



11 August 2020

Mark Davis
Executive Officer
The Australian Maritime Officers' Union

Sent via email: mark@amou.com.au
CC: stuart.hutcheon@stewartbrown.com.au

Dear Mark Davis,

**The Australian Maritime Officers' Union
Financial Report for the year ended 31 December 2019 – (FR2019/296)**

I acknowledge receipt of the financial report for the year ended 31 December 2019 for the Australian Maritime Officers' Union (**the reporting unit**). The documents were lodged with the Registered Organisations Commission (**the ROC**) on 30 June 2020.

The financial report has now been filed.

The financial report was filed based on a primary review. This involved confirming that the financial reporting timelines required under s.253, s.265, s.266 and s.268 of the Fair Work (Registered Organisations) Act 2009 (**RO Act**) have been satisfied, all documents required under s.268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and reporting guidelines (**RGs**) have been complied with. A primary review does not examine all disclosure requirements.

Please note that the financial report for the year ending 31 December 2020 may be subject to an advanced compliance review.

You are not required to take any further action in respect of the report lodged. I make the following comments to assist you when you next prepare a financial report. The ROC will confirm these concerns have been addressed prior to filing next year's report.

Non-compliance with previous requests

Auditor's report - registered auditor's details

Whilst we filed last year's financial report, we raised certain issues for the reporting unit to address in the preparation of future financial reports. I note that the same error appears in the current report, namely the disclosure of the registered auditor's, registration number.

Item 29(b) of the RGs state that the auditor's statement must specify the registered auditor's name and registration number. The auditor's statement provided states the name of the registered auditor but not the registration number granted by the ROC.

The ROC aims to assist reporting units comply with their obligations under the RO Act and RGs by providing advice about the errors identified in financial reports. Please ensure that in future years the auditor's statement includes both the name and the ROC's registration number of the registered auditor.

Timescale requirements

Reports must be provided to members within 5 months of end of financial year where report is presented to committee of management meeting

Under section 265(5)(b) of the RO Act, where the report is presented to a committee of management meeting, the report must be provided to members within 5 months of the end of the financial year. The designated officer's certificate states that the financial report was presented, for the purposes of section 266, to a committee of management meeting and that the full report was provided to members on 17 June 2020.

The reporting unit should have applied for an extension of time to provide the full report to members in accordance with section 265(5) of the RO Act. I do however acknowledge the information you provided when the full report was lodged with the ROC which explained the circumstances that lead to the delay in providing members with a copy of the full report.

Please note that in future financial years if an extension of time to provide the full report later than 5 months is required, a written request, signed by a relevant officer, including any reason for the delay, must be made prior to the expiry of the 5 months.

General purpose financial report (GPFR)

Officer's declaration statement – to include all nil activity disclosures not elsewhere disclosed

Item 21 of the RGs states that if any of the activities identified within items 10-20 of the reporting guidelines have not occurred in the reporting period, a statement to this effect must be included either in the financial statements, the notes or in the officer's declaration statement. I note that the officer's declaration statement includes the following nil activity disclosures for which there was already an equivalent form of disclosure in the Note 21:

- Acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission; and
- Have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch.

Please note that nil activities only need to be disclosed once.

I also note that the notes and officer's declaration statement contained nil activity information for all prescribed RG categories except the following:

- pay separation and redundancy expense for holders of office (RG14(f)(iv));
- pay other employment expenses for holders of office (RG14(f)(v));
- pay other employment expenses for employees (other than holders of offices) (RG14(g)(v));
- have a payable in respect of legal costs relating to litigation (RG16(b)(i));
- have a payable in respect of legal costs relating litigation (RG 16(b)(i));
- have a payable in respect of legal costs relating to other legal matters (RG 16(b)(ii));
- have a liability for separation and redundancy for holders of offices (RG16(c)(iii));
- have a liability for other employment provisions for holders of offices (RG16(c)(iv));
- have a liability for separation and redundancy for employees (other than holders of offices) (RG16(d)(iii)); and
- have a liability for other employment provisions for employees (other than holders of offices) (RG16(d)(iv)).

Please ensure in future years that the above mentioned items are disclosed in either the financial statements, the notes or in the officer's declaration statement as per the RGs.

Inconsistency in disclosure of financial information

The statement of changes in equity discloses a balance of accumulated funds of \$2,891,180 for the 2019 financial year (2018: \$2,901,815). The officer's declaration statement includes a nil disclosure in relation to a balance in the general fund. It would appear that the accumulated fund is the reporting unit's general fund.

In future years, please ensure that items within the financial report are disclosed consistently.

New Accounting standard – Partial disclosure

Note 2 Basis of preparation states that Australian Accounting Standard AASB 15 Revenue from Contracts with Customers was adopted for these financial statements. However, the accounting policies disclosed in notes 3 – Significant accounting policies – under 'Revenue recognition' in the GPFR does not appear to have been updated to reflect these new standards, nor does it appear that the disclosures required by this standard have been included in the GPFR.

Please note that in future years the reporting unit's GPFR must include all relevant and required financial disclosures in accordance with AASB 15.

Key management personnel compensation

Australian Accounting Standard AASB 124 Related Party Disclosures paragraph 17 requires the GPFR to disclose within the notes compensation paid to key management personnel.

This includes the total amount of compensation paid to all key management personnel, and then totals for each of the following categories:

- Short term employee benefits
- Post-employment benefits
- Other long term employee benefits
- Termination benefits
- Any share based payments.

The definitions for these categories can be found within accounting standard AASB 119: Employee Benefits.

The financial report does not contain a note relating to key management personnel compensation in accordance with AASB 124. Please ensure that in future years, the GPFR includes this information.

Committee of management statement

References to legislation and the ROC

Following the enactment of the Fair Work (Registered Organisations) Amendment Act 2016, the ROC is the new regulator for registered organisations, with effect from 1 May 2017. All references to the Fair Work Commission and General Manager must be changed to the Registered Organisations Commission and Commissioner except in relation to declaration (e)(vi) in the committee of management statement.

I note that item (e)(vi) in the committee of management statement refers to the Registered Organisations Commission instead of Fair Work Commission. Please ensure that in the future, the committee of management statement is amended accordingly.

Recovery of wages disclosure

Please note that the 5th edition of the RGs no longer requires a statement in regard to recovery of wages activity in the committee of management statement. As per reporting guidelines 21, if there is no revenue derived from undertaking recovery of wages activity, a statement to this effect must be included in the financial statements, the notes or in an officer's declaration statement.

Please ensure that in the future year, the committee of management statement is amended accordingly.

Reporting Requirements

The ROC website provides a number of factsheets in relation to the financial reporting process and associated timelines. The website also contains the s.253 RGs and a model set of financial statements.

The ROC recommends that reporting units use these model financial statements to assist in complying with the RO Act, the s.253 RGs and Australian Accounting Standards. Access to this information is available via [this link](#).

If you have any queries regarding this letter, please contact me on (03) 9603 0764 or via email at kylie.ngo@roc.gov.au.

