



AUSTRALIAN MARITIME OFFICERS' UNION

A.B.N. 56 181 230 800

**FINANCIAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2017**

AUSTRALIAN MARITIME OFFICERS' UNION

A.B.N. 56 181 230 800

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AUSTRALIAN MARITIME OFFICERS' UNION

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OPERATING REPORT

Your Executive Council present their report on the Australian Maritime Officers' Union (the "Union") for the financial year ended 31 December 2017.

Union Officials

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

Higgs, T *	President
Bullock, K *	Vice President
Dolan, P *	Western Area President
Walsh, A *	Southern Area President
Payne, D *	Southern Area Vice President
Hosking, L *	Southern Area Secretary
Pearson, D	Western Area Secretary
Warhurst, B*	Eastern Area President (Elected on 9 March 2017)
Barnes, R *	Eastern Area Secretary
Wild, A *	National Councillor
Middleton, B *	National Councillor
Andersen, G	Offshore Oil & Gas Delegate
Hawkins, A *	Pilot Delegate
Dorron, D *	Port Services Delegate
Jepson, M *	Seagoing Delegate
Blackband, K *	Towage Delegate

** Honorary officials*

The Union Officials have been in office since the start of the financial year to the date of this report unless otherwise stated. During the year, all Union officials attended the council meeting with no apologies.

Review of operations

The deficit of the Union for the financial year amounted to \$315,919 (2016 deficit: \$249,193).

Number of Members

The number of members of the Union at 31 December 2017 was 2,144 full members comprising 1,624 financial and 520 unfinancial, 212 deferred members comprising 109 financial and 103 unfinancial, 682 associate members and 17 life members. The grand total of AMOU members was 3,055.

Number of Employees

The number of employees of the Union at the end of the financial year was 10 full time employees and 1 part time employees.

Right of Members to Resign

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

AUSTRALIAN MARITIME OFFICERS' UNION

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OPERATING REPORT

Significant Changes in State of Affairs

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

Principal Activities

The principal activity of the Union during the financial year was the provision of trade union services to its members. The objectives of the Union are set out in Section 4 of the Rules. No significant changes in the nature of these activities occurred during the year.

Events Subsequent to the end of the Reporting Period

No matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Union, the results of those operations or the state of affairs of the Union in future financial years.

The Union's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Indemnification of Officers

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

Proceedings on behalf of 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.

Superannuation Fund Office Holders

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

Auditors' Independence Declaration

The auditors' independence declaration for the year ended 31 December 2017 has been received and can be found on page 5 of the financial report.

Signed in accordance with a resolution of the Executive Council.



Tim Higgs

President

Signed at Sydney this 30th day of May 2018



AUDITOR'S INDEPENDENCE DECLARATION

TO THE EXECUTIVE COUNCIL OF AUSTRALIAN MARITIME OFFICERS' UNION

I declare that, to the best of knowledge and belief, during the year ended 31 December 2017 there have been no contravention of any applicable code of professional conduct in relation to the audit.

Dated at Sydney the 30th day of May 2018.

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

ESV Accounting and Business Advisors

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

Tim Valtwies
Partner

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 \$	2016 \$
Revenue	2	1,937,836	2,127,813
Other income	2	164,263	200,850
Employee benefits expense	3	(1,487,503)	(1,627,186)
Depreciation and amortisation expenses	4	(23,062)	(32,501)
Other expenses from ordinary activities	5	(907,453)	(918,169)
Current year deficit before income tax		(315,919)	(249,193)
Income taxes		-	-
Current year deficit		(315,919)	(249,193)
Other comprehensive income			
Items that will not be reclassified subsequently to profit and loss:		-	-
		-	-
Items that may be reclassified subsequently to profit and loss:			
Net fair value gain on available-for-sale investments during the year		67,608	18,094
		67,608	18,094
Other comprehensive income for the year		67,608	18,094
Total comprehensive loss for the year		(248,311)	(231,099)
Total comprehensive loss attributable to:			
Members of the Union		(248,311)	(231,099)

The accompanying notes form part of these financial statements.

