



24 December 2014

Mr Grahame McCulloch
National Secretary
National Tertiary Education Industry Union
gmcculloch@nteu.org.au

Dear Mr McCulloch,

**National Tertiary Education Industry Union
Financial Report for the year ended 30 June 2014 - [FR2014/260]**

I acknowledge receipt of the financial report of the National Tertiary Education Industry Union. The documents were lodged with the Fair Work Commission on 19 December 2014.

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

The financial report was filed based on a primary review. This involved confirming that the financial reporting timelines required under s.253, s.265, s.266 and s.268 of the *Fair Work (Registered Organisations) Act 2009* (RO Act) have been satisfied, all documents required under s.268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and reporting guidelines have been complied with. A primary review does not examine all disclosure requirements.

Please note that the financial report for the year ending 30 June 2015 may be subject to an advanced compliance review.

If you have any queries regarding this letter, please contact me on (03) 8661 7812 or via email at nick.salzberg@fwc.gov.au.

Yours sincerely

Nick Salzberg
Regulatory Compliance Branch
Fair Work Commission

A thick black L-shaped line is positioned on the left side of the page, starting from the top and extending downwards, then turning 90 degrees to the right and extending horizontally across the page.

NTEU

***Financial Report for the year ended
30 June 2014***

NTEU
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014

CONTENTS

| | |
|-----------------------------------|----|
| Operating report | 1 |
| Committee of management statement | 6 |
| Statement of comprehensive income | 7 |
| Statement of financial position | 8 |
| Statement of changes in equity | 9 |
| Statement of cash flows | 10 |
| Notes to the financial statements | 11 |
| Auditors' report | 34 |

NTEU
OPERATING REPORT
FOR THE YEAR ENDED 30 JUNE 2014

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

Grahame McCulloch is a director of UniSuper Limited, which is the trustee company of UniSuper, the superannuation entity.

Colin Long is a director of VicSuper Pty Limited, which is the trustee company of VicSuper, the superannuation entity.

To the best of the Committee of Management's knowledge and belief, no other 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 27,577 (2013: 27,340).

Number of employees

The number of persons who were, at the end of the financial year, employees of the Union was 121.46 (2013:118.1) measured on a full time equivalent basis.

NTEU
OPERATING REPORT (continued)
FOR THE YEAR ENDED 30 JUNE 2014

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) | Kelvin Michael | |
| Vice President (General) | Lynda Davies | |
| General Secretary | Grahame McCulloch | |
| NTEU Assistant Secretary | Matthew McGowan | |
| Indigenous Member | Terry Mason | |
| NTEU Executive Member | Gabrielle Gooding | |
| NTEU Executive Member | Colin Long | |
| NTEU Executive Member | Stephen Darwin | |
| NTEU Executive Member | Margaret Lee | |
| NTEU Executive Member | Kelvin Michael | |
| NTEU Executive Member | Kevin Rouse | |
| NTEU Executive Member | Genevieve Kelly | |
| NTEU Executive Member | Andrew Bonnell | |
| NTEU Executive Member | Virginia Mansel Lees | |
| NTEU Executive Member | Michael Thomson | |
| NTEU Executive Member | Janet Sinclair-Jones | 1 July 2013 – 27 August 2013 |
| NTEU Executive Member | John Kenny | |
| NTEU Executive Member | Lolita Wikander | |
| NTEU Executive Member | Linda Cecere | 1 July 2013 - 18 March 2014 |
| NTEU Executive Member | Ryan Hsu | |
| NTEU Executive Member | Melissa Slee | |
| NTEU Executive Member | John Sinclair | |
| NTEU Executive Member | Stuart Bunt | 28 August 2013– 30 June 2014 |

NTEU
OPERATING REPORT (continued)
FOR THE YEAR ENDED 30 JUNE 2014

Officers & employees who are directors of a company or a member of a board

The following Officers of the Union are either directors of a company or members of a board that is unrelated to their involvement with the NTEU:

| Name | Company or Entity | Principle Activity |
|----------------------|--|--|
| Jeannie Rea | Overland Magazine | Overland publishes a quarterly print journal of essays, fiction, poetry and reviews, and an online magazine of cultural commentary |
| Virginia Mansel Lees | Australian Association of Social Workers | Victorian branch of the National Association |
| Virginia Mansel Lees | Centre Against Violence | Provides services to women, men and children experiencing family violence and sexualised abuse |
| Colin Long | Journeys for Climate Justice | An NGO working on climate change in Asia/Pacific |
| Colin Long | Australia Bangladesh Solidarity Network | Association working on Union solidarity in Bangladesh |
| Colin Long | Eureka's Future | Workers cooperative in solar hot water. |

NTEU
OPERATING REPORT (continued)
FOR THE YEAR ENDED 30 JUNE 2014

Officers & employees who are directors of a company or a member of a board (continued)

The following Officers of the Union are either directors of a company or members of a board that is related to their involvement with the NTEU:

| Name | Company or Entity | Principle Activity |
|----------------------|--|--|
| Grahame McCulloch | UniSuper Limited | Provide its members with financial resources and other benefits during their retirement. |
| Grahame McCulloch | Education International (based in Belgium) | Peak international union body for education unions. |
| Grahame McCulloch | Federation of Education Unions | Administer the common property and the assets for the benefit of the owners. |
| Grahame McCulloch | Australian Council of Trade Unions (ACTU) | The ACTU represents Australian workers and their families and organises activities and campaigns. |
| Jeannie Rea | Australian Council of Trade Unions (ACTU) | The ACTU represents Australian workers and their families and organises activities and campaigns. |
| Colin Long | VicSuper Pty Limited | Provide its members with financial resources and other benefits during their retirement. |
| Colin Long | Victorian Trades Hall Council | Coordinates Victorian Union activities and campaigns. |
| Kelvin Michael | Unions Tasmania | Coordinates Tasmanian union activities and campaigns |
| Virginia Mansel Lees | North East Border Trades & Labour Council | Is the Peak Body for Unions in the Region |
| Virginia Mansel Lees | Regional Trades & Labour Council Network | Is the representative body of the Regional Trades & Labour Councils in Victoria |
| Gabe Gooding | Unions WA | Coordinates WA union activities and campaigns |
| Genevieve Kelly | Sydney Alliance | Coalition of unions, community and faith groups working for the common good |
| Genevieve Kelly | Unions NSW | Peak NSW unions body campaigns for better living conditions for working families and coordinates union activities in NSW |
| Genevieve Kelly | Unions NSW Trustee | The financial management of Unions NSW |

NTEU
OPERATING REPORT (continued)
FOR THE YEAR ENDED 30 JUNE 2014

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



Signature:

Date: 21 November 2014

Matthew McGowan

Title: National Assistant Secretary



Signature:

Date: 21 November 2014

NTEU
COMMITTEE OF MANAGEMENT STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

On 21/11/2014 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 2014:

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

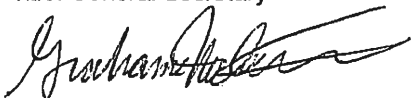
- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements comply with the reporting guidelines of the General Manager, Fair Work Australia;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial 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:

No revenue has been derived from undertaking recovery of wages activity for the financial year ended 30 June 2014.

