



Australian Government
Australian Industrial Registry

Level 35, Nauru House
80 Collins Street, Melbourne, VIC 3000
GPO Box 1994S, Melbourne, VIC 3001
Telephone: (03) 8661 7777
Fax: (03) 9654 6672

Mr. C. Atkins
Executive Director
The Master Builders' Association of Tasmania
P.O. Box 992K
HOBART TAS 7001

**Re: Schedule 1B of the Workplace Relations Act 1996 (the RAO Schedule)
Financial reports for year ended 30 June 2004 - FR2004/417**

I have received the financial reports of your organisation for year ended 30 June 2004. The documents were lodged in the Industrial Registry on 31 August 2004.

The documents have been filed.

Although the documents have been filed, I would like to comment on some issues arising out of the reports. I make these comments to assist you when you next prepare financial reports. With the exception of my comments about the special purpose financial report, you do not need to take any further action in respect of the financial reports already lodged.

1. Auditor's report

(a) Special purpose financial report

A reporting unit is required by section 253(2) of the RAO Schedule to prepare a general purpose financial report from its financial records.

While in some cases, the contents of a special purpose financial report and a general purpose financial report might not be substantially different, the requirement to prepare a general purpose financial report is quite clear.

The auditor's report and the notes to the financial accounts indicate that a special purpose financial report was prepared by the organisation instead of a general purpose financial report.

Could you please advise me in writing the reasons for the preparation of a special purpose financial report instead of a general purpose financial report.

(b) Disclaimer

The auditor's report contains the following disclaimer:

"We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared."

While such a disclaimer might well be a normal part of a special purpose financial report it could be inconsistent with the obligations of the auditor with respect to a general purpose financial report under sections 257(5) - (11) of the RAO Schedule.

(c) Audit opinion

The opinion expressed by the auditor in their report has been drafted in terms of the previous requirements of the Act. Section 257(5) of the RAO Schedule now sets the matters on which an auditor is required to state an opinion. An acceptable wording would be as follows:

“In our opinion the general purpose financial report presents fairly in accordance with applicable Australian Accounting Standards and other mandatory professional reporting requirements in Australia and the requirements of the RAO Schedule.”

I have forwarded a copy of this letter to the auditors for their views about these matters.

2. Operating report

(a) Membership of committee of management

The operating report is required to contain the name of each person who has been a member of the committee of management of the reporting unit at any time during the reporting period, and the period for which he or she held such a position (regulation 159(c) of the RAO Regulations).

The operating report lodged provides details of the membership of the committee of management as at 30 June 2004. An operating report should provide details of membership of the committee at the beginning of the financial year and any changes made to the composition of the committee during the financial year in order to fully comply with the abovementioned regulation.

3. Statement of financial performance (profit and loss statement)

(a) Subscriptions & Turnover Levies

The Industrial Registrar’s Reporting Guidelines (made under section 255 of the RAO Schedule) prescribe certain disclosure requirements in addition to those prescribed by Australian Accounting Standards. In relation to levies item 10(d) of the guidelines reads:

“Balances for the following items of revenue must be disclosed by the reporting unit in the notes to the financial statements unless already disclosed on the face of the profit and loss statement in accordance with Australian Accounting Standards:

.....

- (d) *compulsory levies raised from the members or as appeals for voluntary contributions for the furtherance of particular purposes - the amount and a brief description of the purpose of each such levy or appeal.”*

I have noted that the statement of financial performance (the profit and loss statement) includes an item shown as "Subscriptions & Turnover Levies" as revenue from operative activities. It may well be that the organisation has not fully complied with the abovementioned guideline should the levies described above be compulsory levies.

(b) Federal Subs & Levies

In relation to levies item 11(e) of the guidelines reads:

"Balances for the following items of expense must be disclosed by the reporting unit in the notes to the financial statements unless already disclosed on the face of the profit and loss statement in accordance with Australian Accounting Standards:

.....

(e) compulsory levies imposed on the reporting unit - for each such levy, the amount, a brief description of purpose and the name of the entity imposing the levy (including another reporting unit of the organisation)."

I have noted that the statement of financial performance (the profit and loss statement) includes an item shown as "Federal Subs & Levies" as an expense from ordinary activities. It may well be that the organisation has not fully complied with the abovementioned guideline should the levies described above be compulsory levies.

(c) Salaries

Items 11(g) and (h) of the guidelines read:

"(g) employee benefits to holders of office of the reporting unit;

(h) employee benefits to employees (other than holders of offices) of the reporting unit;"

I have noted that the statement of financial performance (the profit and loss statement) includes an item shown as "Salaries" as an expense from ordinary activities. Future financial reports should show such salaries amounts as having been paid to either holders of office or employees as required by the reporting guidelines.

4. Notes to accounts

(a) Information to be provided to members

The accounts should contain a notice drawing attention to provisions of the RAO Schedule that prescribed information is available to members on request and which sets out a copy of subsections 272(1), (2) and (3) - refer subsection 272(5) of the RAO Schedule.

