



AUSTRALIAN INDUSTRIAL REGISTRY

Level 35, Nauru House
80 Collins Street, Melbourne, VIC 3000
GPO Box 1994S, Melbourne, VIC 3001
Telephone: (03) 8661 7777
Fax: (03) 9654 6672

Mr Grahame McCulloch
General Secretary
National Tertiary Education Industry Union
PO Box 1323
SOUTH MELOURNE Vic 3205

Dear Mr McCulloch

Re: Financial Returns for Financial Year ended 30 June 2003 - FR2003/410

Receipt is acknowledged of the financial documents of the National Tertiary Education Industry Union for the year ended 30 June 2003. The documents were received in this office on 20 February 2004.

The documents have been filed.

New legislation

As you would know the *Workplace Relations (Registration and Accountability of Organisations)* legislation (the RAO legislation) generally came into operation on 12 May 2003.

The RAO legislation establishes a **Registration and Accountability of Organisations Schedule** (the RAO Schedule) inserted as Schedule IB within the *Workplace Relations Act 1996* (the WR Act) pertaining to registered organisations. Many of the provisions relating to registered organisations in the WR Act have been replicated in the new RAO Schedule, with some amendments. Other matters have been substantially changed by the RAO Schedule, particularly the financial reporting requirements.

Please note that the reporting obligations for the financial year ending 30 June 2004 will be governed by the requirements of the RAO Schedule (whereas your organisation has been required to complete the financial reporting obligations for the financial year ending 30 June 2003 under the previous provisions of the WR Act). This is because the relevant provisions of the *Workplace Relations Legislation Amendment (Registration of Accountability of Organisations) (Consequential Provisions) 2002 Act* apply to the first complete financial year subsequent to the commencement of the legislation [(see item 44(1))].

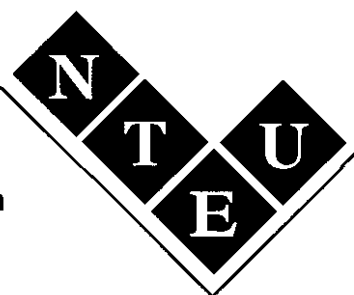
Should you wish to discuss this letter or if you require further information on the financial reporting requirements of the *Workplace Relations Act 1996*, I may be contacted on 03-8661 7776.

Yours sincerely

Sylvia van Riet
Statutory Services Branch

26 February 2004

**National
Tertiary
Education
Industry
Union**



NATIONAL OFFICE

ABN 38 579 396 344
First floor, 120 Clarendon Street, South Melbourne 3205
PO Box 1323, South Melbourne 3205
Tel: (03) 9254 1910 Fax: (03) 9254 1915
Email: nteunat@nteu.org.au
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Ref: 30/40/067

19 February 2004

Australian Industrial Registry
GPO Box 1994S
MELBOURNE 3001

National Tertiary Education Industry Union Financial Statements for 2002-2003

Secretary's Certificate

I, Grahame McCulloch, General Secretary of the National Tertiary Education Industry Union (NTEU), certify that:

1. In accordance with a resolution of the managing committee adopted on 26 September 2003, a summary of the audited financial statements and Auditor's Report for the financial year 2002-2003, both authorised by the Auditor, was issued to all members of the NTEU free of charge, in the NTEU journal, the *Advocate*, in November 2003.
2. The enclosed documents include a copy of the *Advocate* and the summary and full financial statements for the financial year ending 2003. These were presented to a meeting of the Committee of Management on 14 November 2003. Members of the NTEU were informed of their right to examine the full report.
3. The information contained in the accounts, statements and reports is correct.

Signed: 

18 February 2004

NATIONAL TERTIARY EDUCATION INDUSTRY UNION

EXECUTIVE COMMITTEE'S CERTIFICATE

FOR THE YEAR ENDED 30 JUNE 2003

We, being two members of the National Executive of the National Tertiary Education Industry Union, do state on behalf of the Executive and in accordance with a resolution passed by the Executive, that:

1. In the opinion of the Executive, the attached financial statements show a true and fair view of the financial affairs of the Union as at 30 June 2003.
2. In the opinion of the Executive, meetings of the Executive were held during the period 1 July 2002 to 30 June 2003 in accordance with rules of the Union.
3. To the knowledge of any member of the Committee, there have been no instances where records of the Union or other documents (not being documents containing information made available to a member of the organisation under subsection 274(2) of the Act) or copies of those records or other documents, or copies of the Constitution of the Union, have not been furnished, or made available to members of the organisation in accordance with the Act or Regulations of the Constitution.
4. The accounts were prepared in accordance with subsection 273(1) of the Act and the Union has complied with subsection 279(1) and (6) of the Act.


