



FAIR WORK
AUSTRALIA

7 March 2011

Mr Grahame McCulloch
General Secretary
National Tertiary Education Industry Union

Email: national@nteu.org.au

Dear Mr McCulloch,

Financial Report for year ended 30 June 2009

I acknowledge receipt of the financial report of the National Tertiary Education Industry Union for the year ended 30 June 2009. The financial report was received in this office on 18 February 2011.

The financial report has been filed.

As you are aware, an organisation is required under the Fair Work (Registered Organisations) Act 2009 (the RO Act) to undertake certain steps in accordance with specified timelines. Information about these timeline requirements can be found on the [Fair Work Australia website](#). In particular, I draw your attention to [fact sheet 08](#) which explains the timeline requirements, and [fact sheet 09](#) which sets out the timeline requirements in diagrammatical form.

Where the full report is presented to a committee of management meeting, it must be first provided to members within 5 months of the end of the financial year [section 265(5)(b)] and presented to the committee of management meeting within 6 months of the end of the financial year (section 266). It is noted that this did not occur within the timeframe. If this course of action is to be repeated in future financial years, please ensure that the full report is provided to members within 5 months and presented to a committee of management meeting within 6 months.

It is also noted that the financial report for the year ended 30 June 2010 is now overdue. Please ensure immediate lodgement of the 2010 report, or, if this is not possible, please provide a timeline for expected completion by 14 March 2011.

I also direct your attention to the following comments concerning the above report and the financial reporting obligations under the RO Act. No further action is required in respect of the subject documents.

Fair Work Australia aims to assist organisations in complying with their obligations under the RO Act and reporting guidelines by providing advice about errors identified in financial reports. Please note the inaccuracies in this correspondence and address in future financial reports.

1. Committee of Management Statement

Consistency with other reporting units

Paragraph 25 of the Reporting Guidelines, as made under section 255 of the RO Act states:

“The committee of management statement must include declarations by the committee of management as to whether in the opinion of the committee of management

.....

(e)(iv) where the organisation consists of 2 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;

.....

The Committee of Management's Statement has repeated the wording as provided in paragraph 25(e)(iv). Such statement should indicate whether or not the financial records have been kept in a consistent manner to each of the other reporting units of the organisation.

I suggest, if the records have been kept in a consistent manner to each of the organisation's reporting units, that the words “where the organisation consists of 2 or more reporting units” be deleted.

2. Operating report

Right of members to resign

Subsection 254(2)(c) of the RO Act requires the operating report to “give details” of the right of members to resign from the reporting unit under section 174. The requirement may be met by the inclusion of a statement that a member has the right to resign and a reference to the relevant rule, which makes such provision. Alternatively, the complete text of the relevant resignation rule may be reproduced in the report.

The text of the resignation rule provided appears to be an out-of-date version of the rule. Please ensure in future that the current version of the resignation rule is provided.

3. Notice to members

The word “unspecified” appearing in paragraph (1) of the “Information to be provided to members or registrar” disclosure in note (n) of the notes to the financial statements should read “specified” - refer to subsection 272(1) of the RO Act.

4. Outstanding Information

I note our letter of 6 May 2009 (copy attached) requesting further information in relation to the financial report of your organisation for the year ended 30 June 2007. Despite numerous attempts by this office for the outstanding information to be lodged, and also undertakings by your office, the requested information has still not been received in this office. As this matter is well overdue, your immediate response advising when the requested information can be expected to be lodged is requested.

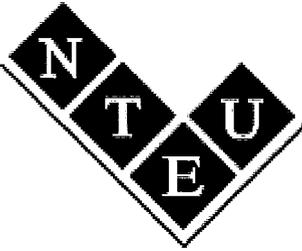
Should you wish to discuss this letter or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 8661 7993 or by email at larry.powell@fwa.gov.au.

Yours sincerely

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

Larry Powell
Tribunal Services and Organisations

**National
Tertiary
Education
Industry
Union**



NATIONAL TERTIARY EDUCATION UNION
NATIONAL OFFICE
ABN 38 579 396 344
First floor, 120 Clarendon St, Southbank VIC 3006
PO Box 1323, South Melbourne VIC 3205
Tel: (03) 9254 1910
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Email: national@nteu.org.au
Web: www.nteu.org.au

Certificate of Secretary or other Authorised Officer
s268 Fair Work (Registered Organisations) Act 2009

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

- that the documents lodged herewith are copies of the full report of the NTEU Fund, referred to in s268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was uploaded to the NTEU Website on the 8th December 2010 and where email addresses were available members were emailed that the full report was available for viewing on the NTEU website that day. For members without email addresses a letter was sent to their home address on the 8th December 2010 advising that the full report was available for viewing on the NTEU Website and
- that the full report was presented to a meeting of the Committee of Management of the reporting unit on 27 January, 2011 in accordance with section 266 of the *Fair Work (Registered Organisations) Act 2009*.

A handwritten signature in black ink, appearing to read 'Grahame McCulloch'.

GRAHAME MCCULLOCH
General Secretary

Date: 15 February, 2011

NTEU

(formally NTEU Fund)

Financial Statements for the year ended

30 JUNE 2009

NTEU
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

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NTEU
OPERATING REPORT
FOR THE YEAR ENDED 30 JUNE 2009

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

Edward Murphy, NTEU Assistant Secretary, and NTEU Executive member is a Director of Unisuper, the industry Superannuation fund for academics and general staff in higher education institutions.

