



FAIR WORK
COMMISSION

13 December 2016

Mr Grahame McCulloch
General Secretary/Treasurer
National Tertiary Education Union

By email: national@nteu.org.au
gosmand@nteu.org.au

Dear Mr McCulloch

Re: Lodgement of Financial Statements and Accounts – National Tertiary Education Union - for year ended 30 June 2016 (FR2016/320)

I refer to the financial report for the National Tertiary Education Union. The report was lodged with the Fair Work Commission on 8 December 2016.

The financial report has been filed based on a primary review. This involved confirming whether 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 2017 may be subject to an advanced compliance review.¹

You do not have to take any further action in relation to the report lodged but I make the following comment to assist when preparing the next financial report.

Disclosure of grants or donations

The amount of grants disclosed in the statement lodged in accordance with section 237 on 16 September was incorrectly disclosed in the financial report. The amount was incorrectly disclosed as part of the donations figure in Note 4(e)(ii). Today I received an assurance and undertaking from Mr Glenn Osmand, Finance Manager, in relation to this matter.

Reporting Requirements

On the FWC website a number of factsheets in relation to the financial reporting process and associated timelines are available. The most recent copy of the Reporting Guidelines and a model set of financial statements can also be found. The FWC recommends reporting units use this model as it will assist in ensuring compliance with the *Fair Work (Registered Organisations) Act 2009*, the s.253 Reporting Guidelines and the Australian Accounting Standards. Access to this information may be obtained via [this link](#).

¹ The full range of disclosure requirements that may apply can be found itemised on the advanced assessment form available at <https://www.fwc.gov.au/documents/documents/organisations/factsheets/org-financial-report-checklist-advanced.pdf>

Should you require further information on the financial reporting requirements of the Act, I may be contacted on (02) 6746 3283 or 0429 462 979 or by email at stephen.kellett@fwc.gov.au

Yours sincerely

A handwritten signature in black ink that reads "Stephen Kellett". The signature is written in a cursive style with a long horizontal stroke extending to the right.

Stephen Kellett
Senior Adviser
Regulatory Compliance Branch



**National Tertiary
Education Union**

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s.268 *Fair Work (Registered Organisations) Act 2009*

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

Certificate for the period ended 30 June 2016

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

- that the documents lodged herewith are copies of the full report for the *National Tertiary Education Union* for the period ended 30 June 2016 referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the *full report* was provided to members of the reporting unit on 3 *November 2016*; and
- that the full report was presented to a *meeting of the committee of management* of the reporting unit on 2 *December 2016* in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature of prescribed designated officer:

Name of prescribed designated officer: Grahame McCulloch

Title of prescribed designated officer: General Secretary

Dated: 2 December 2016

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 2016***

NTEU
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016

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NTEU
OPERATING REPORT
FOR THE YEAR ENDED 30 JUNE 2016

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 27,110 (2015: 27,150).

Number of employees

The number of persons who were, at the end of the financial year, employees of the Union was 121.69 (2015:121.42) measured on a full time equivalent basis.

NTEU
OPERATING REPORT (continued)
FOR THE YEAR ENDED 30 JUNE 2016

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)	Andrew Bonnell	
Vice President (General)	Michael Thomson	
General Secretary	Grahame McCulloch	
NTEU Assistant Secretary	Matthew McGowan	
Chair of Aboriginal and Torres Strait Islander Policy Committee	Terry Mason	
NTEU Executive Member	Gabrielle Gooding	
NTEU Executive Member	Colin Long	
NTEU Executive Member	Rachael Bahl	
NTEU Executive Member	Michael McNally	
NTEU Executive Member	Kelvin Michael	
NTEU Executive Member	Kevin Rouse	
NTEU Executive Member	Genevieve Kelly	
NTEU Executive Member	Virginia Mansel Lees	
NTEU Executive Member	Carolyn Cope	
NTEU Executive Member	Lolita Wikander	
NTEU Executive Member	Anne Price	
NTEU Executive Member	Melissa Slee	
NTEU Executive Member	John Sinclair	
NTEU Executive Member	Stuart Bunt	
NTEU Executive Member	Cathy Rytmeister	
NTEU Executive Member	Ronald Slee	

NTEU
OPERATING REPORT (continued)
FOR THE YEAR ENDED 30 JUNE 2016

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.

Jeannie Rea
 Title: National President

Signature:

Date: 2 NOVEMBER 2016

Matthew McGowan
 Title: National Assistant Secretary

Signature:

Date: 2 NOVEMBER 2016

NTEU
COMMITTEE OF MANAGEMENT STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

On 2/11/2016 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 2016:

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 2016.

This declaration is made in accordance with a resolution of the Committee of Management.

Jeannie Rea
 Title: National President

Matthew McGowan
 Title: National Assistant Secretary

Signature:

Date: 2 NOVEMBER 2016

Signature:

Date: 2 NOVEMBER 2016

NTEU
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

		CONSOLIDATED		PARENT	
	Note	2016	2015	2016	2015
		\$	\$	\$	\$
REVENUE					
Operating revenue	3	20,991,653	20,420,545	20,991,653	20,420,545
Non-operating revenue	3	1,468,526	1,460,758	1,068,593	1,121,866
TOTAL REVENUE		<u>22,460,179</u>	<u>21,881,303</u>	<u>22,060,246</u>	<u>21,542,411</u>
EXPENSES					
Employee benefits	5	13,868,340	14,257,680	13,868,340	14,257,680
Officeholder benefits	18(a)	1,641,723	1,691,516	1,641,723	1,691,516
Depreciation and amortisation		804,851	817,401	401,185	415,020
Other expenses	4	5,410,398	5,326,491	5,036,632	5,012,480
TOTAL EXPENSES		<u>21,725,312</u>	<u>22,093,088</u>	<u>20,947,880</u>	<u>21,376,696</u>
NET OPERATING RESULT		<u>734,867</u>	<u>(211,785)</u>	<u>1,112,366</u>	<u>165,715</u>
OTHER COMPREHENSIVE INCOME					
Revaluation of Land and Buildings	15	6,013,509	-	-	-
Net change in available for sale financial asset	15	-	-	2,207,873	-
COMPREHENSIVE RESULT		<u>6,748,376</u>	<u>(211,785)</u>	<u>3,320,239</u>	<u>165,715</u>
NET OPERATING RESULT FOR THE YEAR IS ATTRIBUTABLE TO:					
Non-controlling interest		(155,152)	(155,152)	-	-
Owners of the parent		890,019	(56,633)	1,112,366	165,715
		<u>734,867</u>	<u>(211,785)</u>	<u>1,112,366</u>	<u>165,715</u>
TOTAL COMPREHENSIVE RESULT FOR THE YEAR IS ATTRIBUTABLE TO:					
Non-controlling interest		2,316,399	(155,152)	-	-
Owners of the parent		4,431,977	(56,633)	3,320,239	165,715
		<u>6,748,376</u>	<u>(211,785)</u>	<u>3,320,239</u>	<u>165,715</u>

The accompanying notes form part of these financial statements.