.....
Grahame McCulloch


.....
Carolyn Allport

14 November 2003
at Melbourne

NATIONAL TERTIARY EDUCATION INDUSTRY UNION

SUMMARY OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

Information to be Provided to Members or Registrar

In accordance with the requirements of the *Workplace Relations Act 1996* the attention of members is drawn to the provisions of Section 272, which read as follows:

- (1) A member of a reporting unit, or a Registrar, 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 an application made under subsection (1).
- (4) A Registrar may only make an application under subsection (1) at the request of a member of the reporting unit concerned, and the Registrar must provide to a member information received because of an application made at the request of the member.

Financial Statements

The Union will provide a copy of the report, accounts and statements for the years ended 30 June 2003 free of charge to any member who requests them.

Auditors' Report to the Members of the National Tertiary Education Industry Union National Council

We certify that the above summary is a fair and accurate summary of the reports, accounts and statements of the National Tertiary Education Industry Union National Council for the year ended 30 June 2003. Our Auditors' Report on the financial statements dated 25 September 2003, did not contain particulars of any deficiency, failure or shortcomings as referred to in the *Workplace Relations Act 1996*.

Avenir
Chartered Accountants

Robert Wernli, A.C.A.
Partner
Registered Company Auditor, Registration Number: 16278

Melbourne
26 September 2003

NATIONAL TERTIARY EDUCATION INDUSTRY UNION

STATUTORY STATEMENT

FOR THE YEAR ENDED 30 JUNE 2003

ACCOUNTING OFFICER'S CERTIFICATE

I, Grahame McCulloch, being the officer for keeping the accounting records of the National Tertiary Education Industry Union, certify that as at 30 June 2003 the number of members of the Union was twenty five thousand five hundred and forty seven academic and general staff.

In my opinion,

1. The attached accounts show a true and fair view of the financial affairs of the Union as at 30 June 2003;
2. A record has been kept of all monies paid by, or collected from, members and all monies so paid or collected have been credited to the bank account to which those monies are to be credited, in accordance with the Rules of the Union;
3. Before any expenditure was incurred by the Union, approval of the incurring of the expenditure was obtained in accordance with the Rules of the Union;
4. With regard to funds of the Union raised by compulsory levies or voluntary contributions from members or funds other than the National Fund operated in accordance with the Rules, no payments were made out of such fund for purposes other than those for which the fund was operated;
5. All loans or other financial benefits granted to persons holding office in the Union were authorised in accordance with the Rules; and
6. The register of members of the Union was maintained in accordance with the Act.



Grahame McCulloch
26 September 2003
at Melbourne

NATIONAL TERTIARY EDUCATION INDUSTRY UNION

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2003

	NOTE	2003 \$	2002 \$
Income			
Income from operating activities:	2	<u>5,001,732</u>	<u>4,600,161</u>
Expenses			
Officers and central resources:			
Central operating costs & resources		1,486,739	1,363,185
Publications		103,019	57,790
Executive and national council		605,844	787,859
Co-operation with other organisations		132,475	119,632
Industrial		696,884	619,831
Policy and research		413,379	418,859
Recruitment and membership training		358,613	397,629
Finance and personnel		296,208	228,718
Decrease in Net Market Value of Investments		43,091	60,667
Other expenses	3	<u>208,097</u>	<u>36,959</u>
Total expenses		<u>4,344,349</u>	<u>4,091,129</u>
Net operating surplus		<u>657,383</u>	<u>509,032</u>
Total change in equity		<u><u>657,383</u></u>	<u><u>509,032</u></u>