Number of members

The number of persons who, at the end of the financial year, were recorded on the Register of Members was 24,406 (2008: 23,966).

NTEU
OPERATING REPORT
FOR THE YEAR ENDED 30 JUNE 2009 (continued)

Number of employees

The number of persons who were, at the end of the financial year, employees of the Union was 116.7 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 Union during the financial year were:

President	Carolyn Allport
Vice President (Academic)	Gregory McCarthy
Vice President (General)	Jo Hibbert
General Secretary	Grahame McCulloch
NTEU Assistant Secretary	Edward Murphy
Indigenous Member	Terry Mason
NTEU Executive Member	Matthew McGowen
NTEU Executive Member	Margaret Lee
NTEU Executive Member	Neil Mudford
NTEU Executive Member	Thomas Dunning
NTEU Executive Member	Lynette Bloom
NTEU Executive Member	Susan Bandias
NTEU Executive Member	Chris Game
NTEU Executive Member	James Doughney
NTEU Executive Member	Shane Motlap
NTEU Executive Member	Thomas Stewart
NTEU Executive Member	Jeanette Pierce
NTEU Executive Member	Andrew Bonnell
NTEU Executive Member	Derek Corrigan
NTEU Executive Member	Ian Hunt
NTEU Executive Member	Jeannie Rea
NTEU Executive Member	Kevin Poynter

There were no appointments or resignations during the financial year.

NTEU

OPERATING REPORT

FOR THE YEAR ENDED 30 JUNE 2009 (continued)

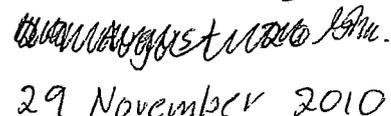
Manner of resignation – s254(2)(c)

Members may resign from the Union 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; or
 - (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.
- 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 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.
- 11.7 Cessation of payment of any dues, levies and other amounts by a member does not, of itself, terminate membership of the Union.

Grahame McCulloch
Title: General Secretary

Matthew McGowan
Title: National Assistant Secretary

Signature: 
Date: 
29 November 2010

Signature: 
Date: 29 November 2010

NTEU
COMMITTEE OF MANAGEMENT STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

On 27/11/2010 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 2009:

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

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements comply with the reporting guidelines of the Industrial Registrar;
- (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 RAO Schedule and the RAO Regulations; 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. 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; and
 - vi. there has been compliance with any order for inspection of financial records made by the Commission under section 273 of the RAO Schedule.
- (f) in relation to recovery of wages activity:

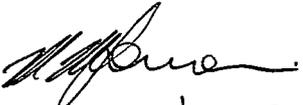
There were no recoveries of wages activities for the financial year ended 30 June 2009.

For Committee of Management:

Grahame McCulloch
 Title: General Secretary

Matthew McGowan
 Title: National Assistant Secretary

Signature: 
 Date: 29 November 2010

Signature: 
 Date: 29 November, 2010

NTEU
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Note	ECONOMIC ENTITY		CHIEF ENTITY	
		2009 \$	2008 \$	2009 \$	2008 \$
REVENUE					
Operating Revenue	3	15,143,885	-	15,143,885	-
Non-operating revenue	3	1,594,886	17,680,969	1,203,220	17,680,969
TOTAL REVENUE		<u>16,738,771</u>	<u>17,680,969</u>	<u>16,347,105</u>	<u>17,680,969</u>
EXPENSES					
Employee benefits		9,393,032	-	9,393,032	-
Office holder benefits		886,978	-	886,978	-
Depreciation and amortisation		825,742	-	814,773	-
Interest		468,643	-	332,739	-
Building costs		67,951	-	425,833	-
Loss on sale of investments		136,974	-	136,974	-
Change in market value of investments		288,995	-	288,995	-
Other expenses	4	5,287,657	-	4,684,982	-
TOTAL EXPENSES		<u>17,355,972</u>	<u>-</u>	<u>16,964,306</u>	<u>-</u>
SURPLUS/(LOSS) FOR THE YEAR		<u>(617,201)</u>	<u>17,680,969</u>	<u>(617,201)</u>	<u>17,680,969</u>

The accompanying notes form part of these financial statements.

NTEU
BALANCE SHEET
AS AT 30 JUNE 2009

	Note	ECONOMIC ENTITY		CHIEF ENTITY	
		2009 \$	2008 \$	2009 \$	2008 \$
ASSETS					
Cash and cash equivalents	5	6,891,924	6,487,082	6,692,085	6,254,766
Trade and other receivables	6	1,163,142	845,657	542,237	196,358
Other financial assets	7	2,773,311	4,427,854	2,754,309	4,427,854
Other assets	8	154,201	158,504	151,953	133,060
TOTAL CURRENT ASSETS		10,982,578	11,919,097	10,140,584	11,012,038
NON-CURRENT ASSETS					
Other financial assets	7	-	-	9,238,627	9,185,473
Property, plant and equipment	9	21,270,264	20,725,498	5,400,443	4,904,175
TOTAL NON-CURRENT ASSETS		21,270,264	20,725,498	14,639,070	14,089,648
TOTAL ASSETS		32,252,842	32,644,595	24,779,654	25,101,686
LIABILITIES					
Trade and other payables	10	5,008,362	4,958,157	1,686,445	1,619,195
Financial liabilities	11	805,461	582,962	704,153	488,625
Provisions	12	2,624,873	2,300,268	2,624,873	2,300,268
TOTAL CURRENT LIABILITIES		8,438,696	7,841,387	5,015,471	4,408,088
NON-CURRENT LIABILITIES					
Trade and other payables	10	-	10,599	-	10,599
Financial liabilities	11	3,918,452	4,438,817	2,306,599	2,730,226
Provisions	12	393,816	271,804	393,816	271,804
TOTAL NON-CURRENT LIABILITIES		4,312,268	4,721,230	2,700,415	3,012,629
TOTAL LIABILITIES		12,750,964	12,562,607	7,715,886	7,420,717
NET ASSETS		19,501,878	20,081,988	17,063,768	17,680,969
EQUITY					
Reserves	13	17,054,061	11,269,826	17,054,061	11,269,826
Retained surplus	14	9,707	6,411,143	9,707	6,411,143
Minority interest		2,438,110	2,401,019	-	-
TOTAL EQUITY		19,501,878	20,081,988	17,063,768	17,680,969

