



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 PERIOD FROM
27 MARCH 2018 TO 30 JUNE 2018

**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 period from 27 March 2018 to 30 June 2018 (the period).

Union Officials

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

Bray, I ^	Jones, M ^
Bull, A ^ *	Keane, G ^
Burford, A ^ *	Keating, P ^
Cain, C ^	Mayor, T ^
Cain, D	McAlear, P ^
Campbell, J ^	Miners, J ^
Carnegie, R ^	Myers, M ^ *
Cassar, J	Newlyn, J ^
Clothier, C ^ *	Outram, D ^ *
Crumlin, P ^	Patchett, R
Deakin, J	Paterson, J ^ *
Evans, A ^	Peterson, P (elected 3/7/18)
Gallagher, P	Smith, W ^
Garrett, P	Tracey, W ^
Hoy, J	Williams, G ^
Italia, J ^	^ <i>Divisional National Councillor</i> * <i>Honorary Electorate</i>

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 period amounted to \$476,063.

The number of members of the Union at the end of the period was 12,705.

The number of employees of the reporting unit at the end of the period was 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). At the time of issuing this report, there is no confirmation whether the MUA Division and its divisional branches will still report on a consolidated basis or will become separate reporting units. As such the financial report has been prepared for 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 period 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 period.

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 period 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 2nd day of October 2018



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 period from 27 March 2018 to 30 June 2018, 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 2nd of October 2018

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 PERIOD FROM 27 MARCH 2018 TO 30 JUNE 2018**

	Note	Consolidated 27/3/2018 to 30/6/2018 \$	Federal 27/3/2018 to 30/6/2018 \$
Operating activities			
Revenues	2	5,407,292	4,909,542
Capitation fees and other revenue from another reporting unit	2,18	22,773	22,773
Revenue from recovery of wages activity		-	-
Employee benefits expense	3	(2,701,482)	(2,631,401)
Finance cost		(103,468)	(103,468)
Depreciation and amortisation expenses	3	(255,176)	(237,219)
Capitation fees and other expense to another reporting unit	3,18	(151,420)	(151,420)
All other expenses	3	(2,740,348)	(2,438,631)
Net (deficit) from operating activities		(521,829)	(629,824)
Non-operating activities			
Other income	2 (a)	997,892	736,893
Net surplus from non-operating activities		997,892	736,893
Net surplus for the period		476,063	107,069
Other comprehensive income		-	-
Total comprehensive income for the period		476,063	107,069

The accompanying notes form part of the financial statements.

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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	Consolidated As at 30/6/2018 \$	Federal As at 30/6/2018 \$
CURRENT ASSETS			
Cash and cash equivalents	5	6,315,562	1,028,979
Inventories on hand	6	190,212	107,103
Trade and other receivables	7	1,226,748	1,123,392
Investments	8	7,795,368	6,601,794
TOTAL CURRENT ASSETS		<u>15,527,890</u>	<u>8,861,268</u>
NON-CURRENT ASSETS			
Trade and other receivables	7	85,672	100,672
Property, plant and equipment	9	37,521,122	36,690,500
Investment property	10	4,550,000	3,458,000
TOTAL NON-CURRENT ASSETS		<u>42,156,794</u>	<u>40,249,172</u>
TOTAL ASSETS		<u>57,684,684</u>	<u>49,110,440</u>
CURRENT LIABILITIES			
Trade and other payables	11	3,485,756	3,815,919
Employee Provisions	12	2,488,506	2,488,506
Borrowings	13	399,310	399,310
TOTAL CURRENT LIABILITIES		<u>6,373,572</u>	<u>6,703,735</u>
NON-CURRENT LIABILITIES			
Trade and other payables	11	872,195	872,195
Employee Provisions	12	650,904	650,904
Borrowings	13	6,403,280	6,403,280
TOTAL NON-CURRENT LIABILITIES		<u>7,926,379</u>	<u>7,926,379</u>
TOTAL LIABILITIES		<u>14,299,951</u>	<u>14,630,114</u>
NET ASSETS		<u>43,384,733</u>	<u>34,480,326</u>
MEMBERS' FUNDS			
Fighting fund reserve	14	18,739	18,739
Revaluation reserve		9,785,844	9,801,194
Other reserves	14	1,857,174	-
Retained surplus		31,722,976	24,660,393
TOTAL MEMBERS' FUNDS		<u>43,384,733</u>	<u>34,480,326</u>

The accompanying notes form part of the financial statements.

