



11 July 2014

Jeff Colver
General Manager Operations
Master Builders Association Northern Territory
PO Box 37121
WINNELLIE NT 0820

Dear Mr Colver

Master Builders Association Northern Territory Financial Report for the year ended 30 June 2013 - [FR2013/202]

I acknowledge receipt of the financial report of the Master Builders Association Northern Territory. The documents were lodged with the Fair Work Commission (FWC) on 4 October 2013.

I acknowledge receipt of supplementary information on 30 June 2014, 2 July 2014 and 11 July 2014 in relation to addressing the issues raised in the letter Ken Morgan from the FWC sent to you dated 14 April 2014.

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

Changes to the reporting guidelines and model financial statement

A fourth edition of the General Manager's s.253 Reporting Guidelines was gazetted on 13 June 2014. These guidelines will apply to all financial reports that end on or after 30 June 2014. A model set of financial statements for the 2013-2014 financial year is also available on the FWC website. The FWC recommends reporting units use this model as it will assist in ensuring compliance with the *Fair Work (Registered Organisations) Act 2009*, the s.253 Reporting Guidelines and the Australian Accounting Standards.

The Reporting Guidelines and Model Financial Statements are available on the website here:

<https://www.fwc.gov.au/registered-organisations/compliance-governance/financial-reporting>

If you have any queries regarding this letter, please contact me on (03) 8661 7886 or via email at joanne.fenwick@fwc.gov.au.

Yours sincerely

Joanne Fenwick
Financial Reporting Specialist
Regulatory Compliance Branch

From: FENWICK, Joanne
To: ["gmo@mbant.com.au"](mailto:gmo@mbant.com.au)
Cc: ["Casmel Taziwa"](#)
Subject: Master Builders Association Northern Territory - FR2013/202
Date: Friday, 11 July 2014 1:35:00 PM
Attachments: [MBA_NT - FR2013-202_filing.pdf](#)

Mr Colver

Please find attached a letter advising that the abovementioned financial reports has been filed. I have also copied your accountant, Mr Casmel Taziwa, into this email.

Regards

JOANNE FENWICK

Financial Reporting Specialist
Regulatory Compliance Branch

Fair Work Commission

Tel: (03) 8661 7886
Fax: (03) 9655 0410
joanne.fenwick@fwc.gov.au

11 Exhibition Street, Melbourne Victoria 3000
GPO Box 1994, Melbourne Victoria 3001

www.fwc.gov.au

From: FENWICK, Joanne
Sent: Wednesday, 9 July 2014 9:58 AM
To: 'gmo@mbant.com.au'
Subject: RE: 2012-13 Financial Return

Good morning Jeff

Thank you for providing the FWC with the amended audited financial return for the Master Builders Association Northern Territory Branch. It is noted that most items that were identified in the letter dated 14 April 2014 from Ken Morgan have been addressed, however there are a few items that still have not been addressed appropriately.

To enable me to file the financial return could you please respond to this email with the appropriate disclosure of employee expenses for office holders and other employees and the employee provisions for office holders and other employees.

The required disclosure for employee expenses for holders of office as per reporting guidelines item 17(f) is as follows:

- Wages and salaries;
- Superannuation;
- Leave and other entitlements;
- Separation and redundancies; and
- Other employee expenses (specify if material).

The required disclosure for employee expenses for other employees as per reporting guidelines item 17(g) is as follows:

- Wages and salaries;
- Superannuation;
- Leave and other entitlements;
- Separation and redundancies; and
- Other employee expenses (specify if material).

Please note that reporting guideline 18 states that if any of the activities identified in paragraph 17 have not occurred in the reporting period, a statement to this effect must be included in the notes to the general purpose financial report.

The required disclosure for employee provisions for holders of office as per reporting guidelines item 21(c) is as follows:

- Annual leave;
- Long service leave;
- Separation and redundancies; and
- Other employee provisions.

The required disclosure for employee provisions for other employees as per reporting guidelines item 21(d) is as follows:

- Annual Leave;
- Long service leave;
- Separation and redundancies; and
- Other employee provisions.

Please note that reporting guideline 22 states that if any of the activities identified in paragraph 21 have not occurred in the reporting period, a statement to this effect must be included in the notes to the general purpose financial report.

Once I have received this information I will proceed to filing the financial return and will address the other issues at that time.

Regards

JOANNE FENWICK

Financial Reporting Specialist
Regulatory Compliance Branch

Fair Work Commission

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**MASTER BUILDERS ASSOCIATION NORTHERN
TERRITORY INCORPORATED**

**GENERAL PURPOSE
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
30 JUNE 2013**

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

OPERATING REPORT FOR THE YEAR ENDED 30 JUNE 2013

The Committee of Management of the Master Builders Association Northern Territory Incorporated for the purposes of the *Fair Work (Registered Organisation) Act 2009*, presents its operating report for the financial year ended 30 June 2013.

Committee of Management

The names of each committee member of the Association during the year from 1 July 2012 to 30 June 2013, unless otherwise stated, were:

Phil Storey	David Lester
Dick Guit	Andrea Morlarty
Greg McLaughin	Leanne Kison
Paul Nowland	Clive Clements
John Brears	Russel Lutzke
Sandy Kirsopp	Ken Hyde
Richard Riedel	Danielle Laffy
Charles Wright	Michael Hatton
Claire Forsyth	Tim Stewart
Roger Pearson	Kevin Peters

There were no officers or employees who were also directors of the Association or member of the the management committee.

Principal Activities

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

- To promote the interests of the building and construction industry in the Northern Territory;
- To safeguard the interests of its members against injustice in their regular business and such activities as are ancillary to the building and construction industry;
- To protect its members against injustice or oppression in the fair and proper execution of such works as they may undertake to carry out from time to time;
- To establish a code of ethics and good business practice amongst members;
- To take an active part in assisting or opposing such public movements as may appear likely to affect its members' interests in the carrying on of their business;
- To secure to its members all the advantages of unity of action in any lawful manner whatsoever; and
- To maintain and improve conditions of contracts, forms of agreement, conditions of tendering and the like and to enter into agreements with the Royal Australian Institute of Architects or similar bodies, public authorities the Commonwealth and Northern Territory authorities and lending institutions.

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

**OPERATING REPORT
FOR THE YEAR ENDED
30 JUNE 2013**

Results of Activities

The net surplus of the Association for the financial period was \$495,164 (\$413,996 in 2012).

Significant Changes in Nature of Activities or Financial Affairs

No significant change in the nature of the activity occurred during the period except for managing the operations of Master Builders Fidelity Fund from 1 January 2013. The Association was instrumental in the set up of Master Builders Fidelity Fund. As part of the operational arrangements, the Association provides management services on an ongoing basis from 1 January 2013.

Membership of the Association

The number of members of the Association at the end of the financial year was 263 (2012: 273).

Employees of the Association

The number of persons employed by the Association during the financial year at one time was 10 (2012: 7).

Rights of Members to Resign

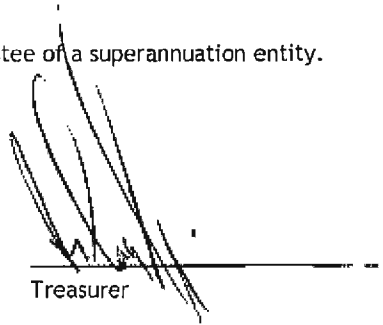
Members retain their right to resign from the Master Builders Association Northern Territory Incorporated in accordance with section 10 of the Federal Rules and Section 174 of Chapter 6 of *Fair Work (Registered Organisations) Act 2009*. In accordance with Section 174 Schedule 1 of the *Fair Work (Registered Organisations) Act* a member of an organisation may resign from membership by written notice addressed and delivered to a person designated for the purpose in the rules of the organisation or a branch of the organisation.

Superannuation Trustees

No officer or member of the organisation is a trustee of a superannuation entity.



President



Treasurer

13 May 2014

13 May 2014

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

**STATEMENT BY THE COMMITTEE OF MANAGEMENT
FOR THE YEAR ENDED
30 JUNE 2013**

On the 13th of May 2014 the Committee of Management of the Master Builders Association of the Northern Territory Incorporated passed the following resolution in relation to the general purpose financial statements (GPFS) for the year ended 30 June 2013 as follows:

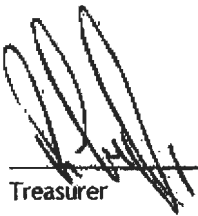
In our opinion -

- 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 of the Fair Work Commission;
- 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 GPFS relates and since the end of that year:
 - i) meetings of the Committee of Management of the Association were held in accordance with the rules of the Association;
 - ii) the financial affairs of the Association have been managed in accordance with the rules of the Association;
 - iii) The financial records have been kept and maintained in accordance with Part 8 (records and Accounts) the Fair Work (Registered Organisation) Act 2009 and;
 - iv) The Association only consists of one reporting unit therefore the issue of consistency of financial reporting does not arise.
 - v) No information has been sought by a member of the Association or a General Manager of Fair Work Australia under Section 272 of the Fair Work (Registered Organisation) Act 2009; and
 - vi) No orders for inspection of financial statements have been made by the Fair Work Australia under section 273 of Fair Work (Registered Organisation) Act 2009.
- f) there were no recovery of wages activity during the financial year.

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



President



Treasurer

Dated: 13 May 2014

INDEPENDENT AUDITOR'S REPORT

To the members of Master Builders Association Northern Territory Incorporated.

Report on the Financial Statements

We have audited the accompanying financial statements of Master Builders Association Northern Territory Incorporated, which comprises the statement of financial position as at 30 June 2013, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and the statement of management committee.

Management Committee's Responsibility for the Financial Report

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management Committee, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of Master Builders Association Northern Territory Incorporated as at 30 June 2013, and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards, *Northern Territory Associations Act* and the *Fair Work (Registered Organisations) Act 2009*.

Other Matters

In our opinion, we conclude that the management's use of going concern basis of accounting in preparation of the Association's financial statements is appropriate as current assets exceeds current liabilities by \$522,836 and year-end cash balance of \$592,495 is more than enough to cover its total liabilities of \$559,954.

Handwritten signature of BDO in black ink.

BDO Audit (NT)

Handwritten signature of C J Sciacca in black ink.