NATIONAL TERTIARY EDUCATION INDUSTRY UNION

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2003

	NOTE	2003 \$	2002 \$
CURRENT ASSETS			
Cash assets	4	1,483,063	867,368
Receivables	5	812,069	826,767
Other financial assets	6	1,184,479	1,182,470
Other	7	<u>12,847</u>	<u>41,768</u>
TOTAL CURRENT ASSETS		<u>3,492,458</u>	<u>2,918,373</u>
NON CURRENT ASSETS			
Other financial assets	6	1,523,823	1,414,476
Property, plant & equipment	8	<u>125,322</u>	<u>96,405</u>
TOTAL NON CURRENT ASSETS		<u>1,649,145</u>	<u>1,510,881</u>
TOTAL ASSETS		<u>5,141,603</u>	<u>4,429,254</u>
CURRENT LIABILITIES			
Payables	9	468,637	452,316
Employee benefits	10	<u>157,829</u>	<u>174,292</u>
TOTAL CURRENT LIABILITIES		<u>626,466</u>	<u>626,608</u>
NON CURRENT LIABILITIES			
Employee benefits	10	<u>297,356</u>	<u>242,248</u>
TOTAL NON CURRENT LIABILITIES		<u>297,356</u>	<u>242,248</u>
TOTAL LIABILITIES		<u>923,822</u>	<u>868,856</u>
NET ASSETS		<u>4,217,781</u>	<u>3,560,398</u>
EQUITY			
Reserves	11	2,593,578	1,869,960
Accumulated surplus	12	<u>1,624,203</u>	<u>1,690,438</u>
TOTAL EQUITY		<u>4,217,781</u>	<u>3,560,398</u>

NATIONAL TERTIARY EDUCATION INDUSTRY UNION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2003

	Note	2003	2002
		\$	\$
Cash flows from operating activities			
Receipts			
Capitation fees		5,108,709	4,906,897
Interest received		42,132	33,378
Rent received		172,838	158,776
Dividends received		23,674	19,805
Director fees received		44,250	28,000
Other		-	8,089
		<hr/>	<hr/>
		5,391,603	5,154,945
Payments			
Cash payments in the course of operations		(4,591,119)	(4,642,140)
Net GST paid to Australian Taxation Office		(76,175)	(309,124)
		<hr/>	<hr/>
Net cash flows from operating activities	13	<hr/> 724,309	<hr/> 203,681
Cash flows from investing activities			
Payments for investments in managed funds		(45,102)	(626,354)
Payments for property, plant and equipment		(63,512)	(9,797)
		<hr/>	<hr/>
Net cash flow used in investing activities		<hr/> (108,614)	<hr/> (636,151)
Net increase/(decrease) in cash held		615,695	(432,470)
Cash at the beginning of the financial year		<hr/> 867,368	<hr/> 1,299,838
Cash at the end of the financial year	4	<hr/> <hr/> 1,483,063	<hr/> <hr/> 867,368

***NATIONAL TERTIARY
EDUCATION INDUSTRY UNION***

***Financial Statements for the year ended
30 JUNE 2003***

NATIONAL TERTIARY EDUCATION INDUSTRY UNION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

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NATIONAL TERTIARY EDUCATION INDUSTRY UNION

STATUTORY STATEMENT

FOR THE YEAR ENDED 30 JUNE 2003

ACCOUNTING OFFICER'S CERTIFICATE

I, Grahame McCulloch, being the officer for keeping the accounting records of the National Tertiary Education Industry Union, certify that as at 30 June 2003 the number of members of the Union was twenty five thousand five hundred and forty seven academic and general staff.

In my opinion,

1. The attached financial statements show a true and fair view of the financial affairs of the Union as at 30 June 2003.
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4. With regard to funds of the Union raised by compulsory levies or voluntary contributions from members or funds other than the National Fund operated in accordance with the Rules, no payments were made out of such fund for purposes other than those for which the fund was operated.
5. All loans or other financial benefits granted to persons holding office in the Union were authorised in accordance with the Rules.
6. The register of members of the Union was maintained in accordance with the Act.