For Committee of Management:

Grahame McCulloch

Title: General Secretary

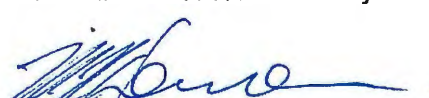


Signature:

Date: 21 November 2014

Matthew McGowan

Title: National Assistant Secretary



Signature:

Date: 21 November 2014

NTEU
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

| | Note | ECONOMIC ENTITY | | CHIEF ENTITY | |
|--|-------|--------------------|-------------------|-------------------|-------------------|
| | | 2014 | 2013 | 2014 | 2013 |
| | | \$ | \$ | \$ | \$ |
| INCOME FROM TRANSACTIONS | | | | | |
| Operating revenue | 3 | 19,973,097 | 19,046,083 | 19,973,097 | 19,046,083 |
| Non-operating revenue | 3 | 1,338,607 | 1,633,160 | 1,042,512 | 1,157,239 |
| TOTAL REVENUE | | <u>21,311,704</u> | <u>20,679,243</u> | <u>21,015,609</u> | <u>20,203,322</u> |
| EXPENSES FROM TRANSACTIONS | | | | | |
| Employee benefits | 5 | 13,372,387 | 12,555,951 | 13,372,387 | 12,555,951 |
| Officeholder benefits | 18(b) | 1,649,011 | 1,583,025 | 1,649,011 | 1,583,025 |
| Depreciation and amortisation | | 747,909 | 751,489 | 344,923 | 355,691 |
| Interest | | - | - | - | - |
| Other expenses | 4 | 6,642,789 | 5,862,882 | 6,372,180 | 5,405,260 |
| TOTAL EXPENSES FROM TRANSACTIONS | | <u>22,412,096</u> | <u>20,753,347</u> | <u>21,738,501</u> | <u>19,899,927</u> |
| NET RESULT FROM TRANSACTIONS | | <u>(1,100,392)</u> | <u>(74,104)</u> | <u>(722,892)</u> | <u>303,395</u> |
| NET OPERATING RESULT | | <u>(1,100,392)</u> | <u>(74,104)</u> | <u>(722,892)</u> | <u>303,395</u> |
| OTHER ECONOMIC FLOWS | | | | | |
| Changes in asset revaluation reserve | 15 | 323,960 | - | 323,960 | - |
| COMPREHENSIVE RESULT | | <u>(776,432)</u> | <u>(74,104)</u> | <u>(398,932)</u> | <u>303,395</u> |
| NET OPERATING RESULT FOR THE PERIOD IS ATTRIBUTABLE TO: | | | | | |
| Non-controlling interest | | (155,152) | (155,152) | - | - |
| Owners of the parent | | (945,240) | 81,048 | - | - |
| | | <u>(1,100,392)</u> | <u>(74,104)</u> | <u>-</u> | <u>-</u> |
| TOTAL COMPREHENSIVE RESULT FOR THE PERIOD IS ATTRIBUTABLE TO: | | | | | |
| Non-controlling interest | | (155,152) | (155,152) | - | - |
| Owners of the parent | | (621,280) | 81,048 | - | - |
| | | <u>(776,432)</u> | <u>(74,104)</u> | <u>-</u> | <u>-</u> |

The accompanying notes form part of these financial statements.

NTEU
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

| | | ECONOMIC ENTITY | | CHIEF ENTITY | |
|--------------------------------------|-------------|------------------------|-------------------|---------------------|-------------------|
| | Note | 2014 | 2013 | 2014 | 2013 |
| | | \$ | \$ | \$ | \$ |
| ASSETS | | | | | |
| Cash and cash equivalents | 6 | 1,335,315 | 3,603,362 | 956,352 | 3,478,587 |
| Trade and other receivables | 7 | 788,953 | 967,193 | 330,156 | 283,777 |
| Other financial assets | 8 | 3,140,753 | 3,075,998 | 3,140,753 | 3,075,998 |
| Other assets | 9 | 261,348 | 226,604 | 193,632 | 198,289 |
| TOTAL CURRENT ASSETS | | <u>5,526,369</u> | <u>7,873,157</u> | <u>4,620,893</u> | <u>7,036,651</u> |
| NON-CURRENT ASSETS | | | | | |
| Other financial assets | 8 | - | - | 9,830,040 | 9,830,040 |
| Investment properties | 10 | 2,431,006 | 2,551,918 | 2,431,006 | 2,551,918 |
| Property, plant and equipment | 11 | 20,058,566 | 17,999,656 | 6,378,603 | 3,923,216 |
| Intangible assets | 12 | - | 598 | - | 598 |
| TOTAL NON-CURRENT ASSETS | | <u>22,489,572</u> | <u>20,552,172</u> | <u>18,639,649</u> | <u>16,305,772</u> |
| TOTAL ASSETS | | <u>28,015,941</u> | <u>28,425,329</u> | <u>23,260,542</u> | <u>23,342,423</u> |
| LIABILITIES | | | | | |
| Trade and other payables | 13 | 5,093,807 | 5,012,809 | 1,679,203 | 1,648,198 |
| Provisions | 14 | 3,208,727 | 3,019,137 | 3,208,727 | 3,019,137 |
| TOTAL CURRENT LIABILITIES | | <u>8,302,534</u> | <u>8,031,946</u> | <u>4,887,930</u> | <u>4,667,335</u> |
| NON-CURRENT LIABILITIES | | | | | |
| Provisions | 14 | 519,749 | 423,293 | 519,749 | 423,293 |
| TOTAL NON-CURRENT LIABILITIES | | <u>519,749</u> | <u>423,293</u> | <u>519,749</u> | <u>423,293</u> |
| TOTAL LIABILITIES | | <u>8,822,283</u> | <u>8,455,239</u> | <u>5,407,679</u> | <u>5,090,628</u> |
| NET ASSETS | | <u>19,193,658</u> | <u>19,970,090</u> | <u>17,852,863</u> | <u>18,251,795</u> |
| EQUITY | | | | | |
| Reserves | 15 | 12,513,299 | 12,201,687 | 12,513,299 | 12,201,687 |
| Retained surplus | 16 | 4,450,173 | 5,383,065 | 5,339,564 | 6,050,108 |
| Non-controlling interest | | 2,230,186 | 2,385,338 | - | - |
| TOTAL EQUITY | | <u>19,193,658</u> | <u>19,970,090</u> | <u>17,852,863</u> | <u>18,251,795</u> |

The accompanying notes form part of these financial statements.

