



5 April 2016

Mr Jeff Colver
General Manager Operations
Master Builders Association of the Northern Territory trading as Master Builders Northern Territory
gmo@mbant.com.au
CC: C Sciacca, BDO by email info.darwin@bdo.com.au

Dear Mr Colver,

**Master Builders Association of the Northern Territory trading as Master Builders Northern Territory
Financial Report for the year ended 30 June 2015 - [FR2015/129]**

I acknowledge receipt of 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 7 January 2016. Further information was received on 18 March 2016.

The financial report has now 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 2016 may be subject to an advanced compliance review.

I make 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 FWC will confirm these concerns have been addressed prior to filing next year's report.

Designated Officer's Certificate

I note that the 2015 financial report was not accompanied by a Designated Officer's Certificate. Section 268 of the RO Act requires that a financial report lodged with the Commission must be accompanied by a certificate signed by a prescribed designated officer that the documents lodged are copies of the documents provided to members and presented to a meeting under section 266.

While this document was requested of the organisation it was not produced. On 18 March 2016 a second copy of the report was lodged with the Commission with a cover letter signed by the President. The cover letter contained the dates that the full report was provided to members and presented to a meeting, however did not contain the required certificate.

Section 268 is a civil penalty provision. A failure to comply with a civil penalty provision may result in penalties for the organisation and its officers.

A template designated officer's certificate is attached to this letter.

The next financial report of the organisation must be accompanied by a designated officer's certificate.

Timescale requirements

As you are aware, an organisation is required under the RO Act to undertake certain steps in accordance with specified timelines. Information about these timeline requirements can be found on the FWC website. In particular, I draw your attention to Financial reporting process and timelines which explains the timeline requirements, and Diagrammatic summary of financial reporting timelines which sets out the timeline requirements in diagrammatical form.

I note that the following timescale requirements were not met:

Documents must be lodged with the FWC within 14 days of General Meeting

Section 268 of the RO Act requires that the full report and the designated officer's certificate are required to be lodged with the FWC within 14 days of the committee of management meeting. The Designated Officer's Certificate indicates that this meeting occurred on 25 September 2015. If this is correct the full report should have been lodged with the FWC by 9 October 2015.

The full report was lodged on 7 January 2016.

If these dates are correct, branch should have applied for an extension of time to lodge the required reports and the Designated Officer's Certificate in accordance with section 268 of the RO Act.

The fourteen day time limit was brought to the branch's attention in last year's filing letter. Please ensure that next year's report is lodged within 14 days of the meeting.

Please note that in future financial years if the branch 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.

Independence of Auditors

The letter supplied by the President explains that the financial report was prepared *and audited* by BDO. I note the requirements of the Australian Auditing Standards that an auditor maintain independence in order to best exercise professional scepticism and professional judgement while completing an audit.

Committee of Management Statement

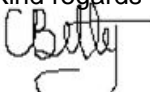
I note that the Committee of Management statement does not have a date in the first paragraph, please ensure that the Committee of Management statement contains the date of the resolution in future reports.

Reporting Requirements

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

If you have any queries regarding this letter, please contact me on (03) 8656 4698 or via email at catherine.bebbington@fwc.gov.au.

Kind regards



CATHERINE BEBBINGTON
Regulatory Compliance Branch

FAIR WORK COMMISSION

Tel: 03 8656 4698

catherine.bebbington@fwc.gov.au

www.fwc.gov.au

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

Email : orgs@fwc.gov.au
Internet : www.fwc.gov.au

[Insert name of Reporting Unit]

s.268 Fair Work (Registered Organisations) Act 2009

SAMPLE CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER¹

Certificate for the period ended [insert date] 2015

I [name] being the [title of office] of the [name of the reporting unit] certify:

- that the documents lodged herewith are copies of the full report [and the concise report]² for the [name of the reporting unit] for the period ended [insert date] referred to in s.268 of the Fair Work (Registered Organisations) Act 2009; and
- that the [full report **OR** concise report]³ was provided to members of the reporting unit on [insert date]; and
- that the full report was presented to [a general meeting of members **OR** a meeting of the committee of management]⁴ of the reporting unit on [insert date] in accordance with s.266 of the Fair Work (Registered Organisations) Act 2009.

Signature of prescribed designated officer:.....

Name of prescribed designated officer:.....

Title of prescribed designated officer:.....

Dated:.....

¹ Regulation 162 of the Fair Work (Registered Organisations) Regulations 2009 defines a 'prescribed designated officer' of a reporting unit for the purposes of s.268(c) as:
(a) the secretary; or
(b) an officer of the organisation other than the secretary who is authorised by the organisation or by the rules of the organisation to sign the certificate mentioned in that paragraph.

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

³ Adjust certificate as appropriate to reflect the facts.

⁴ Adjust certificate as appropriate to reflect the facts.

18 March 2016

Fair Work Commission
Annual Financial Report
GPO Box 1994
Melbourne Victoria 3001

Attention Sam Gallichio-Adviser-Regulatory Compliance Branch

Email To: - orgs@fwc.gov.au

Dear Sam

I have pleasure in presenting a copy of the audited financial statements of the Association for the year ended 30 June 2015. The organisation's official name is Master Builders Association of the Northern Territory Incorporated trading as Master Builders NT.

MBANT understands from your correspondence of 8 December 2015 that the relevant provisions of the Fair Work (Registered Organisations) Act are s. 253, s. 254, s. 265, s. 266, and s. 268.

The following notes are added to guide your check of Compliance with these items.

s.253-Reporting Unit to Prepare General Purpose Financial Report

Refer to Attachment 1, 2, and 3

MBANT's Auditor (BDO) prepared a general purpose financial report in accordance with this section and presented it to an out-of-sessions Executive Meeting held on 1 September 2015. This meeting adopted the following Resolutions which were confirmed at the ordinary Executive Meeting held on 8 September 2015:-

Recommendations:-

1. That the GMO's Report be received and noted
2. That the Members of the Executive consider the Statements being made on their behalf in:-
 - a. The Operating Report for the Year Ended 30 June 2015 on pages 1 and 2

- b. The Statement by the Committee of Management for the Year Ended 30 June 2015 on page 3
- c. And if so agreed, authorize the President and the Treasurer to sign the documents off on their behalf.
- d. That in order to demonstrate compliance with the Legislation, Members of the Executive Committee indicate their support or otherwise of the recommendations by providing an email or other form of hard copy acceptance to the ED as soon as possible or by no later than 10.00 am on Wednesday 2 September 2015.

s.254-Reporting Unit to Prepare Operating Report

Refer to Attachments 1, 2 and 3

The Audit Report prepared by BDO also contained the Operating Report which was treated and distributed in exactly the same manner as the GPFR including the various ***Nil*** reports as required.

s.265-Full Report provided to Members

Refer to Attachments 5 and 6

Acting on the acceptance of the GPFR by the Executive Members on 2 September, the President and Treasurer signed off on the documents and these were returned to the Auditor on the pm of that day. The Auditor subsequently signed off the documents and the final fully signed GPFR was provided to MBANT on 3 September. These documents were then forwarded to every financial member together with a Notice of Annual General Meeting under the signature of the Executive Director by Mail Chimp on 3 September 2015 at 4.31 pm.

