



FAIR WORK
AUSTRALIA

20 June 2011

Ms Jenny Savage
National Finance Coordinator
National Tertiary Education Union

Email: jsavage@nteu.org.au

Dear Ms Savage

Financial Report of the National Tertiary Education Union for the financial year ended 30 June 2010 (FR2010/2741)

Thank you for forwarding an amended auditor's report in relation to the financial report of the National Tertiary Education Union for the year ended 30 June 2010: this has been placed with the documents previously lodged.

The financial report has now been filed.

Yours sincerely

A handwritten signature in black ink, appearing to read 'L. Powell'.

Larry Powell
Tribunal Services and Organisations

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF NTEU

Scope

The financial report and Executive Committee's responsibility

The financial report comprises the comprehensive income statement, balance sheet, cash flow statement, statement of changes in equity, accompanying notes to the financial statements, and the Executive Committee's statement of the NTEU for the year ended 30 June 2010.

The Executive Committee of the Union is responsible for the preparation and fair presentation of the financial report in accordance with the *Workplace Relation Act 1996*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect frauds and error, and for the accounting policies and accounting estimates inherent in the financial report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.¹ An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Audit Opinion

In our opinion the general purpose financial report of the NTEU presents fairly in accordance with applicable Australian Accounting Standings and other mandatory professional reporting requirements in Australia and the requirements of the Fair Work (Registered Organisations) Act 2009.



DFK Collins
Chartered Accountants



Simon Bragg, A.C.A.
Partner
Registered Company Auditor. Registration Number: 291536

Melbourne
Date: 11/04/2011



FAIR WORK
AUSTRALIA

17 June 2011

Mr Grahame McCulloch
General Secretary
National Tertiary Education Industry Union

Email: national@nteu.org.au

Dear Mr McCulloch

Financial Report for the financial year ended 30 June 2010 (FR2010/2741)

I acknowledge receipt of the financial report of the National Tertiary Education Industry Union for the year ended 30 June 2010. The financial report was received in this office on 20 May 2011.

I direct your attention to the following comments concerning the above report and the financial reporting obligations under the Fair Work (Registered Organisations) Act 2009 'the RO Act'. Please note that these matters are generally advised for assistance in the preparation of future financial reports. With the exception to item 1, no further action is required in respect of the subject documents.

1. Auditor's Report

The opinion expressed by the auditor in their report has not fully met the requirements of the Act. Section 257(5) of the RO Act sets out the matters on which an auditor is required to state an opinion. An acceptable form of wording would be as follows:

'In our opinion the general purpose financial report presents fairly in accordance with applicable Australian Accounting Standards and other mandatory professional reporting requirements in Australia and the requirements of the Fair Work (Registered Organisations) Act 2009.'

You are requested to arrange for the auditor to prepare a fresh opinion that fully meets the requirements of the Act and lodge such in this office.

2. Timescale Requirements

As you are aware, an organisation is required under the RO Act to undertake certain steps in accordance with specified timelines. Information about these timeline requirements can be found on the [Fair Work Australia website](#). In particular, I draw your attention to [fact sheet 08](#) which explains the timeline requirements, and [fact sheet 09](#) which sets out the timeline requirements in diagrammatical form.

Where the full report is presented to a committee of management meeting, it must be first provided to members within 5 months of the end of the financial year [section 265(5)(b)] and presented to the committee of management meeting within 6 months of the end of the financial year (section 266).

It is noted that this did not occur within the timeframe. If this course of action is to be repeated in future financial years, please ensure that the full report is provided to members within 5 months and presented to a committee of management meeting within 6 months.

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Melbourne VIC 3000 International: (613) 8661 7777
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3. Operating Report

Right of members to resign

Subsection 254(2)(c) of the RO Act requires the operating report to “give details” of the right of members to resign from the reporting unit under section 174. The requirement may be met by the inclusion of a statement that a member has the right to resign and a reference to the relevant rule, which makes such provision. Alternatively, the complete text of the relevant resignation rule may be reproduced in the report.

The text of the resignation rule provided appears to be an out-of-date version of the rule. Please ensure in future that the current version of the resignation rule is provided.

4. References

I note that the Auditor’s Report refers to the ‘Workplace Relations Act 1996’ whilst the Committee of Management Statement refers to the ‘RAO Schedule’. This piece of legislation is now the Fair Work (Registered Organisations) Act 2009 (the RO Act).

Also, the reference to the ‘RAO Regulations’ in the Committee of Management Statement should refer to the Fair Work (Registered Organisations) Regulations 2009 (the RO Regulations).

I further note a reference to the ‘Industrial Registrar’ and also to a ‘Registrar’. These references should be to the General Manager, Fair Work Australia. Also, the reference to ‘Commission’ should now refer to ‘Fair Work Australia’.

5. Notice to members

I note that the notice to members provides the provisions of section 274 of the Workplace Relations Act 1996. The accounts should set out the provisions of subsections 272(1), (2) and (3) of the RO Act.

Should you wish to discuss any of the matters raised in this letter, I may be contacted on (03) 8661 7993 or by email at larry.powell@fwa.gov.au.

Yours sincerely



Larry Powell
Tribunal Services and Organisations

**National
Tertiary
Education
Industry
Union**



NATIONAL TERTIARY EDUCATION UNION

NATIONAL OFFICE

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Certificate of Secretary or other Authorised Officer
s268 Fair Work (Registered Organisations) Act 2009

I, Grahame McCulloch, being General Secretary of the National Tertiary Education Industry Union, certify:

- that the documents lodged herewith are copies of the full report of the NTEU referred to in s268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was uploaded to the NTEU Website on the 13th April 2011 and where email addresses were available members received an email advising that the full report was available for viewing on the NTEU website that day. For members without email addresses a letter was sent to their home address on the 13th April 2011 advising that the full report was available for viewing on the NTEU Website and
- that the full report was presented to a meeting of the Committee of Management of the reporting unit on Monday 16th May 2011 in accordance with section 266 of the *Fair Work (Registered Organisations) Act 2009*.

GRAHAME MCCULLOCH
General Secretary

Date: 18th May 2011



NTEU

Financial Report for the year ended

30 JUNE 2010

NTEU
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010

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NTEU
OPERATING REPORT
FOR THE YEAR ENDED 30 JUNE 2010

Principal activities

The principal activities of the Union during the financial year were:

- To improve and protect the salaries and conditions of employment of our members;
- To represent our members in approaches to and discussions with their employer;
- To negotiate collective agreements which improve the conditions of employment of our members;
- To enforce existing industrial agreements on behalf of our members; and
- To promote industrial peace through conciliation and arbitration.

Results of principal activities

The Union's principal activities resulted in the maintenance and improvement of the salaries and conditions of employment of our members, especially for those members covered by collective agreements negotiated by the Union.