NTEU
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

| | Reserves | Retained Surplus | Non- Controlling Interest | Total Equity |
|---------------------------------------|-------------------|---------------------|---------------------------------|-------------------|
| | \$ | \$ | \$ | \$ |
| ECONOMIC ENTITY | | | | |
| At 1 July 2012 | 11,316,399 | 6,187,305 | 2,540,490 | 20,044,194 |
| Deficit for the year | - | (74,104) | - | (74,104) |
| Movement in non-controlling interest | - | 155,152 | (155,152) | - |
| Transfer to reserves | 885,288 | (885,288) | - | - |
| At 30 June 2013 | <u>12,201,687</u> | <u>5,383,065</u> | <u>2,385,338</u> | <u>19,970,090</u> |
| Deficit for the year | - | (1,100,392) | - | (1,100,392) |
| Movement in non-controlling interest | - | 155,152 | (155,152) | - |
| Transfer to reserves | (12,348) | 12,348 | - | - |
| Movement in asset revaluation reserve | 323,960 | - | - | 323,960 |
| As at 30 June 2014 | <u>12,513,299</u> | <u>4,450,173</u> | <u>2,230,186</u> | <u>19,193,658</u> |
| CHIEF ENTITY | | | | |
| At 1 July 2012 | 11,316,399 | 6,632,001 | - | 17,948,400 |
| Surplus for the year | - | 303,395 | - | 303,395 |
| Transfer to reserves | 885,288 | (885,288) | - | - |
| At 30 June 2013 | <u>12,201,687</u> | <u>6,050,108</u> | <u>-</u> | <u>18,251,795</u> |
| Deficit for the year | - | (722,892) | - | (722,892) |
| Transfer to reserves | (12,348) | 12,348 | - | - |
| Movement in asset revaluation reserve | 323,960 | - | - | 323,960 |
| As at 30 June 2014 | <u>12,513,299</u> | <u>5,339,564</u> | <u>-</u> | <u>17,852,863</u> |

The accompanying notes form part of these financial statements.

NTEU
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

| | Note | ECONOMIC ENTITY | | CHIEF ENTITY | |
|--|------|--------------------|------------------|--------------------|------------------|
| | | 2014 \$ | 2013 \$ | 2014 \$ | 2013 \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Revenue from operating activities | | 23,176,475 | 23,051,450 | 22,552,840 | 21,923,741 |
| Interest and other receipts | | 60,103 | 114,629 | 60,103 | 114,629 |
| Distribution received | | 179,853 | 176,779 | 179,853 | 176,779 |
| Payments to suppliers and employees | | (21,957,113) | (20,854,501) | (21,631,075) | (19,814,331) |
| Interest paid | | - | - | - | - |
| Net GST paid to Australian Tax Office | | (1,303,443) | (1,460,755) | (1,266,543) | (1,448,529) |
| Net cash provided by operating activities | 17 | <u>155,875</u> | <u>1,027,602</u> | <u>(104,822)</u> | <u>952,289</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| (Payments)/disposals for property, plant & equipment | | (2,560,537) | (139,121) | (2,554,028) | (135,697) |
| (Payments)/disposals for other financial assets | | 136,615 | (186,686) | 136,615 | (186,686) |
| Net cash used in investing activities | | <u>(2,423,922)</u> | <u>(325,807)</u> | <u>(2,417,413)</u> | <u>(322,383)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Repayment of borrowings | | - | - | - | - |
| Net cash used in investing activities | | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net increase/(decrease) in cash & cash equivalents held | | (2,268,047) | 701,795 | (2,522,235) | 629,906 |
| Cash and cash equivalents at beginning of year | | 3,603,362 | 2,901,567 | 3,478,587 | 2,848,681 |
| Cash and cash equivalents at end of year | 6 | <u>1,335,315</u> | <u>3,603,362</u> | <u>956,352</u> | <u>3,478,587</u> |

The accompanying notes form part of these financial statements.

NTEU

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

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*. For the purpose of preparing the general purpose financial statements, the NTEU is a not-for-profit entity.

(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. The financial statements are presented in Australian dollars.

(b) Consolidation

The consolidated financial statements comprise the financial statements of NTEU and its subsidiaries as at 30 June 2014 (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 finance lease agreements during the period.

NTEU

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

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.

(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 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Cash and cash equivalents

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand, deposits held at call with bank, other short-term highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value and bank overdrafts

(m) Financial instruments

Financial assets

Financial assets are classified into the following specified categories: fair value through profit or loss and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised upon 'trade date' basis.

Loan and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

Financial liabilities

Financial liabilities are classified as other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Other financial liabilities

Other financial liabilities, including trade and other payables, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

(n) 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.

NTEU

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) 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.

(p) 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 | 2014 | 2013 |
|-----------------------|--------------------|-----------|-----------|
| Buildings | Straight Line | 2.5% | 2.5% |
| Office Equipment | Straight Line | 10-33.33% | 10-33.33% |
| Motor Vehicles | Straight Line | 22.5% | 22.5% |
| Building Improvements | Straight Line | 10-30% | 10-30% |
| Intangibles | Straight Line | 33% | 33% |

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

NTEU**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30 JUNE 2014****NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(q) Investment Property**

NTEU holds investment properties 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.

(r) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

NTEU**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30 JUNE 2014****NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(s) Additional disclosure requirements under FairWork Commission reporting guidelines****(i) Going concern**

NTEU's ability to continue as a going concern is not reliant on financial support of another reporting unit.

(ii) Financial support to another reporting unit

NTEU has not agreed to provide financial support to ensure another reporting unit has the ability to continue as a going concern.

(iii) Acquisition of assets or liabilities

NTEU did not acquire an asset or a liability during the financial year as a result of:

- an amalgamation under Part 2 of Chapter 3, of the RO Act in which the organisation (of which the reporting unit form part) was the amalgamated organisation; or
- a restructure of the branches of the organisation; or
- a determination by the General Manager under subsection 245(1) of the RO Act of an alternative reporting structure for the organisation; or
- a revocation by the General Manager under subsection 249(1) of the RO Act of a certificate issued to an organisation under subsection 245(1).

(iv) Business combinations

NTEU has not acquired assets or liabilities during the financial year as part of a business combination.

(v) Statement of Financial Position

NTEU does not have an item or a part of an item in the statement of financial position that has been derived as a result of one or more transactions and/ or past events with another reporting unit of the organisation.

(vi) Statement of Changes in Equity

No compulsory levies are raised from members of the Union.

(vii) Recovery of wages

There has been no recovery of wages activity during the financial year.