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**STATEMENT OF CHANGES IN MEMBERS' FUNDS
FOR THE PERIOD FROM 27 MARCH 2018 TO 30 JUNE 2018**

	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
FEDERAL					
At 27 March 2018	18,739	9,801,194	-	24,553,324	34,373,257
Net surplus for the period	-	-	-	435,680	435,680
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	435,680	435,680
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 30 June 2018	18,739	9,801,194	-	24,660,393	34,480,326

The accompanying notes form part of the financial statements.

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STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 27 MARCH 2018 TO 30 JUNE 2018

	Consolidated	Federal
	27/3/2018 to	27/3/2018 to
Note	30/6/2018	30/6/2018
	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from members	5,647,673	5,310,335
Payments to suppliers and employees	(5,332,531)	(5,080,417)
Cashflow to/from other reporting units (CFMMEU)	(128,647)	(128,647)
Fundraising receipts	7,664	-
Fundraising expenses	(5,472)	-
Interest Paid	(102,882)	(103,468)
Interest received	10,106	8
Commission received	40,922	16,040
Rent received	99,846	91,821
Other receipts	409,189	378,586
Donations paid	(28,235)	-
Donations received	89,611	4,920
Net cash provided by operating activities	15(b) 707,244	489,178
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	9 (144,193)	(144,193)
Net cash (used in) investing activities	(144,193)	(144,193)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings	(885)	(885)
Net repayment of official loan/member's loan	1,781	3,000
Net cash provided by financing activities	896	2,115
Net increase in cash and cash equivalents	563,947	347,100
Cash and cash equivalent at the beginning of the financial period	5,751,615	681,879
Cash and cash equivalent at the end of the financial period	15(a) 6,315,562	1,028,979

The accompanying notes form part of the financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 27 MARCH 2018 TO 30 JUNE 2018**

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").

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 period from 27 March 2018 to 30 June 2018 was authorised for issue in accordance with a resolution of the Divisional National Council on the 2nd October 2018.

Basis of Preparation

The financial statements are general purpose financial statements and have been prepared in accordance with 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.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS) as issued by the IASB. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

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.

(a) Basis of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by The Maritime Union of Australia Division at the end of the reporting period. A controlled entity is any entity over which The Maritime Union of Australia Division 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.

The MUA and its Branches have been relying on previous certificate under s245 of the RO Act by the General Manager enabling it to report as a single reporting unit.

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 27 MARCH 2018 TO 30 JUNE 2018**

1. Summary of Significant Accounting Policies (cont)

b) New, revised or amending Accounting Standards and Interpretations adopted

The Union has adopted all applicable new, revised and amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

- AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash Generating Specialised Assets of Not-for-Profit Entities, which amends AASB 136 Impairment of Assets to remove references to depreciated replacement cost as a measure of value in use for not-for-profit entities and clarify that not-for-profit entities holding non-cash-generating specialised assets at fair value in accordance with AASB 13 Fair Value Measurement [under the revaluation model in AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets] no longer need to consider AASB 136. Not-for-profit entities holding such assets at cost may determine recoverable amounts using current replacement cost in AASB 13 as a measure of fair value for the purposes of AASB 136. There was nil impact on the Union by the adoption of this amendment.

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

- AASB 2017-1 Amendments to Australian Accounting Standards - Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments, which amends AASB 140 and reflects the principle that an entity transfers property to, or from, investment property when, and only when, there is a change in the use of the property supported by evidence that a change in use has occurred. This may impact the investment properties held Union by the future adoption of this amendment.

- AASB 15 Revenue from Contracts with Customers - introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the entity expects to be entitled in exchange for those goods and services. Changes will arise in timing of revenue recognition, treatment of contracts costs and contracts which contain a financing element. It will also result in enhanced disclosures about revenue, provide guidance for transactions that were previously addressed comprehensively and improve guidance for multiple-element arrangements. There is minimal impact anticipated by the Union by the future adoption of this amendment.

- AASB 1058 Income of NFP Entities - supersedes all the income recognition requirements relating to private sector NFP entities, all the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contribution. The timing of income recognition depends on whether such a transaction gives rise to a liability or other performance obligation, or a contribution by owners, related to an asset received by the Union. AASB 1058 applies when a NFP entity receives volunteer services or enters into other transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. In the latter case, the entity recognises and measures the asset at fair value in accordance with the applicable Australian Accounting Standard.

