



13 June 2018

Mr Steve Shenfield
President

Master Builders Association of the Northern Territory trading as Master Builders Northern Territory
Terminal One Building, 11/396 Stuart Highway
Winnellie NT 0820

By email: info@mbant.com.au & sshenfield@laingorourke.com.au

CC: Casmel.Taziwa@bdo.com.au

Dear Mr Shenfield,

Master Builders Association of the Northern Territory trading as Master Builders Northern Territory

Financial Report for the year ended 30 June 2017 - [FR2017/46]

I acknowledge receipt of the financial report of the Master Builders Association of the Northern Territory trading as Master Builders Northern Territory (**MBANT**). The documents were lodged with the Registered Organisations Commission (**ROC**) on 9 January 2018. I acknowledge an amended designated officer's certificate lodged on 20 April 2018. I also acknowledge supplementary information provided by Mr David Malone, Executive Director of the MBANT on 15 March 2018 in response to my letter dated 25 January 2018.

The financial report has now been filed.

The financial report was filed based on a primary review. This involved, amongst other things, confirming that various disclosure requirements under the Australian Accounting Standards, *Fair Work (Registered Organisations) Act 2009 (RO Act)* and Reporting Guidelines have been complied with. A primary review does not examine all disclosure requirements. It should be noted that the financial report of the MBANT for the year ending 30 June 2018 may be subject to an advanced compliance review.

In my letter dated 25 January 2018, I raised a number of concerns relating to financial reporting compliance issues in this and previous financial years. Mr Chris Enright, Executive Director of the ROC, wrote to Mr Malone on 13 February 2018, where he also expressed his concerns relating to apparent compliance failures with financial reporting statutory timeframes by the MBANT.

Accordingly, a review of the MBANT's compliance with sections 256(5)(a), 266 and 268 of the RO Act is being conducted by the ROC. Please note that the filing of this financial report does not affect the continuation of this review.


Reporting Requirements

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

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

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

Yours faithfully

A handwritten signature in blue ink, appearing to read "David Vale", is enclosed in a thin blue rectangular border.

David Vale
Registered Organisations Commission

Master Builders Association of the Northern Territory

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

Certificate for the year ended 30th June 2017

I Stephen Shenfield being the President of the Master Builders Association of the Northern Territory certify:

- that the documents lodged herewith are copies of the full report for the *Master Builders Association of the Northern Territory* for the period ended referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the reporting unit on the 8th September 2017; and
- that the full report was presented to a *general meeting of members*¹ of the reporting unit on 28th September 2017 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature of prescribed designated officer:



Name of prescribed designated officer: Stephen Shenfield

Title of prescribed designated officer: President of the Master Builders Association of the Northern Territory

Dated: 20th April 2018

¹ Adjust certificate as appropriate to reflect the facts.

Thursday, 15 March 2018

Registered Organisations Commission
Bill Steenson
Principle Lawyer, Compliance & Investigations
GPO BOX 2983
Melbourne Vic. 3001
By email: bill.steenson@roc.gov.au

Dear Mr Steenson,

I refer to our telephone conversation of Tuesday, 13 March, 2018. Thank-you for making the time for those discussions and also for your forbearance in working through matters that need to be resolved.

It would seem to me that there are two categories of matters. The first category relates to what I would term administrative compliance. And the second category relates to the issues we are experiencing due to an ancient Constitution and its incompatibility with the realities of the present day.

On the first category, the ROC has identified three concerns that:

1. Master Builders NT distributed copies of our financial statements to our members 20 days before the Annual General Meeting, and not the prescribed notice period of 21 days;
2. Master Builders NT did not provide ROC with a copy of the Financial statements within 14 days of approval at the Annual General Meeting as required, but instead, in January, 2018; and,
3. I signed the form submitting that statement, rather than an 'officer' of the Association.

If I may return to the first of those concerns, the time discrepancy is clearly an oversight on our part. It reflects a miscalculation by MBNT on the required interval. I can assure you that the conduct of the Audit in 2016/17 was completed well in advance of the due date, as was the approval by the Executive Committee of this Association. Indeed, the distribution system was sitting ready to go on the trigger date.

I believe it is also important to reaffirm that those statements were also unqualified by our Auditor, and that there have been no concerns raised by anyone, prior to or subsequent, to the AGM.

On the second of those concerns, on the delay in submission, I must acknowledge that we had operated on the misunderstanding that the due date was January, 2018. I apologise for that oversight. Again, all internal process had been completed as per our Constitution, but we had simply been in error on this matter.

Our response to the third concern is not that dissimilar. We had believed that members of our Executive Committee were 'Office Holders' and that I was an 'Officer' of MBNT. I signed the form on that basis. I now understand that members of our Council are 'officers' and the form should have been signed by one of them. It is in no way an excuse, but the wording in our Constitution had led us to this approach.

If I could now turn to the issues around the elections and our Constitution. You are quite correct to have pointed out that our Constitution describes an election of 2 Councillors from 5 sectors at sector meetings, along with 8 general Councillors at the AGM. Our challenge, as we discussed, is that in some sector categories we no longer have any active membership. Those firms have joined specialist representative organisations.

As well, Members more generally are disinterested in participating in the traditional sector model. They see it as anachronistic, too narrow for their interests, and they have voted with their feet

for more general representative formats. An example of that is our work in the Defence space, where we enjoy outstanding success in securing significant member participation.

We acknowledge that clearly, these circumstances can only be rectified by modernising the Constitution and replacing the structures that no longer work, with those that do. As we mentioned, that is a process we embarked on some time ago, before hitting a substantial roadblock.

We discovered that the Constitution attached to our registration under the Northern Territory Associations Act is different to the one held by the Registered Organisations Commission. There is a slight difference in the title for the organisation, between Master Builders NT (Associations Act) and Master Builders of the NT (ROC). However, though slight, it was sufficient to stall our process until we could find a solution.

We are not completely sure how this situation arose, but it does appear to have occurred as a result of an error before the previous Fair Work Commission.

As discussed this week, we have recently managed to secure an exemption under the Associations Act from the NT Government. One that now allows the Association to move to settle a new Constitution and remove the anachronistic provisions in the old document. The new draft Constitution was endorsed by our Council on Monday this week. On Tuesday, our Executive Committee approved the consultation plan to engage members, with a proposed Special General Meeting planned for June, 2018. If the members approve the new document, there will be a single election for all positions from that point on.

I do hope that these explanations provide sufficient background to the matters of concern. I can assure you that Master Builders NT has maintained the highest standards in our financial management and in the conduct of our internal elections. We have an unblemished financial management system. Likewise, our elections are managed at arms length for us by a senior partner at KPMG.

I do, however, acknowledge that some of the administration behind that has been remiss.

In parallel, steps are well advanced to modernise our Constitution to reflect the realities of what members will support in 2018. Those efforts were delayed by an unexpected roadblock, but through negotiation, we have built a pathway forward. All future elections are expected to be conducted in accordance with the Corporations Act.

Thank you once again for your willingness to work through these matters.

Yours Faithfully,



David Malone
Executive Director



13 February 2018

Mr David Malone
Executive Director
Master Builders Association of the Northern Territory

By email: david.malone@mbant.com.au

c.c.: emmaiane.cook@mbant.com.au; gmo@mbant.com.au & info@mbant.com.au

Dear Mr Malone,

Proposed meeting to discuss compliance issues with the Master Builders Association of the Northern Territory trading as Master Builders Northern Territory

Introduction

I refer to previous (separate) correspondence from the Registered Organisations Commission (**ROC**) to the Master Builders Association of the Northern Territory (**MBANT**) in relation to both elections and financial reporting concerns.

As you will be aware, staff members of the ROC have recently been making enquiries with the MBANT, endeavouring to arrange a suitable opportunity when you and other relevant representatives might be available to meet and discuss a range of compliance issues. The compliance issues are of such concern that I have been considering whether it may be necessary to exercise the inquiry or investigation powers in section 330 and 331 of the *Fair Work (Registered Organisations) Act 2009* (**the RO Act**). Before taking that step, I considered it might be beneficial to meet with you and attempt to ascertain what obstacles or factors might be preventing the MBANT from achieving the high levels of voluntary compliance the ROC is attempting to promote.

It was my intention to travel to your office in the week commencing 5 February 2018 although I understand that you were interstate on MBANT business. It remains my intention to meet with you to discuss what obstacles or factors might be preventing MBANT from complying with its statutory obligations.

Purpose

The ROC's concerns regarding the conduct of elections have been set out in detail in previous correspondence, the most recent dated 22 December 2017. It is not necessary to repeat them here.

The purpose of this correspondence is to provide clarity about the particular financial reporting compliance issues which I hope will assist in the discussions I have proposed.

To clarify and assist your understanding about the issues that the ROC is concerned about, I list the following matters:

1. Compliance with statutory timeframes

Regardless of its size, structure or number of support staff, each reporting unit of a federally registered organisation has a range of mandatory reporting obligations under the RO Act. The MBANT is a reporting unit which has the identical statutory reporting obligations of every other reporting unit under the RO Act.

By way of example, the following are some of the compliance issues which relate to financial reports which have been lodged by the MBANT during the following reporting periods:

- Year ending 30 June 2014;
- Year ending 30 June 2015;
- Year ending 30 June 2016; and
- Year ending 30 June 2017.

The issues I provide below are not exhaustive and are provided as examples only:

2014 reporting period

The financial report was not provided to members at least 21 days before the general meeting of members, which appears to contravene section 265(5)(a) of the RO Act. In addition, the full report and the designated officer's certificate were not lodged with the Fair Work Commission (**FWC**) within 14 days of the meeting referred to in section 266. This failure appears to contravene section 268 of the RO Act.

On 4 March 2015, the FWC provided the MBANT with correspondence addressed to Mr Colver (General Manager Operations), specifically identifying the abovementioned deficiencies in the reporting unit's 2014 financial report. I note the correspondence stated that in future, if the MBANT could not lodge its financial documents on time, a written request for an extension of time must be made prior to the required date of lodgement. I also observe that the correspondence noted Mr Colver had stated the MBANT was considering altering its rules to facilitate compliance with reporting and meeting timeframes in the future. I have attached a copy of that correspondence for your ease of reference.

2015 reporting period

The financial report was not accompanied by a designated officer's certificate. This failure appears to contravene section 268 of the RO Act. In addition, the full report and the designated officer's certificate were again not lodged with the FWC within 14 days of the meeting referred to in section 266. This appears to contravene section 268 of the RO Act. It is not clear why this identical apparent contravention was repeated despite it being raised in response to the previous financial report.

On 5 April 2016, the FWC provided the MBANT with correspondence, addressed to Mr Colver, specifically identifying the abovementioned deficiencies in the reporting unit's 2015 financial report. I note the correspondence highlighted that the 14-day time limit had been brought to the MBANT's attention the previous year (i.e. the 4 March 2015 letter) and stated that the following year's financial report was required to be lodged within 14 days of the relevant meeting. I also note the correspondence again stated that, if the MBANT could not lodge its financial documents on time, a written request for an extension of time must be made prior to the required date of lodgement.

It is clear from the correspondence dated 5 April 2016 that the MBANT was referred to the FWC website and a number of factsheets concerning the financial reporting process and associated time frames to assist with compliance. Further, the MBANT was referred to the Reporting Guidelines and a model set of financial statements which, if used, would have assisted MBANT in complying with its future statutory obligations. A link to these tools was included in the correspondence.

In summary, the compliance deficiencies were specifically identified (including the deficiencies which had occurred in the previous financial report) and a range of compliance and reporting tools were directly referred to which would have assisted the MBANT to remedy the deficiencies in future reporting.

I have attached a copy of that correspondence for your ease of reference.

2016 reporting period

The financial report was again not provided to members at least 21 days before the general meeting of members, which appears to contravene section 265(5)(a) of the RO Act. In addition, for the third successive reporting period, the full report and the designated officer's certificate were again not lodged with the FWC within 14 days of the meeting referred to in section 266. This appears to contravene section 268 of the RO Act. In addition, the content of the designated officer's certificate was inaccurate.

