



23 November 2017

Mr Lyndon Fenton  
President  
Master Builders' Association of Tasmania Inc.  
GPO Box 992  
Hobart TAS 7001  
[headoffice@mbatas.org.au](mailto:headoffice@mbatas.org.au)

CC: [nick.carter@wlf.com.au](mailto:nick.carter@wlf.com.au)

Dear Mr Fenton,

**Master Builders' Association of Tasmania Inc.  
Financial Report for the year ended 30 June 2017 - [FR2017/92]**

I acknowledge receipt of the financial report of the Master Builders' Association of Tasmania Inc. (the reporting unit). The documents were lodged with the Registered Organisations Commission (the ROC) on 30 October 2017.

The financial report has now been filed. You are not required to take any further action in respect of the report lodged.

The financial report was filed based on a primary review. This involved confirming that the financial reporting timelines required under s.253, s.265, s.266 and s.268 of the *Fair Work (Registered Organisations) Act 2009* (RO Act) have been satisfied, all documents required under s.268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and reporting guidelines have been complied with. A primary review does not examine all disclosure requirements.

Please note that the financial report for the year ending 30 June 2018 may be subject to an advanced compliance review.

I make the following comment to assist you when you next prepare a financial report.

**Financial Assets – Investment Properties**

I note that the most recent valuation conducted on the two investment properties included in Note 8 *Fair Value Measurement* within the reporting unit's financial report, occurred on 12 December 2011 and 29 September 2010 respectively. The reporting unit should consider seeking a new valuation on these properties during the current financial year (ending 30 June 2018) to ensure that the value recognised in the financial report does not differ materially for the value that would be currently determined using fair value.

**Reporting Requirements**

New Reporting Guidelines will apply to organisations and branches with financial years commencing on or after 1 July 2017. Updates and information on the new guidelines will be provided through the ROC website and the [subscription service](#).

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

If you have any queries regarding this letter, please contact me on (02) 8293 4654 or via email at [david.vale@roc.gov.au](mailto:david.vale@roc.gov.au).

Yours faithfully

A handwritten signature in blue ink that reads "David Vale". The signature is written in a cursive style with a long horizontal stroke extending to the right. It is contained within a thin black rectangular border.

David Vale  
Registered Organisations Commission

**svc-adlib5**

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**From:** Judy Partridge <judy@mbatas.org.au>  
**Sent:** Monday, 30 October 2017 11:00 AM  
**To:** ROC - Registered Org Commission  
**Subject:** FR2017/92 Master Builders Tasmania - Lodgement of Financial Report - [FR2017/92]  
**Attachments:** MBT EOFY Accounts 30.06.2017 FINAL.1.pdf; Designated Officer 2017.pdf

To: Registered Organisations Commission

**Re: Lodgement of Financial Report - [FR2017/192] – Master Builders’ Association of Tasmania Inc. Fair Work (Registered Organisations) Act 2009 (the RO Act)**

Please find attached:

- Full report for period ending 30<sup>th</sup> June, 2017
- Designated Officer’s Certificate

If you require any further information please do not hesitate to contact our office.

Kind Regards,



Judy Partridge  
*Operations Manager*  
A 41 Steele Street, DEVONPORT, Tas 7310 / PO BOX 83, DEVONPORT, Tas 7310  
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**PRIVACY** *Master Builders Association of Tasmania Inc. complies with the Australian Privacy Principles (“APPs”) of the Privacy Act 1998 (Cth) (Privacy Act). Please notify us if you do not wish to receive our e-mail, in particular group e-mail. For your privacy it is our policy to identify you by name only so that your e-mail address is not disclosed to others.*





The Master Builders'  
Association of Tasmania  
Inc.  
Financial Statements  
30 June 2017

Auditor's Independence Declaration to the Members of the Master Builders' Association of Tasmania Inc.

In relation to our audit of the financial report of the Master Builders Association of Tasmania Inc. for the financial year ended 30 June 2017, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements as set out in the *Fair Work (Registered Organisations) Act 2009*; and any applicable code of professional conduct.



NICK CARTER  
Partner  
Wise Lord & Ferguson  
Chartered Accountants

1/160 Collins Street  
HOBART TAS 7000

Dated: 15/6/2017

## INDEPENDENT AUDITOR'S REPORT

Members of the Master Builders' Association of Tasmania Inc.

Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of the Master Builders' Association of Tasmania Inc. which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Committee of Management's statement and operating report.

In our opinion the financial report of the Master Builders' Association of Tasmania Inc. has been prepared in accordance with Australian Accounting Standards and the *Fair Work (Registered Organisations) Act 2009*, including:

- (a) giving a true and fair view of the registered entity's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and *Fair Work (Registered Organisations) Act 2009*.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the registered entity in accordance with the auditor independence requirements of the *Fair Work (Registered Organisations) Act 2009* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Committee of Management's Responsibility for the Financial Report

The Association's Committee of Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the Association's constitution and with the *Fair Work (Registered Organisations) Act 2009*, and for such internal control as Management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibilities for the Audit of the Financial Report**

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

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

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

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



NICK CARTER

Partner

Wise Lord & Ferguson

Fellow of Institute of Chartered Accountants Australia & New Zealand CAANZ

Registered Company Auditor: 450133

Registered Auditor no: AA2017/125

Holder of Public Practice Certificate

1/160 Collins Street

Hobart TAS 7001

Date: 13/6/2017



# **The Master Builders' Association of Tasmania Inc.**

## **OPERATING REPORT**

### **for the period ended 30 June 2017**

The officers of management present its report of The Master Builders' Association of Tasmania Inc for the year ended 30 June 2017.

#### **Principal activities**

The principal activities of the Association during the financial year were:

- Providing members services such as, contractual and commercial services, wide range of individual services including advice on industrial disputes, and negotiating with unions at both state and federal levels;
- Keeping members informed on matter relevant and relating to the building industry; and
- The Association promotes all forms of education and training within the building industry to encourage and preserve skills.

It is noted that during the financial year the activities of the Association were suitably carried out. No significant change in the nature of these activities occurred during the year.

The profit/(loss) from ordinary activities amounted to (\$126,353) for the period ending 30 June 2017 (2016: \$58,051).

#### **Financial Affairs**

On the 1<sup>st</sup> of July 2015, The Master Builders Association of Tasmania merged with the Tasmanian Builders' Association. This merger will allow the association to become a bigger, stronger and more viable Building Industry Association which is better able to represent the interests of and provide member services to its members across the state.

#### **Right to Resign**

Rule 9 of the Association's Constitution deals with right of members to resign - any Member may resign from membership by written notice via letter, email or facsimile addressed to the Executive Director.

#### **Superannuation Trustees/Directors**

No officer or member of the reporting unit holds a position as a trustee or director of a superannuation entity or exempt public sector superannuation scheme where the criterion for holding such a position is that they are an officer or member of an organisation.

#### **Number of members**

The association had 602 members at the end of the reporting period (2016: 574).

**The Master Builders' Association of Tasmania Inc.**

**OPERATING REPORT**

**for the period ended 30 June 2017**

**Number of employees**

The association employed 28 – (13 office based staff & 15 apprentices) as at 30 June 2017  
(2016: 25 employees)

**Payments to employers**

The association did not make any payments during the financial year to employers as consideration for the employers making payroll deductions of membership subscriptions.

