



1 February 2019

Mr Matthew McGowan
General Secretary
National Tertiary Education Union

Dear Mr McGowan

Re: – Financial reporting – National Tertiary Education Union - for year ending 30 June 2018 (FR2018/264)

I refer to the financial report of the National Tertiary Education Union in respect of the year ending 30 June 2018. The documents were lodged with the Registered Organisations Commission ('the ROC') on 17 December 2018.

The financial report has been filed. The financial report was 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.

You are not required to take any further action in respect of the report lodged. However I make the following comments to assist when preparing the next report.

Auditor's statement – registration number

Reporting guideline 29(b)(ii) requires that the auditor's statement must specify the auditor's registration number. The number meant here is the registration number granted under the RO Act.

Audit scope to include subsection 255(2A) report

A general purpose financial report prepared under section 253 of the RO Act also includes the expenditure report required to be prepared under subsection 255(2A) as prescribed by reporting guideline 22. A subsection 255(2A) report was included in the copy of the documents lodged with the ROC but the auditor did not refer to the statement in the auditor's report.

The subsection 255(2A) report must be identified by title in the auditor's statement in accordance with paragraph 24(c) of Australian Auditing Standard *ASA 700 Forming an Opinion and Reporting on a Financial Report*.

Disclosure of payables in respect of legal costs

Reporting guideline 16(b) requires the disclosure of any "payables in respect of legal costs and other expenses in relation to (i) litigation; and (ii) other legal costs." What this means is that legal-related payables must be disclosed as *either* litigation-related *or* as other legal costs-related, whichever sub-category applies. The break-down by sub-category is similar to the disclosure requirement for legal-related expenses and I draw your attention for comparison to Note 4(i) on page 18 of the report where the reporting unit has reported amounts pertaining to each sub-category in accordance with the relevant guideline.

The line item description "legal and litigation costs" at Note 13 means that it is not clear whether, and/or how much of, the amount disclosed may be related to litigation and how much may be

related to other legal costs, respectively. Consequently it does not fully reflect the intention of the guideline.

In the event that an amount to be disclosed as a payable is wholly related to litigation the line item sub-category "other legal costs" should be reported as a nil balance, in accordance with RG21, and vice versa. Where payables consist of amounts related to both sub-categories, the report should show a total for each. Note 7B on page 45/65 of the 2017-2018 model financial statements illustrates how these payables should be disclosed.

Nil activities – not disclosed

Item 21 of the reporting guidelines states that if any activities identified within items 10-20 of the reporting guidelines have not occurred in the reporting period, a statement to this effect must be included either in the financial statements and notes or in an officer's declaration statement.

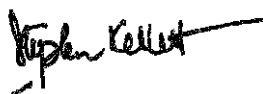
The notes contained nil activity information for all prescribed reporting guideline categories not otherwise reported except the following:

- RG19 - have another entity administer the financial affairs of the reporting unit
- RG20 - make a payment to a former related party of the reporting unit

Reporting Requirements

The ROC website provides a number of factsheets in relation to the financial reporting process and associated timelines. The website also contains the s.253 reporting guidelines and a model set of financial statements. The ROC recommends that reporting units use these model financial statements to assist in complying with the RO Act, the s.253 Reporting Guidelines and Australian Accounting Standards. Access to this information is available via [this link](#).

Yours faithfully



Stephen Kellett
Financial Reporting
Registered Organisations Commission

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

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

Certificate for the period ended 30 June 2018

I *Matthew McGowan* 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 2018 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 13 November 2018; and
- that the full report was presented to a meeting of the committee of management of the reporting unit on *13 December 2018* in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature of prescribed designated officer:



Name of prescribed designated officer: Matthew McGowan

Title of prescribed designated officer: General Secretary

Dated: 13 December 2018

***National Tertiary
Education Union
(NTEU)***

ABN 38 579 396 344

***Financial Report for the year ended
30 June 2018***

NTEU
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

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General Information

The financial statements cover National Tertiary Education Union ("NTEU") as an individual and consolidated entity. The financial statements are presented in Australian dollars, which is National Tertiary Education Union's functional and presentation currency.

The National Tertiary Education is a not for profit trade union, incorporated and domiciled in Australia.

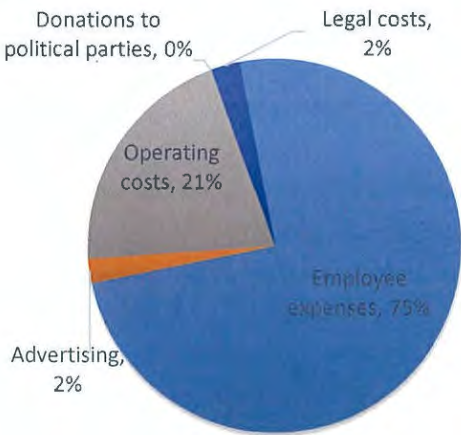
The financial statements were authorised for issue on the date of signing this report.

NTEU
REPORT REQUIRED UNDER SUBSECTION 255(2A)
FOR THE YEAR ENDED 30 JUNE 2018

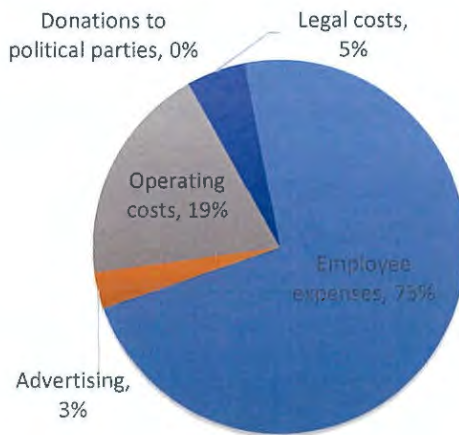
The Committee of Management presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 30 June 2018.