NTEU
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

		CONSOLIDATED		PARENT	
	Note	2016 \$	2015 \$	2016 \$	2015 \$
ASSETS					
Cash and cash equivalents	6	2,641,658	1,363,206	2,473,871	1,199,714
Trade and other receivables	7	511,514	539,756	362,153	538,406
Other financial assets	8	2,937,411	2,621,606	2,937,411	2,621,606
Other assets	9	401,986	356,668	367,918	323,674
TOTAL CURRENT ASSETS		<u>6,492,569</u>	<u>4,881,236</u>	<u>6,141,353</u>	<u>4,683,400</u>
NON-CURRENT ASSETS					
Other financial assets	8	-	-	11,463,379	9,255,506
Investment properties	10	2,431,006	2,431,006	2,431,006	2,431,006
Property, plant and equipment	11	25,112,682	19,787,294	5,849,542	6,151,249
Intangible assets	12	32,244	-	32,244	-
TOTAL NON-CURRENT ASSETS		<u>27,575,932</u>	<u>22,218,300</u>	<u>19,776,171</u>	<u>17,837,761</u>
TOTAL ASSETS		<u>34,068,501</u>	<u>27,099,536</u>	<u>25,917,524</u>	<u>22,521,161</u>
LIABILITIES					
Trade and other payables	13	754,871	433,273	602,958	425,825
Provisions	14	3,552,940	3,495,174	3,552,940	3,495,174
TOTAL CURRENT LIABILITIES		<u>4,307,811</u>	<u>3,928,447</u>	<u>4,155,898</u>	<u>3,920,999</u>
NON-CURRENT LIABILITIES					
Provisions	14	422,809	581,584	422,809	581,584
TOTAL NON-CURRENT LIABILITIES		<u>422,809</u>	<u>581,584</u>	<u>422,809</u>	<u>581,584</u>
TOTAL LIABILITIES		<u>4,730,620</u>	<u>4,510,031</u>	<u>4,578,707</u>	<u>4,502,583</u>
NET ASSETS		<u>29,337,881</u>	<u>22,589,505</u>	<u>21,338,817</u>	<u>18,018,578</u>
EQUITY					
Reserves	15	17,071,198	13,441,022	15,737,114	13,441,022
Retained earnings	16	4,267,617	3,465,817	5,601,703	4,577,556
Non-controlling interest		7,999,066	5,682,666	-	-
TOTAL EQUITY		<u>29,337,881</u>	<u>22,589,505</u>	<u>21,338,817</u>	<u>18,018,578</u>

The accompanying notes form part of these financial statements.

NTEU
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	Reserves	Retained Earnings	Non-Controlling Interest	Total Equity
	\$	\$	\$	\$
CONSOLIDATED				
At 1 July 2014	<u>12,513,299</u>	<u>4,450,173</u>	<u>5,700,539</u>	<u>22,664,011</u>
Net Operating Result	-	(56,633)	(155,152)	(211,785)
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	-	(56,633)	(155,152)	(211,785)
Contribution from unitholders	-	-	137,279	137,279
Transfer (from)/to reserves	<u>927,723</u>	<u>(927,723)</u>	-	-
At 30 June 2015	<u>13,441,022</u>	<u>3,465,817</u>	<u>5,682,666</u>	<u>22,589,505</u>
Net Operating Result	-	890,019	(155,152)	734,867
Other Comprehensive Income	<u>3,541,958</u>	-	<u>2,471,552</u>	<u>6,013,509</u>
Total Comprehensive Income	3,541,958	890,019	2,316,400	6,748,376
Transfer (from)/to reserves	<u>88,219</u>	<u>(88,219)</u>	-	-
As at 30 June 2016	<u>17,071,198</u>	<u>4,267,617</u>	<u>7,999,066</u>	<u>29,337,881</u>
PARENT				
At 1 July 2014	<u>12,513,299</u>	<u>5,339,564</u>	-	<u>17,852,863</u>
Net Operating Result	-	165,715	-	165,715
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	-	165,715	-	165,715
Transfer (from)/to reserves	<u>927,723</u>	<u>(927,723)</u>	-	-
At 30 June 2015	<u>13,441,022</u>	<u>4,577,556</u>	-	<u>18,018,578</u>
Net Operating Result	-	1,112,366	-	1,112,366
Other Comprehensive Income	<u>2,207,873</u>	-	-	<u>2,207,873</u>
Total Comprehensive Income	2,207,873	1,112,366	-	3,320,239
Transfer (from)/to reserves	<u>88,219</u>	<u>(88,219)</u>	-	-
As at 30 June 2016	<u>15,737,114</u>	<u>5,601,703</u>	-	<u>21,338,817</u>

The accompanying notes form part of these financial statements.

NTEU
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	Note	CONSOLIDATED		PARENT	
		2016 \$	2015 \$	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES					
Revenue from operating activities		24,564,340	24,187,841	24,220,902	23,898,324
Interest and other receipts		87,071	10,772	87,071	10,772
Distribution received		114,452	163,874	114,452	163,874
Payments to suppliers and employees		(21,182,191)	(22,939,889)	(20,899,287)	(22,573,289)
Interest paid		-	-	-	-
Net GST paid to Australian Tax Office		(1,723,353)	(1,602,625)	(1,684,366)	(1,488,689)
Net cash (used in)/provided by operating activities	17	<u>1,860,319</u>	<u>(180,027)</u>	<u>1,838,772</u>	<u>10,992</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
(Payments)/disposals for property, plant & equipment		(148,975)	(546,131)	(131,723)	(187,666)
(Payments)/disposals for other financial assets		(432,892)	616,770	(432,892)	420,036
Net cash (used in)/provided by investing activities		<u>(581,867)</u>	<u>70,639</u>	<u>(564,615)</u>	<u>232,370</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Contributions from unitholders		-	137,279	-	-
Net cash provided by investing activities		<u>-</u>	<u>137,279</u>	<u>-</u>	<u>-</u>
Net increase in cash & cash equivalents held		<u>1,278,452</u>	<u>27,891</u>	<u>1,274,157</u>	<u>243,362</u>
Cash and cash equivalents at beginning of year		<u>1,363,206</u>	<u>1,335,315</u>	<u>1,199,714</u>	<u>956,352</u>
Cash and cash equivalents at end of year	6	<u>2,641,658</u>	<u>1,363,206</u>	<u>2,473,871</u>	<u>1,199,714</u>

The accompanying notes form part of these financial statements.

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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 2016 (the Group). Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. Details of these controlled entities are contained within Note 18(c).

