



Australian Government
Australian Industrial Registry

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Melbourne VIC 3000
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Mr Matthew McGowan
Division Secretary
National Tertiary Education Industry Union
Victorian Division
PO Box 1324
SOUTH MELBOURNE VIC 3205

cc: Alan Lockwood
Principal
Lockwood Wehrens
Chartered Accountants
PO Box 1077
HAWTHORN VIC 3122

Dear Mr McGowan

**Re: Schedule 1 of the Workplace Relations Act 1996 (the RAO Schedule)
Financial reports for the year ended 30 June 2007 – FR 2007/366**

I write regarding the financial reports of the Victorian Division of the National Tertiary Education Industry Union for the year ended 30 June 2007. The documents were lodged in the Industrial registry on 28 August 2008.

The financial documents have been filed. However, I direct your attention to the following questions and request an explanation as soon as possible and no later than 23 September 2008.

1. Donations, Grants or Loans

Donations totalling \$1,884 were made in the financial year ending 30 June 2007. Under subsection 237(1) of the RAO Schedule there are certain steps that need to be taken if an individual donation exceeds \$1000.

As no subsection 237(1) statement has been lodged we assume that no single donation exceeded \$1000. Should this not be the case, please advise the Registry of the details and ensure that there is compliance with the reporting requirements of section 237, other than with respect to the required timeframe.

2. Inconsistency in depreciation expense for year ending 30 June 2006.

Point 1 (m) of the notes to the financial statements for the year ending 30 June 2007 states that the prior period comparatives were adjusted due to an error in the 2006 depreciation calculation, the effect of which was to decrease the depreciation expense by \$26,016. The income and expenditure statement in the financial reports for the year ending 30 June 2006 reports depreciation expense as \$64,778. On the income and expenditure statement for the year ending 30 June 2007 this was been adjusted to \$46,060, which represents a decrease of \$18,718, not \$26,016 as specified in the notes to the financial statements.

Please provide an explanation for the inconsistency in the amount disclosed for depreciation expense for the year ended 30 June 2006

I also direct your attention to the following comments concerning the financial reports for the year ending 30 June 2007 which I make to assist you when you next prepare a financial report.

1. Timeline requirements

Financial reports should be prepared, audited, supplied to members, presented to a meeting and lodged in the Industrial registry within certain timeline requirements. In particular subsection 265(5)(a) of the RAO Schedule requires that a copy of the financial report be provided to members within six months after the end of the financial year. Also, section 266 requires that the financial report be presented to a general meeting of members within six months after the end of the financial year. All financial returns are required to be lodged in the Industrial Registry within 14 days of the general meeting (section 268), the consequence of which is that the latest possible date of lodgment is six months and 14 days after the end of the financial year.

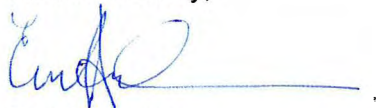
These timelines were not met. In future would you please ensure that the timeline requirements of the RAO Schedule are satisfied.

2. Auditor's Qualifications

In future the Auditor's Report should provide details of the Auditor's qualifications to confirm he or she is an 'approved auditor' under section 256 of the RAO Schedule and Regulation 4 of the RAO Regulations. Regulation 4 defines an approved auditor as a person who is a member of CPA Australia, The Institute of Chartered Accountants in Australia or the National Institute of Accountants and holds a current Public Practice Certificate.

Should you wish to discuss any of the matters raised in this letter, I may be contacted on (03) 8661 7929 or by email at eve.anderson@airc.gov.au.

