



Australian Government
Registered Organisations Commission

25 February 2021

Mr Pdraig Crumlin
Divisional National Secretary
Construction, Forestry, Maritime, Mining and Energy Union, Maritime Union of Australia Division

By e-mail: muano@mua.org.au

Dear Mr Crumlin

Construction, Forestry, Maritime, Mining and Energy Union, Maritime Union of Australia Division
Financial Report for the year ended 30 June 2020 - FR2020/252

I acknowledge receipt of the financial report for the year ended 30 June 2020 for the Construction, Forestry, Maritime, Mining and Energy Union, Maritime Union of Australia Division (**the reporting unit**). The financial report was lodged with the Registered Organisations Commission (**ROC**) on 11 December 2020.

The financial report has now been filed. You are not required to take any further action in respect of the report lodged.

Whilst the 2020 report has been filed the following should be addressed in the preparation of the next financial report.

1. Committee of management statement

Reference to Fair Work Commission

Item (e)(vi) of the committee of management statement incorrectly refers to the Registered Organisations Commission instead of the Fair Work Commission (FWC).

Please ensure this is corrected in future financial reports.

2. General Purpose Financial Report (GPFR)

Incorrect reference

Note 25(3) to the GPFR incorrectly refers to the Commissioner (Registered Organisations Commission) instead of the General Manager (Fair Work Commission).

Please ensure this is corrected in future financial reports.

Disclosure of expenses for affiliation fees

Reporting guideline (RG) 14(c) requires the following information to be disclosed for affiliation fees:

- i. the amount paid to each entity; and
- ii. the name of each entity to which monies were paid;

Note 3(d) to the GPFR provides this information except for the amount of \$27,619 described as 'Other Affiliations'. RG 14(c) requires this item to be disclosed as detailed above.

In future please ensure that the reporting unit's GPFR discloses this information in accordance with RG 14(c).

Disclosure of revenue from compulsory levies or voluntary contributions

Reporting guideline (RG) 13(c) requires the following information to be disclosed for compulsory levies or voluntary contributions revenue received:

- i. a brief description of the purpose of each such levy or appeal; and
- ii. the amount;

Item 21 of the RGs states that if any of the activities identified within item 10 – 20 of the RGs 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.

Compulsory levies or voluntary contributions revenue received has not been disclosed. In future years please ensure that this revenue item is disclosed in accordance with the RGs.

Balances of funds/accounts due to a compulsory levy or voluntary contribution

Note 18 to the GPFR reports the balances as at 30 June 2020 of the following two trust funds:

1. Tom Bradshaw Fund \$133,532
2. Burnie Funeral Fund \$153,999

These funds are controlled by the reporting unit but have not been audited nor included in the balances of the Statement of Changes in Members' Funds.

Reporting guideline 17 states that the name and balance of each fund or account operated in respect of compulsory levies raised by the reporting unit or voluntary contributions collected from members of the reporting unit must be disclosed by the reporting unit in the notes to the financial statements unless already disclosed on the face of the balance sheet.

In future please ensure that these funds are audited and accounted for in accordance with Australian Accounting Standards and RG 17.

AASB 15 - Separate disclosure of revenue from contracts with customers

Australian Accounting Standard AASB 15 *Revenue from Contracts with Customers* paragraph 113(a) requires an entity to disclose revenue from contracts with customers separately unless already disclosed separately in the statement of comprehensive income.

It appears that no such disclosure has been made.

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

Disclosure of related party transactions

AASB 124 *Related Party Disclosures* paragraph 18 states that when an entity has had related party transactions during the reporting period it must disclose the nature of the related party relationship, as well as information about those transactions and outstanding balances including commitments.

You would be aware that the ROC has recently written to the Queensland Branch of the MUA Division (copied to you) in relation to the need to declare transactions with related parties – in that case the Queensland Branch Secretary. Please note that there is no minimum amount exemption from that disclosure in financial reports.

As you are aware, given the current reporting arrangement of a single financial reporting unit for the MUA Division, the obligation to lodge financial reports, and to ensure that they are complete and correct, rests at the Divisional level in the MUA Division, rather than with individual Branches. In those circumstances, there is an expectation that the Division will take steps to assure itself that it is able to make a complete and correct report of related party transactions across its branches.

As indicated in the ROC's letter to the Queensland Branch, the ROC does not propose to insist on an amended 2020 financial report being lodged by the Division, however the ROC will closely review this aspect of the Division's financial reports going forward.

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 9603 0707 or by email at ken.morgan@roc.gov.au

Yours faithfully



KEN MORGAN
Financial Reporting Specialist
Registered Organisations Commission



**Certificate of Prescribed Designated Officer
For the Period 1 July 2019 to 30 June 2020**

Section 268 Fair Work (Registered Organisations) Act 2009

I, Pdraig Crumlin, being the Divisional National Secretary of The Maritime Union of Australia Division of the Construction, Forestry, Maritime, Mining, and Energy Union hereby certify:

- That in accordance with section 268(c) of the *Fair Work (Registered Organisations) Act 2009* (Cth), the documents lodged herewith are copies of the Audited Consolidated Financial Report of The Maritime Union of Australia Division (The Division) of the Construction, Forestry, Maritime, Mining and Energy Union for the period 1 July 2019 to 30 June 2020; and
- That in accordance with section 266 of the *Fair Work (Registered Organisations) Act 2009* (Cth), the Audited Consolidated Financial Report was provided to members at the 2019 Annual General Meeting of members of The Division held in accordance with Rule 19 and Rule 21 of the Rules of The Division between 23 November 2020 and 27 November 2020 as set out at **Annexure A**; and
- That in accordance with section 265 of the *Fair Work (Registered Organisations) Act 2009* (Cth), the Audited Consolidated Financial Report was also published on The Division website www.mua.org.au on Monday, 2nd November 2020.

Signature:

Padraig Crumlin
Divisional National Secretary
The Maritime Union of Australia Division
Construction, Forestry, Maritime, Mining and Energy Union

10 December 2020



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

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

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

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

ABN 93 047 659 794

OPERATING REPORT

Your Divisional National Council present their consolidated report on the Maritime Union of Australia Division ("Union") of the Construction, Forestry, Maritime, Mining and Energy Union, consisting of the National Divisional Branch of the Union, the Divisional Branches of the Union and the subsidiary company of the Union (MUA HTS Pty Limited) for the financial year ending 30 June 2020.

Union Officials

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

Ball, D ^	Garrett, P
Bray, I ^	Keating, P ^
Bull, A ^ *	Lumsden, R
Burford, A ^	Mayor, T ^ *
Cain, C ^	McAleer, P ^
Cain, D (voluntary redundancy 28/8/20)	Miners, J ^
Campbell, J ^	Myers, M ^ *
Cassar, J	Newlyn, J ^
Carter, S ^	Outram, D ^ *
Clothier, C ^ *	Patchett, R
Cross, M ^	Peterson, P
Crumlin, P ^	Smith, W ^
Cumberlidge, S ^	Stevens, S ^
Donato, N	Tracey, W ^
Evans, A ^	Williams, G ^
Gallagher, P	

^ *Divisional National Councillor* **Honorary Electorate*

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

Review of Operations

The consolidated total comprehensive loss of the Union for the year amounted to \$43,619 (2019: \$1,310,497 surplus).

The number of members of the Union at the end of the year was 12,076 (2019: 12,595).

