



THE MARITIME UNION OF AUSTRALIA

AND ITS SUBSIDIARY AND BRANCHES

ABN 93 047 659 794

FINANCIAL REPORT

FOR THE PERIOD FROM
1 JULY 2017 TO 26 MARCH 2018

**THE MARITIME UNION OF AUSTRALIA
AND ITS SUBSIDIARY AND BRANCHES**
ABN 93 047 659 794

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OPERATING REPORT

Your National Council present their consolidated report on the Maritime Union of Australia ("Union"), consisting of the National Branch of the Union ("Federal"), the State Branches of the Union and the subsidiary company of the Union (MUA HTS Pty Limited) for the financial period from 1 July 2017 to 26 March 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	McAleer, 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 ^	Smith, W ^
Gallagher, P	Tracey, W ^
Garrett, P	Williams, G ^
Hoy, J	^ <i>National Councillor</i>
Italia, J ^	* <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 National Council meeting with no apologies.

Review of Operations

The consolidated total comprehensive surplus/(loss) of the Union for the period amounted to \$768,211 (2017: \$2,028,729 loss).

The number of members of the Union at the end of the period was 12,592 (2017: 12,587).

The number of employees of the reporting unit at the end of the period was 75 (2017: 92).

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

No significant changes in the Union's state of affairs occurred during the period.

Principal Activities

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

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OPERATING REPORT

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

On the 27th of March 2018, the Maritime Union of Australia (MUA) amalgamated with the Construction Forest 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 and its 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 1 July 2017 to 26 March 2018.

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 National Council:

Dated this 2nd day of October 2018



P. Crumlin
National Secretary



W. Tracey
Deputy National Secretary



AUDITOR'S INDEPENDENCE DECLARATION TO THE NATIONAL COUNCIL OF THE MARITIME UNION OF AUSTRALIA AND ITS SUBSIDIARY

I declare that, to the best of my knowledge and belief, during the period from 1 July 2017 to 26 March 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

**THE MARITIME UNION OF AUSTRALIA
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**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 1 JULY 2017 TO 26 MARCH 2018**

	Note	Consolidated		Federal	
		1/7/2017 to 26/3/2018 \$	1/7/2016 to 30/6/2017 \$	1/7/2017 to 26/3/2018 \$	1/7/2016 to 30/6/2017 \$
Operating activities					
Revenues	2	15,120,649	19,385,926	13,672,505	17,603,138
Capitation fees and other revenue from another reporting unit		-	-	-	-
Revenue from recovery of wages activity		-	-	-	-
Employee benefits expense	3	(7,471,733)	(11,308,672)	(7,311,231)	(11,259,835)
Finance Cost		(289,946)	(398,479)	(289,946)	(398,479)
Depreciation and amortisation expenses	3	(723,768)	(883,280)	(673,219)	(817,400)
Capitation fees and other expense to another reporting unit		-	-	-	-
All other expenses	3	(6,502,501)	(9,852,321)	(5,429,406)	(8,204,154)
Net surplus/(deficits) from operating activities		132,701	(3,056,826)	(31,297)	(3,076,730)
Non-operating activities					
Other income/(expenses)	2 (a)	635,510	1,028,097	466,977	979,861
Net surplus from non-operating activities		635,510	1,028,097	466,977	979,861
Net surplus/(deficit) for the year		768,211	(2,028,729)	435,680	(2,096,869)
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		768,211	(2,028,729)	435,680	(2,096,869)

The accompanying notes form part of the financial statements.

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STATEMENT OF FINANCIAL POSITION
AS AT 26 MARCH 2018

	Note	Consolidated		Federal	
		As at 26/3/2018 \$	As at 30/6/2017 \$	As at 26/3/2018 \$	As at 30/6/2017 \$
CURRENT ASSETS					
Cash and cash equivalents	5	5,751,615	5,364,169	681,879	651,026
Inventories on hand	6	181,399	180,612	84,196	74,202
Trade and other receivables	7	1,248,354	1,457,910	1,155,558	1,422,111
Investments	8	7,749,863	7,252,934	6,587,498	6,090,569
TOTAL CURRENT ASSETS		14,931,231	14,255,625	8,509,131	8,237,908
NON-CURRENT ASSETS					
Trade and other receivables	7	87,913	95,261	102,913	110,261
Property, plant and equipment	9	37,632,105	37,847,324	36,783,526	36,948,197
Investment property	10	3,600,000	3,600,000	2,736,000	2,736,000
TOTAL NON-CURRENT ASSETS		41,320,018	41,542,585	39,622,439	39,794,458
TOTAL ASSETS		56,251,249	55,798,210	48,131,570	48,032,366
CURRENT LIABILITIES					
Trade and other payables	11	2,539,544	2,515,244	2,955,278	2,952,282
Employee Provisions	12	2,516,070	2,584,705	2,516,070	2,584,705
Borrowings	13	400,195	394,506	400,195	394,506
TOTAL CURRENT LIABILITIES		5,455,809	5,494,455	5,871,543	5,931,493
NON-CURRENT LIABILITIES					
Trade and other payables	11	924,402	1,041,023	924,402	1,041,023
Employee Provisions	12	559,088	714,949	559,088	714,949
Borrowings	13	6,403,280	6,407,324	6,403,280	6,407,324
TOTAL NON-CURRENT LIABILITIES		7,886,770	8,163,296	7,886,770	8,163,296
TOTAL LIABILITIES		13,342,579	13,657,751	13,758,313	14,094,789
NET ASSETS		42,908,670	42,140,459	34,373,257	33,937,577
MEMBERS' FUNDS					
Fighting fund reserve	14	18,739	18,739	18,739	18,739
Revaluation reserve		9,785,844	9,785,844	9,801,194	9,801,194
Other reserves	14	1,805,509	1,681,732	-	-
Retained surplus		31,298,578	30,654,144	24,553,324	24,117,644
TOTAL MEMBERS' FUNDS		42,908,670	42,140,459	34,373,257	33,937,577

The accompanying notes form part of the financial statements.