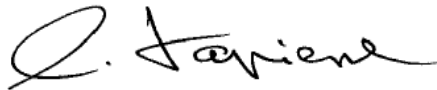
The information notice contained in item 5 of the notes to the accounts does not set out subsection 272(2).

5. Accounting Officer's certificate

There is no requirement under the RAO Schedule to lodge an accounting officer's certificate. Such certificate was previously required by section 273(2) of the Act and regulation 109(1)(a) of the Workplace Relations Regulations.

Please do not hesitate to contact me on (03) 86617787 if you wish to discuss this letter.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Clency Lapierre". The signature is fluid and cursive, with a large initial "C" and a long, sweeping tail.

Clency Lapierre
Statutory Services Branch

18 October 2004



Australian Government
Australian Industrial Registry

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Mr. C. Atkins
Executive Director
The Master Builders' Association of Tasmania
P.O. Box 992K
HOBART TAS 7001

**Re: Schedule 1B - Workplace Relations Act 1996 (the RAO Schedule)
Financial reports for year ended 30 June 2004 - FR2004/417**

Thank you for your letter dated 27 August 2004 and attached financial reports.

The documents were lodged in the Industrial Registry on 31 August 2004.

The documents will be examined in due course and you will be further advised.

Should you wish to discuss the matter in the meantime, please contact me on (03) 8661 7787.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Clency Lapierre'.

Clency Lapierre
Statutory Services Branch
3 October 2004

FR 2004/417

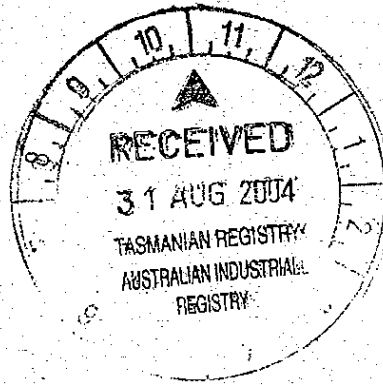


THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.

Classification/COMMITTEES State Council/FINANCIALS/IR R report letter 2004.doc 1.56-154

27 August 2004

Deputy Industrial Registrar
GPO Box 1232M
HOBART TAS 7001



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Email devonport@mbatas.org.au
www.mbatas.org.au

Dear Sir

FINANCIAL REPORTS – MBAT INC.

Please find enclosed a copy of the Association's audited financial reports for the year ended 30 June 2004.

The subject reports were tabled at a meeting of the Committee of Management held on the 13th of August 2004.

Yours faithfully

C. Atkins.
Executive Director.

Certificate of Secretary or other Authorised Officer'

s268 of Schedule 1B *Workplace Relations Act 1996*

I Denis James REID being the President of the Master Builders' Association of Tasmania certify:

- that the documents lodged herewith are copies of the full report, referred to in s268 of the RAO Schedule; and
- that the full report, was provided to members on 10 August 2004; and
- that the full report was presented to a meeting of the committee of management of the reporting unit on 13 August 2004; in accordance with section 266 of the RAO Schedule.

Signature



Date:

23/10/2004

**THE MASTER BUILDERS'
ASSOCIATION OF
TASMANIA INC.**



"Building Tasmania Since 1891"

**BALANCE SHEET
AND
STATEMENT OF ACCOUNTS
YEAR ENDED 30 JUNE 2004**

**Presented at the Annual General Meeting of the
Master Builders' Association Inc. on
Thursday 12th August 2004**

TREASURER'S OPERATING REPORT – 2004

Members, it is my pleasure to present the Master Builders' Association of Tasmania Inc. report of its accounts together with the 2004 Auditor's report as to the Association's financial operations for the '2003 – 2004' fiscal year. A surplus of \$77,420.00 has been recorded for the period of which \$27,183.00 has been generated through the normal day to day operations of the Association.

During the previous twelve months we have focussed on achieving the MBA's strategic objective of "decreasing the reliance on membership subscriptions by developing alternative income streams". As a result of the above strategy subscriptions as a percentage of total income has fallen from 45% in 2003 to 40 % in 2004 and with continued focus and effort will fall further.

Income from property investments continues to grow and will continue into 2005 as steps are being taken to realise the full potential of our property portfolio. The administration of the housing indemnity scheme (MBA-HIS) and training have also made significant contributions to the Association's bottom line. Whilst MBA-HIS income appears significant it is appropriate to note that this is a gross figure that does not reflect the significant expenses incurred to generate this outcome.

The Association's operating income has grown by 15% over the income generated in 2003. During the same period operational expenses have also increased, however at a much lower rate, that being 10%. The continued management of these issues are crucial to the continued success of the Association and its members.

The results achieved by the Association during 2003 – 2004 whilst above budget are no cause for complacency. Continued vigilance and close monitoring of decisions with a financial consequence together with the implementation of the 'Strategic Plan 2004 – 2009' should ensure the continued growth in the financial performance of the Association.

The Master Builders' Association of Tasmania, since establishment in 1891, has been active in seeking to improve the conditions under which the building industry operates.