On 15 December 2016, the FWC again provided the MBANT with correspondence, addressed to Mr Colver, specifically highlighting the abovementioned deficiencies in the reporting unit's 2016 financial report, and specifically referring in bold to 'Non-compliance with previous requests'. I note the correspondence again highlighted that the 14-day time limit had been brought to the MBANT's attention the previous year and that future failure to meet this timeline may result in an inquiry into the MBANT and that an application under section 310(1) of the RO Act to the Federal Court of Australia may be made seeking a pecuniary penalty be imposed upon the MBANT and potentially an officer whose conduct led to the non-compliance.

It is clear from the correspondence dated 15 December 2016 that the MBANT was again referred to the FWC website and a number of factsheets concerning the financial reporting process and associated time frames to assist with compliance. Further, the MBANT was again referred to the Reporting Guidelines and a model set of financial statements which, if used, would have assisted MBANT in complying with its statutory obligations. A link to these tools was included in the correspondence.

In summary, the compliance deficiencies were again specifically identified (including the deficiencies which had occurred in the previous financial reports) and a range of compliance and reporting tools were again directly referred to which would have assisted the MBANT to remedy the deficiencies. The FWC sought to raise the MBANT's awareness of the seriousness of these matters by advising about the potential for civil action to be commenced in the Federal Court with the potential for pecuniary penalties both with respect to the MBANT and its elected officers. This endeavour appears to have been ignored.

I have attached a copy of that correspondence for your ease of reference.

2017 reporting period

The financial report was again not provided to members at least 21 days before the general meeting of members, which appears to contravene section 265(5)(a) of the RO Act. It is remarkable that this compliance failure appears to have now occurred in three of the last four reporting periods. In addition, the full report and the designated officer's certificate were again not lodged with the regulator (now the ROC) within 14 days of the meeting referred to in section 266.

It is extraordinary that this was the fourth consecutive reporting period in which this compliance failure has occurred and appears to have contravened section 268 of the RO Act. In addition, the designated officer's certificate was not signed by a prescribed designated officer.

On 25 January 2018, the ROC provided the MBANT with correspondence addressed to the President, Mr Shenfield, advising that the ROC would not be filing (i.e. finalising) the 2017 financial report until a number of matters were addressed.

These matters included requirements that:

- amended documents needed to be lodged;
- the MBANT provide the ROC with reasons why the MBANT failed to comply with sections 268 and 265(5)(a) of the RO Act; and
- the MBANT advise the ROC what systems and processes, if any, the MBANT has introduced (or plans to introduce) to ensure these contraventions did not occur again.

The correspondence of 25 January 2018 again highlighted the very real risks associated with contravention of civil penalty provisions and the high potential penalties involved. To date the ROC has received no further correspondence in reply. I have also attached a copy of that correspondence for your ease of reference.

It appears from the information I have provided above that the MBANT intends to continue to ignore the assistance and advice which has been consistently provided to assist it to comply with its statutory obligations as well as the associated risks of civil proceedings for contraventions of various provisions of the RO Act.

The nature of these serious compliance failures now requires an appropriate and proportionate regulatory response.

Proposed meeting

It is in these circumstances that I propose a meeting with the MBANT, to discuss the serious concerns that the ROC has in relation to the MBANT's conduct of elections and its potential contraventions of the financial reporting provisions of the RO Act. I consider it might be beneficial to meet with you and attempt to ascertain what obstacles or factors might be preventing the MBANT from achieving the high levels of voluntary compliance the ROC is attempting to promote.

As I have made clear above, the purpose of providing this information is to provide clarity and some examples which highlight the particular financial reporting compliance issues which I hope will assist in the discussions I have proposed. You are already in receipt of detailed correspondence concerning the issues surrounding elections and I have not repeated them here.

I propose that myself and the ROC's Principal Lawyer Compliance and Investigations (Mr Steenson) meet with you as the Executive Director of MBANT and any other officials and / or staff you consider appropriate to discuss these matters.

Finally, I note that it was previously foreshadowed by the MBANT, in an email from Mr Colver dated 10 August 2017, that the MBANT was looking to take action to deregister under the RO Act and to instead move within the *Corporations Act* jurisdiction. The ROC is interested in discussing what, if any, action has been taken or is proposed in this regard.

I request that you respond by close of business **Monday 19 February 2018** advising whether you and officers of the MBANT agree to meet with myself and Mr Steenson and advise me of available dates in February and March on which this could occur. (My only unavailable dates at this stage are the week of 26 February to 2 March, and Wednesday 6 March).

Of course there is no requirement on the MBANT to participate in any proposed meeting and it is entirely a matter for you and the MBANT to agree or otherwise. In the event that you would prefer not to engage in the proposed discussion, I advise that the ROC will consider alternative regulatory options under the RO Act.

Please contact me on (03) 9603 0711 if you would like to discuss this matter or respond to chris.enright@roc.gov.au.

Yours faithfully,



CHRIS ENRIGHT
Executive Director
Registered Organisations Commission



25 January 2018

Mr Steve Shenfield
President

Master Builders Association of the Northern Territory trading as Master Builders Northern Territory
By email: info@mbant.com.au & gmo@mbant.com.au

CC: emmaiane.cook@mbant.com.au

Dear Mr Shenfield,

**Master Builders Association of the Northern Territory trading as Master Builders Northern Territory
Financial Report for the year ended 30 June 2017 - [FR2017/46]**

Not filing – issues identified which need to be addressed

I acknowledge receipt of the financial report of the Master Builders Association of the Northern Territory trading as Master Builders Northern Territory (**the reporting unit**). The documents were lodged with the Registered Organisations Commission (**the ROC**) on 9 January 2018.

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

The Designated Officer's Certificate will require amendments. The matters identified below should be read in conjunction with the *Fair Work (Registered Organisations) Act 2009* (**the RO Act**), the *Fair Work (Registered Organisations) Regulations 2009* (**the RO Regs**), the 4th edition of the Reporting Guidelines (**RG**) made under section 255 of the RO Act and Australian Accounting Standards.

Designated Officer's Certificate

Certificate to be signed and dated by designated officer

Section 268 of the RO Act states that the certificate lodged pursuant to section 268(c) must be by a prescribed designated officer (see section 243 of the RO Act). Section 6 of the RO Act defines "officer" as 'a person who holds an office in the organisation'.

It is noted that the designated officer's certificate lodged with the financial report was signed by a person who is not an officer of the reporting unit. A new designated officer's certificate signed and dated by an appropriate officer will be required to be lodged with the ROC.

Non-compliance with previous requests

The ROC aims to assist reporting units in complying with their obligations under the RO Act and Reporting Guidelines, by providing advice about errors identified in financial reports. While we filed last year's financial report, we raised certain issues for the reporting unit to address in the preparation of future financial reports. Unfortunately, these issues have not been rectified.

I note that the same errors have appeared in the current report, namely (i) the requirement under s.268 of the RO Act for a reporting unit to lodge within 14 days after the general meeting of members a copy of the full report; and (ii) the requirement under s. 265(5) of the RO Act that reports must be provided to Members at least 21 days before the Annual General Meeting of Members.

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 timelines can be found on the ROC website. In particular, I draw your attention to the fact sheet titled *Financial reporting process* which explains the timeline requirements, and the fact sheet titled *Summary of financial reporting timelines* which sets out the timelines in diagrammatical format.

I note that the following timescale requirements were not met, despite being raised with the reporting unit in last year's filing letter, and in some cases, the previous three year's filing letters:

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

Section 268 of the RO Act states that the full report and the designated officer's certificate are required to be lodged with the ROC within 14 days of the general meeting of members. The designated officer's certificate indicates that this meeting occurred on 28 September 2017. If this is correct the full report should have been lodged with the ROC by 12 October 2017.

The full report was lodged on 9 January 2018.

This issue was raised with the reporting unit in the previous three year's filing letters. **It is a matter of serious concern for the ROC that the full report has again been lodged late, despite the last three year's filing letters advising this very matter** (I have attached a copy of those three letters in matters FR2016/92, FR2015/129 & FR2014/140 for your records).

Please note that section 268 is a civil penalty provision and future failure to meet this timeline may result in an inquiry into the organisation and the ROC Commissioner may apply under s.310(1) of the RO Act to the Federal Court of Australia for a pecuniary penalty order to be imposed on your organisation and, potentially, an officer whose conduct led to the non-compliance.

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

The designated officer's certificate states that the financial report was provided to members on 8 September 2017. The designated officer's certificate also states that the full report was presented to a general meeting of members on 28 September 2017. Under section 265(5)(a) of the RO Act, where the report is presented to a general meeting of members, the report must be provided to members at least 21 days before that meeting.

If these dates are correct, the reporting unit provided members a copy of the full report 20 days before the general meeting of members. The day the notice is issued and the day that the general meeting is held are not counted in the 21 days.

This issue was also raised with the reporting unit in last year's filing letter in matter FR2016/92 and previously in the filing letter in matter FR2014/140. **It is also a matter of serious concern for the ROC that the full report has again been provided to members less than 21 days before the general meeting of members, despite two year's filing letters sent to you in 2016 and 2015 advising of this matter** (A copy of those two letters are included in the attachment referred to above).

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

Civil penalty provisions

Section 268 of the RO Act states that the full report and the designated officer's certificate are required to be lodged with the ROC within 14 days of the general meeting of members. As noted above, contravention of this section of the RO Act is a civil penalty provision and could lead to a pecuniary penalty of up to 100 penalty units (\$105,000 for a body corporate and up to \$21,000 for an individual)¹ being imposed by the Federal Court.

As noted above, section 265(5) is also a civil penalty provision, and contravention of this subsection of the RO Act could also lead to a pecuniary penalty of up to 100 penalty units being imposed by the Federal Court.

The ROC requires the reporting unit to provide reasons why it failed to lodge the full report within 14 days of the general meeting of members, and reasons why the full report was not provided to members at least 21 days before the general meeting of members. The ROC also requires the reporting unit to advise what systems and processes it plans to introduce to ensure these errors do not occur again.

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

Yours faithfully

A handwritten signature in blue ink, appearing to read "David Vale", is enclosed in a thin blue rectangular border.

David Vale
Registered Organisations Commission

¹ See section 306 of the RO Act.

15 December 2016

COPY



Mr Jeff Colver
General Manager Operations
Master Builders Association of the Northern Territory
PO Box 37121
WINNELLIE NT 0821

via email: gmo@mbant.com.au

Dear Mr Colver

Master Builders Association of the Northern Territory Financial Report for the year ended 30 June 2016 - [FR2016/92]

I acknowledge receipt of the financial report for the year ended 30 June 2016 for the Master Builders Association of the Northern Territory (**the reporting unit**). The financial report was lodged with the Fair Work Commission (**FWC**) on 16 November 2016. I also acknowledge receipt of the designated officer's certificate which was lodged with the FWC on 13 December 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 2017 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.

Non-compliance with previous requests

While we filed last year's financial report, we raised certain issues for the reporting unit to address in the preparation of future financial reports. I note that the same error have appeared in the current report, namely the requirement under s.268 of the RO Act to lodge within 14 days after the general meeting of members a copy of the full report and the designated officer's certificate.

The FWC aims to assist reporting units in complying with their obligations under the RO Act and Reporting Guidelines, by providing advice about the errors identified in financial reports. Please note that s.268 is a civil penalty provision and future failure to meet this timeline may result in an inquiry into the organisation and the General Manager of the FWC may apply under s.310(1) of the RO Act to the Federal Court of Australia for a pecuniary penalty order to be imposed on your organisation and, potentially, an officer whose conduct led to the non-compliance.

Designated Officer's Certificate

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Content to designated officer's certificate

Section 268 of the RO Act requires the certificate by the designated officer to certify that the documents lodged are copies of the documents provided to members and presented to a meeting in accordance with section 266.

In the designated officer's certificate lodged with the FWC on 13 December 2016 it stated that members were provided with a copy of the full report on 6 October 2016 and that it was presented to a committee of management meeting on 13 September 2016. This information contradicts additional information that states the full report was presented to an annual general meeting of members on 6 October 2016.

Please ensure that in future years the information contained in the designated officer's certificate accurately reflects the dates that each event, as per section 268 of the RO Act, occurred.

