FAIR WORK COMMISSION

4 March 2015

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

Dear Mr Colver,

**Re: Lodgement of Financial Statements and Accounts - Master Builders Association of the Northern Territory trading as Master Builders Northern Territory - for year ended 30 June 2014 (FR2014/140)**

I refer to the financial report of the Master Builders Association of the Northern Territory trading as Master Builders Northern Territory. The documents were lodged with the Fair Work Commission on 13 January 2015. I also acknowledge receipt of the letter from the auditor containing the declaration in relation to the audit of the report, dated 27 February 2015. The financial report has been filed.

The financial report was filed based on a primary review. This involved confirming that the financial reporting timelines required under s.253, s.265, s.266 and s.268 of the *Fair Work (Registered Organisations) Act 2009* (RO Act) have been satisfied, all documents required under s.268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and reporting guidelines have been complied with. A primary review does not examine all disclosure requirements. Please note that the financial report for the year ending 30 June 2015 may be subject to an advanced compliance review.

I raised the following issues in our discussion by telephone last week and confirm the following comments to assist you when you next prepare a financial report. You are not required to take any further action in respect of the report lodged. The Fair Work Commission will confirm these matters have been addressed prior to filing next year's report.

Reports must be provided to Members at least 21 days before the General Meeting of Members

The designated officer's certificate states that the financial report was provided to members on 19 September 2014, and presented to a general meeting of members on 26 September 2014. Under section 265(5)(a) of the RO Act, where the report is presented to a general meeting of members, the report must be provided to members at least 21 days before that meeting.

If these dates are correct, the reporting unit only provided members the financial report 7 days before the general meeting. I note your explanation about the reworking of the final report and also that consideration is being given to altering the rules to facilitate compliance with reporting and meeting timeframes in future.

80 William Street Telephone: (02) 8374 6666
East Sydney NSW 2011 Email: orgs@fwc.gov.au

Documents must be lodged with the Fair Work Commission within 14 days of General Meeting

Section 268 of the RO Act states that the full report and the designated officer's certificate are required to be lodged with the Fair Work Commission within 14 days of the meeting of members held for the purposes of section 266. The Designated Officer's Certificate indicates that this meeting occurred on 26 September 2014. If this is correct the full report should have been lodged with the Fair Work Commission by 10 October 2014.

Please note that in future financial years if the organisation cannot lodge on time, a written request for an extension of time, signed by a relevant officer, including any reason for the delay, must be made prior to the required date of lodgement.

Should you require further information on the financial reporting requirements of the Act or wish to discuss these, I invite you to contact me on (02) 6746 3283 or by email at stephen.kellett@fwc.gov.au.

Yours sincerely

Stephen Kellett
Senior Adviser
Regulatory Compliance Branch

| | |
|---|---|
| **From:** | KELLETT, Stephen |
| **To:** | "GMO@mbant.com.au" |
| **Cc:** | "Casmel.Taziwa@bdo.com.au" |
| **Subject:** | Attention Mr Jeff Colver - financial reporting y/e 30 June 2014 - filing |
| **Date:** | Wednesday, 4 March 2015 3:54:00 PM |
| **Attachments:** | MBANT FR2014 140 (primary final).pdf<br>s253-Reporting-Guidelines-4th-edition (annotated)(MBA NT).pdf |

Dear Mr Colver,

Please see attached my letter in relation to the above. For reference when preparing next year's report, I also attach an annotated copy of the Reporting Guidelines indicating where the 2015 report should more completely reflect the reporting guideline disclosures.

Yours sincerely

STEPHEN KELLETT
Regulatory Compliance Branch
**FAIR WORK COMMISSION**

80 William Street
EAST SYDNEY NSW 2011

(ph) (02) 6746 3283
(email) stephen.kellett@fwc.gov.au

| | |
|---|---|
| **From:** | KELLETT, Stephen |
| **To:** | KELLETT, Stephen |
| **Subject:** | FW: 2013-2014 audit statement - Master Builders" Association Northern Territory |
| **Date:** | Friday, 27 February 2015 1:57:31 PM |
| **Attachments:** | Auditor"s Declaration.pdf |

**From:** Casmel Taziwa [mailto:Casmel.Taziwa@bdo.com.au]
**Sent:** Friday, 27 February 2015 12:16 PM
**To:** KELLETT, Stephen
**Subject:** RE: 2013-2014 audit statement - Master Builders' Association Northern Territory

Dear Stephen,

Please find attached the document which has been forwarded to the Association in relation to declaration required by the Reporting Guidelines.

From my discussions with the Jeff, it was agreed for us to issue a separate declaration as attached. I hope that it covers off on the requirements as previously advised.

Regards

**CASMEL TAZIWA**
Associate - Audit and Assurance
Casmel.Taziwa@bdo.com.au

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AUSTRALIA

Our Ref: MAS31/ 418576_1

27 February 2015

The Directors
Master Builders Association of Northern Territory Inc
PO Box 37121
Winnellie NT 0821

Dear Sirs

**AUDITOR DECLARATION TO THE FAIRWORK COMMISSION IN RELATION TO THE AUDIT OF MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY**

In accordance with Reporting Guideline 38, I make the following declaration in connection with the audit of your organisation for the year ended 30 June 2014:

I am an approved auditor as defined in the Regulation Guide and the following details relate to my status as an auditor:

- Registered with Australian Securities and Investment Commission as a Registered Company Auditor, Registration Number 16;
- Member of the Institute of Chartered Accountants of Australia, Registration Number 29094; and
- Holder of a current Public Practice Certificate as issued by the Institute of Chartered Accountants of Australia, Registration Number 29094.

Yours faithfully

**C J Sciacca**
Audit Partner

| | |
|---|---|
| **From:** | KELLETT, Stephen |
| **To:** | "GMO@mbant.com.au" |
| **Subject:** | FW: Attention Mr Jeff Colver - Master Builders Association Northern Territory - financial reporting y/e 30 June 2014 - attachments |
| **Date:** | Thursday, 19 February 2015 11:53:00 AM |
| **Attachments:** | MBANT FR2012 452 letters.pdf |

Dear Mr Colver,

Please see attachments, as referred to in my earlier email below.

Yours sincerely


STEPHEN KELLETT
Regulatory Compliance Branch
**FAIR WORK COMMISSION**

80 William Street
EAST SYDNEY NSW 2011

(ph) (02) 6746 3283
(email) stephen.kellett@fwc.gov.au


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**From:** KELLETT, Stephen
**Sent:** Thursday, 19 February 2015 11:24 AM
**To:** 'GMO@mbant.com.au'
**Subject:** Attention Mr Jeff Colver - Master Builders Association Northern Territory - financial reporting y/e 30 June 2014 - action required

Dear Mr Colver,

I refer to the financial report lodged on 13 January 2015 and to several matters for action/advice.