The accompanying notes form part of these financial statements.

NTEU
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009

	Reserves	Retained Surplus	Minority Interest	Total Equity
	\$	\$	\$	\$
NOTE	13	14		
ECONOMIC ENTITY				
At 1 July 2007	-	-	-	-
Surplus for the year	-	17,680,969	-	17,680,969
Transfer from reserves	11,269,826	-	-	11,269,826
Transfers to reserves	-	(11,269,826)	-	(11,269,826)
Minority interest change	-	-	2,401,019	2,401,019
At 30 June 2008	11,269,826	6,411,143	2,401,019	20,081,988
Surplus for the year	-	(617,201)	-	(617,201)
Transfer from reserves	(3,245,748)	-	-	(3,245,748)
Transfers to reserves	9,029,983	(5,784,235)	-	3,245,748
Minority interest change	-	-	37,091	37,091
At 30 June 2009	17,054,061	9,707	2,438,110	19,501,878
CHIEF ENTITY				
At 1 July 2007	-	-	-	-
Surplus for the year	-	17,680,969	-	17,680,969
Transfers from reserves	11,269,826	-	-	11,269,826
Transfers to reserves	-	(11,269,826)	-	(11,269,826)
At 30 June 2008	11,269,826	6,411,143	-	17,680,969
Surplus for the year	-	(617,201)	-	(617,201)
Transfers from reserves	(3,245,748)	-	-	(3,245,748)
Transfers to reserves	9,029,983	(5,784,235)	-	3,245,748
At 30 June 2009	17,054,061	9,707	-	17,063,768

The accompanying notes form part of these financial statements.

NTEU
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Note	ECONOMIC ENTITY		CHIEF ENTITY	
		2009 \$	2008 \$	2009 \$	2008 \$
CASH FLOWS FROM OPERATING ACTIVITIES					
Contribution of cash and cash equivalents		-	6,487,082	-	6,254,766
Revenue from activities		17,722,361	-	17,265,354	-
Interest received		251,719	-	251,576	-
Payments		(15,277,343)	-	(15,530,647)	-
Interest paid		(468,643)	-	(332,739)	-
Net GST paid to Australian Tax Office		(1,028,479)	-	(1,028,479)	-
Net cash provided by operating activities	15	<u>712,392</u>	<u>6,487,082</u>	<u>625,065</u>	<u>6,254,766</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of property, plant & equipment		(1,379,000)	-	(1,314,539)	-
Disposals of property, plant & equipment		3,498	-	3,498	-
Payments/(disposals) for other financial assets		1,365,548	-	1,331,394	-
Net cash used in investing activities		<u>(9,954)</u>	<u>-</u>	<u>20,353</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Payment of borrowings		(297,596)	-	(208,099)	-
Net cash used in investing activities		<u>(297,596)</u>	<u>-</u>	<u>(208,099)</u>	<u>-</u>
Net increase in cash & cash equivalents held		404,842	6,487,082	437,319	6,254,766
Cash and cash equivalents at beginning of year		6,487,082	-	6,254,766	-
Cash and cash equivalents at 30 June 2009	5	<u>6,891,924</u>	<u>6,487,082</u>	<u>6,692,085</u>	<u>6,254,766</u>

The accompanying notes form part of these financial statements.

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations and the requirements of the *Workplace Relations Act 1996*.

(a) Basis of preparation

The financial report has been prepared on an accruals basis and is based on historical costs. It does not take into account changing money values or, except where stated, current valuations of non-current assets. Unless otherwise stated all accounting policies are consistent with those of the prior year.

In the application of Accounting Standards, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

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

(b) Consolidation

The consolidated financial statements comprise the financial statements of NTEU and its subsidiaries as at 30 June 2009 (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 16(c).

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

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

(c) Revenue recognition

(i) NTEU Fee

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

(ii) Other Revenue

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

(d) Comparatives

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

NTEU

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(e) Leased assets**

The union has not entered into any lease agreements.

(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 economic entity's experience with staff departures. Related on-costs have also been included in the liability.

(h) Income tax

No provision for Income Tax is necessary as "Trade Unions" are exempt from income tax under Section 50-15 of the Income Tax Assessment Act 1997.

(i) Cash flows

For the purpose of the cash flow statement, cash includes cash on hand and held at call with banks, net of bank overdrafts.