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1. Summary of Significant Accounting Policies (cont)

b) New, revised or amending Accounting Standards and Interpretations adopted (cont)

Upon initial recognition of the asset, this Standard requires the entity to consider whether any other financial statement elements should be recognised in accordance with the applicable Accounting Standard, such as: (a) contribution by owners, (b) revenue, or a contract liability arising from a contract with a customer, (c) a lease liability, (d) a financial instrument, or (e) a provision. If the transaction is a transfer of a financial asset to enable an entity to acquire or construct a recognisable nonfinancial asset to be controlled by the entity, the entity recognises the liability for the excess of the fair value of the transfer over any related amounts recognised. The entity recognises income as it satisfies its obligations under the transfer similarly to income recognition in relation to performance obligations under AASB 15. If the transaction does not enable an entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income. There is minimal impact anticipated by the Union by the future adoption of this amendment.

- AASB 9 Financial Instruments, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2009), AASB 2012-6 Amendments to Australian Accounting Standards Mandatory Effective Date of AASB 9 and Transitional Disclosures, AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments, AASB 2014-1 Amendments to Australian Accounting Standards, AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 consist of significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value. The amortised cost model is available for debt assets meeting both business model and cash flow characteristics tests. All investments in equity instruments using AASB 9 are to be measured at fair value. It amends measurement rules for financial liabilities that the entity elects to measure at fair value through profit and loss. Changes in fair value attributable to changes in the entity's own credit risk are presented in other comprehensive income. AASB 9 includes a new approach to hedge accounting that is intended to more closely align hedge accounting with risk management activities undertaken by entities when hedging financial and non-financial risks. Some of the key changes from AASB 139 are as follows: (a) to allow hedge accounting of risk components of non-financial items that are identifiable and measurable, (b) changes in the accounting for the time value of options, the forward element of a forward contract and foreign-currency basis spreads designated as hedging instruments, and (c) modification of the requirements for effectiveness testing. Revised disclosures about an entity's hedge accounting have also been added to AASB 7 Financial Instruments - Disclosures. Impairment of assets is now based on expected losses in AASB 9 which requires entities to measure: (a) the 12 month expected credit losses, or (b) full lifetime expected credit losses. There is minimal impact anticipated by the Union by the future adoption of this amendment.

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

b) New, revised or amending Accounting Standards and Interpretations adopted (cont)

- AASB 16 Leases - will cause the majority of leases of an entity to be brought onto the statement of financial position. There are limited exceptions relating to short-term leases and low value assets which may remain off-balance sheet. The calculation of the lease liability will take into account appropriate discount rates, assumptions about lease term and increase in lease payments. A corresponding right to use asset will be recognised which will be amortised over the term of the lease. Rent expense will no longer be shown, the profit and loss impact of the leases will be through amortisation and interest charges. There is minimal impact anticipated by the Union by the future adoption of this amendment.

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.

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. Any advanced receipts of revenue are recorded as revenue in advance as a liability.

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.

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1. Summary of Significant Accounting Policies (cont)

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.

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.

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

h) Goods and Services Tax (GST) (cont)

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 Instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial Assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised upon trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the reporting unit manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other income and expenses' line item in the statement of comprehensive income.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity dates that the reporting unit has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

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1. Summary of Significant Accounting Policies (cont)

i) Financial Instruments (cont)

Loan and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest rate basis except for debt instruments other than those financial assets that are recognised at fair value through profit or loss.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Union's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

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1. Summary of Significant Accounting Policies (cont)

i) Financial Instruments (cont)

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of Financial Assets

The reporting unit derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Other financial liabilities - borrowings

Loans and borrowings, are initially measured at fair value of consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The reporting unit derecognises financial liabilities when, and only when, the reporting units obligations are discharged, cancelled or they expire. The difference between the carrying amounts of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

j) 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, freehold land and buildings are shown at their fair value, based on periodic, at least every 5 years valuations by external independent valuers, less subsequent depreciation and impairment for buildings.

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1. Summary of Significant Accounting Policies (cont)

j) Property, Plant and Equipment (cont)

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited to the revaluation surplus in equity, any revaluation decrements are initially taken to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter, the decrements are taken to profit and loss.

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	2.50%
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)

k) Investment Properties

Investment properties principally comprise of freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the Union. Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured annually at fair value. Movements in fair value are recognised directly to profit or loss.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

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.

Transfers to and from investment properties to property, plant and equipment are determined by a change in use of owner-occupation. The fair value on the date of change of use from investment properties to property, plant and equipment are used as deemed cost for the subsequent accounting. The existing carrying amount of property, plant and equipment is used for the subsequent accounting cost of investment properties on the date of change of use.

