



FAIR WORK
AUSTRALIA

5 January 2012

Mr Grahame McCulloch
General Secretary
National Tertiary Education Industry Union

Email: national@nteu.org.au

Dear Mr McCulloch

Financial report for the National Tertiary Education Industry Union for the year ended 30 June 2011 (FR2011/2746)

I acknowledge receipt of the financial report of the National Tertiary Education Industry Union for the year ended 30 June 2011. The financial report was received in this office on 22 December 2011.

The financial report has been filed.

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. 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.'

2. 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.

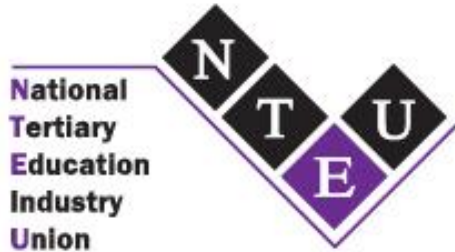
The text of the resignation rule provided appears to be an out-of-date version of the rule. Please ensure in future that the current version of the resignation rule is provided.

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

A handwritten signature in black ink, appearing to read 'L. Powell', with a large, stylized initial 'L'.

Larry Powell
Organisations, Research and Advice



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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 Fund, 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 22nd November 2011 and where email addresses were available members were emailed 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 22nd November 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 22nd December 2011 in accordance with section 266 of the *Fair Work (Registered Organisations) Act 2009*.

GRAHAME MCCULLOCH

General Secretary

Date: 22nd December 2011

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Files\Content.Outlook\Z5MCOWUA\Certificate Of Secretary Or Other Authorised Officer 2010-2011
Financials.Docx



NTEU

Financial Report for the year ended

30 June 2011

NTEU
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

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NTEU
OPERATING REPORT
FOR THE YEAR ENDED 30 JUNE 2011

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 was the NTEU Assistant Secretary, and NTEU Executive member until 30 September 2010 and 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 24,340 (2010: 24,301).

Number of employees

The number of persons who were, at the end of the financial year, employees of the Union was 121.6 measured on a full time equivalent basis.

NTEU
OPERATING REPORT (continued)
FOR THE YEAR ENDED 30 JUNE 2011

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:

Position	Name	Period (If not full year)
President	Carolyn Allport	01/07/2010 – 30/09/2010
President	Jeannie Rea	01/10/2010 – 30/06/2011
Vice President (Academic)	Gregory McCarthy	
Vice President (General)	Jo Hibbert	
General Secretary	Grahame McCulloch	
NTEU Assistant Secretary	Edward Murphy	01/07/2010 – 30/09/2010
Indigenous Member	Terry Mason	
NTEU Executive Member	Margaret Lee	
NTEU Executive Member	Matthew McGowan	01/10/10 – 30/06/2011
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	01/07/2010 – 30/03/2011
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	
NTEU Executive Member	Jillian Miller	01/10/2010 – 30/06/2011
NTEU Executive Member	David Wise	01/10/2010 – 22/03/2011
NTEU Executive Member	Anthony Gilding	24/06/2010 – 30/06/2011
NTEU Executive Member	Colin Long	01/10/2010 – 30/06/2011
NTEU Executive Member	John Kenny	01/10/2010 – 30/06/2011
NTEU Executive Member	Susan Price	01/10/2010 – 30/06/2011
NTEU Executive Member	Helen Masterman-Smith	01/10/2010 – 30/06/2011
NTEU Executive Member	John Fitzsimmons	01/10/2010 – 30/06/2011
NTEU Executive Member	Virginia Mansel Lees	01/10/2010 – 30/06/2011

NTEU
OPERATING REPORT (continued)
FOR THE YEAR ENDED 30 JUNE 2011

Manner of resignation – s254(2)(c)

Members may resign from the Union in accordance with section 174 (Resignation from Membership) of the *Fair Work (Registered Organisations) Act 2009* 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 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.

Note: 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



Signature:

Date: 21 November, 2011

Matthew McGowan
 Title: National Assistant Secretary



Signature:

Date: 21 November, 2011

NTEU
COMMITTEE OF MANAGEMENT STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011

On 21 November, 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 2011:

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 General Manager, Fair Work Australia;
- (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 Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009; 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 General Manager, Fair Work Australia duly made under section 272 of the Fair Work (Registered Organisations) Act 2009 has been furnished to the member or General Manager, Fair Work Australia; and
 - vi. there has been compliance with any order for inspection of financial records made by the Fair Work Australia under section 273 of the Fair Work (Registered Organisations) Act 2009.
- (f) in relation to recovery of wages activity:

There were no recoveries of wages activities for the financial year ended 30 June 2011.