Grahame McCulloch

26 September 2003
at Melbourne

NATIONAL TERTIARY EDUCATION INDUSTRY UNION**EXECUTIVE COMMITTEE'S CERTIFICATE****FOR THE YEAR ENDED 30 JUNE 2003**

We, being two members of the National Executive of the National Tertiary Education Industry Union, do state on behalf of the Executive and in accordance with a resolution passed by the Executive, that:

1. in the opinion of the Executive, the attached financial statements show a true and fair view of the financial affairs of the Union as at 30 June 2003.
2. in the opinion of the Executive, meetings of the Executive were held during the period 1 July 2002 to 30 June 2003 in accordance with the rules of the Union.
3. to the knowledge of any member of the Committee, there have been no instances where records of the Union or other documents (not being documents containing information made available to a member of the organisation under subsection 272 of the Act) or copies of those records or other documents, or copies of the Constitution of the Union, have not been furnished, or made available to members of the organisation in accordance with the Act or Regulations of the Constitution.
4. the accounts were prepared in accordance with subsection 253 of the Act and the Union has complied with subsection 265(1) and (5) of the Act.


.....
Grahame McCulloch
.....
Carolyn Allport

26 September 2003
at Melbourne

NATIONAL TERTIARY EDUCATION INDUSTRY UNION

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2003

	NOTE	2003 \$	2002 \$
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Other expenses	3	208,097	36,959
Total expenses		4,344,349	4,091,129
Net operating surplus		657,383	509,032
Total change in equity		657,383	509,032

The accompanying notes form part of these financial statements.

NATIONAL TERTIARY EDUCATION INDUSTRY UNION

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2003

	NOTE	2003 \$	2002 \$
CURRENT ASSETS			
Cash assets	4	1,483,063	867,368
Receivables	5	812,069	826,767
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TOTAL ASSETS		<u>5,141,603</u>	<u>4,429,254</u>
CURRENT LIABILITIES			
Payables	9	468,637	452,316
Employee benefits	10	<u>157,829</u>	<u>174,292</u>
TOTAL CURRENT LIABILITIES		<u>626,466</u>	<u>626,608</u>
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Employee benefits	10	<u>297,356</u>	<u>242,248</u>
TOTAL NON CURRENT LIABILITIES		<u>297,356</u>	<u>242,248</u>
TOTAL LIABILITIES		<u>923,822</u>	<u>868,856</u>
NET ASSETS		<u>4,217,781</u>	<u>3,560,398</u>
EQUITY			
Reserves	11	2,593,578	1,869,960
Accumulated surplus	12	<u>1,624,203</u>	<u>1,690,438</u>
TOTAL EQUITY		<u>4,217,781</u>	<u>3,560,398</u>

The accompanying notes form part of these financial statements.

NATIONAL TERTIARY EDUCATION INDUSTRY UNION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2003

	Note	2003 \$	2002 \$
Cash flows from operating activities			
Receipts			
Capitation fees		5,108,709	4,906,897
Interest received		42,132	33,378
Rent received		172,838	158,776
Dividends received		23,674	19,805
Director fees received		44,250	28,000
Other		-	8,089
		<u>5,391,603</u>	<u>5,154,945</u>
Payments			
Cash payments in the course of operations		(4,591,119)	(4,642,140)
Net GST paid to Australian Taxation Office		(76,175)	(309,124)
		<u>(4,667,294)</u>	<u>(4,951,264)</u>
Net cash flows from operating activities	13	<u>724,309</u>	<u>203,681</u>
Cash flows from investing activities			
Payments for investments in managed funds		(45,102)	(626,354)
Payments for property, plant and equipment		(63,512)	(9,797)
		<u>(108,614)</u>	<u>(636,151)</u>
Net cash flow used in investing activities		<u>(108,614)</u>	<u>(636,151)</u>
Net increase/(decrease) in cash held		615,695	(432,470)
Cash at the beginning of the financial year		<u>867,368</u>	<u>1,299,838</u>
Cash at the end of the financial year	4	<u>1,483,063</u>	<u>867,368</u>

The accompanying notes form part of these financial statements.

NATIONAL TERTIARY EDUCATION INDUSTRY UNION**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30 JUNE 2003****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements are a general purpose financial report prepared in accordance with applicable Accounting Standards, and Urgent Issues Group Consensus Views.

(a) Basis of Accounting

The financial statements have been prepared on the basis of historical costs and do not take into account changing money values or current valuations of non-current assets. The accounting policies are consistently applied.