NTEU

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(t) AASB Accounting Standards and Interpretations**

Certain new Australian accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting period. As at 30 June 2014, the following standards and interpretations had been issued but were not mandatory for the reporting ended 30 June 2014. The Union has not and does not intend to adopt these standards early.

| Standard/Interpretation | Summary | Application for reporting periods beginning on: | Impact on Entities Annual Statements |
|--|--|---|--|
| AASB 9 Financial Instruments and its consequential amendments | This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks. | Beginning 1 January 2017 | The union will adopt this standard and the amendments from 1 July 2017 but the impact of its adoption is yet to be assessed. |
| AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets | The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed. | Beginning 1 January 2014 | The adoption of these amendments from 1 July 2014 may increase the disclosures required by the Union. |

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 2014

| | ECONOMIC ENTITY | | CHIEF ENTITY | |
|--|------------------------|-------------------|---------------------|-------------------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$ | \$ | \$ | \$ |
| NOTE 2: AUDITOR'S REMUNERATION | | | | |
| <i>Audit services</i> | | | | |
| Auditors to the Union | 39,750 | 94,951 | 39,750 | 94,951 |
| <i>Other services</i> | | | | |
| Auditors to the Union | 2,100 | 1,970 | 2,100 | 1,970 |
| | <u>41,850</u> | <u>96,921</u> | <u>41,850</u> | <u>96,921</u> |
| <i>Audit Services</i> | | | | |
| Auditors of subsidiary | 6,750 | 7,710 | - | - |
| <i>Other services</i> | | | | |
| Auditors of subsidiary | - | - | - | - |
| | <u>6,750</u> | <u>7,710</u> | <u>-</u> | <u>-</u> |
| NOTE 3: REVENUE FROM ORDINARY ACTIVITIES | | | | |
| Operating revenue: | | | | |
| Membership fees | <u>19,973,097</u> | <u>19,046,083</u> | <u>19,973,097</u> | <u>19,046,083</u> |
| Total operating revenue | <u>19,973,097</u> | <u>19,046,083</u> | <u>19,973,097</u> | <u>19,046,083</u> |
| Non operating revenue: | | | | |
| Rent received | 720,819 | 701,166 | 537,414 | 528,907 |
| Distribution received | 179,853 | 176,779 | 179,853 | 176,779 |
| Interest received | 60,103 | 114,629 | 60,103 | 114,629 |
| Sundry income | 199,042 | 304,526 | 36,352 | 864 |
| Voluntary member contributions for industrial action (Note 3(i)) | 27,420 | 38,494 | 27,420 | 38,494 |
| Change in market value of investments | 201,370 | 284,177 | 201,370 | 284,177 |
| Gain on sales of investments | - | 13,389 | - | 13,389 |
| Capitation fees | - | - | - | - |
| Donations or grants | - | - | - | - |
| Total non operating revenue | <u>1,338,607</u> | <u>1,633,160</u> | <u>1,042,512</u> | <u>1,157,239</u> |
| Total revenue from ordinary activities | <u>21,311,704</u> | <u>20,679,243</u> | <u>21,015,609</u> | <u>20,203,322</u> |

NOTE 3(i): VOLUNTARY MEMBER CONTRIBUTIONS

Members of NTEU made voluntary contributions to support workplace industrial action. All funds contributed were distributed to the branches and utilised within the financial period. No voluntary contributions were invested in assets or transferred to controlled entities.

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

| | ECONOMIC ENTITY | | CHIEF ENTITY | |
|--|------------------------|------------------|---------------------|------------------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$ | \$ | \$ | \$ |
| NOTE 4: OTHER EXPENSES | | | | |
| Affiliation fees (Note 4(i)) | 328,920 | 284,448 | 328,920 | 284,448 |
| Assets written-off | 78,276 | 929 | 78,276 | 929 |
| Audit services | 46,500 | 94,951 | 39,750 | 94,951 |
| Meetings and conferences | 538,419 | 647,858 | 538,419 | 647,858 |
| Industrial defence fund - other | 278,245 | 385,406 | 278,245 | 385,406 |
| Industrial defence fund - legal costs | 329,264 | 101,170 | 329,264 | 101,170 |
| Industrial defence campaigns | 1,054,331 | 10,701 | 1,054,331 | 10,701 |
| Publications and recruitment | 595,026 | 855,515 | 595,026 | 855,515 |
| Travel and reimbursement | 736,547 | 702,430 | 736,547 | 702,430 |
| Property fund outgoings | 876,592 | 1,383,781 | 606,803 | 935,881 |
| Administration | 1,088,322 | 999,348 | 1,088,322 | 989,458 |
| General legal costs | 41,143 | 1,293 | 41,143 | 1,293 |
| Change in market value of investment property | 120,912 | - | 120,912 | - |
| Change in market value of investments | - | - | - | - |
| Capitation fees | - | - | - | - |
| Compulsory levies, fees and/ or allowances paid to persons in respect of their attendances as representatives of NTEU at conferences or other meetings | - | - | - | - |
| Penalties imposed on the organisation under the RO Act with respect to the conduct of the NTEU | - | - | - | - |
| Grants | - | - | - | - |
| Donations (Note 4(ii)) | 24,231 | 14,071 | 24,231 | 14,071 |
| Employer payroll deductions of membership subscriptions | 44,944 | 92,899 | 44,944 | 92,899 |
| Other expenses | 461,117 | 288,082 | 467,047 | 288,250 |
| | <u>6,642,789</u> | <u>5,862,882</u> | <u>6,372,180</u> | <u>5,405,260</u> |
| NOTE 4(i): AFFILIATION FEES | | | | |
| Australian Council of Trade Unions | 88,484 | 85,036 | 88,484 | 85,036 |
| Australian People for Health, Education and Development Abroad | 740 | 964 | 740 | 964 |
| Council for Humanities, Arts and Social Sciences | 4,000 | 4,000 | 4,000 | 4,000 |
| Education International | 59,639 | 49,157 | 59,639 | 49,157 |
| Federation of Scientific and Technological Societies | 6,600 | 6,400 | 6,600 | 6,400 |
| Philippines Australia Union Link | 50 | 50 | 50 | 50 |
| Unions Australian Capital Territory | 26,367 | 5,935 | 26,367 | 5,935 |
| Unions New South Wales | 31,315 | 29,166 | 31,315 | 29,166 |
| Newcastle Trades Hall Council | 774 | 774 | 774 | 774 |
| Victorian Trades Hall Council | 57,148 | 54,824 | 57,148 | 54,824 |
| Queensland Council of Unions | 32,911 | 31,020 | 32,911 | 31,020 |
| Unions Tasmania | 3,288 | 2,499 | 3,288 | 2,499 |
| Unions South Australia | 1,918 | 1,557 | 1,918 | 1,557 |
| Unions of Western Australia | 14,352 | 13,066 | 14,352 | 13,066 |
| Unions Northern Territory | 1,334 | - | 1,334 | - |
| | <u>328,920</u> | <u>284,448</u> | <u>328,920</u> | <u>284,448</u> |