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STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note	2017 \$	2016 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	1,751,693	2,212,648
Trade and other receivables	7	122,356	206,193
TOTAL CURRENT ASSETS		<u>1,874,049</u>	<u>2,418,841</u>
NON-CURRENT ASSETS			
Investments	8	1,538,576	1,470,968
Property, plant and equipment	9	894,474	816,252
Intangibles	10	20,823	-
TOTAL NON-CURRENT ASSETS		<u>2,453,873</u>	<u>2,287,220</u>
TOTAL ASSETS		<u>4,327,922</u>	<u>4,706,061</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	177,304	148,047
Short term provisions	12	326,188	490,641
TOTAL CURRENT LIABILITIES		<u>503,492</u>	<u>638,688</u>
NON-CURRENT LIABILITIES			
Long term provisions	12	84,780	79,412
TOTAL NON-CURRENT LIABILITIES		<u>84,780</u>	<u>79,412</u>
TOTAL LIABILITIES		<u>588,272</u>	<u>718,100</u>
NET ASSETS		<u>3,739,650</u>	<u>3,987,961</u>
MEMBERS' FUNDS			
Retained funds		2,890,994	3,206,913
Cumulative changes in fair value		410,656	343,048
Asset revaluation reserve		438,000	438,000
TOTAL MEMBERS' FUNDS		<u>3,739,650</u>	<u>3,987,961</u>

The accompanying notes form part of these financial statements.

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STATEMENT OF CHANGES IN MEMBERS' FUNDS FOR THE YEAR ENDED 31 DECEMBER 2017

	Asset Revaluation Reserve \$	Cumulative Change in Fair Value \$	Retained Funds \$	Total Funds \$
Balance at 1 January 2016	438,000	324,954	3,456,106	4,219,060
Deficit for the year	-	-	(249,193)	(249,193)
Other comprehensive income for the year	-	18,094	-	18,094
Total comprehensive income for the year	-	18,094	(249,193)	(231,099)
Balance at 31 December 2016	438,000	343,048	3,206,913	3,987,961
Deficit for the year	-	-	(315,919)	(315,919)
Other comprehensive income for the year	-	67,608	-	67,608
Total comprehensive income for the year	-	67,608	(315,919)	(248,311)
Balance at 31 December 2017	438,000	410,656	2,890,994	3,739,650

The accompanying notes form part of these financial statements.

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 \$	2016 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from members		2,114,639	2,316,704
Payments to suppliers and employees		(2,728,276)	(2,762,793)
Receipts from/payments to other reporting unit		-	-
Interest received		23,958	34,182
Other income received		145,894	27,575
Net cash flows used in operating activities	20(b)	<u>(443,785)</u>	<u>(384,332)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of investments		-	(112,000)
Investment income received		62,909	38,334
Purchase of intangibles		(20,823)	-
Proceeds from sale of investments		-	373,154
Purchase of property, plant and equipment		<u>(59,256)</u>	<u>(6,354)</u>
Net cash flows (used in)/from investing activities		<u>(17,170)</u>	<u>293,134</u>
Net (decrease) in cash and cash equivalents held		(460,955)	(91,198)
Cash and cash equivalents at beginning of the year		<u>2,212,648</u>	<u>2,303,846</u>
Cash and cash equivalents at end of the year	20(a)	<u><u>1,751,693</u></u>	<u><u>2,212,648</u></u>

The accompanying notes form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements were authorised for issue on the 16th day of May 2018 by the Executive Council.

Basis of Preparation

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

The financial statements have been prepared on an accrual basis and in accordance with the historical cost, except for certain assets and liabilities measured at fair value, 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.

Accounting Policies

a) Income tax

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

b) 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

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

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

Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

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

Freehold land is not depreciated.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 officials to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal.

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

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated over the asset's useful life commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Depreciation is recognised in the statement of profit or loss.

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

Class	Rates
Buildings	2.5% - Straight line method
Office furniture & equipment	4-67% - Diminishing balance method
Library	10% - Diminishing balance method
Motor Vehicle	20% - Diminishing balance method

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

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

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

c) Intangible assets

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

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

d) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Union becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Union commits itself to either purchase or sell the asset.

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to the statement of profit or loss immediately.