Yours sincerely,



Eve Anderson
Statutory Services Officer
Australian Industrial Registry

Tel: 03 86617929

Email: eve.anderson@airc.gov.au

9 September 2008



Telephone: 03 9822 0800 Facsimile: 03 9822 0788
443 Auburn Road, Hawthorn Victoria 3122
PO Box 1077 Hawthorn Victoria 3122
www.lock-wood.com.au

10 September 2008

Eve Anderson
Statutory Services Officer
Australian Industrial Registry
GPO Box 1994
MELBOURNE VIC 3001

Dear Eve,

NTEU – Victorian Division: Financial Report for the year ended 30 June 2007

In reference to your queries of 9 September 2008 regarding the abovenamed entities, we advise as follows:

- 1) We are unable to answer your query regarding donations made by the NTEU – Victorian Division, as the amount in question is immaterial, and as such was not tested in detail as part of our audit procedures. The finance staff at the NTEU – Victorian Division will be able to provide you with a list of all donations made during the year; and
- 2) The depreciation error you refer to relates to prior period adjustments that were made. The amount of these adjustments was amended a number of times, and it appears that the error arises because Note 1(m) was not updated to reflect the final amendments made to the income statement.

We do not propose to amend and re-submit the financial report, as the amount is clearly not material, but for your records we advise that the figure referred to in Note 1(m) should be stated as \$18,718 rather than \$26,016.

Should you have any further queries regarding this matter, please contact Alan Lockwood on 03 9822 0800.

Yours faithfully
LOCKWOOD & CO AUDIT



ALAN LOCKWOOD
Principal

Liability Limited by a scheme approved under Professional Standards Legislation

Lockwood & Co (Melb) Pty Ltd
ATF LW Unit Trust
ABN 36 290 638 803
ACN 101 133 804

Lockwood & Co Audit
ABN 95 603 094 569

Lockwood & Co (Melb) Pty Ltd
ATF LB Unit Trust
ABN 97 939 670 580
ACN 101 133 804

**NATIONAL TERTIARY EDUCATION INDUSTRY UNION
VICTORIAN DIVISION
GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2007
*Full Report***

**NATIONAL TERTIARY EDUCATION INDUSTRY UNION
VICTORIAN DIVISION**

CERTIFICATE OF SECRETARY OR OTHER AUTHORISED OFFICER

I, Matthew McGowan, being the Division Secretary of National Tertiary Education Industry Union – Victorian Division (the reporting unit) certify:

- that the documents lodged herewith are copies of the full report referred to in s268 of the RAO Schedule;
- that the full report was provided to members on 25 JULY 2008; and
- that the full report was presented to a general meeting of the members of the reporting unit on 27 AUGUST 2008, in accordance with section 266 of the RAO Schedule.

Signature: 

Date: 28 August 2008

**NATIONAL TERTIARY EDUCATION INDUSTRY UNION
VICTORIAN DIVISION**

OPERATING REPORT FOR THE YEAR ENDED 30 JUNE 2007

Principal Activities

The principal activities of the Division 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 Division'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 Division.

Significant Changes in the Nature of Principal Activities

There were no significant changes in the nature of the Division's principal activities during the financial year.

Significant Changes in the Division's Financial Affairs

No matters or circumstances arose during the reporting year which significantly affected the financial affairs of the Division.

Trustee or Director of a Trustee Company of a Superannuation Entity or an Exempt Public Sector Superannuation Scheme

No officer or member of the Division was a Trustee or Director of a Trustee Company of a Superannuation Entity or an Exempt Public Sector Superannuation Scheme because they are an officer or a member of a registered organisation.

Number of Members

The number of persons who, at the end of the financial year, were recorded on the Register of Members was 8,962 (2006 - 9,430).

**NATIONAL TERTIARY EDUCATION INDUSTRY UNION
VICTORIAN DIVISION**

OPERATING REPORT FOR THE YEAR ENDED 30 JUNE 2007 (CONT'D)

Number of Employees

The number of persons who were, at the end of the financial year, employees of the Division was 20 (including zero part time employees) measured on a full time equivalent basis.