Significant changes in the nature of principal activities

There were no significant changes in the nature of the Union's principal activities during the financial year.

Significant changes in the Union's financial affairs

No matters or circumstances arose during the reporting year which significantly affected the financial affairs of the Union.

Trustee or Director of a Trustee Company of a Superannuation Entity or an Exempt Public Sector Superannuation Scheme

Edward Murphy, NTEU Assistant Secretary, and NTEU Executive member is a Director of Unisuper, the industry Superannuation fund for academics and general staff in higher education institutions.

Number of members

The number of persons who, at the end of the financial year, were recorded on the Register of Members was 24,301 (2009: 24,406).

NTEU
OPERATING REPORT (continued)
FOR THE YEAR ENDED 30 JUNE 2010

Number of employees

The number of persons who were, at the end of the financial year, employees of the Union was 115.4 measured on a full time equivalent basis.

Members of the committee of management

The persons who held office as members of the Committee of Management of the Union during the financial year were:

President	Carolyn Allport
Vice President (Academic)	Gregory McCarthy
Vice President (General)	Jo Hibbert
General Secretary	Grahame McCulloch
NTEU Assistant Secretary	Edward Murphy
Indigenous Member	Terry Mason
NTEU Executive Member	Margaret Lee
NTEU Executive Member	Matthew McGowan
NTEU Executive Member	Neil Mudford
NTEU Executive Member	Gabrielle Gooding
NTEU Executive Member	Lynette Bloom
NTEU Executive Member	Susan Bandias
NTEU Executive Member	Michael Thomson
NTEU Executive Member	James Doughney
NTEU Executive Member	Kate Patrick
NTEU Executive Member	Margaret Botterill
NTEU Executive Member	Leonard Palmer
NTEU Executive Member	Andrew Bonnell
NTEU Executive Member	Derek Corrigan
NTEU Executive Member	Ian Hunt
NTEU Executive Member	Kelvin Michael
NTEU Executive Member	Genevieve Kelly

There were no appointments or resignations during the financial year.

NTEU
OPERATING REPORT (continued)
FOR THE YEAR ENDED 30 JUNE 2010

Manner of resignation – s254(2)(c)

Members may resign from the Union in accordance with section 174 (Resignation from Membership) which reads as follows:

- (1) A member may resign from membership by written notice addressed and delivered to the member's Division Secretary or Branch Secretary provided that:
 - (a) Where a written notice of resignation is received by a Division Secretary, he or she shall as soon as practicable forward a copy of the notice of resignation to the appropriate Branch Secretary; or
 - (b) Where a written notice of resignation is received by a Branch Secretary, he or she shall as soon as practicable forward a copy of the notice of resignation to the relevant Division Secretary.
- (2) A notice of resignation from membership takes effect:
 - (a) Where the member ceases to be eligible to become a member of the Union
 - (i) on the day on which the notice is received by the Union; or
 - (ii) on the day specified in the notice, which is a day not earlier than the day when the member ceases to be eligible to become a member;
 whichever is later; or
 - (b) In any other case:
 - (i) at the end of two weeks, or if permitted by law three months after the notice is received by the Union; or
 - (ii) on the day specified in the notice;
 whichever is later.
- (3) Any dues payable but not paid by a former member in relation to a period before the member's resignation took effect, may be sued for and recovered in the name of the Union in a court of competent jurisdiction, as a debt due to the Union.
- (4) A notice delivered to the Division Secretary or Branch Secretary shall be taken to have been received by the Union when it was delivered.
- (5) A notice of resignation that has been received by the Union is not invalid because it was not addressed and delivered in accordance with sub-rule 1 of this rule.
- (6) A resignation from membership is valid even if it is not affected in accordance with this rule if the member is informed in writing by or on behalf of the Union that the resignation has been accepted.
- (7) Cessation of payment of any dues, levies and other amounts by a member does not, of itself, terminate membership of the Union.

Grahame McCulloch
 Title: General Secretary

Matthew McGowan
 Title: National Assistant Secretary

Signature:

Date: 11/04/2011

Signature:

Date: 11/04/2011

NTEU
COMMITTEE OF MANAGEMENT STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010

On 9/4/2011 the Committee of Management of the NTEU passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 30 June 2010:

The Committee of Management declares in relation to the GPFR that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements comply with the reporting guidelines of the Industrial Registrar;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - i. meetings of the committee of management were held in accordance with the rules of the organisation including the rules of the branch concerned; and
 - ii. the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - iii. the financial records of the reporting unit have been kept and maintained in accordance with the RAO Schedule and the RAO Regulations; and
 - iv. the financial records of the reporting unit have been kept as far as practicable, in a consistent manner to each of the other reporting units of the organisation; and
 - v. the information sought in any request of a member of the reporting unit or a Registrar duly made under section 272 of the RAO Schedule has been furnished to the member or Registrar; and
 - vi. there has been compliance with any order for inspection of financial records made by the Commission under section 273 of the RAO Schedule.
- (f) in relation to recovery of wages activity:

There were no recoveries of wages activities for the financial year ended 30 June 2010.

For Committee of Management:

Grahame McCulloch
 Title: General Secretary

Matthew McGowan
 Title: National Assistant Secretary

Signature:

Date: 11/04/2011

Signature:

Date: 11/04/2011

NTEU
COMPREHENSIVE INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010

	Note	ECONOMIC ENTITY		CHIEF ENTITY	
		2010 \$	2009 \$	2010 \$	2009 \$
INCOME FROM TRANSACTIONS					
Operating revenue	3	15,848,781	15,143,885	15,848,781	15,143,885
Non-operating revenue	3	<u>1,154,057</u>	<u>1,594,886</u>	<u>832,522</u>	<u>1,203,220</u>
TOTAL REVENUE		<u>17,002,838</u>	<u>16,738,771</u>	<u>16,681,303</u>	<u>16,347,105</u>
EXPENSES FROM TRANSACTIONS					
Employee benefits		10,079,568	9,393,032	10,079,568	9,393,032
Office holder benefits		989,012	886,978	989,012	886,978
Depreciation and amortisation	10(ii)	552,181	825,742	533,430	814,773
Interest		397,142	468,643	259,555	332,739
Building costs		96,403	67,951	427,813	425,833
Loss on sale of investments		3,768	136,974	3,768	136,974
Change in market value of investments		562,688	288,995	266,206	288,995
Other expenses	4	<u>4,770,472</u>	<u>5,287,657</u>	<u>4,216,441</u>	<u>4,684,982</u>
TOTAL EXPENSES FROM TRANSACTIONS		<u>17,451,234</u>	<u>17,355,972</u>	<u>16,775,793</u>	<u>16,964,306</u>
NET RESULT FROM TRANSACTIONS		<u>(448,396)</u>	<u>(617,201)</u>	<u>(94,490)</u>	<u>(617,201)</u>
NET OPERATING RESULT		(448,396)	(617,201)	(94,490)	(617,201)
OTHER ECONOMIC FLOWS					
Changes in asset revaluation reserve	15	<u>131,502</u>	<u>-</u>	<u>131,502</u>	<u>-</u>
COMPREHENSIVE RESULT		<u>(316,894)</u>	<u>(617,201)</u>	<u>37,012</u>	<u>(617,201)</u>
NET OPERATING RESULT FOR THE PERIOD IS ATTRIBUTABLE TO:					
Non-controlling interest		(184,291)	(253,670)	-	-
Owners of the parent		<u>(264,105)</u>	<u>(363,531)</u>	<u>-</u>	<u>-</u>
		<u>(448,396)</u>	<u>(617,201)</u>	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE RESULT FOR THE PERIOD IS ATTRIBUTABLE TO:					
Non-controlling interest		(130,243)	(253,670)	-	-
Owners of the parent		<u>(186,651)</u>	<u>(363,531)</u>	<u>-</u>	<u>-</u>
		<u>(316,894)</u>	<u>(617,201)</u>	<u>-</u>	<u>-</u>