The number of employees of the reporting unit at the end of the year was 82 (2019: 75).

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

Significant Changes in State of Affairs

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

On 28 June 2019, the General Manager of the Fair Work Commission issued a section 245 certificate to the CFMMEU deeming the MUA Divisional National Office and all of its branches are a single reporting unit, for the purpose of Part 3, Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (RO Act).

**THE MARITIME UNION OF AUSTRALIA DIVISION
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OPERATING REPORT

Section 248 of the RO Act provides that a certificate issued under section 245 will commence in the first financial year starting after the certificate is issued. Therefore, the first financial year that the MUA Division and all its branches are deemed a single reporting unit, will be for the financial year ended 30 June 2020.

From 1 July 2019, the MUA Divisional Office and all its divisional branches are now the parent entity in the consolidated financial report. MUA HTS Pty Limited, will be the only entity “controlled” by the MUA Division as its subsidiary. And given that the subsidiary had no transactions during the year, no additional columns were needed for parent and consolidated in this financial statement.

Coronavirus (COVID-19)

The impact of the coronavirus (COVID-19) has been felt in the last half of the financial year and is ongoing. The assistance from the government has seen an increase in cash flow and income for the Union. There has been a decline in membership numbers as a result of job losses, however, the overall financial impact did not significantly affect the Union's income due to other measures already in existence at the start of the financial year.

Principal Activities

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

Rights of Members to Resign

All members have a right to resign in accordance with Section 11 of the Union's Registered Rules and Section 174(1) of the Fair Work (Registered Organisations) Act 2009. In accordance with section 174(1) of the Fair Work (Registered Organisations) Act 2009, a member of an organisation may resign from membership by written notice addressed and delivered to a person designated for the purpose in the rules of the organisation or branch of the organisations.

Events Subsequent to the End of the Reporting Period

As a result of the evolving nature of the COVID-19 outbreak and the rapidly evolving government policies of restrictive measures put in place to contain it, as at the date of these financial statements, the Union is not in a position to reasonably estimate the financial effects of the COVID-19 outbreak on the future financial performance and financial position of the Union.

Other than the current disclosures, there has not been any other matter or circumstance occurring subsequent to the end of the financial year that has 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 subsequent financial periods.

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.

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

OPERATING REPORT

Auditor's Independence Declaration

The auditor's independence declaration for the year has been received and can be found on page 6 of the report.

Superannuation Fund Office Holders

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

Crumlin, P

Newlyn, J

Tracey, W

Garrett, P

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

Dated this 14th day of October 2020



P. Crumlin

Divisional National Secretary



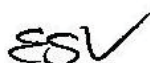
W. Tracey

Divisional Deputy National Secretary

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020, 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 November 2020



ESV Business advice and accounting



**Tim Valtwies
Partner**

Registration number: AA2017/92

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

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020**

	Note	Consolidated	
		2020	2019
		\$	\$
Operating activities			
Revenue from members and other reporting units	2	18,576,738	18,581,481
Other revenue	2	2,240,365	2,706,805
Employee benefits expense	3(a)	(11,391,335)	(10,958,503)
Finance cost		(425,820)	(409,883)
Depreciation and amortisation expenses	3(b)	(945,287)	(893,122)
Administration expenses	3(c)	(2,762,048)	(3,043,845)
Member services expenses	3(d)	(3,954,759)	(5,554,659)
Capitation fees and expenses paid to other reporting units	3(d),18	(376,320)	(1,407,762)
Other expenses	3(e)	(1,218,987)	(1,153,927)
Net (deficit) from operating activities		(257,453)	(2,133,415)
Non-operating activities			
Other income/(expenses)	2(b)	213,834	(221,912)
Net surplus/(deficit) from non-operating activities		213,834	(221,912)
Net (deficit) for the year		(43,619)	(2,355,327)
Other comprehensive income			
Gain on revaluation of land and buildings		-	3,665,824
Total comprehensive (loss)/income for the year		(43,619)	1,310,497

The accompanying notes form part of the financial statements.

THE MARITIME UNION OF AUSTRALIA DIVISION
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 ABN 93 047 659 794

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	Consolidated	
		2020	2019
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	4	6,506,945	6,509,828
Inventories on hand	5	188,146	183,617
Trade and other receivables	6	256,557	583,295
Contract assets	6c	503,121	625,108
Investments	7	6,942,829	7,310,465
TOTAL CURRENT ASSETS		14,397,598	15,212,313
NON-CURRENT ASSETS			
Trade and other receivables	6	65,029	75,763
Property, plant and equipment	8	39,845,585	41,177,592
Investment property	9	4,860,000	4,100,000
TOTAL NON-CURRENT ASSETS		44,770,614	45,353,355
TOTAL ASSETS		59,168,212	60,565,668
CURRENT LIABILITIES			
Trade and other payables	11	2,355,341	3,421,539
Contract liabilities	6c	502,586	589,372
Employee provisions	12	3,101,712	3,062,326
Borrowings	13	-	1,027,494
TOTAL CURRENT LIABILITIES		5,959,639	8,100,731
NON-CURRENT LIABILITIES			
Trade and other payables	11	454,540	663,367
Employee provisions	12	680,717	703,062
Borrowings	13	7,421,707	6,403,280
TOTAL NON-CURRENT LIABILITIES		8,556,964	7,769,709
TOTAL LIABILITIES		14,516,603	15,870,440
NET ASSETS		44,651,609	44,695,228
MEMBERS' FUNDS			
Fighting fund reserve	14	18,739	18,739
Revaluation reserve		13,781,148	13,451,668
Other reserves	14	2,072,507	1,905,237
Retained surplus		28,779,215	29,319,584
TOTAL MEMBERS' FUNDS		44,651,609	44,695,228

The accompanying notes form part of the financial statements.

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

**STATEMENT OF CHANGES IN MEMBERS' FUNDS
FOR THE YEAR ENDED 30 JUNE 2020**

	Fighting Fund Reserve	Revaluation Reserve	General Reserves	Retained Surplus	Total Funds
	\$	\$	\$	\$	\$
CONSOLIDATED					
At 30 June 2018	18,739	9,785,844	1,857,174	31,722,976	43,384,733
Net surplus/(deficit) for the year	-	-	91,853	(2,447,182)	(2,355,329)
Other comprehensive income	-	3,665,824	-	-	3,665,824
Total comprehensive income	-	3,665,824	91,853	(2,447,182)	1,310,495
Transfer to/(from) reserves	-	-	(43,790)	43,790	-
At 30 June 2019	18,739	13,451,668	1,905,237	29,319,584	44,695,228
Net surplus/(deficit) for the year	-	-	121,015	(164,634)	(43,619)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	121,015	(164,634)	(43,619)
Transfer to/(from) reserves	-	329,480	46,255	(375,735)	-
At 30 June 2020	18,739	13,781,148	2,072,507	28,779,215	44,651,609

The accompanying notes form part of the financial statements.