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STATEMENT OF CHANGES IN MEMBERS' FUNDS
FOR THE PERIOD FROM 1 JULY 2017 TO 26 MARCH 2018

	Fighting Fund Reserve	Revaluation Reserve	General Reserves	Retained Surplus	Total Funds
	\$	\$	\$	\$	\$
CONSOLIDATED					
At 1 July 2016	18,739	10,347,879	1,641,411	32,161,158	44,169,187
Net (deficit) for the year	-	-	29,616	(2,058,344)	(2,028,728)
Other comprehensive income	-	-	-	-	-
Total comprehensive income/(loss)	-	-	29,616	(2,058,344)	(2,028,728)
Transfer to/(from) reserves	-	(562,035)	10,705	551,330	-
At 30 June 2017	18,739	9,785,844	1,681,732	30,654,144	42,140,459
Net surplus for the period	-	-	104,328	663,883	768,211
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	104,328	663,883	768,211
Transfer to/(from) reserves	-	-	19,449	(19,449)	-
At 26 March 2018	18,739	9,785,844	1,805,509	31,298,578	42,908,670
FEDERAL					
At 1 July 2016	18,739	10,363,229	-	25,652,478	36,034,446
Net (deficit) for the year	-	-	-	(2,096,869)	(2,096,869)
Other comprehensive income	-	-	-	-	-
Total comprehensive income/(loss)	-	-	-	(2,096,869)	(2,096,869)
Transfer to/(from) reserves	-	(562,035)	-	562,035	-
At 30 June 2017	18,739	9,801,194	-	24,117,644	33,937,577
Net surplus for the period	-	-	-	435,680	435,680
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	435,680	435,680
At 26 March 2018	18,739	9,801,194	-	24,553,324	34,373,257

The accompanying notes form part of the financial statements.

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STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 1 JULY 2017 TO 26 MARCH 2018

	Note	Consolidated		Federal	
		1/7/2017 to 26/3/2018 \$	1/7/2016 to 30/6/2017 \$	1/7/2017 to 26/3/2018 \$	1/7/2016 to 30/6/2017 \$
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from members		15,510,562	18,352,502	14,652,096	18,332,528
Payments to suppliers and employees		(15,756,413)	(22,662,157)	(14,991,485)	(23,058,875)
Cashflow to/from other reporting units		-	-	-	-
Fundraising receipts		44,456	-	-	-
Interest Paid		(289,946)	(398,479)	(289,946)	(398,479)
Interest received		92,658	58,968	68	10,056
Commission received		145,898	253,519	77,118	24,484
Rent received		440,724	1,437,122	415,161	1,408,089
Other receipts		546,580	1,089,885	446,003	774,598
Donations paid		(332,418)	(638,235)	(54,499)	(369,215)
Donations received		233,336	383,649	28,071	88,347
Net cash provided by/(used in) operating activities	15(b)	635,437	(2,123,226)	282,587	(3,188,467)
CASH FLOW FROM INVESTING ACTIVITIES					
Increase in term deposits		-	(418,231)	-	-
Proceeds from disposal of managed investments		-	687,741	-	500,000
Proceeds from sale of property, plant and equipment		21,888	2,671,244	21,888	2,665,791
Purchase of property, plant and equipment	9	(285,266)	(368,626)	(285,266)	(321,379)
Net cash (used in)/provided by investing activities		(263,378)	2,572,128	(263,378)	2,844,412
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from borrowings		1,644	32,985	1,644	32,985
Net repayment of official loan/member's loan		13,743	12,066	10,000	13,000
Net cash provided by financing activities		15,387	45,051	11,644	45,985
Net increase/(decrease) in cash and cash equivalents		387,446	493,953	30,853	(298,070)
Cash and cash equivalent at the beginning of the financial year		5,364,169	4,870,216	651,026	949,096
Cash and cash equivalent at the end of the financial year	15(a)	5,751,615	5,364,169	681,879	651,026

The accompanying notes form part of the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JULY 2017 TO 26 MARCH 2018

1. Summary of Significant Accounting Policies

The financial statements cover the National Office of the Maritime Union of Australia ("Federal"), the State Branches of the Maritime Union of Australia and its subsidiary company MUA HTS Pty Ltd ("Consolidated").

The Maritime Union of Australia 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 1 July 2017 to 26 March 2018 was authorised for issue in accordance with a resolution of the 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 at the end of the reporting period. A controlled entity is any entity over which The Maritime Union of Australia 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 issued with a 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
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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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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

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

Where the Union has retrospectively applied an accounting policy, made a retrospective restatement or reclassified items in its financial statements, an additional Statement of Financial Position as at the beginning of the earliest comparative period will be disclosed.

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 is not reliant on the agreed financial support of another reporting unit to continue on a going concern basis.