***1. Compliance with previous advice***

The report reflects all the required disclosures or information brought to the attention of the organisation in correspondence in relation to the previous report (i.e. for the year ended 30 June 2013) except for the repeat omission from the auditor's statement of the declaration required by Reporting Guideline 38 which states:

*38. The auditor's statement:*

*a) must include a declaration that either:*

*i. the auditor is an approved auditor; or*

*ii. the auditor is a member of a firm where at least one member is an approved auditor; and*

*b) must specify that the auditor:*

*i. is a person who is a member of CPA Australia, The Institute of Chartered Accountants in Australia or the Institute of Public Accountants (formerly the National Institute of Accountants); and*

*ii. holds a current Public Practice Certificate.*

FWC requires correction of any matter previously brought to a reporting unit's attention before it will close a financial report file. Accordingly, I would ask that you raise this with the Auditor and forward to me a fresh version of his signed Auditor's statement that includes the above at the earliest practicable opportunity. This correction will have no effect on the Auditor's opinion.

## ***2. Supply of signed financial statements – time frame***

The designated officer's certificate states that the financial report was provided to members on 19 September 2014, and presented to a general meeting of members on 26 September 2014. Under section 265(5)(a) of the RO Act, where the report is presented to a general meeting of members, the report must be provided to members at least 21 days before that meeting.

If these dates are correct, the reporting unit only provided members the financial report 7 days before the general meeting.

This issue was raised in my correspondence in relation to the report for the year ended 30 June 2012 (see attached). In his response (see attached), the President of the organisation acknowledged a conflict between the organisation's constitution and s265(5) and indicated not only that the organisation would ensure a 21 day interval between provision of the information and the holding of the AGM, but that the relevant rule would be altered in a re-write of the constitution. I have been unable to identify any relevant alteration to the organisation's rule.

Accordingly, I request your advice as to why the organisation did not comply with section 265(5) in this regard, for the 2014 report, and as to the organisation's intention regarding its rules.

Please note that subsection 265(5) is a civil penalty provision and future failure to meet this timelines may result in an inquiry into the organisation and the General Manager of the FWC may apply under s.310(1) of the RO Act to the Federal Court of Australia for a pecuniary penalty order to be imposed on your organisation and, potentially, an officer whose conduct led to the non-compliance.

## ***3. Lodgement after presentation meeting – time frame***

Section 268 of the RO Act states that the full report and the designated officer's certificate are required to be lodged with the Fair Work Commission within 14 days of the meeting of members. Since the AGM occurred on 26 September 2014, the full report should have been lodged with the Fair Work Commission by 10 October.

The full report was lodged on 13 January 2015, three months later than the time ordinarily prescribed. The organisation should have applied for an extension of time to lodge the required reports and the designated officer's certificate.

Accordingly, I request your advice as to the reason for the delay in lodgement in accordance with section 268 of the RO Act.

Please note that in future financial years if the organisation cannot lodge on time, a written request for an extension of time, signed by a relevant officer, including any reason for the delay, must be made prior to the required date of lodgement.

Please don't hesitate to contact me if you have any queries.

Yours sincerely

STEPHEN KELLETT
Senior Adviser, Regulatory Compliance Branch
**FAIR WORK COMMISSION**

80 William Street
EAST SYDNEY NSW 2011

(ph) (02) 6746 3283
(email) stephen.kellett@fwc.gov.au

| | |
|---|---|
| **From:** | KELLETT, Stephen |
| **To:** | KELLETT, Stephen |
| **Subject:** | FW: On CMS FR2014/140 Lodgement of Audited Financial Reports for the year ended 30 June 2014 |
| **Date:** | Wednesday, 14 January 2015 5:53:49 PM |
| **Attachments:** | Designated Officer''s Certificate to accompany General Purpose Financial Reports 2013-2014-Lodged 13 Jan. 2015.pdf<br>MBANT Annual Report 2013-2014-Electronic PDF Version.pdf<br>MBANT General Purpose Financial Statements-2013-2014 Electronic PDF Version.pdf<br>MBANT AGM 2013-2014 Minutes (Final) - 2014.pdf<br>1st and 2nd Notice of AGM and GPFR Sept. 2014.pdf<br>Amendment to Notice of Annual General Meeting - Friday, 26th Sept 2014.pdf<br>MBANT Members Bulletin-4 Sept. 2014-Notice of Annual General Meeting for 2014.pdf<br>Proof of Notice of AGM and Disclosure of Audited Financial Statements-19 Sept 2014.pdf<br>image003.png<br>image004.png<br>image005.png |

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**From:** Jeff Colver [mailto:GMO@mbant.com.au]
**Sent:** Tuesday, 13 January 2015 6:14 PM
**To:** Orgs
**Subject:** On CMS FR2014/140 Lodgement of Audited Financial Reports for the year ended 30 June 2014

FR2014/140

Good afternoon Fair Work Commission

Please find various attachments which collectively make up the lodgement of the Audited Financial Statements for the Master Builders Association of the Northern Territory Incorporated trading as Master Builders NT for the year ended 30 June 2014.

Cheers


**Jeff Colver** | General Manager MBANT/Manager Fidelity Fund

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

T (08) 8922 9666 | F (08) 8922 9600 | M 0427 096 879

*"Building the Territory"* : *gmo@mbant.com.au* | : *www.mbant.com.au*

MASTER BUILDERS
NORTHERN TERRITORY

ABN:54 527 741 841
11/396 Stuart Highway
Winnellie NT 0820
PO Box 37121
Winnellie NT 0821
Telephone: 08 8922 9666
Facsimile: 08 8922 9600
Website: www.mbant.com.au
Email: gmo@mbant.com.au

**Designated Officer's Certificate**

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

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

i. **That the documents lodged herewith are the General Purpose Financial Statements for the Master Builders Association of the Northern Territory Incorporated trading as Master Builders Northern Territory for the year ended 30 June 2014, lodged on Tuesday 13 January 2015 and are copies of the full General Purpose Financial Statements referred to in Section 268 of the *Fair Work (Registered Organisations) Act 2009;***

ii. **That the full General Purpose Financial Statements were provided to the Committee of Management of the Master Builders Association of the Northern Territory Incorporated trading as Master Builders Northern Territory and endorsed at a Meeting held on 6 September 2014;**

iii. **That subsequent to the meeting held 6 September 2014, a policy change (allocation of available funds to a sinking fund for future office building) caused the General Purpose Financial Statements to be re-worked by the Auditor and the second and final version of those statements was not made available to the Committee of Management until 19 September. They were duly signed off and returned to the Auditor for final signature on 19 September 2014.**

iv. **That Notice of the Annual General Meeting was served on all financial members of Master Builders Association of the Northern Territory trading as Master Builders Northern Territory on Thursday 4 September 2014 inviting them to meet, discuss and vote on the acceptance of the corrected General Purpose Financial Statements on Friday 26 September 2014. A reminder was sent on Friday 19 September and**