(j) Investments

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

(k) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

NTEU

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(l) Financial instruments****Financial assets**

Bank Deposits on Call (Note 5)

Bank Deposits on Call are valued at cost. Interest is recognised as it accrues. Total weighted average interest rate at balance date was 1.52% (2008: 2.23%)

Receivables (Note 6)

Receivables are carried at the nominal amounts due less any allowance for doubtful debts. Receivables are unsecured and credit terms are usually up to 30 days.

Current Investments (Note 7)

Current Investments comprise units in listed trusts at market bid price. Total weighted average interest rate at balance date was 1.56% (2008: 2.31%)

Financial liabilities

Payables (Note 10)

Liabilities are recognised for amounts to be paid in the future for goods or services received as at balance date, whether or not invoices have been received. Payables are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.

(m) Allocation of Current and Non-Current

An asset or a liability shall be classified as current when it satisfies any of the following criteria:

- (a) it is expected to be settled in the entity's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is due to be settled within twelve months after the reporting date; or
- (d) the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other assets and liabilities shall be classified as non current.

(n) Information to be provided to members or 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 unspecified prescribed information in relation to the reporting unit to be made available to the person making the application.
- (2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.
- (3) A reporting unit must comply with an application made under sub-section (1).

Note: this sub-section is a civil penalty provision.

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Property, Plant and Equipment

(i) Recognition and measurement

Plant & Equipment

Items of property, plant & equipment are measured at cost less accumulated depreciation and impairment losses. The cost of property, plant & equipment at 1 July 2004, the date of transition to AASBs, was determined by reference to its fair value at that date.

When parts of an item of property, plant & equipment have different useful lives, they are accounted for as separate items (major components) of property, plant & equipment.

Freehold land and buildings are brought to account at cost or at independent valuation.

The capitalisation threshold for items of property, plant and equipment is \$500.

(ii) Subsequent costs

The Union recognises in the carrying amount of an item of property, plant & 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 as 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 and useful lives used for each class of depreciable assets are as follows:

Class of Asset	Depreciation Rates / Useful	
	Lives	Depreciation basis
Buildings	5%	Straight Line
Office Equipment	10-30%	Straight Line
Motor Vehicles	22.5%	Diminishing Value
Leasehold Improvements	10%	Straight Line

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

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) AASB Accounting Standards not yet effective

Certain new Accounting Standards and interpretations have been published that are not mandatory for the 30 June 2009 reporting period. The Union has not, and does not intend to, adopt the following standards early:

<i>Standard / Interpretation</i>	<i>Summary</i>	<i>Applicable for annual reporting periods beginning on</i>	<i>Impact on financial statements</i>
AASB 101 Presentation of financial statements (Revised 2007) AASB2007-8 Amendments to Australian Accounting Standards and Interpretations and AASB 2007-10 Further Amendments to AASBs arising from AASB 101	The revised standard affects the presentation of changes in equity and comprehensive income. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other AASB standards. The amending standard updates references in various other pronouncements.	Beginning 1 Jan 2009	Impact expected to be insignificant
AASB 8 Operating Segments	Supersedes AASB114 Segment Reporting	Beginning 1 Jan 2009	Not applicable.

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	ECONOMIC ENTITY		CHIEF ENTITY	
	2009	2008	2009	2008
	\$	\$	\$	\$
NOTE 2: AUDITOR'S REMUNERATION				
Remuneration of the auditor of the parent entity for:				
Audit of the financial statements	90,000	95,000	90,000	95,000
Other services	66,766	94,000	66,766	94,000
	<u>156,766</u>	<u>189,000</u>	<u>156,766</u>	<u>189,000</u>
Remuneration of other auditors of subsidiaries for:				
Audit of the financial statements	6,500	7,000	-	-
Other services	590	1,200	-	-
	<u>7,090</u>	<u>8,200</u>	<u>-</u>	<u>-</u>
NOTE 3: REVENUE FROM ORDINARY ACTIVITIES				
Operating revenue:				
NTEU fee	15,143,885	-	15,143,885	-
Total operating revenue	<u>15,143,885</u>	<u>-</u>	<u>15,143,885</u>	<u>-</u>
Non operating revenue:				
Transfer of net assets from NTEU branches and divisions	-	17,492,238	-	17,492,238
Doubtful debt reversal on consolidation	-	188,731	-	188,731
Rent received	565,993	-	448,355	-
Directors fees	71,490	-	71,491	-
Distribution received	356,102	-	159,749	-
Interest received	251,719	-	251,576	-
Sundry income	349,582	-	272,049	-
Total non operating revenue	<u>1,594,886</u>	<u>17,680,969</u>	<u>1,203,220</u>	<u>17,680,969</u>
Total revenue from ordinary activities	<u>16,738,771</u>	<u>17,680,969</u>	<u>16,347,105</u>	<u>17,680,969</u>
NOTE 4: OTHER EXPENSES				
Affiliation fees	264,286	-	264,286	-
Audit services	156,766	-	156,766	-
Bad and doubtful debts expense/(reinstated)	(139,810)	-	(139,810)	-
Employee leave expense	446,975	-	446,975	-
Executive committee	553,246	-	553,246	-
Industrial defence fund	215,008	-	215,008	-
Publications	222,333	-	222,333	-
Recruitment	327,352	-	327,352	-
Repairs and maintenance	584,475	-	245,056	-
Administration	983,422	-	955,186	-
Other expenses	1,673,604	-	1,438,584	-
	<u>5,287,657</u>	<u>-</u>	<u>4,684,982</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