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

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

(c) Revenue recognition

(i) NTEU Fee

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

(ii) Other Revenue

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

(d) Comparatives

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

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Leased assets

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight line basis.

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

(f) Allowance for doubtful debts

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

(g) Employee benefits

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

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

In determining the liability for employee entitlements, consideration has been given to future increases in wage and salary rates, and the entity's experience with staff departures.

(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) 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.

(j) 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.

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Financial instruments

Financial assets

Financial assets are classified into the following specified categories: available for sale, 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.

Available for sale

Financial assets classified as available for sale, are initially measured at fair value, net of transaction costs, and shall be subsequently measured at fair value, without any deduction for transaction costs it may incur on sale or other disposal. A gain or loss arising from change in fair value shall be recognised in other comprehensive income, except for impairment losses.

The investment in the Federation of Education Union Unit Trust is classified as an available for sale financial asset.

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.

The Investments in Managed Funds are classified as a financial asset at fair value through profit or loss.

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.

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.

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) 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, 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.

(m) 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:

<i>Class of Asset</i>	<i>Depreciation basis</i>	<i>2016</i>	<i>2015</i>
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 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) 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.

(o) 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 principal 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.

(p) AASB Accounting Standards and Interpretations

Certain new Australian accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting period. As at 30 June 2016, the following standards and interpretations had been issued but were not mandatory for the reporting ended 30 June 2016. 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	The key changes with this standard include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	Beginning 1 January 2018	The union will adopt this standard and the amendments from 1 July 2017 but the impact of its adoption is yet to be assessed.

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 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) 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 2016

NOTE 2: CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimation of useful lives of assets

NTEU determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Employee benefits provision

As discussed in note 1(g), the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Fair value measurement hierarchy

NTEU is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Union assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the corporation and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	CONSOLIDATED		PARENT	
	2016	2015	2016	2015
	\$	\$	\$	\$
NOTE 3: REVENUE				
Operating revenue:				
Membership fees	<u>20,991,653</u>	<u>20,420,545</u>	<u>20,991,653</u>	<u>20,420,545</u>
Total operating revenue	<u>20,991,653</u>	<u>20,420,545</u>	<u>20,991,653</u>	<u>20,420,545</u>
Non operating revenue:				
Rental income	825,266	738,275	618,070	564,372
Distributions	114,452	193,211	114,452	193,211
Interest income	87,071	10,772	87,071	10,772
Sundry income	430,412	420,877	237,675	255,888
Voluntary member contributions for industrial action (Note 3(i))	402	-	402	-
Change in market value of investments	10,923	68,286	10,923	68,286
Gain on sales of investments	-	29,337	-	29,337
Capitation fees	-	-	-	-
Levies	-	-	-	-
Donations or grants	-	-	-	-
Total non operating revenue	<u>1,468,526</u>	<u>1,460,758</u>	<u>1,068,593</u>	<u>1,121,866</u>
Total revenue	<u>22,460,179</u>	<u>21,881,303</u>	<u>22,060,246</u>	<u>21,542,411</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 2016

	CONSOLIDATED		PARENT	
	2016	2015	2016	2015
	\$	\$	\$	\$
NOTE 4: OTHER EXPENSES				
Affiliation fees (Note 4(i))	354,143	321,506	354,143	321,506
Assets written-off	195	836	195	836
Audit services (Note 21)	77,110	77,665	67,250	67,250
Meetings and conferences	549,311	502,522	549,311	502,522
Industrial defence fund - other	238,851	89,012	238,851	89,012
Industrial defence fund - legal costs	308,918	143,568	308,918	143,568
Industrial defence campaigns	24,879	12,446	24,879	12,446
Publications and recruitment	573,032	672,597	573,032	672,597
Travel and reimbursement	618,000	751,435	618,000	751,435
Property fund outgoings	1,206,208	1,154,132	832,441	851,536
Administration	1,102,978	1,278,438	1,102,978	1,267,023
General legal costs	26,717	24,226	26,717	24,226
Loss on sale of investments	131,868	-	131,868	-
Compulsory levies/fees	-	-	-	-
Fees/allowances – meeting and conferences	-	-	-	-
Capitation fees	-	-	-	-
Penalties imposed on the organisation under the RO Act with respect to the conduct of the NTEU	-	-	-	-
Grants	-	-	-	-
Donations (Note 4(ii))	34,077	20,630	34,077	20,630
Employer payroll deductions of membership subscriptions	-	-	-	-
Other expenses	164,111	277,478	173,972	287,893
	<u>5,410,398</u>	<u>5,326,491</u>	<u>5,036,632</u>	<u>5,012,480</u>

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	CONSOLIDATED		PARENT	
	2016	2015	2016	2015
	\$	\$	\$	\$
NOTE 4: OTHER EXPENSES (continued)				
NOTE 4 (i): AFFILIATION FEES				
Australian Council of Trade Unions	118,936	92,046	118,936	92,046
Australian People for Health, Education and Development Abroad	3,060	5,564	3,060	5,564
Council for Humanities, Arts and Social Sciences	4,000	4,000	4,000	4,000
Education International	61,931	61,678	61,931	61,678
Science & Technology Australia	6,900	6,765	6,900	6,765
Philippines Australia Union Link	-	50	-	50
Newcastle Trades Hall Council	1,347	2,689	1,347	2,689
Victorian Trades Hall Council	53,805	53,226	53,805	53,226
Queensland Council of Unions	24,440	23,950	24,440	23,950
Unions Australian Capital Territory	6,018	6,192	6,018	6,192
Unions New South Wales	26,454	26,327	26,454	26,327
Unions Tasmania	3,666	3,669	3,666	3,669
Unions South Australia	6,433	1,450	6,433	1,450
Unions of Western Australia	18,499	16,563	18,499	16,563
Sydney Alliance for Community Building Ltd	5,519	5,448	5,519	5,448
Maritime Union of Australia	500	-	500	-
Council of Social Service of NSW	-	282	-	282
Workers Health Centre	1,260	1,239	1,260	1,239
NT Trades & Labour Council	2,380	2,240	2,380	2,240
Australia Asia Workers Link	800	582	800	582
Ballarat Regional Trades & Labour Council	1,236	999	1,236	999
Bendigo Trades Hall Council	736	305	736	305
Geelong Trades Hall Council	2,552	3,056	2,552	3,056
Gippsland Trades Hall Council	663	-	663	-
Goulburn Valley Trades & Labour Council	160	140	160	140
North East Trades & Labour Council	640	640	640	640
South West Trades & Labour Council	314	309	314	309
Sunraysia Trades & Labour Council	114	386	114	386
Scholars at Risk	1,180	1,111	1,180	1,111
Council of Pacific Education	600	600	600	600
	<u>354,143</u>	<u>321,506</u>	<u>354,143</u>	<u>321,506</u>