Members of the Committee of Management

The persons who held office as members of the Committee of Management of the Division at the beginning of the financial year were:

Division President*	Jeannie Rea
Acting Division President	Christine Holmes
Division Vice-President (Academic)	Carol Williams
Division Vice-President (General)	Vacant
Division Secretary	Matthew McGowan
Assistant Secretary	Glenis Davey
Committee Member (Academic)	Jeremy Smith
Committee Member (Indigenous)	Celeste Liddle
Committee Member (General)	Brian Hughes
Committee Member	Phil Andrews
Committee Member	Bill Deller
Committee Member	Virginia Mansel Lees
Committee Member	Kate Patrick
Committee Member	Jeanette Pierce
Committee Member	Neil Robinson
Committee Member*	Michael Barry
Committee Member*	Andrea Brown
Committee Member*	Sean Cooney
Committee Member*	Jamie Doughney
Committee Member*	David Kinder
Committee Member*	Geoff Leonard
Committee Member*	Neville Millen
Committee Member**	Joshua Beggs
Committee Member**	Ted Clark
Committee Member**	Steve Curry
Committee Member**	Peter Harkness
Committee Member**	Helen Kavanagh
Committee Member**	Colin Long
Committee Member**	Jeannie Rea

Following the election held on 14 September 2006, the following summarises the changes to the composition of the Committee of Management:

Jamie Doughney was elected as Division President

Christine Holmes was elected as Division Vice-President (General)

* Committee members who were not re-elected

** Committee members who were elected

**NATIONAL TERTIARY EDUCATION INDUSTRY UNION
VICTORIAN DIVISION**

OPERATING REPORT FOR THE YEAR ENDED 30 JUNE 2007 (CONT'D)

On 1 October 2006, Celeste Liddle resigned from her position and Kym Walker was elected as Committee Member – Indigenous.

There were no other changes to the composition of the Committee of Management during the financial year 1 July 2006 to 30 June 2007 unless mentioned above.

Manner of Resignation – s254(2)(c)

Members may resign from the organisation in accordance with Rule 11 (Resignation from Membership) which reads as follows:

11.1 A member may resign from membership by written notice addressed and delivered to the member's Division Secretary or Branch Secretary provided that:

- (a) Where a written notice of resignation is received by a Division Secretary, he or she shall as soon as practicable forward a copy of the notice of resignation to the appropriate Branch Secretary;
- (b) Where a written notice of resignation is received by a Branch Secretary, he or she shall as soon as practicable forward a copy of the notice of resignation to the relevant Division Secretary.

11.2 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.

11.3 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.

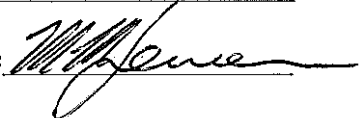
**NATIONAL TERTIARY EDUCATION INDUSTRY UNION
VICTORIAN DIVISION**

OPERATING REPORT FOR THE YEAR ENDED 30 JUNE 2007 (CONT'D)

- 11.4 A notice delivered to the Division Secretary or Branch Secretary shall be taken to have been received by the Union when it was delivered.
- 11.5 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.
- 11.6 A resignation from membership is valid even if it is not effected 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.
- 11.7 Cessation of payment of any dues, levies and other amounts by a member does not, of itself, terminate membership of the Union.

Name MATTHEW MCGOWAN

Title DIVISION SECRETARY

Signature 

Date: 28/5/2008

**NATIONAL TERTIARY EDUCATION INDUSTRY UNION
VICTORIAN DIVISION**

COMMITTEE OF MANAGEMENT STATEMENT

On 14 MAY 2008, the Committee of Management of National Tertiary Education Industry Union – Victorian Division (the reporting unit or the Division) passed the following resolution in relation to the General Purpose Financial Report (GPFR) of the reporting unit for the year ended 30 June 2007:

The Committee of Management declares that 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 the reporting guidelines of the Industrial Registrar;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of this 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 National Tertiary Education Industry Union, including the Division rules;
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of National Tertiary Education Industry Union, including the rules concerning Divisions of that union;
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RAO Schedule and the RAO Regulations;
 - (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 National Tertiary Education Industry Union;
 - (v) the information sought in any request of a member of the reporting unit or a Registrar duly made under section 272 of the RAO Schedule has been furnished to the member or Registrar;

**NATIONAL TERTIARY EDUCATION INDUSTRY UNION
VICTORIAN DIVISION**

COMMITTEE OF MANAGEMENT STATEMENT (CONT'D)

(vi) No orders for the inspection of financial records have been made by the Commission under section 273 of the RAO Schedule.