For Committee of Management:

Grahame McCulloch

Title: General Secretary



Signature:

Date: 21 November, 2011

Matthew McGowan

Title: National Assistant Secretary



Signature:

Date: 21 November, 2011

NTEU
COMPREHENSIVE INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011

		ECONOMIC ENTITY		CHIEF ENTITY	
	Note	2011 \$	2010 \$	2011 \$	2010 \$
INCOME FROM TRANSACTIONS					
Operating revenue	3	16,377,885	15,848,781	16,377,885	15,848,781
Non-operating revenue	3	<u>1,346,115</u>	<u>1,154,057</u>	<u>1,110,197</u>	<u>832,522</u>
TOTAL REVENUE		<u>17,724,000</u>	<u>17,002,838</u>	<u>17,488,082</u>	<u>16,681,303</u>
EXPENSES FROM TRANSACTIONS					
Employee benefits		11,030,424	10,079,568	11,030,424	10,079,568
Office holder benefits		914,511	989,012	914,511	989,012
Depreciation and amortisation		724,306	552,181	330,816	533,430
Interest		211,567	397,142	161,994	259,555
Building costs		137,680	96,403	553,815	427,813
Loss on sale of investments		547	3,768	547	3,768
Change in market value of investments		-	562,688	-	266,206
Other expenses	4	<u>5,206,476</u>	<u>4,770,472</u>	<u>4,619,986</u>	<u>4,216,441</u>
TOTAL EXPENSES FROM TRANSACTIONS		<u>18,225,511</u>	<u>17,451,234</u>	<u>17,612,093</u>	<u>16,775,793</u>
NET RESULT FROM TRANSACTIONS		<u>(501,511)</u>	<u>(448,396)</u>	<u>(124,011)</u>	<u>(94,490)</u>
NET OPERATING RESULT		<u>(501,511)</u>	<u>(448,396)</u>	<u>(124,011)</u>	<u>(94,490)</u>
OTHER ECONOMIC FLOWS					
Changes in asset revaluation reserve	15	<u>-</u>	<u>131,502</u>	<u>-</u>	<u>131,502</u>
COMPREHENSIVE RESULT		<u>(501,511)</u>	<u>(316,894)</u>	<u>(124,011)</u>	<u>37,012</u>
NET OPERATING RESULT FOR THE PERIOD IS ATTRIBUTABLE TO:					
Non-controlling interest		(206,121)	(184,291)	-	-
Owners of the parent		<u>(295,390)</u>	<u>(264,105)</u>	<u>-</u>	<u>-</u>
		<u>(501,511)</u>	<u>(448,396)</u>	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE RESULT FOR THE PERIOD IS ATTRIBUTABLE TO:					
Non-controlling interest		(206,121)	(130,243)	-	-
Owners of the parent		<u>(295,390)</u>	<u>(186,651)</u>	<u>-</u>	<u>-</u>
		<u>(501,511)</u>	<u>(316,894)</u>	<u>-</u>	<u>-</u>

The accompanying notes form part of these financial statements.