Yours sincerely,



Kylie Ngo
Registered Organisations Commission

30th June 2020

s.268 Fair Work (Registered Organisations) Act 2009

Certificate by prescribed designated officer

Certificate for the year ended 31st December 2019

I Captain Timothy Bradley Higgs being the President of the Australian Maritime Officers Union certify:

- that the documents lodged herewith are copies of the full report for the Australian Maritime Officers Union (AMOU) for the period ended 31st December 2019 referred to in s.268 of the Fair Work (Registered Organisations) Act 2009; and
- that the full report was provided to members of the reporting unit on 17th June 2020; and
- that the full report was presented to a meeting of the Executive Council of the AMOU on 29th June 2020 in accordance with s.266 of the Fair Work (Registered Organisations) Act 2009.

Signature of prescribed designated officer:



Name of prescribed designated officer: Captain Timothy Bradley Higgs

Title of prescribed designated officer: President

Dated: 30th June 2020



AUSTRALIAN MARITIME OFFICERS UNION

ABN 56 181 230 800

FINANCIAL REPORT - 31 DECEMBER 2019

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AUSTRALIAN MARITIME OFFICERS UNION
ABN 56 181 230 800

FINANCIAL REPORT - 31 DECEMBER 2019

OPERATING REPORT

Your Executive Council present their report on the Australian Maritime Officers Union (the "Union") for the financial year ended 31 December 2019.

UNION OFFICIALS

The names of the officials in office during or since the end of the year are as follows:

National

President:	T. Higgs*
Vice President:	K. Bullock* <i>(replaced on 16 July)</i>
Newly Elected Vice President:	K. Blackband*
National Councillor:	A. Wild* <i>(replaced on 16 July)</i>
Newly Elected National Councillor:	M. Jepson*
National Councillor:	B. Middleton*

Western Area

President:	P. Dolan* <i>(replaced on 16 July)</i>
Newly Elected President:	J. McDonald*
Vice President:	B. Cooper*
Secretary:	D. Pearson* <i>(replaced on 16 July)</i>
Newly Elected Secretary:	G. Anderson

Southern Area

President:	A. Walsh*
Vice President:	D. Payne* <i>(did not stand for re-election)</i>
Vice President:	<i>Vacant</i>
Secretary:	L. Hosking

Eastern Area

President:	B. Warhurst* <i>(did not stand for re-election)</i>
President:	<i>Vacant</i>
Vice President:	J. Andersen*
Secretary:	I. Ross* <i>(resigned membership, replaced on 16 July)</i>
Newly Elected Secretary:	B. Warhurst*

Delegates

Offshore Oil & Gas:	G. Anderson <i>(replaced on 16 July)</i>
Newly Elected Offshore Oil & Gas:	J. Gregson*
Pilot:	A. Hawkins*
Port Services:	D. Dorron*
Seagoing:	M. Jepson* <i>(replaced on 16 July)</i>
Newly Elected Seagoing:	R. Thornton*
Towage:	K. Blackband* <i>(replaced on 16 July)</i>
Newly Elected Towage:	S. Barrett*

*Honorary officials

The Union Officials have been in office for the entire period unless otherwise stated. During the year, all Union Officials attended council meetings.

PRINCIPAL ACTIVITIES

The principal activities of the Union during the financial year were the provision of trade union services to its members. The objectives of the Union are set out in Section 4 of the Rules.

AUSTRALIAN MARITIME OFFICERS UNION
ABN 56 181 230 800

FINANCIAL REPORT - 31 DECEMBER 2019

OPERATING REPORT

REVIEW OF OPERATIONS

The deficit of the Union for the financial year amounted to \$10,635 (2018: surplus \$10,821).

NUMBER OF MEMBERS

The number of members of the Union at 31 December 2019 was 2,636 members comprising 1,560 full financial members, 294 unfinancial members, 125 deferred members, 644 associate members and 13 life members.

NUMBER OF EMPLOYEES

The number of employees of the Union at the end of the financial year was 8 full time employees.

RIGHT OF MEMBERS TO RESIGN

The right of members to resign from the organisation is set out in Section 8 of the Union Rules.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes to the state of affairs of the Union during the financial year.

AFTER BALANCE DATE EVENTS

Refer to Note 20 in relation to the potential impacts of the Coronavirus. Other than this, there are no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Union, the results of those operations, or the state of affairs of the Union in future financial years. The Union's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

INDEMNIFICATION AND INSURANCE 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.

PROCEEDINGS ON BEHALF OF 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 part of those proceedings. The Union was not a party to any such proceedings during the year.

SUPERANNUATION FUND OFFICE HOLDERS

No officer or member of the Union is a trustee (or a director of a Union that is a trustee) of a superannuation entity, where a criterion for them being a trustee (or a director) is that they are an officer or member of the Union.

INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 31 December 2019 has been received and can be found on the following page, which forms part of the Operating Report.

Signed in accordance with a resolution of the Executive Council:



Timothy B Higgs
President

Sydney, 12 May 2020

AUSTRALIAN MARITIME OFFICERS UNION

ABN 56 181 230 800

FINANCIAL REPORT - 31 DECEMBER 2019

AUDITOR'S INDEPENDENCE DECLARATION
TO THE EXECUTIVE COUNCIL OF
AUSTRALIAN MARITIME OFFICERS' UNION

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2019 there have been no contraventions of any applicable code of professional conduct in relation to the audit.



StewartBrown
Chartered Accountants



S.J. Hutcheon
Partner

12 May 2020

AUSTRALIAN MARITIME OFFICERS UNION**ABN 56 181 230 800****STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2019**

	Note	2019 \$	2018 \$
ASSETS			
Current assets			
Cash and cash equivalents	6	1,286,200	2,698,097
Trade and other receivables	7	53,037	26,590
Financial assets	8	1,357,672	-
<i>Total current assets</i>		<u>2,696,909</u>	<u>2,724,687</u>
Non-current assets			
Property, plant and equipment	9	982,338	872,529
Right-of-use assets	10	253,835	-
Intangible assets	11	12,717	18,809
<i>Total non-current assets</i>		<u>1,248,890</u>	<u>891,338</u>
TOTAL ASSETS		<u>3,945,799</u>	<u>3,616,025</u>
LIABILITIES			
Current liabilities			
Trade and other payables	12	193,070	161,429
Lease liabilities	13	51,948	-
Employee benefits	14	106,078	85,615
<i>Total current liabilities</i>		<u>351,096</u>	<u>247,044</u>
Non-current liabilities			
Lease liabilities	13	223,945	-
Employee benefits	14	41,578	29,166
<i>Total non-current liabilities</i>		<u>265,523</u>	<u>29,166</u>
TOTAL LIABILITIES		<u>616,619</u>	<u>276,210</u>
NET ASSETS		<u><u>3,329,180</u></u>	<u><u>3,339,815</u></u>
FUNDS			
Asset revaluation reserve		438,000	438,000
Accumulated funds		<u>2,891,180</u>	<u>2,901,815</u>
TOTAL FUNDS		<u><u>3,329,180</u></u>	<u><u>3,339,815</u></u>