Classification and subsequent measurement

Fair value represents the amount for which an asset could be exchanged or a liability settled between knowledgeable and willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity, nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Impairment of Financial Assets

At the end of each reporting period, the Union assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of Financial Assets (cont'd)

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire, or the asset is transferred to another party whereby the Union no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

e) Impairment of 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.

f) Employee benefits

Short-term obligations

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

Other Long-term obligations

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

g) **Employee Retention Incentive Provision**

Employees with greater than 15 years service are entitled to a service termination payment of one week for every year of service, in addition to their standard Notice of Termination payment. This scheme was introduced in the 2006 financial year with the primary purpose of maintaining key personnel. The provision includes relevant on-costs. Provision for employees who have been with the Union for more than 15 years are classified as current liabilities.

h) **Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. When bank overdraft facilities are used, the overdraft would be shown within short-term borrowings in current liabilities in the statement of financial position.

i) **Revenue and other income**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. The difference between the amount initially recognised, and the amount ultimately received, is interest revenue.

The Union recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Union, and specific criteria have been met for each of the Union's activities, as described below;

(i) *Subscription fees and levies*

Revenues from subscription fees and levies are accounted for on accruals basis and is recorded as revenue in the year to which it relates.

The Union membership year runs from January to December. A subscription payment form is sent to members in December, and all subscriptions must be paid by 30 September of the following year for the member to remain 'financial' for that year.

(ii) *Donations and grants*

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

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

(iii) *Interest revenue*

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

(iv) *Investment income*

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

(v) *Sale of assets*

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

All revenue is stated net of the amount of goods and services tax (GST).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

j) Trade and other receivables

Trade and other receivables include amounts due from member contributions. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

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

k) 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.

l) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

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

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

m) Comparative figures

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

n) Fair Value Measurement

The Union measures financial instruments, such as, financial asset as at fair value through the profit and loss, available for sale financial assets, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 15.

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

n) Fair Value Measurement (cont'd)

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) New Australian Accounting Standards

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

The accounting policies adopted are consistent with those of the previous financial year.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

o) New Australian Accounting Standards (cont'd)

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2017 reporting periods and have not been early adopted by the Union. The Union's assessment of the impact of these new standards and interpretations is set out below.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The company will adopt this standard from 1 January 2018 and the impact of its adoption is expected to be minimal on the company.

AASB 15 Revenue from contract with customers is effective for annual reporting periods beginning on or after 1 January 2018. AASB 15 introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services. Accounting policy changes will arise in timing of revenue recognition, treatment of contracts costs and contracts which contain a financing element. AASB 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. At this stage, the Union is not able to estimate the effect of the new rules on the Union's financial statements. The Union will make more detailed assessments of the effect over the next twelve months.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

o) New Australian Accounting Standards (cont'd)

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The company will adopt this standard from 1 January 2019 but the impact of its adoption is yet to be assessed by the company.

p) Significant critical accounting estimates and judgments

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

Key estimates and judgments

Impairment

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

Fair value of property

The Union carries its property at fair value with changes in the fair value recognised in the Statement of Profit or Loss and Other Comprehensive income. At the end of each reporting period, the Union reviews and update their assessment of the fair value of the property, taking into account any impairment indicators and the most recent independent valuations.