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	CONSOLIDATED		PARENT	
	2016	2015	2016	2015
	\$	\$	\$	\$
NOTE 4(ii): DONATIONS				
Total amount paid in donations that exceeded \$1,000	29,579	12,000	29,579	12,000
Total amount paid in donations that were \$1,000 or less	4,498	8,630	4,498	8,630
	<u>34,077</u>	<u>20,630</u>	<u>34,077</u>	<u>20,630</u>

NOTE 5: EMPLOYEE BENEFITS

Wages and salaries	11,269,628	11,111,912	11,269,628	11,111,912
Superannuation	1,830,156	1,860,363	1,830,156	1,860,363
Leave and other entitlements	(100,856)	300,383	(100,856)	300,383
Separation and redundancies	-	-	-	-
Other employee expenses	869,412	985,022	869,412	985,022
	<u>13,868,340</u>	<u>14,257,680</u>	<u>13,868,340</u>	<u>14,257,680</u>

NOTE 6: CASH AND CASH EQUIVALENTS

Current

Cash on hand	1,129	953	1,129	953
Cash at bank	1,192,155	1,160,848	1,024,368	997,356
Short term deposits	1,448,374	201,405	1,448,374	201,405
	<u>2,641,658</u>	<u>1,363,206</u>	<u>2,473,871</u>	<u>1,199,714</u>

NOTE 7: TRADE AND OTHER RECEIVABLES

Current

Trade debtors	178,147	31,045	10,819	29,695
Provision for doubtful debts	-	-	-	-
Other receivables	32,918	5,184	6,394	5,184
Accrued income	300,449	503,527	300,449	503,527
Receivables from related entities	-	-	44,491	-
Total trade and other receivables	<u>511,514</u>	<u>539,756</u>	<u>362,153</u>	<u>538,406</u>

NTEU

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	CONSOLIDATED		PARENT	
	2016	2015	2016	2015
	\$	\$	\$	\$
NOTE 8: OTHER FINANCIAL ASSETS				
Current				
Investments in managed funds	2,937,411	2,621,606	2,937,411	2,621,606
	<u>2,937,411</u>	<u>2,621,606</u>	<u>2,937,411</u>	<u>2,621,606</u>
Non Current				
Investments – at valuation				
Federation of Education Union Unit Trust (F.E.U.)	-	-	11,463,377	9,255,504
Federation of Education Unions Pty Ltd (Trustee of F.E.U.)	-	-	2	2
	<u>-</u>	<u>-</u>	<u>11,463,379</u>	<u>9,255,506</u>
Total other financial assets	<u>2,937,411</u>	<u>2,621,606</u>	<u>14,400,790</u>	<u>11,877,112</u>

NOTE 9: OTHER ASSETS

Current

Prepayments	401,986	356,668	367,918	323,674
	<u>401,986</u>	<u>356,668</u>	<u>367,918</u>	<u>323,674</u>

NOTE 10: INVESTMENT PROPERTIES

(i) Book value disclosure

Non-current

Land and buildings - at Valuation	2,431,006	2,431,006	2,431,006	2,431,006
	<u>2,431,006</u>	<u>2,431,006</u>	<u>2,431,006</u>	<u>2,431,006</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 2016 are as follows:

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

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 10: INVESTMENT PROPERTIES (continued)

	CONSOLIDATED		PARENT	
	2016	2015	2016	2015
	\$	\$	\$	\$
(ii) Reconciliation of the carrying amount				
Balance at beginning of year	2,431,006	2,431,006	2,431,006	2,431,006
Additions	-	-	-	-
Revaluation	-	-	-	-
Balance at end of year	<u>2,431,006</u>	<u>2,431,006</u>	<u>2,431,006</u>	<u>2,431,006</u>

NOTE 11: PROPERTY, PLANT & EQUIPMENT

(i) Book value disclosure

LAND AND BUILDINGS

Non-current

Land – at Valuation	275,000	275,000	275,000	275,000
Buildings – at Valuation	22,303,993	18,203,991	3,103,993	3,103,993
Buildings – at Cost	1,992,161	1,992,161	1,992,161	1,992,161
Accumulated depreciation	<u>(276,409)</u>	<u>(2,029,853)</u>	<u>(276,409)</u>	<u>(142,355)</u>
	<u>24,294,745</u>	<u>18,441,299</u>	<u>5,094,745</u>	<u>5,228,799</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.

Within the consolidated entity, the building owned by the subsidiary was revalued by CBRE, a Certified Practising Valuer, at 30 June 2016.

(a) Consolidated

Details of the Union's land and buildings and information about the fair value hierarchy as at 30 June 2016 are as follows:

	Level 1	Level 2	Level 3
	\$	\$	\$
Land	-	275,000	-
Buildings	-	<u>22,303,993</u>	-
Total	<u>-</u>	<u>22,578,993</u>	<u>-</u>

(b) Parent

Details of the Union's land and buildings and information about the fair value hierarchy as at 30 June 2016 are as follows:

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

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 11: PROPERTY, PLANT & EQUIPMENT (continued)

PLANT AND EQUIPMENT	CONSOLIDATED		PARENT	
	2016	2015	2016	2015
	\$	\$	\$	\$
Non-current				
Office equipment, fixtures & fittings - at cost	755,530	840,394	451,726	537,452
Accumulated depreciation	(560,905)	(567,585)	(320,241)	(344,353)
	<u>194,625</u>	<u>272,809</u>	<u>131,485</u>	<u>193,099</u>
Leasehold improvements - at cost	1,654,839	2,002,849	1,654,839	1,654,839
Accumulated depreciation	(1,119,384)	(978,865)	(1,119,384)	(974,690)
	<u>535,455</u>	<u>1,023,984</u>	<u>535,455</u>	<u>680,149</u>
Motor Vehicles - at cost	105,373	105,373	105,373	105,373
Accumulated depreciation	(105,373)	(105,373)	(105,373)	(105,373)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Work in progress	<u>87,857</u>	<u>49,202</u>	<u>87,857</u>	<u>49,202</u>
Total plant and equipment	<u>817,937</u>	<u>1,345,995</u>	<u>754,797</u>	<u>922,450</u>
Total property, plant & equipment	<u>25,112,682</u>	<u>19,787,294</u>	<u>5,849,542</u>	<u>6,151,249</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. This means that valuations performed by the valuer as based on active market prices, significantly adjusted for difference in nature, location or condition of the specific property.

For the parent's 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. The effective date of the valuation is 30 June 2014.

Similarly, the subsidiary's non-specialised land and non-specialised building was independently valued by CBRE to determine the fair value using the market based direct comparison method. The effective date of the valuation is 30 June 2016.