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 the fact sheet titled *financial reporting process* which explains the timeline requirements, and the fact sheet titled *summary of financial reporting timelines* which sets out the timeline requirements in diagrammatical form.

I note that the following timescale requirement was not met:

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

Section 268 of the RO Act, states that the full report and the designated officer's certificate are required to be lodged with the FWC within 14 days of the meeting of members. Additional information provided with the lodgement indicates that this meeting occurred on 6 October 2016. If this is correct the full report should have been lodged with the FWC by 20 October 2016.

The full report was lodged on 16 November 2016. This issue was also raised with the reporting unit in last year's filing letter.

The designated officer's certificate was not included in the lodged documents that were provided to the FWC on 16 November 2016. The FWC raised this issue with the reporting unit on 16 November 2016 and also on the 29 November 2016. The designated officer's certificate was not lodged until 13 December 2016. This issue was also raised with the reporting unit in last year's filing letter.

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

The designated officer's certificate states that the financial report was provided to members on 6 October 2016. Further information provided with the lodged financial report indicates that the full report was presented to a general meeting of members on 6 October 2016. Under section 265(5)(a) of the RO Act, where the report is presented to a general meeting of members, the report must be provided to members at least 21 days before that meeting.

If these dates are correct, the reporting unit did not provide members the financial report before the General Meeting.

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](#).

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Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 8656 4681 or by email at joanne.fenwick@fwc.gov.au.

Yours sincerely

A handwritten signature in blue ink, appearing to be 'Joanne Fenwick', written over a light grey rectangular background.

Joanne Fenwick
Financial Reporting Specialist
Regulatory Compliance Branch

COPY



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.

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

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

COPY

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

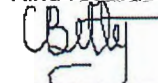
I note that the Committee of Management statement does not have a date in the first paragraph, please ensure that the Committee of Management statement contains the date of the resolution in future reports.

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



FAIR WORK
COMMISSION

COPY

4 March 2015

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

Dear Mr Colver,

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

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

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

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

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

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

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

COPY

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

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

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

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

Yours sincerely



Stephen Kellett
Senior Adviser
Regulatory Compliance Branch



25 January 2018

Mr Steve Shenfield
President

Master Builders Association of the Northern Territory trading as Master Builders Northern Territory
By email: info@mbant.com.au & gmo@mbant.com.au

CC: emmaiane.cook@mbant.com.au

Dear Mr Shenfield,

**Master Builders Association of the Northern Territory trading as Master Builders Northern Territory
Financial Report for the year ended 30 June 2017 - [FR2017/46]**

Not filing – issues identified which need to be addressed

I acknowledge receipt of the financial report of the Master Builders Association of the Northern Territory trading as Master Builders Northern Territory (**the reporting unit**). The documents were lodged with the Registered Organisations Commission (**the ROC**) on 9 January 2018.

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

The Designated Officer's Certificate will require amendments. The matters identified below should be read in conjunction with the *Fair Work (Registered Organisations) Act 2009* (**the RO Act**), the *Fair Work (Registered Organisations) Regulations 2009* (**the RO Regs**), the 4th edition of the Reporting Guidelines (**RG**) made under section 255 of the RO Act and Australian Accounting Standards.

Designated Officer's Certificate

Certificate to be signed and dated by designated officer

Section 268 of the RO Act states that the certificate lodged pursuant to section 268(c) must be by a prescribed designated officer (see section 243 of the RO Act). Section 6 of the RO Act defines "officer" as 'a person who holds an office in the organisation'.

It is noted that the designated officer's certificate lodged with the financial report was signed by a person who is not an officer of the reporting unit. A new designated officer's certificate signed and dated by an appropriate officer will be required to be lodged with the ROC.

Non-compliance with previous requests

The ROC aims to assist reporting units in complying with their obligations under the RO Act and Reporting Guidelines, by providing advice about errors identified in financial reports. While we filed last year's financial report, we raised certain issues for the reporting unit to address in the preparation of future financial reports. Unfortunately, these issues have not been rectified.

I note that the same errors have appeared in the current report, namely (i) the requirement under s.268 of the RO Act for a reporting unit to lodge within 14 days after the general meeting of members a copy of the full report; and (ii) the requirement under s. 265(5) of the RO Act that reports must be provided to Members at least 21 days before the Annual General Meeting of Members.

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 timelines can be found on the ROC website. In particular, I draw your attention to the fact sheet titled *Financial reporting process* which explains the timeline requirements, and the fact sheet titled *Summary of financial reporting timelines* which sets out the timelines in diagrammatical format.

I note that the following timescale requirements were not met, despite being raised with the reporting unit in last year's filing letter, and in some cases, the previous three year's filing letters:

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

Section 268 of the RO Act states that the full report and the designated officer's certificate are required to be lodged with the ROC within 14 days of the general meeting of members. The designated officer's certificate indicates that this meeting occurred on 28 September 2017. If this is correct the full report should have been lodged with the ROC by 12 October 2017.

The full report was lodged on 9 January 2018.

This issue was raised with the reporting unit in the previous three year's filing letters. **It is a matter of serious concern for the ROC that the full report has again been lodged late, despite the last three year's filing letters advising this very matter** (I have attached a copy of those three letters in matters FR2016/92, FR2015/129 & FR2014/140 for your records).

Please note that section 268 is a civil penalty provision and future failure to meet this timeline may result in an inquiry into the organisation and the ROC Commissioner may apply under s.310(1) of the RO Act to the Federal Court of Australia for a pecuniary penalty order to be imposed on your organisation and, potentially, an officer whose conduct led to the non-compliance.

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

The designated officer's certificate states that the financial report was provided to members on 8 September 2017. The designated officer's certificate also states that the full report was presented to a general meeting of members on 28 September 2017. Under section 265(5)(a) of the RO Act, where the report is presented to a general meeting of members, the report must be provided to members at least 21 days before that meeting.

If these dates are correct, the reporting unit provided members a copy of the full report 20 days before the general meeting of members. The day the notice is issued and the day that the general meeting is held are not counted in the 21 days.

This issue was also raised with the reporting unit in last year's filing letter in matter FR2016/92 and previously in the filing letter in matter FR2014/140. **It is also a matter of serious concern for the ROC that the full report has again been provided to members less than 21 days before the general meeting of members, despite two year's filing letters sent to you in 2016 and 2015 advising of this matter** (A copy of those two letters are included in the attachment referred to above).

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

Civil penalty provisions


Section 268 of the RO Act states that the full report and the designated officer's certificate are required to be lodged with the ROC within 14 days of the general meeting of members. As noted above, contravention of this section of the RO Act is a civil penalty provision and could lead to a pecuniary penalty of up to 100 penalty units (\$105,000 for a body corporate and up to \$21,000 for an individual)¹ being imposed by the Federal Court.

As noted above, section 265(5) is also a civil penalty provision, and contravention of this subsection of the RO Act could also lead to a pecuniary penalty of up to 100 penalty units being imposed by the Federal Court.

The ROC requires the reporting unit to provide reasons why it failed to lodge the full report within 14 days of the general meeting of members, and reasons why the full report was not provided to members at least 21 days before the general meeting of members. The ROC also requires the reporting unit to advise what systems and processes it plans to introduce to ensure these errors do not occur again.

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

Yours faithfully

A handwritten signature in blue ink, appearing to read "David Vale", is enclosed in a thin blue rectangular border.

David Vale
Registered Organisations Commission

¹ See section 306 of the RO Act.

15 December 2016

COPY



Mr Jeff Colver
General Manager Operations
Master Builders Association of the Northern Territory
PO Box 37121
WINNELLIE NT 0821

via email: gmo@mbant.com.au

Dear Mr Colver

Master Builders Association of the Northern Territory Financial Report for the year ended 30 June 2016 - [FR2016/92]

I acknowledge receipt of the financial report for the year ended 30 June 2016 for the Master Builders Association of the Northern Territory (**the reporting unit**). The financial report was lodged with the Fair Work Commission (**FWC**) on 16 November 2016. I also acknowledge receipt of the designated officer's certificate which was lodged with the FWC on 13 December 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 2017 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.

Non-compliance with previous requests

While we filed last year's financial report, we raised certain issues for the reporting unit to address in the preparation of future financial reports. I note that the same error have appeared in the current report, namely the requirement under s.268 of the RO Act to lodge within 14 days after the general meeting of members a copy of the full report and the designated officer's certificate.

The FWC aims to assist reporting units in complying with their obligations under the RO Act and Reporting Guidelines, by providing advice about the errors identified in financial reports. Please note that s.268 is a civil penalty provision and future failure to meet this timeline may result in an inquiry into the organisation and the General Manager of the FWC may apply under s.310(1) of the RO Act to the Federal Court of Australia for a pecuniary penalty order to be imposed on your organisation and, potentially, an officer whose conduct led to the non-compliance.

Designated Officer's Certificate

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Content to designated officer's certificate

Section 268 of the RO Act requires the certificate by the designated officer to certify that the documents lodged are copies of the documents provided to members and presented to a meeting in accordance with section 266.

In the designated officer's certificate lodged with the FWC on 13 December 2016 it stated that members were provided with a copy of the full report on 6 October 2016 and that it was presented to a committee of management meeting on 13 September 2016. This information contradicts additional information that states the full report was presented to an annual general meeting of members on 6 October 2016.

Please ensure that in future years the information contained in the designated officer's certificate accurately reflects the dates that each event, as per section 268 of the RO Act, occurred.

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 the fact sheet titled *financial reporting process* which explains the timeline requirements, and the fact sheet titled *summary of financial reporting timelines* which sets out the timeline requirements in diagrammatical form.

I note that the following timescale requirement was not met:

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

Section 268 of the RO Act, states that the full report and the designated officer's certificate are required to be lodged with the FWC within 14 days of the meeting of members. Additional information provided with the lodgement indicates that this meeting occurred on 6 October 2016. If this is correct the full report should have been lodged with the FWC by 20 October 2016.

The full report was lodged on 16 November 2016. This issue was also raised with the reporting unit in last year's filing letter.

The designated officer's certificate was not included in the lodged documents that were provided to the FWC on 16 November 2016. The FWC raised this issue with the reporting unit on 16 November 2016 and also on the 29 November 2016. The designated officer's certificate was not lodged until 13 December 2016. This issue was also raised with the reporting unit in last year's filing letter.

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

The designated officer's certificate states that the financial report was provided to members on 6 October 2016. Further information provided with the lodged financial report indicates that the full report was presented to a general meeting of members on 6 October 2016. Under section 265(5)(a) of the RO Act, where the report is presented to a general meeting of members, the report must be provided to members at least 21 days before that meeting.

If these dates are correct, the reporting unit did not provide members the financial report before the General Meeting.

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](#).

COPY

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 8656 4681 or by email at joanne.fenwick@fwc.gov.au.

Yours sincerely

A handwritten signature in blue ink, appearing to be 'Joanne Fenwick', written over a light grey rectangular background.

Joanne Fenwick
Financial Reporting Specialist
Regulatory Compliance Branch

COPY



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.

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

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Internet : www.fwc.gov.au

COPY

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

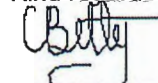
I note that the Committee of Management statement does not have a date in the first paragraph, please ensure that the Committee of Management statement contains the date of the resolution in future reports.

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



FAIR WORK
COMMISSION

COPY

4 March 2015

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

Dear Mr Colver,

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

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

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

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

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

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

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

COPY

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

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

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

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

Yours sincerely



Stephen Kellett
Senior Adviser
Regulatory Compliance Branch

**MASTER BUILDERS ASSOCIATION NORTHERN
TERRITORY INCORPORATED**

**GENERAL PURPOSE
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
30 JUNE 2017**

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

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MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

OPERATING REPORT FOR THE YEAR ENDED 30 JUNE 2017

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 2017.

Committee of Management

The names of each committee member of the Association during the year from 1 July 2016 to 30 June 2017, unless otherwise stated, were:

Dick Guit
Andrea Moriarty
Russell Lutzke
Mike Hatton
Mary Linnell
Paul Nowland

There were no officers or employees who were also directors of the Association or member of the Committee of Management.