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Winnellie NT 0820
PO Box 37121
Winnellie NT 0821
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Facsimile: 08 8922 9600
Website: www.mbant.com.au
Email: gmo@mbant.com.au

**included the release of the final and fully signed copies of the General Purpose Financial Statements.**

**v. That the Annual General Meeting held on Friday 26 September 2014 attracted a Quorum and resulted in the adoption of the Corrected General Purpose Financial Statements.**

**vi. A copy of the Minutes of such Annual General Meeting is included in the papers supporting this Certification.**

**Signature of prescribed designated officer**

**...................................................................................**

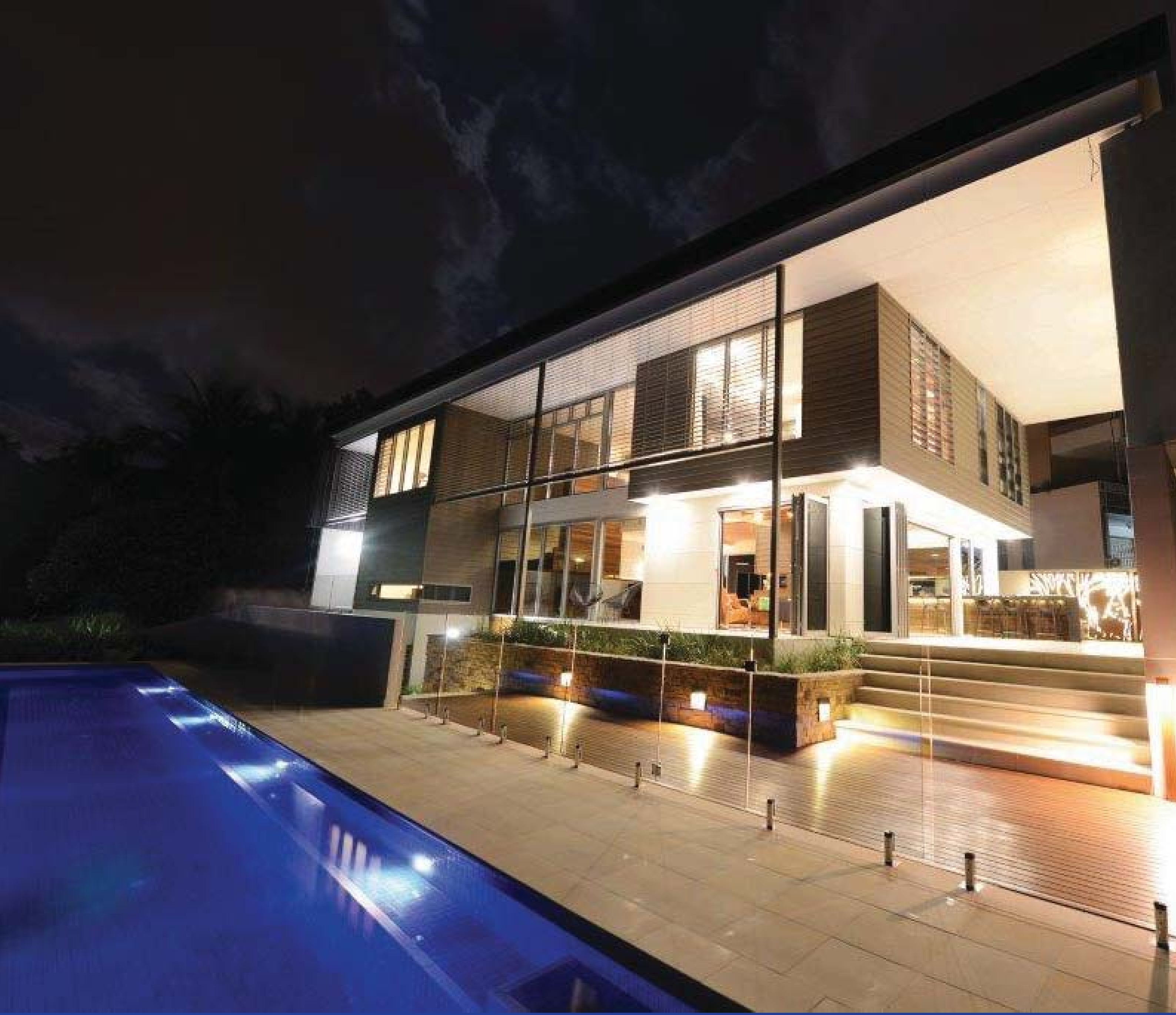
**Name of the prescribed designated officer**

**Dick Guit**

**Title of the prescribed designated officer**

**President-Master Builders Association of the Northern Territory Incorporated trading as Master Builders Northern Territory**

**Dated: 13 January 2015**



# 2014 MBANT General Purpose Financial Statements

# MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

## GENERAL PURPOSE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2014

# MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

## GENERAL PURPOSE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2014

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# MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

## OPERATING REPORT
## FOR THE YEAR ENDED
## 30 JUNE 2014

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 2014.

**Committee of Management**
The names of each committee member of the Association during the year from 1 July 2013 to 30 June 2014, unless otherwise stated, were:

Dick Guit
Russel Lutzke
Paul Nowland
John Brears
Michael Hatton
Charles Wright

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 2014

**Results of Activities**
The net surplus of the Association for the financial period was $225,168 ($495,164 in 2013).

**Significant Changes in Nature of Activities or Financial Affairs**
No significant change in the nature of the activity occurred during the year.

**Membership of the Association**
The number of members of the Association at the end of the financial year was 289 (2013: 263).

**Employees of the Association**
The number of persons employed by the Association during the financial year at one time was 9 (2013: 10).

**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

16/09/2014
~~August 2014~~

A Treasurer

16/09/2014
~~August 2014~~

## MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

## STATEMENT BY THE COMMITTEE OF MANAGEMENT
## FOR THE YEAR ENDED
## 30 JUNE 2014

On the 16th of ~~August~~ September 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 2014 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;

   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

A/ Treasurer

16/09/2014

~~Dated __ August 2014~~

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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 2014, 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 2014, 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 $749,674 and year-end cash balance of $975,109 is more than enough to cover its total liabilities of $752,677.