**The Master Builders' Association of Tasmania Inc.**

**OPERATING REPORT**

**for the period ended 30 June 2017**

Names of Committee of Management members and period positions held during the financial year:

President	Mr L Fenton	Councillor	Mr T Streefland
Vice President	Mr D Gates	Councillor	Mr A Kilpatrick
Treasurer	Mr D Moody	Councillor	Mr J Faulkner
Immediate Past President	Mr C Edmunds	Councillor	Mr D Reid
Councillor	Mr W Licht	Councillor	Mr R Betts
Councillor	Mr G Barnes	Councillor	Mrs V Mead

Names of Committee of Management members for part of the financial year - positions held as from 1.07.2016 to 23.09.2016

Councillor	Mr B Verhulst
Councillor	Mr D Brown
Councillor	Mr R Oakes
Councillor	Mr S Davidson
Immediate Past President	Mr T Mead

Signature of Designated Officer



Name and title of designated officer:

DAVID MOODY  
TREASURER

Dated: 18<sup>th</sup> August, 2017.

## **The Master Builders' Association of Tasmania Inc.**

### **BRANCH EXECUTIVE DECLARATION**

**for the period ended 30 June 2017**

On the 18<sup>th</sup> August, 2017 the *Committee of Management of Master Builders' Association of Tasmania Inc.* passed the following resolution in relation to the general purpose financial report (GPRF) for the year ended 30 June 2017:

The *Committee of Management* declares 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 General Manager;
- (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; and
- (e) during the financial year to which the GPRF 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 RO Act; and
  - (iv) where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and
  - (v) where information has been sought in any request by a member of the reporting unit or General Manager duly made under section 272 of the RO Act has been provided to the member or General Manager; and
  - (vi) where any order for inspection of financial records has been made by the Registered Organisation Commission under section 273 of the RO Act, there has been compliance.
- (f) no revenue has been derived from undertaking recovery of wages activity during the reporting period.

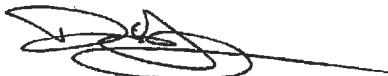
For the Committee of Management:

David Moody

Title of Office Held:

Treasurer

Signature:



Date:

18<sup>th</sup> August, 2017

**The Master Builders' Association of Tasmania Inc.**

**STATEMENT OF COMPREHENSIVE INCOME**

**for the period ended 30 June 2017**

	<b>Notes</b>	<b>2017</b> <b>\$</b>	<b>2016</b> <b>\$</b>
<b>REVENUE</b>	<b>3</b>	2,523,072	2,397,378
<b>TOTAL INCOME</b>		<b>2,523,072</b>	<b>2,397,378</b>
<b>EXPENSES</b>			
Depreciation Expense	<b>4</b>	69,457	61,030
Employee Expenses	<b>4</b>	880,735	824,072
Other Expenses	<b>4</b>	1,699,233	1,454,225
<b>TOTAL EXPENSES</b>		<b>2,649,425</b>	<b>2,339,327</b>
<b>PROFIT FOR THE YEAR</b>		<b>(126,353)</b>	<b>58,051</b>
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>11</b>	<b>(126,353)</b>	<b>58,051</b>

The accompanying notes form part of the financial statements.

**The Master Builders' Association of Tasmania Inc.**

**STATEMENT OF FINANCIAL POSITION**

**as at 30 June 2017**

	Notes	2017 \$	2016 \$
<b>CURRENT ASSETS</b>			
Cash & Cash Equivalents	5	373,908	634,042
Prepayments		11,918	20,353
Inventories		15,713	19,162
Trade Receivables	6	206,514	170,707
<b>TOTAL CURRENT ASSETS</b>		<b>608,053</b>	<b>844,264</b>
<b>NON-CURRENT ASSETS</b>			
Investment in MBAIS	19	120,000	120,000
Property, Plant & Equipment	7	1,724,163	1,520,171
Investment Properties	8	3,141,960	3,141,960
<b>TOTAL NON-CURRENT ASSETS</b>		<b>4,986,123</b>	<b>4,782,131</b>
<b>TOTAL ASSETS</b>		<b>5,594,176</b>	<b>5,626,395</b>
<b>CURRENT LIABILITIES</b>			
Trade Payables	9(a)	185,527	150,883
Income Received in Advance		70,523	15,521
Employee Entitlements	10	127,138	111,242
Other Liabilities	9(b)	10,018	21,426
<b>TOTAL CURRENT LIABILITIES</b>		<b>393,206</b>	<b>299,072</b>
<b>TOTAL LIABILITIES</b>		<b>393,206</b>	<b>310,276</b>
<b>NET ASSETS</b>		<b>5,200,970</b>	<b>5,327,323</b>
<b>EQUITY</b>			
Accumulated Funds & Reserves	11	5,200,970	5,327,323

The accompanying notes form part of the financial statements.

**The Master Builders' Association of Tasmania Inc.**

**STATEMENT OF CHANGES IN EQUITY**

**for the period ended 30 June 2017**

	<b>RESERVES</b>	<b>ACCUMULATED FUNDS</b>	<b>TOTAL EQUITY</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance as at 30 June 2015</b>	<b>708,083</b>	<b>4,431,836</b>	<b>5,139,919</b>
Profit / (Loss) for the year	-	58,051	58,051
Merger with TBA	-	129,353	129,353
<b>Balance as at 30 June 2016</b>	<b>708,083</b>	<b>4,619,240</b>	<b>5,327,323</b>
Profit / (Loss) for the year	-	(126,353)	(126,353)
<b>Balance as at 30 June 2017</b>	<b>708,083</b>	<b>4,492,887</b>	<b>5,200,970</b>

The accompanying notes form part of the financial statements.

**The Master Builders' Association of Tasmania Inc.**

**CASH FLOW STATEMENT**

**for the period ended 30 June 2017**

	Notes	2017 \$	2016 \$
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Receipts from trading		2,538,037	2,287,374
Interest received		7,679	10,408
<b>Cash used</b>			
Payments to suppliers & employees		(2,532,400)	(2,177,768)
<b>Net cash from (used by) operating activities</b>	<b>13(b)</b>	<b>13,316</b>	<b>120,014</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash received</b>			
Disposal of equipment		-	10,981
Merger with TBA		-	118,149
<b>Cash used</b>			
Purchase of equipment and investment properties		(273,450)	(61,328)
<b>Net cash from (used by) investing activities</b>		<b>(273,450)</b>	<b>67,802</b>
<b>Net increase (decrease) in cash held</b>		<b>(260,134)</b>	<b>187,816</b>
Cash & cash equivalents at the beginning of the reporting period		634,042	446,226
<b>Cash &amp; cash equivalents at the end of the reporting period</b>	<b>13(a)</b>	<b>373,908</b>	<b>634,042</b>

The accompanying notes form part of the financial statements.



**THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.**  
**NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS**  
**FOR THE PERIOD ENDED 30 JUNE 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of preparation of the financial statements**

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period and the *Fair Work (Registered Organisations) Act 2009* (the RO Act). For the purpose of preparing the general purpose financial statements, the Master Builders' Association of Tasmania Inc. is a not-for-profit entity.

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

**New Australian Accounting Standards**

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to Master Builders. Master Builders has decided not to early adopt any of the new and amended pronouncements. Management have assessed forthcoming standards and determined they will not have a material impact on Master Builders financial statements.