(b) Consolidation

The financial statements reflect the results of operations and state of affairs of the National Level of the National Tertiary Education Industry Union. There has been no consolidation performed of individual State Divisions and Branches, as the Rules of the Union establish autonomy for each Division and Branch in respect of operating policies and decision-making. Accordingly, the criteria for consolidation as set out in Accounting Standard AAS 24 "Consolidated Financial Reports" has not been met.

(c) Revenue Recognition**(i) National Fee**

National fee revenue represents the National Office percentage of contributions made by Union members. The National fee revenue is recognised in the period in which the member has made their Union contribution.

(ii) Other Revenue

Other revenue comprises revenue earned from the provision of products or services, interest on monies deposited and rentals received from investment entities. These revenues are recognised when the goods or services are provided, or when the fee in respect of services provided is receivable.

(d) Property, Plant & Equipment

Property, plant and equipment are recorded at cost. Depreciation and amortisation of property, plant, and equipment and leasehold improvements is calculated on the straight-line basis in order to write the assets off over their estimated useful lives.

(e) Leased Assets

The union has not entered into any lease agreements.

(f) Allowance for Doubtful Debts

Allowance for doubtful debts is recognized when collection of trade debtors in full is no longer probable. Collectability of overdue accounts is assessed on an ongoing basis.

NATIONAL TERTIARY EDUCATION INDUSTRY UNION**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30 JUNE 2003****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D...)****(g) Employee Benefits****(i) Wages and Salaries and Annual Leave**

Liabilities for wages and salaries and annual leave are recognised, and are measured, as the amount unpaid at the reporting date at current pay rates in respect of employee's services up to the balance date. The provision has been calculated at nominal amounts based on current wage and salary rates and includes related on-costs.

(ii) Long Service Leave

The liability for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the balance date.

Liabilities for employee entitlements, which are not expected to be settled within 12 months, are discounted using the rates attaching to national government securities at balance date, which most closely match the terms of maturity of the related liabilities.

In determining the liability for employee entitlements, consideration has been given to future increases in wage and salary rates, and the economic entity's experience with staff departures. Related on-costs have also been included in the liability.

(h) 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.

(i) Cash Flows

For the purpose of the statement of cash flows, cash includes cash on hand and held at call with banks, net of bank overdrafts.

(j) Investments

Investments in unlisted companies and unit trusts are carried at the lower of cost and recoverable amount. Loans relating to the investments are offset against the carrying value of the investment to represent the Union's net interest in the investment.

(k) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax 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 the expense.

Receivables and payables are stated with the amount of GST included.

NATIONAL TERTIARY EDUCATION INDUSTRY UNION**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30 JUNE 2003****SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D...)****(1) Financial Instruments****Financial Assets****Bank Deposits on Call (Note 4)**

Bank Deposits on Call are valued at cost. Interest is recognised as it accrues. Total weighted average interest rate at balance date was 4.2% (2002: 3.7%)

Receivables (Note 5)

Receivables are carried at the nominal amounts due less any allowance for doubtful debts. Receivables are unsecured and credit terms are usually up to 30 days.

Current Investments (Note 6)

Current Investments comprise units in listed trusts at market bid price. Total weighted average interest rate at balance date was 4.3% (2002: 4.3%)

Financial Liabilities**Payables (Note 9)**

Liabilities are recognised for amounts to be paid in the future for goods or services received as at balance date, whether or not invoices have been received. Payables are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.

NATIONAL TERTIARY EDUCATION INDUSTRY UNION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

	2003	2002
	\$	\$
2. REVENUE		
Operating Revenue:		
National Fee	4,714,899	4,352,113
Sale of Publications	3,939	4,232
Other Income	-	3,857
Total Operating Revenue	<u>4,718,838</u>	<u>4,360,202</u>
Non Operating Revenue:		
Rent received	172,838	158,776
Directors fees	44,250	28,000
Dividends Received	23,674	19,805
Interest Received	42,132	33,378
Total Non Operating Revenue	<u>282,894</u>	<u>239,959</u>
Total Revenue	<u>5,001,732</u>	<u>4,600,161</u>
3. OTHER EXPENSES		
Doubtful debts expense	125,000	-
Annual leave expense	648	(14,960)
Long service leave expense	37,997	674
Depreciation expense	24,658	27,406
Amortisation expense	9,937	11,792
Auditors remuneration:		
Audit services	9,750	9,300
Other services	-	975
Workcover claims	107	1,772
	<u>208,097</u>	<u>36,959</u>