The formal acceptance of the decisions of the out-of-sessions meeting to approve the GPFR was carried by resolution at the subsequent Executive meeting held on 8 September 2015.

s.266-Full Report Presented to the AGM

Refer to Attachment 4

The Full Report was addressed and commentary on key issues added by the President Mr. Dick Guit at the AGM. The Executive Director, Mr. David Malone, at the request of the President also provided commentary on some aspects of the Report. Finally, the Treasurer, Mr. Russell Lutzke spoke to the gathering on the outcome of the Financial Year and noted that whilst the surplus was

not as high as in previous years, 2014-2015 was the first year that MBANT had operated without the generous financial support provided by the previous government.

s.268-Lodgement of Reports with Fair Work Commission

This letter, together with the various Attachments detailed below forms the final stage of our compliance. As always, I would be happy to provide further information as and when required.

List of Attachments-

1. 2015 Annual Report including Audited and Fully Signed GPFR
2. Minutes of Executive Committee Minutes of 8 September {Confirming Acceptance of GPFR}
3. GMO's Report to Executive Director summarising key factors in the Acceptance Decision (Dated 1 September 2015)
4. Minutes of the MBANT Annual General Meeting held on 25 September 2015.
5. Mail Chimp Archive Document serving as Proof of Circulation of GPFR within statutory timeframe (Dated 3 September 2015)
6. Mail Chimp Archive serving as Proof of Notice of AGM with statutory timeframe (Dated 3 September 2015)

Yours faithfully



Dick Martin Guit
General Manager



15 March 2016

Mr Dick Guit
President
Master Builders Association of the Northern Territory trading as Master Builders Northern Territory
DICK.GUIT@sitzler.com.au

CC: Jeff Colver, General Manager Operations, by email gmo@mbant.com.au
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The financial report has not been filed. Further information is required.

The financial report was not accompanied by a Designated Officer's Certificate. A Designated Officer's Certificate must be lodged with the Commission before the financial report can be filed.

The initial request for this document was made by telephone on 10 February 2016 and followed up by a second request by email on 25 February 2016.

Please supply a designated officer's certificate as soon as possible.

If you have any queries regarding this letter, please contact me on (03) 8656 4698 or via email at catherine.bebbington@fwc.gov.au.

Kind regards

CATHERINE BEBBINGTON
Regulatory Compliance Branch

FAIR WORK COMMISSION
Tel: 03 8656 4698
Fax: 03 9655 0410
catherine.bebbington@fwc.gov.au

11 Exhibition Street, Melbourne Victoria 3000
GPO Box 1994, Melbourne Victoria 3001
www.fwc.gov.au

08 January 2016

Fair Work Commission
Annual Financial Report
GPO Box 1994
Melbourne Victoria 3001

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Email To: - orgs@fwc.gov.au

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Yours faithfully



Jeff Colver
General Manager Operations



MASTER BUILDERS
NORTHERN TERRITORY

2015

MASTER BUILDERS NT

ANNUAL

REPORT



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PRESIDENTS REPORT

Dick Guit

Our Association

There is an old Chinese curse that says 'may you live in interesting times' and it seems that the past year has been very much like that!

It saw a significant fall in commercial construction activity, counterpointed with a rebound in residential work, and the continuation of the Inpex project as much more like a remote project, than one occurring within a capital city.

Now, before anyone questions my support for this project, let me just say that the Territory, and Darwin in particular, would have been a very different place if this world class project wasn't being developed here. It's just that it doesn't necessarily touch a large chunk of the local industry.

For Master Builders, our year always reflects the year our members are experiencing. Though in parallel, we are also striving to refresh our organisation to ensure we remain relevant to members well into the longer term.

We are able to do this thanks to the great work by our staff and our Council and Executive committees! As always with any organisation, people make the difference, and I have been proud of what we have been able to do this year. It is fantastic to see our structures working so well.

I am also especially grateful to every single member who gave up their time to support their organisation in 2014/15. Master Builders NT remains a member driven business, and that continued interaction, advice, and yes debate, is one of the essential building blocks for any successful members organisation.

In a year of many events, there were a few things that really stood out for me.


One was the change the Fidelity Fund has made to how consumers respond to our industry. After 5 builder failures in the third quarter of 2014, the residential market just continued to power on. Consumers saw the Fund in action and maintained the confidence to keep buying new homes. That is in marked contrast to the past, where failures of that magnitude would have delivered a 'buyers strike' for quite a period of time.

Another was to watch unfold the work of the Royal Commission into Trade Unions. True, Commissioner Heydon has had his challenges, but he and his team have definitely succeeded in shining a very bright light on the crooks in our industry. I have my fingers crossed that this Commission might leave a lasting legacy that sees a better industry across our nation.

The Master Builders Defence project was definitely a highlight for me. While we didn't complete the project until this year, the fact that we were able to secure the sponsorship and then deliver our own forecasts on future activity and then model the impact the next wave of Defence projects, is a step into a new world for Master Builders. Not only has it allowed us to 'own our own space', but it has been a terrific vehicle for opening up a crucial dialogue with the Defence planning establishment. I would really like to thank Sunbuild, Halikos Group, Laing O'Rourke, HB Group and Sitzler for their fantastic commitment to this project.

In any year where there is a significant fall in private demand, the capital and R & M programs of the NT Government become increasingly significant. And with that comes a focus on procurement, and especially the application of the local content provisions in tender assessments. Two systems improvements that I think are essential are transparency around how local content is scored in the assessment process, and some form of post construction audit of the success or otherwise of projects. No system really improves without some form of feedback loop after all!

My other highlight is really a lowlight to be truthful. It is the 'sleeper' which is fast becoming a genuine industry wide challenge - and that is the rise of non-conforming products. In 2015, it stuns me that you can import products that do not meet standards, you can then sell them, but if someone installs them, then everyone is up in arms! When many look identical to 'quality' products and there are 10's of 1000's of construction products on the market, how a contractor is supposed to protect themselves in this space is beyond me. I note that the Senate is looking at this issue and the answer just has to be that these products are stopped at the border!



On a much more positive note, I would like to take this opportunity to congratulate Advance Civil and PTM Group who picked up national MBA Awards in November last year. Their success just continues to prove that the Territory can match it with the best across the country.

And finally, I would like to finish off by thanking you, the members of Master Builders NT. Your continued support for our Association is the difference between success and something else entirely. Keep telling us what you think, as well as what you need. We are your business partner in many ways, so feel free to engage in each and every way that suits you and your business.

All the very best for 2015/16.

Regards,



Dick Guit
President



EXECUTIVE DIRECTORS REPORT

David Malone - Master Builders NT

It has been a strange journey for me to return to Master Builders NT, but I was really chuffed when the Executive Committee of the Association offered me the role of Executive Director back in July, 2014.

While much has changed over a decade or so, the culture of the organisation and its values remain instantly recognisable. And it's why I think we continue to enjoy the reputation we have and why we continue to set the agenda in the construction world.

At the start of the 14/15 year, we set ourselves some goals, just like you do. The key ones for us were to:

- Restructure our financial position for the long term;
- Upgrade our business systems;
- Increase our regional presence;
- Deliver high quality products, services and events;
- Expand into the economic space;
- Leverage our national connections; and,
- Continue to advocate for our industry.


I am very pleased to be able to report to you that we have made good progress on each of those fronts, noting that there will always be more work to be done, but knowing that we have the right settings in place.

Financially, Master Builders NT has been able to make another responsible contribution to our 'building sinking fund' and to be able to create the means to make future investments in new products and services. It was also why we commissioned independent research into members' needs and expectations, and I definitely thank every member who gave up their time to speak with our consultant.