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	Consolidated		Federal	
	1/7/2017 to 26/3/2018	1/7/2016 to 30/6/2017	1/7/2017 to 26/3/2018	1/7/2016 to 30/6/2017
	\$	\$	\$	\$
2. Revenue				
Operating activities				
Union contributions	11,547,362	14,249,505	11,559,813	14,257,051
Special purpose levies received	1,029,295	1,121,677	1,029,295	1,121,677
Special purpose levies paid	-	-	(1,029,295)	(1,121,677)
MJLFF levies received (refer to 2b)	790,470	1,027,814	790,470	1,027,814
Donations	233,337	383,649	28,071	88,347
Consulting fees	231,577	400,181	231,577	400,181
Rent received	598,375	762,072	572,357	732,517
Union sales	38,869	88,129	13,876	56,891
Expenses recouped	-	857,773	-	857,773
Commission Income	166,754	53,519	83,377	24,484
Sundry income	484,610	441,607	392,964	158,080
Grants	-	-	-	-
Total revenue	15,120,649	19,385,926	13,672,505	17,603,138
(a) Income & Expenses from Non-operating Activities				
Gain from financial assets at fair value through profit and loss	114,396	787,578	114,396	786,194
Dividend income on managed funds	384,119	408,432	384,119	408,432
Interest received on deposits	168,601	58,968	68	10,056
Interest received on loans	2,652	3,721	2,652	3,721
Foreign exchange gain	432	8,928	432	8,928
(Loss) on sale of non-current assets	(34,690)	(239,530)	(34,690)	(237,470)
Other income	635,510	1,028,097	466,977	979,861
(b) Maritime Jobs Legal Fighting Fund (MJLFF)				
The purpose of the MJLFF is to raise funds and assist in contesting strategic litigation when required in the event that a judgment from the Court or law from the Parliament is contrary to the labour, human and civil rights and interests of the MUA, its officers and its members. The fund has been fully utilised and the balance as at period end is NIL (2017: NIL).				
3. Expenses				
Depreciation for non-current assets				
Buildings and investment property	319,784	307,766	286,104	263,657
Plant and equipment	403,984	575,514	387,115	553,743
Total depreciation	723,768	883,280	673,219	817,400

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	Consolidated		Federal	
	1/7/2017 to 26/3/2018	1/7/2016 to 30/6/2017	1/7/2017 to 26/3/2018	1/7/2016 to 30/6/2017
	\$	\$	\$	\$
Employee benefits				
<i>Officials</i>				
Salaries and wages	2,722,279	3,704,560	2,722,279	3,704,560
Annual leave entitlement	89,898	(17,977)	89,898	(17,977)
Long service leave entitlement	88,461	173,253	88,461	173,253
Superannuation contributions	393,197	573,916	393,197	573,916
Separation and redundancies	-	-	-	-
Other employment costs	412,699	497,160	404,936	490,067
	<u>3,706,534</u>	<u>4,930,912</u>	<u>3,698,771</u>	<u>4,923,819</u>
<i>Other employees</i>				
Salaries and wages	2,555,959	4,397,575	2,555,959	4,397,575
Annual leave entitlement	48,207	235,807	48,207	235,807
Long service leave entitlement	101,197	153,230	101,197	153,230
Superannuation contributions	397,676	604,606	397,676	604,606
Staff and member training	18,275	64,072	18,180	61,414
Separation and redundancies	93,646	280,626	93,646	280,626
Other employment costs	550,239	641,844	397,595	602,758
	<u>3,765,199</u>	<u>6,377,760</u>	<u>3,612,460</u>	<u>6,336,016</u>
Total employee benefits	<u>7,471,733</u>	<u>11,308,672</u>	<u>7,311,231</u>	<u>11,259,835</u>
Other operating expenses				
Affiliation fees and levies				
ACTU Affiliation	53,427	80,619	53,427	80,619
Australian Labour Party	45,649	95,316	45,649	95,316
ITF Seafarers	-	38,641	-	38,641
Unions NSW - Trades & Labour Council	14,196	17,574	14,196	17,574
Unions NT - Trades & Labour Council	2,343	2,516	2,343	2,516
Unions QLD - Trades & Labour Council	13,943	-	12,898	-
Unions SA - Trades & Labour Council	8,009	10,534	7,809	10,534
Unions TAS - Trades & Labour Council	3,966	4,165	3,966	4,165
Unions VIC - Trades & Labour Council	13,192	20,229	13,192	20,229
Unions WA - Trades & Labour Council	22,640	31,791	21,243	30,043
Other Affiliations	7,146	43,958	1,783	19,531
	<u>184,511</u>	<u>345,343</u>	<u>176,506</u>	<u>319,168</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		Federal	
	1/7/2017 to 26/3/2018	1/7/2016 to 30/6/2017	1/7/2017 to 26/3/2018	1/7/2016 to 30/6/2017
	\$	\$	\$	\$
Other operating expenses, continued				
Conferences and meeting expenses	1,219,956	1,228,928	990,901	740,102
Fees/allowances - conferences and meetings	166,673	275,590	135,833	217,310
Travelling	34,948	957,187	33,873	860,995
Other membership services	655,763	941,179	339,255	583,359
IT and Telecommunications Expense	668,320	922,969	660,543	901,165
Occupancy & rental expenses	848,239	1,299,687	787,626	1,241,976
Administration expenses	1,404,329	1,632,709	1,270,042	1,396,546
<i>Donations</i>				
- Total paid that were \$1,000 or less	54,187	73,750	4,098	10,301
- Total paid that exceeded \$1,000	281,241	574,635	50,554	358,914
	335,428	648,385	54,652	369,215
<i>Legal expenses</i>				
- Litigation	848,913	1,448,425	844,754	1,427,450
- Other legal expense	29,532	27,144	29,532	27,094
	878,445	1,475,569	874,286	1,454,544
4. Remuneration of auditors				
- Audit services	105,000	115,000	105,000	115,000
- Other services	890	4,774	890	4,774
	105,890	119,774	105,890	119,774
5. Cash and Cash Equivalents				
Cash at banks and on hand	2,484,760	2,122,904	681,879	651,026
Deposits at call	3,266,855	3,241,265	-	-
	5,751,615	5,364,169	681,879	651,026
	Consolidated		Federal	
	As at 26/3/2018	As at 30/6/2017	As at 26/3/2018	As at 30/6/2017
	\$	\$	\$	\$
6. Inventories on Hand				
Union Merchandise	181,399	180,612	84,196	74,202
	181,399	180,612	84,196	74,202