**(a) Comparative amounts**

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

**(b) Trade Receivables**

Receivables include amounts where settlement has not yet occurred. Receivables are recognised and carried at original invoice amount less a provision for uncollectible debts. An allowance for doubtful debts is made when there is objective evidence that collection of the debt is no longer probable. Bad debts are written off as incurred.

**(c) Inventories**

Inventories are valued at the lower of cost or net realisable value.

**(d) Cash and Cash Equivalents**

Cash on hand and in banks and short-term deposits are stated at nominal value.

For the purpose of the Statement of Cash Flows, cash includes cash on hand and in banks including deposits held with a bank or financial institution.

**(e) Trade Payables & Other Liabilities**

Liabilities for trade creditors and other amounts are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Association.

**THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.**  
**NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS**  
**FOR THE PERIOD ENDED 30 JUNE 2017**

**(f) Property, Plant and Equipment**

Valuation

All classes of property, plant and equipment are valued at cost, except for the investment properties which are valued under *AASB140 Investment Properties* as noted below.

Depreciation

Land is not depreciated. Depreciation of items of Equipment and Motor Vehicles is calculated on the reducing balance method in order to write the assets off over their useful life. Depreciation on Buildings is calculated on a straight line basis at 2%.

Major depreciation periods are:	2017	2016
Motor vehicles	4 – 5 years	4 - 5 years
Plant and Equipment	2.5 – 11 years	2.5 - 11 years
Buildings	50 years	50 years

*Impairment*

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date. The recoverable amount of property, plant and equipment is the higher of fair value less costs to sell and value in use. An impairment exists when the carrying value of an asset exceeds its recoverable amount. The asset is then written down to its recoverable amount. Impairment losses are recognised in profit and loss unless the asset is carried at a revalued amount, in which case the impairment loss is treated as a devaluation in accordance with the relevant standard.

**(g) Investment Properties**

The property purchased during the 2010 year, 116 Bathurst Street Hobart, is considered an investment property and is governed by *AASB140 Investment Properties*. Within *AASB140 Investment Properties*, the cost model was originally adopted. Under the cost model, the asset is valued at cost and is not depreciated. During the 2012 year the fair value model was adopted to replace the cost model. Details regarding the fair value of the asset at balance sheet date are disclosed in the notes to the financial statements. Refer note 8.

During the 2011 year the fair value model of *AASB140 Investment Properties* was adopted for the Canning Street property. Transfers of buildings to investment properties can only occur under the fair value model and not the cost model as used for the purchase of the Bathurst Street property. Under the fair value model the asset is valued at fair value and is not depreciated. Any changes to the fair value of investment properties are recognised in profit and loss in the period in which they occur.

**THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.**  
**NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS**  
**FOR THE PERIOD ENDED 30 JUNE 2017**

**(h) Revenue Recognition**

Income is recognised to the extent that it is probable that the economic benefits will flow to the Association and the income can be reliably measured. The following specific recognition criteria must also be met before income is recognised:

*Subscriptions*

Subscription income is recognised when the member invoice is generated.

*Apprentice Hire*

Apprentice Hire income is recognised when the apprentice invoice is generated.

*Training*

Training income is recognised when the member invoice is generated.

*Interest*

Interest income is recognised as it accrues.

*Sale of Goods*

Control of the goods has passed to the buyer.

*Property Income*

Property income is recognised as it accrues.

**(i) Taxes**

A 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.

*Goods and Services Tax (GST)*

Revenues, expenses and assets are recognised net of the amount of GST except:

Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

**THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.**  
**NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS**  
**FOR THE PERIOD ENDED 30 JUNE 2017**

**(j) Employee benefits**

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, long service leave and annual leave expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled.

The amounts expected to be paid to employees for their pro-rata entitlements for long service leave are accrued annually at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. The pro-rata liability for long service leave is recognised after completion of seven years service. The provision for long service leave has not been calculated in accordance with *AASB 119 Employee Benefits* due to the small number of staff members and the consequent impracticality of applying the discounting methodology. The method applied is consistent with prior years.

**(l) Accounting judgements and estimates**

The preparation of financial statements requires management to make judgements estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is described in note 10 where judgements have been made in relation to the value of employee entitlements.

**(m) Fair value measurement**

The Master Builders Association of Tasmania measures financial instruments, such as, financial asset as at fair value through the profit and loss, available for sale financial assets, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at fair value are disclosed in Note 8.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

**THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.**  
**NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS**  
**FOR THE PERIOD ENDED 30 JUNE 2017**

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Master Builders Association of Tasmania uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1—Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, Master Builders Association of Tasmania determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as land and buildings and investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, Master Builders Association of Tasmania has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

## **2. INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR**

In accordance with the requirement of the *Fair Work (Registered Organisations) Act 2009* (the RO Act) 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 the General Manager, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- (2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.
- (3) A reporting unit must comply with an application made under subsection (1).

**THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.**  
**NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS**  
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	2017	2016
	\$	\$
<b>3. REVENUE</b>		
Apprentice Hire	657,598	410,135
Associate Specialist Contractor	89,720	97,511
Associate Supplier Exchange	17,670	14,669
Commissions	18,183	14,437
Documents	15,610	11,819
Excellence Awards Entries	23,400	29,409
Fee for Service	7,134	11,032
Finance Income	27,019	5,000
Insurance Sales & Commission	168,552	193,159
Interest Income	7,679	10,408
John Holland Fairbrother Joint Venture Income	66,639	81,421
Profit on Sale of Fixed Assets	-	909
Subscriptions	418,003	361,790
Training	446,699	491,501
Property Income	299,817	436,989
Pathways Program Income	60,028	59,402
Housing Awards/Annual Dinner Income	144,576	77,898
Sensis Advertising Income	(875)	35,601
Marketing Income	7,038	9,938
Other Functions	9,720	5,368
Building Journal	22,009	26,830
Sundry Revenue	16,853	12,152
<b>Total Revenue</b>	<b>2,523,072</b>	<b>2,397,378</b>
<b>4. EXPENSES</b>		
<i>Depreciation of Non-Current Assets</i>		
Plant and Equipment	14,010	16,982
Lift	6,339	-
Buildings	24,302	24,302
Motor Vehicles	24,806	19,746
<b>Total Depreciation of Non-Current Assets</b>	<b>69,457</b>	<b>61,030</b>
<i>Employee Expenses</i>		
<b>Holders of Office</b>		
Wages and Salaries	-	-
Superannuation	-	-
Leave and Other Entitlements	-	-
Separation and Redundancies	-	-
Other Employee Expenses	-	-
<b>Subtotal employee expenses holders of office</b>	<b>-</b>	<b>-</b>

**THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.**  
**NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS**  
**FOR THE PERIOD ENDED 30 JUNE 2017**