NTEU

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

| | ECONOMIC ENTITY | | CHIEF ENTITY | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$ | \$ | \$ | \$ |
| NOTE 4(ii): DONATIONS | | | | |
| Total amount paid in donations that exceeded \$1,000 | 13,409 | 2,000 | 13,409 | 2,000 |
| Total amount paid in donations that were \$1,000 or less | 10,822 | 12,071 | 10,822 | 12,071 |
| | <u>24,231</u> | <u>14,071</u> | <u>24,231</u> | <u>14,071</u> |
| NOTE 5: EMPLOYEE BENEFITS | | | | |
| Wages and salaries | 10,612,575 | 9,876,737 | 10,612,575 | 9,876,737 |
| Superannuation | 1,711,274 | 1,587,686 | 1,711,274 | 1,587,686 |
| Leave and other entitlements | 219,258 | 285,205 | 219,258 | 285,205 |
| Separation and redundancies | - | - | - | - |
| Other employee expenses | 829,280 | 806,323 | 829,280 | 806,323 |
| | <u>13,372,387</u> | <u>12,555,951</u> | <u>13,372,387</u> | <u>12,555,951</u> |
| NOTE 6: CASH AND CASH EQUIVALENTS | | | | |
| Cash on hand | 951 | 1,029 | 951 | 1,029 |
| Cash at bank | 684,364 | 2,640,975 | 305,401 | 2,516,200 |
| Short term deposits | 650,000 | 961,358 | 650,000 | 961,358 |
| | <u>1,335,315</u> | <u>3,603,362</u> | <u>956,352</u> | <u>3,478,587</u> |
| NOTE 7: TRADE AND OTHER RECEIVABLES | | | | |
| Current | | | | |
| Trade debtors | 105,675 | 205,136 | 11,405 | 8,255 |
| Other receivables | 373,558 | 493,031 | 9,031 | 6,496 |
| Accrued income | 309,720 | 269,026 | 309,720 | 269,026 |
| | <u>788,953</u> | <u>967,193</u> | <u>330,156</u> | <u>283,777</u> |
| NOTE 8: OTHER FINANCIAL ASSETS | | | | |
| Current | | | | |
| Investments in managed funds | <u>3,140,753</u> | <u>3,075,998</u> | <u>3,140,753</u> | <u>3,075,998</u> |
| | <u>3,140,753</u> | <u>3,075,998</u> | <u>3,140,753</u> | <u>3,075,998</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> |
| Total other financial assets | <u>3,140,753</u> | <u>3,075,998</u> | <u>12,970,793</u> | <u>12,906,038</u> |

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

| | ECONOMIC ENTITY | | CHIEF ENTITY | |
|-----------------------------|------------------------|----------------|---------------------|----------------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$ | \$ | \$ | \$ |
| NOTE 9: OTHER ASSETS | | | | |
| Prepayments | <u>261,348</u> | <u>226,604</u> | <u>193,632</u> | <u>198,289</u> |
| | <u>261,348</u> | <u>226,604</u> | <u>193,632</u> | <u>198,289</u> |

NOTE 10: INVESTMENT PROPERTIES

(i) Book value disclosure

| | | | | |
|---------------------------------------|------------------|------------------|------------------|------------------|
| Land and buildings- at Valuation 2014 | <u>2,431,006</u> | <u>2,551,918</u> | <u>2,431,006</u> | <u>2,551,918</u> |
| | <u>2,431,006</u> | <u>2,551,918</u> | <u>2,431,006</u> | <u>2,551,918</u> |

The land and buildings were revalued at 30 June 2014 by Kris Cviker, Michael Schwarz and Hugh Bristow, all Certified Practising Valuer's.

Details of the Union's investment property and information about the fair value hierarchy as at 30 June 2014 are as follows:

| | Level 1 | Level 2 | Level 3 |
|--------------------|----------------|------------------|----------------|
| | \$ | \$ | \$ |
| Land and buildings | - | <u>2,431,006</u> | - |
| Total | - | <u>2,431,006</u> | - |

(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 | <u>(120,912)</u> | - | <u>(120,912)</u> | - |
| Balance at end of period | <u>2,431,006</u> | <u>2,551,918</u> | <u>2,431,006</u> | <u>2,551,918</u> |

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 11: PROPERTY, PLANT & EQUIPMENT

| | ECONOMIC ENTITY | | CHIEF ENTITY | |
|------------------------------------|------------------------|-------------------|---------------------|------------------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$ | \$ | \$ | \$ |
| (i) Book value disclosure | | | | |
| Land – at Valuation | 275,000 | - | 275,000 | - |
| Buildings – at Valuation | 18,203,991 | - | 3,103,993 | - |
| Buildings – at Cost | 1,992,161 | - | 1,992,161 | - |
| Buildings – at Committee valuation | - | 18,554,012 | - | 3,454,012 |
| Accumulated depreciation | (1,518,301) | (1,445,131) | (8,301) | (312,629) |
| | <u>18,952,851</u> | <u>17,108,881</u> | <u>5,362,853</u> | <u>3,141,383</u> |

The land and buildings owned by the parent entity were revalued at 30 June 2014 by Kris Cviker, Michael Schwarz and Hugh Bristow, all Certified Practising Valuer's.

The buildings owned by the subsidiary were revalued by the NTEU Committee of Management at 30 June 2014 with no change in value since 30 June 2013.

(a) Economic entity

Details of the Union's land and buildings and information about the fair value hierarchy as at 30 June 2014 are as follows:

| | Level 1 | Level 2 | Level 3 |
|-----------|----------------|-------------------|----------------|
| | \$ | \$ | \$ |
| Land | - | 275,000 | - |
| Buildings | - | 18,203,991 | - |
| Total | <u>-</u> | <u>18,478,991</u> | <u>-</u> |

(b) Chief entity

Details of the Union's land and buildings and information about the fair value hierarchy as at 30 June 2014 are as follows:

| | Level 1 | Level 2 | Level 3 |
|-----------|----------------|------------------|----------------|
| | \$ | \$ | \$ |
| Land | - | 275,000 | - |
| Buildings | - | 3,103,993 | - |
| Total | <u>-</u> | <u>3,378,993</u> | <u>-</u> |

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 11: PROPERTY, PLANT & EQUIPMENT (continued)

| | ECONOMIC ENTITY | | CHIEF ENTITY | |
|--|------------------------|-------------------|---------------------|------------------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$ | \$ | \$ | \$ |
| Office equipment, fixtures & fittings - at cost | 736,934 | 577,197 | 434,307 | 281,080 |
| Accumulated depreciation | (463,130) | (345,603) | (250,468) | (158,428) |
| | <u>273,804</u> | <u>231,594</u> | <u>183,839</u> | <u>122,652</u> |
| Leasehold improvements - at cost | 1,489,892 | 1,610,737 | 1,489,892 | 1,610,737 |
| Accumulated depreciation | (811,332) | (980,613) | (811,332) | (980,613) |
| | <u>678,560</u> | <u>630,124</u> | <u>678,560</u> | <u>630,124</u> |
| Motor Vehicles - at cost | 105,373 | 105,373 | 105,373 | 105,373 |
| Accumulated depreciation | (102,357) | (88,521) | (102,357) | (88,521) |
| | <u>3,016</u> | <u>16,852</u> | <u>3,016</u> | <u>16,852</u> |
| Work in progress | 150,335 | 12,205 | 150,335 | 12,205 |
| Net book value | <u>20,058,566</u> | <u>17,999,656</u> | <u>6,378,603</u> | <u>3,923,216</u> |

Valuation basis

Non-specialised land, non-specialised buildings

Non-specialised land and non-specialised buildings are valued using the market based direct comparison method. Under this valuation method, the assets are compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value.

