



**Australian Government**  
**Australian Industrial Registry**

Level 8, Terrace Towers  
80 William Street, East Sydney, NSW 2011  
Telephone: (02) 8374 6666  
Fax: (02) 9380 6990  
Email: sydney@air.gov.au

Mr Ken Saville  
Deputy General Manager,  
Master Plumbers & Mechanical Contractors Association of NSW  
PO Box 42  
LIDCOMBE NSW 1825

Dear Mr Saville

**Re: Lodgement of Financial Statements and Accounts – Master Plumbers &  
Mechanical Contractors Association of NSW – for year ending 31 December 2007  
(FR2007/584)**

Thank you for lodging the abovementioned financial statements and accounts which were received in the Registry on 28 July 2008.

The legislative requirements have been substantially met. However I draw your attention to an issue which the Association should address to ensure that it complies with the prescribed time frames and that it is complying with its own rules.

Under the RAO Schedule, the time frame for providing copies of the report to members is either (i) 21 days prior to presentation at a general meeting – in accordance with s265(5)(a) - or (ii) within the first 5 months following the end of the financial year, if presentation is at a Committee meeting – in accordance with s265(5)(b).

Last year, the Association complied with the first time frame, presenting its 2006 report at a general meeting of members on 19 July 2007 after having allowed a 21 day period to elapse after providing the report to members on 28 May 2007.

This year however, according to the Certificate of other Authorised Officer, the Association presented its report to a Committee meeting but only provided copies of the report on the same day in June and thus did not strictly comply with the second time frame. Though rule 39.2 allows the Association, pursuant to s266(3), to present the report to a Committee meeting, in that case the copies of the report should have been provided to the members prior to 31 May 2008.

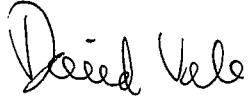
As far as the Registry is concerned, the Association is able to present its report to either a general meeting of members or to a Committee of management meeting, but the correct time frame for providing copies to members in either case must be complied with. The procedure which the Association chooses in future may be influenced by rule 39.1 which requires that the financial report be 'submitted' to the Annual general meeting.

Now, the Registry is not sure whether the intent of this sub-rule was for this to be *in addition* to presenting the report to a Committee meeting or for this to be the mandatory procedure: the interpretation is a matter for the Association. Either way, however, the Association will have to ensure it observes the rule.

If the Association chooses to present the audited report to the annual general meeting *instead of a committee meeting*, it must comply with s265(5)(a). If, however, the Association presents the report to a committee meeting pursuant to s266(3), then it must comply with s265(5)(b).

The documents have been filed.

Yours sincerely,

A handwritten signature in black ink that reads "David Vale". The signature is written in a cursive style with a large initial 'D'.

David Vale  
Assistant Manager  
Statutory Services Branch

4 August 2008



# MASTER PLUMBERS ASSOCIATION OF NSW<sup>®</sup>

*"Serving the nation for over 100 years"*

Attention Steve Treece  
Australian Industrial Registry  
Level 8, Terrace Tower  
80 William Street  
East Sydney NSW 2011



Dear Sir

**RE: FR2007/584-[139N] - Financial Return – Year Ended 31 December 2007**

Please find enclosed the Financial Return for the year ended 31<sup>st</sup> December 2007.

Attachment A – Timeline / Planner  
Attachment B - Document Checklist  
Attachment D – Certificate of Secretary or other Authorised Officer  
Annual Financial Report for the year ended 31<sup>st</sup> December 2007, which includes

General Purpose Financial Report  
Financial Statements  
Notes to the Financial Statements  
Committee of Management Statement  
Operating Report  
Auditors Report

I would be grateful if you could advise me if you require any additional information.

Yours Faithfully

Ken Saville  
Deputy General Manager

**THE MASTER PLUMBERS & MECHANICAL CONTRACTORS ASSOCIATION OF NEW SOUTH WALES**

3 John Street Lidcombe NSW 2141 PO Box 42 Lidcombe NSW 1825 Ph: (02) 8789 7000 Freecall: 1800 424 181 Fax: 9749 7881  
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**ABN 64 040 939 175**



**Documents Checklist**

You can use this checklist as soon as possible after the financial year ends to ensure you have all the necessary documents prepared and that those documents contain all information required by RAO.

You can also use this checklist to ensure all documents, in your financial return are complete before lodging them in the Registry.

No	Document	✓
<b>1</b>	<b>General Purpose Financial Report</b>	
	Does the report contain a Profit and Loss Statement?	✓
	Does the report contain a Balance Sheet?	✓
	Does the report contain a Statement of Cash Flows?	✓
	Does the report contain notes to the financial statements as required by AAS and the reporting guidelines?	✓
	Does the report contain all other information required by the reporting guidelines?	✓
<b>2</b>	<b>Committee of Management Statement</b>	
	Is the statement signed by the officer responsible for undertaking functions necessary to enable the reporting unit to comply with RAO?	✓
	Is the statement dated?	✓
	Is the statement in accordance with a resolution of the committee?	✓
	Does the statement specify the date of the resolution?	✓
	Does the statement contain declarations required by the reporting guidelines?	✓
	Does the statement contain declarations relating to any recovery of wages activity?	✓
<b>3</b>	<b>Auditor's Report</b>	
	Is the Report dated and signed by the auditor?	✓
	Is the name of the auditor clear?	✓
	Are the qualifications of the auditor on the report?	✓
	Has the auditor expressed an opinion on all matters required?	✓
<b>4</b>	<b>Operating Report</b>	
	Is the report signed and dated?	✓
	Does the report provide the number of members?	✓
	Does the report provide the number of employees?	✓
	Does the report contain a review of principal activities?	✓
	Does the report give details of significant changes?	✓
	Does the report give details of right of members to resign?	✓
	Does the report give details of superannuation trustees?	✓
	Does the report give details of membership of the committee of management?	✓
<b>5</b>	<b>Concise report*</b>	
<b>6</b>	<b>Certificate of Secretary or other Authorised Officer</b>	
	Is the certificate signed and dated?	✓
	Is the signatory the secretary or another officer authorised to sign the certificate?	✓
	Is the date that the report was provided to members stated?	✓
	Is the date of the Second Meeting at which the report was presented stated?	✓
	Does the certificate state that the documents are copies of those provided to members?	✓
	Does the certificate state that the documents are copies of those presented to the Second Meeting?	✓

\* This is an optional way of providing documents to members (see RAO s265(3) and RAO Reg. 161).