The entire IT system within Master Builders has been upgraded including the acquisition of a CRM system to help us better deliver communications across the membership. It required a major investment, but the stability it has delivered has been a minor miracle behind the scenes. I would also like to acknowledge the great support of QMBA, who freely gave their CRM design and the time of key personnel to help us on that journey.

Our regional members would have seen an increase in the volume of visits to centres, and most importantly, that we have taken events out of Darwin to ensure that everyone has access to high quality information.

More generally, we have worked very hard to continue to improve our service quality across all facets of the business. This is an easy thing to say of course, but I've noted that members have voted with their feet with great attendances at events and equally great participation in key business activities. We still have some distance to go of course, but we can all be confident that we are going in the right direction, thanks in no small part to the commitment our staff have to this organisation.



It might have taken the full year, but our Defence project is the first tangible instalment in our work in the economic space. More will follow, but today members have access to independent forecasts of future construction activity across all segments of the industry. We are the only NT Association, as far as I know, that is funding its own work in this area.

Our connection to the national office of Master Builders and our sister organisations in every State and Territory has always been crucial to our ability to deliver for members in the NT. It makes us part of a 30,000 strong member organisation that delivers products and services, as well as direct political connections, far beyond our scale. 2015/16 will see an acceleration of this as new products emerge and we head into a series of elections.

And we continue to advocate across the full breadth of issues confronting our industry, in the NT and nationally. The key though, is that there is an extra dimension to advocacy today. We need to win-over the community on issues if real change is to occur. The political system has changed irrevocably and real and lasting change is only sustained if the community backs it!

Throughout this report, you will hear from our staff on their areas of responsibility, which provides a great snapshot into what any year is like for an Association. We also list out our key structures, including Council and our Executive Committee.

Overall, there are 25 people (staff, Council & Executive) that make up the complete team at Master Builders NT and our achievements are a direct result of their combined efforts. I would really like to take this opportunity to say thank you to each and every person. Your commitment, passion and effort continues to make all the difference.

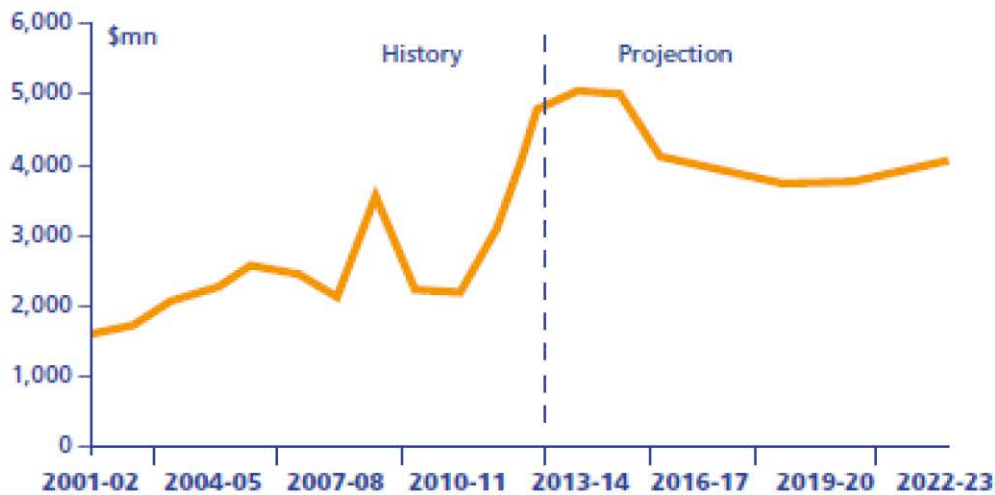
Finally, there is just as much pressure on Associations as there is on each and every business in the economy today. The current business model and structure is solid, but it will require refreshing if we are to adapt to the new world order being delivered at breakneck pace by digital disruption, changing expectations and demographic shifts. It means that we will need to walk and chew gum in the next stage – run the present model while preparing for the next digital age.

You can be certain that some of this work has commenced already with more to follow. The key to success though is to ‘test’ that change against our members’ needs, and I look forward to talking to you about this over the coming twelve months.

Cheers,
David Malone
Executive Director

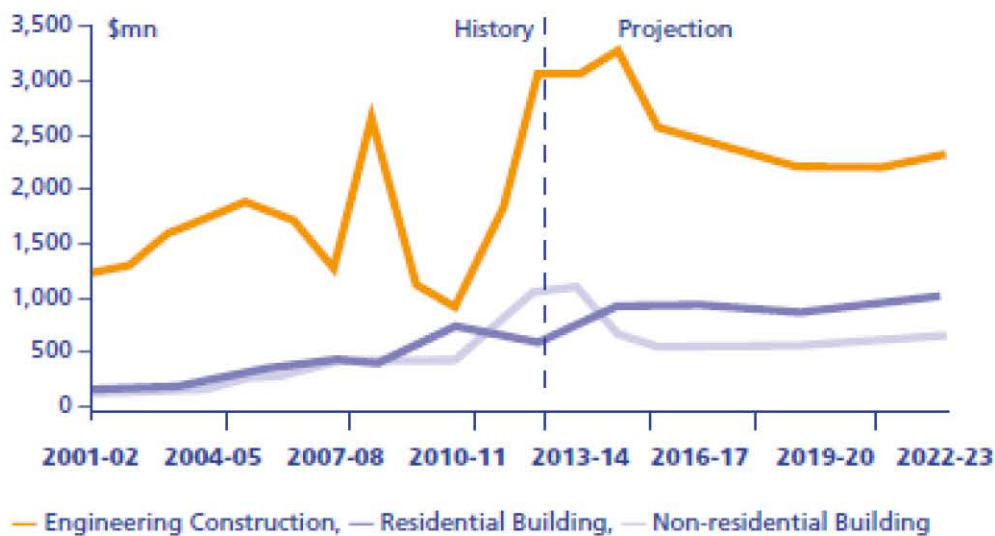
CONSTRUCTION INDUSTRY FORECASTS OF ACTIVITY 2022-2023

Forecast Total Construction Industry Activity



As expected, the level of overall construction activity drops sharply after 14/15 (known) and the fall in activity then moderates, but continues to fall through to 2018/19.

Forecast by Type of Construction



This chart breaks down the changes in the level of construction activity by the key sectors – the sharpest falls are felt in engineering construction, with a smaller but similar trajectory for non-residential building. In contrast, residential construction is expected to continue at levels seen in recent years.

Sector Forecasts (to 2022-23)

Engineering



The fall in Engineering Construction activity mirrors the results seen nationally.

Non-Residential



The reduction in non-residential construction is mostly complete—returning to the longer term average seen over the past decade.

Residential



Residential Construction will dip slightly in 15/16 but overall the sector is expected to maintain good levels of activity.

Other Residential



Other Residential (i.e. high-rise) is adjusting from peak to longer term averages.

CERTIFICATE IV IN BUILDING & CONSTRUCTION

2014/2015 brought new faces and new challenges to our Cert IV program. We trained 46 students last financial year, 28 students in NT10 and 18 students in NT11. Our completion rate was 86.9%, with the rate expected to be slightly higher as a number of students finish their qualifications later this year.

We said goodbye to some of our lecturers and had new trainers to find and work with. We had a course which was over-capacity, and one under-capacity. We conducted an internal audit to check the health of our course with some minor changes required and saw two of our graduated students obtain their Registration as a Building Contractor Residential. Overall it was a great year.

We were fortunate enough to have funding allocated to our course once more by the Department of Business. Fifty funded places were allocated and we almost reached our quota for the year, however, sadly a number of students withdrew prior to the start of NT11, setting us back a little. Despite this challenge, interest in our course has been consistent.

