



24 October 2013

Mr Grahame McCulloch
General Secretary
National Tertiary Education Industry Union
PO Box 1323
South Melbourne VIC 3205
via email: national@nteu.org.au

Dear Mr McCulloch,

**National Tertiary Education Industry Union
Financial Report for the year ended 30 June 2012 - [FR2012/424]**

I acknowledge receipt of the financial report of the National Tertiary Education Industry Union (the reporting unit). The documents were lodged with Fair Work Australia (now the Fair Work Commission) on 20 December 2012.

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

This financial report was filed based on a preliminary review. Please note that the reporting unit financial report for the year ending 30 June 2013 may be subject to a full compliance audit.

Changes to the legislation and reporting guidelines

I note with the change of legislation, references to Fair Work Australia will need to be updated to the Fair Work Commission.

Additionally, a third edition to the General Manager's s.253 reporting guidelines was gazetted on 26 June 2013. These guidelines will apply to all financial reports that end on or after 30 June 2013. The Fair Work Commission has also developed a model set of financial statement for the 2012-2013 financial year. There is no requirement to use this model but it may be a useful resource to ensure compliance with the *Fair Work (Registered Organisations) Act 2009*, the s.253 reporting guidelines and the Australian Accounting Standards.

The guidelines and model financial statements are available on the website here:
<http://www.fwc.gov.au/index.cfm?pagename=regorgsfrguidelines#finance>

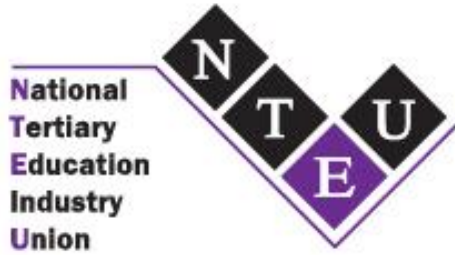
As stated previously, this financial report was filed based on a preliminary review. The financial report for the year ending 30 June 2013 may be subject to a full compliance audit.

If you have any queries regarding this letter, please contact me on (03) 8661 7893 or via email at larry.powell@fwc.gov.au.

Yours sincerely,

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

Larry Powell
Regulatory Compliance Branch



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NATIONAL OFFICE
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Web: www.nteu.org.au

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 15th November 2012 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 15th November 2012 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 18th December 2012 in accordance with section 266 of the *Fair Work (Registered Organisations) Act 2009*.

GRAHAME MCCULLOCH

General Secretary

Date: 21st December 2012

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NTEU

***Financial Report for the year ended
30 June 2012***

NTEU
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2012

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NTEU
OPERATING REPORT
FOR THE YEAR ENDED 30 JUNE 2012

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

To the best of the Committee of Management's knowledge and belief, no member or officer of the organisation is a trustee or a director of a company that is a trustee, of a superannuation entity or an exempt public sector scheme.

Number of members

The number of persons who, at the end of the financial year, were recorded on the Register of Members was 25,948 (2011: 24,340).

Number of employees

The number of persons who were, at the end of the financial year, employees of the Union was 111.98 measured on a full time equivalent basis.

NTEU
OPERATING REPORT (continued)
FOR THE YEAR ENDED 30 JUNE 2012

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	Jeannie Rea	
Vice President (Academic)	Gregory McCarthy	
Vice President (General)	Gabrielle Gooding	
General Secretary	Grahame McCulloch	
NTEU Assistant Secretary	Matthew McGowan	
Indigenous Member	Jillian Miller	
NTEU Executive Member	Colin Long	
NTEU Executive Member	Neil Mudford	01/07/2011-15/11/2011
NTEU Executive Member	Deborah Veness	15/07/2011-26/09/2011
NTEU Executive Member	Stephen Darwin	17/11/2011-30/06/2012
NTEU Executive Member	Margaret Lee	
NTEU Executive Member	Kelvin Michael	
NTEU Executive Member	Kevin Rouse	
NTEU Executive Member	Lynette Bloom	
NTEU Executive Member	Anthony Gilding	01/07/2011-09/11/2011
NTEU Executive Member	Genevieve Kelly	
NTEU Executive Member	Andrew Bonnell	
NTEU Executive Member	Derek Corrigan	
NTEU Executive Member	John Fitzsimmons	
NTEU Executive Member	Virginia Mansel Lees	
NTEU Executive Member	Terry Mason	
NTEU Executive Member	Helen Masterman-Smith	
NTEU Executive Member	Susan Price	
NTEU Executive Member	Michael Thomson	
NTEU Executive Member	Janet Sinclair-Jones	22/11/2011-30/06/2012