	ECONOMIC ENTITY		CHIEF ENTITY	
	2009	2008	2009	2008
	\$	\$	\$	\$
NOTE 5: CASH ASSETS				
Cash on hand	600	19,754	600	18,754
Cash at bank	6,042,887	3,966,310	5,843,048	3,733,994
Short term deposits	848,437	2,501,018	848,437	2,502,018
	<u>6,891,924</u>	<u>6,487,082</u>	<u>6,692,085</u>	<u>6,254,766</u>
NOTE 6: TRADE AND OTHER RECEIVABLES				
Current				
Trade debtors	843,299	363,483	311,596	228,397
Allowance for doubtful debts	-	(36,269)	-	(36,269)
Other receivables	104,175	4,230	14,973	4,230
Accrued income	215,668	-	215,668	-
Loan – NTEU Vic Division	-	514,213	-	-
	<u>1,163,142</u>	<u>845,657</u>	<u>542,237</u>	<u>196,358</u>
NOTE 7: OTHER FINANCIAL ASSETS				
Current				
Investments in managed funds	2,773,311	4,427,824	2,754,309	4,427,824
Other investments	-	30	-	30
	<u>2,773,311</u>	<u>4,424,854</u>	<u>2,754,309</u>	<u>4,424,854</u>
Non current				
Investments – at valuation:				
Federation of Education Union Unit Trust (F.E.U.)	-	-	9,238,625	9,185,471
Federation of Education Unions Pty Ltd (Trustee of F.E.U.)	-	-	2	2
	<u>-</u>	<u>-</u>	<u>9,238,627</u>	<u>9,185,473</u>
NOTE 8: OTHER ASSETS				
Prepayments	154,201	133,030	151,953	131,133
Other assets	-	25,474	-	1,927
	<u>154,201</u>	<u>158,504</u>	<u>151,953</u>	<u>133,060</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 9: PROPERTY, PLANT & EQUIPMENT	ECONOMIC ENTITY		CHIEF ENTITY	
	2009 \$	2008 \$	2009 \$	2008 \$
(i) Book value disclosure				
Building – at valuation	20,385,368	19,651,631	4,635,368	3,901,631
Accumulated depreciation	(397,553)	-	(397,553)	-
	<u>19,987,815</u>	<u>19,651,631</u>	<u>4,237,815</u>	<u>3,901,631</u>
Office equipment, fixtures & fittings - at cost	1,594,679	1,497,021	1,358,344	1,320,602
Accumulated depreciation	(1,266,333)	(985,664)	(1,149,819)	(880,568)
	<u>328,346</u>	<u>511,357</u>	<u>208,525</u>	<u>440,034</u>
Leasehold improvements - at cost	1,306,319	759,429	1,306,319	759,429
Accumulated amortisation	(357,642)	(196,919)	(357,642)	(196,919)
	<u>948,677</u>	<u>562,510</u>	<u>948,677</u>	<u>562,510</u>
Capital works in progress	5,426	-	5,426	-
Net book value	<u>21,270,264</u>	<u>20,725,498</u>	<u>5,400,443</u>	<u>4,904,175</u>

(ii) Reconciliation of the carrying amount

	Building	Office equipment fixtures & fittings	Leasehold improvements	Capital work in progress	Total
Economic Entity					
Balance at beginning of period	19,651,631	511,357	562,510	-	20,725,498
Additions	1,175,741	77,280	116,009	5,426	1,374,456
Disposals	-	(3,948)	-	-	(3,948)
Reclassification	(442,004)	11,123	430,881	-	-
Depreciation and amortisation	(397,553)	(267,466)	(160,723)	-	(825,742)
Balance at end of period	<u>19,987,815</u>	<u>328,346</u>	<u>948,677</u>	<u>5,426</u>	<u>21,270,264</u>

	Building	Office equipment fixtures & fittings	Leasehold improvements	Capital work in progress	Total
Chief Entity					
Balance at beginning of period	3,901,631	440,034	562,510	-	4,904,175
Additions	1,175,741	17,363	116,009	5,426	1,314,539
Disposals	-	(3,498)	-	-	(3,498)
Reclassification	(442,004)	11,123	430,881	-	-
Depreciation and amortisation	(397,553)	(256,497)	(160,723)	-	(814,773)
Balance at end of period	<u>4,237,815</u>	<u>208,525</u>	<u>948,677</u>	<u>5,426</u>	<u>5,400,443</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

	ECONOMIC ENTITY		CHIEF ENTITY	
	2009	2008	2009	2008
	\$	\$	\$	\$
NOTE 10: TRADE AND OTHER PAYABLES				
Current				
Trade creditors and accruals	855,717	495,464	633,195	280,343
Net GST payable	92,232	103,097	92,232	103,097
Sundry creditors	51,877	69,548	51,877	69,548
Amount owed to F.E.U.	-	281,512	-	281,512
Payable to unit holders	4,008,536	4,008,536	-	-
Group loans	-	-	908,141	884,695
	<u>5,008,362</u>	<u>4,958,157</u>	<u>1,686,445</u>	<u>1,619,195</u>
Non current				
Trade creditors	-	8,849	-	8,849
Sundry creditors	-	1,750	-	1,750
	<u>-</u>	<u>10,599</u>	<u>-</u>	<u>10,599</u>
NOTE 11: FINANCIAL LIABILITIES				
Current				
Bank loans	805,461	582,962	704,153	488,625
Non current				
Bank loans	3,918,452	4,438,817	2,306,599	2,730,226
Total financial liabilities	<u>4,723,913</u>	<u>5,021,779</u>	<u>3,010,752</u>	<u>3,218,851</u>
NOTE 12: PROVISIONS				
Current				
Annual leave- employees	1,060,011	909,451	1,060,011	909,451
Annual leave- office holders	121,356	133,468	121,356	133,468
Long service leave- employees	1,135,453	982,966	1,135,453	982,966
Long service leave- office holders	308,053	274,383	308,053	274,383
	<u>2,624,873</u>	<u>2,300,268</u>	<u>2,624,873</u>	<u>2,300,268</u>
Non current				
Long service leave- employees	357,484	250,555	357,484	250,555
Long service leave- office holders	36,332	21,249	36,332	21,249
Total provisions	<u>3,018,689</u>	<u>2,572,072</u>	<u>3,018,689</u>	<u>2,572,072</u>