We had four lecturers for 2014/2015, with some fresh faces Evelyne Somssich and John Stevenson, and long-term lecturers Michael O'Donnell and Michael Hatton, on the team. I was a pleasure working with these four throughout our courses. Sadly we had to say goodbye to Brett Williams, who taught our OHS component of the course since 2013, as he moved on to greener pastures to further his career. Eve Somssich happily took up the vacant position starting in NT11 and has been doing a marvelous job since. John Stevenson, who lectures our Managing Small Business Finances unit of competency, took over from Clive Scobie starting in NT10, and feedback has been really positive. Great reviews continue to come back from our students for all our lecturers and it shows our continued hard work and effort to deliver the best course we can, here in the NT.

Some of the feedback from Students include:

The "pace (was) easy to follow", I found 'the way the trainer explained things (that were) not understood' to be the most useful aspect of the training. – Simon, NT10

The training met my needs completely. It was "very informative". – Mark, NT10

The "pace is good and Mike (O'Donnell) (is) very helpful and takes time to explain (things) thoroughly". – Peter, NT10

*The Managing Small Business Finances unit was "excellent" and "what I wanted". Jeff, NT10
"We fit a lot into two days, but it was good". Luke, NT10*

*"John's delivery of the course was excellent and (he is) a very knowledgeable man". – Mark, NT10
I found "the real life tips on saving money and time" really useful. – George, NT10*

"Everything was well presented and explained". – Jimmy, NT11

The "pace of the course is very good". – Craig, NT11

It's "very well paced & interesting". There is "no opportunity to get bored". – Anon., NT11

I "really enjoyed the group activities". – Katherine, NT11

I found "all of (the course)" useful, "I understand a lot more now". – Jack, NT11

"The information was very useful and applicable". – Gary, NT11

The “course was really helpful” and “well explained”. – Lee, NT11

I found it really useful to “be able to understand how health & safety works in the industry”. – Anon., NT11

“Mike (Hatton) gave real life examples of all topics which gives us a better understanding of the concepts” being taught”. – Jimmy, NT11

We were very fortunate to have a great set of students this year. Prospects for 2015/2016 look good; however there are always different challenges to face. We look forward to continuing to offer this course in the future with the continued support of the NT Government, our members and the industry. The future of our construction industry depends on the progression of young and the less-younger construction workers and their support staff through their careers. Thank you and see you next year.

Katherine Brotherton
Certificate IV Manager



INDUSTRIAL RELATIONS

Jeff Colver - General Manager Operations

Strengthening Service

Master Builders continued to strengthen its Industrial Relations services to Members during the past twelve months including serving the more important but remote centres of construction such as Katherine as well as Alice Springs. Jeff Colver and Business Development Manager Tony Schumacher visit these centres every three months for 2-3 days calling on existing members and discussing issues with non-members. In this way we can alert Government to areas where better support is needed and where programs are not working to their potential.

The 'IR Health Check' as we are calling it, has proved very popular and whilst the IR/HR standards of our members is relatively high; we always find something that needs to be fixed. The process is that we will find the problem free of charge, offer a process to rectify it and then charge a small hourly rate to correct the issue. It all starts with the business's pay slips and we can work backwards from there.

Where Businesses are Stumbling

Issues where NT Builders are failing regularly include:-

- Flat rate over-award payments which rule out penalty rates for overtime-this process is unlawful unless supported by a common-law employment contract or workplace agreement
- Loadings for overtime and weekend work are being ignored because of the fact that hourly rates being paid are higher than the Award requirements-again unlawful unless supported by written agreements
- Failure to pay the many Allowances payable under the Award
- Failure to pay annual leave loading on annual leave taken or paid out on termination
- Inadequate superannuation guarantee payments where flat hourly rates are paid-under this scenario all hours worked then become excisable for superannuation guarantee payments
- Payslips do not contain all of the required information demanded by the Fair Work Act.

Wages-An Annual Exercise

Every Year pay rates go up through the National Minimum Wage decision (s.285 of the Act) made by the Expert Panel engaged by the Fair Work Commission. The Fair Work Act requires the publication of the decision no later than 1 July of each year. Here are the decisions in recent years:-

National Minimum Year	Wage Weekly	Decisions Hourly	2010-2015 Increase
2010	\$569.90	\$15.00	
2011	\$589.30	\$15.51	3.40%
2012	\$606.40	\$15.96	2.90%
2013	\$622.20	\$16.37	2.61%
2014	\$640.90	\$16.87	3.01%
2015	\$656.90	\$17.29	2.50%

The National Minimum Wage decision affects the Standard Rate in each Award (the wage rate below which a qualified tradesperson cannot be paid) and therefore it will affect all existing workplace agreements and common law employment contracts. It will also affect all apprentice rates of pay as well as Allowances paid under each of the Awards. MBA provides a service which re-calculates all of these figures for you and produces an operating spreadsheet which you can use for the rest of the year. It is a free service to Members-all you have to do is call us and identify which of the modern construction awards that you respond to.



INDUSTRIAL RELATIONS CONT.

Unfair Dismissals

One of the most demanding issues for MBANT has been to keep Members out of the Fair Work court system following hasty or emotional dismissals of staff; especially Apprentices. There is a pressing need to avoid these types of situations and for Members to understand the great differences between dismissals that occur in large organisations and those which apply to employers with 14 staff or less. Record keeping is absolutely vital to ensuring that you can prove fair dismissal. Oddly enough, many Employers who dismiss staff think that the departure of the sacked staff member is the end of the affair. They can be surprised to discover that an Employee has 21 days to lodge a complaint with the Fair Work Ombudsman and suddenly a please-explain notice arrives from the Ombudsman. This cannot be ignored and is the start of a legal process which you must defend.

An Employee cannot seek re-instatement if they have not worked for the Employer for at least six months and a longer period of twelve months if the Employer has 14 or less staff.



Please feel free to call Jeff Colver at Master Builders should you be contemplating terminating the employment of a staff member. It only takes fifteen minutes to review the history of the case and this can all be done electronically and confidentially.

8922 9666 or gmo@mbant.com.au

Servicing Apprentices

MBANT has held the IR Apprenticeship Help Line contract with Group Training NT and the Australian Apprenticeship Network NT for the past 6 years and has just won the service again for an open-ended period subject to annual reviews. The service is provided to Apprentices, Employers of Apprentices and the Parents/Guardians of Apprentices. There are approximately 3,800 apprentices across the NT.

The service provides information about all employment aspects of an Apprentice including pay rates, allowances, responsibilities for training fees, trade training block releases, contract interpretation. Unlike other aspects of his IR role, Jeff Colver needs to be able to provide advice not just on the Construction Industry Awards but all 122 of the Modern Award cluster. It is occasionally frustrating work which can take far longer to complete than ordinary Construction advice and the biggest enquiry sector for this type of work is in the Hair and Beauty Industry classifications.



ANNUAL EBC AWARDS

Our annual EBC Awards event at SkyCity lived up to its reputation once again, with another cracker of a night. An audience of more than 700 people watched as a complete cross-section of the construction industry in the NT challenged for each category of our awards

Events like this don't just happen by accident of course! They require a whole lot of hard work and support from an amazing array of people and companies.

First up, I really do want to say thank you to every single one of our sponsors – we really do appreciate your continued support in what is a tough business environment. Your commitment means that we can keep ticket prices down, so that the widest possible cross-section of members and their guests can attend.