NTEU
OPERATING REPORT (continued)
FOR THE YEAR ENDED 30 JUNE 2012

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* and rule 11 of the NTEU rules. Rule 11 states as follows:

- (1) A member may resign from membership by written notice addressed and delivered to the General Secretary or to the member's Division Secretary or Branch Secretary. Where a written notice of resignation is received by one of the aforementioned Secretaries he or she shall as soon as practicable forward a copy of the notice of resignation to the other relevant Secretaries. A notice of resignation delivered to a relevant Secretary shall be taken to have been received by the Union when it was delivered.
- (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: 2/11/2012

Signature: 
 Date: 2/11/2012

NTEU
COMMITTEE OF MANAGEMENT STATEMENT
FOR THE YEAR ENDED 30 JUNE 2012

On 2/11/2012 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 2012:

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 2012.

For Committee of Management:

Grahame McCulloch
 Title: General Secretary

Matthew McGowan
 Title: National Assistant Secretary

Signature:

Date:

2/11/2012

Signature:

Date:

2/11/2012

NTEU
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012

	Note	ECONOMIC ENTITY		CHIEF ENTITY	
		2012 \$	2011 \$	2012 \$	2011 \$
INCOME FROM TRANSACTIONS					
Operating revenue	3	17,523,245	16,377,885	17,523,245	16,377,885
Non-operating revenue	3	1,171,474	1,346,115	909,597	1,110,197
TOTAL REVENUE		<u>18,694,719</u>	<u>17,724,000</u>	<u>18,432,842</u>	<u>17,488,082</u>
EXPENSES FROM TRANSACTIONS					
Employee benefits		11,405,271	11,030,424	11,405,271	11,030,424
Officeholder benefits		1,298,005	914,511	1,298,005	914,511
Depreciation and amortisation		752,759	724,306	348,541	330,816
Interest		7,583	211,567	9,064	161,994
Loss on sale of investments		3,539	547	3,539	547
Change in market value of investments		130,275	-	130,275	-
Other expenses	4	4,503,157	5,344,156	4,266,516	5,173,801
TOTAL EXPENSES FROM TRANSACTIONS		<u>18,100,589</u>	<u>18,225,511</u>	<u>17,461,211</u>	<u>17,612,093</u>
NET RESULT FROM TRANSACTIONS		<u>594,130</u>	<u>(501,511)</u>	<u>971,631</u>	<u>(124,011)</u>
NET OPERATING RESULT		<u>594,130</u>	<u>(501,511)</u>	<u>971,631</u>	<u>(124,011)</u>
OTHER ECONOMIC FLOWS					
Changes in asset revaluation reserve	15	-	-	-	-
COMPREHENSIVE RESULT		<u>594,130</u>	<u>(501,511)</u>	<u>971,631</u>	<u>(124,011)</u>
NET OPERATING RESULT FOR THE PERIOD IS ATTRIBUTABLE TO:					
Non-controlling interest		244,187	(206,121)	-	-
Owners of the parent		349,943	(295,390)	-	-
		<u>594,130</u>	<u>(501,511)</u>	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE RESULT FOR THE PERIOD IS ATTRIBUTABLE TO:					
Non-controlling interest		244,187	(206,121)	-	-
Owners of the parent		349,943	(295,390)	-	-
		<u>594,130</u>	<u>(501,511)</u>	<u>-</u>	<u>-</u>

The accompanying notes form part of these financial statements.