**THE MARITIME UNION OF AUSTRALIA DIVISION
AND ITS SUBSIDIARY AND BRANCHES
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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020**

	Note	Consolidated	
		2020 \$	2019 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from members		20,440,182	21,340,478
Payments to suppliers and employees		(22,460,987)	(22,334,091)
Cashflow to/from other reporting units (CFMMEU)			(1,132,913)
Fundraising receipts		-	14,086
Fundraising expenses		-	(18,120)
Interest Paid		(434,887)	(392,699)
Interest received		55,957	108,007
Commission received		532,858	547,262
Rent received		661,568	665,831
Other receipts		963,332	1,072,471
Donations paid		(386,058)	(327,027)
Donations received		205,725	308,160
Net cash (used in) operating activities	15(b)	(422,310)	(148,555)
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from disposal of managed investments		500,000	600,000
Proceeds from sale of property, plant and equipment		891,637	9,091
Purchase of property, plant and equipment		(985,210)	(891,669)
Net cash provided by/(used in) investing activities		406,427	(282,578)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	611,000
Repayment of borrowings		-	1,400
Net repayment of loans receivable		13,000	13,000
Net cash provided by financing activities		13,000	625,400
Net (decrease)/increase in cash and cash equivalents		(2,883)	194,267
Cash and cash equivalents at the beginning of the financial year		6,509,828	6,315,561
Cash and cash equivalents at the end of the financial year	15(a)	6,506,945	6,509,828

The accompanying notes form part of the financial statements.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

1. Summary of Significant Accounting Policies

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

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

The consolidated financial report of The Maritime Union of Australia Division for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the Divisional National Council on the 14th October 2020.

Basis of Preparation

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

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

(a) Basis of Consolidation

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

1. Summary of Significant Accounting Policies (cont)

b) New Australian Accounting Standards

Adoption of New Australian Accounting Standard requirements

The accounting policies adopted are consistent with those of the previous financial year except for the following standards and amendments, which have been adopted for the first time this financial year:

- AASB 15 Revenue from Contracts with Customers, which replaces AASB 118 Revenue, and AASB 1058 Income of Not-for-Profit-Entities, which replaces in the income recognition requirements of AASB 1004 Contributions.
- AASB 16 Leases and amending standards, which replaces AASB117 Leases.

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

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

AASB 15 Revenue from Contracts with Customers supersedes AASB 111 Construction Contracts, AASB 118 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers.

AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. AASB 15 also includes implementation guidance to assist not-for-profit entities to determine whether particular transactions, or components thereof, are contracts with customers. If a transaction is outside the scope of AASB 15, the recognition and measurement of income arising from the transaction may instead be specified by another Standard, for example AASB 1058 Income of Not-for-Profit Entities.

AASB 1058 replaces the income recognition requirements in AASB 1004 Contributions that had previously applied to the Union. AASB 1058 provides a more comprehensive model for accounting for income of not-for-profit entities and specifies that:

- the timing of revenue or income recognition will depend on whether a performance obligation is identified or a liability is recognised;
- not-for-profit lessees can elect to recognise assets, including leases provided at significantly less than fair value, at their fair value; and
- all not-for-profit entities can elect to recognise volunteer services at fair value if the fair value of those services can be reliably measured.

The Union adopted AASB 15 and AASB 1058 using the modified retrospective method of adoption, with the date of initial application of 1 July 2019. In accordance with the transition approach, the Union recognised the cumulative effect of applying these new standards as an adjustment to opening retained earnings at the date of initial application, i.e., 1 July 2019. Consequently, the comparative information presented has not been restated and continues to be reported under the previous standards on revenue and income recognition.

The adoption of AASB 15 and AASB 1058 did not have a material impact on the Union's financial statements.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

1. Summary of Significant Accounting Policies (cont)

Impact on adoption of AASB 16 Leases

AASB 16 Leases supersedes AASB 117 Leases, Interpretation 4 Determining whether an Arrangement contains a Lease, Interpretation 115 Operating Leases—Incentives and Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under AASB 16 is substantially unchanged from AASB 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in AASB 117. Therefore, AASB 16 does not have an impact for leases where the Union is the lessor.

The Union has adopted AASB 16 using the modified retrospective method of transition, with the date of initial application of 1 July 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Union elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at 1 July 2019. Instead, the Union applied the standard only to contracts that were previously identified as leases applying AASB 117 and Interpretation 4 at the date of initial application.

The Union has lease contracts for various items of plant, machinery, vehicles and other equipment. Before the adoption of AASB 16, the Union classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

Upon adoption of AASB 16, the Union applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 1(g) Leases for the accounting policy beginning 1 July 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Union.

Leases previously accounted for as operating leases

The Union recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Union also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relied on its assessment of whether leases are onerous immediately before the date of initial application;
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application;
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application;
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

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1. Summary of Significant Accounting Policies (cont)

Based on the above, as at 1 July 2019:

- Right-of -use assets of \$252,888 were recognised and presented separately in the statement of financial position.
- Additional lease liabilities of \$252,888 (included in lease liabilities) were recognised.

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019, as follows:

Operating lease commitments disclosed as at 30 June 2019	263,914
Discounted using weighted average incremental borrowing rate of 5.5%	(51,054)
(Less): Short-term leases recognised on a straight-line basis as an expense	(45,702)
(Less): Low-value leases recognised on a straight-line basis as an expense	(17,302)
Add: Adjustments as a result of a different treatment of extension and termination options	103,032
Lease liability recognised as at 1 July 2019	252,888

The Union as a lessor

The Union is not required to make any adjustments on transition to AASB 16 where it is a lessor.

c) Future Australian Accounting Standards Requirements

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

AASB 2020-1 – Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

This standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. For example, the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. This Standard applies to annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted.

d) Taxation

The Union is exempt from income tax under section 50.1 of the Income Tax Assessment Act 1997 however still has obligation for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office is classified within operating cash flows.

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1. Summary of Significant Accounting Policies (cont)

e) Revenue

The Union enters into various arrangements where it receives consideration from another party. These arrangements include consideration in the form of membership subscriptions, capitation fees, levies, grants, and donations.

The timing of recognition of these amounts as either revenue or income depends on the rights and obligations in those arrangements.

Revenue from contracts with customers

Where the Union has a contract with a customer, the Union recognises revenue when or as it transfers control of goods or services to the customer. The Union accounts for an arrangement as a contract with a customer if the following criteria are met:

- the arrangement is enforceable; and
- the arrangement contains promises (that are also known as performance obligations) to transfer goods or services to the customer (or to other parties on behalf of the customer) that are sufficiently specific so that it

Membership subscriptions

For membership subscription arrangements that meet the criteria to be contracts with customers, revenue is recognised when the promised goods or services transfer to the customer as a member of the Union.

If there is only one distinct membership service promised in the arrangement, the Union recognises revenue as the membership service is provided, which is typically based on the passage of time over the subscription period to reflect the Union's promise to stand ready to provide assistance and support to the member as required.

For member subscriptions paid annually in advance, the Union has elected to apply the practical expedient to not adjust the transaction price for the effects of a significant financing component because the period from when the customer pays and the good or services will transfer to the customer will be one year or less.

When a member subsequently purchases additional goods or services from the Union at their standalone selling price, the Union accounts for those sales as a separate contract with a customer.

Capitation fees

Where the Union's arrangement with a branch or another reporting unit meets the criteria to be a contract with a customer, the Union recognises the capitation fees promised under that arrangement when or as it transfers the goods or services that will transfer as part of its sufficiently specific promise to the branch/other reporting unit.

In circumstances where the criteria for a contract with a customer are not met, the Union will recognise capitation fees as income upon receipt (as specified in the income recognition policy below).