CONSOLIDATED

2018

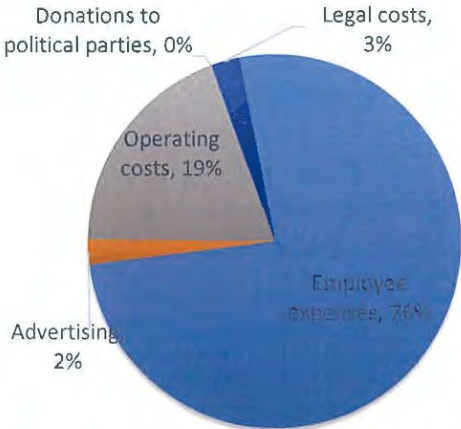


2017

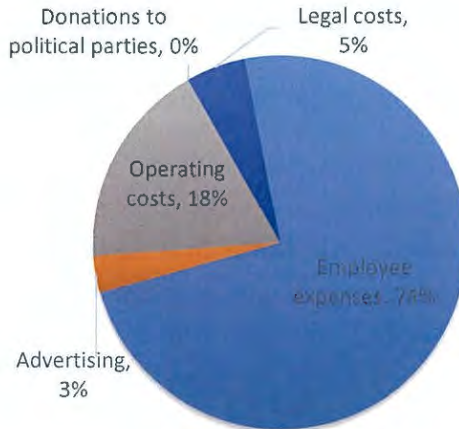


PARENT

2018



2017



Signature of designated officer:
Matthew McGowan
General Secretary

Name and title of designated officer:

NTEU
OPERATING REPORT
FOR THE YEAR ENDED 30 JUNE 2018

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 27,608 (2017: 27,355).

Number of employees

The number of persons who were, at the end of the financial year, employees of the Union was 121.57 (2017: 125.32) measured on a full time equivalent basis.

NTEU
OPERATING REPORT (continued)
FOR THE YEAR ENDED 30 JUNE 2018

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:

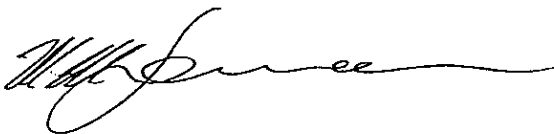
Position	Name	Period (If not full year)
President	Jeannie Rea	
Vice President (Academic)	Andrew Bonnell	
Vice President (General)	Jane Battersby	
General Secretary	Grahame McCulloch	
National Assistant Secretary	Matthew McGowan	
Chair of Aboriginal and Torres Strait Islander Policy Committee	Terry Mason	
Ordinary Executive Member	Virginia Mansel Lees	
Ordinary Executive Member	Melissa Slee	
Ordinary Executive Member	Stuart Bunt	
Ordinary Executive Member	Felix Patrikeeff	1 July 2017 to 14 August 2017
Ordinary Executive Member	Damien Cahill	
Ordinary Executive Member	Sarah Kaine	
Ordinary Executive Member	Andrea Lamont-Mills	
Ordinary Executive Member	Catherine Rojas	
Ordinary Executive Member	Nick Warner	24 October 2017 to 30 June 2018
Division Secretary	Gabrielle Gooding	
Division Secretary	Colin Long	
Division Secretary	Rachael Bahl	
Division Secretary	Michael McNally	
Division Secretary	Kelvin Michael	
Division Secretary	Lolita Wikander	
Division Secretary	Ronald Slee	
Division Secretary	Michael Thomson	

NTEU
OPERATING REPORT (continued)
FOR THE YEAR ENDED 30 JUNE 2018

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.



Signature:

Date: 13/11/2018



Signature:

Date: 13/11/2018

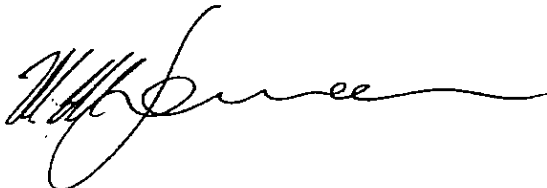
NTEU
COMMITTEE OF MANAGEMENT STATEMENT
FOR THE YEAR ENDED 30 JUNE 2018

On 13/11/2018 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 2018:

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 and notes comply with any other requirements imposed by the reporting guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009*;
- (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 RO Act; and
 - iv. where the organisation consists of two or more reporting units, 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. where information has been sought in any request by a member of the reporting unit or Commissioner duly made under section 272 of the RO Act has been provided to the member or Commissioner; and
 - vi. where any order for inspection of financial records has been made by the Registered Organisations Commission under section 273 of the RO Act there has been compliance.
- (f) no revenue has been derived from undertaking recovery of wages activity for the financial year ended 30 June 2018.

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



Signature:

Date: 13/11/2018



Signature:

Date: 13/11/2018

NTEU
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Note	CONSOLIDATED		PARENT	
		2018 \$	2017 \$	2018 \$	2017 \$
REVENUE					
Membership subscriptions	3	22,272,857	21,588,816	22,272,857	21,588,816
Non-operating revenue	3	<u>1,597,293</u>	<u>1,521,438</u>	<u>1,219,405</u>	<u>1,188,256</u>
TOTAL REVENUE		<u>23,870,150</u>	<u>23,110,254</u>	<u>23,492,262</u>	<u>22,777,072</u>
EXPENSES					
Employee benefits	5	14,666,434	14,559,640	14,666,434	14,559,640
Officeholder benefits	18(a)	1,832,811	1,905,548	1,832,811	1,905,548
Depreciation and amortisation		680,708	871,555	339,434	374,950
Other expenses	4	<u>5,548,974</u>	<u>6,513,775</u>	<u>5,192,360</u>	<u>6,197,198</u>
TOTAL EXPENSES		<u>22,728,927</u>	<u>23,850,518</u>	<u>22,031,039</u>	<u>23,037,336</u>
NET OPERATING RESULT		<u>1,141,223</u>	<u>(740,264)</u>	<u>1,461,223</u>	<u>(260,264)</u>
OTHER COMPREHENSIVE INCOME					
Revaluation of Land and Buildings	15	-	3,862,750	-	1,982,750
Net change in available for sale financial asset	15	<u>-</u>	<u>-</u>	<u>-</u>	<u>824,600</u>
TOTAL COMPREHENSIVE INCOME		<u>-</u>	<u>3,862,750</u>	<u>-</u>	<u>2,807,350</u>
COMPREHENSIVE RESULT		<u>1,141,223</u>	<u>3,122,486</u>	<u>1,461,223</u>	<u>2,547,086</u>
NET OPERATING RESULT FOR THE YEAR IS ATTRIBUTABLE TO:					
Non-controlling interest		(131,520)	(197,280)	-	-
Owners of the parent		<u>1,272,743</u>	<u>(542,984)</u>	<u>1,461,223</u>	<u>(260,264)</u>
		<u>1,141,223</u>	<u>(740,264)</u>	<u>1,461,223</u>	<u>(260,264)</u>
TOTAL COMPREHENSIVE RESULT FOR THE YEAR IS ATTRIBUTABLE TO:					
Non-controlling interest		(131,520)	575,400	-	-
Owners of the parent		<u>1,272,743</u>	<u>2,547,086</u>	<u>1,461,223</u>	<u>2,547,086</u>
		<u>1,141,223</u>	<u>3,122,486</u>	<u>1,461,223</u>	<u>2,547,086</u>

The accompanying notes form part of these financial statements.