C J Sciacca
Chartered Accountant
Audit Partner
Registered Company Auditor

Darwin: 13 May 2014

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$	2012 \$
Revenues	2	<u>2,264,524</u>	<u>1,779,929</u>
Expenses			
Affiliation fees to Master Builders Australia Inc.		84,526	82,212
Accounting and audit fees	3(a)	9,849	6,000
Depreciation	7	22,962	7,059
Finance costs	12	11,197	-
Financial services		17,482	22,002
Marketing, functions and events costs		211,561	213,442
Office administration		170,187	86,070
Product and services		53,336	51,453
Property costs		115,444	100,892
Sundry expenses		35,310	13,414
Training and projects costs		81,581	145,850
Travel and accommodation		51,971	47,779
Employee expenses - Committee of Management	3(b)	-	-
Employee expenses - Management	3(c)	363,315	316,897
Employee expenses - Other staff	3(d)	540,639	272,863
Total Expenses		<u>1,769,360</u>	<u>1,365,933</u>
Surplus For The Year		495,164	413,996
Other comprehensive income		-	-
Total Comprehensive Income		<u>495,164</u>	<u>413,996</u>

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Note	2013 \$	2012 \$
ASSETS			
Current Assets			
Cash and cash equivalents	4	592,945	498,531
Trade and other receivables	5	131,274	74,406
Inventory	6	14,465	18,444
Prepayments		11,779	-
Total Current Assets		<u>750,463</u>	<u>591,381</u>
Non-Current Assets			
Property and equipment	7	34,464	56,965
Investments	8	871,990	120,000
Total Non-Current Assets		<u>906,454</u>	<u>176,965</u>
Total Assets		<u>1,656,917</u>	<u>768,346</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	9	117,077	40,642
Grant liabilities	10	-	68,665
Borrowings	12	25,680	-
Provisions	11	84,870	57,240
Total Current Liabilities		<u>227,627</u>	<u>166,547</u>
Non-Current Liabilities			
Borrowings	12	332,327	-
Total Non-Current Liabilities		<u>332,327</u>	<u>-</u>
Total Liabilities		<u>559,954</u>	<u>166,547</u>
NET ASSETS		<u>1,096,963</u>	<u>601,799</u>
EQUITY			
Accumulated funds	13	1,096,963	601,799
Total Equity		<u>1,096,963</u>	<u>601,799</u>

The Statement of Financial Position should be read in conjunction with the accompanying notes

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$	2012 \$
Cash flow from operating activities			
Cash receipts in the course of operations	14(c)	1,402,592	1,009,893
Cash payments in the course of operations		(1,627,696)	(1,336,426)
Interest received		21,771	18,967
Grants received		630,400	760,634
Interest paid		(11,197)	-
Net cash from operating activities	14(b)	<u>415,870</u>	<u>453,068</u>
Cash flow from investing activities			
Payment for property and equipment		(460)	(41,430)
Payment for investment property		(679,003)	-
Cash used in investing activities		<u>(679,463)</u>	<u>(41,430)</u>
Cash flow from financing activity			
Proceeds from borrowing		360,000	-
Repayment of borrowing		(1,993)	-
Cash from financing activity		<u>358,007</u>	<u>-</u>
Net increase in cash		94,414	411,638
Cash and cash equivalents at the beginning of the financial year		498,531	86,893
Cash and cash equivalents at the end of the financial year	14(a)	<u>592,945</u>	<u>498,531</u>

The Statement of Cash Flows should be read in conjunction with the accompanying notes

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

1 SUMMARY OF ACCOUNTING POLICIES

Basis of Preparation

The financial statements are a general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and complies with the *Fair Work (Registered Organisations) Act 2009 and Northern Territory of Australia Associations Act*.

For the purposes of preparing the financial statements, the Association is a not-for-profit entity. The financial report was authorised for issue, in accordance with a resolution of committee of management, on 13 May 2014.

The financial statements have also been prepared on a historical basis and do not take into account changing money values or, except where specifically stated, current valuations of non-current assets. The concept of accrual accounting has been adopted in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

Significant Accounting Policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transaction or other event is reported.

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

(a) Going Concern Basis

The financial statements are prepared on a going concern basis.

(b) New, revised or amending Accounting Standards and Interpretations adopted

The Association has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the Association from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Association.

The following Accounting Standards and Interpretations are most relevant to the Association:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

(b) **New, revised or amending Accounting Standards and Interpretations adopted - continued...**

AASB 2011-9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income

The Association has applied AASB 2011-9 amendments from 1 July 2012. The amendments require grouping together of items within other comprehensive income on the basis of whether they will eventually be 'recycled' to the profit or loss (reclassification adjustments). The change provides clarity about the nature of items presented as other comprehensive income and the related tax presentation. The amendments also introduced the term 'Statement of profit or loss and other comprehensive income' clarifying that there are two discrete sections, the profit or loss section (or separate statement of profit or loss) and other comprehensive income.

(c) **Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(d) **Receivables**

Trade receivables are recognised at original invoice amounts less an allowance for uncollectible amounts and have repayment terms between 30 and 90 days. Collectability of trade receivables is assessed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance is made for doubtful debts where there is objective evidence that the Association will not be able to collect all amounts due according to the original terms. Objective evidence of impairment include financial difficulties of the debtor, default payments or debts more than 60 days overdue. On confirmation that the trade receivable will not be collectible the gross carrying value of the asset is written off against the associated provision.

(e) **Property and Equipment**

All property and equipment is stated at historical cost, including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, less depreciation and any impairments.

Depreciation on the assets is calculated on a diminishing value basis over the estimated useful life of the asset as follows:

Motor vehicles	5 years
Office equipment	3-8 years
Furniture and fittings	3-8 years

An item of property and equipment is derecognised upon disposal, when the item is no longer used in the operations of the Association or when it has no sale value. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

(f) Investment Property

Investment properties principally comprise of freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the Association. Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured annually at fair value, based on similar assets, location and market conditions. Movements in fair value are recognised directly to profit or loss.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

(g) Investment in Associate

Investment in shares in MBA Insurance Services Pty Ltd is accounted for as investment in associate where the Association has significant influence but not control or joint control. Investment in associate is accounted for using the equity method where the share of the movements in equity is recognised in profit or loss. The investment in associates is carried in the statement of financial position at cost plus post-acquisition changes in the Association's share of net assets in the associate. Dividends received or receivable from associates reduce the carrying amount of the investment.

(h) Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable value.

Recoverable value is the higher of an asset's fair value less cost to sell or value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pretax discount rate specific to the asset or cash-generating unit to which the asset belongs. Asset that do not have independent cash flows are grouped together to form a cash-generating unit.

(i) Trade Payables

Trade payables and other accounts payables are recognised when the Association becomes obliged to make future payments resulting from the purchase of goods and services.

(j) Borrowings

Borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised costs using the effective interest method.

When there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the borrowings are classified as non-current.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

(k) Employee Benefit Provisions

Wages and Salaries and Annual Leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of reporting date are recognised in respect of employees' services rendered up to balance sheet date and measured at amounts expected to be paid when the liabilities are settled. Liabilities for wages and salaries are included as part of 'Trade and other payables' and liabilities for annual leave are included as part of 'Provisions' in the statement of financial position.

(l) Goods and Services Tax

Revenues, expenses and assets are recognised net of Goods and Service Tax (GST) except where 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.

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 presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

(m) Income Tax

The Association is exempt from Income Tax under section 50-5 of the Income Tax Assessment Act 1997.

(n) Revenue Recognition

(i) Grants

Grants are recognised at their fair value where there is reasonable assurance that the grant will be received and the Association will comply with all the attached conditions. Grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

(ii) Subscriptions

Revenue from subscriptions is recognised in the period to which it relates.

(ii) Rent

Rent revenue from investment property is recognised on a straight line basis over the lease of term.

(iii) Management fee

Management fee is recognised when services are rendered.

(iv) Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

(o) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights and obligations exist. Subsequent to initial recognition these instruments are measured as set out below:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

(o) Financial Instruments - continued...

Financial Assets

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial Liabilities

Non-derivative financial liabilities, including loans and borrowings, are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Derecognition of financial assets

The Association derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Association neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, it recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Association retains substantially all the risks and rewards of ownership of a transferred financial asset, it continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Impairment

At the end of each reporting period the Association assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(p) Leases

Operating lease payments are recognised as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

(q) Critical Accounting Estimates and Judgements

The preparation of financial statements in conformity with accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Association's accounting policies.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

(q) **Critical Accounting Estimates and Judgements - continued...**

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Provision for impairment of receivables

The provision for impairment of receivables assessment requires degree of estimation and judgement. The level of provision is assessed by taking into account the ageing of receivables, historical collection of rates and specific knowledge of the individual debtors financial position. Provision for impaired receivables amounted to \$11,240 as at 30 June 2013 (nil in 2012).

Impairment of non-financial assets

The Association assess impairment at each reporting date by evaluating conditions specific to the Association that may lead to impairment of assets. When an impairment trigger exists, the recoverable amount of the asset is determined.

No impairment has been recognised in respect of property and equipment , investment property and investment in associate for the year ended 30 June 2013 and 2012.

Estimation of useful lives of assets

The Association determines the estimated useful lives and related depreciation charges for its property and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

(r) **Accounting Standards Issued But Not Yet Effective**

Certain new accounting standards, amendments and interpretations have been published that are not mandatory for 30 June 2013 reporting periods. The Committee of Management's assessment of the impact of these new standards, amendments and interpretations are set out below:

(i) AASB 9 Financial Instruments, 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and 2012-6 Amendments to Australian Accounting Standards arising from AASB 9

Effective for annual reporting period beginning on or after 1 January 2015.

The standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139 with one exception, being the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The Association will adopt this standard on 1 July 2015 but the impact of adoption is yet to be assessed by the Association.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

(r) Accounting Standards Issued But Not Yet Effective - continued...

(ii) AASB 12 Disclosures of interests in Other Entities

This standard is applicable to annual reporting periods beginning on or after 1 January 2013. It contains the entire disclosure requirement associated with other entities, being subsidiaries, associates and joint ventures. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation - Special Purpose Entities'. The adoption of this standard from 1 July 2013 will significantly increase the amount of disclosures required to be given by the Association such as significant judgements and assumptions made in determining whether it has a controlling or non-controlling interest in another entity and the type of non-controlling interest and the nature and risks involved.

(iii) AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting

Effective for annual reporting period beginning on or after 1 January 2013.

The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the exit price and it provides guidance on measuring fair value when a market becomes less active. The highest and best approach would be used to measure assets whereas liabilities would be based on transfer value. As the standard does not introduce any new requirements for the use of fair value, its impact on adoption by the Association should be minimal, although there will be increased disclosures where fair value is used.

(iv) AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)

Effective for annual reporting period beginning on or after 1 January 2013.

The amendments make changes to the accounting for defined benefit plans and the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. The later will require annual leave that is not expected to be wholly settled within 12 months to be discounted allowing for expected salary levels in the future period when the leave is expected to be taken. The adoption of the revised standard from 1 July 2013 is expected to reduce the reported annual leave liability of the Association.

(v) AASB 127 Separate Financial Statements (Revised)

AASB 128 Investments in Associates and Joint Ventures (Reissued)

These standards are applicable to annual reporting periods beginning on or after 1 January 2013. They have been modified to remove specific guidance that is now contained in AASB 10, AASB 11 and AASB 12. The adoption of these revised standards from 1 July 2013 will not have a material impact on the Association.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

(r) Accounting Standards Issued But Not Yet Effective - continued...

(vi) AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities

Effective for annual reporting period beginning on or after 1 January 2013.

The disclosure requirements of AASB 7 'Financial Instruments: Disclosures' (and consequential amendments to AASB 132 'Financial Instrument: Presentation') have been enhanced to provide users of financial statements with information about netting arrangements, including rights of set-off related to an entity's financial instruments and the effects of such rights on its financial position. The adoption of the amendments from 1 July 2013 will increase the disclosures by the Association.

(vii) AASB 2012-3 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities

Effective for annual reporting period beginning on or after 1 January 2014.

The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of "currently has a legally enforceable right to set-off"; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement. The adoption of the amendments from 1 July 2014 will not have a material impact on the Association.

(viii) AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle

Effective for annual reporting period beginning on or after 1 January 2013.

The amendments affect five Australian Accounting Standards as follows: Confirmation that repeat the application of AASB 1 (IFRS 1) 'First-time Adoption of Australian Accounting Standards' is permitted; Clarification of borrowing cost exemption in AASB 1; Clarification of the comparative information requirements when an entity provides an optional third column or is required to present a third statement of financial position in accordance with AASB 101 'Presentation of Financial Statements'; Clarification that servicing of equipment is covered by AASB 116 'Property, Plant and Equipment', if such equipment is used for more than one period; clarification that the tax effect of distribution to holders of equity instruments and equity transaction costs in AASB 132 'Financial Instruments: Presentation' should be accounted for in accordance with AASB 112 'Income Taxes'; and clarification of the financial reporting requirements in AASB 134 'Interim Financial Reporting' and the disclosure requirements of segment assets and liabilities. The adoption of the amendments from 1 July 2013 will not have a material impact on the Association.