The accompanying notes form part of these financial statements.

NTEU
BALANCE SHEET
AS AT 30 JUNE 2010

	Note	ECONOMIC ENTITY		CHIEF ENTITY	
		2010 \$	2009 \$	2010 \$	2009 \$
ASSETS					
Cash and cash equivalents	5	5,478,175	6,891,924	5,393,615	6,692,085
Trade and other receivables	6	904,589	1,163,142	262,248	542,237
Other financial assets	7	2,312,601	2,773,311	2,312,601	2,754,309
Other assets	8	73,970	154,201	71,721	151,953
TOTAL CURRENT ASSETS		<u>8,769,335</u>	<u>10,982,578</u>	<u>8,040,185</u>	<u>10,140,584</u>
NON-CURRENT ASSETS					
Other financial assets		-	-	8,871,165	9,238,627
Investment properties	9	2,551,918	1,668,548	2,551,918	1,668,548
Property, plant and equipment	10	19,842,464	19,601,716	4,650,890	3,731,895
Intangible assets	11	49,262	-	49,262	-
TOTAL NON-CURRENT ASSETS		<u>22,443,644</u>	<u>21,270,264</u>	<u>16,123,235</u>	<u>14,639,070</u>
TOTAL ASSETS		<u>31,212,979</u>	<u>32,252,842</u>	<u>24,163,420</u>	<u>24,779,654</u>
LIABILITIES					
Trade and other payables	12	4,936,130	5,008,362	1,684,416	1,686,445
Financial liabilities	13	1,966,954	805,461	1,858,160	704,153
Provisions	14	1,524,482	2,624,873	1,524,482	2,624,873
TOTAL CURRENT LIABILITIES		<u>8,427,566</u>	<u>8,438,696</u>	<u>5,067,058</u>	<u>5,015,471</u>
NON-CURRENT LIABILITIES					
Financial liabilities	13	1,923,209	3,918,452	415,857	2,306,599
Provisions	14	1,579,725	393,816	1,579,725	393,816
TOTAL NON-CURRENT LIABILITIES		<u>3,502,934</u>	<u>4,312,268</u>	<u>1,995,582</u>	<u>2,700,415</u>
TOTAL LIABILITIES		<u>11,930,500</u>	<u>12,750,964</u>	<u>7,062,640</u>	<u>7,715,886</u>
NET ASSETS		<u>19,282,479</u>	<u>19,501,878</u>	<u>17,100,780</u>	<u>17,063,768</u>
EQUITY					
Reserves	15	11,281,270	17,054,061	11,281,270	17,054,061
Retained surplus	16	5,819,510	9,707	5,819,510	9,707
Non-controlling interest		2,181,699	2,438,110	-	-
TOTAL EQUITY		<u>19,282,479</u>	<u>19,501,878</u>	<u>17,100,780</u>	<u>17,063,768</u>

The accompanying notes form part of these financial statements.

NTEU
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

	Reserves	Retained Surplus	Non- Controlling Interest	Total Equity
	\$	\$	\$	\$
ECONOMIC ENTITY				
At 1 July 2008	11,269,826	6,411,143	2,401,019	20,081,988
Surplus for the year	-	(617,201)	-	(617,201)
Transfer from reserves	(3,245,748)	-	-	(3,245,748)
Transfers to reserves	9,029,983	(5,784,235)	-	3,245,748
Movement in non-controlling interest	-	-	37,091	37,091
At 30 June 2009	<u>17,054,061</u>	<u>9,707</u>	<u>2,438,110</u>	<u>19,501,878</u>
Surplus for the year	-	(448,396)	-	(448,396)
Transfer from reserves	(6,587,096)	(299,441)	-	(6,886,537)
Transfers to reserves	814,305	6,557,640	-	7,371,945
Movement in non-controlling interest	-	-	(256,411)	(256,411)
At 30 June 2010	<u>11,281,270</u>	<u>5,819,510</u>	<u>2,181,699</u>	<u>19,282,479</u>
CHIEF ENTITY				
At 1 July 2008	11,269,826	6,411,143	-	17,680,969
Surplus for the year	-	(617,201)	-	(617,201)
Transfer from reserves	(3,245,748)	-	-	(3,245,748)
Transfers to reserves	9,029,983	(5,784,235)	-	3,245,748
At 30 June 2009	<u>17,054,061</u>	<u>9,707</u>	<u>-</u>	<u>17,063,768</u>
Surplus for the year	-	(94,490)	-	(94,490)
Transfer from reserves	(6,587,096)	(595,923)	-	(7,183,019)
Transfers to reserves	814,305	6,500,216	-	7,314,521
Movement in non-controlling interest	-	-	-	-
At 30 June 2010	<u>11,281,270</u>	<u>5,819,510</u>	<u>-</u>	<u>17,100,780</u>

The accompanying notes form part of these financial statements.