(f) in relation to the recovery of wages activity:

(i) there has been no such activity undertaken by the reporting unit.

For the Committee of Management: Matthew McGowan

Title of Office Held: Division Secretary

Signature:  _____

Date: 28TH OF MAY 2008

**NATIONAL TERTIARY EDUCATION INDUSTRY UNION
VICTORIAN DIVISION**

**STATEMENT OF RECONGNISED INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2007**

	Retained Earnings	Total
	\$	\$
Balance at 1 July 2005	1,219,256	1,219,256
Loss attributable to members	(25,737)	(25,737)
Balance at 30 June 2006	<u>1,193,519</u>	<u>1,193,519</u>
Profit attributable to members	1,718,953	1,718,953
Balance at 30 June 2007	<u><u>2,912,472</u></u>	<u><u>2,912,472</u></u>

The accompanying notes form part of these accounts.

**NATIONAL TERTIARY EDUCATION INDUSTRY UNION
VICTORIAN DIVISION**

**BALANCE SHEET
AS AT 30 JUNE 2007**

	Note	2007 \$	2006 \$
CURRENT ASSETS			
Cash and Cash Equivalents	2	343,928	336,998
Trade and Other Receivables	3	169,453	210,926
Other Assets	4	11,672	46,698
TOTAL CURRENT ASSETS		525,053	594,622
NON CURRENT ASSETS			
Plant & Equipment	5	318,934	628,049
Investments	6	3,412,626	1,135,312
TOTAL NON-CURRENT ASSETS		3,731,560	1,763,361
TOTAL ASSETS		4,256,613	2,357,983
 CURRENT LIABILITIES			
Trade and Other Payables	8	604,661	454,140
Employee Provisions	9	324,299	257,461
TOTAL CURRENT LIABILITIES		928,960	711,601
NON-CURRENT LIABILITIES			
Trade and Other Payables	8	415,181	452,863
TOTAL NON-CURRENT LIABILITIES		415,181	452,863
TOTAL LIABILITIES		1,344,141	1,164,464
NET ASSETS		2,912,472	1,193,519
 EQUITY			
Retained Profits		2,912,472	1,193,519
TOTAL EQUITY		2,912,472	1,193,519

The accompanying notes form part of these accounts.

**NATIONAL TERTIARY EDUCATION INDUSTRY UNION
VICTORIAN DIVISION**

**DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007**

	Note	2007 \$	2006 \$
REVENUE			
Membership Subscriptions		1,698,681	1,732,862
Interest Received		17,357	14,437
Rent Received		96,398	112,792
Other Income		71,186	1,121
Gain on disposal of fixed asset		547	-
Distribution revenue from FEU Unit Trust	1(n)	2,038,404	-
TOTAL REVENUE		<u>3,922,573</u>	<u>1,861,212</u>
EXPENDITURE			
Accounting Fees		14,534	15,129
Affiliation Fees		40,462	40,117
Audit Fees		7,231	8,900
Bank Charges		422	1,449
Building Maintenance & Outgoings		90	15,280
Computer Expenses		5,223	17,241
Conference Expenses		1,959	23,854
Depreciation	1(m)	53,056	46,060
Donations		1,884	1,355
FEU Library		9,311	11,908
FEU Outgoings		142,058	159,721
Fringe Benefits Tax		12,870	16,881
Insurance		9,074	7,952
Interest		53,922	18,929
Leasing Charges		-	147
Legal Fees		4,647	8,579
Meeting Expenses		2,749	3,887
Motor Vehicle Expenses		41,297	49,882
Payroll Tax		68,125	65,669
Postage & Couriers		7,523	4,372
Printing & Stationery		19,717	18,639
Provision for Annual Leave		9,831	29,168
Provision for Long Service Leave		114,650	3,006
Publications		36,452	28,630
Publicity		3,090	(4,548)
Salaries – Elected Officials		92,442	85,578
Salaries – Employees and Time Release		1,049,682	989,989
Staff Appointments		4	5,836
Staff Related Expenses		23,352	-
Sundry Expenses		22,373	29,353
Superannuation		174,068	187,055
Telephone & Internet		23,152	26,788
Training		8,491	19,875
Workcover		(29,211)	(49,732)
TOTAL EXPENDITURE		<u>2,024,530</u>	<u>1,886,949</u>
PROFIT FROM CONTINUING OPERATIONS		1,898,043	(25,737)
Less: Impairment Losses in FEU Unit Trust		(179,090)	-
PROFIT AFTER IMPAIRMENT LOSSES		<u>1,718,953</u>	<u>(25,737)</u>

The accompanying notes form part of these accounts.