The accompanying notes form part of these financial statements

AUSTRALIAN MARITIME OFFICERS UNION**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 \$	2018 \$
Revenue	4	2,121,443	1,920,046
Other income	4	56,856	461,041
		<u>2,178,299</u>	<u>2,381,087</u>
Expenses			
Administration and other expenses		(701,683)	(848,631)
Bad debts		(85,067)	-
Depreciation and amortisation	5	(117,368)	(145,056)
Finance costs	5	(23,098)	(12,025)
Loss on disposal of property, plant and equipment	5	(3,308)	(22,964)
Employee benefits	22	(1,169,748)	(1,203,671)
Investment expense		-	(13,630)
Occupancy expenses		(88,010)	(120,277)
Repairs and maintenance		(652)	(4,012)
		<u>(2,188,934)</u>	<u>(2,370,266)</u>
Surplus (deficit) for the year		(10,635)	10,821
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net fair value (loss) gain on available-for-sale financial assets		-	(410,656)
Other comprehensive income for the year		<u>-</u>	<u>(410,656)</u>
Total comprehensive income (loss) for the year		<u>(10,635)</u>	<u>(399,835)</u>

The accompanying notes form part of these financial statements

AUSTRALIAN MARITIME OFFICERS UNION**STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Accumulated Funds	Asset Revaluation Reserve	Financial Assets Reserve	Total
	\$	\$	\$	\$
Balance at 1 January 2018	2,890,994	438,000	410,656	3,739,650
Comprehensive income				
Surplus for the year	10,821	-	-	10,821
Other comprehensive income	-	-	(410,656)	(410,656)
Total comprehensive income (loss) for the year	<u>10,821</u>	<u>-</u>	<u>(410,656)</u>	<u>(399,835)</u>
Balance at 31 December 2018	<u>2,901,815</u>	<u>438,000</u>	<u>-</u>	<u>3,339,815</u>
Balance at 1 January 2019	2,901,815	438,000	-	3,339,815
Comprehensive income				
Surplus (deficit) for the year	(10,635)	-	-	(10,635)
Other comprehensive income	-	-	-	-
Total comprehensive income (loss) for the year	<u>(10,635)</u>	<u>-</u>	<u>-</u>	<u>(10,635)</u>
Balance at 31 December 2019	<u>2,891,180</u>	<u>438,000</u>	<u>-</u>	<u>3,329,180</u>

The accompanying notes form part of these financial statements

AUSTRALIAN MARITIME OFFICERS UNION**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 \$	2018 \$
Cash flows from operating activities			
Receipts from customers and government		2,311,907	2,184,335
Payments to suppliers and employees		(2,201,724)	(2,675,000)
Interest received		-	7,308
Investment income		27,389	65,841
Interest paid - leases		(11,190)	-
<i>Net cash flows from operating activities</i>	15	<u>126,382</u>	<u>(417,516)</u>
Cash flows from investing activities			
Proceeds from sale of financial assets		-	1,507,981
Purchase of property, plant and equipment		(179,637)	(136,352)
Purchase of intangible assets		-	(7,709)
Purchase of financial assets		(1,335,944)	-
<i>Net cash flows from investing activities</i>		<u>(1,515,581)</u>	<u>1,363,920</u>
Cash flows from financing activities			
Repayment of lease liabilities		(22,698)	-
<i>Net cash flows from financing activities</i>		<u>(22,698)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents		(1,411,897)	946,404
Cash and cash equivalents at the beginning of the financial year		<u>2,698,097</u>	<u>1,751,693</u>
Cash and cash equivalents at the end of the financial year	6	<u>1,286,200</u>	<u>2,698,097</u>

The accompanying notes form part of these financial statements

AUSTRALIAN MARITIME OFFICERS UNION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Note 1 - Reporting entity

Reporting entity

The financial statements cover the Australian Maritime Officers Union (the "Union") as an individual entity. The Union is a registered Trade Union pursuant to federal legislation the *Fair Work (Registered Organisations) Act 2009* and is domiciled in Australia.

The financial statements were authorised for issue by the Executive Council on 12 May 2020.

Note 2 - Basis of preparation

Statement of compliance

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the requirements of the *Fair Work (Registered Organisations) Act 2009*. The Union is deemed to be a Tier 1 entity applying full IFRS recognition, measurement and disclosure.

For the purpose of preparing the general-purpose financial statements, the Union is a not-for-profit entity.

Basis of measurement

The financial statements, except for the cash flow information, 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.

Comparatives

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

Critical accounting estimates and judgments

The Executive Council evaluates estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Union.

Key estimates

Impairment

The Union assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the Union that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculation which incorporate various key assumptions. There is no impairment in the accounts for this year.

Fair value property

The Union carries its property at fair value with changes in the fair value recognised in the statement of profit or loss and other comprehensive income. At the end of each reporting period, the Union reviews and updates its assessment of the fair value of the property, taking into account any impairment indicators and the most recent independent valuations.

New and revised standards that are effective for these financial statements

Several new accounting standards and interpretations are mandatory for the 31 December 2019 reporting period. These include:

- AASB 15 *Revenue from Contracts with Customers*
- AASB 16 *Leases*
- AASB 1058 *Income of Not-for-profit Entities*

AUSTRALIAN MARITIME OFFICERS UNION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Note 2 - Basis of preparation (continued)

New and revised standards that are effective for these financial statements (continued)

The adoption of AASB 15 and AASB 1058 has not resulted in any changes to the Union's recognition of revenue and accordingly has not materially impacted the Union's financial statements.

AASB 16 Leases

AASB 16 removes the current operating and finance lease distinction for lessees and requires entities to recognise all material leases on the statement of financial position. AASB 16 requires the recognition of a right-of-use asset and a corresponding lease liability at the commencement of all leases, except for short-term leases and leases of low value assets. The Union has elected to apply the modified retrospective method of adoption. At the date of initial application, 1 January 2019, the Union elected to measure the right-of-use asset as an amount equal to the lease liability, adjusted by the amount of any prior accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

The adoption of AASB 16 has resulted in:

- The recognition of right-of-use assets of \$298,591.
- The recognition of lease liabilities of \$298,591.

The difference between the operating lease commitments as at 31 December 2018 and the lease liability as at 1 January 2019 is due to the lease liability being discounted by the incremental borrowing rate, the effect of timing differences on entering into the lease agreements and the effect of short-term leases being excluded from the calculation of lease liabilities as at 1 January 2019.

New standards and interpretations not yet adopted

There are no other new accounting standards and interpretations expected to have any significant impact on the Union's financial report that are issued and not yet applicable.

Note 3 - Significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Income tax

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

Goods and services tax (GST)

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

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

AUSTRALIAN MARITIME OFFICERS UNION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Note 3 - Significant accounting policies (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes including goods and services tax (GST). Revenue is recognised for the major business activities as follows:

Subscription fees and levies

Revenue from subscriptions fees and levies are accounted for on an accrual basis.

Donations and grants

Donations are recognised as revenue when received, unless they are designated for a specific purpose, where they are carried forward as prepaid 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 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

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

Investment income

Investment income is recognised when the right to receive the income has been established.

Sale of assets

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

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. When bank overdraft facilities are used, the overdraft would be shown within short-term borrowings in current liabilities in the statement of financial position. The Union had no bank overdraft at balance date.