NTEU
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	CONSOLIDATED		PARENT	
		2018 \$	2017 \$	2018 \$	2017 \$
ASSETS					
Cash and cash equivalents	6	3,165,157	2,441,431	3,022,704	2,389,375
Trade and other receivables	7	616,499	498,183	466,451	409,178
Other financial assets	8	4,568,305	3,632,489	4,568,305	3,632,489
Other assets	9	234,350	223,846	229,510	189,824
TOTAL CURRENT ASSETS		<u>8,584,311</u>	<u>6,795,949</u>	<u>8,286,970</u>	<u>6,620,866</u>
NON-CURRENT ASSETS					
Other financial assets	8	-	-	12,287,979	12,287,979
Investment properties	10	3,292,000	3,292,000	3,292,000	3,292,000
Property, plant and equipment	11	26,539,323	27,074,415	6,116,413	6,310,201
Intangible assets	12	97,366	116,927	97,366	116,927
TOTAL NON-CURRENT ASSETS		<u>29,928,689</u>	<u>30,483,342</u>	<u>21,793,758</u>	<u>22,007,107</u>
TOTAL ASSETS		<u>38,513,000</u>	<u>37,279,291</u>	<u>30,080,728</u>	<u>28,627,973</u>
LIABILITIES					
Trade and other payables	13	739,275	835,863	577,548	759,009
Prepaid income		19,409	29,414	3,328	29,414
Provisions	14	3,778,385	3,577,162	3,778,385	3,577,162
TOTAL CURRENT LIABILITIES		<u>4,537,069</u>	<u>4,442,439</u>	<u>4,359,261</u>	<u>4,365,585</u>
NON-CURRENT LIABILITIES					
Provisions	14	374,341	376,485	374,341	376,485
TOTAL NON-CURRENT LIABILITIES		<u>374,341</u>	<u>376,485</u>	<u>374,341</u>	<u>376,485</u>
TOTAL LIABILITIES		<u>4,911,410</u>	<u>4,818,924</u>	<u>4,733,602</u>	<u>4,742,070</u>
NET ASSETS		<u>33,601,590</u>	<u>32,460,367</u>	<u>25,347,126</u>	<u>23,885,903</u>
EQUITY					
Reserves	15	23,006,714	19,990,316	18,938,924	18,373,512
Retained earnings	16	2,151,932	3,895,585	6,408,202	5,512,391
Non-controlling interest		8,442,944	8,574,466	-	-
TOTAL EQUITY		<u>33,601,590</u>	<u>32,460,367</u>	<u>25,347,126</u>	<u>23,885,903</u>

The accompanying notes form part of these financial statements.

NTEU
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Reserves	Retained Earnings	Non-Controlling Interest	Total Equity
	\$	\$	\$	\$
CONSOLIDATED				
At 1 July 2016	<u>17,071,198</u>	<u>4,267,617</u>	<u>7,999,066</u>	<u>29,337,881</u>
Net Operating Result	-	(542,984)	(197,280)	(740,264)
Other Comprehensive Income	3,862,750	-	-	3,862,750
Transfer (from)/to reserves	<u>(943,632)</u>	<u>170,952</u>	<u>772,680</u>	<u>-</u>
At 30 June 2017	<u>19,990,316</u>	<u>3,895,585</u>	<u>8,574,466</u>	<u>32,460,367</u>
Net Operating Result	-	1,272,745	(131,522)	1,141,223
Other Comprehensive Income	-	-	-	-
Transfer (from)/to reserves	<u>3,016,398</u>	<u>(3,016,398)</u>	<u>-</u>	<u>-</u>
As at 30 June 2018	<u>23,006,714</u>	<u>2,151,932</u>	<u>8,442,944</u>	<u>33,601,590</u>
PARENT				
At 1 July 2016	<u>15,737,114</u>	<u>5,601,703</u>	<u>-</u>	<u>21,338,817</u>
Net Operating Result	-	(260,264)	-	(260,264)
Other Comprehensive Income	2,807,350	-	-	2,807,350
Transfer (from)/to reserves	<u>(170,952)</u>	<u>170,952</u>	<u>-</u>	<u>-</u>
At 30 June 2017	<u>18,373,512</u>	<u>5,512,391</u>	<u>-</u>	<u>23,885,903</u>
Net Operating Result	-	1,461,223	-	1,461,223
Other Comprehensive Income	-	-	-	-
Transfer (from)/to reserves	<u>565,412</u>	<u>(565,412)</u>	<u>-</u>	<u>-</u>
As at 30 June 2018	<u>18,938,924</u>	<u>6,408,202</u>	<u>-</u>	<u>25,347,126</u>

The accompanying notes form part of these financial statements.

NTEU
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Note	CONSOLIDATED		PARENT	
		2018	2017	2018	2017
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Revenue from members and other activities		25,793,207	25,034,535	25,365,472	24,547,514
Interest received		114,200	102,683	114,200	102,683
Distribution received		101,594	99,758	101,594	99,758
Payments to suppliers and employees		(22,535,968)	(22,944,826)	(22,201,163)	(22,443,841)
Net GST paid to Australian Tax Office		(1,781,776)	(1,683,344)	(1,779,243)	(1,699,256)
Net cash (used in)/provided by operating activities	17	<u>1,691,257</u>	<u>608,806</u>	<u>1,600,860</u>	<u>606,858</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of other financial assets		356,521	613,415	356,521	613,415
Payments for other financial assets		(1,205,317)	(1,168,684)	(1,205,317)	(1,168,684)
Proceeds from sale of property, plant & equipment		7,350	-	7,350	-
Payments for property, plant & equipment		(126,085)	(242,614)	(126,085)	(124,935)
Payments for intangible assets		-	(11,150)	-	(11,150)
Net cash (used in)/provided by investing activities		<u>(967,531)</u>	<u>(809,033)</u>	<u>(967,531)</u>	<u>(691,354)</u>
Net (decrease)/increase in cash & cash equivalents held		<u>723,726</u>	<u>(200,227)</u>	<u>633,329</u>	<u>(84,496)</u>
Cash and cash equivalents at beginning of year		2,441,431	2,641,658	2,389,375	2,473,871
Cash and cash equivalents at end of year	6	<u>3,165,157</u>	<u>2,441,431</u>	<u>3,022,704</u>	<u>2,389,375</u>

The accompanying notes form part of these financial statements.

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

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. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The financial statements have been prepared on an accrual basis and in accordance with the historical cost, except for certain assets and liabilities measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

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. Refer to note 2 for further details.

All amounts in the financial statements have been rounded to the nearest one dollar.