**BDO Audit (NT)**

**C J Sciacca**
**Chartered Accountant**
Audit Partner

Darwin: 16 September 2014

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

| | Note | 2014 $ | 2013 $ |
|---|---|---|---|
| **Revenues** | 2(a) | 2,317,785 | 2,224,001 |
| Share of profits of associate accounted for using the equity method | 2(b) | 75,179 | 72,987 |
| Other income | 2(c) | 101,822 | 78,447 |
| | | 2,494,786 | 2,375,435 |
| **Expenses** | | | |
| Affiliation fees to Master Builders Australia Inc. | | 91,580 | 84,526 |
| Accounting and audit fees | 3(a) | 8,000 | 9,849 |
| Administration costs | 3e, 15(b) | 401,924 | 110,911 |
| Decrease in value of investment property | 8 | 69,003 | - |
| Depreciation | 7 | 11,084 | 22,962 |
| Finance costs | 12 | 20,902 | 11,197 |
| Financial services | | 34,066 | 17,482 |
| Marketing, functions and events costs | | 219,431 | 211,561 |
| Office supplies, postage and other administration costs | | 95,870 | 170,187 |
| Product and services | | 31,125 | 53,336 |
| Property costs | | 117,003 | 115,444 |
| Sundry expenses | | 73,497 | 35,310 |
| Training and projects costs | | 146,031 | 81,581 |
| Travel and accommodation | | 25,194 | 51,971 |
| Employee expenses - Committee of Management | 3(b) | - | - |
| Employee expenses - Management | 3(c) | 369,913 | 363,315 |
| Employee expenses - Other staff | 3(d) | 554,995 | 540,639 |
| Total Expenses | | 2,269,618 | 1,880,271 |
| **Surplus For The Year** | | 225,168 | 495,164 |
| Other comprehensive income | | - | - |
| **Total Comprehensive Income** | | 225,168 | 495,164 |

*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 2014

| | Note | 2014<br>$ | 2013<br>$ |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash and cash equivalents | 4 | 975,109 | 592,945 |
| Trade and other receivables | 5 | 116,632 | 131,274 |
| Inventory | 6 | 5,879 | 14,465 |
| Prepayments | | 58,299 | 11,779 |
| **Total Current Assets** | | 1,155,919 | 750,463 |
| **Non-Current Assets** | | | |
| Property and equipment | 7 | 28,697 | 34,464 |
| Investments | 8 | 878,166 | 871,990 |
| Other noncurrent asset | 1(g) | 12,026 | - |
| **Total Non-Current Assets** | | 918,889 | 906,454 |
| **Total Assets** | | 2,074,808 | 1,656,917 |
| **LIABILITIES** | | | |
| **Current Liabilities** | | | |
| Trade and other payables | 9 | 228,609 | 117,077 |
| Grant liabilities | 10 | 132,001 | - |
| Borrowings | 12 | 5,130 | 25,680 |
| Provisions | 11 | 40,505 | 84,870 |
| **Total Current Liabilities** | | 406,245 | 227,627 |
| **Non-Current Liability** | | | |
| Borrowings | 12 | 346,432 | 332,327 |
| **Total Non-Current Liability** | | 346,432 | 332,327 |
| **Total Liabilities** | | 752,677 | 559,954 |
| **NET ASSETS** | | 1,322,131 | 1,096,963 |
| **EQUITY** | | | |
| Retained surplus | 13 | 1,322,131 | 1,096,963 |
| **Total Equity** | | 1,322,131 | 1,096,963 |

*The Statement of Financial Position should be read in conjunction with the accompanying note.*

# STATEMENT OF CHANGES IN EQUITY
# FOR THE YEAR ENDED 30 JUNE 2014

| | Office Building Reserve $ | Unappropriated Retained Surplus $ | Total $ |
|---|---|---|---|
| **Balance at 1 July 2012** | - | 601,799 | 601,799 |
| Surplus for the year | - | 495,164 | 495,164 |
| Other comprehensive income for the year | - | - | - |
| | - | 495,164 | 495,164 |
| **Balance at 30 June 2013** | - | 1,096,963 | 1,096,963 |
| Surplus for the year | - | 225,168 | 225,168 |
| Other comprehensive income for the year | - | - | |
| | - | 225,168 | 225,168 |
| Reallocation to reserve (see Note 13) | 150,000 | (150,000) | - |
| **Balance at 30 June 2014** | 150,000 | 1,172,131 | 1,322,131 |

*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 2014

| | Note | 2014<br>$ | 2013<br>$ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash receipts in the course of operations | 14(c) | 1,951,539 | 1,402,592 |
| Cash payments in the course of operations | | (2,139,396) | (1,627,696) |
| Interest received | | 17,576 | 21,771 |
| Grants received | | 597,135 | 630,400 |
| Interest paid | | (20,902) | (11,197) |
| **Net cash provided by operating activities** | 14(b) | 405,952 | 415,870 |
| **Cash flows from investing activities** | | | |
| Payment for property and equipment | | (17,343) | (460) |
| Payment for investment property | | - | (679,003) |
| **Cash used in investing activities** | | (17,343) | (679,463) |
| **Cash flows from financing activities** | | | |
| Proceeds from borrowing | | - | 360,000 |
| Repayment of borrowing | | (6,445) | (1,993) |
| **Cash provided by (used in) financing activities** | | (6,445) | 358,007 |
| Net increase in cash and cash equivalents | | 382,164 | 94,414 |
| Cash and cash equivalents at beginning of the financial year | | 592,945 | 498,531 |
| **Cash and cash equivalents at the end of the financial year** | 14(a) | 975,109 | 592,945 |

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

## 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.*

The financial statements have been prepared on a historical basis except for investment property that has been measured at fair value. 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.

The financial statements are presented in Australian dollars, which is Master Builders Association of the Northern Territory Incorporated's functional and presentation currency. All amounts have been rounded off to the nearest dollar.

**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:

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

*AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13*
The Association has applied AASB 13 and its consequential amendments from 1 July 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used.

*AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian*
The Association has applied AASB 119 and its consequential amendments from 1 July 2013. The standard eliminates the corridor approach for the deferral of gains and losses; streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income; and enhances the disclosure requirements for defined benefit plans. The standard also changed the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken.

*AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities*
The Association has applied AASB 2012-2 from 1 July 2013. The amendments enhance AASB 7 'Financial Instruments: Disclosures' and requires disclosure of information about rights of set-off and related arrangements, such as collateral agreements. The amendments apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement.

*AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle*
The Association has applied AASB 2012-5 from 1 July 2013. The amendments affect five Australian Accounting Standards as follows: Confirmation that repeat application of AASB 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 distributions 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.

**(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) Inventories**

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distributing the goods.