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	ECONOMIC ENTITY		CHIEF ENTITY	
	2009	2008	2009	2008
	\$	\$	\$	\$
NOTE 13: RESERVES				
Defence reserve	3,119,583	4,517,679	3,119,583	4,517,679
Leave reserve	2,434,262	2,152,147	2,434,262	2,152,147
Property reserve	11,500,216	4,600,000	11,500,216	4,600,000
	<u>17,054,061</u>	<u>11,269,826</u>	<u>17,054,061</u>	<u>11,269,826</u>
Movements during the year				
<i>Defence reserve</i>				
Balance at beginning of year	4,517,679	-	4,517,679	-
Transfer to retained surplus	(1,398,096)	-	(1,398,096)	-
Transfer from retained surplus	-	4,517,679	-	4,517,679
Balance at end of year	<u>3,119,583</u>	<u>4,517,679</u>	<u>3,119,583</u>	<u>4,517,679</u>
<i>Leave reserve</i>				
Balance at beginning of year	2,152,147	-	2,152,147	-
Transfer from retained surplus	282,115	-	282,115	-
Transfer from retained surplus	-	2,152,147	-	2,152,147
Balance at end of year	<u>2,434,262</u>	<u>2,152,147</u>	<u>2,434,262</u>	<u>2,152,147</u>
<i>Property reserve</i>				
Balance at beginning of year	4,600,000	-	4,600,000	-
Transfer to retained surplus	-	-	-	-
Transfer from retained surplus	6,900,216	4,600,000	6,900,216	4,600,000
Balance at end of year	<u>11,500,216</u>	<u>4,600,000</u>	<u>11,500,216</u>	<u>4,600,000</u>
NOTE 14: RETAINED SURPLUS				
Retained surplus at beginning of the financial year	6,411,143	-	6,411,143	-
Net operating surplus for the year	(617,201)	17,680,969	(617,201)	17,680,969
Transfer to and from reserves:				
Defence reserve	1,398,096	(4,517,679)	1,398,096	(4,517,679)
Leave reserve	(282,115)	(2,152,147)	(282,115)	(2,152,147)
Property reserve	(6,900,216)	(4,600,000)	(6,900,216)	(4,600,000)
Retained surplus at the end of the financial year	<u>9,707</u>	<u>6,411,143</u>	<u>9,707</u>	<u>6,411,143</u>

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NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	ECONOMIC ENTITY		CHIEF ENTITY	
	2009	2008	2009	2008
	\$	\$	\$	\$
NOTE 15: CASH FLOW INFORMATION				
Reconciliation of net operating surplus to net cash flows from operating activities:				
Net operating surplus	(617,201)	17,680,969	(617,201)	17,680,969
Non-cash flows in operating activities:				
Contribution of fixed assets	-	(20,725,498)	-	(4,904,175)
Movement in minority interest	37,091	2,401,019	-	-
Depreciation and amortisation	830,736	-	814,773	-
Employee provisions	446,617	2,572,072	446,617	2,572,072
Change in net market value of investments	288,995	-	288,995	-
Changes in assets and liabilities:				
(Increase) / Decrease in receivables	(317,485)	(845,657)	(345,877)	(196,360)
(Increase) / Decrease in investments	-	(4,427,854)	-	(13,613,325)
(Increase) / Decrease in other assets	4,303	(158,504)	(18,893)	(133,060)
Increase / (Decrease) in loans payable	-	5,021,509	-	3,218,851
Increase / (Decrease) in payables	39,336	4,969,026	56,651	1,629,794
Net cash flows from operating activities	<u>712,392</u>	<u>6,487,082</u>	<u>625,065</u>	<u>6,254,766</u>

NOTE 16: RELATED PARTY INFORMATION**(a) Executive officers**

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

Carolyn Allport	Grahame McCulloch	Edward Murphy	Jo Hibbert
Matthew McGowen	Margaret Lee	Gregory McCarthy	Terry Mason
Neil Mudford	Thomas Dunning	Lynette Bloom	Susan Bandias
Chris Game	James Doughney	Shane Motlap	Thomas Stewart
Jeanette Pierce	Andrew Bonnell	Derek Corrigan	Ian Hunt
Jeannie Rea	Kevin Poynter		

Remuneration of key management personnel	2009	2008
Income received or due and receivable by key management personnel of the Union.		
Short term employee benefits	759,414	416,538
Post employment benefits	127,564	70,811
	<u>886,978</u>	<u>487,349</u>

NTEU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 16: RELATED PARTY INFORMATION (cont'd)

(b) Other related parties

(i) National Office, state divisions and branches

The NTEU undertakes numerous transactions with National Office, State Divisions and Branches. All transactions between the NTEU, National Office, State Divisions, and Branches were in the ordinary course of business and on normal commercial terms and at market rates.