(b) Consolidation

The consolidated financial statements comprise the financial statements of NTEU and its subsidiaries as at 30 June 2018 (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) Membership subscriptions

Membership subscription revenue represents the contributions made by Union members. Membership subscriptions are 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.

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Comparatives

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

(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 presented 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, and 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 2018

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. Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising from re-measurement recognised in the statement of comprehensive income as a gain 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 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(l) Section 272 Fair Work (Registered Organisations) Act 2009**

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:

Information to be provided to members or Commissioner:

- (1) A member of a reporting unit, or the Commissioner, 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.

(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>2018</i>	<i>2017</i>
Buildings	Straight Line	2.5%	2.5%
Office Equipment	Straight Line	20-33%	20-33%
Motor Vehicles	Straight Line	22.5%	22.5%
Building Improvements	Straight Line	10%	10%
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 2018

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 statement of comprehensive income 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 2018 reporting period. As at 30 June 2018, the following standards and interpretations had been issued but were not mandatory for the reporting ended 30 June 2018. 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.	1 January 2018	The initial application of AASB 9 is not expected to significantly impact the financial position of NTEU, however there will be a change to the way financial instruments are classified as well as new disclosure requirements.
AASB 16 Leases	The key changes introduced by AASB 16 included the recognition of most operating leases (which are currently not recognised) on the balance sheet.	1 January 2019	The changes in recognition requirements in AASB 16 will result in the recognition of operating leases on the balance sheet, and may result in changes to the timing and amount of expenses recorded in the financial statements relating to leases held.

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) AASB Accounting Standards and Interpretations (continued)

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

(q) 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 Commissioner under subsection 245(1) of the RO Act of an alternative reporting structure for the organisation; or
- a revocation by the Commissioner 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 2018

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 2018

	CONSOLIDATED		PARENT	
	2018 \$	2017 \$	2018 \$	2017 \$
NOTE 3: REVENUE				
Membership subscriptions	<u>22,272,857</u>	<u>21,588,816</u>	<u>22,272,857</u>	<u>21,588,816</u>
Non operating revenue:				
Rental income	923,292	896,546	685,446	651,459
Distributions	137,586	99,758	137,586	99,758
Interest income	114,539	102,683	114,539	102,683
Director fees	141,705	124,341	141,705	124,341
Sundry income	178,583	135,200	38,511	47,105
Voluntary member contributions for industrial action (Note 3(i))	15,152	23,589	15,152	23,589
Change in market value of investments	3,128	26,648	3,128	26,648
Gain on sales of investments	75,988	112,673	75,988	112,673
Profit on sale of fixed assets	7,320	-	7,350	-
Capitation fees from other reporting units	-	-	-	-
Levies	-	-	-	-
Donations or grants	-	-	-	-
Total non operating revenue	<u>1,597,293</u>	<u>1,521,438</u>	<u>1,219,405</u>	<u>1,188,256</u>
Total revenue	<u>23,870,150</u>	<u>23,110,254</u>	<u>23,492,262</u>	<u>22,777,072</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 2018

	CONSOLIDATED		PARENT	
	2018	2017	2018	2017
	\$	\$	\$	\$
NOTE 4: OTHER EXPENSES				
Affiliation fees (Note 4(ii))	451,670	403,202	451,670	403,202
Assets written-off	-	167	-	167
Audit services (Note 21)	69,340	73,035	60,000	62,000
Meetings and conferences	487,123	577,349	487,123	577,349
Industrial defence fund - other	41,290	31,420	41,290	31,420
Industrial defence campaigns	38,142	950	38,142	950
Publications and recruitment	678,905	703,378	678,905	703,378
Travel and reimbursement	648,204	737,294	648,204	737,294
Property fund outgoings	1,170,513	1,134,846	848,332	829,304
Administration costs	986,234	992,441	982,222	992,441
Legal costs (Note 4(i))	550,070	1,159,240	536,124	1,159,240
Loss on sale of investments	-	-	-	-
Decrease in market value of buildings	-	334,448	-	334,448
Compulsory levies/fees	-	-	-	-
Fees/allowances – meeting and conferences	-	-	-	-
Capitation fees to other reporting units	-	-	-	-
Penalties – via RO Act or RO Regulations	-	-	-	-
Grants and Donations (Note 4(iii))	93,471	43,365	93,471	43,365
Employer payroll deductions of membership subscriptions	-	-	-	-
Other expenses	334,012	322,640	326,877	322,640
	<u>5,548,974</u>	<u>6,513,775</u>	<u>5,192,360</u>	<u>6,197,198</u>
NOTE 4 (i): LEGAL COSTS				
Litigation costs	533,139	1,125,557	533,139	1,125,557
Other legal matters	16,931	33,683	2,985	33,683
	<u>550,070</u>	<u>1,159,240</u>	<u>536,124</u>	<u>1,159,240</u>

NTEU

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

	CONSOLIDATED		PARENT	
	2018	2017	2018	2017
	\$	\$	\$	\$
NOTE 4: OTHER EXPENSES (continued)				
NOTE 4 (ii): AFFILIATION FEES				
Australia Asia Workers Link	800	800	800	800
Australian Council of Trade Unions	150,767	146,400	150,767	146,400
Australian People for Health, Education and Development Abroad	3,246	2,865	3,246	2,865
Ballarat Regional Trades & Labour Council	1,236	1,235	1,236	1,235
Bendigo Trades Hall Council	552	736	552	736
Brisbane Labour History Association	-	100	-	100
Council for Humanities, Arts and Social Sciences	4,000	4,000	4,000	4,000
Education International	65,057	61,087	65,057	61,087
First Nations Workers Alliance	955	-	955	-
Geelong Trades Hall Council	2,618	2,573	2,618	2,573
Gippsland Trades Hall Council	966	243	966	243
Goulburn Valley Trades & Labour Council	289	187	289	187
Newcastle Trade Hall Council	1,388	1,366	1,388	1,366
North East Trades & Labour Council	880	738	880	738
NT Trades & Labor Council	2,505	-	2,505	-
Philippines Australia Union Link	-	50	-	50
QCU MacKays Property Unit Trust	-	50	-	50
Queensland Council of Unions	27,752	23,827	27,752	23,827
Queensland Council of Unions Cairns	110	110	110	110
Queensland Council of Unions Gold Coast	110	-	110	-
Queensland Council of Unions				
Rockhampton	100	100	100	100
Queensland Council of Unions Sunshine Coast	-	91	-	91
Queensland Council of Unions Toowoomba Provincial Council	110	-	110	-
Queensland Council of Unions Townsville	210	200	210	200
Scholars at Risk	1,357	1,397	1,357	1,396
Science & Technology Australia	7,137	6,990	7,137	6,990
South West Trades & Labour Council	237	332	237	332
Sunraysia Trades & Labour Council	57	81	57	81
Sydney Alliance	5,708	-	5,708	-
The Australia Institute	25,000	-	25,000	-
Unions ACT	8,480	9,428	8,480	9,428
Unions NSW	31,022	34,319	31,022	34,319
Unions NSW	1,500	-	1,500	-
Unions South Australia	11,760	11,838	11,760	11,838
Unions Tasmania	4,121	3,782	4,121	3,782
Unions Western Australia	19,066	18,692	19,066	18,692
Victorian Trades Hall Council	71,258	69,585	71,258	69,585
Worker Health Centre	1,316	-	1,316	-
	<u>451,670</u>	<u>403,202</u>	<u>451,670</u>	<u>403,202</u>