(ix) AASB 2012-9 Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039

This amendment is applicable to annual reporting periods beginning on or after 1 January 2013. The amendment removes reference in AASB 1048 following the withdrawal of Interpretation 1039. The adoption of this amendment will not have a material impact on the Association.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

{r} Accounting Standards Issued But Not Yet Effective - continued...

(x) AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments

These amendments are applicable to annual reporting periods beginning on or after 1 January 2013. They amend AASB 10 and related standards for the transition guidance relevant to the initial application of those standards. The amendments clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments. The adoption of these amendments will not have a material impact on the Association.

{s} Required Disclosures Under Section 253 Reporting Guidelines But Not Applicable

The Association did not have activities during the year for the following required disclosures under Section 253 of Fair Work (Registered Organisations) Act of 2009:

- i. Business combinations;
- ii. Fees incurred as consideration for or payables to employers making payroll deductions of membership subscriptions;
- iii. Fees and allowances paid to persons to attend to conferences or other meeting as a representative of the Association;
- iv. Legal costs or other litigation expenses incurred or payables in respect of legal costs and other expenses related to litigation or other legal matters;
- v. Penalties imposed under the RO Act; and,
- vi. Donations received or made to other parties.

		2013	2012
		\$	\$
2	(a) Revenue		
	Net administration fee	2(b) 299,089	.
	Commission MBAIS	81,598	47,377
	Government grants	699,065	742,400
	HR/IR income	109,219	67,837
	Interest and finance	21,771	18,967
	Membership and subscriptions	301,799	301,104
	Marketing, functions and events	327,233	198,404
	Office rental income	15,971	20,335
	Miscellaneous income	26,513	33,568
	Rental income from investment property	14,192	-
	Share in profit or loss of associate	72,987	45,040
	Training and projects	295,087	304,897
	Total Revenue	<u>2,264,524</u>	<u>1,779,929</u>
	(b) Net income earned from managing the Fidelity fund as follows:		
	Administration fee	410,000	-
	Less: Expenses		
	Assessor's fee	(88,800)	.
	Audit fee	(15,780)	-
	Other administrative expense	(6,331)	-
		<u>299,089</u>	<u>-</u>

Income earned from managing the fidelity fund was presented as net amount as the cost listed above are cost directly attributable to the fund and not of the Association.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	\$	\$
3 (a) Auditors' Remuneration		
Audit services	6,600	6,000
Accounting services	3,249	-
	<u>9,849</u>	<u>6,000</u>
(b) Employee expenses - Committee of Management		
Wages and salaries	-	-
Superannuation	-	-
Movement in annual leave provision and others	-	-
	<u>-</u>	<u>-</u>
(c) Employee expenses - Management		
Wages and salaries	305,043	279,179
Superannuation	27,454	25,126
Movement in annual leave provision and others	30,818	12,592
	<u>363,315</u>	<u>316,897</u>
(d) Employee expenses - Other staff		
Wages and salaries	494,103	109,770
Wages to field coordinators	-	160,126
Superannuation	43,823	7,181
Movement in annual leave provision and others	2,713	(4,214)
	<u>540,639</u>	<u>272,863</u>
4 Cash and cash equivalents		
Cash deposits with banks	592,514	498,031
Cash on hand	431	500
Total cash and cash equivalents	<u>592,945</u>	<u>498,531</u>
5 Trade and other receivables		
Trade receivables	142,514	53,337
Provision for doubtful debts	(11,240)	-
	<u>131,274</u>	<u>53,337</u>
Goods and services tax	-	21,069
Total receivables	<u>131,274</u>	<u>74,406</u>
Age analysis of trade and other receivables that are past due but not impaired at the end of the reporting period,		
Past due [0-30] days	92,436	28,176
Past due [31-60] days	17,260	7,320
Past due [61-90] days	1,358	1,840
Past due [>91] days	31,460	16,001
	<u>142,514</u>	<u>53,337</u>
Analysis of allowance account		
Opening Balance	-	-
Provisions for doubtful receivables	11,240	-
Receivables written off during the year	-	-
Closing balance	<u>11,240</u>	<u>-</u>
6 Inventory		
Standards and contracts - at cost	14,465	18,444
Total inventory	<u>14,465</u>	<u>18,444</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

7	Property and equipment		
	Motor vehicles	40,774	40,314
	Less accumulated depreciation	<u>(23,309)</u>	<u>(14,266)</u>
	Total motor vehicles	<u>17,465</u>	<u>26,048</u>
	Furniture and fixtures	29,951	29,951
	Less accumulated depreciation	<u>(22,890)</u>	<u>(18,100)</u>
	Total furniture and fixtures	<u>7,061</u>	<u>11,851</u>
	Office machines	44,224	44,224
	Less accumulated depreciation	<u>(34,286)</u>	<u>(25,158)</u>
	Total office machines	<u>9,938</u>	<u>19,066</u>
	Total property and equipment	<u>34,464</u>	<u>56,965</u>
	Reconciliation		
	Carrying value at beginning of the year	56,965	22,594
	Additions	461	41,430
	Disposals	-	-
	Depreciation	<u>(22,962)</u>	<u>(7,059)</u>
	Carrying value at end of year	<u>34,464</u>	<u>56,965</u>
		2013	2012
		\$	\$
8	Investments		
	<i>Investment in Associate</i>		
	Shares in MBA Insurance Services Pty Ltd	120,000	74,960
	Share in profit or loss	<u>72,987</u>	<u>45,040</u>
		<u>192,987</u>	<u>120,000</u>
	<i>Investment property</i>		
	Sentinel Investment Unit	<u>679,003</u>	<u>-</u>
		<u>871,990</u>	<u>120,000</u>
	The Sentinel Investment Unit was purchased in November 2012 and the estimated fair value assumed its cost as at 30 June 2013. Rent income from the property amounted to \$14,193.		
	Lease to the property is only for one year. The minimum lease payments receivable but not recognised in the financial statement amounted to \$36,400.		
9	Trade and other payables		
	Trade creditors	41,554	24,879
	Goods and services tax	7,870	-
	Unearned membership	27,360	-
	Other payables	<u>40,293</u>	<u>15,763</u>
	Trade and other payables	<u>117,077</u>	<u>40,642</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	\$	\$
10 Grant liabilities		
Northern Territory Government Workforce Planning Needs	-	8,665
Northern Territory Government Construction Apprenticeship Mentoring Scheme	-	60,000
Total grant liabilities	<u>-</u>	<u>68,665</u>
11 Provisions		
(a) Employee expenses - Committee of Management		
Annual leave	-	-
Long service leave	-	-
Separation and redundancies	-	-
Other	-	-
	<u>-</u>	<u>-</u>
(b) Employee expenses - Management and Other Staff		
Annual leave	84,870	57,240
Long service leave	-	-
Separation and redundancies	-	-
Other	-	-
	<u>84,870</u>	<u>57,240</u>
12 Borrowing		
Current	25,680	-
Noncurrent	332,327	-
	<u>358,007</u>	<u>-</u>

The borrowings pertains to loan from Commonwealth Bank availed during the year with a fixed interest rate of 5.89% per annum for three years, and secured by the Sentinel Investment Unit. The principal and interest of the loan is payable monthly within 30 years. Interest expense paid for the loan amounted to \$11,917 for the year ended 30 June 2013.

13 Accumulated funds		
Balance at the beginning of the financial year	601,799	187,803
Total comprehensive income	495,164	413,996
Balance at the end of the financial year	<u>1,096,963</u>	<u>601,799</u>

14 Reconciliation of cash and cash equivalents
Cash and cash equivalents at the end of the financial year as shown in the Statement of Cash flows is reconciled to the related items in the Statement of Financial Position as follows;

(a) Reconciliation of cash and cash equivalents		
Cash deposits with banks	592,514	498,031
Cash on hand	431	500
Balance at the end of the year	<u>592,945</u>	<u>498,531</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

14	Reconciliation of cash and cash equivalents - continued	2013 \$	2012 \$
	(b) Reconciliation of surplus for the year to net cash provided by operating activities		
	Surplus for the year	495,164	413,996
	Add / (less) non-cash items		
	Depreciation	22,962	7,059
	Provision for bad debts	11,240	9,491
	Share in profit or loss in associate	<u>(72,987)</u>	<u>(45,040)</u>
	Net cash provided by operating activities before change in assets and liabilities	<u>456,379</u>	<u>385,506</u>
14	Reconciliation of cash and cash equivalents - continued...		
	Change in assets and liabilities		
	(Increase) / decrease in trade and other receivables	(68,108)	96,371
	(Increase) / decrease in inventories	3,979	(19,862)
	Increase in prepayments	(11,779)	-
	Increase / (decrease) in trade and other payables	76,435	(54,049)
	Increase / (decrease) in unexpended grants	(68,665)	18,235
	Increase / (decrease) in provisions	<u>27,630</u>	<u>26,867</u>
	Net cash provided by operating activities	<u>415,870</u>	<u>453,068</u>
	(c) Grant Received		
	Grant received	<u>630,400</u>	<u>760,634</u>
15	Related Party Disclosures		
	(a) Transactions with Related Parties		
	The following persons held positions as Committee of Management during the reporting period:		
	Phil Storey		David Lester
	Dick Guit		Andrea Moriarty
	Greg McLaughin		Leanne Kison
	Paul Nowland		Clive Clements
	John Brears		Russel Lutzke
	Sandy Kirsopp		Ken Hyde
	Richard Riedel		Danielle Laffy
	Charles Wright		Michael Hatton
	Claire Forsyth		Tim Stewart
	Roger Pearson		Kevin Peters
	(b) Balances with Related Parties		
	(i) Amounts Payable to Related Parties		
	Other Branches - Current		
	Master Builders Association of NSW Pty Ltd	-	220
	Master Builders Association Victoria	<u>148</u>	<u>545</u>
		<u>148</u>	<u>765</u>

Outstanding payables are non interest bearing and are normally on a 30 day terms.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

15 Related Party Disclosures - continued...

2013	2012
\$	\$

(ff) Amounts Receivable from Related Parties

Other Branches - Current

Master Builders Fidelity Fund	60,325	-
MBA Insurance Services Pty Ltd	1,317	2,400
	<u>61,642</u>	<u>2,400</u>

Outstanding receivables are unsecured, interest free, settlement occurs in cash and generally have 30 day terms.

The following revenue transactions took place with related parties during the reporting period:

Master Builders Fidelity Fund - administration fee	299,089	-
MBA Insurance Services Pty Ltd - sponsorship income	8,000	-
MBA Insurance Services Pty Ltd - commission	81,598	47,377
	<u>388,687</u>	<u>47,377</u>

The following expense transactions took place with related parties during the reporting period:

Master Builders - NSW	4,053	6,365
Master Builders Association of WA	761	-
Master Builders Association Victoria	3,380	9,695
Master Builders Australia Incorporated	79,422	71,307
	<u>87,616</u>	<u>87,367</u>

(c) Net Cash Inflow (Outflow) with Related Parties

Master Builders Association of NSW Pty Ltd	(4,273)	(7,496)
Master Builders Association Victoria	(3,777)	(9,150)
Master Builders Association of WA	(761)	-
Master Builders Australia Incorporated	(79,422)	(57,236)
Master Builders Fidelity Fund	238,764	-
MBA Insurance Services Pty Ltd	90,681	52,609
North Australian Insurance Brokers	-	(8,417)
	<u>241,212</u>	<u>(29,690)</u>

(d) Key Management Personnel Compensation

Key Management Compensation Information

Short term employee benefits	305,043	279,179
Other benefits	58,272	37,718
	<u>363,315</u>	<u>316,897</u>

Other Transactions with Key Management Personnel

The General Manager Operations purchased a vehicle from the association that was on an operating lease for \$6,000 in 2012.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

16 Compliance with Fair Work (Registered Organisations) Act 2009

Information to be provided to members or General Manager

The information that is prescribed by the Fair Work (Registered Organisations) Act 2009 is available to members on request. Specifically subsections 272(1), (2) and (3) require the following:

- (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).