NTEU
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	Note	ECONOMIC ENTITY		CHIEF ENTITY	
		2012 \$	2011 \$	2012 \$	2011 \$
ASSETS					
Cash and cash equivalents	5	2,901,567	3,572,109	2,848,681	3,423,238
Trade and other receivables	6	1,478,957	1,224,492	656,649	605,131
Other financial assets	7	2,605,135	2,576,031	2,605,135	2,576,031
Other assets	8	158,797	184,216	132,729	158,159
TOTAL CURRENT ASSETS		<u>7,144,456</u>	<u>7,556,850</u>	<u>6,243,194</u>	<u>6,762,559</u>
NON-CURRENT ASSETS					
Other financial assets	7	-	-	9,830,040	9,830,040
Investment properties	9	2,551,918	2,551,918	2,551,918	2,551,918
Property, plant and equipment	10	18,592,292	19,274,747	4,123,478	4,413,823
Intangible assets	11	21,259	41,939	21,259	41,939
TOTAL NON-CURRENT ASSETS		<u>21,165,469</u>	<u>21,868,604</u>	<u>16,526,695</u>	<u>16,837,720</u>
TOTAL ASSETS		<u>28,309,925</u>	<u>29,425,454</u>	<u>22,769,889</u>	<u>23,600,279</u>
LIABILITIES					
Trade and other payables	12	5,207,985	5,237,485	1,763,743	1,885,605
Financial liabilities	13	-	1,655,000	-	1,655,000
Provisions	14	2,602,347	2,761,438	2,602,347	2,761,438
TOTAL CURRENT LIABILITIES		<u>7,810,332</u>	<u>9,653,923</u>	<u>4,366,090</u>	<u>6,302,043</u>
NON-CURRENT LIABILITIES					
Provisions	14	455,399	321,467	455,399	321,467
TOTAL NON-CURRENT LIABILITIES		<u>455,399</u>	<u>321,467</u>	<u>455,399</u>	<u>321,467</u>
TOTAL LIABILITIES		<u>8,265,731</u>	<u>9,975,390</u>	<u>4,821,489</u>	<u>6,623,510</u>
NET ASSETS		<u>20,044,194</u>	<u>19,450,064</u>	<u>17,948,400</u>	<u>16,976,769</u>
EQUITY					
Reserves	15	11,316,399	10,664,544	11,316,399	10,664,544
Retained surplus	16	6,187,305	6,089,878	6,632,001	6,312,225
Non-controlling interest		2,540,490	2,695,642	-	-
TOTAL EQUITY		<u>20,044,194</u>	<u>19,450,064</u>	<u>17,948,400</u>	<u>16,976,769</u>

The accompanying notes form part of these financial statements.

NTEU
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012

	Reserves	Retained Surplus	Non- Controlling Interest	Total Equity
	\$	\$	\$	\$
ECONOMIC ENTITY				
At 1 July 2010	11,281,270	5,819,510	2,181,699	19,282,479
Surplus for the year	-	(501,511)	-	(501,511)
Transfer from reserves	(616,726)	771,879	(155,153)	-
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>
Surplus for the year	-	594,130	-	594,130
Movement in non-controlling interest	-	155,152	(155,152)	-
Transfer to reserves	651,855	(651,855)	-	-
As at 30 June 2012	<u>11,316,399</u>	<u>6,187,305</u>	<u>2,540,490</u>	<u>20,044,194</u>
CHIEF ENTITY				
At 1 July 2010	11,281,270	5,819,510	-	17,100,780
Surplus for the year	-	(124,011)	-	(124,011)
Transfer from 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>
Surplus for the year	-	971,631	-	971,631
Transfer to reserves	651,855	(651,855)	-	-
As at 30 June 2012	<u>11,316,399</u>	<u>6,632,001</u>	<u>-</u>	<u>17,948,400</u>

The accompanying notes form part of these financial statements.