**THE MASTER PLUMBERS AND MECHANICAL CONTRACTORS  
ASSOCIATION OF NEW SOUTH WALES  
ABN 64 040 939 175**

**CERTIFICATE OF AUTHORISED OFFICER**

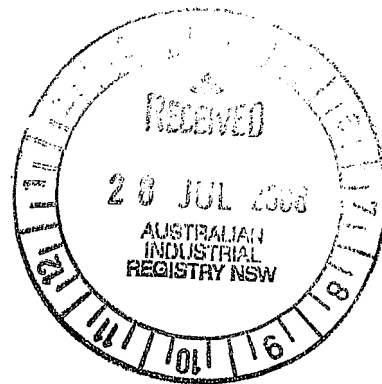
I, Greg McElroy being an Executive Committee Member of The Master Plumbers and Mechanical Contractors Association of New South Wales certify:

- (a) that the documents lodged herewith are copies of the full report referred to in s268 of the RAO Schedule;
- (b) that the full report was provided to members on 9 June 2008; and,
- (c) that the full report was presented to a meeting of the Committee of Management of the reporting unit on 9 June 2008 in accordance with section 266 of the RAO Schedule.



**Greg McElroy**  
Executive Committee Member

Dated at Sydney, this 9<sup>th</sup> day of June 2008



**THE MASTER PLUMBERS & MECHANICAL  
CONTRACTORS ASSOCIATION OF NEW SOUTH WALES  
ABN 64 040 939 175**

**ANNUAL  
FINANCIAL REPORT**

**FOR THE YEAR ENDED  
31 DECEMBER 2007**

**THE MASTER PLUMBERS AND MECHANICAL CONTRACTORS  
ASSOCIATION OF NEW SOUTH WALES  
ABN 64 040 939 175**

**NOTICE TO MEMBERS**

Members of the Association may obtain further information in accordance with section 272 of the Registration and Accountability of Organisations (RAO) Schedule.

Section 272 of the RAO Schedule provides:

- s.272(1) A member of an organisation, or a Registrar, may apply to the organisation for specified prescribed information in relation to the organisation.
- s.272(2) An organisation shall, on application made under subsection (1) by a member of the organisation or a Registrar, make the specified information available to the member or Registrar in such a manner, and within such a time, as is prescribed.
- s.272(3) A Registrar may only make an application under subsection (1) at the request of a member of the organisation concerned, and the Registrar shall provide to a member information received because of an application made at the request of the member.



**THE MASTER PLUMBERS AND MECHANICAL CONTRACTORS  
ASSOCIATION OF NEW SOUTH WALES  
ABN 64 040 939 175**

**OPERATING REPORT**

I, Greg McElroy, an Executive Committee Member of The Master Plumbers and Mechanical Contractors Association of New South Wales hereby present the operating report of The Master Plumbers and Mechanical Contractors Association of New South Wales ("the Association") for the year ended 31 December 2007.

**Committee of Management**

The Committee of Management of the Association is a committee elected annually by the plumbing members of the Association. The election is run and controlled by the Australian Electoral Commission.

To be eligible to be nominated for a position on the Committee of Management the nominee must be a financial plumbing member (i.e. ordinary member).

During the year ended 31 December 2007, the following persons held membership of the Committee of Management of the Association:

Greg McElroy	Committee Member
Craig Scott	Vice President
Ray Hallatt	Treasurer
Brian Collins	Guardian
Allan Colquhoun	Guardian
Andrew Murphy	Guardian
Bill Armstrong	Committee Member
Barry Birch	Committee Member
Arthur Donnelley	Committee Member
David Dighton	Committee Member
Kevin Strangeman	Committee Member
Steve Ackerley	Committee Member
Ashley Lowther	Committee Member

For the purposes of section 254(2)(d) of the Registration and Accountability of Organisations (RAO) Schedule, we confirm that no officer or member of the Association is a trustee of a superannuation entity (or a director of a company that is a trustee of a superannuation entity).

**Review of Principal Activities**

The surplus of the Association for the year ended 31 December 2007 was \$47,413 (2006: net deficiency of \$80,101).

The principal activities of The Master Plumbers and Mechanical Association of New South Wales during the year were representing the interests of its members to Government, conducting training activities and advancing the interests of the plumbing and services industry to the community.

The Association applied for and was granted Federal Registration under the Workplace Relations Act 1996 in May 2006.

During the year, the Association entered into an interim funding agreement with the Commonwealth of Australia as represented by the Department of Education, Employment and Workplace Relations, for the establishment and operation of the Australian Technical College (ATC) - Western Sydney.

Ultimately the Australian Technical College - Western Sydney was incorporated as a separate constitutional corporation. Accordingly, for the year ended 31 December 2007, the funding and associated expenditure has been accounted for through the Association and have been separately disclosed throughout the relevant sections of the financial statements, until the establishment of the ATC Western Sydney Limited occurred in October 2007 and the transfer of the operations becoming effective in November 2007.

#### **Significant Change in State of Affairs**

There were no significant changes in the nature of the principal activities undertaken by the Association during the year ended 31 December 2007, other than already disclosed above in Review of Principal Activities, pertaining to the establishment of ATC Western Sydney Limited.

#### **Details of Members**

As at 31 December 2007, there were 1,301 members of the Association (2006: 1,296 members).

Members have the right to resign their membership in accordance with Section 8 of the Rules of the Association.

Members must deliver written notice to the Association after which the resignation will take effect at the end of two weeks after the notice is received or on a date specified in the notice, whichever is later.

Where a member ceases to be eligible to become a member of the Association, membership will cease:

- (i) on the day on which the notice is received by the organisation; or,
- (ii) on the day specified in the notice, which is a day not earlier than the day when the member ceases to be eligible to become a member,

whichever is later.

### **Employees of the Association**

As at 31 December 2007, there were 10 persons employed by the Association. The following persons are considered to be key management personnel for the purpose of this financial report:

Paul Edwin Naylor  
Ken Saville

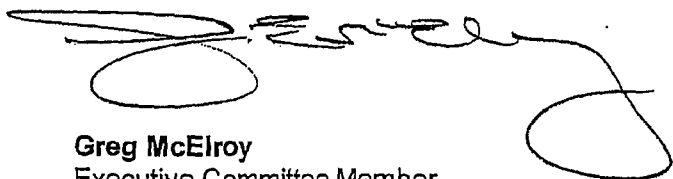
General Manager  
Deputy General Manager

Details of the remuneration of key management personnel can be found in Note 4 in the Notes to the Financial Statements.