It is a non-political and non-profit making organisation set up to safeguard and promote the interests of its members in their business of building, construction contracting and the provision of advice, services and products, to assist them in the execution of their work and to encourage and promote a high standard of workmanship and integrity in the building industry.

As at 30 June 2004 the Association employed nine staff supporting a total membership of 475. Clause 9 of the Association's Constitution provides that "Any member may resign from membership by written notice addressed and delivered to the Executive Director."

The Members of State Council as at 30 June 2004 were:

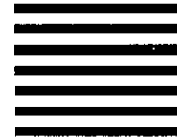
Mr Denis Reid
Mr David Gray
Mr Andrew Bennett
Mr Graham Keating
Mr Michael Hardacre
Mr Wayne Licht
Mr David Moody
Mr John Beswick

Mr John Rosevear
Mr Richard Bloomfield
Mr Craig Burleigh
Mr Ian Dent
Mr Paul Ibbott
Mr Phil Thurlow
Mr Neville Bingham

Members, I commend the financial statements and auditors' reports to you as being the financial position of the Master Builders' Association of Tasmania for the period ended 30th June 2004.


R G Bloomfield
TREASURER

09 August 2004



Wise Lord & Ferguson

advice to advantage



Chartered Accountants

Representative of Ernst & Young in Tasmania

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.

INDEPENDENT AUDIT REPORT

To the Members of the Master Builders' Association of Tasmania Inc.

Scope

We have audited the accompanying special purpose financial accounts consisting of the Statement of Financial Performance, Statement of Financial Position and Notes to and forming part of the financial accounts of the Master Builders' Association of Tasmania Inc. for the year ended 30 June 2004.

The Association's Committee of Management is responsible for preparing a financial report that presents fairly the financial position and performance of the association. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The committee of management has determined that the accounting policies used and described in Note 1 to the financial statements are consistent with the financial reporting requirements of the Associations Incorporation Act [Tas] and the Associations' constitution and are appropriate to meet the needs of the members. These policies do not require the application of all Accounting Standards and other mandatory financial reporting requirements in Australia. No opinion is expressed as to whether the accounting policies used are appropriate to the needs of the members.

The financial report has been prepared for distribution to the members for the purpose of fulfilling the Committee of Managements' financial reporting requirements under the Associations Incorporation Act [Tas], the Workplace Relations Act 1996 and the associations' constitution. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the Association. 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 misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.



1st Floor 160 Collins Street Hobart TAS 7000 GPO Box 1083 Hobart TAS 7001
Tel: (03) 6223 6155 Fax: (03) 6223 8993 Email: email@wlf.com.au Internet: www.wlf.com.au

Partners: Brent Palfreyman, Malcolm Groom, Peter Beven, Robert Whitehouse,
Harvey Gibson, Danny McCarthy, Douglas Thomson, Joanne Doyle, Stuart Clutterbuck
Managers: Joanne Moran, Ian Wheeler, Shenna Hurd, Marg Marshall
Sharon Breen, Dean Johnson, Alicia Leis

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the accounting policies in Note 1 to the financial statements, a view which is consistent with our understanding of the Association's financial position, and of its performance as represented by the results of its operations and cash flows.

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

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

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

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the Committee of Management of the Association.

Independence

We are independent of the Association, and have met the independence requirements of Australian professional ethical pronouncements.

Audit Opinion

In our opinion:-

- (i) there were kept by the Association in relation to the year satisfactory accounting records detailing the source and nature of the income of the Association (including income from members) and the nature and purposes of the expenditure; and
- (ii) the attached accounts and statements prepared under the historical cost convention; and in accordance with the Workplace Relations Act 1996 are properly drawn up so as to give a true and fair view of:-
 - (a) the financial affairs of the Association as at 30 June 2004; and
 - (b) the income and expenditure, and the surplus of the Association for the year ended on that date.
- (iii) we have received all the information and explanations as required for the conduct of the audit.



JOANNE DOYLE
PARTNER
WISE LORD & FERGUSON

160 Collins Street
HOBART TAS 7000

Dated: 30th June 2004

The Commissioner
Corporate Affairs
GPO Box 249C
HOBART TAS 7001

I advise that, as at the 30 June 2004 the following persons were Committee Members of the Master Builders' Association of Tasmania Inc. for the purposes of the Association's Incorporations Act 1964.

President	Mr DJ Reid	[REDACTED]
Senior Vice President	Mr JA Rosevear	[REDACTED]
Vice President	Mr DS Gray	[REDACTED]
Treasurer	Mr RG Bloomfield	[REDACTED]
Councillors	Mr A Bennett	[REDACTED]
	Mr JW Beswick	[REDACTED]
	Mr NR Bingham	[REDACTED]
	Mr C Burliegh	[REDACTED]
	Mr IG Dent	[REDACTED]
	Mr MR Hardacre	[REDACTED]
	Mr PR Ibbott	[REDACTED]
	Mr GF Keating	[REDACTED]
	Mr W Licht	[REDACTED]
	Mr D Moody	[REDACTED]
	Mr P Thurlow	[REDACTED]



J DOYLE
PARTNER
WISE LORD & FERGUSON

160 Collins Street
HOBART TAS 7000


Dated: 30th June 2004

ACCOUNTING OFFICERS CERTIFICATE

I, Christopher Atkins, being the officer responsible for keeping the accounting records of the Master Builders' Association of Tasmania Inc., certify that as of 30th June 2004 the number of members of the organisation were 475 (of which 272 were Builder Members).