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	CONSOLIDATED		PARENT	
	2018	2017	2018	2017
	\$	\$	\$	\$
NOTE 4(iii): GRANTS AND DONATIONS				
Grants:				
Total amount paid in grants that exceeded \$1,000	22,500	15,000	22,500	15,000
Total amount paid in grants that were \$1,000 or less	-	-	-	-
Donations:				
Total amount paid in donations that exceeded \$1,000	64,600	21,522	64,600	21,522
Total amount paid in donations that were \$1,000 or less	6,371	6,843	6,371	6,843
	<u>93,471</u>	<u>43,365</u>	<u>93,471</u>	<u>43,365</u>
NOTE 5: EMPLOYEE BENEFITS				
<i>Officeholders:</i>				
Wages and salaries	1,487,728	1,516,328	1,487,728	1,516,328
Superannuation	255,596	246,412	255,596	246,412
Leave and other entitlements	89,487	142,808	89,487	142,808
Separation and redundancies	-	-	-	-
Other employee expenses	-	-	-	-
Subtotal employee expenses for officeholders:	<u>1,832,811</u>	<u>1,905,548</u>	<u>1,832,811</u>	<u>1,905,548</u>
<i>Employees other than officeholders:</i>				
Wages and salaries	11,669,194	11,758,520	11,669,194	11,758,520
Superannuation	1,899,455	1,901,993	1,899,455	1,901,993
Leave and other entitlements	197,290	(23,655)	197,290	(23,655)
Separation and redundancies	-	-	-	-
Other employee expenses	900,495	922,782	900,495	922,782
Subtotal employee expenses for employees other than officeholders	<u>14,666,434</u>	<u>14,559,640</u>	<u>14,666,434</u>	<u>14,559,640</u>
	<u>16,499,245</u>	<u>16,465,188</u>	<u>16,499,245</u>	<u>16,465,188</u>

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	CONSOLIDATED		PARENT	
	2018	2017	2018	2017
	\$	\$	\$	\$
NOTE 6: CASH AND CASH EQUIVALENTS				
Current				
Cash on hand	546	953	546	953
Cash at bank	1,691,229	649,747	1,548,776	597,691
Short term deposits	1,473,382	1,790,731	1,473,382	1,790,731
	<u>3,165,157</u>	<u>2,441,431</u>	<u>3,022,704</u>	<u>2,389,375</u>
NOTE 7: TRADE AND OTHER RECEIVABLES				
Current				
Trade debtors	57,775	117,767	7,515	7,231
Provision for doubtful debts	-	-	-	-
Other receivables	140,885	51,049	28,516	18,523
Accrued income	417,839	329,367	417,839	329,367
Receivables from related parties (Note 18(b)(ii))	-	-	12,581	54,057
Receivables from other reporting units	-	-	-	-
Less provision for doubtful debts from other reporting units	-	-	-	-
Total trade and other receivables	<u>616,499</u>	<u>498,183</u>	<u>466,451</u>	<u>409,178</u>
NOTE 8: OTHER FINANCIAL ASSETS				
Current				
Investments in managed funds	<u>4,568,305</u>	<u>3,632,489</u>	<u>4,568,305</u>	<u>3,632,489</u>
Non Current				
Investments – at valuation				
Federation of Education Union Unit Trust (F.E.U.)	-	-	12,287,977	12,287,977
Federation of Education Unions Pty Ltd (Trustee of F.E.U.)	-	-	2	2
	<u>-</u>	<u>-</u>	<u>12,287,979</u>	<u>12,287,979</u>
Total other financial assets	<u>4,568,305</u>	<u>3,632,489</u>	<u>16,856,284</u>	<u>15,920,468</u>
NOTE 9: OTHER ASSETS				
Current				
Prepayments	<u>234,350</u>	<u>223,846</u>	<u>229,510</u>	<u>189,824</u>

NTEU

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	CONSOLIDATED		PARENT	
	2018	2017	2018	2017
	\$	\$	\$	\$

NOTE 10: INVESTMENT PROPERTIES**(i) Book value disclosure****Non-current**

Land and buildings - at Valuation	<u>3,292,000</u>	<u>3,292,000</u>	<u>3,292,000</u>	<u>3,292,000</u>
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Non-specialised land and non-specialised buildings are valued using the market based direct comparison method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for difference in nature, location or condition of the specific property.

The land and buildings were revalued at 30 June 2017 by Bristow & Associates, m3 Property Strategists, and Egan National Valuers; all Certified Practising Valuers.

The property rental income earned by the Union from its investment properties, amounted to \$685,446 for the year (2017: \$651,459). Direct operating expenses arising on the investment properties amounted to \$598,484 (2017: \$573,821).

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.

Details of the Union's investment property and information about the fair value hierarchy as at 30 June 2018 are as follows:

	Level 1	Level 2	Level 3
	\$	\$	\$
Land and buildings	-	3,292,000	-
Total	<u>-</u>	<u>3,292,000</u>	<u>-</u>

	CONSOLIDATED		PARENT	
	2018	2017	2018	2017
	\$	\$	\$	\$

(ii) Reconciliation of the carrying amount

Balance at beginning of year	3,292,000	2,431,006	3,292,000	2,431,006
Revaluation	-	860,994	-	860,994
Balance at end of year	<u>3,292,000</u>	<u>3,292,000</u>	<u>3,292,000</u>	<u>3,292,000</u>

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 11: PROPERTY, PLANT & EQUIPMENT

	CONSOLIDATED		PARENT	
	2018	2017	2018	2017
	\$	\$	\$	\$
(i) Book value disclosure				
LAND AND BUILDINGS				
Non-current				
Land – at Valuation	8,300,000	8,300,000	500,000	500,000
Buildings – at Valuation	18,048,000	18,048,000	5,248,000	5,248,000
Accumulated depreciation	(463,707)	-	(143,707)	-
	<u>25,884,293</u>	<u>26,348,000</u>	<u>5,604,293</u>	<u>5,748,000</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 are based on active market prices, significantly adjusted for difference in nature, location or condition of the specific property. A significant increase (decrease) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value.