NTEU
BALANCE SHEET
AS AT 30 JUNE 2011

		ECONOMIC ENTITY		CHIEF ENTITY	
	Note	2011 \$	2010 \$	2011 \$	2010 \$
ASSETS					
Cash and cash equivalents	5	3,572,109	5,478,175	3,423,238	5,393,615
Trade and other receivables	6	1,224,492	904,589	605,131	262,248
Other financial assets	7	2,576,031	2,312,601	2,576,031	2,312,601
Other assets	8	184,216	73,970	158,159	71,721
TOTAL CURRENT ASSETS		<u>7,556,850</u>	<u>8,769,335</u>	<u>6,762,559</u>	<u>8,040,185</u>
NON-CURRENT ASSETS					
Other financial assets	7	-	-	9,830,040	8,871,165
Investment properties	9	2,551,918	2,551,918	2,551,918	2,551,918
Property, plant and equipment	10	19,274,747	19,842,464	4,413,823	4,650,890
Intangible assets	11	41,939	49,262	41,939	49,262
TOTAL NON-CURRENT ASSETS		<u>21,868,604</u>	<u>22,443,644</u>	<u>16,837,720</u>	<u>16,123,235</u>
TOTAL ASSETS		<u>29,425,454</u>	<u>31,212,979</u>	<u>23,600,279</u>	<u>24,163,420</u>
LIABILITIES					
Trade and other payables	12	5,237,485	4,936,130	1,885,605	1,684,416
Financial liabilities	13	1,655,000	1,966,954	1,655,000	1,858,160
Provisions	14	2,761,438	2,729,688	2,761,438	2,729,688
TOTAL CURRENT LIABILITIES		<u>9,653,923</u>	<u>9,632,772</u>	<u>6,302,043</u>	<u>6,272,264</u>
NON-CURRENT LIABILITIES					
Financial liabilities	13	-	1,923,209	-	415,857
Provisions	14	321,467	374,519	321,467	374,519
TOTAL NON-CURRENT LIABILITIES		<u>321,467</u>	<u>2,297,728</u>	<u>321,467</u>	<u>790,376</u>
TOTAL LIABILITIES		<u>9,975,390</u>	<u>11,930,500</u>	<u>6,623,510</u>	<u>7,062,640</u>
NET ASSETS		<u>19,450,064</u>	<u>19,282,479</u>	<u>16,976,769</u>	<u>17,100,780</u>
EQUITY					
Reserves	15	10,664,544	11,281,270	10,664,544	11,281,270
Retained surplus	16	6,089,878	5,819,510	6,312,225	5,819,510
Non-controlling interest		2,695,642	2,181,699	-	-
TOTAL EQUITY		<u>19,450,064</u>	<u>19,282,479</u>	<u>16,976,769</u>	<u>17,100,780</u>

The accompanying notes form part of these financial statements.

NTEU
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

	Reserves	Retained Surplus	Non- Controlling Interest	Total Equity
	\$	\$	\$	\$
ECONOMIC ENTITY				
At 1 July 2009	17,054,061	9,707	2,438,110	19,501,878
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>
Surplus for the year	-	(501,511)	-	(501,511)
Transfer from reserves	(616,726)	-	(155,153)	(771,879)
Transfers to reserves	-	771,879	-	771,879
Movement in non-controlling interest	-	-	669,096	669,096
At 30 June 2011	<u>10,664,544</u>	<u>6,089,878</u>	<u>2,695,642</u>	<u>19,450,064</u>
CHIEF ENTITY				
At 1 July 2009	17,054,061	9,707	-	17,063,768
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
At 30 June 2010	<u>11,281,270</u>	<u>5,819,510</u>	<u>-</u>	<u>17,100,780</u>
Surplus for the year	-	(124,011)	-	(124,011)
Transfer from reserves	(616,726)	-	-	(616,726)
Transfers to reserves	-	616,726	-	616,726
At 30 June 2011	<u>10,664,544</u>	<u>6,312,225</u>	<u>-</u>	<u>16,976,769</u>

The accompanying notes form part of these financial statements.

NTEU
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011

	Note	ECONOMIC ENTITY		CHIEF ENTITY	
		2011 \$	2010 \$	2011 \$	2010 \$
CASH FLOWS FROM OPERATING ACTIVITIES					
Revenue from operating activities		19,010,659	17,790,044	18,677,064	17,730,506
Interest and other receipts		142,931	1,154,057	142,816	832,522
Payments to suppliers and employees		(17,712,053)	(16,486,311)	(17,553,400)	(16,196,391)
Interest paid		(211,567)	(397,142)	(161,994)	(259,555)
Net GST paid to Australian Tax Office		(1,221,789)	(984,681)	(1,211,633)	(958,225)
Net cash provided by operating activities	17	<u>8,181</u>	<u>1,075,967</u>	<u>(107,147)</u>	<u>1,148,857</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
(Payments)/disposals for property, plant & equipment		(136,414)	(2,213,133)	(73,574)	(2,151,260)
(Payments)/disposals for other financial assets		(198,914)	566,358	(1,157,787)	489,930
(Payments) for intangible assets		(12,852)	(49,262)	(12,852)	(49,262)
Net cash used in investing activities		<u>(348,180)</u>	<u>(1,696,037)</u>	<u>(1,244,213)</u>	<u>(1,710,592)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from contributions		669,096	40,071	-	-
Repayment of borrowings		(2,235,163)	(833,750)	(619,017)	(736,735)
Net cash used in investing activities		<u>(1,566,067)</u>	<u>(793,679)</u>	<u>(619,017)</u>	<u>(736,735)</u>
Net increase/(decrease) in cash & cash equivalents held		(1,906,066)	(1,413,749)	(1,970,377)	(1,298,470)
Cash and cash equivalents at beginning of year		5,478,175	6,891,924	5,393,615	6,692,085
Cash and cash equivalents at end of year	5	<u>3,572,109</u>	<u>5,478,175</u>	<u>3,423,238</u>	<u>5,393,615</u>

The accompanying notes form part of these financial statements.