Trade receivables

Trade and other receivables include amounts from member contributions. 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.

For all sources of recurrent income, trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment.

Property, plant and equipment

Recognition and measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss and other comprehensive income.

AUSTRALIAN MARITIME OFFICERS UNION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Note 3 - Significant accounting policies (continued)

Property, plant and equipment (continued)

Property

Land and buildings held for use in the production supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties' revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties' revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

Freehold land is not depreciated.

Plant and equipment

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

Subsequent costs are included in the asset's 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, but excluding freehold land, is depreciated over the asset's useful life to the Union 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. Depreciation is recognised in the statement of profit or loss.

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

Buildings	2.5%	- Straight line method
Leasehold improvements	6.7%	- Straight line method
Office furniture & equipment	4 - 67%	- Diminishing balance method
Library	10%	- Diminishing balance method
Motor vehicle	12.5%	- Straight line method

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. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of profits or loss.

AUSTRALIAN MARITIME OFFICERS UNION**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31 DECEMBER 2019**Note 3 - Significant accounting policies (continued)*****Intangible assets***

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Leases

The Union leases several assets including office space. A lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration.

At inception of a contract, it is assessed to determine whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. If the terms and conditions of a contract are changed, it is reassessed to once again determine if the contract is still, or now contains, a lease.

The term of a lease is determined as the non-cancellable period of the lease, together with the periods covered by an option to extend the lease where there is reasonable certainty that the option will be exercised, and periods covered by an option to terminate the lease if there is reasonable certainty that the option will not be exercised.

The assessment of the reasonable certainty of the exercising of options to extend the lease, or not exercising of options to terminate the lease, is reassessed upon the occurrence of either a significant event or a significant change in circumstances that is within the Union's control and it affects the reasonable certainty assumptions. The assessment of the lease term is revised if there is a change in the non-cancellable lease period.

The Union does not recognise leases that have a lease term of 12 months or less or are of low value as a right-of-use asset or lease liability. The lease payments associated with these leases are recognised as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

Right-of-use assets

At inception, a right-of-use asset and a lease liability is recognised. Right-of-use assets are included in the statement of financial position within a classification relevant to the underlying asset.

Right-of-use assets are initially measured at cost, comprising of the following:

- the amount of the initial measurement of the lease liability.
- Any lease payments made at or before the commencement date, less any lease incentives received.
- Any initial direct costs incurred.
- An estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred either at the commencement date or as a consequence of having used the underlying asset during a particular period.

AUSTRALIAN MARITIME OFFICERS UNION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Note 3 - Significant accounting policies (continued)

Right-of-use assets (continued)

Subsequently, right-of-use assets are measured using a cost model. The right-of-use asset is depreciated to the earlier of the useful life of the asset or the lease term using the straight-line method and is recognised in the statement of profit or loss and other comprehensive income in "Depreciation and amortisation".

The Union tests for impairment where there is an indication that a right-of-use asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of a right-of-use asset is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount. The resulting impairment loss is recognised immediately in surplus or deficit, except where the decrease reverses a previously recognised revaluation increase for the same asset.

The resulting decrease is recognised in other comprehensive income to that extent and reduces the amount accumulated in equity under revaluation surplus, and future depreciation charges are adjusted in future periods to allocate the revised carrying amount, less its residual value, on a systematic basis over its remaining useful life.

Lease Liability

At the commencement date of the lease, the lease liability is initially recognised for the present value of non-cancellable lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Union's incremental borrowing rate.

The tenor of a lease includes any renewal period where the lessee is reasonably certain that they will exercise the option to renew. The Union has reviewed all its leases and included any extensions where the Union assessed it is reasonably certain the lease agreement will be renewed.

The lease payment used in the calculation of the lease liabilities should include variable payments when they relate to an index or rate. Where leases contain variable lease payments based on an index or rate at a future point in time, the Union has used the incremental uplift contained in the lease or the respective Reserve Bank forward-looking CPI target for CPI-related increases.

In the absence of any floor or cap clauses in the lease agreements, the Union measures the rent for the year under market review at an amount equal to the rent of the year preceding the market review increased by a fixed rate.

The lease liability is initially measured at the present value of the lease payments that are not yet paid at the commencement date. Lease payments are discounted using the relevant Union's incremental borrowing rate. The incremental borrowing rate used for this calculation is dictated by the tenor of the lease and the location of the asset. The incremental borrowing rate is the rate the Union would be charged on borrowings, provided by our banking partners. The following lease payments being fixed payments, less any lease incentives receivable are included where they are not paid at the commencement date.

Subsequently, the lease liability is measured by:

- increasing the carrying amount to reflect interest on the lease liability.
- reducing the carrying amount to reflect the lease payments made.
- remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The unwind of the financial charge on the lease liabilities is recognised in the statement of profit or loss and other comprehensive income in "Finance costs" based on the Union's incremental borrowing rate.

AUSTRALIAN MARITIME OFFICERS UNION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Note 3 - Significant accounting policies (continued)

Lease Liability (continued)

Concessionary leases

For leases that have significantly below-market terms and conditions principally to enable the Union to further its objectives (commonly known as peppercorn/concessionary leases), the Union has adopted the temporary relief under *AASB 2018-8 Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities* and measures the right-of-use assets at cost on initial recognition.

Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Union becomes a party to the contractual provisions to the instrument. For financial assets this is equivalent to the date that the Union commits itself to either purchase or sell the asset. Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified “at fair value through profit or loss” in which case transaction costs are expensed to profit or loss immediately.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component.

Classification and subsequent measurement

Financial assets

Financial assets other than those designated and effective as hedging instruments are classified upon initial recognition into the following categories:

- amortised cost
- fair value through other comprehensive income (FVOCI)
- fair value through profit or loss (FVPL)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance income or finance costs, except for impairment of trade receivables which are disclosed with other expenses.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset
- the business model for managing the financial asset

Financial assets at amortised cost

Financial assets are measured at amortised cost if the asset meets the following conditions (and are not designated as FVPL):

- the financial asset is managed solely to collect contractual cash flows
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates

Fair value through other comprehensive income

Investments that are not held for trading are eligible for an irrevocable election at inception to be measured at fair value through other comprehensive income. Subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss unless the dividend clearly represents return of capital.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

AUSTRALIAN MARITIME OFFICERS UNION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Note 3 - Significant accounting policies (continued)

Financial instruments (continued)

Financial assets at fair value through profit or loss

Financial assets that are held within a different business model other than to “hold and collect” or “hold to collect and sell” are categorised at fair value through profit or loss. The initial designation of financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Impairment of financial assets

The impairment requirements as applicable under AASB 9 use more forward looking information to recognise expected credit losses. Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due, and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Directors considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. In applying this approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk
- financial instruments that have deteriorated significantly in credit quality since initial recognition and the credit risk is not low
- financial assets that have objective evidence of impairment at reporting date

The loss allowance for the first category is measured as “12-month expected credit loss” and for the second category is measured as “lifetime expected credit losses”.