### **After Balance Date Events**

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

Signed in accordance with a resolution of the Members of the Committee of Management on the 9<sup>th</sup> day of June 2008:



**Greg McElroy**  
Executive Committee Member

Dated in Sydney, this 9<sup>th</sup> day of June 2008.

**THE MASTER PLUMBERS AND MECHANICAL CONTRACTORS  
ASSOCIATION OF NEW SOUTH WALES  
ABN 64 040 939 175**

**INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2007**

	Note	2007 \$	2006 \$
Revenue	2	2,288,297	1,578,856
Other income	2	179,052	106,573
Employee benefits expenses		(810,159)	(852,569)
Administration expenses		(582,370)	(575,985)
ATC expenses		(730,517)	(63,906)
Publication expenses		(62,151)	(93,002)
Depreciation expenses		(78,600)	(84,429)
Conference expenses		(140,150)	(72,255)
Investment expenses		(15,328)	(15,014)
Borrowing costs	3	(661)	(555)
Other expenses		<u>-</u>	<u>(7,815)</u>
Surplus / (deficit) from ordinary activities before income tax expense		47,413	(80,101)
Income tax expense	1 (a)	<u>-</u>	<u>-</u>
Net surplus / (deficit) from ordinary activities before attributable to the Association		<u>47,413</u>	<u>(80,101)</u>

The accompanying notes form part of the financial statements.

**THE MASTER PLUMBERS AND MECHANICAL CONTRACTORS  
ASSOCIATION OF NEW SOUTH WALES  
ABN 64 040 939 175**

**BALANCE SHEET  
AS AT 31 DECEMBER 2007**

	Note	2007 \$	2006 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	1,358,435	366,806
Trade and other receivables	7	127,222	195,591
Other current assets	8	<u>22,069</u>	<u>24,895</u>
<b>TOTAL CURRENT ASSETS</b>		<u>1,507,726</u>	<u>587,292</u>
<b>NON-CURRENT ASSETS</b>			
Investment properties	9	550,000	1,440,000
Property, plant and equipment	10	<u>3,996,663</u>	<u>4,072,756</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>4,546,663</u>	<u>5,512,756</u>
<b>TOTAL ASSETS</b>		<u>6,054,389</u>	<u>6,100,048</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	454,697	545,745
Short-term provisions	12	<u>85,238</u>	<u>92,023</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>539,934</u>	<u>637,768</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term provisions	12	<u>25,381</u>	<u>20,619</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>25,381</u>	<u>20,619</u>
<b>TOTAL LIABILITIES</b>		<u>565,315</u>	<u>658,387</u>
<b>NET ASSETS</b>		<u>5,489,074</u>	<u>5,441,661</u>
<b>MEMBERS' FUNDS</b>			
Reserves		666,662	666,662
Accumulated operating surplus		<u>4,822,412</u>	<u>4,774,999</u>
<b>TOTAL MEMBERS' FUNDS</b>		<u>5,489,074</u>	<u>5,441,661</u>

The accompanying notes form part of these financial statements.

THE MASTER PLUMBERS AND MECHANICAL CONTRACTORS  
ASSOCIATION OF NEW SOUTH WALES  
ABN 64 040 939 175

STATEMENT OF CHANGES IN MEMBERS' FUNDS  
FOR THE YEAR ENDED 31 DECEMBER 2007

	Capital Profits Reserve \$	Asset Revaluation Reserve \$	Accumulated Operating Surplus \$	Total \$
As at 1 January 2006	485,636	153,219	4,882,907	5,521,762
Net deficit during the year	-	-	(80,101)	(80,101)
Transfer of revaluation decrement to asset revaluation reserve	-	27,807	(27,807)	-
As at 31 December 2006	485,636	181,026	4,774,999	5,441,661
Net surplus during the year	-	-	47,413	47,413
Transfer of revaluation increment relating to disposed investment property	70,152	(70,152)	-	-
As at 31 December 2007	555,788	110,874	4,822,412	5,489,074

The accompanying notes form part of these financial statements.

THE MASTER PLUMBERS AND MECHANICAL CONTRACTORS  
ASSOCIATION OF NEW SOUTH WALES  
ABN 64 040 939 175

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2007**

	Note	2007 \$	2006 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from members		1,736,586	1,367,504
Government grants received		113,455	148,725
Government grants received (ATC)		651,423	143,000
Interest received		32,883	17,019
Payments to suppliers and employees		(1,814,482)	(1,589,516)
Payments to suppliers and employees (ATC)		<u>(746,570)</u>	<u>(41,896)</u>
<b>Net cash (used in)/provided by operating activities</b>	14(a)	<u>(26,705)</u>	<u>44,836</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	9(a)	(7,971)	(14,693)
Purchase of property, plant and equipment (ATC)		-	(5,464)
Proceeds from sale of property, plant and equipment (ATC)	9	5,464	-
Proceeds from sale of investment property	3(b)	1,117,393	-
Purchase of investments	9	(145,580)	(62,193)
Rental income received	2	64,356	61,747
Payments relating to expenses of investment properties		<u>(15,328)</u>	<u>(15,014)</u>
<b>Net cash provided by/(used in) investing activities</b>		<u>1,018,334</u>	<u>(35,617)</u>
<b>Net increase in cash held</b>		991,629	9,219
Cash at beginning of financial year		<u>366,806</u>	<u>357,587</u>
<b>Cash at end of financial year</b>	6	<u>1,358,435</u>	<u>366,806</u>

The accompanying notes form part of these financial statements.

THE MASTER PLUMBERS AND MECHANICAL CONTRACTORS  
ASSOCIATION OF NEW SOUTH WALES  
ABN 64 040 939 175

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007

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**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the Workplace Relations Act 1996.

The financial report was authorised for issue on 9 June 2008 by the Committee of Management.

The financial report covers the Master Plumbers and Mechanical Contractors Association of New South Wales as an individual entity.

The Master Plumbers and Mechanical Contractors Association of New South Wales is an association incorporated in New South Wales under the Associations Incorporation Act 1984 of New South Wales.

The following is a summary of the material accounting policies adopted by the Association in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

**Basis of Preparation**

The Association has prepared the financial report in accordance with all Australian equivalents to International Financial Reporting Standards.

The accounting policies set out below have been consistently applied to all years presented.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of investment property, for which the fair value basis of accounting has been applied.

**Accounting Policies**

**(a) Income Tax**

The Association is registered under the Workplace Relations Act 1996 and is considered to be exempt from income tax including capital gains tax, by virtue of the provision of section 50-15 of the Income Tax Assessment Act.