When the net realisable value of the inventories is lower than the cost, the Association provides for an allowance for the decline in the value of the inventory and recognises the write-down as an expense in the profit and loss statement. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

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

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable in bringing the asset to its working condition and location for its intended use. Expenditures incurred after such asset has been put into operation, such as repairs and maintenance and overhaul costs are normally charge to profit or loss in the period they are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted to increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalised as an addition of property, plant and equipment.

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 |
| Kitchen assets | 3 years |

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

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.

**(g) Intangibles**

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful life. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. The useful life of the Association's website upgrade is 3 years.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit and loss when the asset is derecognised.

Website upgrade cost is accounted for as 'Other noncurrent asset" in the statement of financial position. The website is still under development as at 30 June 2014.

**(h) 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.

**(i) Investment in Associate**

An associate is an entity over which the Association has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with AASB 5 'Non-current Asset Held for Sale and Discontinued Operations. 'Under the equity method, an investment in an associate is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the share of the profit or loss and other comprehensive income of the associate. When the share of losses of an associate exceeds the interest in that associate, the Association discontinues recognising its share of further losses. Additional losses are recognised only to the extent that it has incurred legal or constructive obligations or made payments on behalf of the associate.

(j) 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.

Any excess of the cost of acquisition over the share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

(k) 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.

(l) 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.

**(m) 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.

**(n) 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.

**(o) Income Tax**

The Association is exempt from income tax under section 50.1 of the Income Tax Assessment Act 1997 however still has obligation for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

**(p) Fair value measurement**

The Association measures financial instruments, such as, financial asset as at fair value through the profit and loss, available for sale financial assets, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 20A. As at 30 June 2014 and 2013, the table below shows financial statement items measured at fair value:

| | **2014** | 2013 |
|---|---|---|
| | **$** | $ |
| Investment property | **610,000** | 679,003 |

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

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
• Level 1—Quoted (unadjusted) market prices in active markets for identical assets or liabilities
• Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
• Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

(q) **Revenue Recognition**

(i) Grants

Grants are not recognised until there is reasonable assurance that the Association will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Association recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Association should purchase, construct otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Association with no future related costs are recognised in profit or loss in the period in which they become receivable.

(ii) Subscriptions

Revenue from subscriptions is accounted for on an accrual basis and is recorded as revenue in the year 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.

(r) **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:

*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.

**(s) Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

**(t) 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.

**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 nil as at 30 June 2014 (2013: $11,240).

*Impairment of non-financial assets*

The Association assesses 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 2014 (2013: nil).

*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.

*Fair value of investment property*

The fair value of completed investment property has been determined on a market value basis by by accredited independent valuers. In arriving at the estimates of market values, the valuers have used their market knowledge and professional judgement and not only relied on historical transactional comparables.

As at 30 June 2014, investment property is valued at $610,000 (2013: $679,003).

*Evaluation of the Association's significant influence over its investment in MBA Insurance Pty Ltd(MBAIS)*

Under AASB 128, a holding of 20% or more of the voting power of the investee is presumed to give rise to significant influence, unless it can be clearly demonstrated that this is not the case. Conversely, a holding of less than 20% of the voting power is presumed not to give rise to significant influence, unless it can be clearly demonstrated that there is in fact significant influence. AASB 28 states that the exercise of significant influence will usually be evidenced by way of representation on the board of directors or equivalent governing body of the investee, among others. The Association believes that it exercises significant influence over the financial and operating policies of MBAIS by way of representation on the board of directors. Accordingly, the Association accounted for its investment in MBAIS as investment in associate in the financial statements.

**(u) New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Association for the annual reporting period ended 30 June 2014. The Association's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Association, are set out below.

*AASB 9 Financial Instruments and its consequential amendments*
This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2017 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement. This 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 that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive name unless it would create an accounting mismatch. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks. The Association will adopt this standard and the amendments from 1 July 2017 but the impact of its adoption is yet robe assessed by the Association.

*AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities*
The amendments are applicable to annual reporting periods 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 of set-off; and clarifies nth 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.

*AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets*

These amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed. The adoption of these amendments from 1 July 2014 may increase the disclosures by the Association.

*AASB 2013-4 Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting*

These amendments are applicable to annual reporting periods beginning on or after 1 January 2014 and amends AASB 139 'Financial Instruments: Recognition and Measurement' to permit continuation of hedge accounting in circumstances where a derivative (designated as hedging instrument) is novated from one counter party to a central counterparty as a consequence of laws or regulations. The adoption of these amendments from 1 July 2014 will not have a material impact on the Association.

*Annual Improvements to IFRSs 2010-2012 Cycle*

These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects several Accounting Standards as follows: Amends the definition of 'vesting conditions' and 'market condition' and adds definitions for performance condition' and 'service condition' in AASB 2 'Share-based Payment'; Amends AASB 3 'Business Combinations' to clarify that contingent consideration that is classified as an asset or liability shall be measured at fair value at each reporting date; Amends AASB 8 'Operating Segments' to require entities to disclose the judgements made by management in applying the aggregation criteria; Clarifies that AASB 8 only requires a reconciliation of the total reportable segments assets to the entity's assets, if the segment assets are reported regularly; Clarifies that the issuance of AASB 13 'Fair Value Measurement' and the amending of AASB 139 'Financial Instruments: Recognition and Measurement' and AASB 9 'Financial Instruments' did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amount, if the effect of discounting is immaterial; Clarifies that in AASB 116'Property, Plant and Equipment' and AASB 138 'Intangible Assets', when an asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount (i.e. proportional restatement of accumulated amortisation); and Amends AASB 124 'Related Party Disclosures' to clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a 'related party' of the reporting entity. The adoption of these amendments from 1 July 2014 will not have a material impact on the Association.

*Annual Improvements to IFRSs 2011-2013 Cycle*

These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects four Accounting Standards as follows: Clarifies the 'meaning of effective IFRSs' in AASB 1 'First-time Adoption of Australian Accounting Standards'; Clarifies that AASB 3 'Business Combination' excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself; Clarifies that the scope of the portfolio exemption in AASB 13 'Fair Value Measurement' includes all contracts accounted for within the scope of AASB 139'Financial Instruments: Recognition and Measurement' or AASB 9 'Financial Instruments', regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132 'Financial Instruments: Presentation'; and Clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in AASB 3 'Business Combinations' and investment property as defined in AASB 140 'Investment Property' requires the separate application of both standards independently of each other. The adoption of these amendments from 1July2014 will not have a material impact on the Association.

