187
Total operating expenses	23,421,701	5,951,894	20,760,481	5,562,139
Operating (deficit)	(2,133,415)	(521,829)	(2,216,749)	(629,824)

**THE MARITIME UNION OF AUSTRALIA DIVISION
AND ITS SUBSIDIARY AND BRANCHES
CONSTRUCTION, FORESTRY, MARITIME, MINING AND ENERGY UNION
ABN 93 047 659 794**

**ITEMISED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019**

	Consolidated		Federal	
	1/7/2018 to 30/6/2019	27/3/2018 to 30/6/2018	1/7/2018 to 30/6/2019	27/3/2018 to 30/6/2018
	\$	\$	\$	\$
Non-operating income/(expenses)				
Net income from managed funds	89,695	14,295	89,695	14,295
Interest received on deposits	134,042	33,007	31	8
Interest received on loans	3,090	759	3,090	759
Foreign exchange gain/(loss)	75	(169)	75	(169)
(Loss) on sale of non-current assets	1,186	-	1,186	-
Gain on revaluation of investment property	(450,000)	950,000	(342,000)	722,000
Total non-operating income	<u>(221,912)</u>	<u>997,892</u>	<u>(247,923)</u>	<u>736,893</u>
Net surplus	(2,355,327)	476,063	(2,464,672)	107,069
Revaluation of land and buildings	3,665,824	-	3,558,574	-
Total comprehensive income	<u>1,310,497</u>	<u>476,063</u>	<u>1,093,902</u>	<u>107,069</u>

The itemised statement of comprehensive income does not form part of the audited financial statements and therefore it is not covered in the auditors' report.