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 2016

NOTE 11: PROPERTY, PLANT & EQUIPMENT (continued)

(ii) Reconciliation of the carrying amount

CONSOLIDATED

	Land	Buildings	Office equipment fixtures & fittings	Leasehold improvements	Motor Vehicles	Work in Progress	Total
2016							
Balance at beginning of year	275,000	18,166,299	272,809	1,023,984	-	49,202	19,787,294
Additions	-	-	45,805	16,390	-	86,779	148,974
Disposals	-	-	-	-	-	-	-
Revaluation	-	6,013,509	-	-	-	-	6,013,509
Depreciation	-	(511,554)	(123,989)	(153,428)	-	-	(788,971)
Reclassification	-	351,491	-	(351,491)	-	(48,124)	(48,124)
Balance at end of year	275,000	24,019,745	194,625	535,455	-	87,857	25,112,682
2015							
Balance at beginning of year	275,000	18,677,851	273,804	678,560	3,016	150,335	20,058,566
Additions	-	-	126,080	348,009	-	72,876	720,974
Disposals	-	-	(836)	-	-	-	(836)
Revaluation	-	-	-	-	-	-	-
Depreciation	-	(511,552)	(135,300)	(167,533)	(3,016)	-	(817,401)
Reclassification	-	-	9,061	164,948	-	(174,009)	-
Balance at end of year	275,000	18,166,299	272,809	1,023,984	-	49,202	19,787,294

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 11: PROPERTY, PLANT & EQUIPMENT (continued)

(ii) Reconciliation of the carrying amount (continued)

PARENT

	Land	Buildings	Office equipment fixtures & fittings	Leasehold improvements	Motor Vehicles	Work in Progress	Total
2016							
Balance at beginning of the year	275,000	4,953,799	193,099	680,149	-	49,202	6,151,249
Additions	-	-	44,942	-	-	86,779	131,721
Disposals	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-
Depreciation	-	(134,054)	(106,556)	(144,694)	-	-	(385,304)
Reclassification	-	-	-	-	-	(48,124)	(48,124)
Balance at end of the year	275,000	4,819,745	131,485	535,455	-	87,857	5,849,542
2015							
Balance at beginning of the year	275,000	5,087,853	183,839	678,560	3,016	150,335	6,378,603
Additions	-	-	115,626	-	-	72,876	362,511
Disposals	-	-	(836)	-	-	-	(836)
Revaluation	-	-	-	-	-	-	-
Depreciation	-	(134,054)	(114,591)	(163,359)	(3,016)	-	(415,020)
Reclassification	-	-	9,061	164,948	-	(174,009)	-
Balance at end of the year	275,000	4,953,799	193,099	680,149	-	49,202	6,151,249

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	CONSOLIDATED		PARENT	
	2016	2015	2016	2015
	\$	\$	\$	\$
NOTE 12: INTANGIBLE ASSETS				
(i) Book value disclosure				
Non-current				
Software at cost	110,791	62,667	110,792	62,667
Accumulated amortisation	(78,547)	(62,667)	(78,548)	(62,667)
	<u>32,244</u>	<u>-</u>	<u>32,244</u>	<u>-</u>
(ii) Reconciliation of carrying amount				
Balance at beginning of the year	-	-	-	-
Reclassification from work in progress	48,124	-	48,124	-
Amortisation	(15,880)	-	(15,881)	-
Balance at end of the year	<u>32,244</u>	<u>-</u>	<u>32,244</u>	<u>-</u>
NOTE 13: TRADE AND OTHER PAYABLES				
Current				
Trade creditors and accruals	596,168	298,886	444,255	187,145
Payables - legal and litigation costs	-	5,220	-	5,220
Employer payroll deductions of membership subscriptions	-	-	-	-
GST payable	152,553	129,167	152,553	129,167
Sundry creditors	6,150	-	6,150	-
Payables to related entities	-	-	-	104,293
	<u>754,871</u>	<u>433,273</u>	<u>602,958</u>	<u>425,825</u>
NOTE 14: PROVISIONS				
Current				
<i>Current provisions expected to be settled within 12 months</i>				
Annual leave - for employees	664,299	745,085	664,299	745,085
Annual leave - for office holders	183,400	165,073	183,400	165,073
Long service leave - for employees	70,636	68,427	70,636	68,427
Long service leave - for officeholders	17,660	13,592	17,660	13,592
Separation and redundancies	-	-	-	-
Other employee provisions	-	-	-	-
	<u>935,995</u>	<u>992,176</u>	<u>935,995</u>	<u>992,176</u>
<i>Current provisions expected to be settled after 12 months</i>				
Annual leave - for employees	390,144	437,589	390,144	437,589
Annual leave - for office holders	107,711	96,947	107,711	96,947
Long service leave - for employees	1,695,259	1,642,255	1,695,259	1,642,255
Long service leave - for officeholders	423,831	326,207	423,831	326,207
Separation and redundancies	-	-	-	-
Other employee provisions	-	-	-	-
	<u>2,616,945</u>	<u>2,502,998</u>	<u>2,616,945</u>	<u>2,502,998</u>
	<u>3,552,940</u>	<u>3,495,174</u>	<u>3,552,940</u>	<u>3,495,174</u>

NTEU

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

	CONSOLIDATED		PARENT	
	2016	2015	2016	2015
	\$	\$	\$	\$
NOTE 14: PROVISIONS (continued)				
Non current				
Long service leave- for employees	355,015	466,944	355,015	466,944
Long service leave- for officeholders	67,794	114,640	67,794	114,640
	<u>422,809</u>	<u>581,584</u>	<u>422,809</u>	<u>581,584</u>
Total provisions	<u>3,975,749</u>	<u>4,076,758</u>	<u>3,975,749</u>	<u>4,076,758</u>
NOTE 15: RESERVES				
Defence reserve	4,844,486	4,712,228	4,844,486	4,712,228
Leave reserve	3,229,293	3,273,332	3,229,293	3,273,332
Property reserve	5,000,000	5,000,000	5,000,000	5,000,000
Asset revaluation reserve	3,997,419	455,462	2,663,335	455,462
	<u>17,071,198</u>	<u>13,441,022</u>	<u>15,737,114</u>	<u>13,441,022</u>
Movements during the year				
<i>Defence reserve</i>				
Balance at beginning of year	4,712,228	4,036,082	4,712,228	4,036,082
Transfer to retained surplus	-	-	-	-
Transfer from retained surplus	132,258	676,146	132,258	676,146
Balance at end of year	<u>4,844,486</u>	<u>4,712,228</u>	<u>4,844,486</u>	<u>4,712,228</u>
<i>Leave reserve</i>				
Balance at beginning of year	3,273,332	3,021,755	3,273,332	3,021,755
Transfer to retained surplus	(44,039)	-	(44,039)	-
Transfer from retained surplus	-	251,577	-	251,577
Balance at end of year	<u>3,229,293</u>	<u>3,273,332</u>	<u>3,229,293</u>	<u>3,273,332</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	455,462	455,462	455,462	455,462
Revaluation of Building	6,013,509	-	-	-
Transfer to non-controlling interest	(2,471,552)	-	-	-
Net change in available for sale financial assets	-	-	2,207,873	-
Balance at end of year	<u>3,997,419</u>	<u>455,462</u>	<u>2,663,335</u>	<u>455,462</u>