Investment properties also include properties under construction for future use as investment properties. These are carried at fair value, or at cost where fair value cannot be reliably determined and the construction is incomplete.

l) Impairment of Non-Current 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.

m) Non-Current Assets Held for Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs of disposal.

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1. Summary of Significant Accounting Policies (cont)

n) Fair Value Measurement

The Union measures financial instruments, such as, financial asset as at fair value through the profit and loss, available for sale financial assets, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 17.

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.

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 [reporting unit] 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 [reporting unit] 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.

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1. Summary of Significant Accounting Policies (cont)

o) Cash and Cash Equivalents

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, 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 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.

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

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

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.

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1. Summary of Significant Accounting Policies (cont)

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

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.

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

There are no comparative balances because the Maritime Union of Australia and its Subsidiary and Branches became a division of the Construction, Forestry, Maritime, Mining & Energy Union. Therefore the opening assets, liabilities and member's fund represent the closing balances as at 26 March 2018.

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 27/3/2018 to 30/6/2018 \$	Federal 27/3/2018 to 30/6/2018 \$
2. Revenue		
Operating activities		
Union contributions	4,251,827	4,253,750
Special purpose levies received	336,422	336,422
Special purpose levies paid	-	(336,422)
MJLFF levies received (refer to 2b)	266,877	266,877
Donations	89,611	4,920
Consulting fees	76,573	76,573
Rent received	154,014	145,989
Union sales	23,547	7,887
Commission Income	79,859	39,930
Sundry income	151,335	136,389
Grants	-	-
Capitation fees received	-	-
Total revenue	<u>5,430,065</u>	<u>4,932,315</u>
(a) Income & Expenses from Non-operating Activities		
(Loss) from financial assets at fair value through profit and loss	(113,745)	(113,745)
Dividend income on managed funds	128,040	128,040
Interest received on deposits	33,007	8
Interest received on loans	759	759
Foreign exchange (loss)	(169)	(169)
Gain on revaluation of investment property	950,000	722,000
Other income	<u>997,892</u>	<u>736,893</u>
(b) Maritime Jobs Legal Fighting Fund (MJLFF)		
<p>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.</p>		
3. Expenses		
Depreciation for non-current assets		
Buildings and investment property	116,226	104,260
Plant and equipment	138,950	132,959
Total depreciation	<u>255,176</u>	<u>237,219</u>

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	Consolidated 27/3/2018 to 30/6/2018 \$	Federal 27/3/2018 to 30/6/2018 \$
Employee benefits		
<i>Officials</i>		
Salaries and wages	950,625	950,625
Annual leave entitlement	88,889	88,889
Long service leave entitlement	20,690	20,690
Superannuation contributions	140,520	140,520
Separation and redundancies	-	-
Other employment costs	135,135	130,588
	<u>1,335,859</u>	<u>1,331,312</u>
<i>Other employees</i>		
Salaries and wages	950,475	950,475
Annual leave entitlement	14,360	14,360
Long service leave entitlement	40,802	40,802
Superannuation contributions	145,163	145,163
Staff and member training	13,290	13,334
Separation and redundancies	-	-
Other employment costs	201,533	135,955
	<u>1,365,623</u>	<u>1,300,089</u>
Total employee benefits	<u>2,701,482</u>	<u>2,631,401</u>
Other operating expenses		
Affiliation fees and levies		
ACTU Affiliation	18,136	18,136
Australian Labour Party	18,701	18,701
ITF Seafarers	39,641	39,641
Unions NSW - Trades & Labour Council	8,728	5,728
Unions QLD - Trades & Labour Council	13,572	13,572
Unions SA - Trades & Labour Council	2,655	2,655
Unions VIC - Trades & Labour Council	4,487	4,487
Unions WA - Trades & Labour Council	8,410	8,410
Other Affiliations	13,686	938
	<u>128,016</u>	<u>112,268</u>
Consideration to employers for		
payroll deductions	-	-
Capitation fees paid	-	-
Compulsory levies paid	-	-
Penalties - via RO Act or RO Regulations	-	-
Grants	-	-