The land and buildings were revalued at 30 June 2017 by Burgess Rawson, Bristow & Associates, m3 Property Strategists, and Egan National Valuers; all Certified Practising Valuers.

Within the consolidated entity, the building owned by the subsidiary was revalued by CBRE, a Certified Practising Valuer, as at 30 June 2017.

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 2018

NOTE 11: PROPERTY, PLANT & EQUIPMENT (continued)

(a) Consolidated

Details of the Union's land and buildings and information about the fair value hierarchy as at 30 June 2018 are as follows:

	Level 1	Level 2	Level 3
	\$	\$	\$
Land	-	8,300,000	-
Buildings	-	18,048,000	-
Total	<u>-</u>	<u>26,348,000</u>	<u>-</u>

(b) Parent

Details of the Union's land and buildings and information about the fair value hierarchy as at 30 June 2018 are as follows:

	Level 1	Level 2	Level 3
	\$	\$	\$
Land	-	500,000	-
Buildings	-	5,248,000	-
Total	<u>-</u>	<u>5,748,000</u>	<u>-</u>

PLANT AND EQUIPMENT	CONSOLIDATED		PARENT	
	2018	2017	2018	2017
	\$	\$	\$	\$
Non-current				
Office equipment, fixtures & fittings - at cost	890,527	878,789	596,034	561,377
Accumulated depreciation	<u>(626,456)</u>	<u>(561,472)</u>	<u>(474,873)</u>	<u>(408,274)</u>
	<u>264,071</u>	<u>317,317</u>	<u>121,161</u>	<u>153,103</u>
Leasehold improvements - at cost	1,263,137	1,654,839	1,263,137	1,654,839
Accumulated depreciation	<u>(946,714)</u>	<u>(1,245,741)</u>	<u>(946,714)</u>	<u>(1,245,741)</u>
	<u>316,423</u>	<u>409,098</u>	<u>316,423</u>	<u>409,098</u>
Motor Vehicles - at cost	120,373	105,373	120,373	105,373
Accumulated depreciation	<u>(45,837)</u>	<u>(105,373)</u>	<u>(45,837)</u>	<u>(105,373)</u>
	<u>74,536</u>	<u>-</u>	<u>74,536</u>	<u>-</u>
Work in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total plant and equipment	<u>655,030</u>	<u>726,415</u>	<u>512,120</u>	<u>562,201</u>
Total property, plant & equipment	<u>26,539,323</u>	<u>27,074,415</u>	<u>6,116,413</u>	<u>6,310,201</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

NOTE 11: PROPERTY, PLANT & EQUIPMENT (continued)

(ii) Reconciliation of the carrying amount

CONSOLIDATED

2018	Land	Buildings	Office equipment fixtures & fittings	Leasehold improvements	V
Balance at beginning of year	8,300,000	18,048,000	317,317	409,098	
Additions	-	-	47,106	-	
Disposals	-	-	(30)	-	
Revaluation	-	-	-	-	
Depreciation	-	(463,707)	(100,322)	(92,675)	(
Reclassification	-	-	-	-	
Balance at end of year	8,300,000	17,584,293	264,071	316,423	

2017	Land	Buildings	Office equipment fixtures & fittings	Leasehold improvements	V
Balance at beginning of year	275,000	24,019,745	194,625	535,455	
Additions	-	-	240,443	-	
Disposals	-	-	(3,102)	-	
Revaluation	225,000	2,442,309	-	-	
Depreciation	-	(614,054)	(114,649)	(126,357)	
Reclassification	7,800,000	(7,800,000)	-	-	
Balance at end of year	8,300,000	18,048,000	317,317	409,098	

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Financial Report for the year ended 30 June 2018

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

NOTE 11: PROPERTY, PLANT & EQUIPMENT (continued)

(ii) Reconciliation of the carrying amount (continued)

PARENT

	Land	Buildings	Office equipment fixtures & fittings	Leasehold improvements
2018				
Balance at beginning of the year	500,000	5,248,000	153,103	409,098
Additions	-	-	47,106	-
Disposals	-	-	-	-
Revaluation	-	-	-	-
Depreciation	-	(143,707)	(79,048)	(92,675)
Reclassification	-	-	-	-
Balance at end of the year	500,000	5,104,293	121,161	316,423
2017				
Balance at beginning of the year	275,000	4,819,745	131,485	535,455
Additions	-	-	122,764	-
Disposals	-	-	(3,102)	-
Revaluation	225,000	562,309	-	-
Depreciation	-	(134,054)	(98,044)	(126,357)
Reclassification	-	-	-	-
Balance at end of the year	500,000	5,248,000	153,103	409,098

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	CONSOLIDATED		PARENT	
	2018	2017	2018	2017
	\$	\$	\$	\$
NOTE 12: INTANGIBLE ASSETS				
(i) Book value disclosure				
Non-current				
Software at cost	211,970	211,970	211,970	211,970
Accumulated amortisation	(114,604)	(95,043)	(114,604)	(95,043)
	<u>97,366</u>	<u>116,927</u>	<u>97,366</u>	<u>116,927</u>
(ii) Reconciliation of carrying amount				
Balance at beginning of the year	116,927	32,244	116,927	32,244
Reclassification from work in progress	-	90,028	-	90,028
Additions	-	11,150	-	11,150
Amortisation	(19,561)	(16,495)	(19,561)	(16,495)
Balance at end of the year	<u>97,366</u>	<u>116,927</u>	<u>97,366</u>	<u>116,927</u>
NOTE 13: TRADE AND OTHER PAYABLES				
Current				
Trade creditors and accruals	408,346	478,055	353,319	401,201
Payables - legal and litigation costs	51,364	204,336	51,364	204,336
Employer payroll deductions of membership subscriptions	-	-	-	-
GST payable	156,020	141,676	140,308	141,676
Sundry creditors	123,545	11,796	32,557	11,796
Payables to other reporting units (Note 18(ii))	-	-	-	-
	<u>739,275</u>	<u>835,863</u>	<u>577,548</u>	<u>759,009</u>
NOTE 14: PROVISIONS				
Current				
<i>Current provisions expected to be settled within 12 months</i>				
Officeholders:				
Annual leave	185,420	162,902	185,420	162,902
Long service leave	16,445	13,689	16,445	13,689
Separation and redundancies	-	-	-	-
Other employee provisions	-	-	-	-
Subtotal for officeholders	<u>201,865</u>	<u>176,591</u>	<u>201,865</u>	<u>176,591</u>
Employees other than officeholders:				
Annual leave	782,223	717,256	782,223	717,256
Long service leave	73,252	73,514	73,252	73,514
Separation and redundancies	-	-	-	-
Other employee provisions	-	-	-	-
Subtotal for employees other than officeholders:	<u>855,475</u>	<u>790,770</u>	<u>855,475</u>	<u>790,770</u>
	<u>1,057,340</u>	<u>967,361</u>	<u>1,057,340</u>	<u>967,361</u>