Impairment of assets

At the end of each reporting period, the Union assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset’s fair value less costs to sell and value in use, to the asset’s carrying amount. Any excess of the asset’s carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Fair value

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 measure at amortised cost are disclosed in Note 19.

Fair value represents the amount 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

AUSTRALIAN MARITIME OFFICERS UNION**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31 DECEMBER 2019**Note 3 - Significant accounting policies (continued)*****Fair value (continued)***

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 Union determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

Where it is not possible to estimate the recoverable amount of an individual asset, the Union estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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. The carrying amount of trade and other payables is deemed to reflect fair value.

Income received in advance

Income, other than government contract income, that is received before the service to which the payment relates has been provided is recorded as a liability until such time as the service has been provided, at which time it is recognised in the statement of comprehensive income.

AUSTRALIAN MARITIME OFFICERS UNION**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31 DECEMBER 2019**Note 3 - Significant accounting policies (continued)*****Employee benefits******Short-term obligations***

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term obligations

The Union classifies employees' long service leave as other long-term employee benefits, as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the Union's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss classified under employee benefits expense.

AUSTRALIAN MARITIME OFFICERS UNION**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 \$	2018 \$
<u>Note 4 - Revenue and other income</u>		
Revenue		
Members contributions	2,120,277	1,872,340
Other operating revenue	1,166	47,706
<i>Total revenue</i>	<u>2,121,443</u>	<u>1,920,046</u>
Other income		
Investment income	27,389	65,841
Fair value gain on financial assets	21,728	-
Net gain on disposal of financial assets	-	380,061
Other income	7,739	15,139
<i>Total other income</i>	<u>56,856</u>	<u>461,041</u>
<i>Total revenue and other income</i>	<u><u>2,178,299</u></u>	<u><u>2,381,087</u></u>

Note 5 - Expenses

Auditors remuneration		
Audit of financial statements	11,300	11,000
Other professional services	32,935	23,381
Amortisation - intangible assets	6,092	9,723
Depreciation - property, plant and equipment	66,520	135,333
Depreciation - right-of-use assets	44,756	-
Finance costs: bank charges	11,908	12,025
Finance costs: lease liabilities	11,190	-
Net loss on disposal of property, plant and equipment	3,308	22,964
Provision for impairment - membership fees receivable	85,067	-

Note 6 - Cash and cash equivalents

Cash at bank and on hand	1,286,200	2,698,097
<i>Total cash and cash equivalents</i>	<u><u>1,286,200</u></u>	<u><u>2,698,097</u></u>

Certain balances within cash and cash equivalents are subject to interest rate risk as they earn interest income at variable rates of interest. The Union's exposure to interest rate risk on financial assets and liabilities is disclosed in note 19.

Note 7 - Trade and other receivables**Current**

Membership fees receivables	121,666	12,787
Provision for impairment	(85,067)	-
	<u>36,599</u>	<u>12,787</u>
Prepayments	16,438	13,803
<i>Total current trade and other receivables</i>	<u><u>53,037</u></u>	<u><u>26,590</u></u>

Provision for impairment

Opening net carrying amount	-	-
Increase (decrease) in provision	85,067	-
Closing net carrying amount	<u><u>85,067</u></u>	<u><u>-</u></u>

AUSTRALIAN MARITIME OFFICERS UNION**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 \$	2018 \$
Note 8 - Financial assets		
Financial assets at fair value through profit or loss		
Managed funds	1,357,672	-
<i>Total financial assets</i>	<u>1,357,672</u>	<u>-</u>
Opening net carrying amount	-	1,538,576
Additions	1,335,944	-
Disposals	-	(1,127,920)
Fair value movement	21,728	(410,656)
Closing net carrying amount	<u>1,357,672</u>	<u>-</u>

Note 9 - Property, plant and equipment

	Leasehold Improvements \$	Land & Buildings \$	Furniture, Library & Equipment \$
At 31 December 2018			
Cost or fair value	-	788,000	533,498
Accumulated depreciation	-	(132,400)	(367,825)
<i>Net carrying amount</i>	<u>-</u>	<u>655,600</u>	<u>165,673</u>
Movements in carrying amounts			
Opening net carrying amount	-	655,600	165,673
Additions	160,283	-	15,273
Depreciation charge for the year	(3,156)	(19,701)	(32,352)
Closing net carrying amount	<u>157,127</u>	<u>635,899</u>	<u>148,594</u>
At 31 December 2019			
Cost or fair value	160,283	788,000	548,771
Accumulated depreciation	(3,156)	(152,101)	(400,177)
<i>Net carrying amount</i>	<u>157,127</u>	<u>635,899</u>	<u>148,594</u>
	Computer Equipment	Motor Vehicles \$	Total \$
At 31 December 2018			
Cost or fair value	17,234	44,028	1,382,760
Accumulated depreciation	(4,502)	(5,504)	(510,231)
<i>Net carrying amount</i>	<u>12,732</u>	<u>38,524</u>	<u>872,529</u>
Movements in carrying amounts			
Opening net carrying amount	12,732	38,524	872,529
Additions	4,081	-	179,637
Disposals	(3,308)	-	(3,308)
Depreciation charge for the year	(5,808)	(5,503)	(66,520)
Closing net carrying amount	<u>7,697</u>	<u>33,021</u>	<u>982,338</u>
At 31 December 2019			
Cost or fair value	16,644	44,028	1,557,726
Accumulated depreciation	(8,947)	(11,007)	(575,388)
<i>Net carrying amount</i>	<u>7,697</u>	<u>33,021</u>	<u>982,338</u>

AUSTRALIAN MARITIME OFFICERS UNION**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 \$	2018 \$
<u>Note 10 - Right-of-use assets</u>		
<u>Non-current</u>		
Leased office - NSW	232,949	-
Accumulated depreciation	(41,109)	-
	<u>191,840</u>	<u>-</u>
Leased office - QLD	65,642	-
Accumulated depreciation	(3,647)	-
	<u>61,995</u>	<u>-</u>
<i>Total right-of-use assets</i>	<u>253,835</u>	<u>-</u>
<u>Movements in carrying amounts</u>		
Balance at beginning of year (<i>adoption of AASB16</i>)	298,591	-
Depreciation expense	(44,756)	-
Closing net carrying amount	<u>253,835</u>	<u>-</u>

Leasing information

The Union has a 6 year term on the lease of office space in New South Wales which commenced 1 September 2018. The Union also has a 6 year term on a property lease in Queensland which commenced 1 September 2019. A lease liability has been recognised in the financial statements for the discounted value of lease payments to be made by the Union

Note 11 - Intangible assets

	Website \$	Total \$
At 31 December 2018		
Cost	24,367	24,367
Accumulated amortisation	(5,558)	(5,558)
<i>Total intangible assets</i>	<u>18,809</u>	<u>18,809</u>
<u>Movements in carrying amounts</u>		
Opening net carrying amount	18,809	18,809
Depreciation charge for the year	(6,092)	(6,092)
Closing net carrying amount	<u>12,717</u>	<u>12,717</u>
At 31 December 2019		
Cost	24,367	24,367
Accumulated amortisation	(11,650)	(11,650)
<i>Total intangible assets</i>	<u>12,717</u>	<u>12,717</u>

Note 12 - Trade and other payables

<u>Current</u>		
Trade payables	43,821	49,821
Accrued expenses	16,775	14,500
GST payable	19,221	16,685
Income in advance	24,326	14,864
Liabilities to employees	63,541	46,766
Other payables	25,386	18,793
<i>Total current trade and other payables</i>	<u>193,070</u>	<u>161,429</u>

Liquidity risk

The Union's exposure to liquidity risk related to trade and other payables is disclosed in note 19.