17 Contingent Liabilities

The Association has no contingent liabilities as at 30 June 2013 and 2012.

18 Events Subsequent the Financial Reporting Date

No matters have arisen since the end of the financial year which have significantly affected or may significantly affect the operations, results of operations and the state of affairs of the Association in subsequent financial years.

The carrying amount of assets and liabilities as recorded in the financial statements and the realisation and settlement amounts of assets and liabilities have not changed materially since end of reporting date.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
30 JUNE 2013

19 FINANCIAL RISK MANAGEMENT

(a) *General objectives, policies and processes*

In common with all other businesses, the Association is exposed to risks that arise from its use of financial instruments. This note describes the Association's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Association's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Association hold the following financial instruments:

	2013	2012
	\$	\$
Financial assets		
Cash and cash equivalents	592,945	498,531
Trade and other receivables	142,514	74,406
	<u>735,459</u>	<u>572,937</u>
Financial liabilities		
Trade and other payables	117,077	40,642
Unexpended grants	-	68,665
Borrowings	358,007	-
	<u>475,084</u>	<u>109,307</u>

The Committee of Management has overall responsibility for the determination of risk management objectives and policies and, whilst retaining ultimate responsibility for them, they have delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the management team. The Association's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the Association where such impacts may be material. The Committee of Management receives monthly reports from management through which they review the effectiveness of the processes put in place and the appropriateness of the objectives and policies set.

The overall objective of the Committee of Management is to set policies that seek to reduce risk as far as possible without unduly affecting the Association's flexibility. Further details regarding these policies are set out below:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
30 JUNE 2013

19 FINANCIAL RISK MANAGEMENT - continued...

(b) Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Association incurring a financial loss. Credit risk arises from cash assets and deposits with financial institutions, as well as credit exposures to the Association's outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of "A" are accepted.

The maximum exposure to credit risk at the end of the reporting period is as follows:

	2013	2012
	\$	\$
Cash and cash equivalents	592,945	498,531
Trade and other receivables	142,514	74,406
	<u>735,459</u>	<u>572,937</u>

(c) Liquidity risk

Maturity Analysis - 2013

	Carrying Amount	Contractual Cash flows	< 6 mths	6- 12 mths	1-3 years	> 3 years
	\$	\$	\$	\$	\$	\$
Financial Liabilities						
Trade and other payables	117,077	117,077	117,077	-	-	-
Borrowings	358,007	358,007	12,840	25,680	77,040	242,447
TOTAL	<u>475,084</u>	<u>475,084</u>	<u>129,917</u>	<u>25,680</u>	<u>77,040</u>	<u>242,447</u>

	Carrying Amount	Contractual Cash flows	< 6 mths	6- 12 mths	1-3 years	> 3 years
	\$	\$	\$	\$	\$	\$
Financial Assets						
Non-derivatives						
Trade receivables	142,514	142,514	142,514	-	-	-
Other receivables	-	-	-	-	-	-
TOTAL	<u>142,514</u>	<u>142,514</u>	<u>142,514</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
30 JUNE 2013

19 FINANCIAL RISK MANAGEMENT - continued...

(c) Liquidity risk

Maturity Analysis - 2012

	Carrying Amount	Contractual Cash flows	< 6 mths	6- 12 mths	1-3 years	> 3 years
	\$	\$	\$	\$	\$	\$
Financial Liabilities						
Trade and other payables	40,642	40,642	40,642	-	-	-
Grant liabilities	68,665	68,665	68,665	-	-	-
TOTAL	109,307	109,307	109,307	-	-	-

	Carrying Amount	Contractual Cash flows	< 6 mths	6- 12 mths	1-3 years	> 3 years
	\$	\$	\$	\$	\$	\$
Financial Assets						
Non-derivatives						
Trade receivables	53,337	53,337	53,337	-	-	-
Other receivables	21,069	21,069	21,069	-	-	-
TOTAL	74,406	74,406	74,406	-	-	-

(c) Market risk

The Association is exposed to market risk through its use of financial instruments and specifically to interest rate risk. At 30 June 2013, the Association is not significantly exposed to fair value interest rate risk from its bank borrowing on the period it is issued at fixed interest as its issuance is close to prevailing market rate. A change in interest rates on the fixed portion of the debt portfolio impacts the net financial instrument position. On the period that the borrowing is charged at variable rate, a change in interest rates on the variable portion to the debt portfolio impacts the interest incurred and cash flows, but not impact the net financial instrument position.

The following table illustrates the sensitivity of profit and the funds to a reasonably possible change in interest rates of +/- 2%. The changes are considered to be a reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates.

Profit for the year/Fund	
+2%	-2%
\$4,047	-\$4,047

20 Capital Management Policies and Procedures

Management controls the capital of the Association to ensure that adequate cash flows are generated to fund its programs and the returns from investments are maximised. The management and Committee of Management ensure that the overall risk management strategy is in line with this objective.

The Association's capital consists of financial liabilities, supported by financial assets. Management effectively manages the Association's capital by assessing the Association's financial risk and responding to changes in these risk and in the market. These responses may include the consideration of debt level. There have been no changes to the strategy by management to control the capital of the Association since prior year.

From: Jeff Colver [<mailto:gmo@mbant.com.au>]
Sent: Friday, 27 June 2014 4:30 PM
To: MORGAN, Ken
Subject: RE: 2012-13 Financial Return

Good afternoon Ken

Thank you for your recent advices in relation to our Audited Financial Returns.

We have adopted the process of having the Auditor take a fresh look at the General Purpose Financial Report provided as part of our Statements last year. The Auditor subsequently re-cast the GPFR in such a way as to have regard to the changes made to the requirements of the Fair Work (Registered Organisations) Act.

The new GPFR attached has included a number of nil actions/nil activity/nil payments that were overlooked in the first audit.

I have attached the new GPFR together with the Minutes of the Meeting of the Management Committee which approved them for circulation to the General Membership and further the Minutes of the Special General Meeting which adopted the Amended Statements.

If you would be kind enough to examine same I will arrange for the necessary declarations to be made by our President to re-submit the Statements.

Thank you



"Building the Territory"

Jeff Colver | General Manager Operations

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Important note: Disclaimer

Master Builders NT is committed to providing useful, reliable information to help you understand your rights and obligations under workplace laws.

There are a number of factors that might affect the applicability of the information written here. These include:

- whether you have provided us with all the relevant and correct information about your situation;
- changes in your circumstances; and
- changes in the law.

It is your responsibility to comply with workplace laws that apply to you.

MBANT's information is not legal advice and MBANT does not accept legal liability arising from or connected to the accuracy, reliability, currency or completeness of this information. Therefore, you may wish to seek independent professional advice to ensure all the factors relevant to your circumstances have been properly considered.

From: MORGAN, Ken [<mailto:Ken.Morgan@fwc.gov.au>]
Sent: Friday, 27 June 2014 2:53 PM
To: Jeff Colver
Subject: FW: 2012-13 Financial Return

Dear Mr Wright,

I refer to my email of 14 April 2014 matter no. 2013/202. From 1 July 2014 should you wish to discuss the matters raised in this letter you should contact Joanne Fenwick (03) 8661 7886 or email joanne.fenwick@fwc.gov.au .

Regards
Ken Morgan

From: MORGAN, Ken
Sent: Monday, 14 April 2014 9:45 AM
To: 'gmo@mbant.com.au'
Subject: 2012-13 Financial Return

Dear Mr Wright

Please find attached correspondence regarding the Master Builders Association, Northern Territory financial return for the year ended 30 June 2013 lodged with the Fair Work Commission on 4 October 2013.

Regards

KEN MORGAN
Financial Reporting Advisor
Regulatory Compliance Branch

Fair Work Commission
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14 April 2014

Mr Charles Wright
Vice President
Master Builders Association Northern Territory
PO Box 37121
Winnellie NT 0820

e-mail: gmo@mbant.com.au

Dear Mr Wright

**Master Builders Association, Northern Territory
Financial Report for the year ended 30 June 2013 - FR2013/202**

I acknowledge receipt of the financial report for the year ended 30 June 2013 for the Master Builders Association NT (MBA-NT). The financial report was lodged with Fair Work Commission (FWC) on 4 October 2013.

The financial report has not been filed. I have examined the report and identified a number of matters, the details of which are set out below, that you are required to address before the report can be filed.

The Operating Report, Committee of Management Statement, General Purpose Financial Report (GPFR) and Auditor's Statement will require amendments. The amended report will need to be provided to members, presented to a Branch Council meeting, republished on the MBA-NT website and lodged with FWC.

The matters identified should be read in conjunction the *Fair Work (Registered Organisations) Act 2009* (the RO Act), *Fair Work (Registered Organisations) Regulations 2009* (the RO Regs), Reporting Guidelines (RG) made under section 255 of the RO Act and Australian Accounting Standards. A 'Model financial statements' is also available on the FWC website to assist organisations prepare returns.

1. Operating Report

Period of Membership of Committee of Management

Regulation 159(c) of the RO Regulations requires the Operating Report to disclose the period each listed officer served on the Committee of Management during the reporting period.

Please amend the operating report accordingly.

Officers and employees who are directors of a company or a member of a board

Item 37 of the Reporting Guidelines requires details of any officer or employee of the reporting unit who is a director of a company or a member of a board. Item 38 of the Reporting Guidelines also requires that if a reporting unit has no information to disclose relating to the abovementioned requirement that a statement to that effect must be included in the operating report.

Please amend the operating report accordingly.

2. Committee of Management Statement

Recovery of wages

I note that the accounts do not provide any information in relation to recovery of wages activity. Items 27 – 32, 41(f) and 43(b) of the Reporting Guidelines govern the financial reporting of recovery of wages activity. Item 33 of the Reporting Guidelines states that *'if no recovery of wages activities has occurred in the reporting period, a statement to this effect must be included in the notes to the GPFR'*.

No reference is provided in the GPFR to recovery of wages activity. If there was no recovery of wages activity undertaken by the MBA-NT for the financial year, can you please update the declaration in the Committee of Management Statement to this effect and resubmit to FWC.

Statement to be Dated

Please ensure that the Committee of Management statement is dated appropriately when it is resubmitted to FWC.

3. General Purpose Financial Report

New Australian Accounting Standards

Australian Accounting Standard AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* paragraph 14 requires that the entity disclose new Australian Accounting Standards adopted during the period. This information has not been provided.

Disclosure of employee expenses for office holders and other employees

The Reporting Guidelines require reporting units to disclose in the Statement of Comprehensive Income or in the notes to the financial statements employee expenses in respect of holders of office (item 17(f)) and employee expenses to other employees (item 17(g)). Additionally, the Reporting Guidelines require that holders of office and other employees each be reported by wages and salaries, superannuation, leave and other entitlements, separation and redundancies and other employee expenses.

Disclosure of employee provisions for office holders and other employees

The Reporting Guidelines require either the Statement of Financial Position or the notes to disclose any liability for employee benefits in respect of office holders and other employees (item 21(c) and 21 (d)). Additionally, the Reporting Guidelines require that holders of office and other employees each be reported by annual leave, long service leave, separation and redundancies and other employee provisions.