	2017	2016
	\$	\$
<b>4. EXPENSES – CONTINUED</b>		
<b>Employers other than office holders</b>		
Wages and Salaries	687,330	645,737
Superannuation	69,347	65,290
Leave and Other Entitlements	124,058	113,045
Separation and Redundancies	-	-
Other Employee Expenses	-	-
<b>Subtotal employee expenses other than office holders</b>	<b>880,735</b>	<b>824,072</b>
<b>Total Employee Expenses</b>	<b>880,735</b>	<b>824,072</b>
<b>OTHER EXPENSES</b>		
<i>Other Expenses</i>		
Accounting & Audit	6,724	7,864
Advertising	4,810	2,974
Apprentice Expenses	519,242	341,642
Regional Annual Dinner Expenses	10,913	13,702
Bad Debts	7,095	4,479
Bank Charges	2,593	1,882
Building Journal Expenses	11,594	18,084
Catering & Meeting Costs	39,184	27,969
Commissions	8,976	7,555
Consideration to Employers for Payroll Deductions	-	-
Consultancies	8,467	11,921
Cost of Goods Sold	3,448	824
Documents	12,066	11,479
Excellence Awards Expenditure	19,604	-
Federal Subscriptions	94,140	92,933
Fees/Allowances -Meeting and Conferences	35,342	35,546
Fee for Service	-	3,510
Insurance Recovery	-	(12,261)
Housing Awards/Annual Dinner Expense	94,407	93,266
Insurances	35,071	31,119
John Holland Fairbrother Joint Venture Expenses	36,529	37,162
Legal Expenses	14,096	772
Light & Power	39,320	51,775
Loss On Sale of Fixed Asset	-	592
Meeting Expenses	2,411	-
Office Rental	3,000	3,000
Pathways Program Expenditure	35,780	27,737

**THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.**  
**NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS**  
**FOR THE PERIOD ENDED 30 JUNE 2017**

4. OTHER EXPENSES CONTINTUED	2017	2016
	\$	\$
Postage and Stamps	3,308	4,132
Printing and Photocopying	12,515	9,716
Property Expenses - Rates	81,039	77,377
Property/Office Equipment Maintenance	57,388	35,948
Sensis Expenses	9,997	26,896
Telephone	34,264	38,801
Training	351,848	355,571
Vehicle Running	26,302	25,705
Sundry Expenses	77,760	64,553
<b>Total Other Expenses</b>	<b>1,699,233</b>	<b>1,454,225</b>

*Grants or Donations*

**Grants**

Total Paid that were \$1000 or Less	-	-
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Total Paid that Exceeded \$1,000	-	-
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**Donations**

Total Paid that were \$1,000 or Less	-	-
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Total Paid that Exceeded \$1,000	-	-
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<b>Subtotal Grants or Donations</b>	<b>-</b>	<b>-</b>
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5. **CASH & CASH EQUIVALENTS**

Cash on Hand	1,500	1,500
Commonwealth Trading Bank	170,001	223,264
Cash Investment	108,680	271,072
Commonwealth At Call	1	20,225
Group Training Account	68,725	92,980
MBA Finance	25,001	25,001
<b>Total Cash &amp; Cash Equivalents</b>	<b>373,908</b>	<b>634,042</b>

6. **TRADE RECEIVABLES**

Trade Receivables	(a)	219,093	176,741
Provision for Doubtful Debts		(12,579)	(6,034)
<b>Total Trade Receivables</b>		<b>206,514</b>	<b>170,707</b>

**(a) Terms and Conditions**

Terms and conditions relating to the above financial instruments:

- (i) Trade debtors are non-interest bearing and generally on 30 day terms.



**THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.  
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS  
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	<b>2017</b>	<b>2016</b>
	\$	\$
<b>7. PROPERTY, PLANT &amp; EQUIPMENT</b>		
Land & Buildings	1,550,272	1,550,272
Less: Accumulated Depreciation – Buildings	(209,208)	(184,906)
	1,341,064	1,365,366
 Plant & Equipment	 523,914	 513,809
Less: Accumulated Depreciation	(477,324)	(463,313)
	46,590	50,496
 Lift	 209,186	 -
Less: Accumulated Depreciation – Lift	(6,339)	-
	202,847	-
 Motor Vehicles	 178,168	 178,168
Less: Accumulated Depreciation	(98,665)	(73,859)
	79,503	104,309
 <i>Work in Progress</i>	 54,159	 -
 <b>Total Property, Plant &amp; Equipment</b>	 <b>1,724,163</b>	 <b>1,520,171</b>

**THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.  
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS  
FOR THE PERIOD ENDED 30 JUNE 2017**

**7 PROPERTY, PLANT & EQUIPMENT CONTINUED**  
**(a) Reconciliations**

*Land & Buildings*

Opening Written Down Value	1,365,366	1,389,668
Less Depreciation	(24,302)	(24,302)
Closing Written Down Value	<u>1,341,064</u>	<u>1,365,366</u>

*Plant & Equipment*

Opening Written Down Value	50,496	52,744
Add Purchases	10,104	15,082
Less Disposals	-	(348)
Less Depreciation	(14,010)	(16,982)
Closing Written Down Value	<u>46,590</u>	<u>50,496</u>

*Motor Vehicles*

Opening Written Down Value	104,309	88,442
Add Purchases	-	44,887
Less Disposals	-	(9,274)
Less Depreciation	(24,806)	(19,746)
Closing Balance	<u>79,503</u>	<u>104,309</u>

*Lift*

Opening Written Down Value	-	-
Add Purchases	209,186	-
Less Depreciation	(6,339)	-
Closing Balance	<u>202,847</u>	<u>-</u>

**THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.**  
**NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS**  
**FOR THE PERIOD ENDED 30 JUNE 2017**

	Carrying Amount 2017 \$	Fair Value 2017 \$	Carrying Amount 2016 \$	Fair Value 2016 \$
<b>8. FAIR VALUE MEASUREMENT</b>				
<b>a) Financial Assets and Liabilities</b>				
<b>Financial Assets</b>				
116 Bathurst Street, Hobart	2,091,960	2,091,960	2,091,960	2,091,960
<b>(i)</b>				
55 Canning Street, Launceston	1,050,000	1,050,000	1,050,000	1,050,000
<b>(ii)</b>				
<b>Total</b>	<b>3,141,960</b>	<b>3,141,960</b>	<b>3,141,960</b>	<b>3,141,960</b>
<b>(iii) Reconciliation</b>				
	<b>2017</b>	2016		
	\$	\$		
<i>Investment Properties</i>				
Opening Fair Value	3,141,960	3,141,960		
Closing Fair Value	3,141,960	3,141,960		

**(i) 116 Bathurst Street Hobart**

During the 2010 financial year The Master Builders' Association of Tasmania Inc. purchased an investment property at 116 Bathurst Street, Hobart. It has been recorded in the accounts under the cost model of AASB140 as per policy in note 1(g).

A valuation was performed at 30 June 2010 by Brothers & Newton – Opteon property valuers, and two valuations were advised based on occupancy levels. When fully occupied the fair value of the 116 Bathurst St property is \$2,700,000.

During the 2012 financial year The Master Builders' Association of Tasmania Inc. moved offices and now occupies level 5 of 116 Bathurst Street. Adjustment was therefore required to the classification of the property to ensure only the unoccupied portion is recognised as an investment property. The value of the property has been allocated accordingly based on the government valuation obtained on 12 December 2011.

	\$	
Total value of 116 Bathurst Street:	<u>2,700,000</u>	
Occupied Building Value:	427,880	(Depreciable)
Occupied Land Value:	180,160	(Not depreciable)
Investment Property Value:	2,091,960	(Not depreciable)

**THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.  
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS  
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**(ii) 55 Canning Street Launceston**

During the 2011 financial year the recognition of the 55 Canning Street property changed to an investment property. It has been recorded in the accounts under the fair value model of AASB140. The most recent valuation was a government valuation performed on 29 September 2010. The fair value at that date was determined to be \$1,050,000 and this is the value recorded on the statement of financial position.