**NATIONAL TERTIARY EDUCATION INDUSTRY UNION
VICTORIAN DIVISION**

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007**

	Notes	2007 \$	2006 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members		1,698,681	1,713,532
Interest received		17,357	14,437
Rent received		96,398	112,792
Other income		71,186	1,121
Payments to suppliers and employees		<u>(1,953,661)</u>	<u>(1,888,162)</u>
Net cash provided by/(used in) operating activities	15	<u>(70,039)</u>	<u>(46,280)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for plant and equipment		(47,708)	(519,027)
Proceeds from sale of plant and equipment		<u>6,454</u>	<u>31,145</u>
Net cash provided by/(used in) investing activities		<u>(41,254)</u>	<u>(487,882)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowing		153,478	418,000
Repayment of borrowings		(16,012)	(8,995)
Proceeds from hire purchase funding		-	85,478
Repayment of hire purchase funding		<u>(19,243)</u>	<u>(3,323)</u>
Net cash provided by financing activities		<u>118,223</u>	<u>491,160</u>
Net increase/(decrease) in cash held		6,930	(43,002)
Cash at beginning of year		<u>336,998</u>	<u>380,000</u>
Cash at end of year	2	<u><u>343,928</u></u>	<u><u>336,998</u></u>

The accompanying notes form part of these accounts.

**NATIONAL TERTIARY EDUCATION INDUSTRY UNION
VICTORIAN DIVISION**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2007**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Trustees' accountability requirements under the Unions' Rules and the requirements under the Workplace Relations Act 1996.

The financial report covers the National Tertiary Education Industry Union – Victorian Division as an individual entity. The National Tertiary Education Industry Union is an organisation registered under the Workplace Relations Act 1996 and is domiciled in Australia. The National Tertiary Education Industry Union – Victorian Division is a division of that organisation.

The financial report of the National Tertiary Education Industry Union – Victorian Division complies with all International Financial Reporting Requirements in their entirety.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Accounting Policies

(a) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses. The carrying amount of plant and equipment is reviewed annually by the committee to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

**NATIONAL TERTIARY EDUCATION INDUSTRY UNION
VICTORIAN DIVISION**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2007**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Property, Plant and Equipment (cont'd)

Plant and Equipment

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including capitalized leased assets, is depreciated on a diminishing value basis over their useful lives to the Division commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Office Furniture and Equipment	7.5% – 50.0 %
Leasehold Improvements	10.0%
Motor Vehicles	22.5%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(b) Revenue

Member subscription revenue is recognised when the respective fees have been deducted from the members' wages and salaries.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

**NATIONAL TERTIARY EDUCATION INDUSTRY UNION
VICTORIAN DIVISION**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2007**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Income Tax

No income tax has been provided, as the Division is exempt from income tax pursuant to section 50-15 of the Income Tax Assessment Act 1997, as amended.

(d) Investments

Investments in unit trusts are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognises the Division's share of post-acquisition reserves of its unit trust. The carrying amounts of the identifiable assets and liabilities of the unit trust are examined as at the acquisition date and, where appropriate, notionally adjusted to fair values as at each reporting date. Any difference between the cost of the investment in the unit trust and the Division's share of the net adjusted fair values is recognised as a profit or loss of the unit trust to reflect revisions in depreciation of depreciable assets and any amortisation of goodwill.