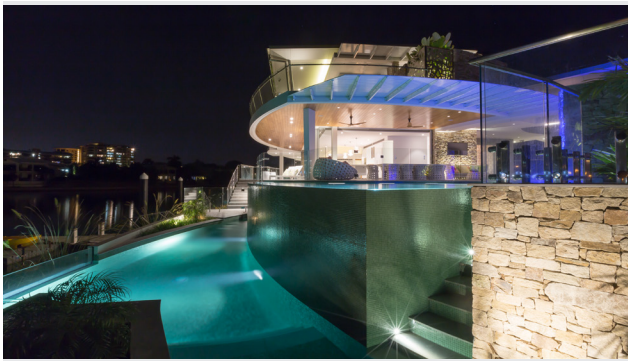
Likewise, thank you to John Brears and our complete judging team – it is now almost a military operation to complete the judging process in the window we have! That they worked through 154 nominations this year is a credit to everyone.

Thank you too, to everyone who attended the event. Your commitment to this event means that we are able to showcase the very best projects our industry can offer in the Territory.



PRESIDENT'S AWARD

SITZLER PTY LTD
Michael Long Learning and Leadership
Centre



OVERALL HOME OF THE YEAR

SITZLER PTY LTD
Cullen Bay Residence

2015 MAJOR AWARD WINNERS



JUDGES AWARD
SUNBUILD PTY LTD
Darwin Abattoir



YOUNG BUILDER OF THE YEAR
Peter Kassiou - Vanguard Homes

CAMS

Tony Schumacher - Apprenticeship Engagement Manager

After a very successful three years, the CAMS support program has come to an end.

CAMS was funded by the Australian Government and delivered by Master Builders in every State and Territory in Australia.

Its purpose was to assist and support apprentices and trainees through their training, with the aim of increasing the number of those who completed and transitioned into the next wave of tradespeople.

The Territory did outstandingly well in this space under the management of Tony Schumacher, leading all states in KPIs achieved and with outstanding success and support across the Northern Territory from all sectors of the building and construction Industry.

At our peak, we had 135 apprentices and trainees on our books and 33 volunteer mentors drawn from across our industry. Nationally, CAMS made a genuine difference for more than 4,200 young Australians.

In 2015, it's an interesting thing where successful programs struggle for continuity. Without the support of the Australian Government, it is simply not possible for the program to continue. No doubt though, the relationships that were formed will work to assist those people in their careers.

MBANT is continuing its support network of Apprentices and Trainees in the NT Building and Construction Industry and registrations can be made to be part of the Master Builders Assoc. Construction Apprentices Mentoring Support group by applying to the MBANT office. Local businesses are currently being sought to support the continuation of this new program giving support and advice to our next generation of Tradespersons and business operators.

CAMS has been very active throughout the Northern Territory and through this activity MBANT has forged new partnerships in all areas of the Building and Construction Industry / Business / Education / Training centres / Universities across the NT / Local businesses / Government entities / Not for profit entities and more.

Thank you to all who contributed, so we could deliver a very successful program in the Northern Territory

BUSINESS DEVELOPMENT



Tony Schumacher -Business Development Manager

Darwin /Alice Springs / Katherine

Over the past 12 months Tony Schumacher the Businesses Development Manager for the Association, has been very active in promoting MBANT services across the Northern Territory forging strong relationships in all areas of business.

Regular quarterly business trips have been conducted to Katherine and Alice Springs, visiting local businesses (members and non members) to discuss any industry matters.

Two Seminars have been conducted hosted by the MBANT, with the FWBC representatives delivering the presentations in Alice Springs and Katherine, advising of the Code of Compliance requirements for the future Commonwealth and Defence spend in the Northern Territory. A great turn-out from local businesses was well received.

Business relationships have been developed within the Building and Construction Industry / Business / Education / Training centres / Universities across the NT / Local businesses / Government entities / Not for profit entities and more.

SKILLS, EMPLOYMENT AND CAREERS EXPO A MAJOR HIT

- MBANT has again conducted a successful event at the Darwin Careers Expo 2014 Building and construction industry representatives showcased various trades in hands on displays, set up for all to try out a trade.

Reports suggest that 6,000 students, parents and the general public looking for a new career filed their way through a huge diversity of stalls.

Regards,

Tony Schumacher
Business Development Manager
Apprenticeship Engagement Manager
Membership Officer





The Fidelity Fund underwent a massive test of its Systems, Trustees, Staff and Advisors during the 2014/2015 year with 5 Builders going into liquidation virtually within weeks of each other. Progress stopped on 36 projects and with two exceptions, these homes have now been completed and occupied by some very relieved owners.

The year under review provided new records for cover issued of 1,555 certificates (up by 3.12%) to the value of \$480 million (up by 4.85%). A massive total of \$325 million worth of residential work was completed during the year, taking completions to \$540 million. When you consider that the total risk managed by the Fidelity Fund in the 30 months since its inception has been \$1.143 billion, the total completions are sitting at 47% of jobs started.

It is also interesting to learn that New Houses lead the construction types covered by the Fund with 1,852 (49.86%), followed by New Units at 937 (25.23%), Extensions at 705 (18.98%), New Duplexes at 154 (4.15%) and New Triplexes at 66 (1.78%).

Regards,

Jeff Colver
Fidelity Fund Manager

EXECUTIVE COMMITTEE



Paul Nowland
Nowland Builders Pty Ltd



Russell Lutzke
CSR Building Products Pty Ltd (Treasurer)



Mike Hatton
Asset Services Pty Ltd



Charles Wrights
QS Services (Vice President)



Dick Guit
Sitzler Pty Ltd (President)



Andrea Moriarty
Killarney Homes Pty Ltd



MBA TEAM

- | | |
|----------------------|---|
| David Malone | - Executive Director |
| Jeff Colver | - General Manager Operations |
| Cecile Hanak | - Fidelity Fund Administrator |
| Yenni Handayani | - Financial Controller |
| Paula McCullough | - Reception/Office Administrator |
| Katherine Brotherton | - Admin Co-ordinator/Cert IV Manager |
| Lisa Fracaro | - Marketing & Events Co-ordinator |
| Tony Schumacher | - Apprenticeships Engagement Officer/
Business Development Manager |





MBA COUNCIL MEMBERS

- Adam Twomey - Adamant Property Service
- Andrea Moriarty - Killarney Homes Pty Ltd
- Charles Wright - QS Services Pty Ltd
- Danielle Laffy - Bendella Group
- David Lester - Trojan Fencing Contractors
- Dick Guit - Sitzler Pty Ltd
- Greg McLaughlin - Mobile Electrics (NT) Pty Ltd
- John Brears - Mirage Developments Pty Ltd
- Kevin Peters - ICN NT
- Michael Hatton - Asset Services Pty Ltd
- Paul Nowland - Nowland Builders Pty Ltd
- Richard Riedel - ITW Buildex
- Roger Pearson - Arafura Catering Equipments
- Russell Lutzke - CSR Building Products Pty Ltd
- James Bowden - HAYS Specialist Recruitment

**MASTER BUILDERS ASSOCIATION NORTHERN
TERRITORY INCORPORATED**

**GENERAL PURPOSE
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
30 JUNE 2015**

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

OPERATING REPORT FOR THE YEAR ENDED 30 JUNE 2015

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 2015.

Committee of Management

The names of each committee member of the Association during the year from 1 July 2014 to 30 June 2015, unless otherwise stated, were:

Dick Guit
Charles Wright
Russel Lutzke
Paul Nowland
Andrea Moriarty
Michael Hatton

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 2015

Results of Activities

The net surplus of the Association for the financial period was \$104,648 (\$225,168 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 300 (2014: 289).