**b) Fair Value Hierarchy**

The following tables provide an analysis of financial and non financial assets and liabilities that are measured at fair value, by fair value hierarchy.

**Fair value hierarchy – 30 June 2017**

	<b>Date of Valuation</b>	<b>Level 1 \$</b>	<b>Level 2 \$</b>	<b>Level 3 \$</b>	<b>Total \$</b>
<b>Assets measured at fair value</b>		-		-	
116 Bathurst Street, Hobart	12/12/2011	-	2,091,960	-	<b>2,091,960</b>
55 Canning Street, Launceston	29/09/2010	-	1,050,000	-	<b>1,050,000</b>
<b>Total</b>		-	<b>3,141,960</b>	-	<b>3,141,960</b>

**Fair value hierarchy – 30 June 2016**

	<b>Date of Valuation</b>	<b>Level 1 \$</b>	<b>Level 2 \$</b>	<b>Level 3 \$</b>	<b>Total \$</b>
<b>Assets measured at fair value</b>		-		-	
116 Bathurst Street, Hobart	12/12/2011	-	2,091,960	-	<b>2,091,960</b>
55 Canning Street, Launceston	29/09/2010	-	1,050,000	-	<b>1,050,000</b>
<b>Total</b>		-	<b>3,141,960</b>	-	<b>3,141,960</b>

**THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.**  
**NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS**  
**FOR THE PERIOD ENDED 30 JUNE 2017**

	2017	2016
	\$	\$
<b>9. TRADE PAYABLES &amp; OTHER LIABILITIES</b>		
<b>(a) Trade Payables</b>		
Trade Payables	131,396	102,933
GST Liability	54,131	47,950
Legal Costs		
Ligation	-	-
Other Legal Matters	-	-
Consideration to Employers for Payroll Deductions	-	-
<b>Total Trade Payables</b>	<b>185,527</b>	<b>150,883</b>
<b>(b) Other Liabilities</b>		
Sundries	10,018	21,426
<b>Total Other Liabilities</b>	<b>10,018</b>	<b>21,426</b>
<b>(c) Terms and Conditions</b>		
Terms and conditions relating to the above financial instruments:		
(i) Trade creditors are non-interest bearing and normally settled on 30 day terms.		

**10. EMPLOYEE ENTITLEMENTS**

The aggregate employee entitlement liability is comprised of:

Provision for Annual Leave	69,994	60,331
Provision for Long Service Leave	57,144	50,911
<b>Total Employee Entitlements</b>	<b>127,138</b>	<b>111,242</b>

There are no other provisions relating to redundancies or other liabilities for employees of the Association.

**11. ACCUMULATED FUNDS & RESERVES**

**(a) Accumulated Funds**

Balance at Beginning of year	4,619,240	4,561,189
Add Profit for the year	(126,353)	58,051
Balance at End of Year	4,492,887	4,619,240

**(b) Reserves**

Balance at Beginning of year	708,083	708,083
Add Revaluation for the year	-	-
Balance at End of Year	708,083	708,083

<b>Total Accumulated Funds &amp; Reserves</b>	<b>5,200,970</b>	<b>5,327,323</b>
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**THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.**  
**NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS**  
**FOR THE PERIOD ENDED 30 JUNE 2017**

	2017	2016
	\$	\$
<b>12. AUDITORS REMUNERATION</b>		
Amounts received or due and receivable by WLF Accounting & Advisory for:		
- an audit or review of the financial report of the Association	6,000	5,800
	<b>6,000</b>	<b>5,800</b>
	<b>6,000</b>	<b>5,800</b>
<b>13. NOTES TO THE STATEMENT OF CASH FLOWS</b>		
<b>(a) Reconciliation of Cash</b>		
Cash on Hand	1,500	1,500
Cash at Bank	170,001	223,264
Cash Investment Account	108,680	271,072
Commonwealth At Call	1	20,225
Group Trading Account	68,725	92,980
MBA Finance	25,001	25,001
	<b>373,908</b>	<b>634,042</b>
	<b>373,908</b>	<b>634,042</b>
<b>(b) Reconciliation of Net Cash provided by (used in) Operating Activities to Net Profit:</b>		
Net Profit/(Loss)	(126,353)	58,051
Depreciation and Amortisation	69,458	61,030
Increase/(Decrease) in Employee Entitlements	15,896	19,887
Increase/(Decrease) in Trade Payables & Other Liabilities	23,236	81,004
Increase/(Decrease) in Income in Advance	55,002	(75,537)
(Increase)/Decrease in Prepayments	8,435	(362)
(Increase)/Decrease in Inventories	3,449	824
(Increase)/Decrease in Trade & Other Receivables	(35,807)	(24,883)
	<b>13,316</b>	<b>120,014</b>
	<b>13,316</b>	<b>120,014</b>

**THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.**  
**NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS**  
**FOR THE PERIOD ENDED 30 JUNE 2017**

**14. RELATED PARTY DISCLOSURES**

The names of the officers of The Master Builders' Association of Tasmania Inc., during the financial year were:

President	Mr L Fenton	Councillor	Mr A Kilpatrick
Vice President	Mr D Gates	Councillor	Mr J Faulkner
Treasurer	Mr D Moody	Councillor	Mr D Reid
Immediate Past President	Mr C Edmunds	Councillor	Mr R Betts
Councillor	Mr W Licht	Councillor	Mrs V Mead
Councillor	Mr G Barnes	Councillor	Mr B Verhulst
Councillor	Mr T Streefland	Councillor	Mr D Brown
Councillor	Mr R Oakes	Councillor	Mr S Davidson

Details of loans to officers is Nil.

There were no transactions between the office holders and the Association other than those relating to their membership of the Association and the reimbursement by the Association in respect of expenses incurred by them in the performance of their duties. Such transactions have been on conditions no more favourable than those which would have been adopted by parties at arm's length.

None of the office holders are employees of The Master Builders' Association of Tasmania Inc. and therefore they do not receive any remuneration or employee entitlements.

**15. KEY MANAGEMENT PERSONNEL REMUNERATION**

	<b>Short-term employee benefits</b>	<b>Post- employment benefits</b>	<b>Long term benefits</b>	<b>Other</b>	<b>Total</b>
<b>2017</b>					
Total income paid or payable to all Key Management personnel	137,525	13,065	18,227	-	168,817
<b>2016</b>					
Total income paid or payable to all Key Management personnel	157,798	14,991	15,696	-	188,485

**16. DESCRIPTION OF OPERATIONS**

The principal activities of the Association are to provide benefits to its members.

**17. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

There were no significant changes in the financial affairs of the Association.

**THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.  
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS  
FOR THE PERIOD ENDED 30 JUNE 2017**

**18. SIGNIFICANT EVENTS AFTER BALANCE DATE**

There were no significant events after balance date.

**19. INVESTMENT IN MASTER BUILDERS' AUSTRALIA INSURANCE SERVICES**

The Master Builders' Association of Tasmania has shareholders' investment in Master Builders Australia Insurance Services Pty Ltd (MBAIS). The association's investment is measured at cost; as at 30 June 2017 there are no indicators of impairment.