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	Note	Consolidated		Federal	
		As at 26/3/2018 \$	As at 30/6/2017 \$	As at 26/3/2018 \$	As at 30/6/2017 \$
7. Trade and Other Receivables					
CURRENT					
Trade debtors		264,718	398,109	267,576	414,931
Accrued contributions		746,151	758,099	746,151	758,099
Loan to Officials		13,000	13,000	13,000	13,000
Loan to Members		14,207	17,951	-	-
Other receivables		101,044	44,638	14,597	12,517
Prepayments		175,085	287,901	175,085	280,352
Receivable from other reporting unit		-	-	-	-
Receivable from other related parties		-	-	-	-
Provision for doubtful debts		(65,851)	(61,788)	(60,851)	(56,788)
		1,248,354	1,457,910	1,155,558	1,422,111
NON-CURRENT					
Amount due from subsidiary	19	-	-	15,000	15,000
Loans to Officials	7(a)	87,913	95,261	87,913	95,261
		87,913	95,261	102,913	110,261
		1,336,267	1,553,171	1,258,471	1,532,372
(a) Loans to Officials					
Repayments paid during the year		10,000	13,000	10,000	13,000

The name of the 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 year was \$3,411 (2017: \$3,721).

8. Investments

Managed funds at market value		6,552,090	6,058,939	6,552,090	6,058,939
Short term deposits		1,162,346	1,162,346	-	-
Shares - other entities		35,427	31,649	35,407	31,629
Shares in subsidiary		-	-	1	1
		7,749,863	7,252,934	6,587,498	6,090,569

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9. Property, Plant and Equipment

(a) Consolidated

Cost:

	Land & Buildings	Plant & Equipment	Office Equipment	Office Furniture	Motor Vehicles	Total
Balance at 1 July 2017	36,235,025	1,238,735	2,263,311	1,266,985	1,714,971	42,719,027
Additions	265,015	38,302	51,636	13,706	196,468	565,127
Disposals	-	-	-	(1,600)	(208,588)	(210,188)
Revaluation	-	-	-	-	-	-
Reversal of Depreciation	-	-	-	-	-	-
Reclassification from Assets Held for Sale	-	-	-	-	-	-
Balance at 26 March 2018	36,500,040	1,277,037	2,314,947	1,279,091	1,702,851	43,073,966

Accumulated Depreciation:

Balance at 1 July 2017	(415,778)	(728,158)	(1,871,471)	(1,015,769)	(840,526)	(4,871,703)
Depreciation	(319,784)	(50,544)	(128,530)	(76,461)	(147,782)	(723,101)
Disposals	-	-	-	-	152,943	152,943
Reversal of Depreciation	-	-	-	-	-	-
Balance at 26 March 2018	(735,562)	(778,702)	(2,000,001)	(1,092,230)	(835,365)	(5,441,861)

Carrying Value

As at 30 June 2017	35,819,247	510,577	391,840	251,216	874,445	37,847,324
As at 26 March 2018	35,764,478	498,335	314,946	186,861	867,486	37,632,105

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 1 July 2017	35,371,090	1,169,067	2,263,311	1,240,585	1,614,485	41,658,538
Additions	265,015	38,302	51,636	13,706	196,468	565,127
Disposals	-	-	-	(1,600)	(208,588)	(210,188)
Balance at 26 March 2018	35,636,105	1,207,369	2,314,947	1,252,691	1,602,365	42,013,477
Accumulated Depreciation:						
Balance at 1 July 2017	(369,324)	(692,387)	(1,871,471)	(993,883)	(783,276)	(4,710,341)
Depreciation	(286,104)	(43,435)	(128,530)	(75,607)	(138,877)	(672,553)
Disposals	-	-	-	-	152,943	152,943
Balance at 26 March 2018	(655,428)	(735,822)	(2,000,001)	(1,069,490)	(769,210)	(5,229,951)
Carrying Value						
As at 30 June 2017	35,001,766	476,680	391,840	246,702	831,209	36,948,197
As at 26 March 2018	34,980,677	471,547	314,946	183,201	833,155	36,783,526

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		Federal	
	As at 26/3/2018 \$	As at 30/6/2017 \$	As at 26/3/2018 \$	As at 30/6/2017 \$
10. Investment Property at Fair Value				
Opening Balance as at 1 July 2017	3,600,000	3,600,000	2,736,000	2,736,000
Additions	-	-	-	-
Net gain from fair value adjustment	-	-	-	-
Closing Balance as at 26 March 2018	3,600,000	3,600,000	2,736,000	2,736,000
Investment property is 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 on transactions observable in the market.				
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 \$206,550 (2017: \$276,200).				
Direct expenses incurred in relation to the investment properties that generated rental income during the year was \$1,124 (2017: \$50,296). 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	529,642	846,828	645,927	1,002,865
Other Creditors	135,754	62,307	435,203	343,308
Legal costs - Other Matters	-	-	-	-
Legal costs - Litigations	77,305	185,757	77,305	185,757
Accruals and other provisions	696,057	406,554	696,057	406,554
Deferred contributions	638,988	627,323	638,988	627,323
Revenue in advance	248,828	248,828	248,828	248,828
Consideration to employers for payroll deduction	-	-	-	-
Payable to other related parties	212,970	137,647	212,970	137,647
Payable to other reporting unit	-	-	-	-
	2,539,544	2,515,244	2,955,278	2,952,282
NON-CURRENT				
Revenue in advance	924,402	1,041,023	924,402	1,041,023
	924,402	1,041,023	924,402	1,041,023
	3,463,946	3,556,267	3,879,680	3,993,305