**(b) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

**(c) Investment Property**

Investment property, comprising land and buildings, are held to generate long-term rental yields. All tenant leases are held on an arms length basis. Investment property are carried at fair value, determined annually by the Committee of Management based on prices in an active market for similar property in the same location. Changes to fair value are recognised in the Income Statement in the period in which it arises and subsequently transferred to the Asset Revaluation Reserve.



THE MASTER PLUMBERS AND MECHANICAL CONTRACTORS  
ASSOCIATION OF NEW SOUTH WALES  
ABN 64 040 939 175

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Property, Plant and Equipment

Each class of property and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

*Property*

Land and buildings are carried at cost. The carrying amount is reviewed annually by the Committee of Management to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

*Plant and Equipment*

All other items of plant and equipment are also recorded at cost less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the Committee of Management to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present value in determining recoverable amounts.

*Depreciation*

The depreciation rates and method are based on their estimated useful lives commencing from the time it is held ready for use. The depreciation rates and method used for each class of depreciable asset are:-

Asset Class	Depreciation	
	Rate	Depreciation Method
Buildings and renovations	2%	Straight line
Office furniture and fixtures	15%-40%	Diminishing value
Motor vehicles	22.50%	Diminishing value

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Income Statement. When revalued assets are sold, amounts included in the revaluation relating to that asset are transferred to the Capital Profits Reserve.

THE MASTER PLUMBERS AND MECHANICAL CONTRACTORS  
ASSOCIATION OF NEW SOUTH WALES  
ABN 64 040 939 175

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007

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**NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(e) Impairment of Assets**

At each reporting date, the Association reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Income Statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the Association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**(f) Employee Benefits**

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, annual leave and long service leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for benefits.

Contributions are made by the Association to employee superannuation funds and are charged as expenses when incurred.

**(g) Revenue**

Revenue for membership subscriptions is recognised proportionately over the period to which it relates.

Revenue from the sale of codes, standards and updates are recognised upon the delivery of goods to customers.

Rental revenue is recognised in the period to which it relates.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

**(h) Costs Recovered from Group Apprenticeship Scheme**

The Committee of Management of the Association have resolved that, in order to reflect the total costs of operating the Group Apprentices Scheme, a proportion of certain relevant expenses incurred by the Association should be charged to Master Plumbers Apprentices Limited. This charge includes various expenditures by the Association, such as rent, power, insurance and secretarial and administration fees.

**(i) Grants in advance**

Where the Association has received government or private funding and has contracted to expend the funds in a certain manner where those funds have not yet been expended, a liability is recognized and disclosed as deferred income.

THE MASTER PLUMBERS AND MECHANICAL CONTRACTORS  
ASSOCIATION OF NEW SOUTH WALES  
ABN 64 040 939 175

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007

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**NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(i) Goods and Services Tax ("GST")**

Revenues, expenses and assets are recognised net of the amount of the GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Balance Sheet.

Cash flows are included in the Cash Flow Statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**(j) Operating Segment**

The Association is incorporated under the Workplace Relations Act 1996 and is domiciled in Australia. The Association operates only in Australia and their principal activity is the provision of services to their members.

**(k) Reserves**

The Asset Revaluation Reserve records revaluations of non-current assets.

The Capital Profit Reserve records profits relating to sale of non-current assets that have been revalued and transferred through the Asset Revaluation Reserve.

**(l) Comparatives**

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

**(m) Critical Accounting Estimates and Judgments**

The Committee of Management evaluates estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Association.

*Key Estimates - Impairment*

The Committee of Management assesses impairment on each reporting date by evaluating conditions specific to the Association that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect of property, plant and equipment and investment property for the year ended 31 December 2007.

*Key Judgments - Doubtful Debts Provision*

The Committee of Management believed that the provision for doubtful debts as at 31 December 2007 is adequate to cover future losses from uncollectible amounts.

**THE MASTER PLUMBERS AND MECHANICAL CONTRACTORS  
ASSOCIATION OF NEW SOUTH WALES  
ABN 64 040 939 175**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007**

**NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(n) New Standards and Interpretations not yet adopted**

There are no new accounting standards that will result in any material change in relation to the financial statements.

	Note	2007 \$	2006 \$
<b>NOTE 2: REVENUE</b>			
<b>Operating activities</b>			
Membership subscriptions		642,633	643,300
Annual events		150,298	80,058
Costs recovered from Group			
Apprentices Scheme		364,145	349,619
Training courses		55,716	105,484
Magazine income		40,164	65,399
Grants received		160,746	87,434
Grants received (ATC)		730,517	63,906
Commissions received		75,524	93,579
Other		68,554	90,077
		<u>2,288,297</u>	<u>1,578,856</u>
<b>Non-operating activities</b>			
Gain on revaluation of investment property	3(c)	-	27,807
Gain on sale of investment property	3(b)	81,813	-
Interest received		32,883	17,019
Rental income		64,356	61,747
		<u>179,052</u>	<u>106,573</u>
<b>Total Revenue</b>		<u><u>2,467,349</u></u>	<u><u>1,685,429</u></u>

**NOTE 3: SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES**

The operating surplus/(deficit) of the Association before income tax expense has been determined after:

**(a) Expenses:**

ATC expenses	730,517	63,906
Depreciation	78,600	84,429
Doubtful debts expense	-	-
Borrowing costs	661	555
	<u>661</u>	<u>555</u>

THE MASTER PLUMBERS AND MECHANICAL CONTRACTORS  
ASSOCIATION OF NEW SOUTH WALES  
ABN 64 040 939 175

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007

	2007	2006
	\$	\$
<b>NOTE 3: SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES (Continued)</b>		
<b>(b) Sale of non-current assets</b>		
Proceeds from sale of property	1,117,393	-
Carrying value of property sold	<u>(1,035,580)</u>	<u>-</u>
Gain on sale of non-current assets	<u>81,813</u>	<u>-</u>
<b>(c) Revaluation of investment property</b>		
Investment property - at cost	550,000	1,258,974
Investment property - prior year fair value adjustments	-	153,219
Gain on revaluation of investment property	<u>-</u>	<u>27,807</u>
Investment property - at fair value (closing)	<u>550,000</u>	<u>1,440,000</u>

**NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION**

Key Management Personnel		
Paul Edwin Naylor (General Manager)		
Ken Saville (Deputy General Manager)		
Total compensation		
Salary fees	245,660	235,360
Superannuation contribution	22,109	21,182
Long service leave	<u>9,045</u>	<u>7,742</u>
	<u>276,814</u>	<u>264,284</u>