**20. REGISTERED OFFICE**

116 Bathurst Street  
Hobart Tasmania 7000

**21. SEGMENT REPORTING**

The Master Builders' Association of Tasmania Inc. operates predominantly in the one geographical region being Tasmania. The Master Builders' Association of Tasmania Inc. activities surround the provision of benefits and services to its members.

**22. FINANCIAL INSTRUMENTS**

**(a) Credit risk**

Credit risk represents the risk that a counter-party will fail to perform contractual obligations under a contract.

The Association's maximum credit risk exposure at balance date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of Financial Position. Credit risk exposure for receivables reflects the underlying credit risk inherent in the Association.

These risks are managed through the credit policies implemented by the Association. There is no concentration of credit risk in any particular industry or market segment, however all transactions are within the State of Tasmania.

**(b) Liquidity and cash flow risk**

Liquidity risk is the risk that the Association will encounter difficulty in realising assets or otherwise raising funds to meet commitments associated with financial instruments. Cash flow risk is the risk that future cash flows associated with financial instruments will fluctuate in amount.

**(c) Interest Rate Risk**

Interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates.

An increase / (decrease) in interest rate of 1% will have a corresponding effect on revenue of \$3,739 (2016: \$6,340).



**THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.  
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS  
FOR THE PERIOD ENDED 30 JUNE 2017**

**(d) Net fair values**

The carrying amounts of all financial assets and financial liabilities of the Association recognised at balance date generally approximated fair value because of the short term to maturity.

**23. CAPITATION FEES**

There was no capitation paid or received during the year.

**24. LEVIES**

There was no compulsory or voluntary levies paid or received during the year.

**25. GRANTS**

There were no grants paid or received during the year.

**26. LEGAL FEES**

Legal costs that were paid throughout the financial year related to the domestic builder contract being rewritten due to new legislation.

# MASTER BUILDERS' ASSOCIATION OF TASMANIA INC

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

## CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

Certificate for the year ended 30<sup>th</sup> June, 2017

I Lyndon Fenton being the President of Master Builders' Association of Tasmania Inc certify:

- that the documents lodged herewith are copies of the full report for Master Builders' Association of Tasmania Inc for the period ended 30<sup>th</sup> June, 2017 referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the reporting unit on 28<sup>th</sup> September, 2017 and
- that the full report was presented to a General Meeting of Members (AGM) of the reporting unit on 20<sup>th</sup> October, 2017 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature of prescribed designated officer:

A handwritten signature in black ink, appearing to read 'L. Fenton', written over a horizontal line.

Name of prescribed designated officer: Lyndon Fenton

Title of prescribed designated officer: President

Dated: 20<sup>th</sup> October, 2017



8 August 2017

Mr Michael Kerschbaum  
Executive Director  
Master Builders' Association of Tasmania Inc.  
By Email: headoffice@mbatas.org.au

Dear Mr Kerschbaum,

**Re: Lodgement of Financial Report - [FR2017/92]  
*Fair Work (Registered Organisations) Act 2009 (the RO Act)***

The financial year of the Master Builders' Association of Tasmania Inc. (the reporting unit) ended on 30 June 2017. This is a courtesy letter to remind you of the reporting unit's obligations regarding financial reporting.

#### **Loans Grants and Donations Statement**

The reporting unit is required to lodge a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding \$1,000 for the reporting unit during its financial year. Section 237 of the RO act requires this statement to be lodged with Registered Organisations Commission (the ROC) within 90 days of the end of the reporting unit's financial year, that is on or before 28 September 2017.

The attached fact sheet *Loans Grants and Donations* (FS 009) summarises the requirements of the Loans Grants and Donations Statement. A sample statement of loans, grants or donations is available on our [website](#).

It should be noted that s.237 is a civil penalty provision. If a loan, grant or donation over \$1000 has been made, failure to lodge a statement of loans, grants and donations (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$105,000 for each contravention for a body corporate and up to \$21,000 for each contravention for an individual) being imposed upon your organisation and/or an officer whose conduct led to the contravention.

#### **Financial report**

The RO Act sets out a particular chronological order in which your financial report must be prepared, audited, provided to members, presented to a meeting and then lodged with the ROC. The attached document *Summary of Financial Reporting timelines* (FS 008) summarises these requirements.

We emphasise that the reporting unit is required to present its audited financial report to a meeting (either of members or of the committee of management, depending on your rules) no later than 31 December 2017 (s.266). The full financial report must be lodged with the ROC within 14 days of that meeting (s.268).

When assessing your financial report, we will continue to focus closely on timelines as well as how loans, grants and donations are reported. The financial report must break down the amounts of grants and donations and these figures will be compared to the loans, grants and donations statement (see attached *Loans Grants and Donations* fact sheet FS 009).

You can visit our website for more information regarding [financial reporting](#), and fact sheets regarding [financial reporting processes and requirements](#). A model set of financial statements developed by the

ROC is also available on our website. It is not obligatory to use this model but it is a useful resource to ensure compliance with the RO Act, the Reporting Guidelines and the Australian Accounting Standards.

It should be noted that s.268 of the RO Act is a civil penalty provision. Failure to lodge the full financial report (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$105,000 for each contravention for a body corporate and up to \$21,000 for each contravention for an individual) being imposed upon your organisation and/or an officer whose conduct led to the contravention (s.268).

### **Auditor's report**

When assessing the financial report we will also focus on the structure and content of the auditor's report to ensure that it complies with the revisions made to the Auditing Standards which came into effect from 15 December 2016. Please find below a guidance note *Illustrative Auditor's Report* (GN 004) relating to these requirements (which can also be located on our website).

## **REMINDER**

### **YOUR AUDITOR MUST BE REGISTERED (s.256)**

You must ensure that your auditor is registered by the Registered Organisations Commissioner. A list of registered auditors is available on our [website](#).

### **Contact**

Should you require any clarification in relation to the above, please email [regorgs@roc.gov.au](mailto:regorgs@roc.gov.au).