Activities under Reporting Guideline not disclosed

Items 14, 16, 18, 22 and 26 of the RG state that if the activities identified in items 13, 15, 17,21 and 25 respectively have not occurred in the reporting period, a statement to this effect must be included in the notes to the GPFR. I note that for the following items no such disclosure has been made:

- 13 business combinations
- 15(d) donations or grants received
- 17(a) fees incurred as consideration for employers making payroll deductions of membership subscriptions
- 17(c)(i) & 17(c)(ii) name and amount of affiliation fees paid to each entity
- 17(e)(i) grants
- 17(e)(ii) donations

- 17(h) fees or allowances paid to persons to attend a conferences or other meeting as a representative of the reporting unit
- 17(j) legal costs or other litigation expenses incurred
- 17(k) penalties imposed under the RO Act.
- 21(a) payables to employers as consideration for the employers making payroll deductions of membership subscriptions
- 21(b) payables in respect of legal costs and other expenses related to litigation or other legal matters
- 25 cash flows to/from other reporting units and/or controlled entity to be reported in Cash Flow Statement or in the notes to the GPFR

4. Auditor's Statement

Auditor's qualifications

Regulation 4 of the RO Regulations provides the definition of an approved auditor. Item 44 of the Reporting Guidelines requires that in the Auditor's Statement, the auditor must declare they are either an approved auditor or the auditor is a member of a firm where at least one member is an approved auditor and must specify that the auditor is a person who is a member of CPA Australia, The Institute of Chartered Accountants in Australia or the Institute of Public Accountants, and holds a current Public Practice Certificate.

I note that this information has not been included in the Auditor's Statement. The Auditor's Statement will require amendment to include this information.

Declaration relating to management use of the going concern basis of accounting

Item 45 of the RG requires that the auditor's statement must include a declaration, that as part of the audit of the financial statements, they have concluded that management's use of the going concern basis of accounting in the preparation of the reporting unit's financial statement is appropriate.

The auditor's statement will need to be amended to include the abovementioned declaration and reissue to Members and FWC.

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 8661 7675 or by email at ken.morgan@fwc.gov.au

Yours sincerely



Ken Morgan
Financial Reporting Advisor
Regulatory Compliance Branch

From: [Jeff Colver](#)
To: [Orgs](#)
Subject: Audited Financial Statements and Procedures attached thereto
Date: Friday, 4 October 2013 10:28:33 AM
Attachments: [image003.png](#)
[image004.png](#)
[image005.png](#)
[image006.png](#)
[AGM - 2013 Minutes.docx](#)
[Final Fully Signed Copy of Audited Financial Statements as at 30 June 2013.pdf](#)
[Prescribed Officer's Certificate re Validity of provision of Audited Financial Statements to Members-4 Oct 2013.pdf](#)
[Prescribed Officer's Declaration pursuant to ss 230-233 of FW\(RO\)Act-4 Oct 2013.pdf](#)

Good morning FWC

I have attached the following documents:-

- AGM of Master Builders Association of the NT Trading as Master Builders NT of 27 September 2013
- Fully Signed Copy of Audited Financial Statements for 2012-2013
- Prescribed Officer's Certificate regarding publication of documents to Members by statutory date being 6 September 2013
- Prescribed Officer's Declaration regarding compliance with ss230-233 of FW(RO) Act

Please feel free to contact me should further information be required.

Cheers

Jeff Colver | General Manager Operations

11/396 Stuart Hwy, Winnellie NT 0820 | PO Box 37121, Winnellie NT 0820



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"Building the Territory"

gmo@mbant.com.au | www.mbant.com.au

Important note: Disclaimer

Master Builders NT is committed to providing useful, reliable information to help you understand your rights and obligations under workplace laws.

There are a number of factors that might affect the applicability of the information written here. These include:

- whether you have provided us with all the relevant and correct information about your situation;
- changes in your circumstances; and
- changes in the law.

It is your responsibility to comply with workplace laws that apply to you.

MBANT's information is not legal advice and MBANT does not accept legal liability arising from or connected to the accuracy, reliability, currency or completeness of this information. Therefore, you may wish to seek independent professional advice to ensure all the factors relevant to your circumstances have been properly considered.



Designated Officer's Certificate

*Section 268 Fair Work (Registered Organisations) Act 2009**

I, Dick Guit being the President of the Master Builders Association of the Northern Territory Incorporated trading as Master Builders Northern Territory certify:

- i. That the financial documents for year ended 2012-2013 lodged with Fair Work Australia on 4 October 2013 are copies of the full financial report referred to in Section 268 of the Fair Work (Registered Organisations) Act 2009;
and
- ii) that the full financial report was provided to members on 6 September 2013;
and
- iii) that the full financial report was presented to the Annual General Meeting on 27 September 2013 in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009

Signed by elected officer

Name and title of elected officer

Dick Guit

Date

4 October 2012

*Section 268 of the Fair Work (Registered Organisations) Act 2009 provides as follows:-

268 Reports etc. to be lodged with FWA

A reporting unit must, within 14 days (or such longer period as the General Manager allows) after the general meeting referred to in section 266, lodge with FWA:-

- a) A copy of the full report; and
- b) If a concise report was provided to members-a copy of the concise report;
and
- c) A certificate by a prescribed designated officer that the documents lodged are copies of the documents provided to members and presented to a meeting in accordance with section 266.

Note: This is a civil penalty provision (see section 305)

**MASTER BUILDERS ASSOCIATION NORTHERN
TERRITORY INCORPORATED**

**GENERAL PURPOSE
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
30 JUNE 2013**

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

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MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

OPERATING REPORT FOR THE YEAR ENDED 30 JUNE 2013

The Committee of Management of the Master Builders Association Northern Territory Incorporated for the purposes of the *Fair Work (Registered Organisation) Act 2009*, presents its operating report for the financial year ended 30 June 2013.

Committee of Management

The names of each committee member of the Association during the relevant financial year were:

Phil Storey	David Lester
Dick Guit	Andrea Moriarty
Greg McLaughlin	Leanne Kison
Paul Nowland	Clive Clements
John Brears	Russel Lutzke
Sandy Kirsopp	Ken Hyde
Richard Riedel	Danielle Laffy
Charles Wright	Michael Hatton
Claire Forsyth	Tim Stewart
Roger Pearson	Kevin Peters

Principal Activities

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

To promote the interests of the building and construction industry in the Northern Territory;

To safeguard the interests of its members against injustice in their regular business and such activities as are ancillary to the building and construction industry;

To protect its members against injustice or oppression in the fair and proper execution of such works as they may undertake to carry out from time to time;

To establish a code of ethics and good business practice amongst members;

To take an active part in assisting or opposing such public movements as may appear likely to affect its members' interests in the carrying on of their business;

To secure to its members all the advantages of unity of action in any lawful manner whatsoever; and

To maintain and improve conditions of contracts, forms of agreement, conditions of tendering and the like and to enter into agreements with the Royal Australian Institute of Architects or similar bodies, public authorities the Commonwealth and Northern Territory authorities and lending institutions.

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

OPERATING REPORT FOR THE YEAR ENDED 30 JUNE 2013

Results of Activities

The net surplus of the Association for the financial period was \$495,164 (\$413,996 in 2012).

Significant Changes in Nature of Activities or Financial Affairs

No significant change in the nature of the activity occurred during the period except for managing the operations of Master Builders Fidelity Fund from 1 January 2013. The Association was instrumental in the set up of Master Builders Fidelity Fund. As part of the operational arrangements, the Association provides management services on an ongoing basis from 1 January 2013.

Membership of the Association

The number of members of the Association at the end of the financial year was 263 (2012: 273).

Employees of the Association

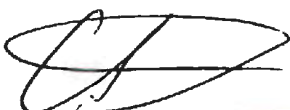
The number of persons employed by the Association during the financial year at one time was 10 (2012: 7).

Rights of Members to Resign

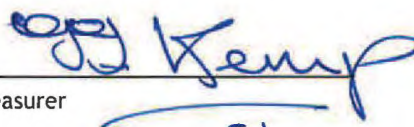
Members retain their right to resign from the Master Builders Association Northern Territory Incorporated in accordance with section 10 of the Federal Rules and Section 174 of Chapter 6 of *Fair Work (Registered Organisations) Act 2009*. In accordance with Section 174 Schedule 1 of the *Fair Work (Registered Organisations) Act* a member of an organisation may resign from membership by written notice addressed and delivered to a person designated for the purpose in the rules of the organisation or a branch of the organisation.

Superannuation Trustees

No officer or member of the organisation is a trustee of a superannuation entity.


Vice President CHARLES WRIGHT

5 September 2013


Treasurer

5 September 2013

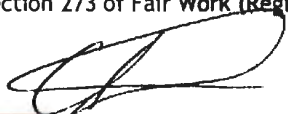
MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

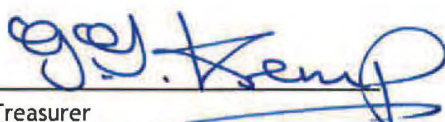
**STATEMENT BY THE COMMITTEE OF MANAGEMENT
FOR THE YEAR ENDED
30 JUNE 2013**

On the 5th of September 2013 the Committee of Management of the Master Builders Association of the Northern Territory Incorporated passed the following resolution in relation to the general purpose financial statements (GPFS) for the year ended 30 June 2013 as follows:

In our 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 of the Fair Work Commission;
- 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 GPFS relates and since the end of that year:
 - i) meetings of the Committee of Management of the Association were held in accordance with the rules of the Association;
 - ii) the financial affairs of the Association have been managed in accordance with the rules of the Association;
 - iii) The financial records have been kept and maintained in accordance with Part 8 (records and Accounts) the Fair Work (Registered Organisation) Act 2009 and;
 - iv) The Association only consists of one reporting unit therefore the issue of consistency of financial reporting does not arise.
 - v) No information has been sought by a member of the Association or a General Manager of Fair Work Australia under Section 272 of the Fair Work (Registered Organisation) Act 2009; and
 - vi) No orders for inspection of financial statements have been made by the Fair Work Australia under section 273 of Fair Work (Registered Organisation) Act 2009.


Vice President CHARLES WRIGHT


Treasurer



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Darwin NT 0800
GPO Box 4640 Darwin NT 0801
AUSTRALIA

INDEPENDENT AUDITOR'S REPORT

To the members of Master Builders Association Northern Territory Incorporated.

Report on the Financial Statements

We have audited the accompanying financial statements of Master Builders Association Northern Territory Incorporated, which comprises the statement of financial position as at 30 June 2013, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and the statement of management committee.

Management Committee's Responsibility for the Financial Report

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management Committee, as well as evaluating the overall presentation of the financial report.

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

Independence

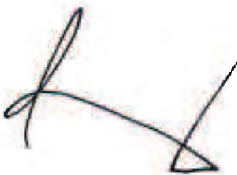
In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of Master Builders Association Northern Territory Incorporated as at 30 June 2013, and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards, *Northern Territory Associations Act* and the *Fair Work (Registered Organisations) Act 2009*.

Handwritten signature of BDO in black ink.

BDO Audit (NT)

Handwritten signature of C J Sciacca in black ink.