NTEU
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010

	Note	ECONOMIC ENTITY		CHIEF ENTITY	
		2010 \$	2009 \$	2010 \$	2009 \$
CASH FLOWS FROM OPERATING ACTIVITIES					
Revenue from operating activities		17,830,115	17,722,361	17,730,506	17,265,354
Interest and other receipts		1,154,057	251,719	832,522	251,576
Payments to suppliers and employees		(16,486,311)	(15,764,566)	(16,196,391)	(15,530,647)
Interest paid		(397,142)	(468,643)	(259,555)	(332,739)
Net GST paid to Australian Tax Office		(984,681)	(1,028,479)	(958,225)	(1,028,479)
Net cash provided by operating activities	17	<u>1,116,038</u>	<u>712,392</u>	<u>1,148,857</u>	<u>625,065</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
(Payments)/disposals for property, plant & equipment		(2,213,133)	(1,375,502)	(2,151,260)	(1,314,539)
(Payments)/disposals for other financial assets		566,358	1,365,548	489,930	3,498
(Payments) for intangible assets		(49,262)	-	(49,262)	1,331,394
Net cash used in investing activities		<u>(1,696,037)</u>	<u>(9,954)</u>	<u>(1,710,592)</u>	<u>20,353</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of borrowings		(833,750)	(297,596)	(736,735)	(208,099)
Net cash used in investing activities		<u>(833,750)</u>	<u>(297,596)</u>	<u>(736,735)</u>	<u>(208,099)</u>
Net increase/(decrease) in cash & cash equivalents held		(1,413,749)	404,842	(1,298,470)	437,319
Cash and cash equivalents at beginning of year		6,891,924	6,487,082	6,692,085	6,254,766
Cash and cash equivalents at end of year	5	<u>5,478,175</u>	<u>6,891,924</u>	<u>5,393,615</u>	<u>6,692,085</u>

The accompanying notes form part of these financial statements.

NTEU**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30 JUNE 2010****NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations and the requirements of the *Workplace Relations Act 1996*.

(a) Basis of preparation

The financial report has been prepared on an accruals basis and is based on historical costs. It does not take into account changing money values or, except where stated, current valuations of non-current assets. Unless otherwise stated all accounting policies are consistent with those of the prior year.

In the application of Accounting Standards, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The following is a summary of the material accounting policies adopted by the Union in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(b) Consolidation

The consolidated financial statements comprise the financial statements of NTEU and its subsidiaries as at 30 June 2010 (the Group). Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. Details of these controlled entities are contained within Note 18(c).

The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

In preparing the consolidated financial statements, all intergroup balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

(c) Revenue recognition**(i) NTEU Fee**

NTEU fee revenue represents the contributions made by Union members. The NTEU revenue is recognised in the period in which the services are provided to the member.

(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) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

NTEU

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(e) Leased assets**

The union has not entered into any lease agreements during the period.

(f) Allowance for doubtful debts

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

(g) Employee benefits

Provision is made for the Union's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, annual leave and long service leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs.

Liabilities for employee entitlements, which are not expected to be settled within 12 months, are measured at the present value of the estimated future cash outflows to be made for those benefits.

In determining the liability for employee entitlements, consideration has been given to future increases in wage and salary rates, and the 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 1997.

(i) Cash flows

For the purpose of the cash flow statement, 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.

Investments in listed companies and funds are carried at fair value.

(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. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

NTEU

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(l) Financial instruments****Financial assets**

Bank Deposits on Call (Note 5)

Bank Deposits on Call are valued at cost and interest is recognised as it accrues.

Receivables (Note 6)

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 7)

Current Investments comprise units in equity funds, listed companies, property funds, hybrids and fixed interest.

Financial liabilities

Payables (Note 12)

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.

(m) Allocation of Current and Non-Current

An asset or a liability shall be classified as current when it satisfies any of the following criteria:

- (a) it is expected to be settled in the entity's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is due to be settled within twelve months after the reporting date; or
- (d) the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other assets and liabilities shall be classified as non current.

(n) Information to be provided to members or registrar

In accordance with the requirements of the Workplace Relations Act 1996, as amended, the attention of members is drawn to the provisions of sub-section (1) (2) and (3) of section 272, which reads 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 sub-section (1).

Note: this sub-section is a civil penalty provision.

NTEU

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(o) Property, Plant and Equipment***(i) Recognition and measurement*

Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Freehold land and buildings are brought to account at cost or at independent valuation.

(ii) Subsequent costs

The Union recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that future economic benefits embodied within the item will flow to the Union and that the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense when incurred.

(iii) Depreciation

The depreciable amount of property plant and equipment are depreciated over the useful lives of the assets to the Union, commencing from the time the asset was held ready for use.

The depreciation rates based useful lives used for each class of depreciable assets are as follows:

Class of Asset	Depreciation Rates	Depreciation basis
Buildings	5%	Straight Line
Office Equipment	7.5-50%	Straight Line
Motor Vehicles	22.5%	Diminishing Value
Leasehold Improvements	10%	Straight Line

The residual value, useful life and depreciation method applied to an asset are reassessed at each reporting date.

(p) Investment Property

NTEU holds an investment property held to generate long term rental yields and capital appreciation. The component allocated to investment property is not occupied by NTEU. The occupied proportion has been allocated to buildings in property, plant and equipment. All tenants are on an arm's length basis.

Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition investment properties are stated at fair value.

Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

NTEU

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) AASB Accounting Standards and Interpretations

Certain new Australian accounting standards and interpretations have been published that are not mandatory for 30 June 2010 reporting period. The following standards and interpretations had been issued but were not mandatory for the reporting ended 30 June 2010. The Union has not and does not intend to adopt these standards early.

Standard/Interpretation	Summary	Application for reporting periods beginning on or ending on	Impact on Entities Annual Statements
<i>AASB 124: Related Party Disclosures</i>	Removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies the definition of a 'related party' to remove inconsistencies and simplify the structure of the Standard.	Beginning 1 Jan 2011	No changes are expected to materially affect the Group.
AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a minimum funding requirement [AASB Interpretation 14]	Amendment to Interpretation 14 arising from the issuance of Prepayments of a minimum funding requirement	Beginning 1 Jan 2011	Expected to have no significant impact.
AASB 9 Financial instruments	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 Financial instruments: recognition and measurement (AASB 139 financial Instruments: recognition and measurement).	Beginning 1 Jan 2013	Detail of impact is still being assessed.
AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12]	This gives effect to consequential changes arising from the issuance of AASB 9.	Beginning 1 Jan 2013	Detail of impact is still being assessed.
<i>AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]</i>	Makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. Also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures.	Beginning 1 Jan 2011	The amendments are not expected to impact the Group.

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) AASB Accounting Standards and Interpretations (continued)

In addition to those Accounting Standards listed above, the AASB has also released a number of other Accounting Standards and Australian Interpretations. The application of these Accounting Standards and Australian Interpretations are also not expected to have any significant impact on the Association's financial statements. Consequently, they have not been specifically identified above.