In my opinion,

- i) The attached accounts show a true and fair value of the financial affairs of the organisation as at 30th June 2004;
- ii) A record has been kept of all moneys paid by, or collected from, Members and all moneys so paid or collected have been credited to the bank account to which those moneys are to be credited, in accordance with the rules of the organisation;
- iii) Before any expenditure was incurred by the organisation, approval of the incurring of expenditure was obtained in accordance with the rules of the organisation;
- iv) With regard to funds of the organisation raised by compulsory levies or voluntary contributions from Members, or funds other than the General Fund operated in accordance with the rules, no payments were made out of any such fund or purpose other than for which the fund was operated;
- v) No loans or other financial benefits, other than remuneration in respect of their full-time employment with the organisation, were made to persons holding office in the organisation;
- vi) The register of Members of the organisation was maintained in accordance with the Act.



.....

C Atkins
Executive Director

Committee Of Management Statement

On 09 August 2004 the Committee of Management of Master Builders' Association of Tasmania passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 30 June 2004:

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

- (a) the financial statements and notes comply* with the Australian Accounting Standards;
- (b) the financial statements and notes comply* with 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 a 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

For Committee of Management: Richard Gary Bloomfield

Title of Office held: Treasurer

Signature:

RG Bloomfield

Date:

09 August 2004

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2004

	2004	2003
	\$	\$
Accumulated Funds		
General Fund Beginning of Period	2,435,360	2,409,198
Surplus for Period	77,420	26,162
Total Accumulated Funds	<u>2,512,780</u>	<u>2,435,360</u>
Current Assets		
Cash on Hand	1,500	1,500
Commonwealth Trading Bank	334,733	106,401
Prepaid Expenses	8,852	17,717
Stock of Documents	16,234	16,764
Cash Investment	389,635	370,382
Trade Debtors	129,277	78,599
Provision for Bad Debts	(2,584)	(1,624)
Total Current Assets	<u>877,647</u>	<u>589,739</u>
Current Liabilities		
GST Liability	32,589	21,557
Income Received in Advance	20,100	19,330
Provision for Holiday Pay	26,874	23,050
Provision for Long Service Leave	35,288	16,104
Provision for Sick Leave	-	9,385
Trade Creditors	242,307	101,409
Total Current Liabilities	<u>357,158</u>	<u>190,835</u>
Working Capital	<u>520,489</u>	<u>398,904</u>

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.

STATEMENT OF FINANCIAL POSITION CONT.

AS AT 30 JUNE 2004

	NOTE	2004	2003
		\$	\$
Non-Current Assets			
Freehold Properties at Cost	2	<u>1,767,707</u>	<u>1,767,707</u>
Motor Vehicles at Cost		80,722	80,722
Accumulated Depreciation		<u>(40,954)</u>	<u>(29,401)</u>
Written Down Value		39,768	51,321
Equipment, Furniture at Cost		550,188	538,368
Accumulated Depreciation		<u>(365,372)</u>	<u>(305,969)</u>
Written Down Value		184,816	232,399
Total Non-Current Assets		<u>1,992,291</u>	<u>2,051,427</u>
Non-Current Liabilities			
Provision for Long Service Leave		-	14,971
Total Non-Current Liabilities		<u>-</u>	<u>14,971</u>
Net Assets		<u>2,512,780</u>	<u>2,435,360</u>

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.

STATEMENT OF FINANCIAL PERFORMANCE

FOR YEAR ENDING 30 JUNE 2004

	2004	2003
	\$	\$
REVENUE FROM ORDINARY ACTIVITIES		
Revenues from operating activities		
Administration Recovery	-	1,375
Associate Specialist Contractor	41,534	37,862
Associate Supplier Exchange	14,090	13,987
Service Provider	8,280	7,490
Building Journal Income	37,495	41,926
Documents	28,496	17,768
Fee for Service	14,471	17,649
Housing Indemnity Guarantee	190,804	137,040
Insurance Rebates	14,736	17,714
Interest Received	19,249	20,860
NO Secretarial Recovery	-	1,801
Project Fees	-	1,000
Property Income	152,653	140,308
Room Hire	1,734	1,294
Starcard	5,178	4,909
Sundry Income	(3,546)	328
Subscriptions & Turnover Levies	367,733	358,106
Training	123,089	60,673
Total Revenues from Operating Activities	1,015,996	882,090
Revenues from Non-Operating Activities		
Write back of Contingency Reserve	-	25,000
Write back of Provision for Sick Leave	9,385	10,000
Profit (Loss) on Sale of Fixed Asset	-	651
Bad debts recovered	1,860	492
Write back of Creditor	38,992	-
Total Revenues from Non-Operating Activities	50,237	36,143
Total Revenues from Ordinary Activities	1,066,233	918,233
Expenses From Ordinary Activities		
Accounting & Audit	4,045	4,007
Advertising	8,272	12,254
Annual Dinner Expenses	11,812	11,537
Bad & Doubtful Debts Expense	960	2,398
Bank Charges	1,844	1,773

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.