**(v) 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.

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2014

| | | | | 2014 | 2013 |
|---|---|---|---|---|---|
| | | | | $ | $ |
| 2 | (a) | **Revenue** | | | |
| | | Administration fee | 15(b) | 836,500 | 410,000 |
| | | Commission MBAIS | | 87,518 | 81,598 |
| | | Government grants | | 465,134 | 699,065 |
| | | HR/IR income | | 78,243 | 109,219 |
| | | Membership and subscriptions | | 307,978 | 301,799 |
| | | Marketing, functions and events | | 148,465 | 327,233 |
| | | Training and projects | | 393,947 | 295,087 |
| | | | | 2,317,785 | 2,224,001 |
| | (b) | Share in profit or loss of associate | 8 | 75,179 | 72,987 |
| | (c) | Other income | | | |
| | | Interest and finance | | 17,576 | 21,771 |
| | | Office rental income | | 21,434 | 15,971 |
| | | Miscellaneous income | | 26,117 | 26,513 |
| | | Rental income from investment property | 8 | 36,695 | 14,192 |
| | | | | 101,822 | 78,447 |
| | | **Total Revenue** | | 2,494,786 | 2,375,435 |
| 3 | (a) | **Auditors' Remuneration** | | | |
| | | Audit services | | 8,000 | 6,600 |
| | | Accounting services | | - | 3,249 |
| | | | | 8,000 | 9,849 |

| | | 2014<br>$ | 2013<br>$ |
|---|---|---|---|
| (b) | **Employee expenses - Committee of Management** | | |
| | Wages and salaries | - | - |
| | Superannuation | - | - |
| | Leave and other entitlements | - | - |
| | Separation and redundancies | - | - |
| | Other employee expenses | - | - |
| | | - | - |
| (c) | **Employee expenses - Management** | | |
| | Wages and salaries | 390,998 | 305,043 |
| | Superannuation | 33,218 | 27,454 |
| | Leave and other entitlements | (54,303) | 30,818 |
| | Separation and redundancies | - | - |
| | Other employee expenses | - | - |
| | | 369,913 | 363,315 |
| (d) | **Employee expenses - Other staff** | | |
| | Wages and salaries | 486,468 | 494,103 |
| | Superannuation | 44,706 | 43,823 |
| | Leave and other entitlements | 23,821 | 2,713 |
| | Separation and redundancies | - | - |
| | Other employee expenses | - | - |
| | | 554,995 | 540,639 |

(e) **Administration costs**

This is the first full year of operations of Master Builder Fidelity Fund (MBFF). In the previous year, MBFF operated for 6 months and as as result the figures for both financial year are not necessarily comparable.

| | | 2014 | 2013 |
|---|---|---|---|
| 4 | **Cash and cash equivalents** | | |
| | Cash on hand | 700 | 431 |
| | Cash deposits with banks | 318,727 | 592,514 |
| | Short-term investments | 655,682 | - |
| | Total cash and cash equivalents | 975,109 | 592,945 |
| 5 | **Trade and other receivables** | | |
| | Trade receivables | 116,632 | 142,514 |
| | Provision for doubtful debts | - | (11,240) |
| | | 116,632 | 131,274 |
| | Goods and services tax | - | - |
| | **Total receivables** | 116,632 | 131,274 |
| | **Analysis of allowance account** | | |
| | Opening Balance | 11,240 | - |
| | Provisions for doubtful receivables | - | 11,240 |
| | Receivables written off during the year | (11,240) | - |
| | Closing balance | - | 11,240 |

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE YEAR ENDED 30 JUNE 2014

| | | 2014 $ | 2013 $ |
|---|---|---|---|
| 6 | **Inventory** | | |
| | Standards and contracts - at cost | 5,879 | 14,465 |
| | **Total inventory** | 5,879 | 14,465 |
| 7 | **Property and equipment** | | |
| | Motor vehicles | 40,774 | 40,774 |
| | Less accumulated depreciation | (28,302) | (23,309) |
| | **Total motor vehicles** | 12,472 | 17,465 |
| | Furniture and fixtures | 29,951 | 29,951 |
| | Less accumulated depreciation | (24,306) | (22,890) |
| | **Total furniture and fixtures** | 5,645 | 7,061 |
| | Office machines | 48,081 | 44,224 |
| | Less accumulated depreciation | (38,889) | (34,286) |
| | **Total office machines** | 9,192 | 9,938 |
| | Kitchen assets | 1,460 | - |
| | Less accumulated depreciation | (72) | - |
| | **Total kitchen assets** | 1,388 | - |
| | **Total property and equipment** | 28,697 | 34,464 |
| | **Reconciliation** | | |
| | Carrying value at beginning of the year | 34,464 | 56,965 |
| | Additions | 5,317 | 461 |
| | Disposals | - | - |
| | Depreciation | (11,084) | (22,962) |
| | Carrying value at end of year | 28,697 | 34,464 |
| 8 | **Investments** | | |
| | *Investment in Associate* | | |
| | Shares in MBA Insurance Services Pty Ltd | 192,987 | 120,000 |
| | Share in profit or loss | 75,179 | 72,987 |
| | | 268,166 | 192,987 |
| | *Investment property* | | |
| | Sentinel Investment Unit | 679,003 | 679,003 |
| | Decrease in value | (69,003) | - |
| | | 610,000 | 679,003 |
| | | 878,166 | 871,990 |

The Association owns 19% and has significant influence to Master Builder Insurance Services Pty Ltd (MBAIS). Summary of the financial information of MBAIS is as follows:

| | 2014<br>$ | 2013<br>$ |
|---|---|---|
| **Statement of financial position:** | | |
| Assets | **12,977,245** | 11,174,152 |
| Liabilities | **11,569,370** | 10,112,725 |
| Net Assets | **1,407,875** | 1,061,427 |
| **Statement of profit or loss and other comprehensive income** | | |
| Income | **8,255,462** | 6,917,600 |
| Expenses | **7,872,028** | 6,646,761 |
| Net surplus | **383,434** | 270,839 |
| **Share of associate's net surplus** | | |
| Share of associate's net surplus before tax | **75,179** | 72,987 |

The valuation of The Sentinel Investment Unit, the investment property, were performed by an accredited independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the property being valued.

The fair value of completed investment property has been determined on a market value basis. In arriving at their estimates of market values, the valuers have used their market knowledge and professional judgement and not only relied on historical transactional comparables.

The highest and best use of the investment properties is not considered to be different from its current use.

Rental income earned and received from the investment properties during the year was $36,695 (2013: $14,192).

Direct expenses incurred in relation to the investment properties that generated rental income during the year was $7,552 (2013: $4,009). During the year and as at the year-end, no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal were present. The Association does not have any contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

The Sentinel Investment Unit was purchased in November 2012 and the estimated fair value assumed its cost as at 30 June 2013.

The fair value of investment property is included within Level 2 (see Note 20b).

Minimum lease payments for the investment property is disclosed in Note 17.