	ECONOMIC ENTITY		CHIEF ENTITY	
	2010	2009	2010	2009
	\$	\$	\$	\$
NOTE 2: AUDITOR'S REMUNERATION				
<i>Audit services</i>				
Auditors to the Company	90,000	90,000	90,000	90,000
<i>Other services</i>				
Auditors to the Company	51,498	66,766	51,498	66,766
	<u>141,498</u>	<u>156,766</u>	<u>141,498</u>	<u>156,766</u>
Audit Services				
Auditors of subsidiary	6,100	6,500	-	-
Other services				
Auditors of subsidiary	240	590	-	-
	<u>6,340</u>	<u>7,090</u>	<u>-</u>	<u>-</u>
NOTE 3: REVENUE FROM ORDINARY ACTIVITIES				
Operating revenue:				
NTEU fee	15,848,781	15,143,885	15,848,781	15,143,885
Total operating revenue	<u>15,848,781</u>	<u>15,143,885</u>	<u>15,848,781</u>	<u>15,143,885</u>
Non operating revenue:				
Rent received	660,316	565,993	503,822	448,355
Directors fees	64,932	71,490	64,932	71,491
Distribution received	165,515	356,102	69,194	159,749
Interest received	111,435	251,719	111,382	251,576
Sundry income	151,859	349,582	83,192	272,049
Total non operating revenue	<u>1,154,057</u>	<u>1,594,886</u>	<u>832,522</u>	<u>1,203,220</u>
Total revenue from ordinary activities	<u>17,002,838</u>	<u>16,738,771</u>	<u>16,681,303</u>	<u>16,347,105</u>

NTEU

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

	ECONOMIC ENTITY		CHIEF ENTITY	
	2010	2009	2010	2009
	\$	\$	\$	\$
NOTE 4: OTHER EXPENSES				
Affiliation fees	254,982	264,286	254,982	264,286
Audit services	141,498	156,766	141,498	156,766
Bad and doubtful debts expense/(reinstated)	-	(139,810)	-	(139,810)
Employee leave expense	85,517	446,975	85,517	446,975
Executive committee	580,993	553,246	580,993	553,246
Industrial defence fund	443,108	215,008	443,108	215,008
Publications	240,386	222,333	240,386	222,333
Recruitment	347,738	327,352	347,738	327,352
Property fund outgoings	754,914	584,475	228,015	245,056
Administration	897,836	983,422	870,705	955,186
Other expenses	1,023,500	1,673,604	1,023,499	1,438,584
	<u>4,770,472</u>	<u>5,287,657</u>	<u>4,216,441</u>	<u>4,684,982</u>
NOTE 5: CASH ASSETS				
Cash on hand	600	600	600	600
Cash at bank	4,225,676	6,042,887	4,141,116	5,843,048
Short term deposits	1,251,899	848,437	1,251,899	848,437
	<u>5,478,175</u>	<u>6,891,924</u>	<u>5,393,615</u>	<u>6,692,085</u>
NOTE 6: TRADE AND OTHER RECEIVABLES				
Current				
Trade debtors	143,951	843,299	11,647	311,596
Other receivables	525,981	104,175	15,943	14,973
Accrued income	234,658	215,668	234,658	215,668
	<u>904,589</u>	<u>1,163,142</u>	<u>262,248</u>	<u>542,237</u>
NOTE 7: OTHER FINANCIAL ASSETS				
Current				
Investments in managed funds	2,312,601	2,773,311	2,312,601	2,754,309
	<u>2,312,601</u>	<u>2,773,311</u>	<u>2,312,601</u>	<u>2,754,309</u>
Non Current				
Investments – at valuation:				
Federation of Education Union Unit Trust (F.E.U.)	-	-	8,871,163	9,238,625
Federation of Education Unions Pty Ltd (Trustee of F.E.U.)	-	-	2	2
	<u>-</u>	<u>-</u>	<u>8,871,165</u>	<u>9,238,627</u>
NOTE 8: OTHER ASSETS				
Prepayments	73,970	154,201	71,721	151,953
	<u>73,970</u>	<u>154,201</u>	<u>71,721</u>	<u>151,953</u>

NTEU

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

	ECONOMIC ENTITY		CHIEF ENTITY	
	2010	2009	2010	2009
	\$	\$	\$	\$
NOTE 9: INVESTMENT PROPERTIES				
(i) Book value disclosure				
Buildings- at independent valuation 2010	2,551,918	-	2,551,918	-
Buildings- at fair value	-	1,668,548	-	1,668,548
	<u>2,551,918</u>	<u>1,668,548</u>	<u>2,551,918</u>	<u>1,668,548</u>

The buildings were independently valued at 30 June 2010 by DB Property and Colliers International.

(ii) Reconciliation of the carrying amount

Balance at beginning of period	1,668,548	1,198,251	1,668,548	1,198,251
Additions	805,918	470,296	805,918	470,296
Revaluation	77,452	-	77,452	-
Balance at end of period	<u>2,551,918</u>	<u>1,668,548</u>	<u>2,551,918</u>	<u>1,668,548</u>

NOTE 10: PROPERTY, PLANT & EQUIPMENT**(i) Book value disclosure**

Building – at valuation	18,554,010	20,385,368	3,454,009	2,966,820
Accumulated depreciation	(52,235)	(397,553)	(52,235)	(397,553)
	<u>18,501,775</u>	<u>19,987,815</u>	<u>3,401,774</u>	<u>2,569,267</u>

The buildings were independently valued at 30 June 2010 by DB Property and Colliers International.

Office equipment, fixtures & fittings - at cost	1,497,704	1,448,161	1,275,416	1,211,722
Accumulated depreciation	(1,297,581)	(1,166,476)	(1,166,866)	(1,049,962)
	<u>200,123</u>	<u>281,685</u>	<u>108,550</u>	<u>161,760</u>
Leasehold improvements - at cost	1,559,815	1,306,319	1,559,815	1,306,319
Accumulated amortisation	(499,671)	(357,642)	(499,671)	(357,642)
	<u>1,060,144</u>	<u>948,677</u>	<u>1,060,144</u>	<u>948,677</u>
Motor Vehicles - at cost	129,841	146,518	129,841	146,518
Accumulated amortisation	(49,419)	(99,857)	(49,419)	(99,857)
	<u>80,422</u>	<u>46,661</u>	<u>80,422</u>	<u>46,661</u>
Capital works in progress	-	5,426	-	5,426
Net book value	<u>19,842,464</u>	<u>21,270,264</u>	<u>4,650,890</u>	<u>5,400,443</u>

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

NOTE 10: PROPERTY, PLANT & EQUIPMENT (continued)