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	Consolidated 27/3/2018 to 30/6/2018 \$	Federal 27/3/2018 to 30/6/2018 \$
Other operating expenses, continued		
Conferences and meeting expenses	786,212	727,454
Fees/allowances - conferences and meetings	117,860	80,040
Travelling	59,779	58,132
Other membership services	125,605	44,630
IT and Telecommunications Expense	219,681	217,187
Occupancy & rental expenses	287,542	278,136
Administration expenses	451,396	388,293
<i>Donations</i>		
- Total paid that were \$1,000 or less	16,073	-
- Total paid that exceeded \$1,000	14,333	-
	<u>30,406</u>	<u>-</u>
<i>Legal expenses</i>		
- Litigation	543,447	542,084
- Other legal expense	36,826	36,826
	<u>580,273</u>	<u>578,910</u>
4. Remuneration of auditors		
- Audit services	58,000	58,000
- Other services	-	-
	<u>58,000</u>	<u>58,000</u>
5. Cash and Cash Equivalents		
Cash at banks and on hand	2,941,014	1,028,979
Deposits at call	3,374,548	-
	<u>6,315,562</u>	<u>1,028,979</u>
	Consolidated As at 30/6/2018 \$	Federal As at 30/6/2018 \$
6. Inventories on Hand		
Union Merchandise	<u>190,212</u>	<u>107,103</u>
	<u>190,212</u>	<u>107,103</u>

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	Consolidated	Federal
	As at	As at
Note	30/6/2018	30/6/2018
	\$	\$
7. Trade and Other Receivables		
CURRENT		
Trade debtors	96,107	100,596
Accrued contributions	709,892	709,892
Loan to Officials	13,000	13,000
Loan to Members	15,429	-
Other receivables	139,173	42,480
Prepayments	287,470	286,747
Receivable from other reporting unit	-	-
Receivable from other related parties	-	-
Provision for doubtful debts	(34,323)	(29,323)
	<u>1,226,748</u>	<u>1,123,392</u>
NON-CURRENT		
Amount due from subsidiary	19 -	15,000
Loans to Officials	7(a) 85,672	85,672
	<u>85,672</u>	<u>100,672</u>
	<u>1,312,420</u>	<u>1,224,064</u>
(a) Loans to Officials		
Repayments paid during the period	3,000	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.

8. Investments

Managed funds at market value	6,562,047	6,562,047
Short term deposits	1,193,555	-
Shares - other entities	39,766	39,746
Shares in subsidiary	-	1
	<u>7,795,368</u>	<u>6,601,794</u>

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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 27 March 2018	36,500,040	1,277,037	2,314,947	1,279,091	1,702,851	43,073,966
Additions	7,567	86,838	11,870	-	37,918	144,193
Balance at 30 June 2018	36,507,607	1,363,875	2,326,817	1,279,091	1,740,769	43,218,159

Accumulated Depreciation:

Balance at 27 March 2018	(735,562)	(778,702)	(2,000,001)	(1,092,230)	(835,365)	(5,441,861)
Depreciation	(116,223)	(17,863)	(46,838)	(24,925)	(49,327)	(255,176)
Balance at 30 June 2018	(851,785)	(796,565)	(2,046,839)	(1,117,155)	(884,692)	(5,697,037)

Carrying Value

As at 27 March 2018	35,764,478	498,335	314,946	186,861	867,486	37,632,105
As at 30 June 2018	35,655,822	567,310	279,978	161,936	856,077	37,521,122

Land and buildings are stated at fair value, which has been determined based on valuations as at 30 June 2016 performed by Gentle & Co Pty Ltd, an accredited independent valuer. The fair value of the properties have been determined by using market comparable method. 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 27 March 2018	35,636,105	1,207,369	2,314,947	1,252,691	1,602,365	42,013,477
Additions	7,567	86,838	11,870	-	37,918	144,193
Balance at 30 June 2018	35,643,672	1,294,207	2,326,817	1,252,691	1,640,283	42,157,670

Accumulated Depreciation:

Balance at 27 March 2018	(655,428)	(735,822)	(2,000,001)	(1,069,490)	(769,210)	(5,229,951)
Depreciation	(104,260)	(15,336)	(46,838)	(24,621)	(46,164)	(237,219)
Balance at 30 June 2018	(759,688)	(751,158)	(2,046,839)	(1,094,111)	(815,374)	(5,467,170)

Carrying Value

As at 27 March 2018	34,980,677	471,547	314,946	183,201	833,155	36,783,526
As at 30 June 2018	34,883,984	543,049	279,978	158,580	824,909	36,690,500

Land and buildings are stated at fair value, which has been determined based on valuations as at 30 June 2016 performed by Gentle & Co Pty Ltd, an accredited independent valuer. The fair value of the properties have been determined by using market comparable method. 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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	Consolidated As at 30/6/2018 \$	Federal As at 30/6/2018 \$
10. Investment Property at Fair Value		
Opening Balance as at 27 March 2018	3,600,000	2,736,000
Net gain from fair value adjustment	950,000	722,000
Closing Balance as at 30 June 2018	<u>4,550,000</u>	<u>3,458,000</u>

The investment property was revalued by Property Valuation & Advisory (WA) at 30 June 2018. A revaluation gain of \$950,000 has been recognised in profit and loss.