AUSTRALIAN MARITIME OFFICERS' UNION

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 \$	2016 \$
2 Revenue		
Members' Contributions	1,937,836	2,127,813
Capitation fees	-	-
Grants or donations received	-	-
Receipts from other reporting units	-	-
Levies	-	-
	<u>1,937,836</u>	<u>2,127,813</u>
Other income		
Interest income	25,461	34,182
Income from managed investments	62,909	35,776
Profit from sale of investments	-	33,317
Sundry Income	75,893	97,575
	<u>164,263</u>	<u>200,850</u>
3 Employee Benefit Expenses		
STAFF		
Salaries and wages	1,141,276	1,215,632
Superannuation contributions	172,894	182,775
Annual leave entitlement	(30,018)	(72,512)
Long service leave entitlement	(143,716)	73,266
Retention incentive entitlement	179	15,515
Separation and redundancies	89,242	-
Other employee expense	-	-
	<u>1,229,857</u>	<u>1,414,676</u>
OFFICIALS		
Salaries and wages	207,693	157,500
Superannuation contribution	35,481	30,713
Annual leave entitlement	7,520	4,614
Long service leave entitlement	6,952	19,683
Retention incentive entitlement	-	-
Separation and redundancies	-	-
Other employee expense	-	-
	<u>257,646</u>	<u>212,510</u>
TOTAL	<u>1,487,503</u>	<u>1,627,186</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	\$	\$
4 Depreciation and amortisation		
Depreciation		
Land and Building	10,000	10,000
Plant and equipment	13,062	12,951
Total depreciation	23,062	22,951
Amortisation		
Intangibles	-	9,550
Total amortisation	-	9,550
TOTAL	23,062	32,501
5 Other expenses from ordinary activities		
Affiliation fees		
Australian Council of Trade Unions	8,305	12,540
SA Unions	1,525	564
Union Shopper	1,194	2,064
Union NSW	1,259	1,190
Union WA	2,097	2,043
QLD Council of Unions	700	786
ITF London	4,233	6,053
VIC Trades Hall	2,679	1,324
Newcastle Trade Hall Council	403	398
Nautilus International	4,064	
	26,459	26,962
Auditor's remuneration		
Audit fees	15,550	15,050
Other services	15,508	21,596
	31,058	36,646
Conferences and meeting expenses	12,408	12,636
Fees/allowances - conferences and meetings	-	-
Donations (\$1,000 or less)	-	250
Donations (more than \$1,000)	-	-
Grants (\$1,000 or less)	-	-
Grants (more than \$1,000)	-	-
Legal costs - Other matters	90,332	33,434
- Litigation	73,473	105,885
Property Expenses	106,470	99,836
Contractors/consultants	37,227	72,976
Consideration to employees for payroll deduction	-	-
Capitation fees paid	-	-
Compulsary levies paid	-	-
Penalties-via RO Act or RO Regulation	-	-
Others	530,026	529,544
	907,453	918,169

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	\$	\$
6 Cash and cash equivalents		
Cash on hand	244	244
Cash at Bank	1,751,449	2,208,404
	1,751,693	2,212,648
7 Trade and other receivables		
Membership Fees Receivables	96,043	104,671
Receivables from other reporting unit	-	-
Other receivables	-	73,097
Prepaid expenses	19,005	22,620
Accrued investment income	7,308	5,805
	122,356	206,193
8 Investments		
Available-for-sale investments	1,538,576	1,470,968
	1,538,576	1,470,968
	2017	2016
	\$	\$
9 Property, plant and equipment		
Land and buildings	768,000	768,000
Less: Accumulated Depreciation	(30,801)	(20,801)
	737,199	747,199
Office furniture and equipment	524,039	463,020
Less: Accumulated Depreciation	(407,762)	(394,782)
	116,277	68,238
Library	22,745	22,745
Less: Accumulated Depreciation	(22,012)	(21,930)
	733	815
Motor Vehicle	40,265	-
Less: Accumulated Depreciation	-	-
	40,265	-
	894,474	816,252

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

9 Property, plant and equipment (Cont'd)

	<i>Land and buildings</i>	<i>Office furniture and equipment</i>	<i>Library</i>	<i>Motor Vehicle</i>	<i>Total</i>
Carrying amount at 1/1/2016	757,199	74,744	906	-	832,849
Additions	-	6,354	-	-	6,354
Depreciation expense	(10,000)	(12,860)	(91)	-	(22,951)
Carrying amount at 31/12/2016	<u>747,199</u>	<u>68,238</u>	<u>815</u>	<u>-</u>	<u>816,252</u>
Carrying amount at 1/1/2017	747,199	68,238	815	-	816,252
Additions	-	61,019	-	40,265	101,284
Depreciation expense	(10,000)	(12,980)	(82)	-	(23,062)
Carrying amount at 31/12/2017	<u>737,199</u>	<u>116,277</u>	<u>733</u>	<u>40,265</u>	<u>894,474</u>

Land and buildings are stated at fair value, which has been determined based on market appraisal and adopted by the Council.