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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 *Fair Work (Registered Organisations) Act 2009*.

(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 2011 (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 2011

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 2011

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 General Manager, Fair Work Australia

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, 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 General Manager, Fair Work Australia, 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 2011

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 basis	Depreciation Rates 2011	Depreciation Rates 2010
Buildings	Straight Line	2.5%	5%
Office Equipment	Straight Line	10-33.33%	7.5-50%
Motor Vehicles	Diminishing Value	22.5%	22.5%
Building Improvements	Straight Line	10-30%	10%

The residual value, useful life and depreciation method applied to an asset are reassessed at each reporting date. During the current financial year the useful lives of the building were reassessed to be 40 years. This has resulted in the depreciation rate decreasing from 5% to 2.5%.

(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 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) AASB Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future periods and which the Union has decided not to early adopt. A discussion of those future requirements and their impact on the Union is as follows:

• *AASB 9: Financial Instruments and AASB 2010-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 136, 139, 1023 & 1038 AND Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013)*

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Union has not yet determined any potential impact on the financial statements.

The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives ;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based.

• *AASB 2010-4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] (applicable for annual reporting periods commencing from 1 July 2010) and AASB 2010-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2011)*

These Standards detail numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Union.

• *AASB 2010-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1062] (applicable for annual reporting periods commencing on or after 1 January 2011)*

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) AASB Accounting Standards and Interpretations (continued)

This Standard 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. The Standard 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. The amendments are not expected to impact the Union.

• *AASB 2010-13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (applicable for annual reporting periods commencing on or after 1 July 2011)*

This Standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19. This Standard is not expected to impact the Union.

• *AASB Interpretation 19 "Extinguishing Financial Liabilities with Equity Instruments" (applicable for annual reporting periods commencing from 1 July 2011).*

Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. This Interpretation is not expected to impact the Union.

The Union does not anticipate early adoption of any of the above Australian Accounting Standards.

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	ECONOMIC ENTITY		CHIEF ENTITY	
	2011	2010	2011	2010
	\$	\$	\$	\$
NOTE 2: AUDITOR'S REMUNERATION				
<i>Audit services</i>				
Auditors to the Company	145,345	90,000	145,345	90,000
<i>Other services</i>				
Auditors to the Company	35,840	51,498	35,840	51,498
	<u>181,185</u>	<u>141,498</u>	<u>181,185</u>	<u>141,498</u>
 <i>Audit Services</i>				
Auditors of subsidiary	6,100	6,100	-	-
<i>Other services</i>				
Auditors of subsidiary	800	240	-	-
	<u>6,900</u>	<u>6,340</u>	<u>-</u>	<u>-</u>
 NOTE 3: REVENUE FROM ORDINARY ACTIVITIES				
Operating revenue:				
NTEU fees	<u>16,377,885</u>	<u>15,848,781</u>	<u>16,377,885</u>	<u>15,848,781</u>
Total operating revenue	<u>16,377,885</u>	<u>15,848,781</u>	<u>16,377,885</u>	<u>15,848,781</u>
 Non operating revenue:				
Rent received	733,871	660,316	603,901	503,822
Directors fees	16,649	64,932	16,649	64,932
Distribution received	109,430	69,194	109,430	69,194
Interest received	142,931	111,435	142,816	111,382
Sundry income	278,718	248,180	172,885	83,192
Change in market value	64,516	-	64,516	-
Total non operating revenue	<u>1,346,115</u>	<u>1,154,057</u>	<u>1,110,197</u>	<u>832,522</u>
Total revenue from ordinary activities	<u>17,724,000</u>	<u>17,002,838</u>	<u>17,488,082</u>	<u>16,681,303</u>