**NOTE 5: AUDITORS' REMUNERATION**

Amounts received, or due and receivable, by the auditors for:		
- Auditing the financial report	11,300	10,500
- Other services	<u>2,800</u>	<u>3,900</u>
	<u>14,100</u>	<u>14,400</u>

THE MASTER PLUMBERS AND MECHANICAL CONTRACTORS  
ASSOCIATION OF NEW SOUTH WALES  
ABN 64 040 939 175

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007

**NOTE 6: CASH AND CASH EQUIVALENTS**

Cash at bank and in hand	1,358,435	271,166
Cash at bank and in hand (ATC)	-	95,640
	1,358,435	366,806

*Reconciliation of cash*

Cash at the end of financial year as shown in the Cash Flow Statement reconciled to items in the Balance Sheet as follows:

Cash and cash equivalents	1,358,435	366,806
	2007	2006
	\$	\$

**NOTE 7: TRADE AND OTHER RECEIVABLES**

**CURRENT**

Trade receivables	99,636	167,208
Less: Provision for doubtful debts	(2,666)	(2,666)
	96,970	164,542
Other receivables	30,252	31,049
	127,222	195,591

Other receivables relate to accrued income which are non-interest bearing and unsecured.

**NOTE 8: OTHER ASSETS**

**CURRENT**

Prepayments	19,439	20,514
Other	2,630	4,381
	22,069	24,895

THE MASTER PLUMBERS AND MECHANICAL CONTRACTORS  
ASSOCIATION OF NEW SOUTH WALES  
ABN 64 040 939 175

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007

**NOTE 9: INVESTMENT PROPERTIES**

Balance at beginning of year	1,440,000	1,350,000
Acquisitions	145,580	62,193
Fair value adjustments	-	27,807
Disposals	<u>(1,035,580)</u>	<u>-</u>
Balance at end of year	<u>550,000</u>	<u>1,440,000</u>

The fair value model is applied to all investment properties. Investment properties are independently revalued at least every three years. Values are based on an active liquid market value are performed by a registered independent valuer. Committee of Man

	2007 \$	2006 \$
<b>NOTE 10: PROPERTY, PLANT AND EQUIPMENT</b>		
Freehold land - at cost	1,745,107	1,745,107
Buildings - at cost	600,000	600,000
Development costs capitalised	<u>1,792,466</u>	<u>1,785,216</u>
	4,137,573	4,130,323
Less: accumulated depreciation	<u>(227,641)</u>	<u>(179,792)</u>
	<u>3,909,932</u>	<u>3,950,531</u>
Office furniture and equipment - at cost	356,894	356,173
Less: accumulated depreciation	<u>(282,496)</u>	<u>(255,326)</u>
	<u>74,398</u>	<u>100,847</u>
Motor vehicle - at cost	20,947	20,947
Less: accumulated depreciation	<u>(8,614)</u>	<u>(5,033)</u>
	<u>12,333</u>	<u>15,914</u>
ATC Plant and Equipment	<u>-</u>	<u>5,464</u>
Total Property, Plant and Equipment	<u>3,996,663</u>	<u>4,072,756</u>

**(a) Movements In Carrying Amounts**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and end of the current financial year.

<b>Land and Buildings</b>		
Carrying amount at the beginning of year	3,950,531	3,991,379
Additions	7,250	6,856
Depreciation expense	<u>(47,849)</u>	<u>(47,704)</u>
Carrying amount at the end of year	<u>3,909,932</u>	<u>3,950,531</u>

THE MASTER PLUMBERS AND MECHANICAL CONTRACTORS  
ASSOCIATION OF NEW SOUTH WALES  
ABN 64 040 939 175

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007

	2007	2006
	\$	\$
<b>NOTE 10: PROPERTY, PLANT AND EQUIPMENT (Continued)</b>		
<b>(a) Movements In Carrying Amounts (Continued)</b>		
Office Furniture and Equipment		
Carrying amount at the beginning of year	100,847	125,115
Additions	721	7,837
Depreciation expense	(27,170)	(32,105)
Carrying amount at the end of year	<u>74,398</u>	<u>100,847</u>
Motor Vehicles		
Carrying amount at the beginning of year	15,914	20,534
Additions	-	-
Disposals	-	-
Depreciation expense	(3,581)	(4,620)
Carrying amount at the end of year	<u>12,333</u>	<u>15,914</u>
ATC Plant & Equipment		
Carrying amount at the beginning of the year	5,464	-
Additions	-	5,464
Depreciation Expense	-	-
Disposal	(5,464)	-
Carrying amount at the end of year	<u>-</u>	<u>5,464</u>
	<u>3,996,663</u>	<u>4,072,756</u>

**NOTE 11: TRADE AND OTHER PAYABLES**

**CURRENT**

Subscriptions in advance	141,166	182,485
Creditors and accruals	254,008	155,342
Creditors and accruals (ATC)	-	22,010
Deferred grant income	58,000	105,291
Deferred grant income (ATC)	-	79,094
Deposits and bonds	1,523	1,523
	<u>454,697</u>	<u>545,745</u>

Subscriptions in advance are cash receipts relating to the following membership year.

Creditors and accruals are settled within the terms of payments offered, which is usually within 30 days.

Deferred grant income represents unused funds received.

Deposits relate to Annual Conference sponsorship. Bonds relate to non-interest bearing security placed by tenants of the investment property.



**THE MASTER PLUMBERS AND MECHANICAL CONTRACTORS  
ASSOCIATION OF NEW SOUTH WALES  
ABN 64 040 939 175**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007**

	2007 \$	2006 \$
<b>NOTE 12: PROVISIONS</b>		
<b>CURRENT</b>		
Provision for employee entitlements	85,238	92,023
<b>NON-CURRENT</b>		
Provision for employee entitlements	25,381	20,619
<b>Total</b>	110,619	112,642
Number of employees at year-end	No. 10	No. 10

**NOTE 13: RELATED PARTIES**

**(a) Committee of Management members**

The names of the Committee of Management who held office during the year are as follows:  
Greg McElroy, Craig Scott, Ray Hallatt, Brian Collins, Allan Colquhoun, Andrew Murphy,  
Bill Armstrong, Barry Birch, Arthur Donnelley, David Dighton, Kevin Strangeman, Stave Ackerly  
and Ashley Lowther.

**(b) Committee of Management members' remuneration**

Total income paid or payable to all Committee of Management members from the Association or any related party

	Nil	Nil
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**(c) Committee of Management members' retirement benefits**

Amounts paid to Committee of Management members on retirement from office or to prescribed superannuation funds for the provision of retirement benefits for executives

	\$ Nil	\$ Nil
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**(d) Other transactions with the Association**

Entities related to Committee of Management members paid membership fees, and purchased statutory awards and updates from the Association during the year on the same commercial terms and conditions offered to all other members.