C J Sciacca
Audit Partner

Darwin: 6 September 2013

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013**

	Note	2013 \$	2012 \$
Revenues	2	<u>2,264,524</u>	<u>1,779,929</u>
Expenses			
Affiliations		84,526	82,212
Accounting and audit fees	3	9,849	6,000
Depreciation	7	22,962	7,059
Finance costs	12	11,197	-
Financial services		17,482	22,002
Marketing, functions and events costs		211,561	213,442
Office administration		170,187	86,070
Product and services		53,336	51,453
Property costs		115,444	100,892
Sundry expenses		35,310	13,414
Training and projects costs		81,581	145,850
Travel and accommodation		51,971	47,779
Wages and salaries		903,954	589,760
Total Expenses		<u>1,769,360</u>	<u>1,365,933</u>
Surplus For The Year		495,164	413,996
Other comprehensive income		-	-
Total Comprehensive Income		<u><u>495,164</u></u>	<u><u>413,996</u></u>

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Note	2013 \$	2012 \$
ASSETS			
Current Assets			
Cash and cash equivalents	4	592,945	498,531
Trade and other receivables	5	131,274	74,406
Inventory	6	14,465	18,444
Prepayments		11,779	-
Total Current Assets		<u>750,463</u>	<u>591,381</u>
Non-Current Assets			
Property and equipment	7	34,464	56,965
Investments	8	871,990	120,000
Total Non-Current Assets		<u>906,454</u>	<u>176,965</u>
Total Assets		<u>1,656,917</u>	<u>768,346</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	9	117,077	40,642
Grant liabilities	10	-	68,665
Borrowings	12	25,680	-
Provisions	11	84,870	57,240
Total Current Liabilities		<u>227,627</u>	<u>166,547</u>
Non-Current Liabilities			
Borrowings	12	332,327	-
Total Non-Current Liabilities		<u>332,327</u>	<u>-</u>
Total Liabilities		<u>559,954</u>	<u>166,547</u>
NET ASSETS		<u>1,096,963</u>	<u>601,799</u>
EQUITY			
Accumulated funds	13	1,096,963	601,799
Total Equity		<u>1,096,963</u>	<u>601,799</u>

The Statement of Financial Position should be read in conjunction with the accompanying notes

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

	Accumulated Funds \$	Total \$
Accumulated Funds		
Balance at 01 July 2011	<u>187,803</u>	<u>187,803</u>
Surplus for the year	413,996	413,996
Other comprehensive income for the year	-	-
	<u>413,996</u>	<u>413,996</u>
Balance at 30 June 2012	<u>601,799</u>	<u>601,799</u>
Surplus for the year	495,164	495,164
Other comprehensive income for the year	-	-
	<u>495,164</u>	<u>495,164</u>
Balance at 30 June 2013	<u><u>1,096,963</u></u>	<u><u>1,096,963</u></u>

The Statement of Changes in Equity should be read in conjunction with the accompanying notes

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013**

	Note	2013 \$	2012 \$
Cash flow from operating activities			
Cash receipts in the course of operations		1,402,592	1,009,893
Cash payments in the course of operations		(1,627,696)	(1,336,426)
Interest received		21,771	18,967
Grants received		630,400	760,634
Interest paid		(11,197)	-
Net cash from operating activities	14(b)	415,870	453,068
Cash flow from investing activities			
Payment for property and equipment		(460)	(41,430)
Payment for investment property		(679,003)	-
Cash used in investing activities		(679,463)	(41,430)
Cash flow from financing activity			
Proceeds from borrowing		360,000	-
Repayment of borrowing		(1,993)	-
Cash from financing activity		358,007	-
Net increase in cash		94,414	411,638
Cash and cash equivalents at the beginning of the financial year		498,531	86,893
Cash and cash equivalents at the end of the financial year	14(a)	592,945	498,531

The Statement of Cash Flows should be read in conjunction with the accompanying notes

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

1 SUMMARY OF ACCOUNTING POLICIES

Basis of Preparation

The financial statements are a general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and complies with the *Fair Work (Registered Organisations) Act 2009 and Northern Territory of Australia Associations Act*.

For the purposes of preparing the financial statements, the Association is a not-for-profit entity. The financial report was authorised for issue, in accordance with a resolution of committee of management, on 5 September 2013.

The financial statements have also been prepared on a historical basis and do not take into account changing money values or, except where specifically stated, current valuations of non-current assets. The concept of accrual accounting has been adopted in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

Significant Accounting Policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transaction or other event is reported.

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

(a) Going Concern Basis

The financial statements are prepared on a going concern basis.

(b) New, revised or amending Accounting Standards and Interpretations adopted

The Association has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the Association from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Association.

The following Accounting Standards and Interpretations are most relevant to the Association:

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

AASB 2011-9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income

The Association has applied AASB 2011-9 amendments from 1 July 2012. The amendments require grouping together of items within other comprehensive income on the basis of whether they will eventually be 'recycled' to the profit or loss (reclassification adjustments). The change provides clarity about the nature of items presented as other comprehensive income and the related tax presentation. The amendments also introduced the term 'Statement of profit or loss and other comprehensive income' clarifying that there are two discrete sections, the profit or loss section (or separate statement of profit or loss) and other comprehensive income.

(c) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(d) Receivables

Trade receivables are recognised at original invoice amounts less an allowance for uncollectible amounts and have repayment terms between 30 and 90 days. Collectability of trade receivables is assessed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance is made for doubtful debts where there is objective evidence that the Association will not be able to collect all amounts due according to the original terms. Objective evidence of impairment include financial difficulties of the debtor, default payments or debts more than 60 days overdue. On confirmation that the trade receivable will not be collectible the gross carrying value of the asset is written off against the associated provision.

(e) Property and Equipment

All property and equipment is stated at historical cost, including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, less depreciation and any impairments.

Depreciation on the assets is calculated on a diminishing value basis over the estimated useful life of the asset as follows:

Motor vehicles	5 years
Office equipment	3-8 years
Furniture and fittings	3-8 years

An item of property and equipment is derecognised upon disposal, when the item is no longer used in the operations of the Association or when it has no sale value. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

(f) Investment Property

Investment properties principally comprise of freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the Association. Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured annually at fair value, based on similar assets, location and market conditions. Movements in fair value are recognised directly to profit or loss.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

(g) Investment in Associate

Investment in shares in MBA Insurance Services Pty Ltd is accounted for as investment in associate where the Association has significant influence but not control or joint control. Investment in associate is accounted for using the equity method where the share of the movements in equity is recognised in profit or loss. The investment in associates is carried in the statement of financial position at cost plus post-acquisition changes in the Association's share of net assets in the associate. Dividends received or receivable from associates reduce the carrying amount of the investment.

(h) Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable value.

Recoverable value is the higher of an asset's fair value less cost to sell or value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pretax discount rate specific to the asset or cash-generating unit to which the asset belongs. Asset that do not have independent cash flows are grouped together to form a cash-generating unit.

(i) Trade Payables

Trade payables and other accounts payables are recognised when the Association becomes obliged to make future payments resulting from the purchase of goods and services.

(j) Borrowings

Borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised costs using the effective interest method.

When there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the borrowings are classified as non-current.

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

(k) **Employee Benefit Provisions**

Wages and Salaries and Annual Leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of reporting date are recognised in respect of employees' services rendered up to balance sheet date and measured at amounts expected to be paid when the liabilities are settled. Liabilities for wages and salaries are included as part of "Trade and other payables" and liabilities for annual leave are included as part of "Provisions" in the statement of financial position.

(l) **Goods and Services Tax**

Revenues, expenses and assets are recognised net of Goods and Service Tax (GST) except where 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.

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 presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

(m) **Income Tax**

The Association is exempt from Income Tax under section 50-5 of the Income Tax Assessment Act 1997.

(n) **Revenue Recognition**

(i) Grants

Grants are recognised at their fair value where there is reasonable assurance that the grant will be received and the Association will comply with all the attached conditions. Grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

(ii) Subscriptions

Revenue from subscriptions is recognised in the period to which it relates.

(ii) Rent

Rent revenue from investment property is recognised on a straight line basis over the lease of term.

(iii) Management fee

Management fee is recognised when services are rendered.

(iv) Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

(o) **Financial Instruments**

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights and obligations exist. Subsequent to initial recognition these instruments are measured as set out below:

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

(o) **Financial Instruments - continued...**

Financial Assets

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial Liabilities

Non-derivative financial liabilities, including loans and borrowings, are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Derecognition of financial assets

The Association derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Association neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, it recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Association retains substantially all the risks and rewards of ownership of a transferred financial asset, it continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Impairment

At the end of each reporting period the Association assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(p) **Leases**

Operating lease payments are recognised as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

(q) **Critical Accounting Estimates and Judgements**

The preparation of financial statements in conformity with accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Association's accounting policies.

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Provision for impairment of receivables

The provision for impairment of receivables assessment requires degree of estimation and judgement. The level of provision is assessed by taking into account the ageing of receivables, historical collection of rates and specific knowledge of the individual debtors financial position. Provision for impaired receivables amounted to \$11,240 as at 30 June 2013 (nil in 2012).

Impairment of non-financial assets

The Association assess impairment at each reporting date by evaluating conditions specific to the Association that may lead to impairment of assets. When an impairment trigger exists, the recoverable amount of the asset is determined.

No impairment has been recognised in respect of property and equipment , investment property and investment in associate for the year ended 30 June 2013 and 2012.

Estimation of useful lives of assets

The Association determines the estimated useful lives and related depreciation charges for its property and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

(r) Accounting Standards Issued But Not Yet Effective

Certain new accounting standards, amendments and interpretations have been published that are not mandatory for 30 June 2013 reporting periods. The Committee of Management's assessment of the impact of these new standards, amendments and interpretations are set out below:

(i) AASB 9 Financial Instruments, 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and 2012-6 Amendments to Australian Accounting Standards arising from AASB 9

Effective for annual reporting period beginning on or after 1 January 2015.

The standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139 with one exception, being the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The Association will adopt this standard on 1 July 2015 but the impact of adoption is yet to be assessed by the Association.

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

(ii) AASB 12 Disclosures of interests in Other Entities

This standard is applicable to annual reporting periods beginning on or after 1 January 2013. It contains the entire disclosure requirement associated with other entities, being subsidiaries, associates and joint ventures. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation - Special Purpose Entities'. The adoption of this standard from 1 July 2013 will significantly increase the amount of disclosures required to be given by the Association such as significant judgements and assumptions made in determining whether it has a controlling or non-controlling interest in another entity and the type of non-controlling interest and the nature and risks involved.

(iii) AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting

Effective for annual reporting period beginning on or after 1 January 2013.

The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the exit price and it provides guidance on measuring fair value when a market becomes less active. The highest and best approach would be used to measure assets whereas liabilities would be based on transfer value. As the standard does not introduce any new requirements for the use of fair value, its impact on adoption by the Association should be minimal, although there will be increased disclosures where fair value is used.

(iv) AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)

Effective for annual reporting period beginning on or after 1 January 2013.

The amendments make changes to the accounting for defined benefit plans and the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. The later will require annual leave that is not expected to be wholly settled within 12 months to be discounted allowing for expected salary levels in the future period when the leave is expected to be taken. The adoption of the revised standard from 1 July 2013 is expected to reduce the reported annual leave liability of the Association.

*(v) AASB 127 Separate Financial Statements (Revised)
AASB 128 Investments in Associates and Joint Ventures (Reissued)*

These standards are applicable to annual reporting periods beginning on or after 1 January 2013. They have been modified to remove specific guidance that is now contained in AASB 10, AASB 11 and AASB 12. The adoption of these revised standards from 1 July 2013 will not have a material impact on the Association.

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

(vi) AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities

Effective for annual reporting period beginning on or after 1 January 2013.

The disclosure requirements of AASB 7 *'Financial Instruments: Disclosures'* (and consequential amendments to AASB 132 *'Financial Instrument: Presentation'*) have been enhanced to provide users of financial statements with information about netting arrangements, including rights of set-off related to an entity's financial instruments and the effects of such rights on its financial position. The adoption of the amendments from 1 July 2013 will increase the disclosures by the Association.

(vii) AASB 2012-3 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities

Effective for annual reporting period beginning on or after 1 January 2014.

The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 *'Financial Instruments: Presentation'*, by clarifying the meaning of "currently has a legally enforceable right to set-off"; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement. The adoption of the amendments from 1 July 2014 will not have a material impact on the Association.

(viii) AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle

Effective for annual reporting period beginning on or after 1 January 2013.