NATIONAL TERTIARY EDUCATION INDUSTRY UNION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

4. CASH ASSETS	2003 \$	2002 \$
Cash on hand	400	400
Cash at bank	418,872	518,276
Short term deposits	1,063,791	348,692
	1,483,063	867,368
<p>The Executive Council has resolved that the cash and investment balances are restricted in their use as follows (Note 11):</p>		
Industrial Defence	2,591,797	1,868,179
Public Action	1,781	1,781
	2,593,578	1,869,960
5. RECEIVABLES		
Capitation fees in arrears	469,576	455,499
Trade debtors	467,493	371,268
Allowance for doubtful debts	(125,000)	-
	812,069	826,767
6. OTHER FINANCIAL ASSETS		
Current		
Investments in Managed Funds	1,184,479	1,182,470
Non Current		
Shares in International Bookshop Co-operative Limited – at cost	1,000	1,000
Investment in Unit Trust – at cost:		
Federation of Education Union Unit Trust (F.E.U.)	1,522,822	1,522,822
Federation of Education Unions Pty Ltd (Trustee of F.E.U.)	1	1
	1,522,823	1,522,823
Less: Loan for Investment	-	(109,347)
	1,522,823	1,413,476
	1,523,823	1,414,476

The Investment in the F.E.U. consists of 38% of the value of issued units in the Unit Trust that owns the land and buildings at 120 Clarendon St., South Melbourne.

The loan for investments represents the National Tertiary Education Industry Union's commitment to meet future principal loan repayments of the F.E.U.

NATIONAL TERTIARY EDUCATION INDUSTRY UNION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

	2003 \$	2002 \$	
7. OTHER			
Prepayments	<u>12,847</u>	<u>41,768</u>	
8. PROPERTY, PLANT & EQUIPMENT			
(i) Book value disclosure			
Office equipment, fixtures & fittings - at cost	531,386	512,544	
Accumulated depreciation	<u>(472,830)</u>	<u>(448,172)</u>	
	<u>58,556</u>	<u>64,372</u>	
Leasehold improvements - at cost	306,562	261,892	
Accumulated amortisation	<u>(239,796)</u>	<u>(229,859)</u>	
	<u>66,766</u>	<u>32,033</u>	
Net book value	<u>125,322</u>	<u>96,405</u>	
(ii) Reconciliation of the carrying amount			
	Leasehold improvements	Office equipment, fixtures & fittings	Total
Balance at beginning of period	32,033	64,372	96,405
Additions	44,670	20,692	65,362
Disposals	-	(1,850)	(1,850)
Depreciation and amortisation	<u>(9,937)</u>	<u>(24,658)</u>	<u>(34,595)</u>
Balance at end of period	<u>66,766</u>	<u>58,556</u>	<u>125,322</u>
9. PAYABLES			
Trade creditors	166,957	182,755	
Net GST Payable	69,217	67,154	
Sundry creditors	44,736	36,404	
Amount owed to F.E.U.	<u>187,727</u>	<u>166,003</u>	
	<u>468,637</u>	<u>452,316</u>	

NATIONAL TERTIARY EDUCATION INDUSTRY UNION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

	2003 \$	2002 \$
10. EMPLOYEE BENEFITS		
Current		
Annual leave	157,829	157,181
Long service leave	-	17,111
	157,829	174,292
Non Current		
Long service leave	297,356	242,248
	297,356	242,248
11. RESERVES		
Industrial Defence	2,591,797	1,868,179
Public Action	1,781	1,781
	2,593,578	1,869,960
Movements During the Year		
<i>Industrial Defence</i>		
Balance at Beginning of Year	1,868,179	1,522,996
Transfer to Accumulated Surplus	(22,143)	(200,182)
Transfer from Accumulated Surplus	745,761	545,365
	2,591,797	1,868,179
<i>Public Action</i>		
Balance at Beginning of Year	1,781	109,220
Transfer from/(to) Accumulated Surplus	-	(107,439)
	1,781	1,781
12. ACCUMULATED SURPLUS		
Accumulated surplus at the beginning of the financial year	1,690,438	1,419,150
Net operating surplus for the year	657,383	509,032
Transfer to and from reserves:		
Industrial Defence reserve	(723,618)	(345,183)
Public Action reserve	-	107,439
Accumulated surplus at the end of the financial year	1,624,203	1,690,438