	2017 \$	2016 \$
10 Intangibles		
Website at cost	11,200	11,200
Less: Accumulated Amortisation	<u>(11,200)</u>	<u>(11,200)</u>
	-	-
Unison Database	27,000	27,000
Less: Accumulated Amortisation	<u>(27,000)</u>	<u>(27,000)</u>
	-	-
Website work in progress	20,823	-
Less: Accumulated Amortisation	<u>-</u>	<u>-</u>
	<u>20,823</u>	<u>-</u>

AUSTRALIAN MARITIME OFFICERS' UNION

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

10 Intangibles (Cont'd)

	<i>Software</i>	<i>Website</i>	<i>Website Work in progress</i>	<i>Total</i>
Carrying amount at 1/1/2016	6,750	2,800	-	9,550
Additions	-	-	-	-
Amortisation expense	(6,750)	(2,800)	-	(9,550)
Carrying amount at 31/12/2016	-	-	-	-
Carrying amount at 1/1/2017	-	-	-	-
Additions	-	-	20,823	20,823
Amortisation expense	-	-	-	-
Carrying amount at 31/12/2017	-	-	20,823	20,823

	2017	2016
	\$	\$
11 Trade and other payables		
CURRENT		
Trade payables	83,175	25,053
Income in advance	23,221	31,792
GST payable	11,206	19,398
Payroll liabilities	26,456	48,134
Accrued charges	21,300	20,800
Other payables	11,946	402
Payable to other reporting units	-	-
Payable for legal costs - Other matters	-	352
Payable for legal costs - Litigation	-	2,116
	<u>177,304</u>	<u>148,047</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

12 Provisions	2017	2016
	\$	\$
Office Holders		
Annual Leave	41,126	33,606
Long Service Leave	28,671	23,506
Separations and Redundancies	-	-
Others	-	-
	<u>69,797</u>	<u>57,112</u>
Employees other than Office Holders		
Annual Leave	200,367	344,652
Long Service Leave	70,206	97,869
Separations and Redundancies	-	-
Others	70,599	70,420
	<u>341,172</u>	<u>512,941</u>
TOTAL PROVISIONS	<u>410,969</u>	<u>570,053</u>
Current	326,188	490,641
Non-current	<u>84,780</u>	<u>79,412</u>
TOTAL PROVISIONS	<u>410,968</u>	<u>570,053</u>

A provision has been recognised for employee benefits relating to annual leave, long service leave and employee retention incentive program. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data.

No provision for separation or redundancies was made during the financial year.

AUSTRALIAN MARITIME OFFICERS' UNION

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

13 Key management personnel compensation

	2017	2016
	\$	\$
Short-term employee benefits		
Salary (including annual leave taken)	345,577	167,596
Annual leave accrued	9,566	5,967
Performance bonus	-	-
	<u>355,143</u>	<u>173,563</u>
Post-employment benefit		
Superannuation	55,474	32,177
	<u>55,474</u>	<u>32,177</u>
Other long-term benefits		
Long-service leave accrued	6,952	19,683
	<u>6,952</u>	<u>19,683</u>
Termination benefits	-	-
Total Benefits	<u>417,569</u>	<u>225,424</u>

14 Financial Instruments

The Union's financial instruments consist of deposits with banks, listed shares and equities and trade receivables and payables.

The total for each category of financial instruments, measured in accordance with AASB 139, as detailed in the accounting policies to these financial statements, are as follows:

	2017	2016
	\$	\$
Trade and other receivables	122,356	206,193
Available-for-sale investments	1,538,576	1,470,968
Total financial assets	<u>1,660,932</u>	<u>1,677,161</u>
Trade and other payables	177,304	148,047
Total financial liabilities	<u>177,304</u>	<u>148,047</u>

AUSTRALIAN MARITIME OFFICERS' UNION

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Risk Management Activities

(a) Credit Risk and Liquidity Risk

The Union's exposure to credit risk is the risk that a counterparty will fail to perform contractual obligations under a contract. Credit risk exposure at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Statement of Financial Position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the maximum exposure at the balance date.