Levies

Levies paid by a member (or other party) in an arrangement that meets the criteria to be a contract with a customer is recognised as revenue when or as the Union transfers the goods or services that will transfer as part of its sufficiently specific promise to the branch/other reporting unit.

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1. Summary of Significant Accounting Policies (cont)

In circumstances where the criteria for a contract with a customer are not met, the Union will recognise levies as income upon receipt (as specified in the income recognition policy below).

Income of the Union as a Not-for-Profit Entity

Consideration is received by the Union to enable it to further its objectives. The Union recognises each of these amounts of consideration as income when the consideration is received (which is when the Union obtains control of the cash) because, based on the rights and obligations in each arrangement:

- the arrangements do not meet the criteria to be contracts with customers because either the arrangement unenforceable or lacks sufficiently specific promises to transfer goods or services to the customer; and
- the Union's recognition of the cash contribution does not give to any related liabilities.

During the year, the Union received cash consideration from the following arrangements whereby that consideration will be recognised as income upon receipt:

- donations and voluntary contribution from members (including whip arounds); and
- government grants.

Gains from sale of assets

An item of property, plant and equipment is derecognised upon disposal (which is at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

Interest income

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

Rental income

Leases in which the Union as a lessor, does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the relevant lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

f) 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.

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1. Summary of Significant Accounting Policies (cont)

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.

g) Leases

The Union assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Union as a Lessee

The Union applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Union recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Union recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Union at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Union recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Union and payments of penalties for terminating the lease, if the lease term reflects the Union exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Union uses the implicit the interest rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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1. Summary of Significant Accounting Policies (cont)

Short-term leases and leases of low-value assets

The Union's short-term leases are those that have a lease term of 12 months or less from the commencement. It also applies the lease of low-value assets recognition exemption to leases of equipment that are below \$10,000 in value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

h) Borrowing Costs

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

i) Financial assets

Contract assets and receivables

A contract asset is recognised when the Union's right to consideration in exchange goods or services that has transferred to the customer when that right is conditioned on the Union future performance or some other condition.

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets and receivables are subject to impairment assessment. Refer to accounting policies on impairment of financial assets below.

Initial recognition and measurement

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

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

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

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

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

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1. Summary of Significant Accounting Policies (cont)

Subsequent measurement

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

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

Financial assets at amortised cost

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect
 - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of
- Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are
- The Union's financial assets at amortised cost includes trade receivables and loans to related parties.

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

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

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

Derecognition

A financial asset is derecognised when:

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

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

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

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1. Summary of Significant Accounting Policies (cont)

Offsetting

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

Impairment

Expected credit losses

Receivables for goods and services, which have 30-day terms, are recognised at the nominal amounts due less any loss allowance due to expected credit losses at each reporting date. A provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment has been established.

(i) Trade receivables

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

Therefore, the Union does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Union has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

j) Financial Liabilities

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Union transfers the related goods or services. Contract liabilities include deferred income or member subscriptions paid in advance. Contract liabilities are recognised as revenue when the Union performs under the contract (i.e., transfers control of the related goods or services to the customer).

Initial recognition and measurement

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

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

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

Subsequent measurement

Financial liabilities at amortised cost

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

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

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1. Summary of Significant Accounting Policies (cont)

Derecognition

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

k) Property, Plant and Equipment

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

Property

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

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

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

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.

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1. Summary of Significant Accounting Policies (cont)

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

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

l) Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value.

Gains and losses arising from changes in the fair value of investment properties are included in profit and loss in the period in which they arise.

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

m) Impairment of Non-Financial Assets

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

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

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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 & loss and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date.

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

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

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

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

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

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

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

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

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

o) Cash and Cash Equivalents

Cash is recognised at its nominal amount. Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value,

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1. Summary of Significant Accounting Policies (cont)

and 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. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

q) Trade and Other Receivables

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

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

r) Trade and Other Payables

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

s) Accrued Expenditure

Accruals are recognised when there is a definitive commitment and where an obligation for the Union has arisen. Usually the Union accrues for the international conferences, election expenses, legal fees, and any other payables for which the Union has an estimate.

Estimates are based on past year trends and current factors which may have an impact on the Union's obligations. During the current financial year the Union accrued for Union elections, international and national conferences.

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

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

Estimation of useful lives of assets

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

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:

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1. Summary of Significant Accounting Policies (cont)

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.

Coronavirus (COVID-19)

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Union based on known information. This consideration extends to the nature of the services offered, members, staffing and geographic regions in which the Union operates. Other than as addressed in specific notes, there does not currently appear to be any significant impact upon the financial statements during the financial year. However, there may be significant uncertainties in the future as a result of the evolving Coronavirus (COVID-19) pandemic which may impact the Union unfavourably.

u) Information to be Provided to Members or the Commissioner

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 Commissioner, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- ii). The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.
- iii). A reporting unit must comply with an application made under subsection (1).

v) Comparative Figures

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

w) Contingent Liabilities and Contingent Assets

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

x) Going Concern

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

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	Note	Consolidated	
		2020 \$	2019 \$
2. Revenue			
Revenue from Members and Other Reporting Units			
Membership Subscriptions		18,460,416	18,239,607
Union Sales		98,523	67,025
Capitation fees received		-	-
Revenue from other reporting units	18	17,799	274,849
Total Revenue from Members and Other Reporting Units		18,576,738	18,581,481
Other Revenue			
Donations received		205,725	308,160
Rent received		787,626	796,917
Consulting fees		290,273	317,192
Commission Income		498,633	416,931
Other income		458,108	867,605
Total Other Revenue		2,240,365	2,706,805
(a) Disaggregation of revenue			
A disaggregation of the Union's income by source and by timing is presented below:			
Income funding sources			
Members		18,558,939	18,306,632
Other reporting Units		17,799	274,849
Government		50,000	-
Other parties		2,190,365	2,706,805
		20,817,103	21,288,286
Timing of income recognition			
Over time		18,460,416	18,460,416
At a point in time		2,356,687	2,827,870
		20,817,103	21,288,286
(b) Income & Expenses from Non-operating Activities			
Gain from financial assets at fair value through profit and loss		63,701	89,643
Dividend income on managed funds		457	52
Interest received on deposits		120,592	134,042
Interest received on loans		2,266	3,090
Foreign exchange gain		-	75
Gain on sale of non-current assets		26,818	1,186
(Loss) on revaluation of investment property		-	(450,000)
Other income		213,834	(221,912)

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3. Expenses	Note	Consolidated	
		2020 \$	2019 \$
(a) Employee expenses			
<i>Officials</i>			
Salaries and wages		3,705,585	3,666,065
Annual leave entitlement		338,582	399,011
Long service leave entitlement		126,309	160,164
Superannuation contributions		535,175	555,938
Separation and redundancies		-	-
Other employment costs		523,238	525,970
		<u>5,228,889</u>	<u>5,307,148</u>
<i>Other employees</i>			
Salaries and wages		4,031,217	3,928,728
Annual leave entitlement		391,811	429,023
Long service leave entitlement		129,778	130,058
Superannuation contributions		636,098	550,087
Staff and member training		24,266	25,218
Separation and redundancies		-	-
Other employment costs		949,276	588,241
		<u>6,162,446</u>	<u>5,651,355</u>
Total employee expenses		11,391,335	10,958,503
(b) Depreciation for non-current assets			
Buildings and investment property		465,272	414,844
Plant and equipment		423,818	478,278
Right of use asset		56,197	-
Total depreciation		945,287	893,122
(c) Administration expenses			
<i>Donations</i>			
- Total paid that were \$1,000 or less		41,388	64,883
- Total paid that exceeded \$1,000		344,670	313,086
<i>Grants</i>			
		-	-
		<u>386,058</u>	<u>377,969</u>
<i>Remuneration of auditors</i>			
- Audit services		100,000	100,000
- Other services		-	4,448
		<u>100,000</u>	<u>104,448</u>