(ii) Reconciliation of the carrying amount

ECONOMIC ENTITY

	Building	Office equipment fixtures & fittings	Leasehold improvements	Capital work in progress	Motor Vehicles	Total
2010						
Balance at beginning of period	18,319,267	281,581	948,677	5,426	46,765	19,601,716
Additions	1,036,911	48,020	253,496	-	61,488	1,399,915
Disposals	-	-	-	-	(17,120)	(17,120)
Reclassification	19,467	(14,041)	-	(5,426)	-	-
Revaluation	(589,866)	-	-	-	-	(589,866)
Depreciation and amortisation	(284,004)	(115,437)	(142,029)	-	(10,711)	(552,181)
Balance at end of period	18,501,775	200,123	1,060,144	-	80,422	19,842,464
2009						
Balance at beginning of period	18,453,380	447,516	562,510	-	63,841	19,527,247
Additions	705,445	77,280	116,009	5,426	-	904,160
Disposals	-	(449)	-	-	(3,499)	(3,948)
Reclassification	(442,004)	11,123	430,881	-	-	-
Revaluation	-	-	-	-	-	-
Depreciation and amortisation	(397,554)	(253,889)	(160,723)	-	(13,577)	(825,743)
Balance at end of period	18,319,267	281,581	948,677	5,426	46,765	19,601,716

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

NOTE 10: PROPERTY, PLANT & EQUIPMENT (continued)

(ii) Reconciliation of the carrying amount (continued)

CHIEF ENTITY

	Building	Office equipment fixtures & fittings	Leasehold improvements	Capital work in progress	Motor Vehicles	Total
2010						
Balance at beginning of period	2,569,267	161,760	948,677	5,426	46,765	3,731,895
Additions	979,583	43,476	253,496	-	61,488	1,338,043
Disposals	-	-	-	-	(17,120)	(17,120)
Reclassification	5,426	-	-	(5,426)	-	-
Revaluation	131,502	-	-	-	-	131,502
Depreciation and amortisation	(284,004)	(96,686)	(142,029)	-	(10,711)	(533,430)
Balance at end of period	3,401,774	108,550	1,060,144	-	80,422	4,650,890
2009						
Balance at beginning of period	2,703,380	376,193	562,510	-	63,841	3,705,924
Additions	705,445	17,364	116,009	5,426	-	844,244
Disposals	-	-	-	-	(3,499)	(3,499)
Reclassification	(442,004)	11,123	430,881	-	-	-
Revaluation	-	-	-	-	-	-
Depreciation and amortisation	(397,554)	(242,920)	(160,723)	-	(13,577)	(814,774)
Balance at end of period	2,569,267	161,760	948,677	5,426	46,765	3,731,895

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

	ECONOMIC ENTITY		CHIEF ENTITY	
	2010	2009	2010	2009
	\$	\$	\$	\$
NOTE 11: INTANGIBLE ASSETS				
Opening balance	-	-	-	-
Additions	49,815	-	49,815	-
Less amortisation	(553)	-	(553)	-
	<u>49,262</u>	<u>-</u>	<u>49,262</u>	<u>-</u>
NOTE 12: TRADE AND OTHER PAYABLES				
Current				
Trade creditors and accruals	486,802	855,717	486,802	633,195
Net GST payable	100,571	92,232	100,571	92,232
Sundry creditors	340,221	51,877	222,723	51,877
Payable to unit holders	4,008,536	4,008,536	-	-
Group loans	-	-	874,320	908,141
	<u>4,936,130</u>	<u>5,008,362</u>	<u>1,684,416</u>	<u>1,686,445</u>
NOTE 13: FINANCIAL LIABILITIES				
Current				
Bank loans	1,966,954	805,461	1,858,160	704,153
Non current				
Bank loans	1,923,209	3,918,452	415,857	2,306,599
Total financial liabilities	<u>3,890,163</u>	<u>4,723,913</u>	<u>2,274,017</u>	<u>3,010,752</u>
NOTE 14: PROVISIONS				
Current				
Annual leave- employees	992,773	1,060,011	992,773	1,060,011
Annual leave- office holders	157,190	121,356	157,190	121,356
Long service leave- employees	21,526	1,135,453	21,526	1,135,453
Long service leave- office holders	352,993	308,053	352,993	308,053
	<u>1,524,482</u>	<u>2,624,873</u>	<u>1,524,482</u>	<u>2,624,873</u>
Non current				
Long service leave- employees	1,554,498	357,484	1,554,498	357,484
Long service leave- office holders	25,227	36,332	25,227	36,332
	<u>1,579,725</u>	<u>393,816</u>	<u>1,579,725</u>	<u>393,816</u>
Total provisions	<u>3,104,207</u>	<u>3,018,689</u>	<u>3,104,207</u>	<u>3,018,689</u>

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

	ECONOMIC ENTITY		CHIEF ENTITY	
	2010	2009	2010	2009
	\$	\$	\$	\$
NOTE 15: RESERVES				
Defence reserve	3,366,544	3,119,583	3,366,544	3,119,583
Leave reserve	2,783,224	2,434,262	2,783,224	2,434,262
Property reserve	5,000,000	11,500,216	5,000,000	11,500,216
Asset reserve	131,502	-	131,502	-
	<u>11,281,270</u>	<u>17,054,061</u>	<u>11,281,270</u>	<u>17,054,061</u>
Movements during the year				
<i>Defence reserve</i>				
Balance at beginning of year	3,119,583	4,517,679	3,119,583	4,517,679
Transfer to retained surplus	-	(1,398,096)	-	(1,398,096)
Transfer from retained surplus	246,961	-	246,961	-
Balance at end of year	<u>3,366,544</u>	<u>3,119,583</u>	<u>3,366,544</u>	<u>3,119,583</u>
<i>Leave reserve</i>				
Balance at beginning of year	2,434,262	2,152,147	2,434,262	2,152,147
Transfer to retained surplus	-	-	-	282,115
Transfer from retained surplus	348,962	282,115	348,962	-
Balance at end of year	<u>2,783,224</u>	<u>2,434,262</u>	<u>2,783,224</u>	<u>2,434,262</u>
<i>Property reserve</i>				
Balance at beginning of year	11,500,216	4,600,000	11,500,216	4,600,000
Transfer to retained surplus	(6,500,216)	-	(6,500,216)	-
Transfer from retained surplus	-	6,900,216	-	6,900,216
Balance at end of year	<u>5,000,000</u>	<u>11,500,216</u>	<u>5,000,000</u>	<u>11,500,216</u>
<i>Asset reserve</i>				
Balance at beginning of year	-	-	-	-
Transfer to retained surplus	(86,880)	-	(86,880)	-
Transfer from retained surplus	218,382	-	218,382	-
Balance at end of year	<u>131,502</u>	<u>-</u>	<u>131,502</u>	<u>-</u>
NOTE 16: RETAINED SURPLUS				
Retained surplus at beginning of the financial year	9,707	6,411,143	9,707	6,411,143
Net operating surplus for the year	(448,396)	(617,201)	(94,490)	(617,201)
Transfer to and from reserves:				
Defence reserve	(246,961)	1,398,096	(246,961)	1,398,096
Leave reserve	(348,962)	(282,115)	(348,962)	(282,115)
Property reserve	6,500,216	(6,900,216)	6,500,216	(6,900,216)
Other transfers	353,906	-	-	-
Retained surplus at the end of the financial year	<u>5,819,510</u>	<u>9,707</u>	<u>5,819,510</u>	<u>9,707</u>