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	CONSOLIDATED		PARENT	
	2016	2015	2016	2015
	\$	\$	\$	\$
NOTE 16: RETAINED EARNINGS				
Retained surplus at beginning of the financial year	3,465,817	4,450,173	4,577,556	5,339,564
Net operating surplus/ (deficit) for the year	734,867	(211,785)	1,112,366	165,715
Transfer (to) and from reserves:				
Defence reserve	(132,258)	(676,146)	(132,258)	(676,146)
Leave reserve	44,039	(251,577)	44,039	(251,577)
Transfer to non-controlling interest	155,152	155,152	-	-
Retained surplus at the end of the financial year	<u>4,267,617</u>	<u>3,465,817</u>	<u>5,601,703</u>	<u>4,577,556</u>

NOTE 17: CASH FLOW INFORMATION**Reconciliation of net operating result to net cash flows from operating activities:**

Net operating result	734,867	(211,785)	1,112,366	165,715
Non-cash flows in operating activities:				
Depreciation and amortisation	804,851	817,403	401,185	415,020
Assets written off	195	-	195	-
Change in net market value of investments	(10,923)	(97,623)	(10,923)	(97,623)
Loss on sale of investments	131,868	-	131,868	-
Changes in assets and liabilities:				
Decrease/(increase) in receivables	28,242	249,197	176,253	563,018
Decrease/(increase) in other assets	(45,318)	(95,320)	(44,244)	(130,042)
(Decrease)/increase in payables	317,546	(1,190,181)	173,081	(1,253,378)
(Decrease)/increase in employee provisions	(101,009)	348,282	(101,009)	348,282
Net cash flows from operating activities	<u>1,860,319</u>	<u>(180,027)</u>	<u>1,838,772</u>	<u>(10,992)</u>

	2016	2015
	\$	\$
Cash flow information from controlled entities:		
Federation of Education Unions Trust		
Net cash inflows / (outflows) from activities	4,295	(215,471)

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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	Michael McNally	Gabrielle Gooding	Grahame McCulloch
Matthew McGowan	Stuart Bunt	Colin Long	Kelvin Michael
Lolita Wikander	Melissa Slee	John Sinclair	Genevieve Kelly
Kevin Rouse	Anne Price	Michael Thomson	Virginia Mansel Lees
Terry Mason	Rachael Bahl	Carolyn Cope	Cathy Rytmeister
Ronald Slee	Andrew Bonnell		

	2016	2015
	\$	\$
Remuneration of Salaried Elected Officers		
Income due to or receivable by Salaried Elected Officers of the Union.		
Wages and salaries	1,404,416	1,408,240
Superannuation	237,307	236,479
Leave and other entitlements	-	46,797
Separation and redundancies	-	-
Other employee expenses	-	-
	<u>1,641,723</u>	<u>1,691,516</u>

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

Michael McNally	Genevieve Kelly	Colin Long	Rachael Bahl
Kevin Rouse	Gabrielle Gooding	Grahame McCulloch	Matthew McGowan
Jeannie Rea			

Individual Remuneration of Salaried Elected Officers

	Wages and salaries	Superannuation	Leave/other entitlements	Total
	\$	\$	\$	\$
G McCulloch	220,518	37,218	-	257,736
J Rea	187,518	31,608	-	219,126
M McGowan	169,130	28,482	-	197,612
G Kelly	142,991	24,955	-	167,946
K Rouse	142,991	24,038	-	167,029
C Long	141,206	23,736	-	164,942
G Gooding	141,823	23,839	-	165,662
M McNally	133,411	22,409	-	155,820
R Bahl	124,828	21,022	-	145,850
	<u>1,404,416</u>	<u>237,307</u>	<u>-</u>	<u>1,641,723</u>

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 18: RELATED PARTY INFORMATION (continued)

(a) Executive Officers (continued)

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 2016 are:

President	\$189,780	(112.5% of Level E)
General Secretary	\$222,780	(112.5% of Level E + \$33K work value/responsibility loading)
National Assistant Secretary	\$168,693	(100% of Level E)
Division Secretaries – Step 1	\$131,284	(100% of Level D)
Division Secretaries – Step 2	\$136,327	(100% of Level D)
Division Secretaries – Step 3	\$140,706	(100% of Level D)
Division Secretaries – Step 4	\$144,334	(100% of Level D)

(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 \$437,039 (2015: \$358,810) 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	
		2016	2015
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		\$44,491	-
Net amount receivable by the F.E.U from NTEU		-	\$104,293

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 19: COMMITMENTS

Operating lease commitments	CONSOLIDATED		PARENT	
	2016	2015	2016	2015
	\$	\$	\$	\$
Future operating lease rentals of plant and equipment not provided for in the financial statements and payable:				
Not later than one year	116,640	278,940	116,640	278,940
Later than one year but not later than five years	447,120	116,225	447,120	116,225
Later than five years	-	-	-	-
	<u>563,760</u>	<u>395,165</u>	<u>563,760</u>	<u>395,165</u>

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) Consolidated**

Financial assets	Note	Category	Carrying amount 2016	Carrying amount 2015
Cash and cash equivalents	6	N/A	2,641,658	1,363,206
Receivables	7	Loans and receivables	511,514	539,756
Investments in managed funds	8	Fair value through profit or loss	2,937,411	2,621,606
Financial liabilities				
Payables	13	Financial liabilities	602,318	304,106

(ii) Parent

Financial assets	Note	Category	Carrying amount 2016	Carrying amount 2015
Cash and cash equivalents	6	N/A	2,473,871	1,199,714
Receivables	7	Loans and receivables	317,662	5,511,734
Investments in managed funds	8	Fair value through profit or loss	2,937,411	2,621,606
Investments in Subsidiary	8	Available for sale	11,463,379	9,255,506
Financial liabilities				
Payables	13	Financial liabilities	450,405	296,658

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

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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

(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.

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) Consolidated		<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>
2016						
Payables	0%	602,318	-	-	-	-
		602,318	-	-	-	-
2015						
Payables	0%	304,106	-	-	-	-
		304,106	-	-	-	-
(i) Parent		<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>
2016						
Payables	0%	450,405	-	-	-	-
		450,405	-	-	-	-
2015						
Payables	0%	296,658	-	-	-	-
		296,658	-	-	-	-

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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

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.