(e) Impairment of Assets

At each reporting date, the Division reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value-in-use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the Division estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(e) Employee benefits

Provision is made for the Division's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

**NATIONAL TERTIARY EDUCATION INDUSTRY UNION
VICTORIAN DIVISION**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2007**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Borrowing Costs

Borrowing costs directly attributable to the acquisition of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the costs of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowings costs are recognised in income in the period in which they are incurred.

(h) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. 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 in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(i) Information to be provided to members or registrar

In accordance with the requirements of the Workplace Relations Act 1996, as amended, the attention of members is drawn to the provisions of sub-section (1) (2) and (3) of section 272, which reads as follows:

- (1) A member of a reporting unit, or a Registrar, 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

(j) Economic Dependency

The Division is not economically dependent on any other reporting units of the organisation.

**NATIONAL TERTIARY EDUCATION INDUSTRY UNION
VICTORIAN DIVISION**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2007**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Segment Reporting

The reporting entity operates in one business and geographical segment being the provision of trade union services to its members in the Victoria.

(l) Change in Accounting Policies

Depreciation Method

The Division changed its depreciation method as of 1 July 2006 whereby all classes of fixed assets are depreciated using the diminishing value basis over their useful lives to the commencing from the time the asset is held ready for use.

In the prior years, the prime cost method of depreciation is used for leasehold improvements and office furniture and the diminishing balance method is used for motor vehicles.

(m) Comparative Information

The prior period comparatives were adjusted due to an error in the 2006 depreciation calculation. The effect of this adjustment was to decrease the depreciation expense by \$26,016, which resulted in an increase in the retained earnings of \$26,016.

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(n) Distribution Revenue from FEU Unit Trust

Distribution revenue mainly relates to the upward change in fair value of investment property held by FEU Unit Trust. The investment property was independently revalued on 30 June 2007.

Critical Accounting Estimates and Judgements

The committee members evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information.

Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Division.

Key Estimates – Impairment

The committee members assess impairment at each reporting date by evaluating conditions specific to the Division that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

**NATIONAL TERTIARY EDUCATION INDUSTRY UNION
VICTORIAN DIVISION**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2007**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Critical Accounting Estimates and Judgements

Key Judgements

The committee members do not believe that there are any key judgements that require separate disclosure.

	2007	2006
	\$	\$
2. CASH AND CASH EQUIVALENTS		
Cash on Hand	750	750
Cash at Bank	343,178	12,651
Interest Bearing Deposits	-	323,597
	<u>343,928</u>	<u>336,998</u>
3. TRADE AND OTHER RECEIVABLES		
Capitation Fees Accrued	165,768	207,927
Sundry Debtors	3,685	2,999
	<u>169,453</u>	<u>210,926</u>
4. OTHER ASSETS		
Prepayments	8,502	29,702
GST Recoverable	3,170	16,996
	<u>11,672</u>	<u>46,698</u>
5. PLANT AND EQUIPMENT		
Office Furniture & Equipment – at Cost	103,825	71,229
Less: Accumulated Depreciation	(65,345)	(59,384)
	<u>38,480</u>	<u>11,845</u>
Leasehold Improvements – at Cost	220,160	502,817
Less: Accumulated Depreciation	(29,310)	(34,248)
	<u>190,850</u>	<u>468,569</u>
Motor Vehicles – at Cost	190,732	212,839
Less Accumulated Depreciation	(101,128)	(65,204)
	<u>89,604</u>	<u>147,635</u>
Total plant and equipment	<u>318,934</u>	<u>628,049</u>

**NATIONAL TERTIARY EDUCATION INDUSTRY UNION
VICTORIAN DIVISION**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
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	Office Furniture and Fittings \$	Leasehold Improvements \$	Motor Vehicles \$	Total \$
Movements in Carrying Values				
Movement in carrying amounts for each class of plant and equipment				
Balance at beginning of year	11,845	468,569	147,635	628,049
Additions	32,597	135,343	-	167,940
Disposals	-	-	(5,998)	(5,998)
Depreciation expense	(5,962)	(21,077)	(26,017)	(53,056)
Reversal of capitalised borrowing costs	-	(391,985)	-	(418,001)
Balance at end of year	38,480	190,850	89,604	318,934
		Notes	2007 \$	2006 \$