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3. Expenses (cont)	Note	Consolidated	
		2020 \$	2019 \$
IT and telecommunications		664,625	776,177
Consultants		401,596	549,061
General expenses		1,209,769	1,236,190
Total Administration expenses		2,762,048	3,043,845
(d) Member services expenses			
<i>Legal expenses</i>			
- Litigation		1,502,802	1,468,758
- Other legal expense		176,739	417,741
		<u>1,679,541</u>	<u>1,886,499</u>
<i>Affiliation fees and levies</i>			
Australian Labor Party		62,704	60,047
International Transport Workers Federation		44,436	43,977
Unions NSW - Trades & Labour Council		20,150	18,804
Unions QLD - Trades & Labour Council		14,404	14,214
Unions SA - Trades & Labour Council		4,177	10,565
Unions TAS - Trades & Labour Council		4,579	4,130
Unions VIC - Trades & Labour Council		18,135	18,282
Unions WA - Trades & Labour Council		6,323	31,558
Other Affiliations		27,619	7,359
Capitation fees paid to CFMMEU	18	212,522	228,459
		<u>415,049</u>	<u>437,395</u>
Conferences and meeting expenses	18	1,009,085	2,501,446
Fees/allowances - conferences and meetings		204,257	301,359
Travelling		154,912	214,894
Branch Activities		400,426	456,776
Compulsory levies paid to CFMMEU	18	163,200	924,000
Other membership services		304,609	240,052
		<u>2,236,489</u>	<u>4,638,527</u>
Total Member services expenses		4,331,079	6,962,421
(e) Other expenses			
Occupancy & rental expenses	10	1,218,987	1,153,927
Consideration to employers for payroll deductions		-	-
Penalties - via RO Act or RO Regulations		-	-
Total Other expenses		1,218,987	1,153,927

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	Note	Consolidated	
		2020	2019
		\$	\$
4. Cash and Cash Equivalents			
Cash at banks and on hand		3,056,490	3,050,410
Deposits at call		3,450,455	3,459,418
		6,506,945	6,509,828
5. Inventories on Hand			
Union merchandise		188,146	183,617
		188,146	183,617
6. Trade and Other Receivables			
CURRENT			
Trade debtors		218,995	361,341
Loans receivable	6(a)	27,479	27,029
Other receivables		65,101	30,071
Prepayments		39,619	243,881
Receivable from other reporting unit		-	-
Receivable from other related parties		-	-
Provision for expected credit losses	6(b)	(94,637)	(79,027)
		256,557	583,295
NON-CURRENT			
Loans receivable	6(a)	65,029	75,763
		65,029	75,763
		321,586	659,058
(a) Loans Receivables			
Repayments paid during the period		13,000	13,000
Part of the loans receivable is secured by mortgage over a residential property and are made on normal commercial terms and conditions.			
(b) The movement in the allowance for expected credit losses of trade and other receivables is as follows (none of which relates to another reporting unit):			
At 1 July		(79,027)	(34,323)
Provision for expected credit losses		(15,610)	(44,704)
Write-off		-	-
At 30 June		(94,637)	(79,027)

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	Note	Consolidated	
		2020	2019
		\$	\$
6. Trade and Other Receivables (cont)			
(c) Contract Assets and Liabilities			
The Union has recognised the following assets and liabilities related to contracts with members:			
Contract assets		503,121	625,108
Contract liabilities		(502,586)	(589,372)
Contract assets represents member contributions owing by members while contract liabilities represent member contributions paid in advance by members. All such assets and liabilities are current.			
There were no significant changes between the contract asset and contract liability amounts between this financial year and last year.			
Unsatisfied performance obligations			
The were no remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 June 2020 (2019: Nil) in relation to the contract assets. While 100% of the contract liabilities are for performance obligations to be satisfied in the next financial year. The Union expects that 100% of the transaction price allocated to remaining performance obligations is expected to be recognised as revenue within one year. These performance obligations primarily relate to trade union services to members who paid in advance.			
7. Investments			
Managed funds at market value		5,624,718	6,048,349
Term deposits		1,291,174	1,221,604
Shares - other entities		26,937	40,512
		6,942,829	7,310,465

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8. Property, Plant and Equipment												
Consolidated												
Cost:	Land & Buildings	Plant & Equipment	Office Equipment	Office Furniture	Motor Vehicles	Right of Use Asset	Total					
Balance at 1 July 2019	39,658,920	1,638,265	2,433,197	1,286,749	1,710,391	-	46,727,522					
Additions	371,253	108,716	152,902	38,439	313,900	252,888	1,238,098					
Disposals	(774,252)	-	-	-	(264,613)	-	(1,038,865)					
Reclassification to Investment Property	(800,000)	-	-	-	-	-	(800,000)					
Balance at 30 June 2020	38,455,921	1,746,981	2,586,099	1,325,188	1,759,678	252,888	46,126,755					
Accumulated Depreciation:												
Balance at 1 July 2019	(287,221)	(877,655)	(2,178,666)	(1,185,351)	(1,021,037)	-	(5,549,930)					
Depreciation	(431,459)	(79,885)	(124,279)	(43,644)	(169,557)	(56,197)	(905,021)					
Disposals	2,067	-	-	-	171,714	-	173,781					
Balance at 30 June 2020	(716,613)	(957,540)	(2,302,945)	(1,228,995)	(1,018,880)	(56,197)	(6,281,170)					
Carrying Value												
As at 1 July 2019	39,371,699	760,610	254,531	101,398	689,354	-	41,177,592					
As at 30 June 2020	37,739,308	789,441	283,154	96,193	740,798	196,691	39,845,585					

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8. Property, Plant and Equipment (cont)

Land and buildings are stated at fair value, which has been determined based on valuations as at 30 June 2019 excluding 365 Sussex St, Sydney property which was valued as at 31 December 2018. The valuations were performed by Gentle & Co Pty Ltd, an accredited independent valuer who assessed fair values based on transactions observable in the market and using the summation and capitalisation of income approach. The valuations were based on active market prices, significantly adjusted for the difference in the nature, location or condition of the specific property.

As at 30 June 2020, the Union assessed the fair values of all its properties taking into consideration the potential impact of COVID-19. Our internal assessment considered available information, previous valuations, current market conditions, location and property use among other factors. The lack of key market inputs and limited available reliable data have made our internal assessment challenging and inconclusive.

In this regard, the National Council determined that the current carrying property values represent the most reasonable basis of fair value as at 30 June 2020. This conclusion was supported by the diversity of property assets (office and industrial), the spread on different geographic locations and the fact that most properties are occupied by the Union.

The Union's property portfolio will undergo a formal revaluation on 30 June 2021 in accordance with our 5-yearly revaluation policy.