AUSTRALIAN MARITIME OFFICERS UNION**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 \$	2018 \$
<u>Note 13 - Lease liabilities</u>		
<u>Current</u>		
Leased office - NSW	42,051	-
Leased office - QLD	9,897	-
<i>Total current lease liabilities</i>	<u>51,948</u>	<u>-</u>
<u>Non-current</u>		
Leased office - NSW	171,402	-
Leased office - QLD	52,543	-
<i>Total non-current lease liabilities</i>	<u>223,945</u>	<u>-</u>
<u>Movements in carrying amounts</u>		
Balance at the beginning of the year (<i>adoption of AASB 16</i>)	298,591	-
Repayments	(33,888)	-
Interest	11,190	-
Closing net carrying amount	<u>275,893</u>	<u>-</u>
<u>Note 14 - Employee benefits</u>		
<u>Current</u>		
Annual leave - staff	91,932	85,615
Annual leave - Union officials	14,146	-
<i>Total current employee benefits</i>	<u>106,078</u>	<u>85,615</u>
<u>Non-current</u>		
Long service leave - staff	36,527	29,166
Long service leave - Union officials	5,051	-
<i>Total non-current employee benefits</i>	<u>41,578</u>	<u>29,166</u>
<u>Note 15 - Cash flow information</u>		
<i>Reconciliation of cash flows from operations with surplus (deficit) for the year:</i>		
Surplus (deficit) for the year	(10,635)	10,821
<i>Non-cash flows in surplus (deficit)</i>		
Depreciation	111,276	135,333
Amortisation	6,092	9,723
Fair value (gain) loss on financial assets	(21,728)	-
Net (gain) loss on disposal of financial assets	-	(380,061)
Net (gain) loss on disposal of property, plant and equipment	3,308	22,964
<i>Changes in assets and liabilities</i>		
(Increase) decrease in trade and other receivables	(23,812)	90,564
(Increase) decrease in prepayments	(2,635)	5,202
(Increase) decrease in income in advance	9,462	(8,357)
(Decrease) increase in trade and other payables	5,404	(27,828)
(Decrease) increase in liabilities to employees	16,775	20,310
(Decrease) increase in provisions	32,875	(296,187)
Net cash flows from operating activities	<u>126,382</u>	<u>(417,516)</u>

AUSTRALIAN MARITIME OFFICERS UNION**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 \$	2018 \$
<u>Note 16 - Commitments</u>		
<i>Operating lease commitments</i>		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	-	62,920
Later than one year but not later than five years	-	84,072
	<u>-</u>	<u>146,992</u>

Due to the adoption of AASB 16 effective from 1 January 2019 operating lease commitments are no longer separately disclosed and are recorded as right-of-use assets and lease liabilities in the statement of financial position.

Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

-	<u>180,000</u>
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Capital expenditure commitments relate to committed renovation and relocation costs.

Note 17 - Contingent liabilities

There were no contingent liabilities at 31 December 2019 (2018: \$Nil).

Note 18 - Related party transactions***Union Official's compensation***

Refer to Notes 14 and 22 in relation to Union Official's remuneration.

Note 19 - Financial instruments***General***

Note 3 discusses the types of risks associated with the Union's financial instruments as well as the policies adopted by the Union to manage and monitor those risks and some other qualitative information. The quantitative information presented below complements those earlier disclosures and should be read in conjunction with them.

Credit risk***Exposure to credit risk***

The carrying amount of the Union's financial assets represents the maximum credit exposure. The Union's maximum exposure to credit risk at the reporting date was:-

	2019 \$	2018 \$
Cash and cash equivalents (refer note 6)	1,285,732	2,697,881
Trade and other receivables (refer note 7)	53,037	26,590
Financial assets (refer note 8)	<u>1,357,672</u>	<u>-</u>
	<u>2,696,441</u>	<u>2,724,471</u>

AUSTRALIAN MARITIME OFFICERS UNION**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019****Note 19 - Financial instruments (continued)****Liquidity risk**

The following are the contractual maturities of financial liabilities, including estimated interest payments. The contractual amounts are expected future payments which have not been discounted.

Trade and other payables	<u>105,203</u>	<u>99,799</u>
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All trade and other payables are expected to be paid within 0 - 3 months and according to the trading terms. No amounts are past due or impaired.

Interest rate risk

At the reporting date the interest rate profile of the Union's interest bearing financial instruments was:-

Cash and cash equivalents	<u>1,285,732</u>	<u>2,697,881</u>
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A change of 1% in interest rates at the reporting date would have increased (decreased) equity and profit or loss by \$12,857 (2018: \$26,978). This analysis assumes that all other variables remain constant.

Fair values*Fair values compared to carrying amounts*

The fair values of financial assets and liabilities, together with their carrying amounts shown in the statement of financial position, are as follows:

Assets carried at amortised cost

Cash and cash equivalents	1,286,200	2,698,097
Trade and other receivables	53,037	26,590
Financial assets	<u>1,357,672</u>	<u>-</u>
	<u>2,696,909</u>	<u>2,724,687</u>

Liabilities carried at amortised cost

Trade and other payables	<u>193,070</u>	<u>161,429</u>
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As at 31 December 2019 the fair value has been assessed to be the same amount as the carrying value. This analysis was the same as at the 2018 balance date. The basis for determining fair value is disclosed in note 3.

Fair value hierarchy

All financial instruments are carried at amortised cost.

Note 20 - Events occurring after balance date

Subsequent to the end of the financial year there have been considerable economic impacts in Australia and globally arising from the outbreak of the Coronavirus, and Government actions to reduce the spread of the virus.

At the date of signing the financial statements the Union is unable to determine what financial effects the outbreak of the virus could have on the organisation in the coming financial period.

No financial effects arising from the economic impacts of the virus have been included in the financial statements for the year ended 31 December 2019. The Union acknowledges its responsibility to continuously monitor the situation and evaluate this impact including its ability to pay its debts as and when they become due and payable.

AUSTRALIAN MARITIME OFFICERS UNION**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019****Note 21 - Section 272 Fair Work (Registered Organisations) Act 2009**

In accordance with the requirements of the *Fair Work (Registered Organisations) Act 2009*, the attention of members is drawn to the provisions of subsections (1) to (3) of section 272, which reads as follows:

Information to be provided to members or the Commissioner of the Registered Organisations Commission:

(i) A member of the reporting unit, or the Commissioner of the Registered Organisations Commission, 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) The reporting unit must comply with an application made under subsection (1).