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	Consolidated		Federal	
	As at 26/3/2018 \$	As at 30/6/2017 \$	As at 26/3/2018 \$	As at 30/6/2017 \$
12. Employee Provisions				
CURRENT				
Annual leave				
Officials	755,889	821,056	755,889	821,056
Employees	672,913	886,269	672,913	886,269
Long service leave				
Officials	609,441	455,306	609,441	455,306
Employees	477,827	422,074	477,827	422,074
Separation and redundancies	-	-	-	-
Others	-	-	-	-
	2,516,070	2,584,705	2,516,070	2,584,705
NON-CURRENT				
Officials				
Long service leave	216,993	299,219	216,993	299,219
Separation and redundancies	-	-	-	-
Others	-	-	-	-
Employees				
Long service leave	342,095	415,730	342,095	415,730
Separation and redundancies	-	-	-	-
Others	-	-	-	-
	559,088	714,949	559,088	714,949
Aggregate employee benefit liability	3,075,158	3,299,654	3,075,158	3,299,654
13. Borrowings				
Current	400,195	394,506	400,195	394,506
Noncurrent	6,403,280	6,407,324	6,403,280	6,407,324
	6,803,475	6,801,830	6,803,475	6,801,830
<p>These loans are secured by a mortgage over one of the Union's land and building with carrying value of \$13,000,000 (2017: \$13,000,000).</p> <p>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.</p>				
14. Fighting Fund Reserve				
The fighting fund was set up to advance the defence of the Union's interest. Ongoing contributions to the fighting fund by the Union will be dependent on prevailing requirements.	18,739	18,739	18,739	18,739

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	Consolidated		Federal	
	As at 26/3/2018	As at 30/6/2017	As at 26/3/2018	As at 30/6/2017
	\$	\$	\$	\$
14. Fighting Fund Reserve (cont)				
Other Reserves				
Appeal and Welfare Fund	1,031,265	951,187	-	-
Point Peron Fund	81,245	60,114	-	-
State Conference Reserve	38,254	10,705	-	-
Sustenance Fund	491,589	499,689	-	-
Special Purpose Fund	6,683	6,683	-	-
Sick and Accident Fund	104,508	101,809	-	-
Divers Fighting Fund	51,965	51,543	-	-
	1,805,509	1,681,730	-	-

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 Branch's normal transactions.

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

	Consolidated		Federal	
	1/7/2017 to 26/3/2018	1/7/2016 to 30/6/2017	1/7/2017 to 26/3/2018	1/7/2016 to 30/6/2017
	\$	\$	\$	\$
15. Cash Flow Information				
(a) Reconciliation of Cash				
Cash at the end of the financial year as shown in the Statement of Cash Flows is represented as:				
Cash at bank and on hand	2,484,760	2,122,904	681,879	651,026
Deposits at call	3,266,855	3,241,265	-	-
	5,751,615	5,364,169	681,879	651,026

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	Consolidated		Federal	
	1/7/2017 to 26/3/2018 \$	1/7/2016 to 30/6/2017 \$	1/7/2017 to 26/3/2018 \$	1/7/2016 to 30/6/2017 \$
(b) Reconciliation of Cash Flow from Operations with Net Surplus/(Deficit) for the Period/Year				
Net surplus/(deficit) for the period/year	768,211	(2,028,729)	435,680	(2,096,869)
Adjustments for:				
Depreciation	723,768	883,280	673,219	817,400
Amortisation of deferred rent	(156,621)	(208,828)	(156,621)	(208,828)
Bad debts	211,748	(51,690)	211,748	(56,690)
Foreign exchange gain	(432)	(8,928)	(432)	(8,928)
Loss on disposal of non current asset	34,690	239,530	34,690	237,470
Sundry Income	(279,861)	-	(279,861)	-
Gain from financial assets at fair value through profit and loss	(498,515)	(787,578)	(498,515)	(786,194)
Dividend income on managed funds	-	(408,432)	-	(408,432)
Changes in assets and liabilities :				
Decrease in trade and other receivables	142,841	1,532,057	153,160	645,131
(Increase)/decrease in inventory	(794)	23,029	(10,004)	30,966
Decrease/(increase) in prepayments	112,816	(217,316)	105,267	(216,697)
(Increase) in trade and other payables	(487,421)	(1,559,631)	(450,751)	(1,606,806)
Decrease in provisions	65,007	470,010	65,007	470,010
Cash flows from operations	635,437	(2,123,226)	282,587	(3,188,467)

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.

	Profit	Equity
	\$	\$
Period ended 26 March 2018		
+/- 2% in interest rates	90,604/(90,604)	90,604/(90,604)
+/- 10% in fair value of financial assets	774,293/(774,293)	774,293/(774,293)
Year ended 30 June 2017		
+/- 2% in interest rates	90,237/(90,237)	90,237/(90,237)
+/- 10% in fair value of financial assets	725,293/(725,293)	725,293/(725,293)

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)

Consolidated - 2018	Weighted Average Effective Interest Rate %	1 year or less \$	Between 1 & 2 years \$	Between 2 & 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Financial Liabilities						
<i>Non interest bearing</i>						
Trade Payables	-	1,663,863	-	-	-	1,663,863
Employee provisions	-	2,516,070	100,788	458,300	-	3,075,158
<i>Interest-bearing - variable rate</i>						
Borrowings	5.80%	400,195	400,195	6,003,085	-	6,803,475
		<u>4,580,128</u>	<u>500,983</u>	<u>6,461,385</u>	<u>-</u>	<u>11,542,496</u>
Federal - 2018						
Financial Liabilities						
<i>Non interest bearing</i>						
Trade Payables	-	2,067,462	-	-	-	2,067,462
Employee provisions	-	2,516,070	100,788	458,300	-	3,075,158
<i>Interest-bearing - variable rate</i>						
Borrowings	5.80%	400,195	400,195	6,003,085	-	6,803,475
		<u>4,983,727</u>	<u>500,983</u>	<u>6,461,385</u>	<u>-</u>	<u>11,946,095</u>
Consolidated - 2017						
Financial Liabilities						
<i>Non interest bearing</i>						
Trade Payables	-	1,639,093	-	-	-	1,639,093
Employee provisions	-	2,584,705	243,155	471,794	-	3,299,654
<i>Interest-bearing - variable rate</i>						
Borrowings	5.80%	394,506	394,506	6,012,818	-	6,801,830
		<u>4,854,121</u>	<u>243,155</u>	<u>471,794</u>	<u>6,801,830</u>	<u>11,740,577</u>
Federal - 2017						
Financial Liabilities						
<i>Non interest bearing</i>						
Trade Payables	-	2,076,131	-	-	-	2,076,131
Employee provisions	-	2,584,705	243,155	471,794	-	3,299,654
<i>Interest-bearing - variable rate</i>						
Borrowings	5.80%	394,506	394,506	6,012,818	-	6,801,830
		<u>5,288,159</u>	<u>243,155</u>	<u>471,794</u>	<u>6,801,830</u>	<u>12,177,615</u>