Employees of the Association

The number of persons employed by the Association during the financial year at one time was 9 (2014: 9).

Rights of Members to Resign

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

Superannuation Trustees

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



President



Treasurer

__ September 2015

02 September 2015

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

STATEMENT BY THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 30 JUNE 2015

On the ___ of September 2015 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 2015 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



Treasurer

Dated 02 September 2015

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 2015, 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

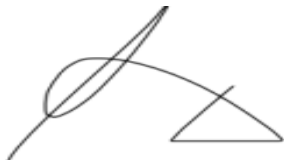
In our opinion, the financial report presents fairly, in all material respects, the financial position of Master Builders Association Northern Territory Incorporated as at 30 June 2015, and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards, *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 \$781,443 and year-end cash balance of \$1,134,388 is more than enough to cover its total liabilities of \$809,142.



BDO Audit (NT)



C J Sciacca
Fellow Chartered Accountant
Registered Company Auditor # 16
Public Practice Member of Institute of Chartered Accountants Australia
Audit Partner

Darwin: 3 September 2015

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015**

	Note	2015 \$	2014 \$
Revenues			
	2(a)	1,999,481	2,317,785
Share of profits of associate accounted for using the equity method	2(b)	47,515	75,179
Other income	2(c)	104,035	101,822
		<u>2,151,031</u>	<u>2,494,786</u>
Expenses			
Affiliation fees to Master Builders Australia Inc.		90,285	91,580
Accounting and audit fees	3(a)	12,500	8,000
Administration costs	3e, 15(b)	309,713	401,924
Capitation fees		-	-
Decrease in value of investment property	8	30,000	69,003
Depreciation	7	27,800	11,084
Fidelity Fund administration cost			
Finance costs	12	22,248	20,902
Financial services		26,453	34,066
Grants or Donations		-	-
Impairment		-	-
Legal costs		-	-
Marketing, functions and events costs		222,826	219,431
Office supplies, postage and other administration costs		94,914	95,870
Penalties - via RO Act or RO Regulations		-	-
Product and services		16,763	31,125
Property costs		124,450	117,003
Sundry expenses		87,563	73,497
Training and projects costs		127,660	146,031
Travel and accommodation		30,748	25,194
Employee expenses - Committee of Management	3(b)	-	-
Employee expenses - Management	3(c)	380,266	369,913
Employee expenses - Other staff	3(d)	442,194	554,995
Total Expenses		<u>2,046,383</u>	<u>2,269,618</u>
Surplus For The Year		104,648	225,168
Other comprehensive income		-	-
Total Comprehensive Income		<u><u>104,648</u></u>	<u><u>225,168</u></u>

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

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015**

	Note	2015 \$	2014 \$
ASSETS			
Current Assets			
Cash and cash equivalents	4	1,134,388	975,109
Trade and other receivables	5	74,201	116,632
Inventory	6	4,242	5,879
Prepayments		63,373	58,299
Total Current Assets		<u>1,276,204</u>	<u>1,155,919</u>
Non-Current Assets			
Property and equipment	7	57,179	28,697
Investments	8	895,681	878,166
Other noncurrent asset	1(g)	6,857	12,026
Total Non-Current Assets		<u>959,717</u>	<u>918,889</u>
Total Assets		<u>2,235,921</u>	<u>2,074,808</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	9	206,607	228,609
Grant liabilities	10	196,627	132,001
Borrowings	12	32,051	5,130
Provisions	11	59,476	40,505
Total Current Liabilities		<u>494,761</u>	<u>406,245</u>
Non-Current Liability			
Borrowings	12	314,381	346,432
Total Non-Current Liability		<u>314,381</u>	<u>346,432</u>
Total Liabilities		<u>809,142</u>	<u>752,677</u>
NET ASSETS		<u>1,426,779</u>	<u>1,322,131</u>
EQUITY			
Accumulated funds	13	1,426,779	1,172,131
Total Equity		<u>1,426,779</u>	<u>1,172,131</u>

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

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015**

	Accumulated Funds \$	Office Building Reserves \$	Total \$
Balance at 30 June 2013	<u>1,096,963</u>	<u>-</u>	<u>1,096,963</u>
Surplus for the year	225,168	-	225,168
Transfer to reserves for the year	(150,000)	150,000	
Other comprehensive income for the year	-	-	-
	<u>75,168</u>	<u>150,000</u>	<u>225,168</u>
Balance at 30 June 2014	<u><u>1,172,131</u></u>	<u><u>150,000</u></u>	<u><u>1,322,131</u></u>
Surplus for the year	104,648	-	104,648
Transfer to reserves for the year	(75,000)	75,000	-
Other comprehensive income for the year	-	-	-
	<u>29,648</u>	<u>75,000</u>	<u>104,648</u>
Balance at 30 June 2015	<u><u>1,201,779</u></u>	<u><u>225,000</u></u>	<u><u>1,426,779</u></u>

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

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015**

	Note	2015 \$	2014 \$
Cash flows from operating activities			
Cash receipts in the course of operations	14(c)	1,663,237	1,951,539
Cash payments in the course of operations		(1,967,634)	(2,139,396)
Interest received		17,576	17,576
Grants received		529,760	597,135
Interest paid		(22,248)	(20,902)
Net cash provided by operating activities	14(b)	<u>220,691</u>	<u>405,952</u>
Cash flows from investing activities			
Payment for property and equipment		(56,282)	(17,343)
Payment for investment property		-	-
Cash used in investing activities		<u>(56,282)</u>	<u>(17,343)</u>
Cash flows from financing activities			
Proceeds from borrowing		-	-
Repayment of borrowing		(5,130)	(6,445)
Cash provided by (used in) financing activities		<u>(5,130)</u>	<u>(6,445)</u>
Net increase in cash and cash equivalents		159,279	382,164
Cash and cash equivalents at beginning of the financial year		975,109	592,945
Cash and cash equivalents at the end of the financial year	14(a)	<u>1,134,388</u>	<u>975,109</u>

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

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

**RECOVERY OF WAGES ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2015**

	2015	2014
	\$	\$
Cash assets in respect of recovered money at beginning of year	<u> </u>	<u> </u>
Receipts		
Cash receipts in the course of operationsAmounts recovered from employers in respect of wages etc.	-	-
Interest received on recovered money	-	-
Total receipts	<u> </u>	<u> </u>
Payments		
Deductions of amounts due in respect of membership for:		
12 months or less	-	-
Greater than 12 months	-	-
Deductions of donations or other contributions to accounts or funds of:		
The reporting unit:		
name of account	-	-
name of fund	-	-
Name of other reporting unit of the organisation:		
name of account	-	-
name of fund	-	-
Name of other entity:		
name of account	-	-
name of fund	-	-
Deductions of fees or reimbursement of expenses	-	-
Payments to workers in respect of recovered money	-	-
Total payments	<u> </u>	<u> </u>
Cash assets in respect of recovered money at end of year	<u> </u>	<u> </u>
Number of workers to which the monies recovered relates	-	-
Aggregate payables to workers attributable to recovered monies but not yet distributed		
Payable balance	-	-
Number of workers the payable relates to	-	-
Fund or account operated for recovery of wages		
Nil	-	-

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

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

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.

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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

AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities

The Association has applied AASB 2012-3 from 1 July 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 that some gross settlement systems may be considered to be equivalent to net settlement.