Information required under the Reporting Guidelines for the purposes of section 253 of the *Fair Work (Registered Organisations) Act 2009* :

(i) There was no recovery of wages activity undertaken by the Union during the financial year (2018: Nil).

(ii) The Union does not keep any special funds for any specific purpose (2018: Nil). No compulsory levies nor voluntary contribution was collected from the members during the year (2018: Nil).

(iii) The Union is liquid and does not rely on other entities to continue as a going concern. No financial support was received or given to/from other entities during or since the end of the financial year (2018: Nil).

(iv) The Union did not acquire any assets or liabilities during the financial year as a result of amalgamation, restructuring of branches, business combinations or determination and revocation by the Commissioner of the Registered Organisations Commission (2018: Nil).

Note 22 - Additional disclosure required by the Registered Organisations Commission

	2019 \$	2018 \$
<i>Employee expenses:</i>		
<u>Staff</u>		
Salaries and wages	819,316	893,400
Superannuation	111,351	139,923
Leave and other entitlements	32,874	(225,589)
Separation and redundancies	-	39,853
	<u>963,541</u>	<u>847,587</u>
<u>Officials</u>		
Salaries and wages	80,666	215,512
Superannuation	13,437	38,997
Leave and other entitlements	11,224	59,561
	<u>105,327</u>	<u>314,070</u>
<i>Total employee expenses</i>	<u><u>1,068,868</u></u>	<u><u>1,161,657</u></u>

AUSTRALIAN MARITIME OFFICERS UNION**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31 DECEMBER 2019**Note 22 - Additional disclosure required by the Registered Organisations Commission (continued)**

	2019	2018
	\$	\$
<i>Other expenses:</i>		
Affiliation fees	25,529	20,466
Consultants fees	3,230	56,559
Donations/grants paid	440	119
Legal costs - other	45,731	41,714
Litigation costs	84,974	128,531
Meeting/conference expenses	29,423	18,049

Note 23 - Union details

The registered office and the principal place of business of the Union are located at:
Level 1, 52 Buckingham Street
Surry Hills, NSW 2010

AUSTRALIAN MARITIME OFFICERS UNION
ABN 56 181 230 800

FINANCIAL REPORT - 31 DECEMBER 2019

EXECUTIVE COUNCIL DECLARATION

On 12 May 2020, the Executive Council of the Australian Maritime Officers Union (the "Union") passed the following resolution in relation to the general purpose financial reports (GPFR) of the Union for the financial year ending 31 December 2019.

In accordance with the resolution of the Executive Council, we state that in the opinion of the council the financial statements and notes:

- (a) comply with Australian Accounting Standards;
- (b) comply with the reporting guidelines as issued by the Commissioner of the Registered Organisations Commission;
- (c) give a true and fair view of the financial position as at 31 December 2019 and of the performance for the year ended on that date of the Union;
- (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; and
- (e) during the financial year to which the financial statements relate and since the end of the year:
 - i. meetings of the Executive Council of the Union were held in accordance with the rules of the Union, including the rules of any branch concerned;
 - ii. the financial affairs of the Union have been managed in accordance with the rules of the Union, including the rules of any branch concerned;
 - iii. the financial records of the Union have been kept and maintained in accordance with the *Fair Work (Registered Organisations) Act 2009*;
 - iv. to the knowledge and belief of the Executive Council, during the financial year to which the financial report relates, there have been no instances where records of the organisation or other documents or copies of those records or other documents, have not been furnished, or made available to members of the organisation or the Register in accordance with section 272 of the *Fair Work (Registered Organisation) Act 2009*;
 - v. 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
 - vi. no orders have been made by the Commissioner of the Registered Organisations Commission in relation to section 273 of the *Fair Work (Registered Organisations) Act 2009* during the period.
- (f) there was no recovery of wages activity undertaken by the Union during the financial year.

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



Timothy B Higgs
President

Sydney, 12 May 2020

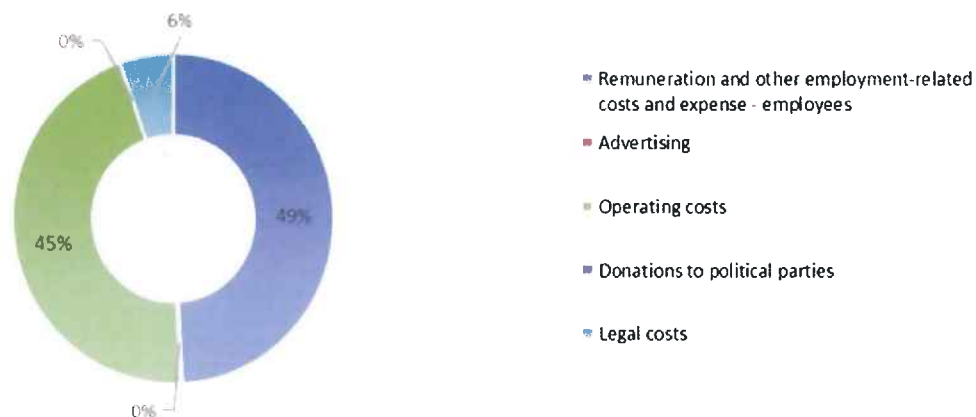
AUSTRALIAN MARITIME OFFICERS UNION
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FINANCIAL REPORT - 31 DECEMBER 2019

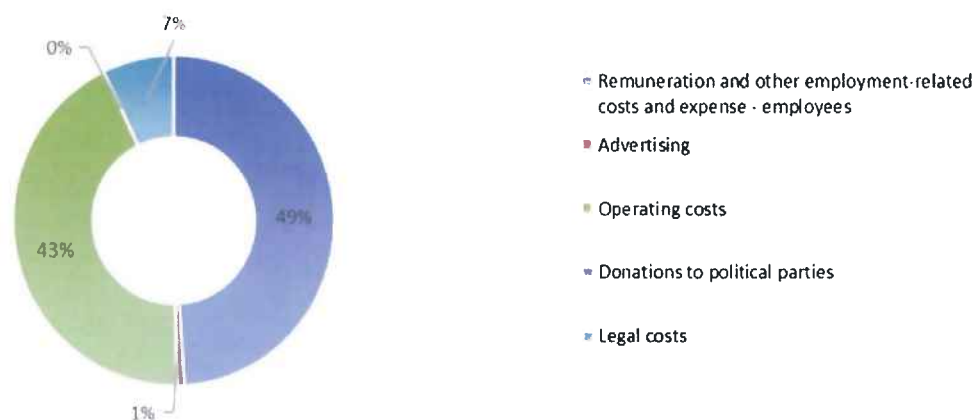
**REPORT REQUIRED UNDER SUBSECTION 255(2A) OF THE
 FAIR WORK (REGISTERED ORGANISATIONS) ACT 2009**

The Executive Committee presents the expenditure report as required under subsection 255(2A) of the *Fair Work (Registered Organisations) Act 2009* for Australian Maritime Officers Union for the year ended 31 December 2019.