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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.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Consolidated - 2018				
<i>Assets</i>				
Investments (managed funds)	6,587,517	-	-	6,587,517
Investment properties	-	-	3,600,000	3,600,000
Land and buildings	-	-	35,794,339	35,794,339
Total assets	<u>6,587,517</u>	<u>-</u>	<u>39,394,339</u>	<u>45,981,856</u>
Consolidated - 2017				
<i>Assets</i>				
Investments (managed funds)	6,090,588	-	-	6,090,588
Investment properties	-	-	3,600,000	3,600,000
Land and buildings	-	-	35,819,247	35,819,247
Total assets	<u>6,090,588</u>	<u>-</u>	<u>39,419,247</u>	<u>45,509,835</u>
Federal - 2018				
<i>Assets</i>				
Investments (managed funds)	6,587,517	-	-	6,587,517
Investment properties	-	-	2,736,000	2,736,000
Land and buildings	-	-	35,010,538	35,010,538
Total assets	<u>6,587,517</u>	<u>-</u>	<u>37,746,538</u>	<u>44,334,055</u>
Federal - 2017				
<i>Assets</i>				
Investments (managed funds)	6,090,588	-	-	6,090,588
Investment properties	-	-	2,736,000	2,736,000
Land and buildings	-	-	35,001,766	35,001,766
Total assets	<u>6,090,588</u>	<u>-</u>	<u>37,737,766</u>	<u>43,828,354</u>

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17. Financial Instruments (cont)

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. The land and buildings and investment properties were last revalued on 30 June 2016 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 directors 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	
	1/7/2017 to 26/3/2018	1/7/2016 to 30/6/2017	1/7/2017 to 26/3/2018	1/7/2016 to 30/6/2017
	\$	\$	\$	\$

18. Related Party Disclosures

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

Revenue received from related parties:

Special Purpose levies paid to branches	-	-	1,029,295	1,121,677
Consulting fees received	231,577	400,181	231,577	400,181
Rental received	542,764	542,764	542,764	542,764
Sundry income received	-	857,773	-	857,773

Expenses paid to related parties:

Donations paid	-	-	-	-
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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	-	-	-	-
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Loans from/to related parties:

Dean Summers	7(a) 100,913	108,261	100,913	108,261
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Loan repayments from Union Officials have been received during the financial year.

Total repayments received	10,000	13,000	10,000	13,000
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18. Related Party Disclosures (cont)

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

Funds Held in Trust

The Western Australian 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 Branch of the MUA (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 26 March 2018 is \$130,859 (2017: \$131,795).

The Tasmanian Branch holds monies in trust, called 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 26 March is \$157,649 (2017: \$157,649).

	Consolidated		Federal	
	1/7/2017 to	1/7/2016 to	1/7/2017 to	1/7/2016 to
	26/3/2018	30/6/2017	26/3/2018	30/6/2017
	\$	\$	\$	\$
19. Key Management Personnel Remuneration for the Reporting Period				
Short-term employee benefits				
Salary (including annual leave taken)	1,871,946	2,313,053	1,871,946	2,313,053
Annual leave accrued	318,873	307,201	318,873	307,201
Performance bonus	-	-	-	-
Total short-term employee benefits	2,190,819	2,620,254	2,190,819	2,620,254
Post-employment benefits:				
Superannuation	269,714	323,827	269,714	323,827
Total post-employment benefits	269,714	323,827	269,714	323,827
Other long-term benefits:				
Long-service leave	77,546	75,860	77,546	75,860
Non-cash benefits	117,577	161,555	117,577	161,555
Total other long-term benefits	195,123	237,415	195,123	237,415
Termination benefits	-	-	-	-
Total	2,655,656	3,181,496	2,655,656	3,181,496

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

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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")
- Maritime Union of Australia Newcastle ("Branch")
- Maritime Union of Australia Northern Territory ("Branch")
- Maritime Union of Australia Queensland ("Branch")
- Maritime Union of Australia South Australia ("Branch")
- Maritime Union of Australia Southern New South Wales ("Branch")
- Maritime Union of Australia Sydney ("Branch")
- Maritime Union of Australia Tasmania ("Branch")
- Maritime Union of Australia Victoria ("Branch")
- Maritime Union of Australia Western Australia ("Branch")

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 CFMEU 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. (2017: Nil).

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

(2) The Union is liquid and does not rely on other reporting units/entities to continue as a going concern. No financial support was received or given to/from other reporting units/entities during or since the end financial year (2017: Nil).

(3) The Union did not acquire any assets nor liability during the financial year (2017: Nil) 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 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 (2017: \$100,000).