For non-specialised land and non-specialised buildings, an independent valuation was performed by Kris Cviker, Michael Schwarz and Hugh Bristow, all Certified Practising Valuer's to determine the fair value using the market based direct comparison method. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. From the sales analysed, an appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2014.

To the extent that non-specialised land and non-specialised buildings do not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market based direct comparison approach.

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 11: PROPERTY, PLANT & EQUIPMENT (continued)

(ii) Reconciliation of the carrying amount

ECONOMIC ENTITY

| | Land | Buildings | Office equipment fixtures & fittings | Leasehold improvements | Motor Vehicles | Total |
|--------------------------------|------------|------------|---|---------------------------|-------------------|------------|
| 2014 | | | | | | |
| Balance at beginning of period | - | 17,108,881 | 231,594 | 630,124 | 16,852 | 17,987,451 |
| Additions | - | 1,992,161 | 150,240 | 280,006 | - | 2,422,407 |
| Disposals | - | - | - | (78,276) | - | (78,276) |
| Revaluation | - | 323,960 | - | - | - | 323,960 |
| Depreciation | - | (472,151) | (108,030) | (153,294) | (13,836) | (747,311) |
| Reclassification | 275,000 | (275,000) | - | - | - | - |
| Balance at end of period | 275,000 | 18,677,851 | 273,804 | 678,560 | 3,016 | 19,908,231 |
| 2013 | | | | | | |
| Balance at beginning of period | 17,572,731 | 223,759 | 763,507 | 32,295 | - | 18,592,292 |
| Additions | - | 99,476 | 27,440 | - | - | 126,916 |
| Disposals | - | - | - | - | - | - |
| Assets written-off | - | (929) | - | - | - | (929) |
| Revaluation | - | - | - | - | - | - |
| Depreciation | (463,850) | (90,712) | (160,823) | (15,443) | - | (730,828) |
| Balance at end of period | 17,108,881 | 231,594 | 630,124 | 16,852 | - | 17,987,451 |

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 11: PROPERTY, PLANT & EQUIPMENT (continued)

(ii) Reconciliation of the carrying amount (continued)

CHIEF ENTITY

| | Land | Buildings | Office equipment fixtures & fittings | Leasehold improvements | Motor Vehicles | Total |
|--------------------------------|---------|-----------|---|---------------------------|-------------------|-----------|
| 2014 | | | | | | |
| Balance at beginning of period | - | 3,141,383 | 122,652 | 630,124 | 16,852 | 3,911,011 |
| Additions | - | 1,992,161 | 143,731 | 280,006 | - | 2,415,898 |
| Disposals | - | - | - | (78,276) | - | (78,276) |
| Revaluation | - | 323,960 | - | - | - | 323,960 |
| Depreciation | - | (94,651) | (82,544) | (153,294) | (13,836) | (344,325) |
| Reclassification | 275,000 | (275,000) | - | - | - | - |
| Balance at end of period | 275,000 | 5,087,853 | 183,839 | 678,560 | 3,016 | 6,228,268 |

| | Buildings | Office equipment fixtures & fittings | Leasehold improvements | Motor Vehicles | Total |
|--------------------------------|-----------|--|---------------------------|----------------|-----------|
| 2013 | | | | | |
| Balance at beginning of period | 3,227,733 | 99,944 | 763,506 | 32,295 | 4,123,478 |
| Additions | - | 96,051 | 27,441 | - | 123,492 |
| Disposals | - | - | - | - | - |
| Assets written-off | - | (929) | - | - | (929) |
| Revaluation | - | - | - | - | - |
| Depreciation | (86,350) | (72,414) | (160,823) | (15,443) | (335,030) |
| Balance at end of period | 3,141,383 | 122,652 | 630,124 | 16,852 | 3,911,011 |

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

| | ECONOMIC ENTITY | | CHIEF ENTITY | |
|---|------------------------|------------------|---------------------|------------------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$ | \$ | \$ | \$ |
| NOTE 12: INTANGIBLE ASSETS | | | | |
| Opening balance | 598 | 21,259 | 598 | 21,259 |
| Additions | - | - | - | - |
| Less amortisation | (598) | (20,661) | (598) | (20,661) |
| | <u>-</u> | <u>598</u> | <u>-</u> | <u>598</u> |
| NOTE 13: TRADE AND OTHER PAYABLES | | | | |
| Current | | | | |
| Trade creditors and accruals | 1,026,340 | 850,585 | 849,093 | 670,778 |
| Payables - legal and litigation costs | 9,937 | 47,466 | 9,937 | 47,466 |
| Employer payroll deductions of membership subscriptions | - | - | - | - |
| Net GST payable | 48,994 | 92,239 | 48,994 | 92,239 |
| Sundry creditors | - | 13,983 | - | 13,983 |
| Payable to unit holders | 4,008,536 | 4,008,536 | - | - |
| Group loans | - | - | 771,179 | 823,732 |
| | <u>5,093,807</u> | <u>5,012,809</u> | <u>1,679,203</u> | <u>1,648,198</u> |
| NOTE 14: PROVISIONS | | | | |
| Current | | | | |
| <i>Current provisions expected to be settled within 12 months</i> | | | | |
| Annual leave - for employees | 708,534 | 662,100 | 708,534 | 662,100 |
| Annual leave - for office holders | 133,258 | 110,343 | 133,258 | 110,343 |
| Long service leave - for employees | 1,008,212 | 971,517 | 1,008,212 | 971,517 |
| Long service leave - for officeholders | 175,887 | 162,230 | 175,887 | 162,230 |
| Separation and redundancies | - | - | - | - |
| Other employee provisions | - | - | - | - |
| | <u>2,025,891</u> | <u>1,906,190</u> | <u>2,025,891</u> | <u>1,906,190</u> |
| <i>Current provisions expected to be settled after 12 months</i> | | | | |
| Annual leave - for employees | 413,684 | 386,574 | 413,684 | 386,574 |
| Annual leave - for office holders | 77,804 | 64,425 | 77,804 | 64,425 |
| Long service leave - for employees | 588,654 | 567,229 | 588,654 | 567,229 |
| Long service leave - for officeholders | 102,694 | 94,719 | 102,694 | 94,719 |
| Separation and redundancies | - | - | - | - |
| Other employee provisions | - | - | - | - |
| | <u>1,182,836</u> | <u>1,112,947</u> | <u>1,182,836</u> | <u>1,112,947</u> |
| Total current provisions | <u>3,208,727</u> | <u>3,019,137</u> | <u>3,208,727</u> | <u>3,019,137</u> |
| Non current | | | | |
| Long service leave- for employees | 392,940 | 321,604 | 392,940 | 321,604 |
| Long service leave- for officeholders | 126,809 | 101,689 | 126,809 | 101,689 |
| | <u>519,749</u> | <u>423,293</u> | <u>519,749</u> | <u>423,293</u> |
| Total provisions | <u>3,728,476</u> | <u>3,442,430</u> | <u>3,728,476</u> | <u>3,442,430</u> |