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

	ECONOMIC ENTITY		CHIEF ENTITY	
	2010	2009	2010	2009
	\$	\$	\$	\$
NOTE 17: CASH FLOW INFORMATION				
Reconciliation of net operating surplus to net cash flows from operating activities:				
Net operating surplus	(448,396)	(617,201)	(94,490)	(617,201)
Non-cash flows in operating activities:				
Contribution of fixed assets	-	-	-	-
Movement in non-controlling interest	40,071	37,091	-	-
Depreciation and amortisation	552,181	830,736	533,430	814,773
Employee provisions	85,518	446,617	85,518	446,617
Change in net market value of investments	<u>562,688</u>	<u>288,995</u>	<u>266,206</u>	<u>288,995</u>
Changes in assets and liabilities:				
Decrease/(increase) in receivables	281,132	(317,485)	279,989	(345,877)
Decrease in other assets	80,231	4,303	80,231	(18,893)
(Decrease)/increase in payables	<u>(37,387)</u>	<u>39,336</u>	<u>(2,027)</u>	<u>56,651</u>
Net cash flows from operating activities	<u>1,116,038</u>	<u>712,392</u>	<u>1,148,857</u>	<u>625,065</u>

NOTE 18: RELATED PARTY INFORMATION

(a) Executive officers

The names of each person holding the position of Executive Officer of the NTEU during the financial year are:

Carolyn Allport	Margaret Lee	Michael Thomson	Derek Corrigan
Gregory McCarthy	Matthew McGowan	James Doughney	Ian Hunt
Jo Hibbert	Neil Mudford	Kate Patrick	Kelvin Michael
Grahame McCulloch	Gabrielle Gooding	Margaret Botterill	Genevieve Kelly
Edward Murphy	Lynette Bloom	Leonard Palmer	
Terry Mason	Susan Bandias	Andrew Bonnell	

Remuneration of key management personnel	2010	2009
	\$	\$
Income received or due and receivable by key management personnel of the Union.		
Short term employee benefits	846,463	759,414
Post employment benefits	<u>142,549</u>	<u>127,564</u>
	<u>989,012</u>	<u>886,978</u>

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

NOTE 18: RELATED PARTY INFORMATION (continued)

(b) Other related parties

(i) National Office, state divisions and branches

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

(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.

(c) Subsidiaries

The consolidated financial statements include the financial statements of NTEU and subsidiaries listed in the following table.

	Country of Incorporation	Ownership Interest		2010	2009
		2010	2009		
Parent Entity					
National Tertiary Education Industry Union	Australia	-	-		
Subsidiaries of NTEU					
Federation of Education Unions Trust	Australia	58.9%	58.9%		
				2010	2009
				\$	\$
Net amount payable by the F.E.U to NTEU				4,870,273	4,836,453

NOTE 19: COMMITMENTS

Operating lease commitments	ECONOMIC ENTITY		CHIEF ENTITY	
	2010	2009	2010	2009
	\$	\$	\$	\$
Future operating lease rentals of premises, plant and equipment not provided for in the financial statements and payable:				
Not later than one year	168,960	168,960	168,960	168,960
Later than one year but not later than five years	337,920	506,880	337,920	506,880
Later than five years	-	-	-	-
	<u>506,880</u>	<u>675,840</u>	<u>506,880</u>	<u>675,840</u>

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

NOTE 20: FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

(a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

(b) Categorisation of financial instruments

(i) Economic Entity

Financial assets	Note	Category	Carrying amount 2010	Carrying amount 2009
Cash and cash equivalents	5	N/A	5,478,175	6,891,924
Receivables	6	Loans and receivables	904,589	1,163,142
Investments	7	Available for sale financial assets (at fair value)	2,312,601	2,773,311
Financial liabilities				
Payables	12	Financial liabilities	4,835,559	4,916,130
Borrowings	13	Financial liabilities	3,890,163	4,723,913

(ii) Chief Entity

Financial assets	Note	Category	Carrying amount 2010	Carrying amount 2009
Cash and cash equivalents	5	N/A	5,393,615	6,692,085
Receivables	6	Loans and receivables	262,248	542,237
Investments	7	Available for sale financial assets (at fair value)	11,183,766	11,992,936
Financial liabilities				
Payables	12	Financial liabilities	1,583,843	1,594,213
Borrowings	13	Financial liabilities	2,274,017	3,010,752

Financial liabilities exclude statutory financial liabilities (i.e. GST payable).

(c) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The Union's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is represented by the carrying amount of those assets as indicated in the balance sheet.

Financial assets that are either past due or impaired

Currently the Union does not hold any collateral as security nor credit enhancements relating to any of its financial assets. As at the reporting date, there is no indication that the financial assets have been impaired. There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated. The following table discloses the ageing only of financial assets that are past due but not impaired.

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

NOTE 20: FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk (continued)

Interest rate exposure and ageing analysis of financial assets								
(i) Economic Entity								
	<i>Carrying amount</i>	<i>Interest rate exposure</i>			<i>Past due by</i>			
		<i>Fixed interest rate</i>	<i>Variable interest rate</i>	<i>Non-interest bearing</i>	<i>Less than 1 Month</i>	<i>1-3 months</i>	<i>3 months – 1 year</i>	<i>1-5 years</i>
2010								
Cash assets	5,478,175	1,251,899	4,226,276	-	-	-	-	-
Receivables	904,589	-	-	904,589	-	-	-	-
Other	2,312,601	-	-	2,312,601	-	-	-	-
	8,695,365	1,251,899	4,226,276	3,217,190	-	-	-	-
2009								
Cash assets	6,891,924	848,437	5,896,939	146,548	-	-	-	-
Receivables	1,163,142	-	-	1,163,142	-	-	-	-
Other	2,773,311	-	-	2,773,311	-	-	-	-
	10,828,377	848,437	5,896,939	4,083,001	-	-	-	-
(ii) Chief Entity								
	<i>Carrying amount</i>	<i>Interest rate exposure</i>			<i>Past due by</i>			
		<i>Fixed interest rate</i>	<i>Variable interest rate</i>	<i>Non-interest bearing</i>	<i>Less than 1 Month</i>	<i>1-3 months</i>	<i>3 months – 1 year</i>	<i>1-5 years</i>
2010								
Cash assets	5,393,615	1,251,899	4,141,116	600	-	-	-	-
Receivables	262,248	-	-	262,248	-	-	-	-
Other	11,183,766	-	-	11,183,766	-	-	-	-
	16,839,629	1,251,899	4,141,116	11,446,614	-	-	-	-
2009								
Cash assets	6,692,085	848,437	5,843,048	600	-	-	-	-
Receivables	542,237	-	-	542,237	-	-	-	-
Other	11,992,936	-	-	11,992,936	-	-	-	-
	19,227,258	848,437	5,843,048	12,535,773	-	-	-	-

NTEU

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

NOTE 20: FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk

Liquidity risk arises when the Union is unable to meet its financial obligations as they fall due. The Union operates under the policy of settling financial obligations within 30 days and in the event of a dispute, makes payments within 30 days from the date of resolution. It also continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets and dealing in highly liquid markets.