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	CONSOLIDATED		PARENT	
	2018	2017	2018	2017
	\$	\$	\$	\$
NOTE 14: PROVISIONS (Continued)				
Current				
<i>Current provisions expected to be settled after 12 months</i>				
Officeholders:				
Annual leave	108,897	95,673	108,897	95,673
Long service leave	394,696	328,544	394,696	328,544
Separation and redundancies	-	-	-	-
Other employee provisions	-	-	-	-
Subtotal for officeholders	<u>503,593</u>	<u>424,217</u>	<u>503,593</u>	<u>424,217</u>
Employees other than officeholders:				
Annual leave	459,401	421,246	459,401	421,246
Long service leave	1,758,051	1,764,338	1,758,051	1,764,338
Separation and redundancies	-	-	-	-
Other employee provisions	-	-	-	-
Subtotal for employees other than officeholders:	<u>2,217,452</u>	<u>2,185,584</u>	<u>2,217,452</u>	<u>2,185,584</u>
	<u>2,721,045</u>	<u>2,609,801</u>	<u>2,721,045</u>	<u>2,609,801</u>
Total current provisions	<u>3,778,385</u>	<u>3,577,162</u>	<u>3,778,385</u>	<u>3,577,162</u>
Non current				
Long service leave- for employees	356,479	366,533	356,479	366,533
Long service leave- for officeholders	17,862	9,952	17,862	9,952
Total non current provisions	<u>374,341</u>	<u>376,485</u>	<u>374,341</u>	<u>376,485</u>
Total provisions	<u>4,152,726</u>	<u>3,953,647</u>	<u>4,152,726</u>	<u>3,953,647</u>
NOTE 15: RESERVES				
Defence reserve	5,908,903	4,676,167	5,908,903	4,676,167
Leave reserve	3,298,564	3,226,660	3,298,564	3,226,660
Property reserve	5,000,000	5,000,000	5,000,000	5,000,000
Asset revaluation reserve	8,799,247	7,087,489	4,731,457	5,470,685
	<u>23,006,714</u>	<u>19,990,316</u>	<u>18,938,924</u>	<u>18,373,512</u>

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	CONSOLIDATED		PARENT	
	2018	2017	2018	2017
	\$	\$	\$	\$
NOTE 15: RESERVES (Continued)				
Movements during the year				
<i>Defence reserve (a)</i>				
Balance at beginning of year	4,676,167	4,844,486	4,676,167	4,844,486
Transfer to retained surplus	-	(168,319)	-	(168,319)
Transfer from retained surplus	1,232,736	-	1,232,736	-
Balance at end of year	<u>5,908,903</u>	<u>4,676,167</u>	<u>5,908,903</u>	<u>4,676,167</u>
<i>Leave reserve (b)</i>				
Balance at beginning of year	3,226,660	3,229,293	3,226,660	3,229,293
Transfer to retained surplus	-	(2,633)	-	(2,633)
Transfer from retained surplus	71,904	-	71,904	-
Balance at end of year	<u>3,298,564</u>	<u>3,226,660</u>	<u>3,298,564</u>	<u>3,226,660</u>
<i>Property reserve (c)</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 (d)</i>				
Balance at beginning of year	7,087,489	3,997,419	5,470,685	2,663,335
Revaluation of Building	-	3,862,750	-	1,982,750
Transfer from/(to) retained earnings	1,711,758	-	(739,228)	-
Net change in available for sale financial assets	-	-	-	824,600
Transfer to non-controlling interest	-	(772,680)	-	-
Balance at end of year	<u>8,799,247</u>	<u>7,087,489</u>	<u>4,731,457</u>	<u>5,470,685</u>

(a) This reserve holds funds for taking action in support of our members

(b) This reserve holds funds to offset employee entitlements

(c) This reserve is held for the purpose of investing in current and future properties

(d) This reserve is used to record increments and decrements on the revaluation of land and buildings, and available for sale financial assets

NOTE 16: RETAINED EARNINGS

Retained surplus at beginning of the year	3,895,585	4,267,617	5,512,391	5,601,703
Net operating surplus/ (deficit) for the year	1,141,223	(740,264)	1,461,223	(260,264)
Transfer (to)/from reserves:				
Defence reserve	(1,232,736)	168,319	(1,232,736)	168,319
Leave reserve	(71,904)	2,633	(71,904)	2,633
Asset Revaluation Reserve	(1,711,758)	-	739,228	-
Transfer to non-controlling interest	131,522	197,280	-	-
Retained surplus at the end of the year	<u>2,151,932</u>	<u>3,895,585</u>	<u>6,408,202</u>	<u>5,512,391</u>

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	CONSOLIDATED		PARENT	
	2018	2017	2018	2017
	\$	\$	\$	\$
NOTE 17: CASH FLOW INFORMATION				
Reconciliation of net operating result to net cash flows from operating activities:				
Net operating result	1,141,223	(740,264)	1,461,223	(260,264)
Non-cash flows in operating activities:				
Depreciation and amortisation	680,708	871,555	339,434	374,950
Assets written off	-	167	-	167
Decrease in market value of buildings	-	334,448	-	334,448
Change in market value of investments	(3,255)	(26,648)	(3,255)	(26,648)
(Gain)/Loss on sale of investments	(75,988)	(112,673)	(75,988)	(112,673)
(Gain)/Loss on sale of Property, plant & equipment	(7,320)	-	(7,350)	-
Changes in assets and liabilities:				
Decrease/(increase) in receivables	(126,093)	13,331	(65,050)	(47,025)
Decrease/(increase) in other assets	(10,504)	178,140	(39,686)	178,094
(Decrease)/increase in payables	(106,593)	112,852	(207,547)	187,911
(Decrease)/increase in employee provisions	199,079	(22,102)	199,079	(22,102)
Net cash flows from operating activities	<u>1,691,257</u>	<u>608,806</u>	<u>1,600,860</u>	<u>606,858</u>
Cash flow information for controlled entities and other reporting units:				
Cash inflows				
National Tertiary Education Union	25,981,030	25,363,370	25,981,030	25,363,370
Federation of Education Unions Unit Trust	484,723	890,677	-	-
Other reporting units	-	-	-	-
Total cash inflows	<u>26,465,753</u>	<u>26,254,047</u>	<u>25,981,030</u>	<u>25,363,370</u>
Cash outflows				
National Tertiary Education Union	25,347,701	25,447,866	25,347,701	25,447,866
Federation of Education Unions Unit Trust	394,326	1,006,408	-	-
Other reporting units	-	-	-	-
Total cash outflows	<u>25,742,027</u>	<u>26,454,274</u>	<u>25,347,701</u>	<u>25,447,866</u>