Credit risk is not considered to be significant to the Union except in relation to investments in interest bearing securities. Receivables balances from members are monitored on an ongoing basis. The Union's exposure to bad debts is not significant.

Liquidity risk is the risk the Union will encounter difficulty meeting obligations associated with financial liabilities. This risk is managed by monitoring cash balances, liabilities and cashflow and maintaining sufficient cash and cash equivalents to meet normal operating requirements.

(b) Equity price risk

Equity price risk arises from available-for-sale equity securities held by the union. Management monitors the mix of debt and equity securities in its investment portfolio based on market indices. The Union is assisted by external advisors in this regard.

The primary goal of the Union's investment strategy is to maximise investment returns in order to meet any partially unfunded employee entitlement costs.

(c) Interest rate risk

The Union's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and liabilities are summarised below:

AUSTRALIAN MARITIME OFFICERS' UNION

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

14 Financial Instruments (cont'd)

Risk Management Activities (cont'd)

(c) Interest rate risk (cont'd)

31 December 2017

	Weighted average effective interest rate	Fixed Interest Rate Maturing			Non-interest bearing	Total
		Floating interest rate	Within 1 year	1 to 5 Years		
		\$	\$	\$		
Cash and cash equivalents	2.50%	1,751,449	-	-	244	1,751,693
Trade and other receivables	N/A	-	-	-	122,356	122,356
Available-for-sale investments	2.89%	-	-	408,170	-	408,170
Total financial assets		1,751,449	-	408,170	122,600	2,282,219
Trade and other payables	N/A	-	-	-	177,304	177,304
Total financial liabilities		-	-	-	177,304	177,304

31 December 2016

	Weighted average effective interest	Fixed Interest Rate Maturing			Non-interest bearing	Total
		Floating interest rate	Within 1 year	1 to 5 Years		
		\$	\$	\$		
Cash and cash equivalents	2.50%	2,208,404	-	-	244	2,212,648
Trade and other receivables	N/A	-	-	-	206,193	206,193
Available-for-sale investments	5.10%	-	-	340,873	-	340,873
Total financial assets		2,208,404	-	340,873	210,437	2,759,714
Trade and other payables	N/A	-	-	-	148,047	148,047
Total financial liabilities		-	-	-	148,047	148,047

Sensitivity Analysis

	Carrying Amount	+1% (100 basis point) Profit	-1% (100 basis point)	Profit
	\$	\$	\$	\$
2017				
Cash and cash equivalents	1,751,449	17,514	(17,514)	
2016				
Cash and cash equivalents	2,208,404	22,084	(22,084)	

AUSTRALIAN MARITIME OFFICERS' UNION

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

14 Financial Instruments (cont'd)

Risk Management Activities (cont'd)

(d) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Union's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks, such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Union's operations.

The Union's objective is to manage operational risk so as to balance the avoidance of financial losses and damages to the Union's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the Executive Council. This responsibility is supported by the development of overall Union standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties wherever possible, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective

Compliance with Union standards is supported by regular meetings undertaken by the Committee. The Union's standards are documented in the 'Union Rules'.

Fair values

The table below shows the Union's financial assets and liabilities measured at fair value on a recurring basis by each level of the fair value hierarchy.

	Level 1	Level 2	Level 3	Total
31 December 2017	\$	\$	\$	\$
Available-for-sale investments	1,538,576	-	-	1,538,576
Total financial assets	1,538,576	-	-	1,538,576
	Level 1	Level 2	Level 3	Total
31 December 2016	\$	\$	\$	\$
Available-for-sale investments	1,470,968	-	-	1,470,968
Total financial assets	1,470,968	-	-	1,470,968

AUSTRALIAN MARITIME OFFICERS' UNION

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

15 Events after the reporting period

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

16 Related party transactions

The Executive Council receives an allowance for attending meetings of the Council. The aggregate allowance received by the Officials can be found in Note 3.

There were no other related party transactions during the reporting period.

17 Information to be provided to Members or General Manager under Section 272, of the Fair Work (Registered Organisations) Act 2009.

(1) A member of a reporting unit, or the General Manager, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.

(2) 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.

(3) A reporting unit must comply with the application made under subsection (1).