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2014

| | | 2014 | 2013 |
|---|---|---|---|
| | | $ | $ |
| 9 | **Trade and other payables** | | |
| | Trade creditors | **36,035** | 41,554 |
| | Goods and services tax | **16,764** | 7,870 |
| | Unearned revenue | **128,532** | 27,360 |
| | Other payables | **47,278** | 40,293 |
| | **Trade and other payables** | **228,609** | 117,077 |
| 10 | **Grant liabilities** | | |
| | CAMS Grant Funding Mentoring | **19,501** | - |
| | D.O.B Funding (Cert IV) | **112,500** | - |
| | **Total grant liabilities** | **132,001** | - |
| 11 | Provisions | | |
| (a) | **Employee expenses - Committee of Management** | | |
| | Annual leave | - | - |
| | Long service leave | - | - |
| | Separation and redundancies | - | - |
| | Other | - | - |
| | | - | - |
| (b) | **Employee expenses - Management and Other Staff** | | |
| | Annual leave | **40,505** | **84,870** |
| | Long service leave | - | - |
| | Separation and redundancies | - | - |
| | Other | - | - |
| | | **40,505** | **84,870** |
| 12 | Borrowing | | |
| | Current | **5,130** | 25,680 |
| | Noncurrent | **346,432** | 332,327 |
| | | **351,562** | 358,007 |

The borrowings account pertains to the loan from Commonwealth Bank availed in 2013 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 $20,902 for the year ended 30 June 2014 (2013: $11,917).

| | | 2014 | 2013 |
|---|---|---|---|
| 13 | **Unappropriated retained surplus** | | |
| | Balance at beginning of the financial year | **1,096,963** | 601,799 |
| | Total comprehensive income | **225,168** | 495,164 |
| | Reallocation to reserve | **(150,000)** | - |
| | **Balance at the end of the financial year** | **1,172,131** | 1,096,963 |

The Executive Committee approved to establish a sinking fund for the purpose of constructing a MBANT office building at some stage in the future with a transfer from the retained surplus to reserve in the amount of $150,000.

## 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:

| | 2014<br>$ | 2013<br>$ |
|---|---|---|
| **(a) Reconciliation of cash and cash equivalents** | | |
| Cash on hand | 700 | 431.00 |
| Cash deposits with banks | 318,727 | 592,514.00 |
| Short-term investments | 655,682 | - |
| Balance at the end of the year | 975,109 | 592,945.00 |
| **(b) Reconciliation of surplus for the year to net cash provided by operating activities** | | |
| Surplus for the year | 225,168 | 495,164 |
| Add / (less) non-cash items | | |
| Depreciation | 11,084 | 22,962 |
| Provision for bad debts (write-off) | (11,240) | 11,240 |
| Decrease in value of investment property | 69,003 | - |
| Share in profit or loss in associate | (75,179) | (72,987) |
| Net cash provided by operating activities before change in assets and liabilities | 218,836 | 456,379 |
| Change in assets and liabilities | | |
| (Increase) decrease in trade and other receivables | 25,882 | (68,109) |
| Decrease in inventories | 8,586 | 3,979 |
| Increase in prepayments | (46,520) | (11,779) |
| Decrease in trade and other payables | 111,532 | 76,435 |
| Increase (decrease) in unexpended grants | 132,001 | (68,665) |
| Increase (decrease) in provisions | (44,365) | 27,630 |
| Net cash provided by operating activities | 405,952 | 415,870 |
| **(c) Grant Received** | | |
| Grant received | 597,135 | 630,400 |

## 15 Related Party Disclosures

### (a) Transactions with Related Parties

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

Dick Guit
Russel Lutzke
Paul Nowland
John Brears
Michael Hatton
Charles Wright

### (b) Balances with Related Parties

#### (i) Amounts Payable to Related Parties

| | 2014 $ | 2013 $ |
|---|---|---|
| **Other Branches - Current** | | |
| Master Builders Association of NSW Pty Ltd | - | - |
| Master Builders Association Victoria | - | 148 |
| | - | - |

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

#### (ii) Amounts Receivable from Related Parties

| | 2014 $ | 2013 $ |
|---|---|---|
| **Other Branches - Current** | | |
| Master Builders Fidelity Fund | 78,192 | 60,325 |
| MBA Insurance Services Pty Ltd | 8,454 | 1,317 |
| | 86,646 | 61,642 |

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:

| | 2014 $ | 2013 $ |
|---|---|---|
| Master Builders Fidelity Fund - administration fee | 836,500 | 410,000 |
| MBA Insurance Services Pty Ltd - sponsorship income | - | 8,000 |
| MBA Insurance Services Pty Ltd - commission | 87,518 | 81,598 |
| | 924,018 | 499,598 |

**Balances with Related Parties - continued...**

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

| | 2014 $ | 2013 $ |
|---|---|---|
| Master Builders - NSW | 1,206 | 4,053 |
| Master Builders Association of WA | - | 761 |
| Master Builders Association of Queensland | 43 | - |
| Master Builders Association Victoria | 450 | 3,380 |
| Master Builders Australia Incorporated | 81,171 | 79,422 |
| Master Builders Fidelity Fund | 401,924 | 110,911 |
| | 484,794 | 198,527 |

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

| | 2014 $ | 2013 $ |
|---|---|---|
| Master Builders Association of NSW Pty Ltd | (1,206) | (4,273) |
| Master Builders Association Victoria | (598) | (3,777) |
| Master Builders Association of WA | - | (761) |
| Master Builders Association of Queensland | (43) | - |
| Master Builders Australia Incorporated | (81,171) | (79,422) |
| Master Builders Fidelity Fund | 494,900 | 238,764 |
| MBA Insurance Services Pty Ltd | 79,064 | 90,681 |
| | 490,946 | 241,212 |

(d) **Key Management Personnel Compensation**

*Key Management Compensation Information*

| | 2014 $ | 2013 $ |
|---|---|---|
| Short term employee benefits | 369,913 | 363,315 |
| Other benefits | - | - |
| | 369,913 | 363,315 |

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 Commitments and contingencies

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

| | 2014 | 2013 |
|---|---|---|
| | $ | $ |
| **Operating lease commitments - as lessee** | | |
| Within one year | 84,600 | 84,600 |
| After one year but not more than five years | 338,400 | 338,400 |
| More than five years | 559,461 | 644,056 |
| | 982,461 | 1,067,056 |
| **Operating lease commitments - as lessor** | | |
| Within one year | 21,279 | 21,279 |
| After one year but not more than five years | - | - |
| More than five years | - | - |
| | 21,279 | 21,279 |