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

| | ECONOMIC ENTITY | | CHIEF ENTITY | |
|---|------------------------|-------------------|---------------------|-------------------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$ | \$ | \$ | \$ |
| NOTE 15: RESERVES | | | | |
| Defence reserve | 4,036,082 | 4,268,527 | 4,036,082 | 4,268,527 |
| Leave reserve | 3,021,755 | 2,801,658 | 3,021,755 | 2,801,658 |
| Property reserve | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 |
| Asset revaluation reserve | 455,462 | 131,502 | 455,462 | 131,502 |
| | <u>12,513,299</u> | <u>12,201,687</u> | <u>12,513,299</u> | <u>12,201,687</u> |
| Movements during the year | | | | |
| <i>Defence reserve</i> | | | | |
| Balance at beginning of year | 4,268,527 | 3,692,420 | 4,268,527 | 3,692,420 |
| Transfer to retained surplus | (232,445) | - | (232,445) | - |
| Transfer from retained surplus | - | 576,107 | - | 576,107 |
| Balance at end of year | <u>4,036,082</u> | <u>4,268,527</u> | <u>4,036,082</u> | <u>4,268,527</u> |
| <i>Leave reserve</i> | | | | |
| Balance at beginning of year | 2,801,658 | 2,492,477 | 2,801,658 | 2,492,477 |
| Transfer to retained surplus | - | - | - | - |
| Transfer from retained surplus | 220,097 | 309,181 | 220,097 | 309,181 |
| Balance at end of year | <u>3,021,755</u> | <u>2,801,658</u> | <u>3,021,755</u> | <u>2,801,658</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 | 323,960 | - | 323,960 | - |
| Balance at end of year | <u>455,462</u> | <u>131,502</u> | <u>455,462</u> | <u>131,502</u> |
| NOTE 16: RETAINED SURPLUS/ (DEFICIT) | | | | |
| Retained surplus at beginning of the financial year | 5,383,065 | 6,187,305 | 6,050,108 | 6,632,001 |
| Net operating surplus/ (deficit) for the year | (1,100,392) | (74,104) | (722,892) | 303,395 |
| Transfer to and from reserves: | | | | |
| Defence reserve | 232,445 | (576,107) | 232,445 | (576,107) |
| Leave reserve | (220,097) | (309,181) | (220,097) | (309,181) |
| Transfer to non-controlling interest | 155,152 | 155,152 | - | - |
| Retained surplus at the end of the financial year | <u>4,450,173</u> | <u>5,383,065</u> | <u>5,339,564</u> | <u>6,050,108</u> |

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

| | ECONOMIC ENTITY | | CHIEF ENTITY | |
|---|------------------------|-------------|---------------------|-------------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$ | \$ | \$ | \$ |
| NOTE 17: CASH FLOW INFORMATION | | | | |
| Reconciliation of net operating deficit to net cash flows from operating activities: | | | | |
| Net operating deficit | (776,432) | (74,104) | (398,932) | 303,395 |
| Non-cash flows in operating activities: | | | | |
| Depreciation and amortisation | 747,909 | 751,489 | 344,923 | 355,691 |
| Assets written off | 78,276 | 929 | 78,276 | 929 |
| Change in net market value of property plant & equipment | (323,960) | - | (323,960) | - |
| Change in net market value of investment properties | 120,912 | - | 120,912 | - |
| Change in net market value of investments | (201,370) | (284,177) | (201,370) | (284,177) |
| Changes in assets and liabilities: | | | | |
| Decrease/(increase) in receivables | 178,240 | 511,764 | (46,379) | 372,872 |
| Decrease/(increase) in other assets | (34,744) | (67,807) | 4,657 | (65,560) |
| (Decrease)/increase in payables | 80,998 | (195,176) | 31,005 | (115,545) |
| (Decrease)/increase in employee provisions | 286,046 | 384,684 | 286,046 | 384,684 |
| Net cash flows from operating activities | 155,875 | 1,027,602 | (104,822) | 952,289 |
| | | | 2014 | 2013 |
| Cash flow information from controlled entities: | | | \$ | \$ |
| Federation of Education Unions Trust | | | | |
| Net cash inflows / (outflows) from activities | | | 254,188 | 71,888 |

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 | John Kenny |
| Lolita Wikander | Stephen Darwin | Margaret Lee | Kelvin Michael |
| Kevin Rouse | Ryan Hsu | John Sinclair | Genevieve Kelly |
| Andrew Bonnell | Derek Corrigan | John Fitzsimmons | Virginia Mansel Lees |
| Terry Mason | Helen Masterman-Smith | Susan Price | Michael Thomson |
| Janet Sinclair-Jones | Lynda Davies | Melissa Slee | Linda Cecere |

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 18: RELATED PARTY INFORMATION (continued)

(a) Executive Officers (continued)

| | 2014 | 2013 |
|--|-------------|-------------|
| | \$ | \$ |
| Remuneration of Salaried Elected Officers | | |
| Income due to or receivable by Salaried Elected Officers of the Union. | | |
| Wages and salaries | 1,279,037 | 1,224,334 |
| Superannuation | 215,115 | 205,932 |
| Leave and other entitlements | 66,788 | 62,517 |
| Separation and redundancies | - | - |
| Other employee expenses | 88,071 | 90,242 |
| | 1,649,011 | 1,583,025 |

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 | Gabrielle Gooding | Grahame McCulloch | Matthew McGowan |
| Jeannie Rea | | | |

Individual Remuneration of Salaried Elected Officers

| | Wages and salaries | Superannuation | Leave/other entitlements | Other expenses* | Total |
|-------------|--------------------|----------------|--------------------------|-----------------|-----------|
| G McCulloch | 209,864 | 35,419 | 11,005 | 13,178 | 269,466 |
| J Rea | 176,864 | 29,809 | 9,250 | 11,106 | 227,029 |
| M McGowan | 157,381 | 26,497 | 8,222 | 9,883 | 201,983 |
| S Darwin | 124,060 | 20,832 | 6,468 | 12,142 | 163,502 |
| G Kelly | 124,060 | 20,832 | 6,468 | 8,773 | 160,133 |
| K Rouse | 124,060 | 20,832 | 6,468 | 9,699 | 161,059 |
| M Lee | 124,060 | 20,832 | 6,468 | 7,626 | 158,986 |
| C Long | 114,628 | 19,230 | 5,971 | 7,259 | 147,088 |
| G Gooding | 124,060 | 20,832 | 6,468 | 8,405 | 159,765 |
| | 1,279,037 | 215,115 | 66,788 | 88,071 | 1,649,011 |