NTEU
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012

	Note	ECONOMIC ENTITY		CHIEF ENTITY	
		2012	2011	2012	2011
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Revenue from operating activities		20,134,885	19,010,659	19,962,982	18,677,064
Interest and other receipts		144,518	142,931	144,818	142,816
Payments to suppliers and employees		(17,689,432)	(17,712,053)	(17,444,146)	(17,553,400)
Interest paid		(7,583)	(211,567)	(9,064)	(161,994)
Net GST paid to Australian Tax Office		(1,386,183)	(1,221,789)	(1,369,963)	(1,211,633)
Net cash provided by operating activities	17	<u>1,196,205</u>	<u>8,181</u>	<u>1,284,627</u>	<u>(107,147)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
(Payments)/disposals for property, plant & equipment		(52,368)	(136,414)	(44,805)	(73,574)
(Payments)/disposals for other financial assets		(159,379)	(198,914)	(159,379)	(1,157,787)
(Payments) for intangible assets		-	(12,852)	-	(12,852)
Net cash used in investing activities		<u>(211,747)</u>	<u>(348,180)</u>	<u>(204,184)</u>	<u>(1,244,213)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from contributions		-	669,096	-	-
Repayment of borrowings		(1,655,000)	(2,235,163)	(1,655,000)	(619,017)
Net cash used in investing activities		<u>(1,655,000)</u>	<u>(1,566,067)</u>	<u>(1,655,000)</u>	<u>(619,017)</u>
Net increase/(decrease) in cash & cash equivalents held		(670,542)	(1,906,066)	(574,557)	(1,970,377)
Cash and cash equivalents at beginning of year		3,572,109	5,478,175	3,423,238	5,393,615
Cash and cash equivalents at end of year	5	<u>2,901,567</u>	<u>3,572,109</u>	<u>2,848,681</u>	<u>3,423,238</u>

The accompanying notes form part of these financial statements.

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

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 2012 (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.

(e) Leased assets

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

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(j) Investments

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

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 statement of financial position.

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 2012

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 2012

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 2012	Depreciation Rates 2011
Buildings	Straight Line	2.5%	2.5%
Office Equipment	Straight Line	10-33.33%	10-33.33%
Motor Vehicles	Diminishing Value	22.5%	22.5%
Building Improvements	Straight Line	10-30%	10-30%

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 2012

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 2012 reporting period. as at 30 June 2012, the following standards and interpretations had been issued but were not mandatory for the reporting ended 30 June 2012. 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
AASB 10: Consolidated Financial Statements	Amendment to definition of control and additional application guidance so that a single control model will apply to all investees.	Beginning 1 Jan 2013	Detail of impact is still being assessed.
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.
AASB 2011-9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income	The main change is arising from the Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.	Beginning 1 July 2012	The amendments are not expected to impact the Association.

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 Union's financial statements. Consequently, they have not been specifically identified above.

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	ECONOMIC ENTITY		CHIEF ENTITY	
	2012	2011	2012	2011
	\$	\$	\$	\$
NOTE 2: AUDITOR'S REMUNERATION				
<i>Audit services</i>				
Auditors to the Company	100,000	145,345	100,000	145,345
<i>Other services</i>				
Auditors to the Company	-	35,840	-	35,840
	<u>100,000</u>	<u>181,185</u>	<u>100,000</u>	<u>181,185</u>
 <i>Audit Services</i>				
Auditors of subsidiary	4,000	6,100	-	-
<i>Other services</i>				
Auditors of subsidiary	1,100	800	-	-
	<u>5,100</u>	<u>6,900</u>	<u>-</u>	<u>-</u>
 NOTE 3: REVENUE FROM ORDINARY ACTIVITIES				
Operating revenue:				
NTEU fees	<u>17,523,245</u>	<u>16,377,885</u>	<u>17,523,245</u>	<u>16,377,885</u>
Total operating revenue	<u>17,523,245</u>	<u>16,377,885</u>	<u>17,523,245</u>	<u>16,377,885</u>
 Non operating revenue:				
Rent received	767,381	733,871	596,519	603,901
Distribution received	134,581	109,430	134,581	109,430
Interest received	144,818	142,931	144,818	142,816
Sundry income	124,694	295,367	33,679	189,534
Change in market value	-	64,516	-	64,516
	<u>1,171,474</u>	<u>1,346,115</u>	<u>909,597</u>	<u>1,110,197</u>
Total non operating revenue	<u>1,171,474</u>	<u>1,346,115</u>	<u>909,597</u>	<u>1,110,197</u>
Total revenue from ordinary activities	<u>18,694,719</u>	<u>17,724,000</u>	<u>18,432,842</u>	<u>17,488,082</u>