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	ECONOMIC ENTITY		CHIEF ENTITY	
	2011	2010	2011	2010
	\$	\$	\$	\$
NOTE 4: OTHER EXPENSES				
Affiliation fees	257,016	254,982	257,016	254,982
Audit services	181,185	141,498	181,185	141,498
Employee leave expense	(21,302)	85,517	(21,302)	85,517
Executive committee	518,924	580,993	518,924	580,993
Industrial defence fund	698,585	443,108	698,585	443,108
Publications and recruitment	963,426	588,124	963,426	588,124
Travel and reimbursement	476,100	438,181	476,100	438,181
Property fund outgoings	895,539	754,914	340,021	228,015
Administration	973,540	897,836	947,113	870,705
Other expenses	263,463	585,319	258,918	585,318
	<u>5,206,476</u>	<u>4,770,472</u>	<u>4,619,986</u>	<u>4,216,441</u>
NOTE 5: CASH ASSETS				
Cash on hand	842	600	842	600
Cash at bank	2,712,126	4,225,676	2,563,255	4,141,116
Short term deposits	859,141	1,251,899	859,141	1,251,899
	<u>3,572,109</u>	<u>5,478,175</u>	<u>3,423,238</u>	<u>5,393,615</u>
NOTE 6: TRADE AND OTHER RECEIVABLES				
Current				
Trade debtors	170,358	143,951	26,539	11,647
Other receivables	905,699	525,981	430,157	15,943
Accrued income	148,435	234,658	148,435	234,658
	<u>1,224,492</u>	<u>904,589</u>	<u>605,131</u>	<u>262,248</u>
NOTE 7: OTHER FINANCIAL ASSETS				
Current				
Investments in managed funds	2,576,031	2,312,601	2,576,031	2,312,601
	<u>2,576,031</u>	<u>2,312,601</u>	<u>2,576,031</u>	<u>2,312,601</u>
Non Current				
Investments – at valuation:				
Federation of Education Union Unit Trust (F.E.U.)	-	-	9,830,038	8,871,163
Federation of Education Unions Pty Ltd (Trustee of F.E.U.)	-	-	2	2
	<u>-</u>	<u>-</u>	<u>9,830,040</u>	<u>8,871,165</u>
NOTE 8: OTHER ASSETS				
Prepayments	184,216	73,970	158,159	71,721
	<u>184,216</u>	<u>73,970</u>	<u>158,159</u>	<u>71,721</u>

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	ECONOMIC ENTITY		CHIEF ENTITY	
	2011	2010	2011	2010
	\$	\$	\$	\$
NOTE 9: INVESTMENT PROPERTIES				
(i) Book value disclosure				
Buildings- at Committee valuation 2011	2,551,918	2,551,918	2,551,918	2,551,918
	<u>2,551,918</u>	<u>2,551,918</u>	<u>2,551,918</u>	<u>2,551,918</u>

The buildings were valued by the NTEU Committee of Management at 30 June 2011 with no change in value since 30 June 2010.

(ii) Reconciliation of the carrying amount

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

NOTE 10: PROPERTY, PLANT & EQUIPMENT

(i) Book value disclosure

Buildings – at Committee valuation	18,554,012	18,554,010	3,454,012	3,454,009
Accumulated depreciation	<u>(517,429)</u>	<u>(52,235)</u>	<u>(139,929)</u>	<u>(52,235)</u>
	<u>18,036,583</u>	<u>18,501,775</u>	<u>3,314,083</u>	<u>3,401,774</u>

The buildings were valued by the NTEU and FEU Committee of Management at 30 June 2011 with no change in value since 30 June 2010.

Office equipment, fixtures & fittings - at cost	479,061	1,497,704	193,932	1,275,416
Accumulated depreciation	<u>(223,989)</u>	<u>(1,297,581)</u>	<u>(77,284)</u>	<u>(1,166,866)</u>
	<u>255,072</u>	<u>200,123</u>	<u>116,648</u>	<u>108,550</u>
Leasehold improvements - at cost	1,608,168	1,559,815	1,608,168	1,559,815
Accumulated amortisation	<u>(681,080)</u>	<u>(499,671)</u>	<u>(681,080)</u>	<u>(499,671)</u>
	<u>927,088</u>	<u>1,060,144</u>	<u>927,088</u>	<u>1,060,144</u>
Motor Vehicles - at cost	105,673	129,841	105,673	129,841
Accumulated amortisation	<u>(49,669)</u>	<u>(49,419)</u>	<u>(49,669)</u>	<u>(49,419)</u>
	<u>56,004</u>	<u>80,422</u>	<u>56,004</u>	<u>80,422</u>
Net book value	<u>19,274,747</u>	<u>19,842,464</u>	<u>4,413,823</u>	<u>4,650,890</u>

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 10: PROPERTY, PLANT & EQUIPMENT (continued)