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 \$62,500.

Direct expenses incurred in relation to the investment properties that generated rental income during the year was \$375. During the period 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	1,452,249	1,504,637
Other Creditors	-	293,423
Legal costs - Other Matters	-	-
Legal costs - Litigations	235,000	235,000
Accruals and other provisions	808,206	792,558
Deferred contributions	618,838	618,838
Revenue in advance	208,828	208,828
Consideration to employers for payroll deduction	-	-
Payable to other related parties	162,635	162,635
Payable to other reporting unit	-	-
	<u>3,485,756</u>	<u>3,815,919</u>

NON-CURRENT

Revenue in advance	872,195	872,195
	<u>872,195</u>	<u>872,195</u>
	<u>4,357,951</u>	<u>4,688,114</u>

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12. Employee Provisions		
CURRENT		
Annual leave		
Officials	798,055	798,055
Employees	633,507	633,507
Long service leave		
Officials	621,943	621,943
Employees	435,001	435,001
Separation and redundancies	-	-
Others	-	-
	2,488,506	2,488,506
NON-CURRENT		
Officials		
Long service leave	225,181	225,181
Separation and redundancies	-	-
Others	-	-
Employees		
Long service leave	425,723	425,723
Separation and redundancies	-	-
Others	-	-
	650,904	650,904
Aggregate employee benefit liability	3,139,410	3,139,410
13. Borrowings		
Current	399,310	399,310
Noncurrent	6,403,280	6,403,280
	6,802,590	6,802,590

These loans are secured by a mortgage over one of the Union's land and building with carrying value of \$13,000,000.

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

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14. Fighting Fund Reserve (cont)		
Other Reserves		
Appeal and Welfare Fund	1,050,536	-
Point Peron Fund	98,613	-
State Conference Reserve	53,070	-
Sustenance Fund	491,589	-
Special Purpose Fund	6,683	-
Sick and Accident Fund	104,510	-
Divers Fighting Fund	52,173	-
	<u>1,857,174</u>	<u>-</u>

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 27/3/2018 to 30/6/2018 \$	Federal 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	2,941,014	1,028,979
Deposits at call	3,374,548	-
	<u>6,315,562</u>	<u>1,028,979</u>

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(b) Reconciliation of Cash Flow from Operations with Net Surplus for the Period		
Net surplus for the period	476,063	107,069
Adjustments for:		
Depreciation	255,174	237,219
Amortisation of deferred rent	(132,207)	(132,207)
Bad debts	(31,528)	(31,528)
Foreign exchange gain	169	169
Gain from financial assets at fair value through profit and loss	113,746	113,746
Dividend income on managed funds	(128,041)	(128,041)
Revaluation of Investment Property	(950,000)	(722,000)
Changes in assets and liabilities :		
Decrease in trade and other receivables	239,630	206,884
(Increase) in inventory	(8,800)	(22,897)
(Increase) in prepayments	(112,385)	(111,662)
Increase in trade and other payables	822,478	811,673
Increase in provisions	160,753	160,753
Increase in other liabilities	2,192	-
Cash flows from operations	<u>707,244</u>	<u>489,178</u>

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 available-for-sale investments. 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.

Period ended 30 June 2018	Profit	Equity
	\$	\$
+/- 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 - 2018	%	\$	\$	\$	\$	\$
Financial Liabilities						
<i>Non interest bearing</i>						
Trade 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
		5,545,906	565,662	6,488,522	-	12,600,090
Federal - 2018						
Financial Liabilities						
<i>Non interest bearing</i>						
Trade 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
		5,876,069	565,662	6,488,522	-	12,930,253

17. Financial Instruments

Fair Value of financial Instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

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.

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17. Financial Instruments (cont)

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Consolidated - 2018				
<i>Assets</i>				
Investments (managed funds)	7,795,368	-	-	7,795,368
Investment properties	-	-	4,550,000	4,550,000
Land and buildings	-	-	35,655,822	35,655,822
Total assets	7,795,368	-	40,205,822	48,001,190
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 period.

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.

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.

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 were last revalued on 30 June 2016 and investment properties were last revalued on 30 June 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.