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	ECONOMIC ENTITY		CHIEF ENTITY	
	2012	2011	2012	2011
	\$	\$	\$	\$
NOTE 4: OTHER EXPENSES				
Affiliation fees	276,440	257,016	276,440	257,016
Assets written-off	7,289	-	7,289	-
Audit services	100,000	181,185	100,000	181,185
Employee leave expense	(25,159)	(21,302)	(25,159)	(21,302)
Executive committee	497,422	518,924	497,422	518,924
Industrial defence fund	137,692	698,585	137,692	698,585
Publications and recruitment	866,093	963,426	866,093	963,426
Travel and reimbursement	523,726	476,100	512,774	476,100
Property fund outgoings	785,440	1,033,219	636,679	893,836
Administration	969,091	973,540	892,164	947,113
Other expenses	365,123	263,463	365,122	258,918
	<u>4,503,157</u>	<u>5,344,156</u>	<u>4,266,516</u>	<u>5,173,801</u>
NOTE 5: CASH AND CASH EQUIVALENTS				
Cash on hand	731	842	731	842
Cash at bank	1,991,692	2,712,126	1,938,806	2,563,255
Short term deposits	909,144	859,141	909,144	859,141
	<u>2,901,567</u>	<u>3,572,109</u>	<u>2,848,681</u>	<u>3,423,238</u>
NOTE 6: TRADE AND OTHER RECEIVABLES				
Current				
Trade debtors	279,341	170,358	28,487	26,539
Other receivables	988,557	905,699	417,103	430,157
Accrued income	211,059	148,435	211,059	148,435
	<u>1,478,957</u>	<u>1,224,492</u>	<u>656,649</u>	<u>605,131</u>
NOTE 7: OTHER FINANCIAL ASSETS				
Current				
Investments in managed funds	2,605,135	2,576,031	2,605,135	2,576,031
	<u>2,605,135</u>	<u>2,576,031</u>	<u>2,605,135</u>	<u>2,576,031</u>
Non Current				
Investments – at valuation:				
Federation of Education Union Unit Trust (F.E.U.)	-	-	9,830,038	9,830,038
Federation of Education Unions Pty Ltd (Trustee of F.E.U.)	-	-	2	2
	<u>-</u>	<u>-</u>	<u>9,830,040</u>	<u>9,830,040</u>
NOTE 8: OTHER ASSETS				
Prepayments	158,797	184,216	132,729	158,159
	<u>158,797</u>	<u>184,216</u>	<u>132,729</u>	<u>158,159</u>

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	ECONOMIC ENTITY		CHIEF ENTITY	
	2012	2011	2012	2011
	\$	\$	\$	\$

NOTE 9: INVESTMENT PROPERTIES

(i) Book value disclosure

Buildings- at Committee valuation 2012	2,551,918	2,551,918	2,551,918	2,551,918
	2,551,918	2,551,918	2,551,918	2,551,918

The buildings were valued by the NTEU Committee of Management at 30 June 2012 with no change in value since 30 June 2010.

(ii) Reconciliation of the carrying amount

Balance at beginning of period	2,551,918	2,551,918	2,551,918	2,551,918
Additions	-	-	-	-
Revaluation	-	-	-	-
Balance at end of period	2,551,918	2,551,918	2,551,918	2,551,918

NOTE 10: PROPERTY, PLANT & EQUIPMENT

(i) Book value disclosure

Buildings – at Committee valuation	18,554,012	18,554,012	3,454,012	3,454,012
Accumulated depreciation	(981,281)	(517,429)	(226,279)	(139,929)
	17,572,731	18,036,583	3,227,733	3,314,083

The buildings were valued by the NTEU and FEU Committee of Management at 30 June 2012 with no change in value since 30 June 2010.

Office equipment, fixtures & fittings - at cost	486,361	479,061	193,671	193,932
Accumulated depreciation	(262,602)	(223,989)	(93,727)	(77,284)
	223,759	255,072	99,944	116,648
Leasehold improvements - at cost	1,583,297	1,608,168	1,583,297	1,608,168
Accumulated amortisation	(819,790)	(681,080)	(819,791)	(681,080)
	763,507	927,088	763,506	927,088
Motor Vehicles - at cost	105,373	105,673	105,373	105,673
Accumulated amortisation	(73,078)	(49,669)	(73,078)	(49,669)
	32,295	56,004	32,295	56,004
Net book value	18,592,292	19,274,747	4,123,478	4,413,823

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 10: PROPERTY, PLANT & EQUIPMENT (continued)