During the financial year, the Association sold an investment property to a company controlled by Mr Andrew Murphy, a member of the Committee of Management. The Association has realised a gain on the sale of the asset in the amount of \$81,813 that is included in other income. Refer to Note 3(b) for further information of the financial statements.

These transactions were on normal commercial terms and conditions no more favourable than those available to other parties, unless otherwise stated.

**THE MASTER PLUMBERS AND MECHANICAL CONTRACTORS  
ASSOCIATION OF NEW SOUTH WALES  
ABN 64 040 939 175**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007**

**NOTE 13: RELATED PARTIES (Continued)**

**(e) Master Plumbers Apprentices Limited**

A number of Committee of Management members of the Association are Directors of Master Plumbers Apprentices Limited.

During the financial year, the rental income received or receivable by the Association amounted to \$88,200 (2006: \$88,200) and other administration fees of \$275,946 (2006: \$261,419) from Master Plumbers Apprentices Limited.

Master Plumbers Apprentices Limited, advertises in the magazine published by the Association. Advertising fees received or receivable for the financial year amounted to \$1,591 (2006: \$1,950).

The above transactions were made at the rates deemed appropriate by the Association, on the basis of the services and facilities provided.

	Note	2007 \$	2006 \$
<b>NOTE 14: CASH FLOW INFORMATION</b>			
<b>(a) Reconciliation of Cash Flows from Operations with Net Surplus/(Deficit) for the Year</b>			
Net (deficit)/surplus		47,413	(80,101)
Add/(deduct) items classified as investing activities			
- Gain on sale of investment property	2	(81,813)	-
- Net rental income		(49,028)	(46,733)
Non-cash flows in deficit from ordinary activities			
- Gain on revaluation of investment property		-	(27,807)
- Depreciation	3(a)	78,600	84,429
- Employee provisions	12	(2,023)	31,812
Changes in assets and liabilities			
- Decrease/(increase) in trade and other receivables	7	68,369	(64,827)
- Decrease in other current assets	8	2,825	1,600
- Increase/(decrease) in trade and other payables		76,656	(7,738)
- (Decrease)/increase in deferred grant income		(126,385)	140,385
- (Decrease)/increase in subscription in advance		(41,319)	13,816
Net cash (used in)/provided by operating activities		(26,705)	44,836

THE MASTER PLUMBERS AND MECHANICAL CONTRACTORS  
ASSOCIATION OF NEW SOUTH WALES  
ABN 64 040 939 175

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007

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**NOTE 14: CASH FLOW INFORMATION (Continued)**

**(b) Credit Standby Arrangement**

Overdraft facility	500,000	500,000
Amount utilised	-	-
Unused overdraft facility	<u>500,000</u>	<u>500,000</u>

The Association has a \$500,000 overdraft facility, expiring on 25 March 2023. The facility is reviewed monthly. The interest rate on the facility is 10.35% (2006: 8.70%).

The above facility is secured by a mortgage over the Association's premises in Lidcombe.

**NOTE 15: FINANCIAL INSTRUMENTS**

**(a) Financial Risk Management**

The Association's financial instruments consist mainly of deposits with banks, accounts receivable and payable.

The main purpose of non-derivative financial instruments is to raise finance for the Association's operations. The Association did not have any derivative instruments at 31 December 2007 or during the year ended on that date.

**(i) Treasury Risk Management**

The Committee of Management meets on a regular basis to analyse currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

**(ii) Financial Risks**

The main risks the Association is exposed to through its financial instruments are liquidity risk and credit risk.

Liquidity Risk

The Association manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Balance Sheet and notes to the financial statements.

THE MASTER PLUMBERS AND MECHANICAL CONTRACTORS  
ASSOCIATION OF NEW SOUTH WALES  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007

**NOTE 15: FINANCIAL INSTRUMENTS (Continued)**

**(b) Interest Rate Risk**

The Association's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate %	Variable Interest Rate \$	Non- Interest Bearing \$	Total \$
<b><u>31 December 2007</u></b>				
Financial Assets:				
Cash at bank	5.79	1,358,435	-	1,358,435
Trade and other receivables	-	-	127,222	127,222
Total Financial Assets		1,358,435	127,222	1,485,657
	Weighted Average Effective Interest Rate %	Variable Interest Rate \$	Non- Interest Bearing \$	Total \$
<b><u>31 December 2007</u></b>				
Financial Liabilities				
Trade and other payables		-	454,697	454,697
Total Financial Liabilities		-	454,697	454,697
<b><u>31 December 2006</u></b>				
Financial Assets:				
Cash at bank	3.57	366,806	-	366,806
Trade and other receivables	-	-	195,591	195,591
Total Financial Assets		366,806	195,591	562,397
Financial Liabilities				
Trade and other payables	-	-	545,745	545,745
Total Financial Liabilities		-	545,745	545,745

THE MASTER PLUMBERS AND MECHANICAL CONTRACTORS  
ASSOCIATION OF NEW SOUTH WALES  
ABN 64 040 939 175

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007

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**NOTE 16: AFTER BALANCE DATE EVENTS**

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

**NOTE 17: CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS**

The Association has no contingent liabilities or capital commitments as at reporting date.

**NOTE 18: ASSOCIATION DETAILS**

The registered office and principal place of business of Master Plumbers and Mechanical Contractors Association of New South Wales is:  
3 John Street  
Lidcombe NSW 2141

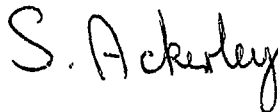
**THE MASTER PLUMBERS AND MECHANICAL CONTRACTORS  
ASSOCIATION OF NEW SOUTH WALES  
A.B.N 88 050 041 480**

**COMMITTEE OF MANAGEMENT STATEMENT**

In the opinion of the Committee of Management, the committee declares in relation to the general purpose financial report that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the Industrial Registrar;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
- (e) during the financial year to which the general purpose financial report relates and since the end of that year:
  - (i) meetings of the Committee of Management were held in accordance with the rules of the association including the rules of a branch concerned;
  - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the association including the rules of the branch concerned; and
  - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RAO Schedule and the RAO Regulations.