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

(1) There was no recovery of wages activity undertaken by the Union during the financial year (2016: Nil).

(2) The Union does not keep any special funds for any specific purpose (2016: Nil). No compulsory levies nor voluntary contribution was collected from the members during the year (2016: nil)

(3) The Union is liquid and does not rely on other entities to continue as a going concern. No financial support was received or given to/from other entities during or since the end of financial year (2016: Nil).

(4) The Union did not acquire any assets or liabilities during the financial year (2016: Nil) as a result of amalgamation, restructuring of branches, business combination or determination and revocation by the General Manager.

19 Union details

The registered office and the principal place of business of the Union are located at:

Suite 1

Level 5, 377 Sussex Street,
SYDNEY, NSW, 2000

AUSTRALIAN MARITIME OFFICERS' UNION

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

20 Cash flow Information

(a) Reconciliation of cash and cash equivalents

Cash and cash equivalents at the end of financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2017	2016
	\$	\$
Cash on hand	244	4,244
Cash at Bank	1,751,449	2,208,404
	<u>1,751,693</u>	<u>2,212,648</u>

(b) Reconciliation of cash flows from operations to deficit after tax

(Deficit) from operations	(315,919)	(249,193)
Investment income	(62,909)	(35,776)

Non cash flows in surplus from ordinary activities:

Amortisation expense	-	9,550
Depreciation expense	23,062	22,951
Income from investment activity	-	(33,317)

Changes in assets and liabilities:

Decrease/(increase) in trade and other receivables	83,838	(77,792)
(Decrease)/ increase in provision for employee entitlements	(159,086)	40,567
Increase/ (decrease)in trade and other payables	(12,771)	(61,322)
Cashflow used in operations	<u>(443,785)</u>	<u>(384,332)</u>

AUSTRALIAN MARITIME OFFICERS' UNION

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EXECUTIVE COUNCIL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

On 16th of May 2018, the Executive Council of the Australian Maritime Officers' Union (the "Union") passed the following resolution in relation to the general purpose financial reports (GPFR) of the Union for the financial year ending 31 December 2017.

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

- (a) the financial statements and notes comply with the Australian Accounting Standards.
- (b) the financial statements and notes comply with the reporting guidelines as issued by the General Manager of Fair Work Commission;
- (c) the accompanying financial statements and notes are drawn up so as to give a true and fair view of the financial performance, financial position and cash flows of the Union for the financial year ended 31 December 2017;
- (d) there are reasonable grounds to believe that the Union will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year to which the financial statements relate and since the end of the year:
 - (i) meetings of the Executive Council of the Union were held in accordance with the rules of the Union, including the rules of any branch concerned; and
 - (ii) the financial affairs of the Union have been managed in accordance with the rules of the Union, including the rules of any branch concerned; and
 - (iii) the financial records of the Union have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009; and
 - (iv) to the knowledge and belief of the Executive Council, during the financial year to which the financial report relates, there have been no instances where records of the organisation or other documents or copies of those records or other documents, have not been furnished, or made available to members of the organisation or the Registrar in accordance with section 272 of the Fair Work (Registered Organisations) Act 2009
 - (v) where the Union consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the Union; and
 - (vi) with regard to funds of the organisation 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; and
 - (vii) no orders have been made by the General Manager under section 273 of the *Fair Work (Registered Organisations) Act 2009* during the period.
- (f) there was no recovery of wages activity undertaken by the Union during the financial year

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



Tim Higgs
President
For the Executive Council

Signed at SYDNEY this 30th day of May 2018



INDEPENDENT AUDIT REPORT TO THE MEMBERS OF AUSTRALIAN MARITIME OFFICERS' UNION

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the accompanying financial report of Australian Maritime Officers' Union (the "Union"), which comprises the statement of financial position as at 31 December 2017, the statement of profit or loss and other comprehensive income, statement of changes in members' funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Executive Council's statement.

In our opinion, the financial report presents fairly, in all material respects, the financial position of the Union as at 31 December 2017, and its financial performance and its cash flows for the year ended on that date in accordance with:

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

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 Committee of Management 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.