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

The Association has applied AASB 2013-3 from 1 July 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.

AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)

The Association has applied Parts A to C of AASB 2014-1 from 1 July 2014. These amendments affect the following standards: AASB 2 'Share-based Payment': clarifies the definition of 'vesting condition' by separately defining a 'performance condition' and a 'service condition' and amends the definition of 'market condition'; AASB 3 'Business Combinations': clarifies that contingent consideration in a business combination is subsequently measured at fair value with changes in fair value recognised in profit or loss irrespective of whether the contingent consideration is within the scope of AASB 9; AASB 8 'Operating Segments': amended to require disclosures of judgements made in applying the aggregation criteria and clarifies that a reconciliation of the total reportable segment assets to the entity's assets is required only if segment assets are reported regularly to the chief operating decision maker; AASB 13 'Fair Value Measurement': clarifies that the portfolio exemption applies to the valuation of contracts within the scope of AASB 9 and AASB 139; AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets': clarifies that on revaluation, restatement of accumulated depreciation will not necessarily be in the same proportion to the change in the gross carrying value of the asset; AASB 124 'Related Party Disclosures': extends the definition of 'related party' to include a management entity that provides KMP services to the entity or its parent and requires disclosure of the fees paid to the management entity; AASB 140 'Investment Property': clarifies that the acquisition of an investment property may constitute a business combination.

(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.

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

(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

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.

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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 was accounted for as 'Other noncurrent asset' in the statement of financial position. The website was 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.

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

(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.

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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 2015 and 2014, the table below shows financial statement items measured at fair value:

	2015	2014
	\$	\$
Investment property	580,000	610,000

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

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.

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

(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.

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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 2015 (2014: nil).

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 2015 (2014: 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.

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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 2015, investment property is valued at \$580,000 (2014: \$610,000).

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 2015. 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

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Association will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the Association.

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2017. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The incorporated association will adopt this standard from 1 July 2017 but the impact of its adoption is yet to be assessed by 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.

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

		2015 \$	2014 \$
2 (a) Revenue			
Administration fee	15(b)	860,439	836,500
Capitation fees		-	-
Commission MBAIS		100,511	87,518
Government grants		99,746	465,134
HR/IR income		11,133	78,243
Levies		-	-
Membership and subscriptions		314,894	307,978
Marketing, functions and events		225,775	148,465
Training and projects		386,983	393,947
		<u>1,999,481</u>	<u>2,317,785</u>
(b) Share in profit or loss of associate	8	<u>47,515</u>	<u>75,179</u>
(c) Other income			
Interest and finance		37,430	17,576
Office rental income		25,833	21,434
Miscellaneous income		2,968	26,117
Rental income from investment property	8	37,804	36,695
Donations		-	-
		<u>104,035</u>	<u>101,822</u>
Total Revenue		<u>2,151,031</u>	<u>2,494,786</u>
3 (a) Auditors' Remuneration			
Audit services		10,000	8,000
Accounting services		2,500	-
		<u>12,500</u>	<u>8,000</u>
(b) Employee expenses - Committee of Management			
Wages and salaries		-	-
Superannuation		-	-
Leave and other entitlements		-	-
Separation and redundancies		-	-
Other employee expenses		-	-
		<u>-</u>	<u>-</u>

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

	2015	2014
	\$	\$
3 (c) Employee expenses - Management		
Wages and salaries	329,442	390,998
Superannuation	30,839	33,218
Leave and other entitlements	19,985	(54,303)
Separation and redundancies	-	-
Other employee expenses	-	-
	<u>380,266</u>	<u>369,913</u>
(d) Employee expenses - Other staff		
Wages and salaries	397,742	486,468
Superannuation	37,111	44,706
Leave and other entitlements	7,342	23,821
Separation and redundancies	-	-
Other employee expenses	-	-
	<u>442,194</u>	<u>554,995</u>
(e) Administration costs		
Consideration to employers for payroll deductions	-	-
Compulsory levies	-	-
Fees/allowances - meetings and conferences	-	-
Conference and meetings expenses	-	-
Total administrative costs	<u>-</u>	<u>-</u>
4 Cash and cash equivalents		
Cash on hand	700	700
Cash deposits with banks	327,585	318,727
Short-term investments	806,103	655,682
Total cash and cash equivalents	<u>1,134,388</u>	<u>975,109</u>
5 Trade and other receivables		
Trade receivables	74,201	116,632
Provision for doubtful debts	-	-
	<u>74,201</u>	<u>116,632</u>
Goods and services tax	-	-
Total receivables	<u>74,201</u>	<u>116,632</u>
Analysis of allowance account		
Opening Balance	-	11,240
Provisions for doubtful receivables	-	-
Receivables written off during the year	-	(11,240)
Closing balance	<u>-</u>	<u>-</u>

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

	2015	2014
	\$	\$
6		
Inventory		
Standards and contracts - at cost	4,242	5,879
Total inventory	<u>4,242</u>	<u>5,879</u>
7		
Property and equipment		
Motor vehicles	40,774	40,774
Less accumulated depreciation	(31,797)	(28,302)
Total motor vehicles	<u>8,977</u>	<u>12,472</u>
Furniture and fixtures	31,438	29,951
Less accumulated depreciation	(25,509)	(24,306)
Total furniture and fixtures	<u>5,929</u>	<u>5,645</u>
Office machines	79,879	48,081
Less accumulated depreciation	(41,910)	(38,889)
Total office machines	<u>37,969</u>	<u>9,192</u>
Kitchen assets	4,906	1,460
Less accumulated depreciation	(602)	(72)
Total kitchen assets	<u>4,304</u>	<u>1,388</u>
Total property and equipment	<u>57,179</u>	<u>28,697</u>
Reconciliation		
Carrying value at beginning of the year	28,697	34,464
Additions	56,282	5,317
Disposals	-	-
Depreciation	(27,800)	(11,084)
Carrying value at end of year	<u>57,179</u>	<u>28,697</u>
8		
Investments		
<i>Investment in Associate</i>		
Shares in MBA Insurance Services Pty Ltd	268,166	192,987
Share in profit or loss	47,515	75,179
	<u>315,681</u>	<u>268,166</u>
<i>Investment property</i>		
Sentinel Investment Unit	679,003	679,003
Decrease in value	(99,003)	(69,003)
	<u>580,000</u>	<u>610,000</u>
Total investments	<u>895,681</u>	<u>878,166</u>

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

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:

	2015	2014
	\$	\$
Statement of financial position:		
Assets	15,298,497	12,977,245
Liabilities	13,641,169	11,569,370
Net Assets	<u>1,657,328</u>	<u>1,407,875</u>
 Statement of profit or loss and other comprehensive income		
Income	9,552,027	8,255,462
Expenses	9,169,586	7,872,028
Net surplus	<u>382,441</u>	<u>383,434</u>
 Share of associate's net surplus		
Share of associate's net surplus before tax	<u>47,515</u>	<u>75,179</u>

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 \$37,804 (2014: \$36,695).

Direct expenses incurred in relation to the investment properties that generated rental income during the year was \$36,891 (2014: \$7,552). 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.