Signed in accordance with a resolution of the Members of the Committee of Management on 9 June 2008:



**Steven Ackerley**  
Executive Committee Member

Dated in Sydney, this 9<sup>th</sup> day of June 2008

QUALIFIERS

- Howard Badger CA
- Andrew Bladwell CA
- Charles Chapman CA
- Markus Fowler CA
- Stephen Humphys FCA
- Garry Leyshon FCA
- John Murrell CA
- Wayne Morton FCA
- Joe Shannon CA
- Robert Southwell CA
- Spirn Farnes FCA
- Charlie Viola (Affiliate ICA)
- Paul Webster CA

CONSULTANTS

- Ash Darrell CA
- Rob Webster FCA

**INDEPENDENT AUDIT REPORT  
TO THE MEMBERS OF THE MASTER PLUMBERS AND MECHANICAL  
CONTRACTORS ASSOCIATION OF NEW SOUTH WALES**

**Scope**

*Report on the Financial Report*

We have audited the accompanying financial report of The Master Plumbers and Mechanical Contractors Association of New South Wales ("the Association"), which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in members funds and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Committee of Management statement.

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

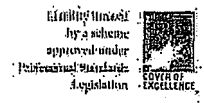
The Committee of Management of the Association are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Workplace Relations Act 1996*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditor's Responsibility*

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

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

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



**Independence**

In conducting our audit, we have complied with the applicable independence requirements of the Australian professional ethical pronouncements, including those of the Institute of Chartered Accountants in Australia.


**Audit opinion**

In our opinion: the financial report of The Master Plumbers and Mechanical Contractors Association of New South Wales is in accordance with the *Workplace Relations Act 1996*, including:

- (i) giving a true and fair view of the Association's financial position as at 31 December 2007 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the requirements imposed by Part 3 of Chapter 8 of the RAO Schedules.

*Moore Stephens Sydney*

**Moore Stephens Sydney**  
Chartered Accountants



**C. Chandran**  
Partner

Dated in Sydney this 9<sup>th</sup> day of June 2008.



## PARTNERS

Howard Lidger CA  
Andrew Blackwell CA  
Chris Chandran CA  
Charlie Fidler CA  
Stephen Humphrys FCA  
Garry Leysion FCA  
Allan Matheson CA  
Wayne Morton FCA  
Joe Shannon CA  
Robert Southwell CA  
Spiru Tzannes FCA  
Charlie Viola (Affiliate ICAA)  
Scott Whiddett CA

## THE MASTER PLUMBERS AND MECHANICAL CONTRACTORS ASSOCIATION OF NEW SOUTH WALES A.B.N 88 050 041 480

## CONSULTANTS

Anja Dorrell CA  
Robert Fidler FCA

### COMPILATION REPORT

On the basis of the information provided by the Committee of Management of The Master Plumbers and Mechanical Contractors Association of New South Wales, we have compiled, in accordance with APS 9: Statement of Compilation of Financial Reports the special purpose financial report of the Master Plumbers and Mechanical Contractors Association of New South Wales for year ended 31 December 2007 as set out on pages 28 to 30.

The Committee of Management are solely responsible for the information contained in the special purpose financial report and have determined that the accounting policies used are consistent and are appropriate to satisfy the requirements of the Committee of Management.

Our procedures use accounting expertise to collect, classify and summarise the financial information which the Committee of Management provided into a financial report. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

To the extent permitted by law, we do not accept liability for any loss or damage which any person other than the Association may suffer arising from any negligence on our part. No person should rely on the general purpose financial report without having an audit or review conducted.

The special purpose financial report was prepared exclusively for the benefit of the Association. We do not accept responsibility to any other person for the contents of the special purpose financial report.

*Moore Stephens Sydney*

**Moore Stephens Sydney**  
**Chartered Accountants**

*C. Chandran*

**C. Chandran**  
Partner

Dated at Sydney, this 9<sup>th</sup> day of June 2008

THE MASTER PLUMBERS AND MECHANICAL CONTRACTORS  
ASSOCIATION OF NEW SOUTH WALES  
ABN 64 040 939 175

DETAILED INCOME AND EXPENDITURE STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2007

	2007 \$	2006 \$
<b>INCOME RECEIVED</b>		
<b>Membership Activities</b>		
Membership subscriptions	642,633	643,300
Commissions	75,524	93,579
<b>Membership Income</b>	<u>718,157</u>	<u>736,879</u>
<b>Publication, Conferences &amp; Products</b>		
Magazine & newsletter income	40,164	65,399
Conference, dinner, golf day	150,298	85,804
Products	15,099	19,305
<b>Publications, Conferences &amp; Products</b>	<u>205,561</u>	<u>170,508</u>
<b>Training, LAP, RTO &amp; ATC Income</b>		
Training income	55,716	105,484
Government funding	160,746	87,434
Government funding (ATC)	730,517	63,906
<b>Training, LAP &amp; RTO Income</b>	<u>946,979</u>	<u>256,824</u>
<b>Other Income</b>		
Gain on revaluation of investment property	-	27,807
Gain on sale of investment property	81,813	-
Branch activities	9,479	8,722
MPAL recouped share of costs	364,145	349,619
Other income	43,976	56,299
<b>Other Income</b>	<u>499,413</u>	<u>442,447</u>
<b>Total Income</b>	<u><b>2,370,110</b></u>	<u><b>1,606,658</b></u>

THE MASTER PLUMBERS AND MECHANICAL CONTRACTORS  
ASSOCIATION OF NEW SOUTH WALES  
ABN 64 040 939 175

DETAILED INCOME AND EXPENDITURE STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2007

	2007	2006
	\$	\$
<b>EXPENSES</b>		
<b>Administration Costs</b>		
Advertising & promotions	43,289	33,525
Accounting fees	16,191	18,469
Awards - medals & engravings	8,377	1,076
Bank charges	15,284	12,465
Branch operations	15,615	15,355
Catering	5,002	1,915
Cleaning	16,489	15,737
Couriers	2,127	1,669
Computer expenses	4,327	6,685
Depreciation	78,600	84,429
Executive Committee Costs	8,343	13,920
FBT Expenses	5,001	24,021
Garden Maintenance	676	1,317
General Expenses	28,136	16,810
Insurance	24,224	29,538
Interest Paid	661	555
Legal Costs	10,812	59,383
Motor Vehicles & Travel	31,284	40,601
Payroll Tax	10,083	(12,000)
Power & Lighting	24,306	17,488
Printing, Stationery & Postage	53,027	48,155
Professional Fees	54,050	30,800
Rates & Taxes	8,074	5,220
Repairs & Maintenance	19,415	17,846
Staff Amenities & Training	4,875	5,002
Subscriptions & Publications	10,067	13,546
Telephone & Communication Costs	34,304	33,321
Think Tank	11,092	6,145
<b>Administration Costs</b>	<u>543,731</u>	<u>542,993</u>