The amendments affect five Australian Accounting Standards as follows: Confirmation that repeat the application of AASB 1 (IFRS 1) *'First-time Adoption of Australian Accounting Standards'* is permitted; Clarification of borrowing cost exemption in AASB 1; Clarification of the comparative information requirements when an entity provides an optional third column or is required to present a third statement of financial position in accordance with AASB 101 *'Presentation of Financial Statements'*; Clarification that servicing of equipment is covered by AASB 116 *'Property, Plant and Equipment'*, if such equipment is used for more than one period; clarification that the tax effect of distribution to holders of equity instruments and equity transaction costs in AASB 132 *'Financial Instruments: Presentation'* should be accounted for in accordance with AASB 112 *'Income Taxes'*; and clarification of the financial reporting requirements in AASB 134 *'Interim Financial Reporting'* and the disclosure requirements of segment assets and liabilities. The adoption of the amendments from 1 July 2013 will not have a material impact on the Association.

(ix) AASB 2012-9 Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039

This amendment is applicable to annual reporting periods beginning on or after 1 January 2013. The amendment removes reference in AASB 1048 following the withdrawal of Interpretation 1039. The adoption of this amendment will not have a material impact on the Association.

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

(x) AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments

These amendments are applicable to annual reporting periods beginning on or after 1 January 2013. They amend AASB 10 and related standards for the transition guidance relevant to the initial application of those standards. The amendments clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments. The adoption of these amendments will not have a material impact on the Association.

		2013	2012
		\$	\$
2 (a) Revenue			
Net administration fee	2(b)	299,089	-
Commission MBAS		81,598	47,377
Government grants		699,065	742,400
HR/IR income		109,219	67,837
Interest and finance		21,771	18,967
Membership and subscriptions		301,799	301,104
Marketing, functions and events		327,233	198,404
Office rental income		15,971	20,335
Miscellaneous income		26,513	33,568
Rental income from investment property		14,192	-
Share in profit or loss of associate		72,987	45,040
Training and projects		295,087	304,897
Total Revenue		<u>2,264,524</u>	<u>1,779,929</u>
(b) Net income earned from managing the Fidelity fund as follows:			
Administration fee		410,000	-
Less: Expenses			
Assessor's fee		(88,800)	-
Audit fee		(15,780)	-
Other administrative expense		(6,331)	-
		<u>299,089</u>	<u>-</u>
Income earned from managing the fidelity fund was presented as net amount as the cost listed above are cost directly attributable to the fund and not of the Association.			
3 Auditors' Remuneration			
Audit services		6,600	6,000
Accounting services		3,249	-
		<u>9,849</u>	<u>6,000</u>
4 Cash and cash equivalents			
Cash deposits with banks		592,514	498,031
Cash on hand		431	500
Total cash and cash equivalents		<u>592,945</u>	<u>498,531</u>
5 Trade and other receivables			
Trade receivables		142,514	53,337
Provision for doubtful debts		(11,240)	-
		<u>131,274</u>	<u>53,337</u>
Goods and services tax		-	21,069
Total receivables		<u>131,274</u>	<u>74,406</u>

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Age analysis of trade and other receivables that are past due but not impaired at the end of the reporting period.

	2013	2012
	\$	\$
Past due [0-30] days	92,436	28,176
Past due [31-60] days	17,260	7,320
Past due [61-90] days	1,358	1,840
Past due [>91] days	31,460	16,001
	<u>142,514</u>	<u>53,337</u>
Analysis of allowance account		
Opening Balance	-	-
Provisions for doubtful receivables	11,240	-
Receivables written off during the year	-	-
Closing balance	<u>11,240</u>	<u>-</u>
6 Inventory		
Standards and contracts - at cost	14,465	18,444
Total inventory	<u>14,465</u>	<u>18,444</u>
7 Property and equipment		
Motor vehicles	40,774	40,314
Less accumulated depreciation	<u>(23,309)</u>	<u>(14,266)</u>
Total motor vehicles	<u>17,465</u>	<u>26,048</u>
Furniture and fixtures	29,951	29,951
Less accumulated depreciation	<u>(22,890)</u>	<u>(18,100)</u>
Total furniture and fixtures	<u>7,061</u>	<u>11,851</u>
Office machines	44,224	44,224
Less accumulated depreciation	<u>(34,286)</u>	<u>(25,158)</u>
Total office machines	<u>9,938</u>	<u>19,066</u>
Total property and equipment	<u>34,464</u>	<u>56,965</u>
Reconciliation		
Carrying value at beginning of the year	56,965	22,594
Additions	461	41,430
Disposals	-	-
Depreciation	<u>(22,962)</u>	<u>(7,059)</u>
Carrying value at end of year	<u>34,464</u>	<u>56,965</u>

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$	2012 \$
8 Investments		
<i>Investment in Associate</i>		
Shares in MBA Insurance Services Pty Ltd	120,000	74,960
Share in profit or loss	<u>72,987</u>	<u>45,040</u>
	<u>192,987</u>	<u>120,000</u>
<i>Investment property</i>		
Sentinel Investment Unit	<u>679,003</u>	<u>-</u>
	<u>871,990</u>	<u>120,000</u>
<p>The Sentinel Investment Unit was purchased in November 2012 and the estimated fair value assumed its cost as at 30 June 2013. Rent income from the property amounted to \$14,193.</p> <p>Lease to the property is only for one year. The minimum lease payments receivable but not recognised in the financial statement amounted to \$36,400.</p>		
9 Trade and other payables		
Trade creditors	41,554	24,879
Goods and services tax	7,870	-
Unearned membership	27,360	-
Other payables	<u>40,293</u>	<u>15,763</u>
Trade and other payables	<u>117,077</u>	<u>40,642</u>
10 Grant liabilities		
Northern Territory Government Workforce Planning Needs	-	8,665
Northern Territory Government Construction		
Apprenticeship Mentoring Scheme	<u>-</u>	<u>60,000</u>
Total grant liabilities	<u>-</u>	<u>68,665</u>
11 Provisions		
Provision for annual leave	<u>84,870</u>	<u>57,240</u>
Total provision for annual leave	<u>84,870</u>	<u>57,240</u>
12 Borrowing		
Current	25,680	-
Noncurrent	<u>332,327</u>	<u>-</u>
	<u>358,007</u>	<u>-</u>

The borrowings pertains to loan from Commonwealth Bank availed during the year with a fixed interest rate of 5.89% per annum for three years, and secured by the Sentinel Investment Unit. The principal and interest of the loan is payable monthly within 30 years. Interest expense paid for the loan amounted to \$11,917 for the year ended 30 June 2013.

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	\$	\$
13 Accumulated funds		
Balance at the beginning of the financial year	601,799	187,803
Total comprehensive income	495,164	413,996
Balance at the end of the financial year	<u>1,096,963</u>	<u>601,799</u>
14 Reconciliation of cash and cash equivalents		
Cash and cash equivalents at the end of the financial year as shown in the Statement of Cash flows is reconciled to the related items in the Statement of Financial Position as follows:		
(a) Reconciliation of cash and cash equivalents		
Cash deposits with banks	592,514	498,031
Cash on hand	431	500
Balance at the end of the year	<u>592,945</u>	<u>498,531</u>
(b) Reconciliation of surplus for the year to net cash provided by operating activities		
Surplus for the year	495,164	413,996
Add / (less) non-cash items		
Depreciation	22,962	7,059
Provision for bad debts	11,240	9,491
Share in profit or loss in associate	(72,987)	(45,040)
Net cash provided by operating activities before change in assets and liabilities	<u>456,379</u>	<u>385,506</u>
Change in assets and liabilities		
(Increase) / decrease in trade and other receivables	(68,108)	96,371
(Increase) / decrease in inventories	3,979	(19,862)
Increase in prepayments	(11,779)	-
Increase / (decrease) in trade and other payables	76,435	(54,049)
Increase / (decrease) in unexpended grants	(68,665)	18,235
Increase / (decrease) in provisions	27,630	26,867
Net cash provided by operating activities	<u>415,870</u>	<u>453,068</u>

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

15 Related Party Disclosures

(a) Transactions with Related Parties

The following persons held positions as Committee of Management during the reporting period:

Phil Storey	David Lester
Dick Guit	Andrea Moriarty
Greg McLaughin	Leanne Kison
Paul Nowland	Clive Clements
John Brears	Russel Lutzke
Sandy Kirsopp	Ken Hyde
Richard Riedel	Danielle Laffy
Charles Wright	Michael Hatton
Claire Forsyth	Tim Stewart
Roger Pearson	Kevin Peters

2013	2012
\$	\$

(b) Balances with Related Parties

(i) Amounts Payable to Related Parties

Other Branches - Current

Master Builders Association of NSW Pty Ltd	-	220
Master Builders Association Victoria	<u>148</u>	<u>545</u>
	<u>148</u>	<u>765</u>

Outstanding payables are non interest bearing and are normally on a 30 day terms.

(ii) Amounts Receivable from Related Parties

Other Branches - Current

Master Builders Fidelity Fund	60,325	-
MBA Insurance Services Pty Ltd	<u>1,317</u>	<u>2,400</u>
	<u>61,642</u>	<u>2,400</u>

Outstanding receivables are unsecured, interest free, settlement occurs in cash and generally have 30 day terms.

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

	2013	2012
	\$	\$

The following revenue transactions took place with related parties during the reporting period:

Master Builders Fidelity Fund - administration fee	299,089	-
MBA Insurance Services Pty Ltd - sponsorship income	8,000	
MBA Insurance Services Pty Ltd - commission	81,598	47,377
	388,687	47,377

The following expense transactions took place with related parties during the reporting period:

Master Builders - NSW	4,053	6,365
Master Builders Association of WA	761	-
Master Builders Association Victoria	3,380	9,695
Master Builders Australia Incorporated	79,422	71,307
	87,616	87,367

Key Management Personnel Compensation

Key Management Compensation Information

Short term employee benefits	305,043	279,179
Other benefits	27,454	37,718
	332,497	316,897

Other Transactions with Key Management Personnel

The General Manager Operations purchased a vehicle from the association that was on an operating lease for \$6,000 in 2012.

16 Compliance with Fair Work (Registered Organisations) Act 2009

Information to be provided to members or General Manager

The information that is prescribed by the Fair Work (Registered Organisations) Act 2009 is available to members on request. Specifically subsections 272(1), (2) and (3) require the following:

- (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).

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

17 Contingent Liabilities

The Association has no contingent liabilities as at 30 June 2013 and 2012.

18 Events Subsequent the Financial Reporting Date

No matters have arisen since the end of the financial year which have significantly affected or may significantly affect the operations, results of operations and the state of affairs of the Association in subsequent financial years.

The carrying amount of assets and liabilities as recorded in the financial statements and the realisation and settlement amounts of assets and liabilities have not changed materially since end of reporting date.

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
30 JUNE 2013

19 FINANCIAL RISK MANAGEMENT

(a) *General objectives, policies and processes*

In common with all other businesses, the Association is exposed to risks that arise from its use of financial instruments. This note describes the Association's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Association's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Association hold the following financial instruments:

	2013	2012
	\$	\$
Financial assets		
Cash and cash equivalents	592,945	498,531
Trade and other receivables	142,514	74,406
	<u>735,459</u>	<u>572,937</u>
Financial liabilities		
Trade and other payables	117,077	40,642
Unexpended grants	-	68,665
Borrowings	358,007	-
	<u>475,084</u>	<u>109,307</u>

The Committee of Management has overall responsibility for the determination of risk management objectives and policies and, whilst retaining ultimate responsibility for them, they have delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the management team. The Association's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the Association where such impacts may be material. The Committee of Management receives monthly reports from management through which they review the effectiveness of the processes put in place and the appropriateness of the objectives and policies set.