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

	2015	2014
	\$	\$
9 Trade and other payables		
Trade creditors	28,614	36,035
Goods and services tax	1,057	16,764
Unearned revenue	85,260	128,532
Legal costs	-	-
Consideration to employers for payroll deductions	-	-
Other payables	91,676	47,278
Trade and other payables	<u>206,607</u>	<u>228,609</u>
10 Grant liabilities		
CAMS Grant Funding Mentoring	2,157	19,501
D.O.B Funding (Cert IV)	161,100	112,500
Unexpended Grants-Def Projects	33,370	
Total grant liabilities	<u>196,627</u>	<u>132,001</u>
11 Provisions		
(a) Employee expenses - Committee of Management		
Annual leave	-	-
Long service leave	-	-
Separation and redundancies	-	-
Other	-	-
	<u>-</u>	<u>-</u>
(b) Employee expenses - Management and Other Staff		
Annual leave	39,491	40,505
Long service leave	19,985	-
Separation and redundancies	-	-
Other	-	-
	<u>59,476</u>	<u>40,505</u>
12 Borrowing		
Current	32,051	5,130
Noncurrent	314,381	346,432
	<u>346,432</u>	<u>351,562</u>

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 \$22,428 for the year ended 30 June 2015 (2014: \$20,902).

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

	2015	2014
	\$	\$
13 Accumulated funds		
Balance at beginning of the financial year	2,045,060	1,819,892
Total comprehensive income	104,648	225,168
Balance at the end of the financial year	<u>2,149,708</u>	<u>2,045,060</u>
14 Reconciliation of cash and cash equivalents		
Cash and cash equivalents at the end of the financial year as shown in the Statement of Cash flows is reconciled to the related items in the Statement of Financial Position as follows:		
(a) Reconciliation of cash and cash equivalents		
Cash on hand	700	700
Cash deposits with banks	327,585	318,727
Short-term investments	806,103	655,682
Balance at the end of the year	<u>1,134,388</u>	<u>975,109</u>
(b) Reconciliation of surplus for the year to net cash provided by operating activities		
Surplus for the year	104,648	225,168
Add / (less) non-cash items		
Depreciation	27,800	11,084
Provision for bad debts (writeoff)	-	(11,240)
Decrease in value of investment property	30,000	69,003
Share in profit or loss in associate	(47,515)	(75,179)
Net cash provided by operating activities before change in assets and liabilities	<u>114,933</u>	<u>218,836</u>
Change in assets and liabilities		
(Increase) decrease in trade and other receivables	42,431	25,882
Decrease in inventories	1,637	8,586
Increase in prepayments	(5,074)	(46,520)
(Increase) decrease in other noncurrent assets	5,169	-
(Increase) decrease in trade and other payables	(22,002)	111,532
Increase (decrease) in unexpended grants	64,626	132,001
Increase (decrease) in provisions	18,971	(44,365)
Net cash provided by operating activities	<u>220,691</u>	<u>405,952</u>
(c) Grant Received		
Grant received	<u>529,760</u>	<u>597,135</u>

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

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

	2015	2014
	\$	\$
Other Branches - Current		
Master Builders Association of NSW Pty Ltd	-	-
Master Builders Association Victoria	-	-
	<u> -</u>	<u> -</u>

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

(ii) Amounts Receivable from Related Parties

Other Branches - Current		
Master Builders Australia Inc	6,380	
Master Builders Fidelity Fund	-	78,192
MBA Insurance Services Pty Ltd	-	8,454
Less: Provision for doubtful debts	-	-
	<u> 6,380</u>	<u> 86,646</u>

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

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

Master Builders Fidelity Fund - administration fee	860,439	836,500
MBA Insurance Services Pty Ltd - sponsorship income	-	-
MBA Insurance Services Pty Ltd - commission	100,511	87,518
	<u> 960,950</u>	<u> 924,018</u>

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

Balances with Related Parties - continued...

	2015	2014
	\$	\$
The following expense transactions took place with related parties during the reporting period:		
Master Builders - NSW	2,137	1,206
Master Builders Association of WA	152	-
Master Builders Association of Queensland	2,804	43
Master Builders Association Victoria	-	450
Master Builders Australia Incorporated	50,702	81,171
Master Builders Fidelity Fund	309,713	401,924
	<u>365,508</u>	<u>484,794</u>

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

Master Builders Association of NSW Pty Ltd	(2,137)	(1,206)
Master Builders Association Victoria	-	(598)
Master Builders Association of WA	-	-
Master Builders Association of Queensland	(2,804)	(43)
Master Builders Australia Incorporated	52,527	(81,171)
Master Builders Fidelity Fund	434,575	494,900
MBA Insurance Services Pty Ltd	94,299	79,064
	<u>576,460</u>	<u>490,946</u>

(d) Key Management Personnel Compensation

Key Management Compensation Information

Short term employee benefits	380,265	369,913
Other benefits	-	-
	<u>380,265</u>	<u>369,913</u>

16 Compliance with Fair Work (Registered Organisations) Act 2009

Information to be provided to members or General Manager

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

- (1) A member of a reporting unit, or the General Manager, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- (2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.
- (3) A reporting unit must comply with an application made under subsection (1).

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

17 Commitments and contingencies

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

	2015	2014
	\$	\$
Operating lease commitments - as lessee		
Within one year	112,714	84,600
After one year but not more than five years	510,546	338,400
More than five years	431,011	559,461
	<u>1,054,271</u>	<u>982,461</u>
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	-	-
	<u>21,279</u>	<u>21,279</u>

18 Events Subsequent the Financial Reporting Date

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

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

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
30 JUNE 2014**

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:

	2015	2014
	\$	\$
Financial assets		
Cash and cash equivalents	1,134,388	975,109
Trade and other receivables	74,201	116,632
	1,208,589	1,091,741
 Financial liabilities		
Trade and other payables	206,607	228,609
Grant liabilities	196,627	132,001
Borrowings	346,432	351,562
	749,666	712,172

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

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

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
30 JUNE 2014

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:

	2015	2014
	\$	\$
Cash and cash equivalents	1,133,688	974,409
Trade and other receivables	74,201	116,632
	<u>1,207,889</u>	<u>1,091,041</u>

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
	2015	2015	2014	2014
	\$	\$	\$	\$
Cash and cash equivalents	1,133,688	-	974,409	-
Trade and other receivables	74,201	-	116,632	-
	<u>1,207,889</u>	<u>-</u>	<u>1,091,041</u>	<u>-</u>

Ageing of financial assets that were past due but not impaired for 2015

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$	\$	\$	\$	\$
Cash and cash equivalents	1,133,688	-	-	-	1,133,688
Trade and other receivables	70,031	-	4,170	-	74,201
	<u>1,203,719</u>	<u>-</u>	<u>4,170</u>	<u>-</u>	<u>1,207,889</u>

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	974,409	-	-	-	974,409
Trade and other receivables	96,802	18,510	1,320	-	116,632
	<u>1,071,211</u>	<u>18,510</u>	<u>1,320</u>	<u>-</u>	<u>1,091,041</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
30 JUNE 2014

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 payable.

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 - 2015

Financial Liabilities	Carrying Amount	Contractual Cash flows	< 6 mths	6- 12 mths	1-3 years	> 3 years
	\$	\$	\$	\$	\$	\$
Trade and other payables	206,607	206,607	206,607	-	-	-
Grant liabilities	196,627	196,627	196,627	-	-	-
Borrowings	346,432	346,432	10,684	21,367	64,101	250,280
TOTAL	749,666	749,666	413,918	21,367	64,101	250,280

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

(c) Market risk

The Association is exposed to market risk through its use of financial instruments and specifically to interest rate risk. At 30 June 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 of 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 2015 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 Association's capital by assessing the Association's financial risk and responding to changes in these risk and in the market. These responses may include the consideration of debt level. There have been no changes to the strategy by management to control the capital of the Association since prior year.