(ii) Federation of Education Union Unit Trust (F.E.U.)

The union is a tenant of the building owned by the F.E.U. Rent and outgoings in connection with the occupancy are paid to the F.E.U. in the ordinary course of business and on normal commercial terms and conditions and at market rates.

(c) Subsidiaries

The consolidated financial statements include the financial statements of NTEU and subsidiaries listed in the following table.

	Country of Incorporation	% Ownership Interest	
		2009	2008
Parent Entity			
National Tertiary Education Industry Union	Australia	-	-
Subsidiaries of NTEU			
Federation of Education Unions Trust	Australia	58.9%	58.9%

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

NOTE 17: FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

(a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

(b) Categorisation of financial instruments

(i) Economic Entity

Financial assets	Note	Category	Carrying amount 2009	Carrying amount 2008
Cash and cash equivalents	5	N/A	6,891,924	6,487,082
Receivables	6	Loans and receivables	1,163,142	845,657
Investments	7	Available for sale financial assets (at fair value)	2,773,311	4,427,854
Financial liabilities				
Payables	10	Financial liabilities	4,916,130	4,865,659
Borrowings	11	Financial liabilities	4,723,913	5,021,779

(ii) Chief Entity

Financial assets	Note	Category	Carrying amount 2009	Carrying amount 2008
Cash and cash equivalents	5	N/A	6,692,085	6,254,766
Receivables	6	Loans and receivables	542,237	196,358
Investments	7	Available for sale financial assets (at fair value)	11,992,936	13,613,057
Financial liabilities				
Payables	10	Financial liabilities	1,594,213	1,526,697
Borrowings	11	Financial liabilities	3,010,752	3,218,851

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

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

NOTE 17: FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The Union's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is represented by the carrying amount of those assets as indicated in the balance sheet.

Financial assets that are either past due or impaired

Currently the Union does not hold any collateral as security nor credit enhancements relating to any of its financial assets. As at the reporting date, there is no indication that the financial assets have been impaired.

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated. The following table discloses the ageing only of financial assets that are past due but not impaired.

Interest rate exposure and ageing analysis of financial assets

(i)	Economic Entity		Interest rate exposure			Past due by			
	Weighted average effective interest rate	Carrying amount	Fixed interest rate	Variable interest rate	Non-interest bearing	Less than 1 Month	1-3 months	3 months – 1 year	1-5 years
2009	%								
Cash assets	1.52	6,891,924	848,437	5,896,939	146,548	-	-	-	-
Receivables	-	1,163,142	-	-	1,163,142	-	-	-	-
Other	-	2,773,311	-	-	2,773,311	-	-	-	-
		10,828,377	848,437	5,896,939	4,083,001	-	-	-	-
2008									
Cash assets	2.23	6,487,082	2,501,018	3,966,310	19,754	-	-	-	-
Receivables	-	845,657	-	-	845,657	-	-	-	-
Other	-	4,427,854	-	-	4,427,854	-	-	-	-
		11,760,593	2,501,018	3,966,310	5,293,265	-	-	-	-
(i)	Chief Entity		Interest rate exposure			Past due by			
	Weighted average effective interest rate	Carrying amount	Fixed interest rate	Variable interest rate	Non-interest bearing	Less than 1 Month	1-3 months	3 months – 1 year	1-5 years
2009	%								
Cash assets	1.56	6,692,085	848,437	5,843,048	600	-	-	-	-
Receivables	-	542,237	-	-	542,237	-	-	-	-
Other	-	11,992,936	-	-	11,992,936	-	-	-	-
		19,227,258	848,437	5,843,048	12,535,773	-	-	-	-
2008									
Cash assets	2.31	6,254,766	2,501,018	3,733,994	19,754	-	-	-	-
Receivables	-	196,358	-	-	196,358	-	-	-	-
Other	-	13,613,057	-	-	13,613,057	-	-	-	-
		20,064,181	2,501,018	3,733,994	13,829,169	-	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 17: FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)**(d) Liquidity risk**

Liquidity risk arises when the Union is unable to meet its financial obligations as they fall due. The Union operates under the policy of settling financial obligations within 30 days and in the event of a dispute, makes payments within 30 days from the date of resolution. It also continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets and dealing in highly liquid markets.

The Union's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Maximum exposure to liquidity risk is the carrying amounts of financial liabilities.