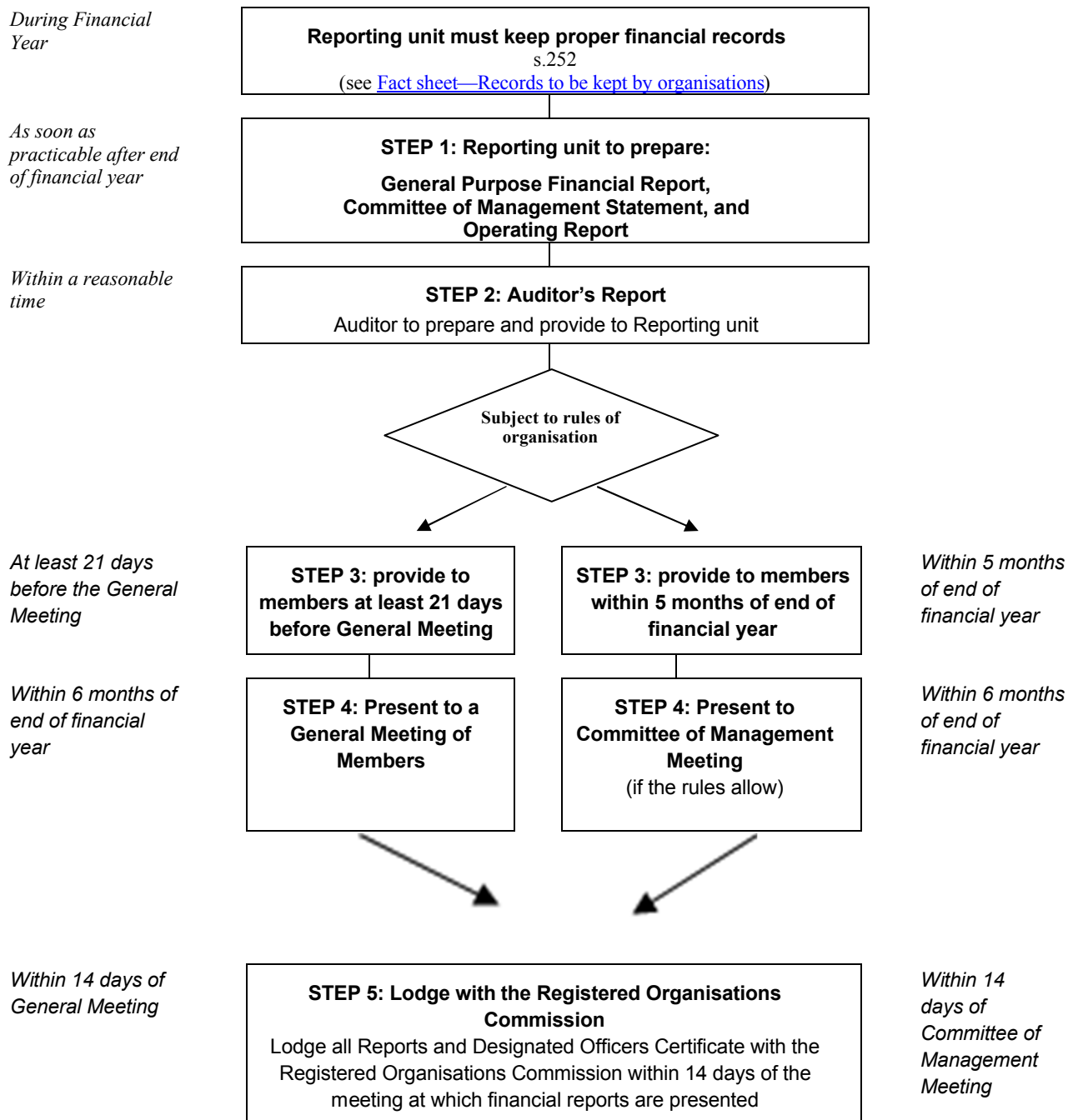
Yours faithfully,  
**Michael Moutevelis**  
**Registered Organisations Commission**



# Fact sheet

## Summary of financial reporting timelines – s.253 financial reports

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





## Fact sheet

### Loans, Grants & Donations

#### The Loans, Grants & Donations Requirements

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

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

#### The Loans, Grants & Donations Statement

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





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



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

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

#### Common misconceptions

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

Misconception	Requirement
 Only reporting units must lodge the Statement.	 All branches and organisations, regardless of whether they lodge a financial report, must lodge the statement within 90 days of the end of the financial year. An organisation cannot lodge a single statement to cover all of its branches.
 Employees can sign the Statement.	 The statement must be signed by an elected officer of the relevant branch.

	Statements can be lodged with the financial report.		The deadline for the statement is much shorter (90 days) and if it is lodged with the financial report it is likely to be late.
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### Grants & Donations within the Financial Report

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

As such, the note in the financial report relating to grants and donations will have four lines. In the [ROC's Model Statements](#) the note appears as follows:

#### Note 4E: Grants ~~OR~~ donations\*

Grants:	[Current year]	[Previous year]
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Donations:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
<b>Total grants or donations</b>	-	-

The Commissioner’s Reporting Guidelines requires that these line items appear in the financial report even if the figures are NIL.

### Implications for filing the Financial Report

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

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

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

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

Previous financial reports and filing letters are available from the website.

### Further information

If you have any further questions relating to the loan, grant and donation disclosure requirements in the statement or the financial report, please contact the ROC on [regorgs@roc.gov.au](mailto:regorgs@roc.gov.au)



## **Guidance Note**

### **Illustrative Auditor's Report under section 257 of the *Fair Work (Registered Organisations) Act 2009***

Prepared and issued by the Registered Organisations Commission

<b>Version</b>	<b>Date published</b>
1	4 August 2017



## 1. Introduction

The purpose of this guidance note is to provide Registered Organisations with guidance on the revised Australian Auditing Standard ASA 700 *Forming an Opinion and Reporting on a Financial Report* (ASA 700), as issued by the Auditing and Assurance Standards Board ('AUASB').

An 'Illustrative Auditor's Report' is included to assist Registered Organisations to understand the new auditing requirements.

## 2. Background to the revised Auditing Standard

From 15 December 2016, the structure of the Auditor's Report changed as a result of revisions made to the Australian Auditing Standards (ASAs). The changes impact all auditors' reports prepared in accordance with the ASAs.

The purpose of the change is to:

- enhance the communicative value of the Auditor's Report;
- give prominence to the most important matters by re-ordering the content;
- enhance reporting on going concern matters (if applicable), and provide enhanced descriptions of the respective responsibilities of management and the auditor, in relation to going concern;
- provide an affirmative statement on auditor's independence and fulfilment of relevant ethical responsibilities;
- provide more information to users on the auditor's responsibilities, and the key features of an audit and;
- provide details of other information the auditor has received at the date of the Auditor's Report, and is expected to receive after the date of the Auditor's Report<sup>1</sup>.

## 3. Key changes included in the illustrative Auditor's Report

Description	Auditing standard ref.	Comments
Structure of the auditor's report	ASA 700.21-52	The form and structure of the audit report have been reorganised due to changes in the Australian Auditing Standards.
Basis for opinion	ASA 700.28c	Requires references in the audit report to the applicable ethical standards e.g. APES 110 <i>Code of Ethics for Professional Accountants</i> .
Other information	ASA 700.32 ASA 720	ASA 720 now requires that the auditor 'read and consider' if the Other Information (including but not limited to the Operating Report) is materially inconsistent with the financial statements, or the auditor's knowledge obtained in the audit.
Committee of Management's responsibilities for the preparation of the financial report	ASA 700.33-36	ASA 700.34b has been added to reflect changes made in ASA 570. The changes emphasise that it is management's responsibility for assessing whether the use of the going concern assumption is appropriate. The auditors' roles and responsibilities related to going concern have not changed.
Auditor's responsibilities for the audit of the financial report	ASA 700.37-40	These paragraphs have been expanded to clarify the detailed nature and scope of the auditor's existing responsibilities and procedures, and to make an explicit relationship of material misstatements to fraud or error.
Report on other legal and	ASA 700.43-45	This section is only applicable if there are other matters to report as required by other legislation.