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 2017**

Results of Activities

The net surplus of the Association for the financial period was \$78,891 (Deficit of \$2,628 in 2016).

Significant Changes in Nature of Activities or Financial Affairs

No significant changes 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 (2016: 302).

Employees of the Association

The number of persons employed by the Association during the financial year at one time was 10 (2016: 9).

Rights of Members to Resign

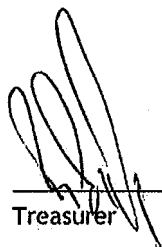
Members retain their right to resign from the Master Builders Association Northern Territory Incorporated in accordance with section 10 of the Federal Rules and Section 174 of Chapter 6 of *Fair Work (Registered Organisations) Act 2009*. In accordance with Section 174 Schedule 1 of the *Fair Work (Registered 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 Association is a trustee of a superannuation entity.



President



Treasurer

Date: 23 August 2017

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

**STATEMENT BY THE COMMITTEE OF MANAGEMENT
FOR THE YEAR ENDED
30 JUNE 2017**

On the 14 of August 2017 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 2017 as follows:

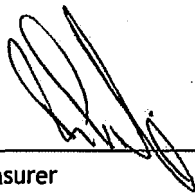
In our opinion:-

- a) the financial statements and notes thereof comply with the Australian Accounting Standards;
- b) the financial statements and notes thereof comply with the reporting guidelines of the General Manager of the Fair Work Commission;
- c) the financial statements and notes thereof 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 23 August 2017

INDEPENDENT AUDITOR'S REPORT

To the members of Master Builders Association Northern Territory Incorporated

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Master Builders Association Northern Territory Incorporated (the Association), which comprises the statement of financial position as at 30 June 2017, 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, and notes to the financial report, including a summary of significant accounting policies, and the statement by the committee of management.

In our opinion the accompanying financial report presents fairly, in all material respects, financial position of the Association as at 30 June 2017 and of its financial performance for the year ended on that date in accordance with Australian Accounting Standards, *Northern Territory Associations Act* and *Fair Work (Registered Organisations) Act 2009*.

Basis for opinion

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

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

Other matter

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 exceed current liabilities by \$817,760 and year-end cash balance of \$1,397,722 is more than enough to cover its total liabilities of \$1,028,914.

Responsibilities of management and those charged with governance for the Financial Report

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

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

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



Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

A handwritten signature in black ink that reads 'BDO'.

BDO Audit (NT)

A handwritten signature in black ink, appearing to be 'C Taziwa'.

C Taziwa

Chartered Accountant

Registered Company Auditor # 293622

Registered Auditor under the Fair Work (Registered Organisations) Act # AA2017/18

Public Practice Member of Chartered Accountants Australia and New Zealand

Audit Partner

Darwin: 28 August 2017

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017 \$	2016 \$
Revenues			
Share of profits from associate accounted for using the equity method	2(a)	2,122,191	2,000,658
Other income	2(b)	68,493	5,006
	2(c)	92,593	91,563
		<u>2,283,277</u>	<u>2,097,227</u>
Expenses			
Affiliation fees to Master Builders Australia Inc.		89,981	89,323
Accounting and audit fees	3(a)	28,170	13,460
Administration costs		418,300	316,754
Bad debts	5	1,950	-
Capitation fees		-	-
Decrease in value of investment property		-	-
Depreciation	7	16,019	32,279
Finance costs	12	14,929	19,795
Financial services		14,494	20,980
Grants or Donations		-	-
Impairment		-	-
Legal costs		-	-
Marketing, functions and events costs		264,068	276,051
Office supplies, postage and other administration costs		30,301	91,799
Penalties - via RO Act or RO Regulations		-	-
Product and services		39,914	16,502
Property costs		116,187	123,363
Sundry expenses		37,626	88,346
Training and projects costs		220,904	128,442
Travel and accommodation		30,345	34,398
Employee expenses - Committee of Management	3(b)	-	-
Employee expenses - Management	3(c)	389,180	398,167
Employee expenses - Other staff	3(d)	492,018	450,197
Total Expenses		<u>2,204,386</u>	<u>2,099,855</u>
Surplus (Deficit) For The Year		78,891	(2,628)
Other comprehensive income		-	-
Total Comprehensive Income (Loss)		<u>78,891</u>	<u>(2,628)</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 2017**

	Note	2017 \$	2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents	4	1,397,722	1,414,923
Trade and other receivables	5	31,276	157,286
Inventory	6	3,537	3,777
Prepayments		101,831	74,600
Total Current Assets		<u>1,534,366</u>	<u>1,650,586</u>
Non-Current Assets			
Property and equipment	7	26,301	42,320
Investments	8	969,180	900,687
Other non-current asset	1 (g)	2,109	5,103
Total Non-Current Assets		<u>997,590</u>	<u>948,110</u>
Total Assets		<u>2,531,956</u>	<u>2,598,696</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	9	259,095	265,430
Grant liabilities	10	336,338	470,048
Borrowings	12	16,860	16,860
Provisions	11	104,313	92,999
Total Current Liabilities		<u>716,606</u>	<u>845,337</u>
Non-Current Liability			
Borrowings	12	312,308	329,208
Total Non-Current Liability		<u>312,308</u>	<u>329,208</u>
Total Liabilities		<u>1,028,914</u>	<u>1,174,545</u>
NET ASSETS		<u>1,503,042</u>	<u>1,424,151</u>
EQUITY			
Accumulated funds	13	1,503,042	1,424,151
Total Equity		<u>1,503,042</u>	<u>1,424,151</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 2017**

	Accumulated Funds \$	Office Building Reserves \$	Total \$
Balance at 30 June 2015	<u>1,201,779</u>	<u>225,000</u>	<u>1,426,779</u>
Total comprehensive income for the year	(2,628)	-	(2,628)
Transfer to reserves for the year	-	-	-
	<u>(2,628)</u>	<u>-</u>	<u>1,424,151</u>
Other comprehensive income for the year	-	-	-
Balance at 30 June 2016	<u>1,199,151</u>	<u>225,000</u>	<u>1,424,151</u>
Total comprehensive loss for the year	78,891	-	78,891
Balance at 30 June 2017	<u><u>1,278,042</u></u>	<u><u>225,000</u></u>	<u><u>1,503,042</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 2017**

	Note	2017	2016
		\$	\$
Cash flows from operating activities			
Cash receipts in the course of operations		2,099,074	1,869,901
Cash payments in the course of operations		(2,165,223)	(1,953,147)
Interest received		34,267	32,520
Grants received		46,510	368,910
Interest paid		(14,929)	(19,865)
Net cash provided by operating activities	14(b)	<u>(301)</u>	<u>298,319</u>
Cash flows from investing activities			
Payment for property and equipment		-	(17,419)
Cash used in investing activities		<u>-</u>	<u>(17,419)</u>
Cash flows from financing activities			
Repayment of borrowing		(16,900)	(364)
Cash used in financing activities		<u>(16,900)</u>	<u>(364)</u>
Net increase in cash and cash equivalents		(17,201)	280,535
Cash and cash equivalents at beginning of the financial year		1,414,923	1,134,388
Cash and cash equivalents at the end of the financial year	14(a)	<u>1,397,722</u>	<u>1,414,923</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 2017**

	2017	2016
	\$	\$
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 2017

1 SUMMARY OF ACCOUNTING POLICIES

Basis of Preparation

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

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

The financial statements have been prepared on a historical basis except for investment property that has been measured at fair value. The concept of accrual accounting has been adopted in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

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

Significant Accounting Policies

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

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

(a) Going Concern Basis

The financial statements are prepared on a going concern basis.

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

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

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

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

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1 SUMMARY OF ACCOUNTING POLICIES (Cont.)

(b) New, revised or amended Accounting Standards and Interpretations adopted - (continue.)

AASB 2015-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB101

The amendments to *AASB101 Presentation of Financial Statements* are part of a major initiative to improve disclosure requirements in financial statements under the Disclosure Initiative to make financial statements more relevant to the users.

(c) Cash and cash equivalents

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

(d) Receivables

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

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1 SUMMARY OF ACCOUNTING POLICIES (Cont.)

(e) Inventories

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

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

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

(f) Property, Plant and Equipment

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

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

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

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

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1 SUMMARY OF ACCOUNTING POLICIES (Cont.)

(f) Property, Plant and Equipment (Cont.)

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.

(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.

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1 SUMMARY OF ACCOUNTING POLICIES (Cont.)

(i) Investment in Associate (Cont.)

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

(j) Impairment of non-financial assets

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

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

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

(k) Trade Payables

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

(l) Borrowings

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

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

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1 SUMMARY OF ACCOUNTING POLICIES (Cont.)

(m) Employee Benefit Provisions

Wages and Salaries and Annual Leave

Short-term employee benefits

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.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(n) Goods and Services Tax

Revenues, expenses and assets are recognised net of Goods and Service Tax (GST) except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

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

(o) Income Tax

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

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1 SUMMARY OF ACCOUNTING POLICIES (Cont.)

(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 2017 and 2016, the table below shows financial statement items measured at fair value:

	2017	2016
	\$	\$
Investment property	580,000	580,000

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.

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.

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1 SUMMARY OF ACCOUNTING POLICIES (Cont.)

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

(q) Revenue Recognition

(i) Grants

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

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

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

(ii) Subscriptions

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

(ii) Rent

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

(iii) Management fee

Management fee is recognised when services are rendered.

(iv) Other revenue

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

(r) Financial Instruments

Recognition

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

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1 SUMMARY OF ACCOUNTING POLICIES (Cont.)

(r) Financial Instruments (Cont.)

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 2017

1 SUMMARY OF ACCOUNTING POLICIES (Cont.)

(s) Leases (Cont.)

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 \$1,950 as at 30 June 2017 (2016: 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 2017 (2016: 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 2017

1 SUMMARY OF ACCOUNTING POLICIES (Cont.)

(t) Critical Accounting Estimates and Judgements (Cont.)

Fair value of investment property

The fair value of completed investment property has been determined on a market value basis 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 2017, investment property is valued at \$580,000 (2016: \$580,000).

Evaluation of the Association's significant influence over its investment in MBA Insurance Services 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 owns 14% (2016:16%) of MBA Insurance Services Pty Ltd (MBAIS). Although it is below the 20% or more voting power which is presumed to give rise to a significant influence, management believes that the Association exercise significant influence over MBAIS because it has a representation on the board of directors and still influence the operations and management of MBAIS. Through its board representation, the Association believes that it exercises significant influence over the financial and operating policies of MBAIS. 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 2017. 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.

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1 SUMMARY OF ACCOUNTING POLICIES (Cont.)

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

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.

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.

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1 SUMMARY OF ACCOUNTING POLICIES (Cont.)

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

AASB 15 Revenue from Contracts with Customers (Cont.)