(ii) Reconciliation of the carrying amount

ECONOMIC ENTITY

	Buildings	Office equipment fixtures & fittings	Leasehold improvements	Capital work in progress	Motor Vehicles	Total
2011						
Balance at beginning of period	18,501,775	200,123	1,060,144	-	80,422	19,842,464
Additions	-	129,976	13,985	-	-	143,961
Disposals	-	-	-	-	(7,547)	(7,547)
Reclassification	-	(17,008)	17,008	-	-	-
Revaluation	-	-	-	-	-	-
Depreciation and amortisation	(465,194)	(58,017)	(164,049)	-	(16,871)	(704,131)
Balance at end of period	18,036,581	255,074	927,088	-	56,004	19,274,747
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

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 10: PROPERTY, PLANT & EQUIPMENT (continued)

(ii) Reconciliation of the carrying amount (continued)

CHIEF ENTITY

	Buildings	Office equipment fixtures & fittings	Leasehold improvements	Capital work in progress	Motor Vehicles	Total
2011						
Balance at beginning of period	3,401,774	108,550	1,060,144	-	80,422	4,650,890
Additions	-	67,137	13,984	-	-	81,121
Disposals	-	-	-	-	(7,547)	(7,547)
Reclassification	-	(17,008)	17,008	-	-	-
Revaluation	-	-	-	-	-	-
Depreciation and amortisation	(87,691)	(42,030)	(164,049)	-	(16,871)	(310,641)
Balance at end of period	3,314,083	116,649	927,087	-	56,004	4,413,823
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

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	ECONOMIC ENTITY		CHIEF ENTITY	
	2011	2010	2011	2010
	\$	\$	\$	\$
NOTE 11: INTANGIBLE ASSETS				
Opening balance	49,262	-	49,262	-
Additions	12,852	49,815	12,852	49,815
Less amortisation	(20,175)	(553)	(20,175)	(553)
	<u>41,939</u>	<u>49,262</u>	<u>41,939</u>	<u>49,262</u>
NOTE 12: TRADE AND OTHER PAYABLES				
Current				
Trade creditors and accruals	992,182	486,802	998,233	486,802
Net GST payable	121,130	100,571	121,130	100,571
Sundry creditors	115,637	340,221	13,236	222,723
Payable to unit holders	4,008,536	4,008,536	-	-
Group loans	-	-	753,006	874,320
	<u>5,237,485</u>	<u>4,936,130</u>	<u>1,885,605</u>	<u>1,684,416</u>
NOTE 13: FINANCIAL LIABILITIES				
Current				
Bank loans	1,655,000	1,966,954	1,655,000	1,858,160
Non current				
Bank loans	-	1,923,209	-	415,857
Total financial liabilities	<u>1,655,000</u>	<u>3,890,163</u>	<u>1,655,000</u>	<u>2,274,017</u>
NOTE 14: PROVISIONS				
Current				
Annual leave- for employees	1,075,949	992,773	1,075,948	992,773
Annual leave- for office holders	112,712	157,190	112,712	157,190
Long service leave- for employees	1,370,984	1,554,498	1,370,984	1,554,498
Long service leave- for office holders	201,973	25,227	201,973	25,227
	<u>2,761,438</u>	<u>2,729,688</u>	<u>2,761,437</u>	<u>2,729,688</u>
Non current				
Long service leave- for employees	280,752	21,526	280,752	21,526
Long service leave- for office holders	40,715	352,993	40,715	352,993
	<u>321,467</u>	<u>374,519</u>	<u>321,467</u>	<u>374,519</u>
Total provisions	<u>3,082,905</u>	<u>3,104,207</u>	<u>3,082,905</u>	<u>3,104,207</u>