	CONSOLIDATED		PARENT	
	2016	2015	2016	2015
	\$	\$	\$	\$
NOTE 21: AUDITOR'S REMUNERATION				
Value of the services provided				
<i>Auditors of the parent and group</i>				
Financial statement audit services	55,000	55,000	55,000	55,000
Other services	12,250	12,250	12,250	12,250
	<u>67,250</u>	<u>67,250</u>	<u>67,250</u>	<u>67,250</u>
<i>Other auditors (subsidiary)</i>				
Financial statement audit services	7,250	7,500	-	-
Other services	2,610	2,915	-	-
	<u>9,860</u>	<u>10,415</u>	<u>-</u>	<u>-</u>
	<u>77,110</u>	<u>77,665</u>	<u>67,250</u>	<u>67,250</u>

NOTE 22: EVENTS AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since 30 June 2016 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 23: 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 2016. 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 Kidsons Partnership
DFK Kidsons Partnership

Robert Wernli

Robert Wernli
Partner

Melbourne
Date: 2 November 2016



8 December 2016

Mr Grahame McCulloch
General Secretary
National Tertiary Education Industry Union

Sent via email: rveal@nteu.org.au

Dear Mr McCulloch,

Lodgement of Financial Report - Reminder to lodge

The Fair Work Commission's (the Commission) records disclose that the financial year of the National Tertiary Education Industry Union (the reporting unit) ended on the 30 June 2016.

As you would be aware, the *Fair Work (Registered Organisations) Act 2009* (the RO Act) requires that a reporting unit prepare a financial report in accordance with the RO Act, make it available to the members and then must lodge the financial report within 14 days after the general meeting of members, or if the rules of the reporting unit allow, the Committee of Management meeting (s.268).

The maximum period of time allowed under the RO Act for the full financial report to be presented to a general meeting of members or a committee of management meeting is six months after the expiry date of its financial year (s.253, s254, s265, s.266, s.268). The full report must be lodged with the Commission within 14 days of that meeting.

The Commission encourages your reporting unit to lodge its financial report at the earliest opportunity in order to ensure compliance with its obligations. Failure of a reporting unit to lodge its financial report is a breach of a civil penalty provision of the RO Act. This can result in the General Manager instituting an inquiry or investigation into a reporting unit's non-compliance under Chapter 11, Part 4 of the RO Act. The actions available to the General Manager following an investigation include issuing Federal Court legal proceedings for breach of a civil penalty provision. The orders available to the Federal Court include imposition of a pecuniary penalty on the organisation or individual officer, whose conduct led to the contravention, of up to \$54,000 per contravention on the organisation and up to \$10,800 per contravention on an officer whose conduct led to the contravention.

Failure to lodge a financial report may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$54,000 for a body corporate and \$10,800 for an individual per contravention) being imposed upon your organisation and/or an officer whose conduct led to the contravention.

We encourage you to lodge the full financial report directly to orgs@fwc.gov.au. That is the official email address for electronic lodgements of material related to registered organisations matters.

11 Exhibition Street
Melbourne VIC 3000
GPO Box 1994
Melbourne VIC 3001

Telephone : (03) 8661 7777
Email : orgs@fwc.gov.au
Internet : www.fwc.gov.au

Should you seek any clarification in relation to the above, please contact me on (03) 8656 4699 or via email at Sam.Gallichio@fwc.gov.au.

Yours sincerely,



Sam Gallichio
Adviser
Regulatory Compliance Branch



15 July 2016

Mr Grahame McCulloch
General Secretary
National Tertiary Education Industry Union
By email: rveal@nteu.org.au

Dear Mr McCulloch,

**Re: Lodgement of Financial Report - [FR2016/320]
*Fair Work (Registered Organisations) Act 2009 (the RO Act)***

The financial year of the National Tertiary Education Industry Union (the reporting unit) ended on 30 June 2016.

This is a courtesy letter to remind you of the obligation to prepare and lodge the financial report for the reporting unit by the due date under s.268 of the RO Act, that being within 14 days after the meeting referred to in s.266 of the RO Act.

Timelines

The RO Act sets out a particular chronological order in which financial documents and statements must be prepared, audited, provided to members and presented to a meeting. For your assistance, the attached *Timeline/Planner* summarises these requirements.

Fact sheets, guidance notes and model statements

Fact sheets and guidance notes in relation to financial reporting under the RO Act are provided on the Fair Work Commission website. This includes a model set of financial statements which have been developed by the FWC. It is not obligatory to use this model but it is a useful resource to ensure compliance with the RO Act, the Reporting Guidelines and the Australian Accounting Standards. The model statement, Reporting Guidelines and other resources can be accessed through our website under [Financial Reporting](#) in the Compliance and Governance section.

Loans, grants and donations: our focus this year

Also you are reminded of the obligation to prepare and lodge a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding \$1,000 for the reporting unit during its financial year. Section 237 requires this statement to be lodged with the FWC within 90 days of the end of the reporting unit's financial year, that is on or before 28 September 2016. A sample statement of loans, grants or donations is available at [sample documents](#).

Over the past year we have noted issues in organisations' financial reports relating to timelines and how loans, grants and donations are reported. We will be focusing closely on these areas this year. Please find attached below fact sheets relating to these requirements or alternatively visit our website for information regarding [financial reporting timelines](#) and [loans, grants and donations](#).

It is requested that the financial report and any Statement of Loans, Grant or Donations be lodged electronically by emailing orgs@fwc.gov.au.

11 Exhibition Street
Melbourne VIC 3000
GPO Box 1994
Melbourne VIC 3001

Telephone : (03) 8661 7777
Email : orgs@fwc.gov.au
Internet : www.fwc.gov.au

Civil penalties may apply

It should be noted that s.268 is a civil penalty provision. Failure to lodge a financial report may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$54,000 for a body corporate and \$10,800 for an individual per contravention) being imposed upon your organisation and/or an officer whose conduct led to the contravention.

Contact

Should you wish to seek any clarification in relation to the above, email orgs@fwc.gov.au.