9. Investment Property at Fair Value

	Note	Consolidated	
		2020	2019
		\$	\$
Opening Balance as at 1 July 2019		4,100,000	4,550,000
Reclassification to Investment Property		800,000	-
Less: Accumulated Depreciation		(40,000)	-
Net (loss)/gain from fair value adjustment		-	(450,000)
Closing Balance as at 30 June 2020		<u>4,860,000</u>	<u>4,100,000</u>

During the financial year, the Fremantle apartment previously classified under land and buildings has been reclassified to investment property as a result in change of use. The Union previously occupies the apartment and makes it available for members use, however from 1 July 2019, the apartment has been fully leased to a tenant under normal commercial terms.

Investment properties are stated at fair value, which has been determined based on valuations as at 30 June 2019 performed by Gentle & Co Pty Ltd, an accredited independent valuer. Fair values were assessed based on transactions observable in the market and using the summation and capitalisation of income approach. The valuations were based on active market prices, significantly adjusted for the difference in the nature, location or condition of the specific property.

As at 30 June 2020, the Union assessed the fair values of its investment properties taking into consideration the potential impact of COVID-19. Our internal assessment considered available information, previous valuations, current market conditions, location and property use among other factors. In January 2020, the Union received an offer for the industrial property in Henderson at the recorded fair value. Negotiations and processes have been in place until May 2020 where the buyer withdrew from the sale and instead entered into a commercial lease commencing 1 July 2020.

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9. Investment Property at Fair Value (cont)

This was the basis that the National Council upheld the value of its investment properties at 30 June 2020. All properties will undergo a formal revaluation on 30 June 2021 in accordance with our 5-yearly revaluation policy.

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 \$282,589 (2019: \$250,000). The rental yields for Henderson and Fremantle properties are 6% and 4% respectively (2019: 6% and nil)

Direct expenses incurred in relation to the investment properties that generated rental income during the year was Nil (2019: \$Nil). During the year and as at the year-end, no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal were present. The Union does not have any contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

The Union has complied with the mandatory code of conduct between landlord and tenants by extensively discussing and engaging with existing tenants and agreeing on measures such as rent reliefs for a period of time or rent deferrals or reductions as applicable.

10. Leases

The Union has adopted AASB 16 Leases using the modified retrospective (cumulative catch-up) method from 1 July, 2019 and therefore the comparative information for the year ended 30 June 2020 has not been restated and has been prepared in accordance with AASB 117 Leases and associated Accounting Interpretations.

Union as a lessee

The Union has a lease over its printing equipments around the country. The lease term is 5 years with no increases in the lease payments for the life of the lease.

Information relating to the lease in place and associated balances and transactions are provided below:

Right-of-use assets	ROU Asset
Balance at beginning of year	252,888
Depreciation charge	(56,197)
Balance at end of year	<u><u>196,691</u></u>

Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the Union is a lessee are shown below:

Interest expense on lease liabilities		11,015
Expenses relating to short-term leases	3	63,004
Expenses relating to leases of low-value assets	3	6,099
		<u><u>80,118</u></u>

Statement of Cash Flow

Total cash outflow for leases		<u><u>121,061</u></u>
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	Note	Consolidated	
		2020	2019
		\$	\$
10. Leases (cont)			
<i>Union as a lessor</i>			
The Union has a few properties or parts of properties available for rent			
Rent Income			
From investment property		282,589	269,735
From land and buildings		482,437	502,483
Others		22,600	24,699
Total Rent Income		787,626	796,917
Amounts included in the income statement relating to operating leases disclosed above includes income from subleasing parts of Union occupied land and buildings and contains variable lease payments that depend on an index or a rate.			
11. Trade and Other Payables			
CURRENT			
Trade creditors		1,079,324	1,172,497
Accruals and other provisions		54,628	1,222,890
Other creditors		310,063	132,490
Revenue in advance		208,828	208,828
Payable to other reporting unit	18	368,540	451,029
Lease liability		211,295	-
Legal costs - litigations		122,663	233,805
Legal costs - other matters		-	-
Consideration to employers for payroll deduction		-	-
		2,355,341	3,421,539
NON-CURRENT			
Revenue in advance		454,540	663,367
		454,540	663,367
		2,809,881	4,084,906
12. Employee Provisions			
CURRENT			
Annual leave			
Officials		838,789	908,589
Employees		946,555	858,728
Long service leave			
Officials		701,981	739,270
Employees		614,387	555,739
Separation and redundancies		-	-
		3,101,712	3,062,326

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	Note	Consolidated	
		2020	2019
		\$	\$
12. Employee Provisions (cont)			
NON-CURRENT			
Officials			
Long service leave		209,539	268,019
Separation and redundancies		-	-
Employees			
Long service leave		471,178	435,043
Separation and redundancies		-	-
		680,717	703,062
Aggregate employee benefit liability		3,782,429	3,765,388
13. Borrowings			
Current		-	1,027,494
Non-Current		7,421,707	6,403,280
		7,421,707	7,430,774
<p>These loans are secured by a mortgage over one of the Union's land and building with carrying value of \$17,000,000.</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			
<p>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.</p>			
		18,739	18,739
Other Reserves			
Appeal and Welfare Fund		1,176,462	1,112,410
Point Peron Fund		190,250	130,870
State Conference Reserve		56,885	10,229
Sustenance Fund		490,239	490,639
Special Purpose Fund		6,683	6,683
Sick and Accident Fund		109,186	106,806
Divers Fighting Fund		42,802	47,600
		2,072,507	1,905,237

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

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14. Fighting Fund Reserve (cont)

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

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

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

	Note	Consolidated	
		2020	2019
		\$	\$
15. Cash Flow Information			
(a) Reconciliation of Cash			
Cash at the end of the financial period as shown in the Statement of Cash Flows is represented as:			
Cash at bank and on hand		3,056,490	3,050,410
Deposits at call		3,450,455	3,459,418
		6,506,945	6,509,828
(b) Reconciliation of Cash Flow from Operations with Net (Deficit) for the Year			
Net (deficit) for the year		(43,619)	(2,355,327)
Adjustments for:			
Depreciation		945,287	893,119
Amortisation of deferred rent		(208,827)	(248,828)
Bad debts		19,855	44,704
Foreign exchange gain		-	(75)
(Gain) on disposal of non current asset		(26,818)	(1,186)
Provisions		-	93,876
Gain from financial assets at fair value through profit and loss		(64,158)	(89,695)
Revaluation of Investment Property		-	450,000
Changes in assets and liabilities :			
Decrease/(increase) in trade and other receivables		183,494	(135,723)
Decrease/(increase) in inventory		(4,530)	6,598
Decrease(Increase) in contract assets		121,987	-
(Decrease)/increase in trade and other payables		(1,275,236)	568,004
Increase in employee provisions		17,041	625,978
(Decrease) in contract liabilities		(86,786)	-
Cash flows from operations		(422,310)	(148,555)

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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.

b. Interest rate risk

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

c. Price risk

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

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

Sensitivity analysis

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

	Profit	Equity
	\$	\$
Year ended 30 June 2020		
+/- 2% in interest rates	27,674/(27,674)	27,674/(27,674)
+/- 10% in fair value of financial assets	565,166/(565,166)	565,166/(565,166)
Year ended 30 June 2019		
+/- 2% in interest rates	53,220/(53,220)	53,220/(53,220)
+/- 10% in fair value of financial assets	731,047/(731,047)	731,047/(731,047)

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.