The Union's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Maximum exposure to liquidity risk is the carrying amounts of financial liabilities.

(e) Market risk

The Union's exposure to market risk is primarily through interest rate risk and other price risks with currently no exposure to foreign currency risk. Objectives, policies and processes used to manage each of these risks are disclosed in the paragraphs below.

(f) Interest rate risk

Exposure to interest rate risk might arise primarily through the Union's cash & deposits. Minimisation of risk is achieved mainly by undertaking fixed rate or non-interest bearing financial instruments. The Union's exposure to interest rate risk is set out in the table below.

Interest rate exposure and maturity analysis of financial liabilities

(i)	Economic Entity							
	Nominal amount	Interest rate exposure			Maturity dates			
		Fixed interest rate	Variable interest rate	Non-interest bearing	Less than 1 month	1-3 months	3 months – 1 year	1-5 years
2010								
Payables	4,835,559	-	-	4,835,559	-	-	-	-
Borrowings	3,890,163	3,890,163	-	-	163,913	327,826	1,475,215	1,923,209
	8,725,722	3,890,163	-	4,835,559	163,913	327,826	1,475,215	1,923,209
2009								
Payables	4,916,130	-	-	4,916,130	-	-	-	-
Borrowings	4,723,913	4,723,913	-	-	67,122	134,243	604,096	3,918,452
	9,640,043	4,723,913	-	4,916,130	67,122	134,243	604,096	3,918,452
(ii)	Chief Entity							
	Nominal amount	Interest rate exposure			Maturity dates			
		Fixed interest rate	Variable interest rate	Non-interest bearing	Less than 1 month	1-3 months	3 months – 1 year	1-5 years
2010								
Payables	1,583,843	-	-	1,583,843	-	-	-	-
Borrowings	2,274,017	2,274,017	-	-	154,847	309,693	1,393,620	415,857
	3,857,860	2,274,017	-	1,583,843	154,847	309,693	1,393,620	415,857
2009								
Payables	1,594,213	-	-	1,594,213	-	-	-	-
Borrowings	3,010,752	3,010,752	-	-	58,679	117,359	528,115	2,306,599
	4,604,965	3,010,752	-	1,594,213	58,679	117,359	528,115	2,306,599

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

NOTE 20: FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

g) Other price risk

Exposure to other market price risk might arise through the Union's investments in Australian equities, fixed interest securities and Property Trusts. Minimisation of risk is achieved by having an investment policy adopted by the Union which includes use of an outside Investment Manager who has been given a specific mandate for investment.

(h) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the Union believes the movements in the table below are 'reasonably possible' over the next 12 months. The table discloses the impact on net operating result and equity for each category of financial instrument held by the Union at year-end as presented to key management personnel, if the above movements were to occur.

Market risk exposure

(i) Economic Entity		Interest rate risk				Market risk			
Carrying amount	-1% (100 basis points)		+1% (100 basis points)		-10% (1000 basis points)		+10% (1000 basis points)		
	Surplus	Equity	Surplus	Equity	Surplus	Equity	Surplus	Equity	
2010									
Financial assets:									
Cash assets-variable rates	4,226,276	(42,263)	(42,263)	42,263	42,263	-	-	-	-
Investments	2,312,601	-	-	-	-	(23,126)	(23,126)	23,126	23,126
Total	6,538,877	(42,263)	(42,263)	42,263	42,263	(23,126)	(23,126)	23,126	23,126
Financial liabilities:									
Borrowings	3,890,163	(38,902)	(38,902)	38,902	38,902	-	-	-	-
Total	3,890,163	(38,902)	(38,902)	38,902	38,902	-	-	-	-

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

NOTE 20: FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Market risk exposure (continued)

(ii) Chief Entity									
	<i>Carrying amount</i>	<i>Interest rate risk</i>				<i>Market risk</i>			
		<i>-1% (100 basis points)</i>		<i>+1% (100 basis points)</i>		<i>-10% (1000 basis points)</i>		<i>+10% (1000 basis points)</i>	
		<i>Surplus</i>	<i>Equity</i>	<i>Surplus</i>	<i>Equity</i>	<i>Surplus</i>	<i>Equity</i>	<i>Surplus</i>	<i>Equity</i>
2010									
Financial assets:									
Cash assets-variable rates	4,141,116	(41,411)	(41,411)	41,411	41,411	-	-	-	-
Investments	11,183,766	-	-	-	-	(111,838)	(111,838)	111,838	111,838
Total	15,324,882	(41,411)	(41,411)	41,411	41,411	(111,838)	(111,838)	111,838	111,838
Financial liabilities:									
Borrowings	2,274,017	(22,740)	(22,740)	22,740	22,740	-	-	-	-
Total	2,274,017	(22,740)	(22,740)	22,740	22,740	-	-	-	-

(i) Fair value

The fair values and net fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices; and

The Union considers that the carrying amount of financial assets and financial liabilities recorded in the financial report to be a fair approximation of their fair values, as marketable securities are recorded at their respective quoted market prices and cash assets are held in short term deposits.

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF NTEU

Scope

The financial report and Executive Committee's responsibility

The financial report comprises the comprehensive income statement, balance sheet, cash flow statement, statement of changes in equity, accompanying notes to the financial statements, and the Executive Committee's statement of the NTEU for the year ended 30 June 2010.

The Executive Committee of the Union is responsible for the preparation and fair presentation of the financial report in accordance with the *Workplace Relation Act 1996*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect frauds and error, and for the accounting policies and accounting estimates inherent in the financial report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.¹ An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.


Audit Opinion

In our opinion the financial report of the NTEU is in accordance with the *Workplace Relations Act 1996*, including:

- (a) Presenting fairly the Union's and consolidated entity's financial position as at 30 June 2010 and their performance for the year ended on that date; and
- (b) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Part 3 of Chapter 8 of the *Workplace Relations Act 1996*.



DFK Collins
Chartered Accountants



Simon Bragg, A.C.A.
Partner
Registered Company Auditor. Registration Number: 291536

Melbourne
Date: 11/04/2011