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 association will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the Association.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Association will adopt this standard from 1 July 2019 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 2017**

1 SUMMARY OF ACCOUNTING POLICIES (Cont.)

(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 2017**

		2017	2016
		\$	\$
2	(a) Revenue		
	Administration fee	871,866	869,872
	Capitation fees	-	-
	Commission MBAIS	78,539	84,112
	Government grants	180,220	95,489
	HR/IR income	25,747	20,605
	Levies	-	-
	Membership and subscriptions	315,039	314,066
	Marketing, functions and events	219,521	231,116
	Training and projects	431,259	385,398
		<u>2,122,191</u>	<u>2,000,658</u>
	(b) Share in profit or loss of associate	8	5,006
	(c) Other income		
	Interest and finance	34,267	32,520
	Office rental income	22,391	22,418
	Miscellaneous income	6,041	96
	Rental income from investment property	29,894	36,529
	Donations	-	-
		<u>92,593</u>	<u>91,563</u>
	Total Revenue	<u>2,283,277</u>	<u>2,097,227</u>
3	(a) Auditors' Remuneration		
	Audit services	27,000	12,500
	Accounting services	1,170	960
		<u>28,170</u>	<u>13,460</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 2017

	2017	2016
	\$	\$
3 (c) Employee expenses - Management		
Wages and salaries	320,569	343,588
Superannuation	52,741	32,290
Leave and other entitlements	15,870	22,289
Separation and redundancies	-	-
Other employee expenses	-	-
	<u>389,180</u>	<u>398,167</u>
(d) Employee expenses - Other staff		
Wages and salaries	444,020	390,766
Superannuation	24,546	36,821
Leave and other entitlements	14,621	22,610
Separation and redundancies	-	-
Other employee expenses	8,831	-
	<u>492,018</u>	<u>450,197</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	436,607	397,457
Short-term investments	960,415	1,016,766
Total cash and cash equivalents	<u>1,397,722</u>	<u>1,414,923</u>
5 Trade and other receivables		
Trade receivables	33,226	157,286
Provision for doubtful debts	(1,950)	-
	<u>31,276</u>	<u>157,286</u>
Goods and services tax	-	-
Total receivables	<u>31,276</u>	<u>157,286</u>
Analysis of allowance account		
Opening Balance	-	-
Provisions for doubtful receivables	1,950	-
Receivables written off during the year	-	-
Closing balance	<u>1,950</u>	<u>-</u>

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
6		
Inventory		
Standards and contracts - at cost	3,537	3,777
Total inventory	<u>3,537</u>	<u>3,777</u>
7		
Property and equipment		
Motor vehicles	40,774	40,774
Less accumulated depreciation	<u>(36,044)</u>	<u>(34,279)</u>
Total motor vehicles	<u>4,730</u>	<u>6,495</u>
Furniture and fixtures	35,438	35,438
Less accumulated depreciation	<u>(31,102)</u>	<u>(27,165)</u>
Total furniture and fixtures	<u>4,336</u>	<u>8,273</u>
Office machines	86,965	86,965
Less accumulated depreciation	<u>(72,630)</u>	<u>(62,945)</u>
Total office machines	<u>14,335</u>	<u>24,020</u>
Kitchen assets	4,906	4,906
Less accumulated depreciation	<u>(2,006)</u>	<u>(1,374)</u>
Total kitchen assets	<u>2,900</u>	<u>3,532</u>
Total property and equipment	<u>26,301</u>	<u>42,320</u>
Reconciliation		
Carrying value at beginning of the year	42,320	57,179
Additions	-	17,419
Disposals	-	-
Depreciation	<u>(16,019)</u>	<u>(32,279)</u>
Carrying value at end of year	<u>26,301</u>	<u>42,320</u>
8		
Investments		
<i>Investment in Associate</i>		
Shares in MBA Insurance Services Pty Ltd	320,687	315,681
Share in profit or loss	<u>68,493</u>	<u>5,006</u>
	<u>389,180</u>	<u>320,687</u>
<i>Investment property</i>		
Sentinel Investment Unit	679,003	679,003
Decrease in value	<u>(99,003)</u>	<u>(99,003)</u>
	<u>580,000</u>	<u>580,000</u>
Total investments	<u>969,180</u>	<u>900,687</u>

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

8 Investments (cont.)

The Association owns 14% (2016:16%) and has significant influence to Master Builder Insurance Services Pty Ltd (MBAIS). Summary of the financial information of MBAIS is as follows:

Statement of financial position:

	2017	2016
	\$	\$
Current assets	19,820,735	16,668,871
Non current assets	537,925	358,156
Total Assets	<u>20,358,660</u>	<u>17,027,027</u>
Current liabilities	17,607,483	15,022,731
Non current liabilities	26,913	-
Total Liabilities	<u>17,634,396</u>	<u>15,022,731</u>

Statement of profit or loss and other comprehensive income

Income	12,162,979	11,298,005
Expenses	11,646,929	10,929,586
Net surplus	<u>516,050</u>	<u>368,419</u>

Share of associate's net surplus

Share of associate's net surplus before tax	<u>68,493</u>	<u>5,006</u>
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Investment Property

The valuation of The Sentinel Investment Unit, the investment property, was 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 revaluation took place on 18 June 2015.

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.

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

8 Investments (cont.)

Rental income earned and received from the investment properties during the year was \$29,894 (2016: \$36,529).

Direct expenses incurred in relation to the investment properties that generated rental income during the year was \$23,798 (2016: \$36,286). 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.

	2017	2016
	\$	\$
9 Trade and other payables		
Trade creditors	30,192	19,322
Goods and services tax	13,166	50,770
Rental payable	7,145	7,145
Other payables	208,592	188,193
Trade and other payables	<u>259,095</u>	<u>265,430</u>
10 Grant liabilities		
CAMS Grant Funding Mentoring	6,924	2,157
D.O.B Funding (Cert IV)	81,100	144,100
Unexpended Grants-Def Projects	71,302	104,404
CAMS Funding - D.O.B	121,481	174,385
D.O.B - MCC Funding	55,531	45,001
Total grant liabilities	<u>336,338</u>	<u>470,048</u>

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

11	Provisions	2017	2016
		\$	\$
	(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	70,789	68,816
	Long service leave	27,801	24,183
	Separation and redundancies	-	-
	Other	5,723	-
		<u>104,313</u>	<u>92,999</u>
12	Borrowings		
	Current	16,860	16,860
	No-current	312,308	329,208
		<u>329,168</u>	<u>346,068</u>

The borrowings account pertained 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 \$14,929 for the year ended 30 June 2017 (2016: \$19,795).

13	Accumulated funds		
	Balance at beginning of the financial year	1,424,151	1,426,779
	Total comprehensive income (loss)	78,891	(2,628)
	Balance at the end of the financial year	<u>1,503,042</u>	<u>1,424,151</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	436,607	397,457
	Short-term investments	960,415	1,016,766
	Balance at the end of the year	<u>1,397,722</u>	<u>1,414,923</u>

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

14	Reconciliation of cash and cash equivalents	2017	2016
		\$	\$
	(b) Reconciliation of surplus (deficit) for the year to net cash provided by operating activities		
	Surplus (deficit) for the year	78,891	(2,628)
	Add / (less) non-cash items		
	Depreciation	16,019	32,279
	Decrease in value of investment property	-	-
	Share in profit in associate	(68,493)	(5,006)
		<u>26,417</u>	<u>24,645</u>
	Change in assets and liabilities		
	(Increase)/ decrease in trade and other receivables	126,010	(83,085)
	Decrease in inventories	240	465
	Increase in prepayments	(27,231)	(11,227)
	Decrease in other non-current assets	2,993	1,754
	Increase/(decrease) in trade and other payables	(6,335)	58,823
	Increase/ (decrease) in unexpended grants	(133,710)	273,421
	Increase in provisions	11,314	33,523
	Net cash provided by operating activities	<u>(301)</u>	<u>298,319</u>
	(c) Grant Received		
	Grant received	<u>46,510</u>	<u>368,910</u>

15 Related Party Disclosures

(a) Transactions with Related Parties

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

Dick Guit
 Andrea Moriarty
 Russell Lutzke
 Mike Hatton
 Mary Linnell
 Paul Nowland

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

15 Related Party Disclosures (Cont.)

2017	2016
\$	\$

(b) Balances with Related Parties

(i) Amounts Payable to Related Parties

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	-	-
Master Builders Fidelity Fund	-	55
MBA Insurance Services Pty Ltd	-	-
Less: Provision for doubtful debts	-	-
	<u>-</u>	<u>55</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	871,866	897,352
Master Builders Australia Incorporated - travel reimbursement	2,305	-
Master Builders Association of Queensland - travel reimbursement	1,174	-
MBA Insurance Services Pty Ltd - travel reimbursement	3,077	-
MBA Insurance Services Pty Ltd - commission	78,539	78,874
	<u>956,961</u>	<u>976,226</u>

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

Master Builders of NSW Pty Ltd	471	666
Master Builders Association of WA	629	-
Master Builders Association of Queensland	-	-
Master Builders Association Victoria	151	7,585
Master Builders Australia Incorporated	88,380	99,777
Master Builders Fidelity Fund	331,225	349,754
North Australian Insurance Brokers	31,529	-
	<u>452,385</u>	<u>457,782</u>

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

15 Related Party Disclosures (Cont.)

	2017	2016
(c) Net Cash Inflow (Outflow) with Related Parties	\$	\$
Master Builders Association of NSW Pty Ltd	(471)	(666)
Master Builders Association Victoria	(151)	(7,585)
Master Builders Association of WA	(629)	-
Master Builders Association of Queensland	1,174	14,511
Master Builders Australia Incorporated	(86,075)	(95,716)
Master Builders Fidelity Fund	548,641	520,117
MBA Insurance Services Pty Ltd	78,573	75,311
North Australian Insurance Brokers	(18,438)	(17,833)
	<u>522,624</u>	<u>505,972</u>
(d) Key Management Personnel Compensation		
<i>Key Management Compensation Information</i>		
Short term employee benefits	336,439	380,265
Other benefits	-	-
	<u>336,439</u>	<u>380,265</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.

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

16 Compliance with Fair Work (Registered Organisations) Act 2009 (Cont.)

- (2) The application must be in writing and must specify the period within which, and the manner in which, the
- (3) A reporting unit must comply with an application made under subsection (1).

17 Commitments and contingencies

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

	2017	2016
	\$	\$
Operating lease commitments - as lessee		
Within one year	122,808	113,888
After one year but not more than five years	429,332	425,883
More than five years	257,004	428,340
	<u>809,144</u>	<u>968,111</u>
Operating lease commitments - as lessor		
Within one year	14,460	19,636
After one year but not more than five years	-	-
More than five years	-	-
	<u>14,460</u>	<u>19,636</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 2017

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:

	2017	2016
	\$	\$
Financial assets		
Cash and cash equivalents	1,397,722	1,414,923
Trade and other receivables	31,276	157,286
	<u>1,428,998</u>	<u>1,572,209</u>
Financial liabilities		
Trade and other payables	259,095	265,430
Grant liabilities	336,338	470,048
Borrowings	329,168	346,068
	<u>924,601</u>	<u>1,081,545</u>

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

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

(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.

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
30 JUNE 2017

19 Financial Risk Management (cont.)

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

	2017	2016
	\$	\$
Cash and cash equivalents	1,397,722	1,414,923
Trade and other receivables	31,276	157,286
	<u>1,428,998</u>	<u>1,572,209</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
	2017	2017	2016	2016
	\$	\$	\$	\$
Cash and cash equivalents	1,397,722	-	1,414,923	-
Trade and other receivables	31,276	-	157,286	-
	<u>1,428,998</u>	<u>-</u>	<u>1,572,209</u>	<u>-</u>

Ageing of financial assets that were past due but not impaired for 2017

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$	\$	\$	\$	\$
Cash and cash equivalents	1,397,722	-	-	-	1,397,722
Trade and other receivables	31,276	-	-	-	31,276
	<u>1,428,998</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,428,998</u>

Ageing of financial assets that were past due but not impaired for 2016

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$	\$	\$	\$	\$
Cash and cash equivalents	1,414,923	-	-	-	1,414,923
Trade and other receivables	157,286	-	-	-	157,286
	<u>1,572,209</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,572,209</u>

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
30 JUNE 2017

19 Financial Risk Management - (cont.)

(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 - 2017

Financial Liabilities	Carrying Amount	Contractual Cash flows	< 6 mths	6- 12 mths	1-3 years	> 3 years
	\$	\$	\$	\$	\$	\$
Trade and other payables	259,095	259,095	259,095	-	-	-
Grant liabilities	336,338	336,338	336,338	-	-	-
Borrowings	329,168	329,168	8,430	8,430	25,290	287,018
TOTAL	924,601	924,602	603,863	8,430	25,290	287,018

Maturity Analysis - 2016

Financial Liabilities	Carrying Amount	Contractual Cash flows	< 6 mths	6- 12 mths	1-3 years	> 3 years
	\$	\$	\$	\$	\$	\$
Trade and other payables	265,430	265,430	265,430	-	-	-
Grant Liabilities	470,048	470,048	470,048	-	-	-
Borrowings	346,068	346,068	8,430	8,430	25,290	303,918
TOTAL	1,081,546	1,081,546	743,907	8,430	25,290	303,918

(d) Market risk

The Association is exposed to market risk through its use of financial instruments and specifically to interest rate risk. At 30 June 2017, the Association is not significantly exposed to fair value interest rate risk from its bank borrowing on the period it is issued at fixed interest as its issuance is close to prevailing market rate. A change in interest rates on the fixed portion of the debt portfolio impacts the net financial instrument position. On the period that the borrowing is charged at variable rate, a change in interest rates on the variable portion to the debt portfolio impacts the interest incurred and cash flows, but not impact the net financial instrument position.