Interest rate exposure and maturity analysis of financial liabilities

(i)	Economic Entity		Interest rate exposure			Maturity dates			
	Weighted average effective interest rate	Nominal amount	Fixed interest rate	Variable interest rate	Non-interest bearing	Less than 1 month	1-3 months	3 months – 1 year	1-5 years
2009	%								
Payables		4,916,130	-	-	4,916,130	-	-	-	-
Borrowings	5.72	4,723,913	4,723,913	-	-	-	-	-	-
		9,640,043	4,723,913	-	4,916,130	-	-	-	-
2008									
Payables	-	4,865,659	-	-	4,865,659	-	-	-	-
Borrowings	7.24	5,021,799	5,021,799	-	-	-	-	-	-
		9,887,438	5,021,799	-	4,865,659	-	-	-	-
(ii)	Chief Entity		Interest rate exposure			Maturity dates			
	Weighted average effective interest rate	Nominal amount	Fixed interest rate	Variable interest rate	Non-interest bearing	Less than 1 month	1-3 months	3 months – 1 year	1-5 years
2009	%								
Payables	-	1,594,213	-	-	1,594,213	-	-	-	-
Borrowings	4.54	3,010,752	3,010,752	-	-	-	-	-	-
		4,604,965	3,010,752	-	1,594,213	-	-	-	-
2008									
Payables	-	1,526,697	-	-	1,526,697	-	-	-	-
Borrowings	6.93	3,218,851	3,218,851	-	-	-	-	-	-
		4,745,548	3,218,851	-	1,526,697	-	-	-	-

(e) Market risk

The Union's exposure to market risk is primarily through interest rate risk and other price risks with currently no exposure to foreign currency risk. Objectives, policies and processes used to manage each of these risks are disclosed in the paragraphs below.

(f) Interest rate risk

Exposure to interest rate risk might arise primarily through the Union's cash & deposits. Minimisation of risk is achieved mainly by undertaking fixed rate or non-interest bearing financial instruments. The Union's exposure to interest rate risk is set out in the table below.

NTEU FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 17: FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT- Continued

(g) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the Union believes the movements in the table below are 'reasonably possible' over the next 12 months. The table discloses the impact on net operating result and equity for each category of financial instrument held by the Union at year-end as presented to key management personnel, if the above movements were to occur.

Market risk exposure

(iii) Economic Entity	Carrying amount	Interest rate risk				Market risk			
		-1% (100 basis points)		+1% (100 basis points)		-10% (1000 basis points)		+10% (1000 basis points)	
		Surplus	Equity	Surplus	Equity	Surplus	Equity	Surplus	Equity
2009									
Financial assets:									
Cash assets-variable rates	5,896,939	(58,970)	(58,970)	58,970	58,970	-	-	-	-
Investments	2,773,311	-	-	-	-	(277,331)	(277,331)	277,331	277,331
Total	8,670,250	(58,970)	(58,970)	58,970	58,970	(277,331)	(277,331)	277,331	277,331
Financial liabilities:									
Borrowings	4,723,913	(47,239)	(47,239)	47,239	47,239	-	-	-	-
Total	4,723,913	(47,239)	(47,239)	47,239	47,239	-	-	-	-

NTEU FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 17: FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT- Continued

Market risk exposure (continued)

	(iv)	Chief Entity		Interest rate risk				Market risk			
				-1%		+1%		-10%		+10%	
				(100 basis points)		(100 basis points)		(1000 basis points)		(1000 basis points)	
	Carrying amount	Surplus	Equity	Surplus	Equity	Surplus	Equity	Surplus	Equity		
2009											
Financial assets:											
Cash assets-variable rates	5,843,048	(58,430)	(58,430)	58,430	58,430	-	-	-	-		
Investments	11,992,936	-	-	-	-	(1,199,294)	(1,199,294)	1,199,294	1,199,294		
Total	17,835,984	(58,430)	(58,430)	58,430	58,430	(1,199,294)	(1,199,294)	1,199,294	1,199,294		
Financial liabilities:											
Borrowings	3,010,752	30,108	30,108	(30,108)	(30,108)	-	-	-	-		
Total	3,010,752	30,108	30,108	(30,108)	(30,108)	-	-	-	-		

(h) Fair value

The fair values and net fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Union considers that the carrying amount of financial assets and financial liabilities recorded in the financial report to be a fair approximation of their fair values, as marketable securities are recorded at their respective quoted market prices and cash assets are held in short term deposits.

NTEU**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30 JUNE 2009****17. INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR**

In accordance with the requirements of the Workplace Relations Act 1996, the attention of members is drawn to the provision of subsections (1), (2) and (3) of section 272 of Schedule 1 – Registration of accountability of Organisations which read 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 matter 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 subsection (1)."

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF

NTEU

Scope

The financial report and Executive Committee's responsibility

The financial report comprises the income statement, balance sheet, cash flow statement, statement of changes in equity, accompanying notes to the financial statements, and the Executive Committee's statement of the NTEU for the year ended 30 June 2009.

The Executive Committee of the Union is responsible for the preparation and fair presentation of the financial report in accordance with the *Workplace Relation Act 1996*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect frauds and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the Union. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatements. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitation of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia and the *Workplace Relations Act 1996*, a view which is consistent with our understanding of the Union's financial position, and of its performance as represented by the results of its operations and the cash flows.

We formed our audit opinion on the basis of these procedures, which include:

- examining on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Executive Committee.

While we considered the effectiveness of management internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance of internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian Professional ethical pronouncements and the Workplace Relations Act 1996.

Audit Opinion

In our opinion, the general purpose financial report for the year ended 30 June 2009 of the NTEU presents fairly in accordance with applicable Accounting Standards and other mandatory professional requirements in Australia and the requirements imposed by Part 3 of Chapter 8 of the *Workplace Relations Act 1996* including the financial position as at 30 June 2009 and of its financial performance for the year then ended on that date.

DFK COLLINS

DFK Collins
Chartered Accountants

Simon Bragg

Simon Bragg, A.C.A.
Partner

Registered Company Auditor, Registration Number: 291536

Melbourne

Date: *29 November 2010*