STATEMENT OF FINANCIAL PERFORMANCE CONT.

FOR YEAR ENDING 30 JUNE 2004

	2004	2003
	\$	\$
Expenses From Ordinary Activities Cont.		
Building Journal Expenses	58,306	55,802
Catering & Meeting Costs	16,224	13,771
Chairman's Expenses	350	655
Cleaning	9,417	12,075
Consultancies	7,650	2,392
Depreciation	70,956	68,783
Documents	18,170	12,393
Entertainment & PR	4,334	4,710
Federal Subs & Levies	44,101	29,760
Fringe Benefits Tax	7,334	5,477
Housing Awards	18,593	24,665
Insurances	17,279	16,530
Legal Expenses	862	1,279
Light & Power	13,509	8,932
Long Service Leave	4,213	3,146
MBA History	25,000	-
Northern Office Rental	17,535	27,129
Office Equipment Maintenance	6,949	8,834
Papers Publications & Library	5,208	8,378
Postage & Stamps	16,372	16,764
Presidents Expenses	1,578	910
Printing and Photocopying	20,795	17,204
Prizes & Awards	377	800
Property Expenses Rates	37,619	44,273
Property Maintenance	13,510	14,372
Salaries	378,367	342,969
Staff Training	1,945	3,937
Stationery	6,307	5,290
Telephone	26,475	25,698
Toilet Supplies	1,674	1,813
Training	66,729	30,029
Travel Meals & Accommodation	26,200	29,919
Vehicle Running	17,942	21,413
Total Expenses from Ordinary Activities	988,813	892,071
Operating Surplus for the Period	77,420	26,162

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.

STATEMENT OF CASHFLOWS

FOR YEAR ENDING 30 JUNE 2004

	2004	2003
	\$	\$
Cash Flows From Operating Activities		
Receipts from customers	946,791	984,709
Interest Received	19,249	22,874
Payments to suppliers and employees	(706,633)	(942,737)
Net Cash Flows From Operating Activities	<u>259,407</u>	<u>64,846</u>
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(11,822)	(184,007)
Proceeds from sale of property, plant and equipment	-	5,455
Net Cash Flows From Investing Activities	<u>(11,822)</u>	<u>(178,552)</u>
Net Increase/(Decrease) In Cash Held	247,585	(113,706)
Add opening cash brought forward	478,283	591,989
Closing Cash Carried Forward	<u><u>725,868</u></u>	<u><u>478,283</u></u>

For the purposes of this Statement of Cashflows, cash includes cash on hand, cash at bank and cash investments held with financial institutions. These amounts are shown separately in the accompanying Statement of Financial Position.

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.

NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the Associations Incorporation Act Tasmania and the Workplace Relations Act 1996. The Committee has determined that the association is not a reporting entity.

The financial report has been prepared in accordance with the requirements of the Associations Incorporation Act Tasmania, Workplace Relations Act and the following Australian Accounting Standards:

AAS 4	Depreciation
AAS 5	Materiality
AAS 6	Accounting Policies
AAS 8	Events Occurring After Reporting Date
AAS 21	Acquisition of Assets

No other Australian Accounting Standards, Urgent Issues Group Consensus View or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

The financial report has been prepared on an accrual basis and is based on historic costs and does not take into account changing money values.

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report:

(a) Fixed Assets

Freehold land and buildings are brought to account at cost.

The Association obtained an independent valuation on both the Hobart and Devonport premises on the 20 September 2000 by McNamara Taplin & Associates Proprietary. In particular to the Brisbane Street property the valuation document indicated a value of \$1,150,000. This is significantly lower than the value recorded in the Statement of Financial Position, being \$1,621,988 which includes additions of \$195,106 made during the 2002 and 2003 financial years which would not be included in the valuation. The property was valued on the assessed gross income produced by the property. As a result the valuation conducted in September 2000 is lower than cost due to the fact of the low occupancy rate of the building at that time. The tenancy situation has improved since the valuation, which should result in a higher valuation being obtained in the future. On this basis the Committee have retained the valuation of Land & Buildings at cost.

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.

NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

(b) Depreciation

Except for freehold property, depreciation of fixed assets is calculated on the reducing balance basis in order to write the assets off over their useful life. It is not the policy of the Association to depreciate Freehold Property (land and buildings).

Major depreciation periods are:	2004	2003
Motor Vehicles	4 - 5 years	4 - 5 years
Furniture & Equipment	2 ½ - 11 years	2 ½ - 11 years

(c) Employee Entitlements

Provisions for employee benefits in the form of Long Service Leave and Accrued Annual Leave have been made for the estimated accrued entitlements of all employees on the basis of their terms of employment. Amounts are recorded at their nominal value.