The overall objective of the Committee of Management is to set policies that seek to reduce risk as far as possible without unduly affecting the Association's flexibility. Further details regarding these policies are set out below:

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
30 JUNE 2013

19 FINANCIAL RISK MANAGEMENT - continued...

(b) Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Association incurring a financial loss. Credit risk arises from cash assets and deposits with financial institutions, as well as credit exposures to the Association's outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of "A" are accepted.

The maximum exposure to credit risk at the end of the reporting period is as follows:

	2013	2012
	\$	\$
Cash and cash equivalents	592,945	498,531
Trade and other receivables	142,514	74,406
	<u>735,459</u>	<u>572,937</u>

(c) Liquidity risk

Maturity Analysis - 2013

	Carrying Amount	Contractual Cash flows	< 6 mths	6- 12 mths	1-3 years	> 3 years
	\$	\$	\$	\$	\$	\$
Financial Liabilities						
Trade and other payables	117,077	117,077	117,077	-	-	-
Borrowings	358,007	358,007	12,840	25,680	77,040	242,447
TOTAL	<u>475,084</u>	<u>475,084</u>	<u>129,917</u>	<u>25,680</u>	<u>77,040</u>	<u>242,447</u>

	Carrying Amount	Contractual Cash flows	< 6 mths	6- 12 mths	1-3 years	> 3 years
	\$	\$	\$	\$	\$	\$
Financial Assets						
Non-derivatives						
Trade receivables	142,514	142,514	142,514	-	-	-
Other receivables	-	-	-	-	-	-
TOTAL	<u>142,514</u>	<u>142,514</u>	<u>142,514</u>	<u>-</u>	<u>-</u>	<u>-</u>

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
30 JUNE 2013

19 FINANCIAL RISK MANAGEMENT - continued...

(c) Liquidity risk

Maturity Analysis - 2012

	Carrying Amount	Contractual Cash flows	< 6 mths	6- 12 mths	1-3 years	> 3 years
Financial Liabilities	\$	\$	\$	\$	\$	\$
Trade and other payables	40,642	40,642	40,642	-	-	-
Grant liabilities	68,665	68,665	68,665	-	-	-
TOTAL	109,307	109,307	109,307	-	-	-

	Carrying Amount	Contractual Cash flows	< 6 mths	6- 12 mths	1-3 years	> 3 years
Financial Assets	\$	\$	\$	\$	\$	\$
Non-derivatives						
Trade receivables	53,337	53,337	53,337	-	-	-
Other receivables	21,069	21,069	21,069	-	-	-
TOTAL	74,406	74,406	74,406	-	-	-

(c) Market risk

The Association is exposed to market risk through its use of financial instruments and specifically to interest rate risk. At 30 June 2013, the Association is not significantly exposed to fair value interest rate risk from its bank borrowing on the period it is issued at fixed interest as its issuance is close to prevailing market rate. A change in interest rates on the fixed portion of the debt portfolio impacts the net financial instrument position. On the period that the borrowing is charged at variable rate, a change in interest rates on the variable portion to the debt portfolio impacts the interest incurred and cash flows, but not impact the net financial instrument position.

The following table illustrates the sensitivity of profit and the funds to a reasonably possible change in interest rates of +/- 2%. The changes are considered to be a reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates.

Profit for the year/Fund	
+2%	-2%
\$4,047	-\$4,047

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
30 JUNE 2013

20 Capital Management Policies and Procedures

Management controls the capital of the Association to ensure that adequate cash flows are generated to fund its programs and the returns from investments are maximised. The management and Committee of Management ensure that the overall risk management strategy is in line with this objective.

The Association's capital consists of financial liabilities, supported by financial assets. Management effectively manages the Associations capital by assessing the Association's financial risk and responding to changes in these risk and in the market. These responses may include the consideration of debt level. There have been no changes to the strategy by management to control the capital of the Association since prior year.

MINUTES

2013 ANNUAL GENERAL MEETING

Held in the Master Builders Association NT Offices, Terminal One, 11/396 Stuart Highway, Winnellie NT on Friday 27 September 2013 at 8.00am.

1. Opening and Welcome to Members

Vice President Charles Wright opened the meeting at 8.00am and thanked members for their attendance. Mr Wright advised that the quorum requirement for ten financial members was achieved and twelve financial members were present.

2. Present

David Lester	Ahrens Group Pty Ltd
Claire Forsyth	Hays Specialist Recruitment
Greg McLaughlin	Mobile Electrics (NT) Pty Ltd
Paul Nowland	Nowland Builders Pty Ltd
Richard Riedel	ITW Buildex
Michael Hatton	Heiner Engineering Consultants
Danielle Laffy	Bendella Group Pty Ltd
Clive Clements	C & I Clements NT Pty Ltd
Russell Lutzke	CSR Lightweight Systems
Andrea Gardiner	Killarney Homes
John Brears	Mirage Developments Pty Ltd
Charles Wright	QS Services

3. Apologies

Dick Guit	Sitzler Pty Ltd
Kevin Peters	ICN NT
Phil Storey	Holcim Pty Ltd
Roger Pearson	Arafura Catering
Tim Stewart	NT Link

4. Confirmation of Minutes of the Previous meeting held 28 September 2012

Moved:	Greg McLaughlin
Seconded:	Russell Lutzke

5. Business Arising

There was no business arising from the Minutes of the previous AGM.

6. President's Report

The President's report was tabled in his absence as part of the Annual Report.

7. Executive Director's Report

Graham Kemp tabled the Executive Director's report and spoke to the report, pointing out to members that the quality and range of services provided to members over the last five years has been improving. We now provide a comprehensive range of specialist services in Industrial Relations, Human Relations, OH&S and industry specific training courses.

Furthermore we provide networking opportunities for our members with golf days, breakfasts, information nights and the best Awards night in Darwin. And, this year we have added the management of the Fidelity Fund.

All these advances have only been achieved with the strong support of previous President's, namely in my time Greg McLaughlin, Phil Storey and now Dick Guit as well as the Executive Committee and Council. The leap of faith to move from the old building two years ago to the current offices is an example of that support. And the Executive and Council's faith in the move has been rewarded. We now have a high profile position on the Stuart Highway; fifty percent larger purpose built offices and our staff numbers have doubled.

Financially, we have consolidated our position and the association now has an investment property.

The Executive and Council also supported Master Builder's entry into the Fidelity Fund and provided we survive the Review the government has imposed on us, we will be looking good going forward.

8. MBANT Annual Report including Annual Financial Statement

The audited financial statements have been previously forwarded to Members on 6 September 2013 in accordance with the Association's rules to satisfy constitutional requirements. The Annual Report which contained all statutory reporting requirements was tabled at the meeting.

9. Election of President

The Chairman requested that the Executive Director provide details of the election of the President.

The Executive advised that he had received 17 unanimous written nominations for Dick Guit for President.

Accordingly, the Returning Officer, Jeff Colver advised the election of President Dick Guit, unopposed in his Notice to all Members, on 13 September 2013.

10. Election of Council

The Executive Director advised that the 17 members of Council have all indicated their desire to stand again for Council. Being less than the 20 maximum number of Council members a vote was not required and all members of Council were elected unopposed.

Elected Council members

Dick Guit	Sitzler Pty Ltd
Charles Wright	QS Services
Paul Nowland	Nowland Builders Pty Ltd
Greg McLaughlin	Mobile Electrics (NT) Pty Ltd
Phil Storey	Holcim (Australia) Pty Ltd
John Brears	Mirage Developments Pty Ltd
Clive Clements	C & I Clements NT Pty Ltd
Russell Lutzke	CSR Lightweight Systems
Michael Hatton	Heiner Engineering Consultants
Claire Forsyth	Hays Specialist Recruitment
David Lester	Ahrens Group Pty Ltd
Andrea Gardiner	Killarney Homes
Kevin Peters	ICN NT
Roger Pearson	Arafura Catering
Richard Riedel	ITW Buildex
Danielle Laffy	Bendella Group
Tim Stewart	NT Link

11. General Business

There was no General Business

12. Close – the meeting closed at 8.08am



12 July 2013

Mr Jeff Colver
General Manager Operations
Master Builders Association of the Northern Territory trading as Master Builders Northern Territory
Sent by email: info@mbant.com.au

Dear Mr Colver,

**Re: Lodgement of Financial Report - [FR2013/202]
Fair Work (Registered Organisations) Act 2009 (the RO Act)**

The financial year of the Master Builders Association of the Northern Territory trading as Master Builders Northern Territory (the reporting unit) ended on 30 June 2013.

This is a courtesy letter to remind you of the obligation to prepare and lodge the financial report for the reporting unit by the due date, namely 15 January 2014 (that is the period within 6 months and 14 days of the end of the financial year) under s.268 of the RO Act.

The RO Act sets out a particular chronological order in which financial documents and statements must be prepared, audited, provided to members and presented to a meeting. For your assistance, the attached *Timeline/Planner* summarises these requirements.

Fact sheets regarding financial reporting under the RO Act are provided on the Fair Work Commission website at: [Financial Reporting Fact Sheets](#).

The documents can be emailed to orgs@fwc.gov.au. If it is envisaged that the financial report cannot be lodged by the due date you are requested to contact this office prior to the due date to discuss the issue.

It should be noted that s.268 is a civil penalty provision. Failure to lodge a financial report may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$33,000 for a body corporate and \$6,600 for an individual per contravention) being imposed upon an officer whose conduct led to the contravention and/or your organisation.

Should you seek any clarification in relation to the above, please contact me on (03) 8661 7936 or via email at robert.pfeiffer@fwc.gov.au.

Yours sincerely,

Robert Pfeiffer
Senior Adviser
Regulatory Compliance Branch

TIMELINE/ PLANNER

Financial reporting period ending:	/ /	
Prepare financial statements and Operating Report.		
(a) A Committee of Management Meeting must consider the financial statements, and if satisfied, pass a resolution declaring the various matters required to be included in the Committee of Management Statement.	/ /	As soon as practicable after end of financial year
(b) A # designated officer must sign the Statement which must then be forwarded to the auditor for consideration as part of the General Purpose Financial Report (GPFR).	/ /	
Auditor's Report prepared and signed and given to the Reporting Unit - s257	/ /	Within a reasonable time of having received the GPFR (NB: Auditor's report must be dated on or after date of Committee of Management Statement)
Provide full report free of charge to members – s265 The full report includes: <ul style="list-style-type: none"> the General Purpose Financial Report (which includes the Committee of Management Statement); the Auditor's Report; and the Operating Report. 	/ /	(a) if the report is to be presented to a General Meeting (which must be held within 6 months after the end of the financial year), the report must be provided to members 21 days before the General Meeting, or (b) in any other case including where the report is presented to a Committee of Management meeting*, the report must be provided to members within 5 months of end of financial year.
Present full report to:		
(a) General Meeting of Members - s266 (1),(2); OR	/ /	Within 6 months of end of financial year
(b) where the rules of organisation or branch allow* - a Committee of Management meeting - s266 (3)	/ /	Within 6 months of end of financial year
Lodge full report with the Fair Work Commission, together with the #Designated Officer's certificate++ – s268	/ /	Within 14 days of meeting

* the full report may only be presented to a committee of management meeting if the rules of the reporting unit provide that a percentage of members (not exceeding 5%) are able to call a general meeting to consider the full report.

The Committee of Management Statement and the Designated Officer's certificate must be signed by the Secretary or another officer who is an elected official and who is authorised under the rules (or by resolution of the organisation) to sign the statement or certificate – s243.

++ The Designated Officer's certificate must state that the documents lodged are copies of the documents provided to members and presented to a meeting in accordance with s266 – dates of such events must be included in the certificate. The certificate cannot be signed by a non-elected official.