<sup>1</sup> Adapted from 'Auditor Reporting FAQs' – Auditing and Assurance Standards Board - <http://www.auasb.gov.au/Publications/Auditor-Reporting-FAQs.aspx>

Description	Auditing standard ref.	Comments
regulatory requirements		<p>Under sections 257(6) and (7) of the <i>Fair Work (Registered Organisations) Act 2009</i> ('RO Act'), the auditor is required to report on any instances of non-compliance or deficiency or shortcoming with respect to financial record-keeping, and section 257(2) of the RO Act requires auditors to report on access restrictions to the financial records of the organisation.</p> <p>This section is not required if there are no matters to report.</p>

#### 4. Key changes not reflected in the illustrative Auditor's Report

Description	Auditing standard ref.	Comments
Key Audit Matters	ASA 700.30-31, A41 ASA 701	<p>ASA 701 provides additional disclosures for entities listed on a securities exchange to communicate key audit matters ('KAMs') in the auditor's report. KAMs are those matters that, in the auditor's judgement, are of most significance to the audit of the financial statements of the current financial period.</p> <p>At this point in time, the ROC does not require the inclusion of KAMs.</p>

The numbered references in the Illustrative Auditor's Report refer to the explanatory paragraphs in section 5 of this Guidance Note 'Illustrative Auditor's Notes'. The Illustrative Auditor's Report is also included in the 'Model Financial Statements' published on the Registered Organisations Commission's website.

<To be printed on Auditor letterhead>

## Independent Audit Report to the Members of <name of Reporting Unit>

### Report on the Audit of the Financial Report

#### Opinion

I have audited the financial report of <name of Reporting Unit> (the Reporting Unit), which comprises the statement of financial position<sup>2</sup> as at <balance date>, the statement of comprehensive income<sup>3</sup>, statement of changes in equity<sup>4</sup> and statement of cash flows<sup>5</sup> for the year ended <date>, notes to the financial statements, including a summary of significant accounting policies; and the Committee of Management<sup>6</sup> Statement.

In my opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of <name of Reporting Unit> as at <balance date>, and its financial performance and its cash flows for the year ended on that date in accordance with:

- a) the Australian Accounting Standards; and
- b) any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act).

I declare that management's use of the going concern basis in the preparation of the financial statements of the Reporting Unit is appropriate.

#### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Reporting Unit in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Information Other than the Financial Report and Auditor's Report Thereon<sup>7</sup>

The Committee of Management is responsible for the other information. The other information obtained at the date of this auditor's report is in the Operating Report accompanying the financial report.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

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<sup>2</sup> Refer to paragraph 9 in Section 5 Illustrative Auditor's Report Notes in this Guidance Note

<sup>3</sup> Ibid paragraph 9

<sup>4</sup> Ibid paragraph 9

<sup>5</sup> Ibid paragraph 9

<sup>6</sup> Ibid paragraph 10; note if this is changed to another descriptor all other references in the Report should be changed to the other descriptor

<sup>7</sup> Ibid paragraph 7

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### **Responsibilities of Committee of Management for the Financial Report**

The Committee of Management of the Reporting Unit is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the Committee of Management determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

### **Auditor's Responsibilities for the Audit of the Financial Report**

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Reporting Unit's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Reporting Unit's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Reporting Unit to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Reporting Unit to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Reporting Unit audit. I remain solely responsible for my audit opinion.

I communicate with the Committee of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I declare that I am an approved auditor, a member of [name of appropriate professional accounting body] and hold a current Public Practice Certificate.

## **[Report on Other Legal and Regulatory Requirements]<sup>8</sup>**

[In accordance with the requirements of section 257(7) of the RO Act, I am required to describe any deficiency, failure or shortcoming in respect of the matters referred to in section 252 and 257(2) of the RO Act.

My opinion on the financial report is not modified in respect of the following matter(s) because, in my opinion, it has been appropriately addressed by [Reporting Unit] and is not considered material in the context of the audit of the financial report as a whole:

[Example:

a) [Reporting Unit] failed to keep [name of other record] as required by section 252 of the RO Act for the period 1 July 20XX to 4 July 20XX inclusive.]]

## **[Report on the Recovery of Wages Activity financial report]<sup>9</sup>**

### **Opinion on the recovery of wages activity financial report**

The scope of my work extended to the recovery of wages activity and I have audited the recovery of wages activity financial report for the year ended <date>.

In my opinion, the financial statements and notes and recovery of wages activity financial report properly and fairly report all information required by the reporting guidelines of the General Manager, including:

- (a) any fees charged to, or reimbursements of expenses claimed from, members and others for recovery of wages activity; and
- (b) any donations or other contributions deducted from recovered money.

### **Responsibilities**

The Committee of Management is responsible for the preparation and presentation of the recovery of wages activity financial report in accordance with the reporting guidelines of the General Manager. My responsibility is to express an opinion on the recovery of wages activity financial report, based on my audit conducted in accordance with Australian Auditing Standards.

<Audit Firm Name>

<Name>

Partner

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<sup>8</sup> Ibid paragraph 11

<sup>9</sup> Ibid paragraph 11

<City>  
<Date>

Registration number (as registered by the RO Commissioner under the RO Act)<sup>10</sup>: <insert number>

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<sup>10</sup> Ibid paragraph 12

## 5. Illustrative Auditor's Report Notes

For the purpose of this illustrative Auditor's Report, the following circumstances are assumed:

1. The financial report is prepared by management of the Reporting Unit in accordance with Australian Accounting Standards and the RO Act.
2. The terms of the audit engagement reflect the description of management's responsibility for the financial report in *ASA 210 Agreeing the Terms of Audit Engagements*.
3. The auditor has concluded an unmodified opinion is appropriate based on the audit evidence obtained.
4. The relevant ethical requirements that apply to the audit are the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants*.
5. Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern in accordance with *ASA 570 Going Concern*.
6. The auditor is not required, and has otherwise not decided, to communicate key audit matters in accordance with *ASA 701 Communicating Key Audit Matters in the Independent Auditor's Report*.
7. The section on 'Information Other than the Financial Report and Auditor's Report Thereon' is customised depending on the nature of the Other Information received and when this information was received. The template provided assumes that the nature of the Other Information is the Operating Report and that it was received on or before the date of the audit report. If there is Other Information that accompanies the financial report in addition to the Operating Report, or if the Operating Report or any additional Other Information was not received on or before the date of the audit report, please refer to the requirements stated in *ASA 720 The Auditor's Responsibilities Relating to Other Information* for example wording.
8. The subheading 'Report on Other Legal and Regulatory Requirements' is only applicable where the auditor includes 'Other reporting responsibilities' in accordance with *ASA 700 Forming an Opinion and Reporting on a Financial Report*. Please delete the 'Report on Other Legal and Regulatory Requirements' section if there is no deficiency, failure or shortcoming to report.
9. Please ensure that the financial statement descriptions used in the Auditor's Report agree with those used in the financial report, for example, 'balance sheet' or 'statement of financial position'.
10. Use of 'Committee of Management' in the model auditor's report represents those charged with governance for the registered organisation, and can be replaced with other descriptors as appropriate for the organisation, for example, 'Council of Management', 'Executive Committee', etc.
11. If the Registered Organisation has not undertaken any recovery of wages activity during the reporting period the auditor's report should state that fact with reference

to the Committee of Management Statement, and no opinion can be provided in relation to recovery of wages activity.

12. Auditors must be registered by the Registered Organisations Commissioner. Your registration number under the RO Act will commence with the letters 'AA'.

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This guidance note is not intended to be comprehensive. It is designed to assist with making an application to the Registered Organisations Commission and its work. The Registered Organisations Commission does not provide legal advice.