Yours sincerely,

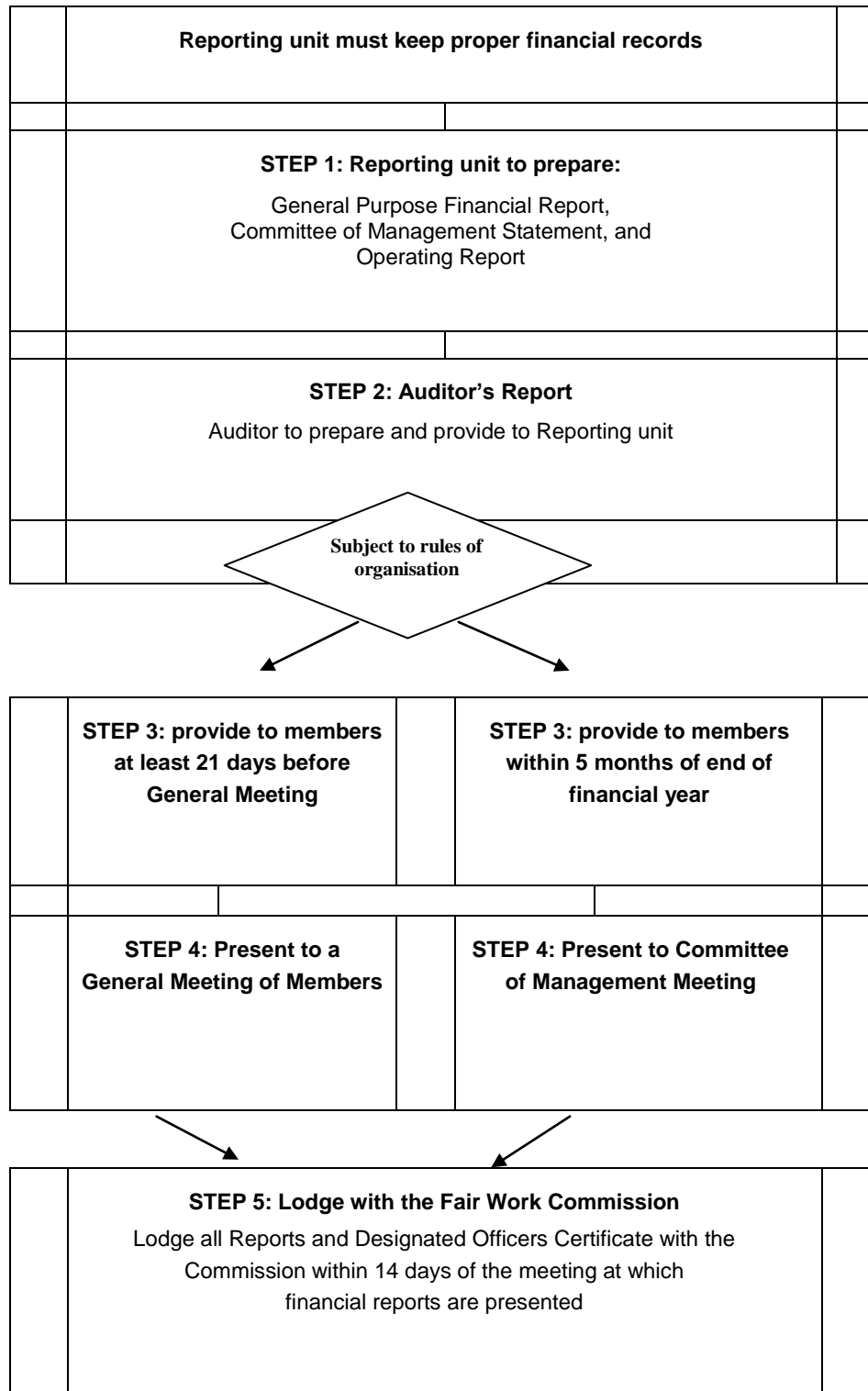


Annastasia Kyriakidis
Adviser
Regulatory Compliance Branch

Financial reporting timelines

Financial reports are to be lodged with the Fair Work Commission (the Commission) within 14 days of the meeting at which the financial reports have been presented, by completing the steps as outlined below.

See Fact sheet—Financial reporting for an explanation of each of these steps.



Fact Sheet - Loans, Grants & Donations

The Loans, Grants & Donations Requirements

The *Fair Work (Registered Organisations) Act 2009* (the RO Act) requires an organisation or branch to lodge a loans, grants and donations statement (the statement) within **90 days** of the ending of the financial year.

Under the General Manager's Reporting Guidelines, a reporting unit's General Purpose Financial Report (the financial report) must break down the amounts of grants and donations (see below). The figures in the financial report will be compared to the loans, grants and donations statement.

The Loans, Grants & Donations Statement

Section 237 of the RO Act applies to every loan, grant and donation made by an organisation or branch during the financial year that exceed \$1000. The following information must be supplied to the Commission for each relevant loan, grant or donation:







- the amount,
- the purpose,
- the security (if it is a loan),
- the name and address of the person to whom it was made,* and
- the arrangements for repaying the loan.*

*The last two items are not required if the loan, grant or donation was made to relieve a member of the organisation (or their dependent) from severe financial hardship.

The statement must be lodged within 90 days of the end of the financial year and the Commission has a [Template Loans, Grants and Donations Statement](#) on its website. The Commission encourages branches and organisations to lodge the statement even if all of the figures are NIL.

Common misconceptions

Over the years, staff of the Commission have noted that there are some common misunderstandings made in relation to the Statement. They include:

Misconception	Requirement
 Only reporting units must lodge the Statement.	 All branches and organisations, regardless of whether they lodge a financial report, must lodge the statement within 90 days of the end of the financial year. An organisation cannot lodge a single statement to cover all of its branches.
 Employees can sign the Statement.	 The statement must be signed by an elected officer of the relevant branch.
 Statements can be lodged with the financial report.	 The deadline for the statement is much shorter (90 days) and if it is lodged with the financial report it is likely to be late.

Grants & Donations within the Financial Report

Item 16(e) of the [General Manager's Reporting Guidelines](#) requires the reporting unit to separate the line items relating to grants and donations into grants or donations that were \$1000 or less and those that exceeded \$1000.

As such, the note in the financial report relating to grants and donations will have four lines.

In the [Commission's Model Statements](#) the note appears as follows:

Note 4E: Grants or donations*

Grants:	2016	2015
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Donations:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Total grants or donations	-	-

Item 17 of the General Manager's Reporting Guidelines requires that these line items appear in the financial report even if the figures are NIL.

Implications for filing the Financial Report

During their review of the 2016 financial report staff of the Commission will confirm that the figures in the financial report match the disclosures made in the statement. Any inconsistencies in these figures will be raised with the organisation or branch for explanation and action.

This may involve lodging an amended loans, grants or donations statement. Any failure to lodge a loans, grants or donations statement or lodging a statement that is false or misleading can attract civil penalties under the RO Act.

If a reporting unit did not fully comply with these requirements in their 2015 financial report, its filing letter will have included a statement reminding the reporting unit of its obligations.

It is strongly recommended that all reporting units review their filing letters from the previous financial year to ensure any targeted concerns are addressed in their latest financial report. Failure to address these individual concerns may mean that a financial report cannot be filed.

Previous financial reports and filing letters are available from the [Commission's website](#).

Further information

If you have any further questions relating to the loan, grant and donation disclosure requirements in the statement or the financial report, please contact the Regulatory Compliance Branch on orgs@fwc.gov.au