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16. Financial Risk Management (cont)

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.

	Weighted Average Effective Interest Rate	1 year or less	Between 1 & 2 years	Between 2 & 5 years	Over 5 years	Remaining contractual maturities
	%	\$	\$	\$	\$	\$
Consolidated - 2020						
Financial Liabilities						
<i>Non interest bearing</i>						
Trade and other payables	-	1,977,946	45,078	123,489	-	2,146,513
Employee provisions	-	3,101,713	323,275	357,441	-	3,782,429
<i>Interest-bearing - variable rate</i>						
Borrowings	5.50%	378,600	378,600	1,135,800	5,528,707	7,421,707
		<u>5,458,259</u>	<u>746,953</u>	<u>1,616,730</u>	<u>5,528,707</u>	<u>13,350,649</u>
Consolidated - 2019						
Financial Liabilities						
<i>Non interest bearing</i>						
Trade and other payables	-	3,212,711	-	-	-	3,212,711
Employee provisions	-	3,062,326	247,948	455,113	-	3,765,387
<i>Interest-bearing - variable rate</i>						
Borrowings	5.80%	1,027,494	400,006	6,003,274	-	7,430,774
		<u>7,302,531</u>	<u>647,954</u>	<u>6,458,387</u>	<u>-</u>	<u>14,408,872</u>

17. Fair Value Measurement

Fair value hierarchy

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

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

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

Level 3: Unobservable inputs for the asset or liability.

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17. Fair Value Measurement

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Consolidated - 2020				
<i>Assets</i>				
Investments (managed funds)	5,651,655	-	-	5,651,655
Investment properties	-	-	4,860,000	4,860,000
Land and buildings	-	-	37,739,308	37,739,308
Total assets	5,651,655	-	42,599,308	48,250,963
Consolidated - 2019				
<i>Assets</i>				
Investments (managed funds)	6,088,861	-	-	6,088,861
Investment properties	-	-	4,100,000	4,100,000
Land and buildings	-	-	39,371,700	39,371,700
Total assets	6,088,861	-	43,471,700	49,560,561

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

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

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

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

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

Level 3 assets and liabilities

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

	Investment properties	Land and buildings	Total
Balance at 30 June 2019	4,100,000	39,371,700	43,471,700
Gains/(Losses) recognised in profit and loss	-	-	-
Gains recognised in other comprehensive income	-	-	-
Net disposal	-	(872,392)	(872,392)
Other changes	760,000	(760,000)	-
Balance at 30 June 2020	4,860,000	37,739,308	42,599,308

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17. Fair Value Measurement (cont)

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

Description	Unobservable inputs	Range (weighted average)	Sensitivity Consolidated
			1% change would increase / decrease fair value by
Investment properties	Capitalisation Rate	7%	753,554 / (995,818)
Land and buildings	Capitalisation Rate	6-10% (8%)	3,640,000 / (4,830,000)
			Consolidated
		Note	2020 2019
			\$ \$

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:

Income received from CFMMEU	2	17,799	274,849
		17,799	274,849

Expenses paid to related parties:

Conferences paid to CFMMEU		598	255,303
Capitation fees paid to CFMMEU		212,522	228,459
Campaign levy paid to CFMMEU		163,200	924,000
		376,320	1,407,762

Amounts owed by related parties:

Amounts owed to related parties:		368,540	451,029
----------------------------------	--	---------	---------

Assets transferred from/to related parties

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

Funds Held in Trust

The Western Australian Divisional Branch holds monies in trust for Thomas Leslie Bradshaw (Tom Bradshaw) to be used for the welfare of the retired and sick members of the West Australian Divisional Branch (formerly The Seamen's Union of Australia). The fund is governed by rules and are accounted for separately from the branch's normal transactions. The unaudited balance of the fund as at 30 June 2020 is \$133,532.

The Tasmanian Divisional Branch holds monies in trust, for the "Burnie Funeral Fund". The object of the fund is to provide funeral benefits and death benefits to existing life members and members who have made contributions to the fund in the past. The unaudited balance of the fund as at 30 June 2020 is \$153,999.

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	Note	Consolidated	
		2020 \$	2019 \$
19. Key Management Personnel Remuneration for the Reporting Period			
Short-term employee benefits			
Salary (including annual leave taken)		2,929,587	2,867,211
Annual leave accrued		391,893	365,067
Performance bonus		-	-
Total short-term employee benefits		<u>3,321,480</u>	<u>3,232,278</u>
Post-employment benefits:			
Superannuation		413,567	374,385
Total post-employment benefits		<u>413,567</u>	<u>374,385</u>
Other long-term benefits:			
Long-service leave		84,904	79,095
Non-cash benefits		152,823	156,484
Total other long-term benefits		<u>237,727</u>	<u>235,579</u>
Termination benefits		-	-
Total		<u>3,972,774</u>	<u>3,842,242</u>

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

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

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

21. Controlled Entities

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

- MUA HTS Pty Limited ("Subsidiary")

MUA HTS is a dormant company with no activities and movement during the financial year (2019: Nil). Its only asset is cash of \$7,500 and a liability payable to the Union of \$15,000 (2019: same) which was eliminated on consolidation. There are no restrictions for the Union to access the funds of the consolidated entity.

The Union is the sole shareholder of the company, and given the size of the company there are no significant consequences resulting from loss of control or ownership.

22. Segment Reporting

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

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23. Union Details

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

24. Events Subsequent to Reporting Date

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

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

- (1) No revenue was derived from undertaking recovery of wages activity during the reporting period (2019: Nil).
- (2) The Union is liquid and does not rely on other reporting units/entities to continue as a going concern. No financial support was received or given to/from other reporting units/entities during or since the end financial year
- (3) The Union did not acquire any assets nor liability during the financial year (2019: Nil) as a result of amalgamation, restructuring of branches, business combination or determination and revocation by the Commissioner.
- (4) The Union administers its own financial affairs and does not rely on another entity to do so.
- (5) The Union did not make any payment to a former related party, all related party transactions are disclosed in Notes 18 and 19.

26. Contingent Liabilities, Assets and Commitments

Contingent Liabilities

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

At 30 June 2020, there are a number of ongoing legal actions against or taken by the Union. The claims have been mainly for alleged industrial action taken by the union and/or that the MUA breached provisions in the Fair Work Act and as a result, should be liable to pay them pecuniary penalties.

As at the date of this report, our reasonable estimate of the potential liability arising from these claims would be approximately \$1,000,000 (2019: \$516,000).