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
30 JUNE 2017

19 **Financial Risk Management - (cont.)**

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%
2017	6,583	(6,583)
2016	6,921	(6,921)

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 2017 was assessed to be insignificant.

(b) **Fair value hierarchy**

No financial assets and liabilities are recognised at fair value.

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

21 **Capital Management Policies and Procedures**

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

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

9th January 2018

Master Builders Association of the Northern Territory

Section 268 Fair Work (Registered Organisations) Act 2009

Designated Officer Certificate for the year ended 30th June 2017

I, David Malone being the Executive Director of the Master Builders Association of the Northern Territory certify:

- that the documents lodged herewith are copies of the full report for the *Master Builders Association of the Northern Territory* for the period ended referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the reporting unit on the 8th of September 2017; and
- that the full report was presented at the Annual General Meeting of the *Master Builders Association of the Northern Territory* on the Thursday, 28th September 2017 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.



David Malone

Executive Director

[david.malone@nt.gov.au]

From: Emma-Jane Cook <Emmajane@mbant.com.au>
Sent: Tuesday, 9 January 2018 11:42 AM
To: ROC - Registered Org Commission
Subject: Financial reporting - lodgement of full financial report and Designated Officer Certificate
Attachments: MBANT 2017 FINANCIAL STATEMENTS -FINAL.pdf; Designated Officers Certificate Final.pdf

To whomever it may concern,

Please find attached Master Builders Northern Territory financial report and designated officer certificate.

Please do not hesitate to contact me if you require further information with regards to this lodgement.

Warmest Regards,



Emma-Jane M. Cook | Industrial Relations and HR services | Legal Officer | Cert IV Manager

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

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“Building the Territory” : emmajane.cook@mbant.com.au | : www.mbant.com.au

Note the following:

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

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

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

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

**MASTER BUILDERS ASSOCIATION NORTHERN
TERRITORY INCORPORATED**

**GENERAL PURPOSE
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
30 JUNE 2017**

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

OPERATING REPORT FOR THE YEAR ENDED 30 JUNE 2017

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 2017.

Committee of Management

The names of each committee member of the Association during the year from 1 July 2016 to 30 June 2017, unless otherwise stated, were:

Dick Guit
Andrea Moriarty
Russell Lutzke
Mike Hatton
Mary Linnell
Paul Nowland

There were no officers or employees who were also directors of the Association or member of the Committee of Management.

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 2017**

Results of Activities

The net surplus of the Association for the financial period was \$78,891 (Deficit of \$2,628 in 2016).

Significant Changes in Nature of Activities or Financial Affairs

No significant changes 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 (2016: 302).

Employees of the Association

The number of persons employed by the Association during the financial year at one time was 10 (2016: 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 Association is a trustee of a superannuation entity.



President



Treasurer

Date: 23 August 2017

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED


**STATEMENT BY THE COMMITTEE OF MANAGEMENT
FOR THE YEAR ENDED
30 JUNE 2017**

On the 14 of August 2017 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 2017 as follows:

In our opinion:-

- a) the financial statements and notes thereof comply with the Australian Accounting Standards;
- b) the financial statements and notes thereof comply with the reporting guidelines of the General Manager of the Fair Work Commission;
- c) the financial statements and notes thereof 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 23 August 2017



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AUSTRALIA

INDEPENDENT AUDITOR'S REPORT

To the members of Master Builders Association Northern Territory Incorporated

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Master Builders Association Northern Territory Incorporated (the Association), which comprises the statement of financial position as at 30 June 2017, 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, and notes to the financial report, including a summary of significant accounting policies, and the statement by the committee of management.

In our opinion the accompanying financial report presents fairly, in all material respects, financial position of the Association as at 30 June 2017 and of its financial performance for the year ended on that date in accordance with Australian Accounting Standards, *Northern Territory Associations Act* and *Fair Work (Registered Organisations) Act 2009*.

Basis for opinion

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

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

Other matter

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 exceed current liabilities by \$817,760 and year-end cash balance of \$1,397,722 is more than enough to cover its total liabilities of \$1,028,914.

Responsibilities of management and those charged with governance for the Financial Report

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

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

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



Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

A handwritten signature in black ink that reads 'BDO'.

BDO Audit (NT)

A handwritten signature in black ink, appearing to be 'C Taziwa'.

C Taziwa

Chartered Accountant

Registered Company Auditor # 293622

Registered Auditor under the Fair Work (Registered Organisations) Act # AA2017/18

Public Practice Member of Chartered Accountants Australia and New Zealand

Audit Partner

Darwin: 28 August 2017

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017 \$	2016 \$
Revenues			
Share of profits from associate accounted for using the equity method	2(a)	2,122,191	2,000,658
Other income	2(b)	68,493	5,006
	2(c)	92,593	91,563
		<u>2,283,277</u>	<u>2,097,227</u>
Expenses			
Affiliation fees to Master Builders Australia Inc.		89,981	89,323
Accounting and audit fees	3(a)	28,170	13,460
Administration costs		418,300	316,754
Bad debts	5	1,950	-
Capitation fees		-	-
Decrease in value of investment property		-	-
Depreciation	7	16,019	32,279
Finance costs	12	14,929	19,795
Financial services		14,494	20,980
Grants or Donations		-	-
Impairment		-	-
Legal costs		-	-
Marketing, functions and events costs		264,068	276,051
Office supplies, postage and other administration costs		30,301	91,799
Penalties - via RO Act or RO Regulations		-	-
Product and services		39,914	16,502
Property costs		116,187	123,363
Sundry expenses		37,626	88,346
Training and projects costs		220,904	128,442
Travel and accommodation		30,345	34,398
Employee expenses - Committee of Management	3(b)	-	-
Employee expenses - Management	3(c)	389,180	398,167
Employee expenses - Other staff	3(d)	492,018	450,197
Total Expenses		<u>2,204,386</u>	<u>2,099,855</u>
Surplus (Deficit) For The Year		78,891	(2,628)
Other comprehensive income		-	-
Total Comprehensive Income (Loss)		<u><u>78,891</u></u>	<u><u>(2,628)</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 2017**

	Note	2017 \$	2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents	4	1,397,722	1,414,923
Trade and other receivables	5	31,276	157,286
Inventory	6	3,537	3,777
Prepayments		101,831	74,600
Total Current Assets		<u>1,534,366</u>	<u>1,650,586</u>
Non-Current Assets			
Property and equipment	7	26,301	42,320
Investments	8	969,180	900,687
Other non-current asset	1 (g)	2,109	5,103
Total Non-Current Assets		<u>997,590</u>	<u>948,110</u>
Total Assets		<u>2,531,956</u>	<u>2,598,696</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	9	259,095	265,430
Grant liabilities	10	336,338	470,048
Borrowings	12	16,860	16,860
Provisions	11	104,313	92,999
Total Current Liabilities		<u>716,606</u>	<u>845,337</u>
Non-Current Liability			
Borrowings	12	312,308	329,208
Total Non-Current Liability		<u>312,308</u>	<u>329,208</u>
Total Liabilities		<u>1,028,914</u>	<u>1,174,545</u>
NET ASSETS		<u>1,503,042</u>	<u>1,424,151</u>
EQUITY			
Accumulated funds	13	1,503,042	1,424,151
Total Equity		<u>1,503,042</u>	<u>1,424,151</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 2017**

	Accumulated Funds \$	Office Building Reserves \$	Total \$
Balance at 30 June 2015	<u>1,201,779</u>	<u>225,000</u>	<u>1,426,779</u>
Total comprehensive income for the year	(2,628)	-	(2,628)
Transfer to reserves for the year	-	-	-
	<u>(2,628)</u>	<u>-</u>	<u>1,424,151</u>
Other comprehensive income for the year	-	-	-
Balance at 30 June 2016	<u>1,199,151</u>	<u>225,000</u>	<u>1,424,151</u>
Total comprehensive loss for the year	78,891	-	78,891
Balance at 30 June 2017	<u><u>1,278,042</u></u>	<u><u>225,000</u></u>	<u><u>1,503,042</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 2017**

	Note	2017	2016
		\$	\$
Cash flows from operating activities			
Cash receipts in the course of operations		2,099,074	1,869,901
Cash payments in the course of operations		(2,165,223)	(1,953,147)
Interest received		34,267	32,520
Grants received		46,510	368,910
Interest paid		(14,929)	(19,865)
Net cash provided by operating activities	14(b)	<u>(301)</u>	<u>298,319</u>
Cash flows from investing activities			
Payment for property and equipment		-	(17,419)
Cash used in investing activities		<u>-</u>	<u>(17,419)</u>
Cash flows from financing activities			
Repayment of borrowing		(16,900)	(364)
Cash used in financing activities		<u>(16,900)</u>	<u>(364)</u>
Net increase in cash and cash equivalents		(17,201)	280,535
Cash and cash equivalents at beginning of the financial year		1,414,923	1,134,388
Cash and cash equivalents at the end of the financial year	14(a)	<u>1,397,722</u>	<u>1,414,923</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 2017**

	2017	2016
	\$	\$
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 2017

1 SUMMARY OF ACCOUNTING POLICIES

Basis of Preparation

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

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

The financial statements have been prepared on a historical basis except for investment property that has been measured at fair value. The concept of accrual accounting has been adopted in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

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

Significant Accounting Policies

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

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

(a) Going Concern Basis

The financial statements are prepared on a going concern basis.

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

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

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

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

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

1 SUMMARY OF ACCOUNTING POLICIES (Cont.)

(b) New, revised or amended Accounting Standards and Interpretations adopted - (continue.)

AASB 2015-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB101

The amendments to AASB101 *Presentation of Financial Statements* are part of a major initiative to improve disclosure requirements in financial statements under the Disclosure Initiative to make financial statements more relevant to the users.

(c) Cash and cash equivalents

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

(d) Receivables

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

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1 SUMMARY OF ACCOUNTING POLICIES (Cont.)

(e) Inventories

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

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

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

(f) Property, Plant and Equipment

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

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

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

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

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

1 SUMMARY OF ACCOUNTING POLICIES (Cont.)

(f) Property, Plant and Equipment (Cont.)

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.

(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.

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1 SUMMARY OF ACCOUNTING POLICIES (Cont.)

(i) Investment in Associate (Cont.)

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

(j) Impairment of non-financial assets

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

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

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

(k) Trade Payables

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

(l) Borrowings

Borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised costs using the effective interest method. When there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the borrowings are classified as non-current.

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1 SUMMARY OF ACCOUNTING POLICIES (Cont.)

(m) Employee Benefit Provisions

Wages and Salaries and Annual Leave

Short-term employee benefits

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.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(n) Goods and Services Tax

Revenues, expenses and assets are recognised net of Goods and Service Tax (GST) except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

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

(o) Income Tax

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

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1 SUMMARY OF ACCOUNTING POLICIES (Cont.)

(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 2017 and 2016, the table below shows financial statement items measured at fair value:

	2017	2016
	\$	\$
Investment property	580,000	580,000

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.

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.

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1 SUMMARY OF ACCOUNTING POLICIES (Cont.)

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

(q) Revenue Recognition

(i) Grants

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

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

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

(ii) Subscriptions

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

(ii) Rent

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

(iii) Management fee

Management fee is recognised when services are rendered.

(iv) Other revenue

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

(r) Financial Instruments

Recognition

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

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1 SUMMARY OF ACCOUNTING POLICIES (Cont.)

(r) Financial Instruments (Cont.)

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 2017

1 SUMMARY OF ACCOUNTING POLICIES (Cont.)

(s) Leases (Cont.)

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 \$1,950 as at 30 June 2017 (2016: 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 2017 (2016: 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 2017

1 SUMMARY OF ACCOUNTING POLICIES (Cont.)

(t) Critical Accounting Estimates and Judgements (Cont.)

Fair value of investment property

The fair value of completed investment property has been determined on a market value basis 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 2017, investment property is valued at \$580,000 (2016: \$580,000).