NATIONAL TERTIARY EDUCATION INDUSTRY UNION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

13. CASH FLOW INFORMATION	2003 \$	2002 \$
Reconciliation of net operating surplus to net cash flows from operating activities:		
Net operating surplus	657,383	509,032
Non-cash flows in operating activities:		
Depreciation	24,658	27,406
Amortisation	9,937	11,792
Doubtful debts	125,000	-
Employee benefits: Annual leave	648	(14,960)
Employee benefits: Long service leave	37,998	(11,499)
Decrease in Net Market Value of Investments	43,091	60,667
	898,715	582,438
Changes in assets and liabilities:		
(Increase) / Decrease in Capitation fees in arrears	(14,077)	141,506
(Increase) / Decrease in Trade debtors	(96,225)	(46,738)
(Increase) / Decrease in Prepayments	28,922	(18,457)
(Increase) / Decrease in Investment in F.E.U.	(109,347)	(135,711)
Increase / (Decrease) in Trade and Sundry Creditors	14,258	(61,136)
Increase / (Decrease) in Net GST Payable	2,063	(258,221)
	724,309	203,681
Net cash flows from operating activities	724,309	203,681

NATIONAL TERTIARY EDUCATION INDUSTRY UNION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

14. RELATED PARTY INFORMATION

Executive Officers

The names of each person holding the position of Executive Officer of the National Tertiary Education Industry Union during the financial year are:

Carolyn Allport	Grahame McCulloch	Ted Murphy	Paul Reser
Lyn Bloom	Michael Thomson	Tracey Bunda	Tom Dunning
Andrew Brown	Alison Edwards	Chris Mumbulla	Brian Salter-Duke
Kim Draisma	Neil Mudford	Jeanette Pierce	Tom Stewart
Michael Venning	Carol Williams	Michael Zaar	

Remuneration of Executive Officers

	2003	2002
	\$	\$
Income received or due and receivable by the Executive Officers of the Union	<u>270,027</u>	<u>301,443</u>

Other Related Parties

(i) State Divisions and Branches

The National Office of the Union undertakes numerous transactions with State Divisions and Branches. All transactions between the State Divisions, and Branches were in the ordinary course of business and on normal commercial terms and at market rates.

The net of the amounts receivable from and amounts payable to the State Divisions and Branches at the end of the financial year are disclosed in Note 5 to the financial statements. The amounts receivable and payable are interest free.

(ii) Federation of Education Union Unit Trust (F.E.U.)

The union is a tenant of the building owned by the F.E.U. Rent and outgoings in connection with the occupancy are paid to the F.E.U. in the ordinary course of business and on normal commercial terms and conditions and at market rates.

The amount payable to the F.E.U. at the end of the financial year is disclosed in Note 6 to the financial statements. The amounts payable are interest free.

NATIONAL TERTIARY EDUCATION INDUSTRY UNION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

15. FINANCIAL INSTRUMENTS

15.1 Terms, conditions and accounting policy

Recognised Financial Instruments	Note	Accounting Policy	Terms and Conditions
15.1.1. Financial Assets			
Bank Deposits on Call	4	Valued at cost. Interest recognised as it accrues.	The rate at balance date was 4.2%
Receivables	5	Receivables are carried at nominal amounts due less any allowance for doubtful debts. An allowance for doubtful debts is recognised when collection in full is no longer probable. Collectability of overdue accounts is assessed on an ongoing basis.	General debtors are unsecured and interest free. Credit terms are usually up to 30 days.
Current Investments	6	Current investments comprise units in listed trusts. The net fair value is determined by valuing them at the current quoted market bid price	The rate at balance date was 4.3%
15.1.2. Financial Liabilities			
Payables	9	Liabilities are recognised for amounts to be paid in the future for goods received and services provided to the Company as at balance date whether or not invoices have been received.	General creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.