(ii) Reconciliation of the carrying amount

ECONOMIC ENTITY

	Buildings	Office equipment fixtures & fittings	Leasehold improvements	Motor Vehicles	Total
2012					
Balance at beginning of period	18,036,581	255,074	927,088	56,004	19,274,747
Additions	-	52,368	-	-	52,368
Disposals	-	-	-	-	-
Assets written-off	-	(7,289)	-	-	(7,289)
Revaluation	-	-	-	-	-
Depreciation and amortisation	(463,850)	(76,394)	(163,581)	(23,709)	(727,534)
Balance at end of period	<u>17,572,731</u>	<u>223,759</u>	<u>763,507</u>	<u>32,295</u>	<u>18,592,292</u>
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	<u>18,036,581</u>	<u>255,074</u>	<u>927,088</u>	<u>56,004</u>	<u>19,274,747</u>

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 10: PROPERTY, PLANT & EQUIPMENT (continued)

(ii) Reconciliation of the carrying amount (continued)

CHIEF ENTITY

	Buildings	Office equipment fixtures & fittings	Leasehold improvements	Motor Vehicles	Total
2012					
Balance at beginning of period	3,314,083	116,649	927,087	56,004	4,413,823
Additions	-	44,805	-	-	44,805
Disposals	-	-	-	-	-
Assets written-off	-	(7,289)	-	-	(7,289)
Revaluation	-	-	-	-	-
Depreciation and amortisation	(86,350)	(54,221)	(163,581)	(23,709)	(327,861)
Balance at end of period	<u>3,227,733</u>	<u>99,944</u>	<u>763,506</u>	<u>32,295</u>	<u>4,123,478</u>
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	<u>3,314,083</u>	<u>116,649</u>	<u>927,087</u>	<u>56,004</u>	<u>4,413,823</u>

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	ECONOMIC ENTITY		CHIEF ENTITY	
	2012	2011	2012	2011
	\$	\$	\$	\$
NOTE 11: INTANGIBLE ASSETS				
Opening balance	41,939	49,262	41,939	49,262
Additions	-	12,852	-	12,852
Less amortisation	<u>(20,680)</u>	<u>(20,175)</u>	<u>(20,680)</u>	<u>(20,175)</u>
	<u>21,259</u>	<u>41,939</u>	<u>21,259</u>	<u>41,939</u>
NOTE 12: TRADE AND OTHER PAYABLES				
Current				
Trade creditors and accruals	961,394	992,182	961,394	998,233
Net GST payable	122,661	121,130	122,661	121,130
Sundry creditors	115,394	115,637	25,187	13,236
Payable to unit holders	4,008,536	4,008,536	-	-
Group loans	-	-	654,501	753,006
	<u>5,207,985</u>	<u>5,237,485</u>	<u>1,763,743</u>	<u>1,885,605</u>
NOTE 13: FINANCIAL LIABILITIES				
Current				
Bank loans	-	1,655,000	-	1,655,000
Total financial liabilities	<u>-</u>	<u>1,655,000</u>	<u>-</u>	<u>1,655,000</u>
NOTE 14: PROVISIONS				
Current				
Annual leave- for employees	922,763	1,075,949	922,763	1,075,948
Annual leave- for office holders	148,492	112,712	148,492	112,712
Long service leave- for employees	1,304,864	1,370,984	1,304,864	1,370,984
Long service leave- for officeholders	<u>226,228</u>	<u>201,973</u>	<u>226,228</u>	<u>201,973</u>
	<u>2,602,347</u>	<u>2,761,438</u>	<u>2,602,347</u>	<u>2,761,437</u>
Non current				
Long service leave- for employees	402,250	280,752	402,250	280,752
Long service leave- for officeholders	<u>53,149</u>	<u>40,715</u>	<u>53,149</u>	<u>40,715</u>
	<u>455,399</u>	<u>321,467</u>	<u>455,399</u>	<u>321,467</u>
Total provisions	<u>3,057,746</u>	<u>3,082,905</u>	<u>3,057,746</u>	<u>3,082,905</u>