Evaluation of the Association's significant influence over its investment in MBA Insurance Services 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 owns 14% (2016:16%) of MBA Insurance Services Pty Ltd (MBAIS). Although it is below the 20% or more voting power which is presumed to give rise to a significant influence, management believes that the Association exercise significant influence over MBAIS because it has a representation on the board of directors and still influence the operations and management of MBAIS. Through its board representation, the Association believes that it exercises significant influence over the financial and operating policies of MBAIS. 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 2017. 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.

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1 SUMMARY OF ACCOUNTING POLICIES (Cont.)

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1 SUMMARY OF ACCOUNTING POLICIES (Cont.)

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

AASB 15 Revenue from Contracts with Customers (Cont.)

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 association will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the Association.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Association will adopt this standard from 1 July 2019 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 2017**

1 SUMMARY OF ACCOUNTING POLICIES (Cont.)

(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 2017**

		2017	2016
		\$	\$
2	(a) Revenue		
	Administration fee	871,866	869,872
	Capitation fees	-	-
	Commission MBAIS	78,539	84,112
	Government grants	180,220	95,489
	HR/IR income	25,747	20,605
	Levies	-	-
	Membership and subscriptions	315,039	314,066
	Marketing, functions and events	219,521	231,116
	Training and projects	431,259	385,398
		<u>2,122,191</u>	<u>2,000,658</u>
	(b) Share in profit or loss of associate	8	5,006
	(c) Other income		
	Interest and finance	34,267	32,520
	Office rental income	22,391	22,418
	Miscellaneous income	6,041	96
	Rental income from investment property	8	36,529
	Donations	-	-
		<u>92,593</u>	<u>91,563</u>
	Total Revenue	<u>2,283,277</u>	<u>2,097,227</u>
3	(a) Auditors' Remuneration		
	Audit services	27,000	12,500
	Accounting services	1,170	960
		<u>28,170</u>	<u>13,460</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 2017**

	2017	2016
	\$	\$
3 (c) Employee expenses - Management		
Wages and salaries	320,569	343,588
Superannuation	52,741	32,290
Leave and other entitlements	15,870	22,289
Separation and redundancies	-	-
Other employee expenses	-	-
	<u>389,180</u>	<u>398,167</u>
(d) Employee expenses - Other staff		
Wages and salaries	444,020	390,766
Superannuation	24,546	36,821
Leave and other entitlements	14,621	22,610
Separation and redundancies	-	-
Other employee expenses	8,831	-
	<u>492,018</u>	<u>450,197</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	436,607	397,457
Short-term investments	960,415	1,016,766
Total cash and cash equivalents	<u>1,397,722</u>	<u>1,414,923</u>
5 Trade and other receivables		
Trade receivables	33,226	157,286
Provision for doubtful debts	(1,950)	-
	<u>31,276</u>	<u>157,286</u>
Goods and services tax	-	-
Total receivables	<u>31,276</u>	<u>157,286</u>
Analysis of allowance account		
Opening Balance	-	-
Provisions for doubtful receivables	1,950	-
Receivables written off during the year	-	-
Closing balance	<u>1,950</u>	<u>-</u>

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
6		
Inventory		
Standards and contracts - at cost	3,537	3,777
Total inventory	<u>3,537</u>	<u>3,777</u>
7		
Property and equipment		
Motor vehicles	40,774	40,774
Less accumulated depreciation	(36,044)	(34,279)
Total motor vehicles	<u>4,730</u>	<u>6,495</u>
Furniture and fixtures	35,438	35,438
Less accumulated depreciation	(31,102)	(27,165)
Total furniture and fixtures	<u>4,336</u>	<u>8,273</u>
Office machines	86,965	86,965
Less accumulated depreciation	(72,630)	(62,945)
Total office machines	<u>14,335</u>	<u>24,020</u>
Kitchen assets	4,906	4,906
Less accumulated depreciation	(2,006)	(1,374)
Total kitchen assets	<u>2,900</u>	<u>3,532</u>
Total property and equipment	<u>26,301</u>	<u>42,320</u>
Reconciliation		
Carrying value at beginning of the year	42,320	57,179
Additions	-	17,419
Disposals	-	-
Depreciation	(16,019)	(32,279)
Carrying value at end of year	<u>26,301</u>	<u>42,320</u>
8		
Investments		
<i>Investment in Associate</i>		
Shares in MBA Insurance Services Pty Ltd	320,687	315,681
Share in profit or loss	68,493	5,006
	<u>389,180</u>	<u>320,687</u>
<i>Investment property</i>		
Sentinel Investment Unit	679,003	679,003
Decrease in value	(99,003)	(99,003)
	<u>580,000</u>	<u>580,000</u>
Total investments	<u>969,180</u>	<u>900,687</u>

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

8 Investments (cont.)

The Association owns 14% (2016:16%) and has significant influence to Master Builder Insurance Services Pty Ltd (MBAIS). Summary of the financial information of MBAIS is as follows:

Statement of financial position:

	2017	2016
	\$	\$
Current assets	19,820,735	16,668,871
Non current assets	537,925	358,156
Total Assets	<u>20,358,660</u>	<u>17,027,027</u>
Current liabilities	17,607,483	15,022,731
Non current liabilities	26,913	-
Total Liabilities	<u>17,634,396</u>	<u>15,022,731</u>

Statement of profit or loss and other comprehensive income

Income	12,162,979	11,298,005
Expenses	11,646,929	10,929,586
Net surplus	<u>516,050</u>	<u>368,419</u>

Share of associate's net surplus

Share of associate's net surplus before tax	<u>68,493</u>	<u>5,006</u>
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Investment Property

The valuation of The Sentinel Investment Unit, the investment property, was 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 revaluation took place on 18 June 2015.

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.

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

8 Investments (cont.)

Rental income earned and received from the investment properties during the year was \$29,894 (2016: \$36,529).

Direct expenses incurred in relation to the investment properties that generated rental income during the year was \$23,798 (2016: \$36,286). 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.

	2017	2016
	\$	\$
9 Trade and other payables		
Trade creditors	30,192	19,322
Goods and services tax	13,166	50,770
Rental payable	7,145	7,145
Other payables	208,592	188,193
Trade and other payables	<u>259,095</u>	<u>265,430</u>
10 Grant liabilities		
CAMS Grant Funding Mentoring	6,924	2,157
D.O.B Funding (Cert IV)	81,100	144,100
Unexpended Grants-Def Projects	71,302	104,404
CAMS Funding - D.O.B	121,481	174,385
D.O.B - MCC Funding	55,531	45,001
Total grant liabilities	<u>336,338</u>	<u>470,048</u>

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

11	Provisions	2017	2016
		\$	\$
	(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	70,789	68,816
	Long service leave	27,801	24,183
	Separation and redundancies	-	-
	Other	5,723	-
		<u>104,313</u>	<u>92,999</u>
12	Borrowings		
	Current	16,860	16,860
	No-current	312,308	329,208
		<u>329,168</u>	<u>346,068</u>

The borrowings account pertained 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 \$14,929 for the year ended 30 June 2017 (2016: \$19,795).

13	Accumulated funds		
	Balance at beginning of the financial year	1,424,151	1,426,779
	Total comprehensive income (loss)	78,891	(2,628)
	Balance at the end of the financial year	<u>1,503,042</u>	<u>1,424,151</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	436,607	397,457
	Short-term investments	960,415	1,016,766
	Balance at the end of the year	<u>1,397,722</u>	<u>1,414,923</u>

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

14	Reconciliation of cash and cash equivalents	2017 \$	2016 \$
	(b) Reconciliation of surplus (deficit) for the year to net cash provided by operating activities		
	Surplus (deficit) for the year	78,891	(2,628)
	Add / (less) non-cash items		
	Depreciation	16,019	32,279
	Decrease in value of investment property	-	-
	Share in profit in associate	(68,493)	(5,006)
		26,417	24,645
	Change in assets and liabilities		
	(Increase)/ decrease in trade and other receivables	126,010	(83,085)
	Decrease in inventories	240	465
	Increase in prepayments	(27,231)	(11,227)
	Decrease in other non-current assets	2,993	1,754
	Increase/(decrease) in trade and other payables	(6,335)	58,823
	Increase/ (decrease) in unexpended grants	(133,710)	273,421
	Increase in provisions	11,314	33,523
	Net cash provided by operating activities	(301)	298,319
	(c) Grant Received		
	Grant received	46,510	368,910
15	Related Party Disclosures		
	(a) Transactions with Related Parties		

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

Dick Guit
 Andrea Moriarty
 Russell Lutzke
 Mike Hatton
 Mary Linnell
 Paul Nowland

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

15 Related Party Disclosures (Cont.)

2017	2016
\$	\$

(b) Balances with Related Parties

(i) Amounts Payable to Related Parties

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	-	-
Master Builders Fidelity Fund	-	55
MBA Insurance Services Pty Ltd	-	-
Less: Provision for doubtful debts	-	-
	<u>-</u>	<u>55</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	871,866	897,352
Master Builders Australia Incorporated - travel reimbursement	2,305	-
Master Builders Association of Queensland - travel reimbursement	1,174	-
MBA Insurance Services Pty Ltd - travel reimbursement	3,077	-
MBA Insurance Services Pty Ltd - commission	78,539	78,874
	<u>956,961</u>	<u>976,226</u>

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

Master Builders of NSW Pty Ltd	471	666
Master Builders Association of WA	629	-
Master Builders Association of Queensland	-	-
Master Builders Association Victoria	151	7,585
Master Builders Australia Incorporated	88,380	99,777
Master Builders Fidelity Fund	331,225	349,754
North Australian Insurance Brokers	31,529	-
	<u>452,385</u>	<u>457,782</u>

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

15 Related Party Disclosures (Cont.)

	2017	2016
	\$	\$
(c) Net Cash Inflow (Outflow) with Related Parties		
Master Builders Association of NSW Pty Ltd	(471)	(666)
Master Builders Association Victoria	(151)	(7,585)
Master Builders Association of WA	(629)	-
Master Builders Association of Queensland	1,174	14,511
Master Builders Australia Incorporated	(86,075)	(95,716)
Master Builders Fidelity Fund	548,641	520,117
MBA Insurance Services Pty Ltd	78,573	75,311
North Australian Insurance Brokers	(18,438)	(17,833)
	<u>522,624</u>	<u>505,972</u>
 (d) Key Management Personnel Compensation		
<i>Key Management Compensation Information</i>		
Short term employee benefits	336,439	380,265
Other benefits	-	-
	<u>336,439</u>	<u>380,265</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.

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

16 Compliance with Fair Work (Registered Organisations) Act 2009 (Cont.)

- (2) The application must be in writing and must specify the period within which, and the manner in which, the
- (3) A reporting unit must comply with an application made under subsection (1).

17 Commitments and contingencies

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

	2017	2016
	\$	\$
Operating lease commitments - as lessee		
Within one year	122,808	113,888
After one year but not more than five years	429,332	425,883
More than five years	257,004	428,340
	<u>809,144</u>	<u>968,111</u>
Operating lease commitments - as lessor		
Within one year	14,460	19,636
After one year but not more than five years	-	-
More than five years	-	-
	<u>14,460</u>	<u>19,636</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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
30 JUNE 2017

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:

	2017	2016
	\$	\$
Financial assets		
Cash and cash equivalents	1,397,722	1,414,923
Trade and other receivables	31,276	157,286
	<u>1,428,998</u>	<u>1,572,209</u>
Financial liabilities		
Trade and other payables	259,095	265,430
Grant liabilities	336,338	470,048
Borrowings	329,168	346,068
	<u>924,601</u>	<u>1,081,545</u>

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

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

(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.