Consolidated	Federal
27/3/2018 to	27/3/2018 to
30/6/2018	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	-	336,422
Consulting fees received	76,573	76,573
Rental received	127,061	127,061
Sundry income received from CFMMEU	22,773	22,773

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18. Related Party Disclosures (cont)		
Expenses paid to related parties:		
Conferences paid to CFMMEU	151,420	151,420
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) 98,672	98,672
Loan repayments from Union Officials have been received during the financial period.		
Total repayments received	3,000	3,000

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 2018 is \$131,385.

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 \$157,259.

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	Consolidated 27/3/2018 to 30/6/2018 \$	Federal 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)	346,993	346,993
Annual leave accrued	357,895	357,895
Performance bonus	-	-
Total short-term employee benefits	<u>704,888</u>	<u>704,888</u>
Post-employment benefits:		
Superannuation	47,655	47,655
Total post-employment benefits	<u>47,655</u>	<u>47,655</u>
Other long-term benefits:		
Long-service leave	77,546	77,546
Non-cash benefits	39,192	39,192
Total other long-term benefits	<u>116,738</u>	<u>116,738</u>
Termination benefits	-	-
Total	<u>869,281</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.

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

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21. Controlled Entities (cont)

The Union also controls the following not for profit entities, these entities have not been consolidated as each entity prepares and lodges audited financial statements that are available to the general public.

- Maritime Employee Training Limited (METL)
- Australian Maritime Training Foundation Limited
- Hunter Workers Rehabilitation and Counselling Centre Limited

22. Segment Reporting

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

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 CFMMEU and will report as such to the Registered Organisation Commission (ROC). At the time of issuing this report, there is no confirmation whether the MUA and its branches will still report on a consolidated basis or will become separate reporting units.

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.
- (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 period.
- (3) The Union did not acquire any assets nor liability during the financial period as a result of amalgamation, restructuring of branches, business combination or determination and revocation by the General Manager.

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 26 March 2018, there are a number of ongoing legal actions against the or taken by the Union, two of which relates to claims by Chevron Australia Pty Ltd and Victoria International Container Terminal (VICT). Chevron and VICT claims that the MUA breached multiple 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 this claim.

In relation to other ongoing cases, the reasonable estimate of the amounts that the Union may or may not be liable to pay is \$300,000.

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26. Contingent Liabilities, Assets and Commitments (cont)

Commitments

During the financial period 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 27/3/2018 to 30/6/2018 \$	Federal 27/3/2018 to 30/6/2018 \$
Operating lease commitments—as lessee		
Future minimum rentals payable under non-cancellable operating leases as at 30 June 2018 are as follows:		
Within one year	510,112	510,112
After one year but not more than five years	1,703,010	1,703,010
More than five years	458,333	458,333
	<u>2,671,455</u>	<u>2,671,455</u>
Operating lease commitments—as lessor		
Future minimum rentals receivable under non-cancellable operating leases as at 30 June 2018 are as follows:		
Within one year	126,004	126,004
After one year but not more than five years	164,120	164,120
More than five years	-	-
	<u>290,124</u>	<u>290,124</u>

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**DIVISIONAL NATIONAL COUNCIL'S STATEMENT
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On 2 October 2018, the Divisional National Council of The Maritime Union of Australia Division passed the following resolution to the general purpose financial report (GPFR) for the period ended 30 June 2018:

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 period 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 period to which the GPFR relates and since the end of that period:
 - (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 2nd day of October 2018



P. Crumlin
Divisional National Secretary



W. Tracey
Divisional Deputy National Secretary

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

**REPORT REQUIRED UNDER SUBSECTION 255(2A)
FOR THE PERIOD FROM 27 MARCH 2018 TO 30 JUNE 2018**

The Divisional National Council presents the expenditure report as required under subsection 255(2A) on the Union for the period from 27 March 2018 to 30 June 2018.

	Consolidated As at 30/6/2018 \$	Federal As at 30/6/2018 \$
Categories of expenditures		
Remuneration and other employment related costs and expenses	2,784,926	2,714,845
Advertising	5,044	5,000
Operating Costs	2,406,509	2,114,608
Donations to Political Parties	8,456	-
Legal Costs	580,273	578,911
	<u>5,785,208</u>	<u>5,413,364</u>

Signed at Sydney this 2nd day of October 2018

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 2018, the statement of comprehensive income, statement of changes in members' funds and statement of cash flows for the period from 27 March 2018 to 30 June 2018, 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 financial report presents fairly, in all material respects, the financial position of the Union as at 30 June 2018, and its financial performance and its cash flows for the period from 27 March 2018 to 30 June 2018 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 National Council 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

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.