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	ECONOMIC ENTITY		CHIEF ENTITY	
	2012	2011	2012	2011
	\$	\$	\$	\$
NOTE 15: RESERVES				
Defence reserve	3,692,420	3,351,112	3,692,420	3,351,112
Leave reserve	2,492,477	2,181,930	2,492,477	2,181,930
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>11,316,399</u>	<u>10,664,544</u>	<u>11,316,399</u>	<u>10,664,544</u>
Movements during the year				
<i>Defence reserve</i>				
Balance at beginning of year	3,351,112	3,366,544	3,351,112	3,366,544
Transfer to retained surplus	-	(15,432)	-	(15,432)
Transfer from retained surplus	341,308	-	341,308	-
Balance at end of year	<u>3,692,420</u>	<u>3,351,112</u>	<u>3,692,420</u>	<u>3,351,112</u>
<i>Leave reserve</i>				
Balance at beginning of year	2,181,930	2,783,224	2,181,930	2,783,224
Transfer to retained surplus	-	(601,294)	-	(601,294)
Transfer from retained surplus	310,547	-	310,547	-
Balance at end of year	<u>2,492,477</u>	<u>2,181,930</u>	<u>2,492,477</u>	<u>2,181,930</u>
<i>Property reserve</i>				
Balance at beginning of year	5,000,000	5,000,000	5,000,000	5,000,000
Transfer to retained surplus	-	-	-	-
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	131,502	131,502
Decrease in reserve	-	-	-	-
Increase in reserve	-	-	-	-
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	6,089,878	5,819,510	6,312,225	5,819,510
Net operating surplus/ (deficit) for the year	594,130	(501,511)	971,631	(124,011)
Transfer to and from reserves:				
Defence reserve	(341,308)	15,432	(341,308)	15,432
Leave reserve	(310,547)	601,294	(310,547)	601,294
Other transfers	155,152	155,153	-	-
Retained surplus at the end of the financial year	<u>6,187,305</u>	<u>6,089,878</u>	<u>6,632,001</u>	<u>6,312,225</u>

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	ECONOMIC ENTITY		CHIEF ENTITY	
	2012	2011	2012	2011
	\$	\$	\$	\$
NOTE 17: CASH FLOW INFORMATION				
Reconciliation of net operating deficit to net cash flows from operating activities:				
Net operating deficit	594,130	(501,511)	971,631	(124,011)
Non-cash flows in operating activities:				
Depreciation and amortisation	748,214	724,306	348,541	330,816
Assets written off	7,289	-	7,289	-
Employee provisions	(25,159)	(21,302)	(25,159)	(21,302)
Change in net market value of investments	130,275	(64,516)	130,275	(64,516)
Changes in assets and liabilities:				
Decrease/(increase) in receivables	(254,465)	(342,482)	(51,518)	(342,883)
Decrease/(increase) in other assets	25,421	(110,248)	25,430	(86,438)
(Decrease)/increase in payables	(29,500)	323,934	(121,862)	201,187
Net cash flows from operating activities	<u>1,196,205</u>	<u>8,181</u>	<u>1,284,627</u>	<u>(107,147)</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:

Jeannie Rea	Gregory McCarthy	Gabrielle Gooding	Grahame McCulloch
Matthew McGowan	Jillian Miller	Colin Long	Neil Mudford
Deborah Veness	Stephen Darwin	Margaret Lee	Kelvin Michael
Kevin Rouse	Lynette Bloom	Anthony Gilding	Genevieve Kelly
Andrew Bonnell	Derek Corrigan	John Fitzsimmons	Virginia Mansel Lees
Terry Mason	Helen Masterman-Smith	Susan Price	Michael Thomson
Janet Sinclair-Jones			

Remuneration of Salaried Elected Officers

	2012	2011
	\$	\$
Income due to or receivable by Salaried Elected Officers of the Union.		
Short term employee benefits	1,111,001	809,926
Post employment benefits	187,004	104,585
	<u>1,298,005</u>	<u>914,511</u>

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 18: RELATED PARTY INFORMATION (continued)

(a) Executive Officers (continued)

The names of the Salaried Elected Officers of the NTEU during the financial year are:

Stephen Darwin	Genevieve Kelly	Colin Long	Margaret Lee
Kevin Rouse	Lynette Bloom	Grahame McCulloch	Matthew McGowan
Jeannie Rea			