6. INVESTMENTS

Federation of Education Unions (FEU) Unit Trust	7	1,374,222	1,135,312
FEU Distributions attributable to the Division		2,038,404	-
		3,412,626	1,135,312

7. FEU UNIT TRUST

	Principal Activity	Country of Incorporation	Share	Carrying Amount of Investment			
				Ownership Interest*		2007 2006	
				2007 %	2006 %	2007 \$	2006 \$
FEU Unit Trust	Investment	Australia	Ord	20.9	20.9	1,374,222	1,135,312

* Percentage of voting power in proportion to ownership

**NATIONAL TERTIARY EDUCATION INDUSTRY UNION
VICTORIAN DIVISION**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

	Note	2007 \$	2006 \$
8. TRADE AND OTHER PAYABLES			
Building Loan - Current		20,511	19,882
- Non-Current		372,482	389,123
Hire Purchase Liability - Current		20,483	18,685
- Non-Current		42,699	63,740
Sundry Creditors & Accruals		32,253	104,695
FEU At Call Account	1(i)	375,428	276,791
National Office At Call Account		118,535	-
TAFE Sub-Branch Funds Held in Trust:			
Box Hill		5,358	4,953
Brit		667	457
Central Gippsland		1,664	1,394
Chisolm		7,314	6,774
Council of Adult Education		6,095	5,630
East Gippsland		1,076	971
Eastern		417	417
Gordon		1,342	1,262
Goulburn Ovens		1,102	952
Holmesglen		1,521	1,394
Kangan Batman		4,254	3,827
Northern Melbourne		2,805	2,588
South West		868	838
Sunraysia		431	356
William Angliss Institute		1,630	1,517
Wodonga		907	757
		<u>1,019,842</u>	<u>907,003</u>
9. EMPLOYEE PROVISIONS			
Annual Leave		128,007	145,143
Long Service Leave		196,292	112,318
		<u>324,299</u>	<u>257,461</u>
10. KEY MANAGEMENT PERSONNEL COMPENSATION			

There are no key management personnel of the Division whose remuneration requires separate disclosure.

**NATIONAL TERTIARY EDUCATION INDUSTRY UNION
VICTORIAN DIVISION**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2007**

	2007	2006
	\$	\$
11. AUDITOR'S REMUNERATION		
Remuneration of the auditor of the Division for:		
- auditing or reviewing the financial report	7,231	8,900

12. CONTINGENT LIABILITIES OR ASSETS

The Division does not have any contingent liabilities or assets at year end.

13. EVENTS AFTER THE BALANCE SHEET DATE

There has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Division, the results of those operations, or the state of affairs of the Division in future financial years.

14. RELATED PARTY TRANSACTIONS

During the year, there were no transactions with related parties which require separate disclosure.

15. CASH FLOW INFORMATION

Reconciliation of Cash

Cash at the end of the year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

	2007	2006
	\$	\$
Cash on Hand	750	750
Cash at Bank	343,178	12,651
Interest Bearing Deposits	-	323,597
	343,928	336,998

**NATIONAL TERTIARY EDUCATION INDUSTRY UNION
VICTORIAN DIVISION**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2007**

15. CASH FLOW INFORMATION (CONT'D)

Reconciliation of Cash Flow from Operations with Profit from Continuing Operations:

	2007	2006
	\$	\$
Profit/(loss) from continuing operations	1,718,953	(25,737)
Non-cash flows in profit		
Depreciation	53,056	46,060
Impairment Losses in FEU Unit Trust	179,090	-
Changes in Assets & Liabilities:		
(Increase) / decrease in trade and other receivables	41,473	19,330
(Increase) / decrease in other assets	35,026	13,586
(Increase) / decrease in investments	(2,277,314)	-
Increase / (decrease) in trade and other payables	112,839	(131,693)
Increase / (decrease) in employee provisions	66,838	32,174
Net cash provided by operating activities	<u>(70,039)</u>	<u>(46,280)</u>

**NATIONAL TERTIARY EDUCATION INDUSTRY UNION
VICTORIAN DIVISION**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2007**

16. FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

The Division's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and liabilities, is as follows:

	Weighted Average Effective Interest Rate		Fixed Interest Rate Maturing						Non-interest Bearing	
			Floating Interest Rate		Within 1 Year		1 to 5 Years			
	2007 %	2006 %	2007 \$	2006 \$	2007 \$	2006 \$	2007 \$	2006 \$	2007 \$	2006 \$
Financial Assets:										
Cash and cash equivalents	5.05	4.28	343,928	336,998	-	-	-	-	-	-
Trade and other receivables	-	-	-	-	-	-	-	-	169,453	210,926
Other assets	-	-	-	-	-	-	-	-	11,672	46,698
Investments	-	-	-	-	-	-	-	-	3,412,626	1,135,312
Total Financial Assets			343,928	336,998					3,593,751	1,392,936
Financial Liabilities:										
Trade and other payables	-	-	-	-	-	-	-	-	1,019,842	907,003
Total Financial Liabilities			-	-	-	-	-	-	1,019,842	907,003

(b) Net Fair Values

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

**NATIONAL TERTIARY EDUCATION INDUSTRY UNION
VICTORIAN DIVISION**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2007**

17. ACCOUNTING POLICY AMENDMENTS

The following Australian Accounting Standards issued or amended and are applicable to the Division but not yet effective and have not been adopted in preparation of the financial statements at reporting date.

AASB Amendment	Standards Affected	Outline of Amendment	Application Date of Standard	Application Date for Division
AASB 2005-10: Amendments to Australian Accounting Standards	AASB 1: First time adoption of AIFRS AASB 4: Insurance Contracts AASB 101: Presentation of Financial Statements AASB 114: Segment Reporting AASB 117: Leases AASB 133: Earnings per Share AASB 1023: General Insurance Contracts AASB 1038: Life Insurance Contracts AASB 139: Financial Instruments: Recognition and Measurement	The disclosure requirements of AASB 132: Financial Instruments: Disclosure and Presentation have been replaced due to the issuing of AASB 7: Financial Instruments: Disclosures in August 2005. These amendments will involve changes to financial instrument disclosures within the financial report. However, there will be no direct impact on amounts included in the financial report as it is a disclosure standard.	1 January 2007	1 July 2007
AASB 7: Financial Instruments: Disclosures	AASB 132: Financial Instruments: Disclosure and Presentation	As above.	1 January 2007	1 July 2007

18. DIVISION DETAILS

The registered office and principal place of business of the Division is located at;

Level 1, 120 Clarendon Street
South Melbourne
VIC 3205



Chartered Accountants
Auditors
Business Services
Financial Planning Services

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NATIONAL TERTIARY EDUCATION INDUSTRY UNION VICTORIAN DIVISION

Report on the Financial Report

We have audited the accompanying financial report of National Tertiary Education Industry Union – Victorian Division (the reporting unit or the Division) which comprises the balance sheet as at 30 June 2007 and the income statement, statement of recognised income and expenditure and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes.

Committee's Responsibility for the Financial Report

The committee of the Division is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Workplace Relations Act 1996. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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 judgment, 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 committee, 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.

Liability Limited by a scheme approved under Professional Standards Legislation



Chartered Accountants
Auditors
Business Services
Financial Planning Services

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NATIONAL TERTIARY EDUCATION INDUSTRY UNION VICTORIAN DIVISION

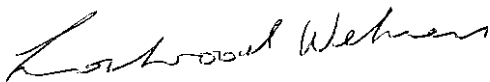
Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

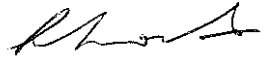
Auditor's Opinion

In our opinion, the financial report of the National Tertiary Education Industry Union – Victorian Division is presented fairly in accordance with the Workplace Relations Act 1996 including:

- i. giving a true and fair view of the Division's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the requirements imposed by Part 3 of Chapter 8 of Schedule 1 of the Workplace Relations Act 1996.



Lockwood Wehrens
Chartered Accountants
Hawthorn



Alan Lockwood
Principal
29 May 2008