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

Dated at Sydney on the 1st of November 2018

ESV Accounting and Business Advisors

Tim Valtwies

Partner

Registration number: AA2017/92

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CONSTRUCTION, FORESTRY, MARITIME, MINING AND ENERGY UNION
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**ITEMISED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 27 MARCH 2018 TO 30 JUNE 2018**

	Consolidated 27/3/2018 to 30/6/2018 \$	Federal 27/3/2018 to 30/6/2018 \$
Operating income		
Union contributions	4,855,126	4,520,627
Donations	89,611	4,920
Consulting fees	76,573	76,573
Rent received	154,014	145,989
Union sales	23,547	7,887
Commission income	79,859	39,930
Sundry income	151,335	136,389
Total operating income	<u>5,430,065</u>	<u>4,932,315</u>
Compensation and benefit		
Direct salaries - Officials	950,625	950,625
Direct salaries - Staff	950,475	950,475
Fringe benefits tax	9,076	9,076
Motor vehicle expenses	90,950	81,858
Payroll tax	138,298	138,298
Staff & Official training	13,290	13,334
Superannuation	285,683	285,683
Employee entitlement expense	164,741	164,741
Temporary staff	66,420	5,387
Workers compensation insurance	31,924	31,924
Total compensation and benefit	<u>2,701,482</u>	<u>2,631,401</u>
General expenses		
Audit & accountancy	70,000	70,000
Bank & government charges	18,391	17,998
Consultants	151,212	151,212
Depreciation	138,950	132,959
Donations	27,762	-
Insurance - general	9,980	9,980
Merchandise	76,361	32,497
National Council expenses	44,357	44,357
Office expenses	66,446	58,503
Media activities	33,693	32,560
Postage and freight	11,444	11,094
Printing and stationery	39,862	31,514
Provision for bad debts expense	(31,528)	(31,528)
Repairs and maintenance	22,477	22,182
Subscriptions, newspapers & periodicals	25,526	24,664
Sundry expenses	18,175	18,260
Total general expenses	<u>723,108</u>	<u>626,252</u>

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FOR THE PERIOD FROM 27 MARCH 2018 TO 30 JUNE 2018**

	Consolidated 27/3/2018 to 30/6/2018 \$	Federal 27/3/2018 to 30/6/2018 \$
Occupancy & rental expenses		
Cleaning	53,623	52,353
Building depreciation	116,224	104,260
Security	3,591	3,591
Electricity	77,123	75,222
Interest Expense	103,468	103,468
Property insurance	11,729	11,729
Property rates	79,271	78,630
Rent	20,463	20,463
Repairs & Maintenance	41,742	36,148
Total occupancy and rental expenses	<u>507,234</u>	<u>485,864</u>
Industrial & member services		
Affiliation fees & levies	128,016	112,268
Branch activities	97,853	19,402
Business expenses	7,717	7,717
Conferences - International	113,598	92,019
Conferences - National	493,204	467,023
Fares & travel	356,213	306,582
Funeral expenses	5,508	2,452
Legal expenses	580,273	578,911
Member training	6,693	6,003
Research & professional services	58	58
Union election	9,000	9,000
Union publications	(388)	-
ALP donations / campaign advertising	2,644	-
Total industrial & member services	<u>1,800,389</u>	<u>1,601,435</u>
IT & telecommunications expenses		
Computer consumables	1,328	1,328
Internet expenses	71,070	70,844
IT support & maintenance	85,774	85,774
Telephone	59,445	57,177
Video and teleconference	2,064	2,064
Total IT & telecommunications expenses	<u>219,681</u>	<u>217,187</u>
Total operating expenses	<u>5,951,894</u>	<u>5,562,139</u>
Operating (deficit)	<u>(521,829)</u>	<u>(629,824)</u>

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**ITEMISED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 27 MARCH 2018 TO 30 JUNE 2018**

	Consolidated 27/3/2018 to 30/6/2018 \$	Federal 27/3/2018 to 30/6/2018 \$
Non-operating income/(expenses)		
Net income from managed funds	14,295	14,295
Interest received on deposits	33,007	8
Interest received on loans	759	759
Foreign exchange gain/(loss)	(169)	(169)
Gain on revaluation of investment property	950,000	722,000
Total non-operating income	997,892	736,893
Net surplus	476,063	107,069
Revaluation of land and buildings	-	-
Total comprehensive income	476,063	107,069

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.