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	ECONOMIC ENTITY		CHIEF ENTITY	
	2011	2010	2011	2010
	\$	\$	\$	\$
NOTE 15: RESERVES				
Defence reserve	3,351,112	3,366,544	3,351,112	3,366,544
Leave reserve	2,181,930	2,783,224	2,181,930	2,783,224
Property reserve	5,000,000	5,000,000	5,000,000	5,000,000
Asset revaluation reserve	131,502	131,502	131,502	131,502
	<u>10,664,544</u>	<u>11,281,270</u>	<u>10,664,544</u>	<u>11,281,270</u>
Movements during the year				
<i>Defence reserve</i>				
Balance at beginning of year	3,366,544	3,119,583	3,366,544	3,119,583
Transfer to retained surplus	(15,432)	-	(15,432)	-
Transfer from retained surplus	-	246,961	-	246,961
Balance at end of year	<u>3,351,112</u>	<u>3,366,544</u>	<u>3,351,112</u>	<u>3,366,544</u>
<i>Leave reserve</i>				
Balance at beginning of year	2,783,224	2,434,262	2,783,224	2,434,262
Transfer to retained surplus	(601,294)	-	(601,294)	-
Transfer from retained surplus	-	348,962	-	348,962
Balance at end of year	<u>2,181,930</u>	<u>2,783,224</u>	<u>2,181,930</u>	<u>2,783,224</u>
<i>Property reserve</i>				
Balance at beginning of year	5,000,000	11,500,216	5,000,000	11,500,216
Transfer to retained surplus	-	(6,500,216)	-	(6,500,216)
Transfer from retained surplus	-	-	-	-
Balance at end of year	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>
<i>Asset revaluation reserve</i>				
Balance at beginning of year	131,502	-	131,502	-
Decrease in reserve	-	(86,880)	-	(86,880)
Increase in reserve	-	218,382	-	218,382
Balance at end of year	<u>131,502</u>	<u>131,502</u>	<u>131,502</u>	<u>131,502</u>
NOTE 16: RETAINED SURPLUS/ (DEFICIT)				
Retained surplus at beginning of the financial year	5,819,510	9,707	5,819,510	9,707
Net operating deficit for the year	(501,511)	(448,396)	(124,011)	(94,490)
Transfer to and from reserves:				
Defence reserve	15,432	(246,961)	15,432	(246,961)
Leave reserve	601,294	(348,962)	601,294	(348,962)
Property reserve	-	6,500,216	-	6,500,216
Other transfers	155,153	353,906	-	-
Retained surplus at the end of the financial year	<u>6,089,878</u>	<u>5,819,510</u>	<u>6,312,225</u>	<u>5,819,510</u>

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	ECONOMIC ENTITY		CHIEF ENTITY	
	2011	2010	2011	2010
	\$	\$	\$	\$
NOTE 17: CASH FLOW INFORMATION				
Reconciliation of net operating deficit to net cash flows from operating activities:				
Net operating deficit	(501,511)	(448,396)	(124,011)	(94,490)
Non-cash flows in operating activities:				
Depreciation and amortisation	724,306	552,181	330,816	533,430
Employee provisions	(21,302)	85,518	(21,302)	85,518
Change in net market value of investments	<u>(64,516)</u>	<u>562,688</u>	<u>(64,516)</u>	<u>266,206</u>
Changes in assets and liabilities:				
Decrease/(increase) in receivables	(342,482)	281,132	(342,883)	279,989
Decrease/(increase) in other assets	(110,248)	80,231	(86,438)	80,231
(Decrease)/increase in payables	<u>323,934</u>	<u>(37,387)</u>	<u>201,187</u>	<u>(2,027)</u>
Net cash flows from operating activities	<u><u>8,181</u></u>	<u><u>1,075,967</u></u>	<u><u>(107,147)</u></u>	<u><u>1,148,857</u></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	Jeannie Rea
Terry Mason	Susan Bandias	Andrew Bonnell	Jillian Miller
David Wise	Anthony Gilding	Collin Long	John Kenny
Susan Price	Helen Masterman-Smith	John Fitzsimmons	Virginia Mansel Lees

Remuneration of key management personnel

	2011	2010
	\$	\$
Income received or due and receivable by key management personnel of the Union.		
Short term employee benefits	809,926	846,463
Post employment benefits	<u>104,585</u>	<u>142,549</u>
	<u><u>914,511</u></u>	<u><u>989,012</u></u>

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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	
		2011	2010
Parent Entity			
National Tertiary Education Industry Union	Australia	-	-
Subsidiaries of NTEU			
Federation of Education Unions Trust	Australia	58.9%	58.9%
		2011	2010
		\$	\$
Net amount payable by the F.E.U to NTEU		4,991,588	4,870,273

NOTE 19: COMMITMENTS

Operating lease commitments	ECONOMIC ENTITY		CHIEF ENTITY	
	2011	2010	2011	2010
	\$	\$	\$	\$
Future operating lease rentals of premises, plant and equipment not provided for in the financial statements and payable:				
Not later than one year	223,740	168,960	223,740	168,960
Later than one year but not later than five years	801,735	337,920	801,735	337,920
Later than five years	-	-	-	-
	<u>1,025,475</u>	<u>506,880</u>	<u>1,025,475</u>	<u>506,880</u>