Commitments

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

	Consolidated		Federal	
	1/7/2017 to 26/3/2018	1/7/2016 to 30/6/2017	1/7/2017 to 26/3/2018	1/7/2016 to 30/6/2017
	\$	\$	\$	\$
Operating lease commitments—as lessee				
Future minimum rentals payable under non-cancellable operating leases as at 26 March are as				
Within one year	498,837	520,747	498,837	520,747
After one year but not more than five years	1,726,647	1,488,960	1,726,647	1,488,960
More than five years	550,000	756,250	550,000	756,250
	2,775,484	2,765,957	2,775,484	2,765,957
Operating lease commitments—as lessor				
Future minimum rentals receivable under non-cancellable operating leases as at 26 March are as				
Within one year	126,004	115,748	126,004	115,748
After one year but not more than five years	164,120	42,887	164,120	42,887
More than five years	-	-	-	-
	290,124	158,635	290,124	158,635

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NATIONAL COUNCIL'S STATEMENT
FOR THE PERIOD FROM 1 JULY 2017 TO 26 MARCH 2018

On 2 October 2018, the National Council of The Maritime Union of Australia passed the following resolution to the general purpose financial report (GPFR) for the period ended 26 March 2018:

The 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 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 *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 National Council.

Signed at Sydney this 2nd day of October 2018



P. Crumlin
National Secretary



W. Tracey
Deputy National Secretary

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**REPORT REQUIRED UNDER SUBSECTION 255(2A)
FOR THE PERIOD FROM 1 JULY 2017 TO 26 MARCH 2018**

The National Council presents the expenditure report as required under subsection 255(2A) on the Union for the period from 1 July 2017 to 26 March 2018.

Categories of expenditures	Consolidated		Federal	
	As at	As at	As at	As at
	26/3/2018	30/6/2017	26/3/2018	30/6/2017
	\$	\$	\$	\$
Remuneration and other employment related costs and expenses	7,722,064	11,666,568	7,561,562	11,617,731
Advertising	496	18,935	41	16,348
Operating Costs	5,781,264	8,476,786	4,838,525	6,885,171
Donations to Political Parties	132,242	279,510	6,500	246,570
Legal Costs	878,445	1,475,569	874,286	1,454,544
	14,514,511	21,917,368	13,280,914	20,220,364

Signed at Sydney this 2nd day of October 2018



P. Crumlin
National Secretary



W. Tracey
Deputy National Secretary



**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF THE MARITIME UNION OF AUSTRALIA AND ITS
SUBSIDIARY**

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the accompanying financial report of The Maritime Union of Australia, its Subsidiary and Branches (the "Union"), which comprises the statement of financial position as at 26 March 2018, the statement of comprehensive income, statement of changes in members' funds and statement of cash flows for the period from 1 July 2017 to 26 March 2018, and notes to the financial statements, including a summary of significant accounting policies, the 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 26 March 2018, and its financial performance and its cash flows for the period from 1 July 2017 to 26 March 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.



National Council's Responsibility for the Financial Report

The 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 November 2018

ESV Accounting and Business Advisors

Tim Valtwies
Partner

Registration number: AA2017/92

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**ITEMISED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 1 JULY 2017 TO 26 MARCH 2018**

	Consolidated		Federal	
	1/7/2017 to 26/3/2018 \$	1/7/2016 to 30/6/2017 \$	1/7/2017 to 26/3/2018 \$	1/7/2016 to 30/6/2017 \$
Operating income				
Union contributions	13,367,127	16,398,996	12,350,283	15,284,865
Donations	233,337	383,649	28,071	88,347
Consulting fees	231,577	400,181	231,577	400,181
Rent received	598,375	762,072	572,357	732,517
Union sales	38,869	88,129	13,876	56,891
Expenses recouped	-	857,773	-	857,773
Commission income	166,754	53,519	83,377	24,484
Sundry income	484,610	441,607	392,964	158,080
Total operating income	15,120,649	19,385,926	13,672,505	17,603,138
Compensation and benefit				
Direct salaries - Officials	2,722,279	3,704,560	2,722,279	3,704,560
Direct salaries - Staff	2,555,959	4,397,575	2,555,959	4,397,575
Fringe benefits tax	86,748	123,188	86,748	123,188
Motor vehicle expenses	237,699	349,850	222,649	334,338
Payroll tax	368,701	535,698	368,701	535,698
Staff & Official training	18,275	64,072	18,180	61,414
Superannuation	790,873	1,178,522	790,873	1,178,522
Employee entitlement expense	327,763	544,313	327,763	544,313
Redundancies	93,646	280,626	93,646	280,626
Temporary staff	162,755	51,680	17,398	21,013
Workers compensation insurance	107,035	78,588	107,035	78,588
Total compensation and benefit	7,471,733	11,308,672	7,311,231	11,259,835
General expenses				
Audit & accountancy	115,890	224,068	115,890	223,168
Bank & government charges	55,211	145,429	53,511	143,611
Consultants	466,096	327,503	466,096	327,503
Depreciation	403,984	575,514	387,115	553,743
Donations	204,163	382,571	54,499	113,551
Insurance - general	33,177	40,246	33,177	40,246
Merchandise	85,337	171,050	17,160	68,379
National Council expenses	82,420	98,666	81,541	98,664
Office expenses	120,115	210,253	90,199	132,533
Media activities	94,090	153,432	92,694	151,227
Postage and freight	42,044	40,848	41,671	39,188
Printing and stationery	94,298	134,186	81,886	113,866
Provision for bad debts expense	211,748	61,690	211,748	56,690
Repairs and maintenance	25,018	59,520	20,044	46,912
Subscriptions, newspapers & periodicals	65,291	83,566	54,995	69,593
Sundry expenses	19,484	7,026	15,320	4,740
Total general expenses	2,118,366	2,715,568	1,817,546	2,183,614