Commitments

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

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26. Contingent Liabilities, Assets and Commitments (cont)

	Consolidated	
	2020	2019
	\$	\$
Operating lease commitments—as lessor		
Future minimum rentals receivable under non-cancellable operating leases as at 30 June 2020 are as follows:		
Within one year	674,136	572,889
After one year but not more than five years	1,330,973	1,703,046
More than five years	-	183,333
	2,005,109	2,459,268
 Operating lease commitments—as lessee		
Future minimum rentals payable under non-cancellable operating leases as at 30 June 2020 are as follows:		
Within one year	133,135	126,885
After one year but not more than five years	198,337	137,029
More than five years	-	-
	331,472	263,914

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**DIVISIONAL NATIONAL COUNCIL'S STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020**

On the 14th October 2020, the Divisional National Council of The Maritime Union of Australia Division passed the following resolution to the general purpose financial report (GPFR) for the year ended 30 June 2020:

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

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the Commissioner;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the Union for the financial year ended to which they relate;
- (d) there are reasonable grounds to believe that the Union will be able to pay its debts as and when they become due and payable;
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the Divisional National Council were held in accordance with the rules of the Union; and
 - (ii) the financial affairs of the Union have been managed in accordance with the rules of the Union; and
 - (iii) the financial records of the Union have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009 (the "RO Act"); and
 - (iv) where the Union consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the union; and
 - (v) where information has been sought in any request by a member of the reporting unit or Commissioner duly made under section 272 of the RO Act has been provided to the member or Commissioner; and
 - (vi) where any order for inspection of financial records has been made by the Registered Organisations Commission under section 273 of the RO Act, there has been compliance.
 - (vii) with regard to the funds of the Union raised by the compulsory levies or voluntary contributions from members, or funds other than the General Fund operated in accordance with the rules, no payments were made out of any such fund for purposes other than those for which the fund was operated.

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

Signed at Sydney this 14th day of October 2020



P. Crumlin
Divisional National Secretary



W. Tracey
Divisional Deputy National Secretary

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**REPORT REQUIRED UNDER SUBSECTION 255(2A)
FOR THE YEAR ENDED 30 JUNE 2020**

The Divisional National Council presents the expenditure report as required under subsection 255(2A) on the Union for the year 30 June 2020.

	Consolidated	
	As at 30/6/2020	As at 30/6/2019
	\$	\$
Categories of expenditures		
Remuneration and other employment related costs and expenses	11,746,435	11,315,712
Advertising	13,753	5,044
Operating Costs	7,077,799	9,564,855
Donations to Political Parties	23,038	113,680
Legal Costs	1,679,541	1,886,499
	<u>20,540,566</u>	<u>22,885,790</u>

Signed at Sydney this 14th day of October 2020



P. Crumlin
Divisional National Secretary



W. Tracey
Divisional Deputy National Secretary

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

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the accompanying financial report of Construction, Forestry, Maritime, Mining and Energy Union, The Maritime Union of Australia Division, its Subsidiary and Branches (the "Union"), which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in members' funds and statement of cash flows for the year ended 30 June 2020, and notes to the financial statements, including a summary of significant accounting policies, the Divisional National Council's statement and the subsection 255(2A) report 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 30 June 2020, and its financial performance and its cash flows for the year then ended in accordance with:

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

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

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Union in accordance with the auditor independence requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information Other than the Financial Report and Audit Report Thereon

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

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial

report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Divisional National Council's Responsibility for the Financial Report

The Divisional National Council of the Union (the "Council") is responsible for the preparation and fair presentation in accordance with the Australian Accounting Standards (including Australian Accounting Interpretation) and the RO Act, and for such internal control as the Council determines is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error.

In preparing the financial report, the Council is responsible for assessing the Union's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Council either intends to liquidate the Union or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

report. We are responsible for the direction, supervision and performance of the Union audit. We remain solely responsible for our audit opinion.

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

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

Dated at Sydney on the 2nd day of November 2020

Handwritten signature in black ink, consisting of the letters 'ESV' in a stylized, cursive font.

ESV Business advice and accounting

Handwritten signature in black ink, appearing to read 'Tim Valtwies' in a cursive script.

Tim Valtwies
Partner

Registration number: AA2017/92

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ITEMISED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Consolidated	
	2020	2019
	\$	\$
Operating income		
Membership subscriptions	18,460,416	18,239,607
Donations	205,725	308,160
Consulting fees	290,273	317,192
Rent received	787,626	796,917
Union sales	98,523	67,025
Commission income	498,633	416,931
Sundry income	475,907	1,142,454
Total operating income	20,817,103	21,288,286
Compensation and benefit		
Direct salaries - Officials	3,705,585	3,666,065
Direct salaries - Staff	4,031,217	3,630,534
Fringe benefits tax	122,198	115,064
Motor vehicle expenses	324,634	373,642
Payroll tax	544,188	498,534
Staff & Official training	24,266	25,218
Superannuation	1,171,273	1,106,025
Employee entitlement expense	986,480	1,118,256
Temporary staff	380,057	322,780
Workers compensation insurance	101,437	102,385
Total compensation and benefit	11,391,335	10,958,503
General expenses		
Audit & accountancy	155,118	142,457
Bank & government charges	98,759	74,082
Consultants	401,596	549,061
Depreciation plant & equipment	423,818	478,278
Donations expense	359,962	310,412
ALP donations / campaign advertising	26,096	67,557
Insurance - general	113,344	91,688
Merchandise	160,199	153,951
National Council expenses	102,584	111,098
Office expenses	170,591	256,843
Media activities	140,671	138,374
Postage and freight	40,017	49,179
Printing and stationery	104,038	123,345
Provision for bad debts expense	19,855	44,704
Repairs & maintenance	46,872	44,832
Subscriptions, newspapers & periodicals	153,780	83,569
Sundry expenses	3,941	26,518
Total general expenses	2,521,241	2,745,948

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ITEMISED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Consolidated	
	2020	2019
	\$	\$
Occupancy & rental expenses		
Cleaning	246,798	224,316
Building depreciation	465,272	414,842
Security	34,800	22,634
Electricity	204,361	211,642
Interest Expense	425,820	409,883
Property insurance	96,948	98,512
Property rates	393,524	374,129
Property sales & purchase costs	6,663	2,105
Property valuation fees	12,500	13,000
Rent	69,103	71,084
Repairs & maintenance occupancy	143,275	136,505
Depreciation right of use	56,197	-
Interest expense right of use	11,015	-
Total occupancy and rental expenses	2,166,276	1,978,652
Industrial & member services		
Affiliation fees & levies	415,049	437,395
Branch activities	563,626	1,380,776
Business expenses	28,057	51,960
Conferences - International	212,019	368,587
Conferences - National	106,857	1,191,622
Fares & travel	1,049,379	1,457,490
Funeral expenses	16,301	27,309
Legal expenses	1,679,541	1,886,499
Member training	9,190	12,738
Research & professional services	6,390	291
Stop work meeting expenses	-	5,308
Union election	104,605	18,284
Union publications	140,065	124,162
Total industrial & member services	4,331,079	6,962,421
IT & telecommunications expenses		
Computer consumables	13,053	11,952
Internet expenses	135,569	130,357
IT support & maintenance	269,704	342,963
Telephone	235,381	285,092
Video & teleconference	10,918	5,813
Total IT & telecommunications expenses	664,625	776,177
Total operating expenses	21,074,556	23,421,701
Operating (deficit)	(257,453)	(2,133,415)

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**ITEMISED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020**

	Consolidated	
	2020	2019
	\$	\$
Non-operating income/(expenses)		
Net income from managed funds	64,158	89,695
Interest received on deposits	120,592	134,042
Interest received on loans	2,266	3,090
Foreign exchange gain/(loss)	-	75
(Loss) on sale of non-current assets	26,818	1,186
Gain on revaluation of investment property	-	(450,000)
Total non-operating income	<u>213,834</u>	<u>(221,912)</u>
Net (deficit)	(43,619)	(2,355,327)
Revaluation of land and buildings	-	3,665,824
Total comprehensive income	<u>(43,619)</u>	<u>1,310,497</u>

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