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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 2011	Carrying amount 2010
Cash and cash equivalents	5	N/A	3,572,109	5,478,175
Receivables	6	Loans and receivables	1,224,492	904,589
Investments	7	Available for sale financial assets (at fair value)	2,576,031	2,312,601
Financial liabilities				
Payables	12	Financial liabilities	5,116,355	4,835,559
Borrowings	13	Financial liabilities	1,655,000	3,890,163

(ii) Chief Entity

Financial assets	Note	Category	Carrying amount 2011	Carrying amount 2010
Cash and cash equivalents	5	N/A	3,423,238	5,393,615
Receivables	6	Loans and receivables	605,131	262,248
Investments	7	Available for sale financial assets (at fair value)	12,406,071	11,183,766
Financial liabilities				
Payables	12	Financial liabilities	1,764,475	1,583,843
Borrowings	13	Financial liabilities	1,655,000	2,274,017

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 2011

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>Interest rate exposure</i>				<i>Past due by</i>			
	<i>Carrying amount</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>
2011								
Cash assets	3,572,109	859,141	2,712,126	842	-	-	-	-
Receivables	1,244,492	-	-	1,244,492	-	-	-	-
Other	2,576,031	-	-	2,576,031	-	-	-	-
	7,392,632	859,141	2,712,126	3,821,365	-	-	-	-
2010								
Cash assets	5,478,175	1,251,899	4,225,676	600	-	-	-	-
Receivables	904,589	-	-	904,589	-	-	-	-
Other	2,312,601	-	-	2,312,601	-	-	-	-
	8,695,365	1,251,899	4,225,676	3,217,790	-	-	-	-
(ii) Chief Entity								
	<i>Interest rate exposure</i>				<i>Past due by</i>			
	<i>Carrying amount</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>
2011								
Cash assets	3,423,238	859,141	2,563,255	842	-	-	-	-
Receivables	605,131	-	-	605,131	-	-	-	-
Other	12,406,071	-	-	12,406,071	-	-	-	-
	16,434,440	859,141	2,563,255	13,012,044	-	-	-	-
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	-	-	-	-

NTEU

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

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							
	<i>Nominal amount</i>	<i>Interest rate exposure</i>			<i>Maturity dates</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>
2011								
Payables	5,116,355	-	-	5,116,355	-	-	-	-
Borrowings	1,655,000	1,655,000	-	-	8,000	16,000	1,631,000	-
	6,771,355	1,655,000	-	5,116,355	8,000	16,000	1,631,000	-
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
	(ii) Chief Entity							
	<i>Nominal amount</i>	<i>Interest rate exposure</i>			<i>Maturity dates</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>
2011								
Payables	1,764,475	-	-	1,764,475	-	-	-	-
Borrowings	1,655,000	1,655,000	-	-	8,000	16,000	1,631,000	-
	3,419,475	1,655,000	-	1,764,475	8,000	16,000	1,631,000	-
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

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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									
	<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>
2011									
Financial assets:									
Cash assets-variable rates	3,572,109	(35,721)	(35,721)	35,721	35,721	-	-	-	-
Investments	2,576,031	-	-	-	-	(257,603)	(257,603)	257,603	257,603
Total	6,148,140	(35,721)	(35,721)	35,721	35,721	(257,603)	(257,603)	257,603	257,603
Financial liabilities:									
Borrowings	1,655,000	(16,550)	(16,550)	16,550	16,550	-	-	-	-
Total	1,655,000	(16,550)	(16,550)	16,550	16,550	-	-	-	-

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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>
2011									
Financial assets:									
Cash assets-variable rates	3,423,238	(34,232)	(34,232)	34,232	34,232	-	-	-	-
Investments	2,576,031	-	-	-	-	(257,603)	(257,603)	257,603	257,603
Total	5,999,269	(34,232)	(34,232)	34,232	34,232	(257,603)	(257,603)	257,603	257,603
Financial liabilities:									
Borrowings	1,655,000	(16,550)	(16,550)	16,550	16,550	-	-	-	-
Total	1,655,000	(16,550)	(16,550)	16,550	16,550	-	-	-	-

(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.

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, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the Executive Committee's statement of the NTEU for the year ended 30 June 2011.

The Executive Committee of the Union is responsible for the preparation and fair presentation of the financial report in accordance with the *Fair Work (Registered Organisations) Act 2009*. 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. 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 is in accordance with the *Fair Work (Registered Organisations) Act 2009*, including:

- (a) Presents fairly the Union's and consolidated entity's financial position as at 30 June 2011 and their performance for the year ended on that date; and
- (b) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and other mandatory professional reporting requirements in Australia and Part 3 of Chapter 8 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: 22/11/2011

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