## 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.

## 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:

| | 2014<br>$ | 2013<br>$ |
|---|---|---|
| Financial assets | | |
| Cash and cash equivalents | 975,109 | 592,945 |
| Trade and other receivables | 116,632 | 142,514 |
| | 1,091,741 | 735,459 |
| Financial liabilities | | |
| Trade and other payables | 228,609 | 117,077 |
| Grant liabilities | 132,001 | - |
| Borrowings | 351,562 | 358,007 |
| | 712,172 | 475,084 |

The Committee of Management has overall responsibility for the determination of risk management objectives and polices 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 polices 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:

## 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:

| | 2014 | 2013 |
|---|---|---|
| | $ | $ |
| Cash and cash equivalents | 974,409 | 592,514 |
| Trade and other receivables | 116,632 | 142,514 |
| | 1,091,041 | 735,028 |

**Credit quality of financial instruments not past due or individually determined as impaired**

| | Not past due nor impaired | Past due or impaired | Not past due nor impaired | Past due or impaired |
|---|---|---|---|---|
| | 2014 | 2014 | 2013 | 2013 |
| | $ | $ | $ | $ |
| Cash and cash equivalents | 974,409 | - | 592,514 | - |
| Trade and other receivables | 116,632 | - | 131,274 | 11,240 |
| | 1,091,041 | - | 723,788 | 11,240 |

**Ageing of financial assets that were past due but not impaired for 2014**

| | 0 to 30 days | 31 to 60 days | 61 to 90 days | 90+ days | Total |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| Cash and cash equivalents | 592,514 | - | - | - | 592,514 |
| Trade and other receivables | 96,802 | 18,510 | 1,320 | | 116,632 |
| | 689,316 | 18,510 | 1,320 | - | 709,146 |

**Ageing of financial assets that were past due but not impaired for 2013**

| | 0 to 30 days | 31 to 60 days | 61 to 90 days | 90+ days | Total |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| Cash and cash equivalents | 974,409 | - | - | - | 974,409 |
| Trade and other receivables | 92,436 | 17,260 | 1,358 | 20,220 | 131,274 |
| | 1,066,845 | 17,260 | 1,358 | 20,220 | 1,105,683 |

19 FINANCIAL RISK MANAGEMENT - continued...

(c) **Liquidity risk**

Vigilant liquidity risk management requires the Association to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as when they become due and payble.

The Association manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

**Maturity Analysis - 2014**

| Financial Liabilities | Carrying Amount | Contractual Cash flows | < 6 mths | 6- 12 mths | 1-3 years | > 3 years |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ |
| Trade and other payables | 228,609 | 228,609 | 228,609 | - | - | - |
| Grant liabilities | 132,001 | 132,001 | 132,001 | - | - | - |
| Borrowings | 351,562 | 351,562 | 10,684 | 21,367 | 64,101 | 255,410 |
| TOTAL | 712,172 | 712,172 | 371,294 | 21,367 | 64,101 | 255,410 |

**Maturity Analysis - 2013**

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

(c) **Market risk**

The Association is exposed to market risk though its use of financial instruments and specifically to interest rate risk. At 30 June 2014, 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%* |
| **2014** | $5,968 | -$5,968 |
| **2013** | $3,802 | -$3,802 |

## 20 Fair value measurement

### (a) Financial assets and liabilities

Management of the Association assessed that cash, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

Fair value of the Association's interest-bearing borrowings and loans are determined by using a discounted cash flow method. The discount rate used reflects the issuer's borrowing rate as at the end of the reporting period. The own performance risk as at 30 June 2014 was assessed to be insignificant.

### (b) Fair value hierarchy

No financial assets and liabilities are recognised at fair value.

The fair value of investment property is included within Level 2.

## 21 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.

FairWork Commission

9 December 2014

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

Dear Mr Colver,

**Lodgement of Financial Report - Reminder to lodge on or before 14 January 2015**

The Fair Work Commission's (the FWC) records disclose that the financial year of the Master Builders Association of the Northern Territory trading as Master Builders Northern Territory (the reporting unit) ended on the 30 June 2014

As you would be aware, the *Fair Work (Registered Organisations) Act 2009* (the RO Act) requires that a reporting unit prepare and lodge its financial report by the due date, namely six months and 14 days after the expiry date of its financial year (s.268). For your reporting unit that requires lodgement of its financial report on or before 14 January 2015.

The FWC encourages your reporting unit to lodge its financial report at the earliest opportunity in order to ensure compliance with its obligations. Failure of a reporting unit to lodge its financial report is a breach of a civil penalty provision of the RO Act. This can result in the General Manager instituting an inquiry or investigation into a reporting unit's non-compliance under Chapter 11, Part 4 of the RO Act. The actions available to the General Manager following an investigation include issuing Federal Court legal proceedings for breach of a civil penalty provision. The orders available to the Federal Court include imposition of a pecuniary penalty on the organisation or individual officer, whose conduct led to the contravention, of up to $51,000 per contravention on the organisation and up to $10,200 per contravention on the individual officer.

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

31 July 2014

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

Dear Mr Colver,

**Re: Lodgement of Financial Report - [FR2014/140]**
**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 2014.

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 2015 (being the expiry date of 6 months and 14 days from 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 and guidance notes in relation to financial reporting under the RO Act are provided on the Fair Work Commission website. Further, the General Manager's updated Reporting Guidelines, that apply to all financial reports prepared on or after 30 June 2014, are also available on the website. For your convenience, our webinar video and slides on the Reporting Guidelines have also been placed on the website.

The Fair Work Commission has also developed a model set of financial statements. There is no requirement to use this model but it may be a useful resource to ensure compliance with the RO Act, the Reporting Guidelines and the Australian Accounting Standards. All of the above information can be accessed through our website under Financial Reporting.

The financial report and any statement of loans, grants or donations made during the financial year (statement must be lodged within 90 days of end of financial year) can be emailed to orgs@fwc.gov.au. A sample statement of loans, grants or donations is available at sample documents.

**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 $51,000 for a body corporate and $10,200 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

11 Exhibition Street
Melbourne VIC 3000
GPO Box 1994
Melbourne VIC 3001

Telephone : (03) 8661 7777
Email : orgs@fwc.gov.au
Internet : www.fwc.gov.au

## TIMELINE/ PLANNER

| | | |
|---|---|---|
| Financial reporting period ending: | / / | |
| Prepare financial statements and Operating Report. | | As soon as practicable after end of financial year |
| (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.<br>(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). | / / | As soon as practicable after end of financial year |
| Auditor's Report prepared and signed and given to the Reporting Unit - s257 | / / | Within a reasonable time of having received the GPFR<br>(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<br>The full report includes:<br>• the General Purpose Financial Report (which includes the Committee of Management Statement);<br>• the Auditor's Report; and<br>• 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,*<br>*or*<br>*(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:<br>(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.*