(d) Income Tax

The provision for income tax is not necessary as "Employers' Associations" are exempt from income tax under Section 23(f) of the Income Tax Assessment Act.

(e) Stamp Duty

Stamp duty is collected by The Master Builders' Association of Tasmania on behalf of members and forwarded on to the Government.

2. ASSETS PLEDGED AS SECURITY

Included in the balance of Freehold Properties at Cost are assets over which a first mortgage has been granted as security over a bank guarantee. The bank guarantee is in relation to the Housing Indemnity Scheme operated by The Master Builders' Association of Tasmania. Refer to the Contingent Liability Note 4 for further details.

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.

NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 2003

3. MBA HOUSING INDEMNITY SCHEME

The Master Builders' Association of Tasmania Inc. manages the operation of a Housing Indemnity Scheme, through an agreement with the State Government, which began operation in May 2002. The Master Builders' Association of Tasmania Inc. collect premiums on behalf of builders in relation to the scheme. These premiums less associated costs and an administration fee, are held by the scheme, on trust, to meet the payment of any future approved claims and the associated administration and other costs. Wise Lord & Ferguson audit this scheme. As at 30 June 2004 the scheme had a net asset position of \$645,103.

4. CONTINGENT LIABILITY

With reference to Note 3 MBA Housing Indemnity Scheme, in addition to the funds held on trust, a bank guarantee has been provided by the Association with a specified limit of \$500,000 for the purpose of meeting any future claims. If the value of funds held in trust exceeds this specified limit, the bank guarantee can be written-back at the rate of \$1 for every \$2 of funds in excess of the bank guarantee. As at 30 June 2004 the value of funds held exceeded the specified limit however the bank guarantee had not been written-back. The Master Builders' Association of Tasmania Inc. are only liable to meet claims up to the value of premiums held in trust plus the bank guarantee.

5. 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 provisions of sub-sections (1) (2) and (3) of section 272 of that Act, 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.

(3) A reporting unit must comply with an application made under subsection (1).

(4) A Registrar may only make an application under subsection (1) at the request of a member of the reporting unit concerned, and the Registrar must provide to a member information received because of an application made at the request of the member."



Australian Government
Australian Industrial Registry

Australian Industrial Registry
Level 35, Nauru House
80 Collins Street
MELBOURNE VIC 3000
Telephone: (03) 8661 7888
Fax: (03) 9654 6672

Ref: FR2004/417-[004T]

Mr Christopher Atkins
Executive Director
Master Builders' Association of Tasmania, The
GPO Box 992K
HOBART TAS 7001

Dear Mr Atkins

Financial Return - year ending 30 June, 2004

Our records show your organisation's financial year ended recently. This letter outlines some of the things you must do to meet your financial reporting obligations and when you have to do them. For simplicity, we will call the documents you have to lodge with us your *financial return*.

New legislation

This letter is intended as guide to the law applicable on the date of this letter and should not be used as a substitute for legal or accounting advice. We only summarise some of the reporting requirements in this letter. More detailed information is at the end of this letter.

The legislation has changed since your last return. In May 2003 the Industrial Registrar wrote to all organisations forwarding a number of facts sheets outlining the major changes made by Schedule 1B of the Workplace Relations Act 1996 ('RAO' ¹). While the immediate changes affected the rules and elections in organisations, the changes affecting financial returns involve a longer lead time.

The key differences under the new legislation affecting financial returns are:

- **a reduced financial reporting cycle (now maximum periods of 5 or 6 months depending on internal arrangements of organisation)**
- **a greater emphasis given to Australian Accounting Standards**
- **the introduction of a new report, known as an Operating Report (broadly similar in concept to a Director's Report under the corporations legislation)**
- **extensions of time are limited to one month**
- **restructured penalty provisions involving more extensive use of Civil Penalties**
- **the introduction of the Industrial Registrar's Reporting Guidelines**
- **organisations and their branches to report according to their financial structures, known as 'reporting units'.**

We recommend you discuss the new requirements with your accountant or auditor.

¹ Registration and Accountability of Organisations Schedule (**RAO**) (Schedule 1B to the *Workplace Relations Act 1996*)

Reporting Unit

One of the new concepts of the RAO legislation is that reporting entities are known as “*reporting units*”. Where an organisation is **not** divided into branches the reporting unit is the whole of the organisation. Where an organisation **is** divided into branches each branch will be a reporting unit unless the Industrial Registrar has determined a division of the organisation into reporting units on an alternative basis. We can discuss this with you if you need more information.

For simplicity, we will refer to your organisation as a reporting unit in this letter.

Industrial Registrar’s Guidelines

The Industrial Registrar’s reporting guidelines set out certain disclosure requirements in addition to those prescribed by Australian Accounting Standards having in mind the nature of organisations registered under the Workplace Relations Act.