Executive Council's Responsibility for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

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

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

REPORT ON THE RECOVERY OF WAGES ACTIVITY FINANCIAL REPORT

Opinion on the recovery of wages activity financial report

The scope of our work extended to the recovery of wages activity and I have audited the recovery of wages activity financial report for the year ended 31 December 2017.

In our opinion, the financial statements and notes and recovery of wages activity financial report (note 25 (1)) properly and fairly report all information required by the reporting guidelines of the General Manager, including:

- a) any fees charged to, or reimbursements of expenses claimed from, members and others for recovery of wages activity; and
- b) any donations or other contributions deducted from recovered money.

Basis of Opinion

Our responsibility is to express an opinion on the recovery of wages activity financial report, based on our audit conducted in accordance with Australian Auditing Standards. Based on our enquiry, no revenue has been derived from undertaking recovery of wages activity during the financial period.



Responsibilities

The Executive Council is responsible for the preparation and presentation of the recovery of wages activity financial report in accordance with the reporting guidelines of the General Manager. Our responsibility is to express an opinion on the recovery of wages activity report, based on our audit conducted in accordance with Australian Auditing Standards.

Dated at Sydney on the 31st of May 2018

ESV Accounting and Business Advisors

Tim Valtwies
Partner

Registration number: AA2017/92

AUSTRALIAN MARITIME OFFICERS' UNION

A.B.N. 56 181 230 800

DETAILED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	\$	\$
MEMBERSHIP INCOME		
Subscriptions, levies and joining fees	1,937,836	2,127,813
OTHER INCOME		
Sundry income	75,893	97,575
	<u>75,893</u>	<u>97,575</u>
TOTAL OPERATING INCOME	<u><u>2,013,729</u></u>	<u><u>2,225,388</u></u>
EXPENSES		
Advertising	2,637	4,139
Advisory fees	20,000	18,333
Affiliation fees	26,459	26,962
Accounting and audit fees	31,058	36,646
Amortisation	0	9,550
Bank charges	13,178	12,446
Conference and meeting expenses	12,408	12,636
Consultants fees	37,227	72,976
Computer software and maintenance	3,574	6,688
Delegate fees and expenses	987	182
Depreciation	23,062	22,951
Donation expenses	0	250
Electricity and gas	4,896	5,249
Employee amenities	1,737	1,704
Entertainment	2,636	1,386
Equipment write-off	399	427
Flowers and gifts	974	465
General expenses	718	33
Insurance	23,413	23,597
Legal costs	163,805	139,319
Library services and publications	5,291	6,540
Member Benefits Services	23,236	9,900
Payroll tax	47,824	51,250
Permits	1,056	476
Postage	11,052	8,984
Printing and stationery	21,943	40,626
Annual leave expense	(22,498)	(67,898)
Long service leave expense	(136,764)	92,949
Incentive provision expense	179	15,515
Rates and taxes, branch properties	5,667	6,028
Refunds	5,365	269
Rejected DD payment	11,536	8,674

AUSTRALIAN MARITIME OFFICERS' UNION

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DETAILED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	\$	\$
Rent and cleaning	100,803	93,808
Repairs and maintenance	49,294	50,994
Salaries	1,438,211	1,373,132
Staff training	2,492	14,009
Superannuation	208,375	213,488
Telephone and internet	43,990	41,449
Travelling expenses	231,798	221,724
TOTAL EXPENSES	<u>2,418,018</u>	<u>2,577,856</u>
OPERATING (DEFICITS)	<u>(404,289)</u>	<u>(352,468)</u>
NON-OPERATING INCOME		
Interest income	25,461	34,182
Income from managed investments	62,909	35,776
Profit from sale of investment	-	33,317
TOTAL NON-OPERATING INCOME	<u>88,370</u>	<u>103,275</u>
NET (LOSS)	<u>(315,919)</u>	<u>(249,193)</u>
OTHER COMPREHENSIVE INCOME		
Change in fair value of available-for-sale investments	67,608	18,094
TOTAL OTHER COMPREHENSIVE INCOME	<u>67,608</u>	<u>-</u>
TOTAL COMPREHENSIVE (LOSS)	<u>(248,311)</u>	<u>(231,099)</u>