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
30 JUNE 2017

19 Financial Risk Management (cont.)

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

	2017	2016
	\$	\$
Cash and cash equivalents	1,397,722	1,414,923
Trade and other receivables	31,276	157,286
	<u>1,428,998</u>	<u>1,572,209</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
	2017	2017	2016	2016
	\$	\$	\$	\$
Cash and cash equivalents	1,397,722	-	1,414,923	-
Trade and other receivables	31,276	-	157,286	-
	<u>1,428,998</u>	<u>-</u>	<u>1,572,209</u>	<u>-</u>

Ageing of financial assets that were past due but not impaired for 2017

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$	\$	\$	\$	\$
Cash and cash equivalents	1,397,722	-	-	-	1,397,722
Trade and other receivables	31,276	-	-	-	31,276
	<u>1,428,998</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,428,998</u>

Ageing of financial assets that were past due but not impaired for 2016

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$	\$	\$	\$	\$
Cash and cash equivalents	1,414,923	-	-	-	1,414,923
Trade and other receivables	157,286	-	-	-	157,286
	<u>1,572,209</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,572,209</u>

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

30 JUNE 2017

19 Financial Risk Management - (cont.)

(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 - 2017

Financial Liabilities	Carrying Amount	Contractual Cash flows	< 6 mths	6- 12 mths	1-3 years	> 3 years
	\$	\$	\$	\$	\$	\$
Trade and other payables	259,095	259,095	259,095	-	-	-
Grant liabilities	336,338	336,338	336,338	-	-	-
Borrowings	329,168	329,168	8,430	8,430	25,290	287,018
TOTAL	924,601	924,602	603,863	8,430	25,290	287,018

Maturity Analysis - 2016

Financial Liabilities	Carrying Amount	Contractual Cash flows	< 6 mths	6- 12 mths	1-3 years	> 3 years
	\$	\$	\$	\$	\$	\$
Trade and other payables	265,430	265,430	265,430	-	-	-
Grant Liabilities	470,048	470,048	470,048	-	-	-
Borrowings	346,068	346,068	8,430	8,430	25,290	303,918
TOTAL	1,081,546	1,081,546	743,907	8,430	25,290	303,918

(d) Market risk

The Association is exposed to market risk through its use of financial instruments and specifically to interest rate risk. At 30 June 2017, the Association is not significantly exposed to fair value interest rate risk from its bank borrowing on the period it is issued at fixed interest as its issuance is close to prevailing market rate. A change in interest rates on the fixed portion of the debt portfolio impacts the net financial instrument position. On the period that the borrowing is charged at variable rate, a change in interest rates on the variable portion to the debt portfolio impacts the interest incurred and cash flows, but not impact the net financial instrument position.

MASTER BUILDERS ASSOCIATION NORTHERN TERRITORY INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
30 JUNE 2017

19 **Financial Risk Management - (cont.)**

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%
2017	6,583	(6,583)
2016	6,921	(6,921)

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 2017 was assessed to be insignificant.

(b) **Fair value hierarchy**

No financial assets and liabilities are recognised at fair value.

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

21 **Capital Management Policies and Procedures**

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

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

9th January 2018

Master Builders Association of the Northern Territory

Section 268 Fair Work (Registered Organisations) Act 2009

Designated Officer Certificate for the year ended 30th June 2017

I, David Malone being the Executive Director of the Master Builders Association of the Northern Territory certify:

- that the documents lodged herewith are copies of the full report for the *Master Builders Association of the Northern Territory* for the period ended referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the reporting unit on the 8th of September 2017; and
- that the full report was presented at the Annual General Meeting of the *Master Builders Association of the Northern Territory* on the Thursday, 28th September 2017 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.



David Malone

Executive Director

[david.malone@nt.gov.au]



14 December 2017

Mr Jeff Colver
General Manager Operations
Master Builders Association of the Northern Territory trading as Master Builders Northern Territory

Sent via email: gmo@mbant.com.au

Dear Mr Colver,

Lodgement of Financial Report - Reminder to lodge

The Registered Organisations Commission's (the ROC) records disclose that the financial year of the Master Builders Association of the Northern Territory trading as Master Builders Northern Territory (the reporting unit) ended on the 30 June 2017.

As you would be aware, the *Fair Work (Registered Organisations) Act 2009* (the RO Act) requires that a reporting unit prepare a financial report in accordance with the RO Act, make it available to the members and then must lodge the financial report within 14 days after the general meeting of members, or if the rules of the reporting unit allow, the Committee of Management meeting (s.268).

The maximum period of time allowed under the RO Act for the full financial report to be presented to a general meeting of members or a committee of management meeting is six months after the expiry date of its financial year (s.253, s.254, s.265, s.266, s.268). The full report must be lodged with the ROC within 14 days of that meeting.

The ROC encourages your reporting unit to lodge its financial report at the earliest opportunity in order to ensure compliance with its obligations. Failure of a reporting unit to lodge its financial report is a breach of a civil penalty provision of the RO Act. This can result in the Commissioner instituting an inquiry or investigation into a reporting unit's non-compliance under Chapter 11, Part 4 of the RO Act. The actions available to the Commissioner following an investigation include issuing Federal Court legal proceedings for breach of a civil penalty provision. The orders available to the Federal Court include imposition of a pecuniary penalty on the organisation or individual officer, whose conduct led to the contravention, of up to \$54,000 per contravention on the organisation and up to \$10,800 per contravention on an officer whose conduct led to the contravention.

Failure to lodge a financial report may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$54,000 for a body corporate and \$10,800 for an individual per contravention) being imposed upon your organisation and/or an officer whose conduct led to the contravention.

We encourage you to lodge the full financial report directly to regorgs@roc.gov.au. That is the official email address for electronic lodgements of material related to registered organisations matters.

Should you seek any clarification in relation to the above, please contact me on (03) 9954 2931 or via email at Sam.Gallichio@roc.gov.au.

Yours faithfully,

Sam Gallichio
Registered Organisations Commission



8 August 2017

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

Dear Mr Colver,

**Re: Lodgement of Financial Report - [FR2017/46]
*Fair Work (Registered Organisations) Act 2009 (the RO Act)***

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

Loans Grants and Donations Statement

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

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

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

Financial report

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

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

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

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

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

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

Auditor's report

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

REMINDER

YOUR AUDITOR MUST BE REGISTERED (s.256)

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

Contact

Should you require any clarification in relation to the above, please email regorgs@roc.gov.au.

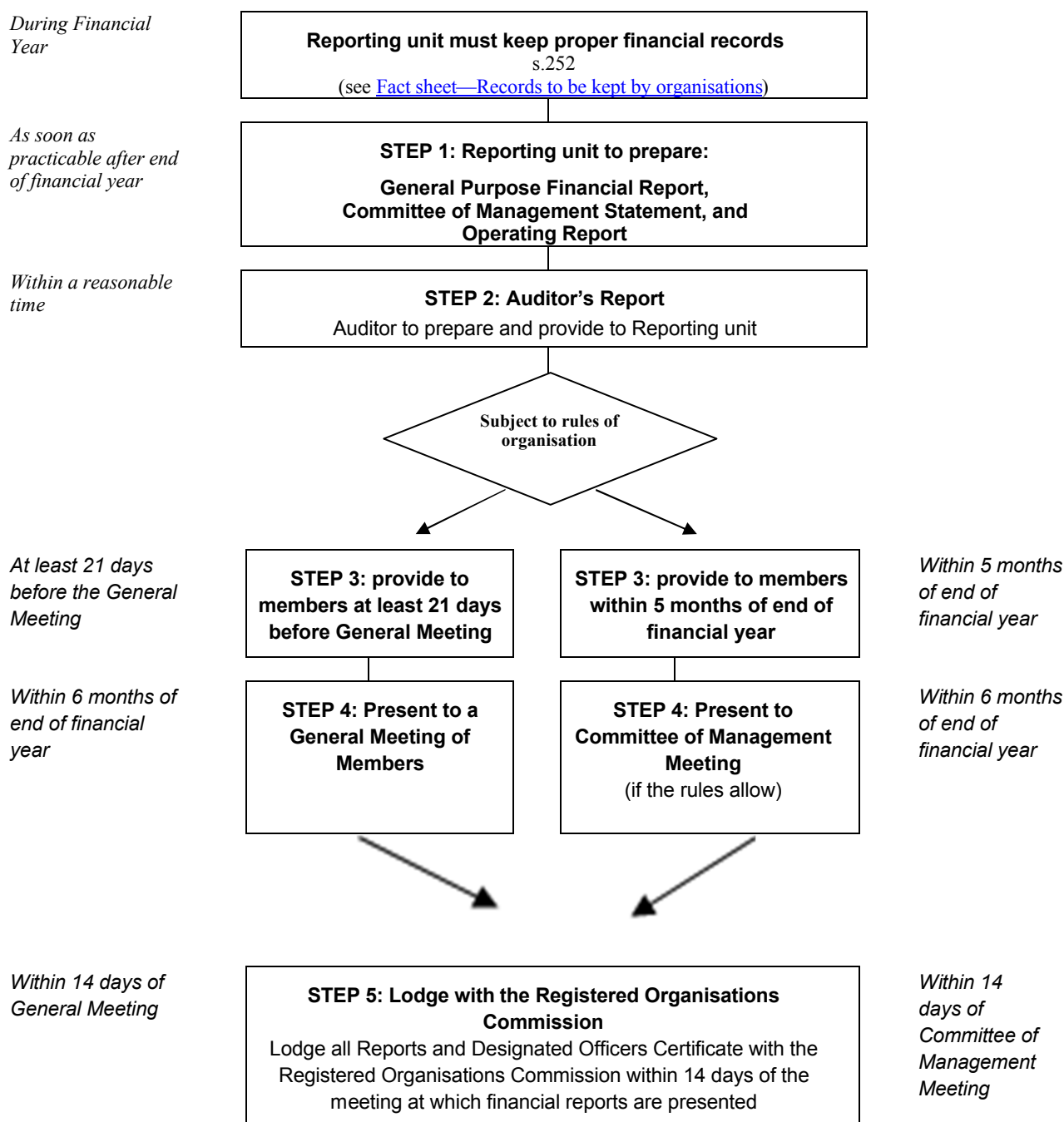
Yours faithfully,
Michael Moutevelis
Registered Organisations Commission



Fact sheet

Summary of financial reporting timelines – s.253 financial reports

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





Fact sheet

Loans, Grants & Donations

The Loans, Grants & Donations Requirements

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

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

The Loans, Grants & Donations Statement

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





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



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

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

Common misconceptions

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

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

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

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

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

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

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

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

Implications for filing the Financial Report

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

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

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

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

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

Further information

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



Guidance Note

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

Prepared and issued by the Registered Organisations Commission

Version	Date published
1	4 August 2017

1. Introduction

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

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

2. Background to the revised Auditing Standard

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

The purpose of the change is to:

- enhance the communicative value of the Auditor's Report;
- give prominence to the most important matters by re-ordering the content;
- enhance reporting on going concern matters (if applicable), and provide enhanced descriptions of the respective responsibilities of management and the auditor, in relation to going concern;
- provide an affirmative statement on auditor's independence and fulfilment of relevant ethical responsibilities;
- provide more information to users on the auditor's responsibilities, and the key features of an audit and;
- provide details of other information the auditor has received at the date of the Auditor's Report, and is expected to receive after the date of the Auditor's Report¹.

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

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

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

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

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

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

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

<To be printed on Auditor letterhead>

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

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of <name of Reporting Unit> (the Reporting Unit), which comprises the statement of financial position² as at <balance date>, the statement of comprehensive income³, statement of changes in equity⁴ and statement of cash flows⁵ for the year ended <date>, notes to the financial statements, including a summary of significant accounting policies; and the Committee of Management⁶ Statement.

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

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

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

Basis for Opinion

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

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

Information Other than the Financial Report and Auditor's Report Thereon⁷

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

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

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

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

³ Ibid paragraph 9

⁴ Ibid paragraph 9

⁵ Ibid paragraph 9

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

⁷ Ibid paragraph 7

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

Responsibilities of Committee of Management for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

[Report on Other Legal and Regulatory Requirements]⁸

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

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

[Example:

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

[Report on the Recovery of Wages Activity financial report]⁹

Opinion on the recovery of wages activity financial report

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

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

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

Responsibilities

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

<Audit Firm Name>

<Name>

Partner

⁸ Ibid paragraph 11

⁹ Ibid paragraph 11

<City>
<Date>

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

¹⁰ Ibid paragraph 12

5. Illustrative Auditor's Report Notes

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

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

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

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

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