The disclosure requirements prescribed by the reporting guidelines are directed towards providing members of the reporting unit with information to enable them to gauge the performance of the committee of management and other holders of office in relation to the financial management of the reporting unit. In addition, the reporting guidelines seek to improve the quality of information available to users of the financial report about the reporting unit’s economic support of, or economic dependency on, other reporting units of the organisation.

Timeline Planner and Checklist

We have attached a Timeline/Planner (*Attachment A*) to help you **plan** your financial return and carry out all the necessary steps. We have also attached a Document Checklist (*Attachment B*) to **check** your documents before lodging them in the Registry. Both documents are abbreviated summaries of the relevant provisions of the RAO Schedule, RAO Regulations and the Industrial Registrar’s Reporting Guidelines.

In the following section we describe some of the documents your reporting unit must prepare and the sequence of their preparation and completion.

Three Reports

Your reporting unit must prepare two reports as soon as practicable after its financial year, which, together with the Auditor’s Report, comprise the reporting unit’s financial return.

1. **General Purpose Financial Report** - this must comply with the Australian Accounting Standards and the Industrial Registrar’s Reporting Guidelines. The GPFR consists of:

Financial Statements containing:

- a profit and loss statement, or other operating statement; and
- a balance sheet; and
- a statement of cash flows; and
- any other statements required by the Australian Accounting Standards; and

Notes to the Financial Statements containing:

- notes required by the Australian Accounting Standards; and
- information required by the Industrial Registrar's *Reporting Guidelines* under section 255); and

Committee of Management Statement as required by the Registrar's Reporting Guidelines (a sample certificate for illustrative purposes is at Attachment C)

2. **Operating Report** - this report includes a review of your reporting unit's principal activities for the year and other specified information.

Your reporting unit must appoint an auditor to audit the GPFR and to provide:

3. an **Auditor's Report**.

First Meeting (Committee of Management)

For simplicity, we will call the meeting at which the committee of management first considers the GPFR the first meeting. At the first meeting your committee, if satisfied that all is in order, will resolve to express its opinion on the GPFR and complete a Committee of Management Statement.

The Auditor

After the first meeting, the auditor takes the GPFR and the Committee of Management Statement and prepares a report on the GPFR. In practice, your auditor may have already completed most of his or her examination of your accounts. The auditor may only be waiting on the Committee to pass the required resolution and make the Statement before signing the report the same day.

Informing Your Members

Your reporting unit must provide free of charge to the general membership, copies of the GPFR, the Operating Report and the Auditor's Report. RAO calls these the "full report". Under certain circumstances, your reporting unit can provide a more limited *concise report*.

The reporting unit can meet its obligation to provide copies of the full or concise report to members by publishing the report in a journal that is available to the members free of charge.

A reporting unit may meet this obligation in whole or in part by publication of the report in a journal published on a web site on the Internet dependent on:

- a. the extent of the accessibility of the members of the reporting unit to the Internet; and
- b. that the members are notified by the reporting unit in the usual manner in which it communicates with its members that the report has been so published at a specified Internet address.

The report must be provided within 5 or 6 months from the end of the financial year, depending on the internal arrangements of the organisation for the presentation of its financial reports.

The Second Meeting - if it is a General Meeting of Members

After providing the full report to members it must be presented to a general meeting of members. For simplicity this is referred to as the *second meeting*.

Your reporting unit must always allow a minimum of 21 days for members to receive the full report before presenting it to a general meeting of members (s265(5)). The purpose of the interval and the second meeting is to enable the members to have time to consider the report and, if they wish, to attend the second meeting to discuss it.

If the rules of the organisation permit a general meeting to be a series of meetings held at different locations, the full report may be presented to such a series of meetings. In this case the 'date' of the general meeting is taken to be the date of the last meeting in the series (see s266(2)).

The Second Meeting - if it is a Committee of Management Meeting

If the rules of your organisation contain a provision that allows up to 5% of members to demand a general meeting to be held consider the report (see s266(3)), it is permissible to present the report directly to a Committee of Management meeting.

Lodge full report within 14 days of meeting

You must lodge a copy of the full report and any concise report in the Industrial Registry within 14 days of the second meeting. For your convenience you are encouraged to lodge the material electronically (see eFiling Tab at www.airc.gov.au). When lodging the financial return please quote: **FR2004/417**.

The Secretary (or another officer appropriately authorised under the rules of the organisation) must *certify* that the full report is a copy of the one provided to members and presented to the second meeting and provide the date of the meeting (a sample certification for illustrative purposes is at *Attachment D*).

When we receive your return we will check that it includes the information you must provide your members and that you have provided it to them correctly.

Complying with time limits

This letter has outlined some of the steps in preparing and lodging your return. Many of the steps must be completed within fixed time limits.

Failure to complete them in time could make your reporting unit or its officers liable to financial or "civil penalties".

Extensions of Time

We appreciate that sometimes circumstances beyond your reporting unit's control may delay completion of a financial return. If you believe your reporting unit is going to be unable to meet a time limit tell us as soon as you know. We can advise you if the step is one for which you may apply under RAO to the Industrial Registrar for extra time to complete. The maximum extra time allowed can be no more than one month.