NATIONAL TERTIARY EDUCATION INDUSTRY UNION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

15. FINANCIAL INSTRUMENTS (CONT'D...)

15.2. Interest Rate Risk

The Union's exposure to interest rate risk and the effective interest rates of financial assets and financial liabilities at balance date are as follows:

	Note	2003		Non Interest Bearing \$	Carrying Amount \$	Weighted Average Interest Rate %
		Fixed Interest Rate \$	Floating Interest Rate \$			
Financial assets						
Receivables	5	-	-	812,069	812,069	-
Prepayments	7	-	-	12,846	12,846	-
Investments in managed funds	6	-	1,184,479	-	1,184,479	4.3%
Cash assets	4	-	1,483,063	-	1,483,063	4.2%
Total		-	2,667,542	824,915	3,492,457	
Financial liabilities						
Payables	9	-	-	468,637	468,637	-
Total		-	-	468,637	468,637	-
	Note	2002		Non Interest Bearing \$	Carrying Amount \$	Weighted Average Interest Rate %
		Fixed Interest Rate Maturing in 2003 \$	Floating Interest Rate \$			
Financial assets						
Receivables	5	-	-	826,767	826,767	-
Prepayments	7	-	-	41,768	41,768	-
Investments in managed funds	6	-	1,182,470	-	1,182,470	4.3%
Cash assets	4	-	867,368	-	867,368	3.7%
Total		-	2,049,838	868,535	2,918,373	
Financial liabilities						
Investment loan	6	109,347	-	-	109,347	7.5%
Payables	9	-	-	452,316	452,316	-
Total		109,347	-	452,316	561,663	

NATIONAL TERTIARY EDUCATION INDUSTRY UNION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

15. FINANCIAL INSTRUMENTS (CONT'D...)

15.3 Net Fair Value

The aggregate fair values of financial assets and liabilities as at balance date are as follows:

2003			
	Note	Total Carrying Amount as per Statement of Financial Position \$	Aggregate Net Fair Value \$
Financial Assets			
Receivables	5	812,069	812,069
Prepayments	7	12,846	12,846
Investments in Managed Funds	6	1,184,479	1,184,479
Cash assets	4	1,483,063	1,483,063
Total Financial Assets		3,492,457	3,492,457
Financial Liabilities			
Payables	9	468,637	468,637
Total Financial Liabilities		468,637	468,637
2002			
	Note	Total Carrying Amount as per Statement of Financial Position \$	Aggregate Net Fair Value \$
Financial Assets			
Receivables	5	826,767	826,767
Prepayments	7	41,768	41,768
Investments in Managed Funds	6	1,182,470	1,182,470
Cash assets	4	867,368	867,368
Total Financial Assets		2,918,373	2,918,373
Financial Liabilities			
Loan interest-bearing liabilities	6	109,347	109,347
Payables	9	452,316	452,316
Total Financial Liabilities		561,663	561,663

The following methods and assumptions are used to determine the net fair value of financial assets and liabilities:

Payables, Cash and Receivables: The carrying amount approximated fair value because of their short-term maturity.



Chartered Accountants
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**INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF
NATIONAL TERTIARY EDUCATION INDUSTRY UNION**

Scope

We have audited the financial statements of National Tertiary Education Industry Union for the year ended 30 June 2003, consisting of the Statement of Financial Position, Statement of Financial Performance, Statement of Cash Flows and accompanying notes. The Executive Committee is responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit on these financial statements in order to express an opinion on them to members of the Union.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards and the Workplace Relations Act 1996, as amended, so as to present a view of the Union which is consistent with our understanding of its financial position and results of its operations.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion:

- (a) (i) there were kept by the Union satisfactory accounting records, including:
 - (a) records of the sources and nature of the income of the Union (including income from members); and
 - (b) records of the nature and purposes of the expenditure of the Union;
- (ii) the accounts and statements prepared under section 253 of the Workplace Relations Act 1996, as amended, are properly drawn up so as to fairly present:
 - (a) the financial affairs of the Union as at 30 June 2003; and
 - (b) the income and expenditure and any surplus or deficit, of the Union for the year ended 30 June 2003; and
- (b) all information and explanations that, under section 253(2) of the Workplace Relations Act 1996, as amended, officers and employees of the Union were required to provide were provided.

Avenir
Chartered Accountants

Robert Wernli, A.C.A.
Partner
Registered Company Auditor, Registration Number: 16278

Melbourne
26 September 2003