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	Consolidated		Federal	
	1/7/2017 to 26/3/2018 \$	1/7/2016 to 30/6/2017 \$	1/7/2017 to 26/3/2018 \$	1/7/2016 to 30/6/2017 \$
Occupancy & rental expenses				
Cleaning	162,878	243,450	161,598	238,872
Building depreciation	319,784	307,766	286,104	263,657
Security	11,304	30,274	11,252	30,274
Electricity	166,707	288,117	157,500	275,541
Interest Expense	289,946	398,479	289,946	398,479
Property insurance	60,336	78,317	52,787	70,967
Property rates	271,040	317,748	249,088	301,277
Property sales and purchase costs	-	31,439	-	31,439
Property valuation fees	-	40,850	-	40,850
Rent	53,949	70,220	53,949	70,220
Repairs & Maintenance	122,025	199,272	101,452	182,536
Total occupancy and rental expenses	1,457,969	2,005,932	1,363,676	1,904,112
Industrial & member services				
Affiliation fees & levies	184,510	345,344	176,505	319,168
Branch activities	338,841	328,027	45,935	19,528
Business expenses	18,496	27,111	17,244	24,804
Conferences - International	169,222	364,651	133,562	321,136
Conferences - National	468,030	956,092	337,998	503,431
Fares & travel	918,165	1,291,432	818,873	1,137,188
Funeral expenses	49,323	44,037	30,733	15,642
Legal expenses	878,445	1,475,569	874,286	1,454,544
Member training	16,543	51,726	13,897	32,513
Research & professional services	7,155	215,895	7,155	215,895
Stop work meeting expenses	3,690	(6,771)	3,690	4,133
Union election	27,000	30,000	27,000	30,000
Union publications	60,875	99,040	63,775	97,496
ALP donations / campaign advertising	131,265	265,814	153	255,664
ALP election expenses	-	1,644	-	-
Total industrial & member services	3,271,560	5,489,611	2,550,806	4,431,142
IT & telecommunications expenses				
Computer consumables	4,243	19,683	4,129	7,132
Internet expenses	233,595	297,837	233,478	297,837
IT support & maintenance	246,961	299,588	246,961	298,349
Telephone	177,796	299,841	170,250	291,827
Video and teleconference	5,725	6,020	5,725	6,020
Total IT & telecommunications expenses	668,320	922,969	660,543	901,165
Total operating expenses	14,987,948	22,442,752	13,703,802	20,679,868
Operating (deficit)	132,701	(3,056,826)	(31,297)	(3,076,730)

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	Consolidated		Federal	
	1/7/2017 to 26/3/2018	1/7/2016 to 30/6/2017	1/7/2017 to 26/3/2018	1/7/2016 to 30/6/2017
	\$	\$	\$	\$
Non-operating income/(expenses)				
Net income/(loss) from managed funds	498,515	1,196,010	498,515	1,194,626
Interest received on deposits	168,601	58,968	68	10,056
Interest received on loans	2,652	3,721	2,652	3,721
Foreign exchange gain/(loss)	432	8,928	432	8,928
(Loss) on sale of non-current assets	(34,690)	(239,530)	(34,690)	(237,470)
(Loss) on revaluation of investment property	-	-	-	-
Total non-operating income	635,510	1,028,097	466,977	979,861
Net surplus/(deficit)	768,211	(2,028,729)	435,680	(2,096,869)
Revaluation of land and buildings	-	-	-	-
Total comprehensive income/(loss)	768,211	(2,028,729)	435,680	(2,096,869)

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.

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**CONSOLIDATED COMPREHENSIVE INCOME/(LOSS)
5 YEAR COMPARATIVE**

CONSOLIDATED	2018	2017	2016	2015	2014	5 Year Average
Operating surplus/(deficit) before income tax	132,701	(3,056,826)	(2,465,751)	(1,354,760)	(1,582,454)	(1,665,418)
Non-operating income/(expenses)						
Net income/(loss) from managed funds	498,515	1,196,010	(452,566)	1,151,487	1,162,452	711,180
Interest received on deposits	168,601	58,968	91,646	110,496	112,063	108,355
Interest received on loans	2,652	3,721	4,021	5,017	-	3,082
Foreign exchange (loss)/gain	432	8,928	(6,761)	14,155	-	3,351
Loss/profit on sale of non-current assets	(34,690)	(239,530)	(36,722)	-	-	(62,188)
Loss on revaluation of investment property	-	-	(282,063)	72,319	-	(41,949)
Total non-operating income/(expenses)	635,510	1,028,097	(682,445)	1,353,474	1,274,515	721,830
Net surplus/(deficit)	768,211	(2,028,729)	(3,148,196)	(1,286)	(307,939)	(943,588)
Other comprehensive income						
Revaluation of land and buildings	-	-	7,497,913	-	-	1,499,583
Total comprehensive income/(loss) for the year	768,211	(2,028,729)	4,349,717	(1,286)	(307,939)	555,995

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Operating surplus/(deficit) before income tax	(31,297)	(3,076,730)	(3,077,589)	(2,255,487)	(1,897,940)	(2,067,809)
Non-operating income/(expenses)						
Net income/(loss) from managed funds	498,515	1,194,626	(453,317)	1,133,081	1,101,251	694,831
Interest received on deposits	68	10,056	(255)	2,612	-	2,496
Interest received on loans	2,652	3,721	4,021	5,017	-	3,082
Foreign exchange (loss)/gain	432	8,928	(6,761)	14,155	(9,468)	1,457
Loss/profit on sale of non-current assets	(34,690)	(237,470)	(36,722)	72,319	-	(47,313)
Loss on revaluation of investment property	-	-	(223,552)			
Total non-operating income/(expenses)	466,977	979,861	(493,034)	1,227,185	1,091,783	654,554
Net surplus/(deficit)	435,680	(2,096,869)	(3,570,623)	(1,028,304)	(806,157)	(1,413,255)
Other comprehensive income						
Revaluation of land and buildings	-	-	7,289,711	-	-	1,457,942
Total comprehensive income/(loss) for the year	435,680	(2,096,869)	3,719,088	(1,028,304)	(806,157)	44,688