(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	
		2012	2011
Parent Entity			
National Tertiary Education Industry Union	Australia	-	-
Subsidiaries of NTEU			
Federation of Education Unions Trust	Australia	58.9% 2012	58.9% 2011
		\$	\$
Net amount payable by the F.E.U to NTEU		5,090,093	4,991,588

NOTE 19: COMMITMENTS

Operating lease commitments	ECONOMIC ENTITY		CHIEF ENTITY	
	2012	2011	2012	2011
	\$	\$	\$	\$
Future operating lease rentals of premises, plant and equipment not provided for in the financial statements and payable:				
Not later than one year	248,380	223,740	248,380	223,740
Later than one year but not later than five years	736,395	801,735	736,395	801,735
Later than five years	-	-	-	-
	<u>984,775</u>	<u>1,025,475</u>	<u>984,775</u>	<u>1,025,475</u>

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

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 2012	Carrying amount 2011
Cash and cash equivalents	5	N/A	2,901,567	3,572,109
Receivables	6	Loans and receivables	1,478,957	1,224,492
Investments	7	Available for sale financial assets (at fair value)	2,605,135	2,576,031
Financial liabilities				
Payables	12	Financial liabilities	5,085,324	5,116,355
Borrowings	13	Financial liabilities	-	1,655,000

(ii) Chief Entity

Financial assets	Note	Category	Carrying amount 2012	Carrying amount 2011
Cash and cash equivalents	5	N/A	2,848,681	3,423,238
Receivables	6	Loans and receivables	656,649	605,131
Investments	7	Available for sale financial assets (at fair value)	12,435,175	12,406,071
Financial liabilities				
Payables	12	Financial liabilities	1,641,082	1,764,475
Borrowings	13	Financial liabilities	-	1,655,000

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 statement of financial position.

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.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

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							
	Carrying amount	Interest rate exposure			Past due by			
		Fixed interest rate	Variable interest rate	Non-interest bearing	Less than 1 Month	1-3 months	3 months – 1 year	1-5 years
2012								
Cash assets	2,901,567	909,144	1,991,692	731	-	-	-	-
Receivables	1,478,957	-	-	1,478,957	-	-	-	-
Other	2,605,135	-	-	2,605,135	-	-	-	-
	6,985,659	909,144	1,991,692	4,084,823	-	-	-	-
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	-	-	-	-
	(ii) Chief Entity							
	Carrying amount	Interest rate exposure			Past due by			
		Fixed interest rate	Variable interest rate	Non-interest bearing	Less than 1 Month	1-3 months	3 months – 1 year	1-5 years
2012								
Cash assets	2,848,681	909,144	1,938,806	731	-	-	-	-
Receivables	656,649	-	-	656,649	-	-	-	-
Other	12,435,175	-	-	12,435,175	-	-	-	-
	15,940,505	909,144	1,938,806	13,092,555	-	-	-	-
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	-	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

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
2012								
Payables	5,085,324	-	-	5,085,324	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-
	5,085,324	-	-	5,085,324	-	-	-	-
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	-
(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
2012								
Payables	1,641,082	-	-	1,641,082	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-
	1,641,082	-	-	1,641,082	-	-	-	-
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	-

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

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	
2012									
Financial assets:									
Cash assets-variable rates	1,991,692	(19,917)	(19,917)	19,917	19,917	-	-	-	-
Investments	2,605,135	-	-	-	-	(260,514)	(260,514)	260,514	260,514
Total	4,596,827	(19,917)	(19,917)	19,917	19,917	(260,514)	(260,514)	260,514	260,514
Financial liabilities:									
Borrowings	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

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>
2012									
Financial assets:									
Cash assets-variable rates	1,938,806	(19,388)	(19,388)	19,388	19,388	-	-	-	-
Investments	2,605,135	-	-	-	-	(260,514)	(260,514)	260,514	260,514
Total	4,543,941	(19,388)	(19,388)	19,388	19,388	(260,514)	(260,514)	260,514	260,514
Financial liabilities:									
Borrowings	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-

(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 statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, accompanying notes to the financial statements, and the Executive Committee's statement of the NTEU for the year ended 30 June 2012.

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 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.

DFK Collins

DFK Collins
Chartered Accountants

Robert Wernli

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

Melbourne
Date: 13 November 2012