2019 - Expenditure as required under s. 255(2A) RO Act



2018 - Expenditure as required under s. 255(2A) RO Act



Timothy B Higgs
 President

Sydney, 12 May 2020

AUSTRALIAN MARITIME OFFICERS UNION
ABN 56 181 230 800

FINANCIAL REPORT - 31 DECEMBER 2019

OFFICER DECLARATION STATEMENT

I, Tim Higgs, being the President of Australian Maritime Officers Union, declare that the following activities did not occur during the reporting period ending 31 December 2019.

The reporting unit did not:

- agree to receive financial support from another reporting unit to continued as a going concern (refers to agreement regarding financial support not dollar amount);
- agree to provide financial support to another reporting unit to ensure they continue as a going concern (refers to an agreement regarding financial support not dollar amount);
- acquire an asset or liability due to an amalgamation under Part 2 of the Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission;
- receive capitation fees from another reporting unit;
- receive any other revenue from another reporting unit;
- receive revenue via compulsory levies;
- receive donations or grants;
- receive revenue from undertaking recovery of wages activity;
- incur fees as consideration for employees making payroll deductions of membership subscriptions;
- pay capitation fees to another reporting unit;
- pay compulsory levies;
- pay a grant that was \$1,000 or less;
- pay a grant that exceeded \$1,000;
- pay a donation that exceeded \$1,000;
- pay a person fees or allowances to attend conferences or meeting as a representative of the reporting unit;
- pay a penalty imposed under RO of the *Fair Work Act 2009*;
- have a receivable with another reporting unit;
- have a payable with another reporting unit;
- have a payable to employer as consideration for that employer making payroll deductions of membership subscriptions;
- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch;
- transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity;
- have a balance within the general fund;
- provide cash flows to another reporting unit and/or controlled entity;
- receive cash flows from another reporting unit and/or controlled entity;
- have another entity administer the financial affairs of the reporting units; or
- make a payment to a former related party of the reporting unit.



Timothy B Higgs
President

Sydney, 12 May 2020

AUSTRALIAN MARITIME OFFICERS UNION
ABN 56 181 230 800

FINANCIAL REPORT - 31 DECEMBER 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
AUSTRALIAN MARITIME OFFICERS UNION

Opinion

We have audited the financial report of Australian Maritime Officers Union (the "Union") which comprises the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, the statement of changes in funds and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, the Executive Council Declaration, the subsection 255(2A) report and the Officer Declaration Statement.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Union as at 31 December 2019, and its financial performance and its cash flows for the year ended on that date 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.

Basis for Opinion

We have 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 confirm that the Independence Declaration, which has been given to the Executive Council of the Union, would be in the same terms if given to the Executive Council as at the time of this Auditor's Report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Information Other than the Financial Report and Audit Report Thereon

The Executive 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 of 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 the regard.

AUSTRALIAN MARITIME OFFICERS UNION
ABN 56 181 230 800

FINANCIAL REPORT - 31 DECEMBER 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
AUSTRALIAN MARITIME OFFICERS' UNION

Executive Council's Responsibility for the Financial Report

The Executive Council of the Union (the "Council") is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretation) and the RO Act and for such internal control as the Council determine is necessary to enable the preparation of a financial report that gives a true and fair view and 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 related 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 and the website address is <http://www.auasb.gov.au/Home.aspx>.

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 our audit.



Stewart Brown
Chartered Accountants



S.J. Hutcheon
Partner
Registration number: 309885

12 May 2020

AUSTRALIAN MARITIME OFFICERS UNION

ABN 56 181 230 800

FINANCIAL REPORT - 31 DECEMBER 2019

ACCOUNTANT'S DISCLAIMER ON OTHER FINANCIAL INFORMATION

The following additional financial data is in accordance with the books and records of the Union which have been subjected to the auditing procedures applied in our audit of the financial report of the Union for the year ended 31 December 2019.

It will be appreciated that our audit of the financial report did not cover all details of the additional financial data, which does not form part of the financial report. Accordingly, we do not express an audit opinion on such financial data and no warranty of accuracy or reliability is given.

Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person in respect of such data, including any errors or omissions therein however caused.



StewartBrown
Chartered Accountants



S.J. Hutcheon
Partner

12 May 2020

AUSTRALIAN MARITIME OFFICERS UNION**DETAILED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019	2018
	\$	\$
Operating revenue		
Membership income		
Subscriptions, levies and joining fees	2,120,277	1,872,340
Other income		
Sundry income	8,905	62,845
<i>Total operating revenue</i>	<u>2,129,182</u>	<u>1,935,185</u>
Operating expenditure		
Advertising	3,614	18,192
Advisory fees	-	13,630
Affiliation fees	25,529	20,466
Accounting and audit fees	44,235	34,381
Amortisation	6,092	9,723
Bank charges	11,908	12,025
Campaign expenses	4,715	44,164
Conference and meeting expenses	48,736	27,382
Consultants fees	3,230	56,559
Computer software and maintenance	57,038	83,941
Delegate fees and expenses	68	58
Depreciation	111,276	135,333
Electricity and gas	2,959	4,302
Employee amenities	2,827	1,122
Entertainment	-	815
Equipment hire/lease/write off	13,646	12,652
Finance costs - AASB 16	11,190	-
Flowers and gifts	176	577
Fringe benefits tax	12,406	893
General and other expenses	5,848	(3,226)
Insurance	22,632	62,565
Legal costs	130,705	170,245
Library services and publications	152	2,155
Member Benefit Services	4,815	8,186
Payroll tax	15,365	30,710
Permits	1,213	242
Postage	6,755	9,516
Printing and stationery	19,998	5,117
Annual leave expense	20,462	(155,878)
Long service leave expense	12,412	(69,711)
Rates and taxes, branch properties	6,101	4,263
Refunds	-	589
Relocation expenses	24,770	-
Rent and cleaning	69,594	103,933
Repairs and maintenance	652	4,012
Salaries	971,206	1,208,326
Staff training	2,509	2,508
Storage facilities	9,356	7,779
Subscriptions	9,103	2,853
Superannuation	124,788	178,920
Telephone and internet	51,560	54,346
Travelling expenses	218,064	237,312
Website maintenance	12,854	6,325
<i>Total operating expenditure</i>	<u>2,100,559</u>	<u>2,347,302</u>
Operating surplus (deficit)	<u>28,623</u>	<u>(412,117)</u>

AUSTRALIAN MARITIME OFFICERS UNION

DETAILED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	\$	\$
Non-operating revenue		
Investment income	27,389	65,841
Net gain on disposal of financial assets	<u>-</u>	<u>380,061</u>
<i>Total non-operating revenue</i>	<u>49,117</u>	<u>445,902</u>
Non-operating expenses		
Bad debts	85,067	-
Loss on disposal of assets	<u>3,308</u>	<u>22,964</u>
<i>Total non-operating expenses</i>	<u>88,375</u>	<u>22,964</u>
 Surplus (deficit) for the year	 (10,635)	 10,821
Other comprehensive income		
Net fair value (loss) gain on available-for-sale financial assets	<u>-</u>	<u>(410,656)</u>
Other comprehensive income for the year	<u>-</u>	<u>(410,656)</u>
 Total comprehensive loss for the year	 <u><u>(10,635)</u></u>	 <u><u>(399,835)</u></u>