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 18: RELATED PARTY INFORMATION

(a) Transactions with Key Management Personnel

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

Andrea Lamont-Mills	Gabrielle Gooding*	Matthew McGowan*	Ronald Slee*
Andrew Bonnell	Grahame McCulloch*	Melissa Slee	Sarah Kaine
Catherine Rojas	Jane Battersby	Michael McNally*	Stuart Bunt
Colin Long*	Jeannie Rea*	Michael Thomson*	Terry Mason
Damien Cahill	Kelvin Michael	Nick Warner	Virginia Mansel Lees
Felix Patrikeeff	Lolita Wikander	Rachael Bahl*	

* Salaried Elected Officers of the NTEU during the financial year

Remuneration of Salaried Elected Officers

The compensation paid or payable to Salaried Elected Officers of the Union is set out below:

	2018 \$	2017 \$
Short-term employee benefits		
Salary (including annual leave taken)	1,487,728	1,516,328
Annual leave accrued	35,745	76,618
	<u>1,523,476</u>	<u>1,592,946</u>
Post-employment benefits:		
Superannuation	<u>255,596</u>	<u>246,412</u>
Other long-term benefits:		
Long-service leave	<u>53,742</u>	<u>66,190</u>
	<u>1,832,811</u>	<u>1,905,548</u>

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 average increase in salaries across the sector 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 2018 are:

President	\$201,553	(112.5% of Level E)
General Secretary	\$234,553	(112.5% of Level E + \$33K work value/responsibility loading)
National Assistant Secretary	\$179,158	(100% of Level E)
Division Secretaries – Step 1	\$138,982	(100% of Level D)
Division Secretaries – Step 2	\$143,197	(100% of Level D)
Division Secretaries – Step 3	\$148,680	(100% of Level D)
Division Secretaries – Step 4	\$153,734	(100% of Level D)

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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 \$499,976 (2017: \$503,948) 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.

As at 30 June 2018, F.E.U owed NTEU \$12,581 (30 June 2017: \$54,057). This is recorded as a receivable in the parent entity. For the year ended 30 June 2018, NTEU has not recorded any impairment of receivables relating to amounts owed by F.E.U (2017: nil)

(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	
		2018	2017
National Tertiary Education Industry Union	Australia	-	-
Subsidiaries of NTEU			
Federation of Education Unions Trust	Australia	58.9%	58.9%

	CONSOLIDATED		PARENT	
	2018	2017	2018	2017
	\$	\$	\$	\$

NOTE 19: COMMITMENTS

Operating lease commitments

The Union has several property leases, as well as a photocopier lease.

Future operating lease rentals of property, plant and equipment not provided for in the financial statements and payable:

Not later than one year	139,863	141,178	139,863	141,178
Later than one year but not later than five years	241,312	378,493	241,312	378,493
	<u>381,175</u>	<u>519,671</u>	<u>381,175</u>	<u>519,671</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.

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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

(b) Categorisation of financial instruments

(i) Consolidated

Financial assets	Note	Category	Carrying amount 2018	Carrying amount 2017
Cash and cash equivalents	6	N/A	3,165,157	2,441,431
Receivables	7	Loans and receivables	616,499	498,183
Investments in managed funds	8	Fair value through profit or loss	4,568,305	3,632,849
Financial liabilities				
Payables	13	Financial liabilities	583,255	694,187

(ii) Parent

Financial assets	Note	Category	Carrying amount 2018	Carrying amount 2017
Cash and cash equivalents	6	N/A	3,022,704	2,389,375
Receivables	7	Loans and receivables	466,451	355,121
Investments in managed funds	8	Fair value through profit or loss	4,568,305	3,632,489
Investments in Subsidiary	8	Available for sale	12,287,979	12,287,979
Financial liabilities				
Payables	13	Financial liabilities	437,240	617,333

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

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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		Maturity dates				
	Weighted average interest rate %	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
2018						
Payables	0%	583,255	-	-	-	-
		583,255	-	-	-	-
2017						
Payables	0%	694,187	-	-	-	-
		694,187	-	-	-	-
(i) Parent		Maturity dates				
	Weighted average interest rate %	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
2018						
Payables	0%	437,240	-	-	-	-
		437,240	-	-	-	-
2017						
Payables	0%	617,333	-	-	-	-
		617,333	-	-	-	-

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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	
	2018	2017	2018	2017
	\$	\$	\$	\$
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	5,000	7,000	5,000	7,000
	60,000	62,000	60,000	62,000
<i>Other auditors (subsidiary)</i>				
Financial statement audit services	8,000	8,300	-	-
Other services	1,340	2,735	-	-
	9,340	11,035	-	-
	69,340	73,035	60,000	62,000

NOTE 22: EVENTS AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since 30 June 2018 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: UNION DETAILS

The registered office and principal place of business of the Union is:

120 Clarendon Street
 South Melbourne
 Victoria 3205

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NATIONAL TERTIARY EDUCATION UNION

Opinion

We have audited the financial report of National Tertiary Education Union which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Committee of Management statement.

In our opinion:

- (a) The general purpose financial report presents fairly, in all material aspects, the financial position of National Tertiary Education Union as at 30 June 2018, and its financial performance and its cash flows for the year ended on that date in accordance with applicable Australian Accounting Standards and any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act);
- (b) management's use of the going concern basis of accounting in the preparation of National Tertiary Education Union's financial report is appropriate; and
- (c) the financial report properly and fairly reports all information required by the reporting guidelines of the Commissioner, 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.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Union in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the RO Act, and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Union or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Union's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within National Tertiary Education Union to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the National Tertiary Education Union audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DFK Kidsons Partnership

DFK Kidsons Partnership

Robert Wernli

Robert Wernli, F.C.A

Partner

Registered Company Auditor, Registration Number: 16278

Date: 13 November 2018

Melbourne