*This includes statutory requirements including state payroll tax and work cover premiums

The NTEU has nine paid elected officers – three National Officers (President, General Secretary and National Assistant Secretary) and six full time State Division Secretaries (Victoria, NSW, QLD, ACT, SA and WA). Salary rates are set out in a National Salaried Officers Agreement and are benchmarked against the weighted average of Level E and Level D academic rates. They are automatically adjusted on the first full pay period in March annually in line with the average benchmark rate. The purpose of such benchmarking is to ensure transparency as well as to ensure that NTEU Elected Officers' salaries only increase in line with salary movements in the sector. On this basis the relevant salary rates applied on the first full pay period in March 2014 are:

| | | |
|------------------------------|-----------|---|
| President | \$178,688 | (112.5% of Level E) |
| General Secretary | \$211,688 | (112.5% of Level E + \$33K work value/responsibility loading) |
| National Assistant Secretary | \$158,834 | (100% of Level E) |
| Division Secretaries | \$124,706 | (100% of Level D) |

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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 of \$392,200 (2013: \$539,041) 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.

| Parent Entity | Country of Incorporation | Ownership Interest | |
|--|--------------------------|--------------------|-------------|
| | | 2014 | 2013 |
| National Tertiary Education Industry Union | Australia | - | - |
| Subsidiaries of NTEU | | | |
| Federation of Education Unions Trust | Australia | 58.9% | 58.9% |
| Net amount payable by the F.E.U. to NTEU | | \$4,973,415 | \$4,920,862 |

NOTE 19: COMMITMENTS

| Operating lease commitments | ECONOMIC ENTITY | | CHIEF ENTITY | |
|---|-----------------|---------|--------------|---------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$ | \$ | \$ | \$ |
| Future operating lease rentals of premises, plant and equipment not provided for in the financial statements and payable: | | | | |
| Not later than one year | 373,616 | 314,076 | 373,616 | 314,076 |
| Later than one year but not later than five years | 150,330 | 511,551 | 511,551 | 511,551 |
| Later than five years | - | - | - | - |
| | 523,946 | 825,627 | 523,946 | 825,627 |

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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 2014 | Carrying amount 2013 |
|------------------------------|-------------|-----------------------------------|-----------------------------|-----------------------------|
| Cash and cash equivalents | 6 | N/A | 1,335,315 | 3,603,362 |
| Receivables | 7 | Loans and receivables | 788,953 | 967,193 |
| Investments | 8 | Fair value through profit or loss | 3,140,753 | 3,075,998 |
| Financial liabilities | | | | |
| Payables | 13 | Financial liabilities | 5,044,813 | 4,920,570 |

(ii) Chief Entity

| Financial assets | Note | Category | Carrying amount 2014 | Carrying amount 2013 |
|------------------------------|-------------|-----------------------------------|-----------------------------|-----------------------------|
| Cash and cash equivalents | 6 | N/A | 956,352 | 3,478,587 |
| Receivables | 7 | Loans and receivables | 330,156 | 283,777 |
| Investments | 8 | Fair value through profit or loss | 12,970,793 | 12,906,038 |
| Financial liabilities | | | | |
| Payables | 13 | Financial liabilities | 1,630,209 | 1,555,959 |

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

(c) Financial risk management objectives

The Union's activities do not expose it to many financial risks, with only liquidity risk being needed to be actively managed.

Market Risk

Foreign currency risk

The Union is not exposed to any significant foreign currency risk.

Price risk

The Union is not exposed to any significant price risk.

Interest rate risk

The Union is not exposed to any significant interest rate risk.

Credit risk

The Union is not exposed to any significant credit risk.

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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

Liquidity risk

Vigilant liquidity risk management requires the Union to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The Union manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

| Maturity analysis of financial liabilities | | | | | | |
|---|---|-----------------------|------------------------------|------------------------------|---------------------|---|
| (i) | Economic Entity | <i>Maturity dates</i> | | | | |
| | <i>Weighted average interest rate %</i> | <i>1 year or less</i> | <i>Between 1 and 2 years</i> | <i>Between 2 and 5 years</i> | <i>Over 5 years</i> | <i>Remaining contractual maturities</i> |
| 2014 | | | | | | |
| Payables | 0% | 5,044,813 | - | - | - | - |
| | | 5,044,813 | - | - | - | - |
| 2013 | | | | | | |
| Payables | 0% | 4,920,570 | - | - | - | - |
| | | 4,920,570 | - | - | - | - |
| (i) | Chief Entity | <i>Maturity dates</i> | | | | |
| | <i>Weighted average interest rate %</i> | <i>1 year or less</i> | <i>Between 1 and 2 years</i> | <i>Between 2 and 5 years</i> | <i>Over 5 years</i> | <i>Remaining contractual maturities</i> |
| 2014 | | | | | | |
| Payables | 0% | 1,630,209 | - | - | - | - |
| | | 1,630,209 | - | - | - | - |
| 2013 | | | | | | |
| Payables | 0% | 1,555,959 | - | - | - | - |
| | | 1,555,959 | - | - | - | - |

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value

Assets held as collateral

The title of the property at Holt Street, New South Wales is held by the Commonwealth Bank as collateral for the Union's credit card facilities.

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 21: EVENTS AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since 30 June 2014 that has significantly affected, or may significantly affect the Union's operations, the results of those operations, or the Union's state of affairs in future financial years.

NOTE 22: REGISTERED OFFICE

The registered office of the Union is:

120 Clarendon Street
South Melbourne
Victoria 3205

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 2014. The audit also encompasses any recovery of wages activity.

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:

- (a) the general purpose financial report presents fairly in accordance with applicable Australian Accounting Standards and other mandatory professional reporting requirements in Australia, the requirements of the Fair Work (Registered Organisations) Act 2009, and other requirements imposed by these reporting guidelines or Part 3 of Chapter 8 of the RO Act;
- (b) management's use of the going concern basis of accounting in the preparation of NTEU's financial report is appropriate; and
- (c) the financial report properly and fairly reports all information required by the reporting guidelines of the general manager, including:
 - i. any fees charged to, or reimbursements of expenses claimed from, members and others for recovery of wages activity; and
 - ii. any donations or other contributions deducted from recovered money.


DFK Collins
Chartered Accountants


Simon Bragg, F.C.A.
Partner

Melbourne
Date: 21 November 2014