Reduced Reporting Requirements

If your reporting unit meets certain conditions, some of these reporting requirements can be reduced. Such conditions might be where the annual income of the reporting unit (where the reporting unit is the whole of the organisation) is less than \$100,000, or where the reporting unit has no financial affairs in the financial year, or where the financial affairs of the reporting unit are encompassed by the financial affairs of its counterpart State industrial association.

Contact the Registry


We encourage you to contact the Registry on (03) 8661 7787 or by e-mail at clency.lapierre@air.gov.au as early as possible if you believe preparation or lodgment of your return will be delayed or if you have any queries. We can offer you advice on procedure but we cannot give you legal or accounting advice.

Information on AIRC Website

We recommend you and your accountant/auditor refer to the following documents on the Commission's website at www.airc.gov.au:

- [RAO Schedule and RAO Regulations](#)
- [Registrar's Reporting Guidelines](#) - All GPFR's must comply with these Guidelines. Please note that the Guidelines set out requirements that are *in addition* to those required by the Australian Accounting Standards.
- [RAO Fact Sheets](#) - These Fact Sheets explain the new requirements of the RAO Schedule - many of them deal with financial reporting matters.

Yours sincerely

A handwritten signature in dark ink, consisting of a horizontal line with a vertical stroke extending downwards from its center, and a horizontal stroke extending to the right from the top of the vertical stroke.

Deputy Industrial Registrar
9 August, 2004

Documents Checklist

You can use this checklist as soon as possible after the financial year ends to ensure you have all the necessary documents prepared and that those documents contain all information required by RAO.

You can also use this checklist to ensure all documents in your financial return are complete before lodging them in the Registry.

No	Document	✓
1	General Purpose Financial Report	
	Does the report contain a Profit and Loss Statement?	
	Does the report contain a Balance Sheet?	
	Does the report contain a Statement of Cash Flows?	
	Does the report contain notes to the financial statements as required by AAS and the reporting guidelines?	
	Does the report contain all other information required by the reporting guidelines?	
2	Committee of Management Statement	
	Is the statement signed by the officer responsible for undertaking functions necessary to enable the reporting unit to comply with RAO?	
	Is the statement dated?	
	Is the statement in accordance with a resolution of the committee?	
	Does the statement specify the date of the resolution?	
	Does the statement contain declarations required by the reporting guidelines?	
3	Auditor's Report	
	Is the Report dated and signed by the auditor?	
	Is the name of the auditor clear?	
	Are the qualifications of the auditor on the report?	
	Has the auditor expressed an opinion on all matters required?	
4	Operating Report	
	Is the report signed and dated?	
	Does the report provide the number of members?	
	Does the report provide the number of employees?	
	Does the report contain a review of principal activities?	
	Does the report give details of significant changes?	
	Does the report give details of right of members to resign?	
	Does the report give details of superannuation trustees?	
	Does the report give details of membership of the committee of management?	
5	Concise report*	
6	Certificate of Secretary or other Authorised Officer	
	Is the certificate signed and dated?	
	Is the signatory the secretary or another officer authorised to sign the certificate?	
	Is the date that the report was provided to members stated?	
	Is the date of the Second Meeting at which the report was presented stated?	
	Does the certificate state that the documents are copies of those provided to members?	
	Does the certificate state that the documents are copies of those presented to the Second Meeting?	

* This is an optional way of providing documents to members (see RAO s265(3) and RAO Reg. 161).

Committee Of Management Statement

On *[date of meeting]* the Committee of Management of *[name of reporting unit]* passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended *[date]*:

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

- (a) the financial statements and notes comply* with the Australian Accounting Standards;
- (b) the financial statements and notes comply* with 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 a 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 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; 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.

For Committee of Management: *[name of designated officer per section 243 of the RAO Schedule]*

Title of Office held:

Signature:

Date:

* Where compliance or full compliance has not been attained - set out details of non compliance instead.

Where not relevant these may be modified accordingly (e.g. in (vi) "No orders have been made by the Commission under section 273 of the RAO Schedule during the period."

Certificate of Secretary or other Authorised Officer¹

s268 of Schedule 1B *Workplace Relations Act 1996*

I *[name]* being the *[title of office]* of the *[name of the organisation]* certify:

- that the documents lodged herewith are copies of the full report, *[and the concise report]²*, referred to in s268 of the RAO Schedule; and
- that the *[full report **OR** concise report]³*, was provided to members on *[insert date]*; and
- that the full report was presented to *[a general meeting of members **OR** the last of a series of general meetings of members **OR** a meeting of the committee of management]³* of the reporting unit on *[insert date]*; in accordance with section 266 of the RAO Schedule.

Signature

Date:

¹*RAO regulation 162 prescribes the designated officer for the purpose of RAO schedule s268 as:*

(a) the secretary; or

(b) an officer of the organisation other than the secretary who is authorised by the organisation or by the rules of the organisation to sign the certificate mentioned in that paragraph.

²*Only applicable where a concise report is provided to members*

³*Insert whichever is applicable*