**THE MASTER PLUMBERS AND MECHANICAL CONTRACTORS  
ASSOCIATION OF NEW SOUTH WALES  
ABN 64 040 939 175 . . . . .**

**DETAILED INCOME AND EXPENDITURE STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2007**

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
<b>EXPENSES (CONTINUED)</b>		
<b>Staff Wages and Related Costs</b>		
Salaries and wages	730,143	714,607
Superannuation	58,891	58,277
Leave entitlements	(2,023)	31,811
Other	23,148	17,407
<b>Staff Wages &amp; Related Costs</b>	<b>810,159</b>	<b>822,102</b>
 <b>Publications, Conferences &amp; Products</b>		
Magazines & Newsletter Costs	62,151	78,361
Conferences, Dinners, Golf Day	136,089	86,895
Product Cost	4,060	5,700
<b>Publications, Conferences &amp; Products</b>	<b>202,300</b>	<b>170,956</b>
 <b>Training, LAP, RTO &amp; ATC Costs</b>		
Training Course Costs	29,001	67,343
LAP Program Costs	85,036	91,362
RTO Setup Costs	3,864	(8,151)
ATC Costs	730,517	63,906
<b>Training, LAP &amp; RTO Costs</b>	<b>848,418</b>	<b>214,460</b>
 <b>Total Expenses</b>	<b>2,404,608</b>	<b>1,750,511</b>
 <b>Net Deficit Before Investments</b>	<b>(34,498)</b>	<b>(143,853)</b>
<b>INVESTMENTS</b>		
<b>Investment Income</b>		
Interest received	32,883	17,019
Rental income	64,356	61,747
<b>Investment Income</b>	<b>97,239</b>	<b>78,766</b>
 <b>Investment Expenses</b>		
Administration fee	2,791	2,484
Insurance	-	35
Professional & strata fees	5,837	3,321
Rates & taxes	2,890	7,162
Repairs & maintenance	3,810	2,012
<b>Investment Expenses</b>	<b>15,328</b>	<b>15,014</b>
 <b>Investment (Deficit)/Surplus</b>	<b>81,911</b>	<b>63,752</b>
 <b>Net Surplus/(Deficit)</b>	<b>47,413</b>	<b>(80,101)</b>



**Australian Government**  
**Australian Industrial Registry**

Level 8, Terrace Towers  
80 William Street, East Sydney, NSW 2011  
Telephone: (02) 8374 6666  
Fax: (02) 9380 6990

**Ref: FR2007/584-[139N]**

Mr Gregory Edward McElroy  
President  
Master Plumbers & Mechanical Contractors Association of  
New South Wales  
PO Box 42  
LIDCOMBE NSW 1825

Dear Mr McElroy

**Re: Master Plumbers & Mechanical Contractors Association of New South Wales, The  
Outstanding Financial Documents - *Workplace Relations Act 1996***

The Accounts and Audit Part of Schedule 1 of the *Workplace Relations Act 1996* requires, as a general rule, that the audited financial statements of a reporting unit of a registered organisation, be lodged in the Industrial Registry within 6 months and 14 days from the end of its financial year.

To date, the Registry has no record of lodgement of the financial reports of the above named reporting unit for the year ended 31 December, 2007.

In particular there is no record of lodgement of copies of:

- the general purpose financial report (which includes the Committee of Management Statement);
- the auditor's report; and
- the operating report.

These three reports are referred to as the "full report".

Section 268 of the RAO Schedule<sup>1</sup> requires that a copy of the full report be lodged in the Registry within 14 days (or such longer period a Registrar allows) after the full report is presented to a general meeting of members (or to a committee of management meeting if the rules make provision consistent with s266(3)).

Section 266 (1) requires that the full report be presented to the meeting within 6 months of the end of the financial year. Therefore, lodgement of the documents in the Registry was required by **16 July, 2008.**

Section 305(2)(ze) of the RAO Schedule is a civil penalty provision. It provides that a failure to meet the requirements of s268 is a contravention of that civil penalty provision. The Federal Court may on application of the Industrial Registrar impose a pecuniary penalty on the person or organisation whose conduct contravened the civil penalty provision.

I also draw your attention to the provisions of Part 1 of Chapter 9 of the RAO Schedule which set out the general duties of officers and employees of organisations and their branches in relation to financial management.

In the absence of lodgement of a copy of the full report, I request you state in writing by **12 August, 2008:**

- whether a Committee of Management Statement and an Operating Report have been prepared;
- whether the auditor has audited the general purpose financial report and if so, the date on which the auditor signed the audit report;
- whether the full report has been provided to members, and if so, when;

<sup>1</sup> Schedule 1 of the Workplace Relations Act 1996

- whether the full report provided to the members has been presented to a general or committee of management meeting, and if so, when;
- when a copy of the full report will be lodged in the Industrial Registry.

The full report when lodged must be accompanied by a Designated Officer's Certificate certifying that the documents lodged are copies of the documents provided to members and presented to the general or committee of management meeting in accordance with s266.

You can access the Commission's website where a new site has been created dealing with:

- RAO Fact sheets - These Fact Sheets explain the requirements of the RAO Schedule - many of them deal with financial reporting matters.
- Financial Reporting Sample Documents - Sample Committee of Management's Statement, Designated Officer's Certificate and checklists for illustrative purposes.
- Registrar's Reporting Guidelines - The GPFR must comply with these Guidelines. Please note that the Guidelines set out requirements that are *in addition* to those required by the Australian Accounting Standards.
- RAO Schedule and RAO Regulations

These documents can be accessed at: <http://www.airc.gov.au/registered/FR/information.htm>.

The Registry strongly encourages your organisation to lodge documents electronically by either:

- Sending an email with the documents attached to: [orgs@air.gov.au](mailto:orgs@air.gov.au)
- Sending the documents by fax to: (03) 9655 0410

If you wish to discuss this letter, please contact me on (02) 8374 6507. In reply please quote: **FR2007/584**.

Yours sincerely



Steve Teece

E-mail: [steve.teece@air.gov.au](mailto:steve.teece@air.gov.au)

24 July 2008



**Australian Government**  
**Australian Industrial Registry**

Level 8, Terrace Towers  
80 William Street, East Sydney, NSW 2011  
Telephone: (02) 8374 6666  
Fax: (02) 9380 6990

**Ref: FR2007/584-[139N]**

Mr Gregory Edward McElroy  
President  
Master Plumbers & Mechanical Contractors  
Association of New South Wales, The  
PO Box 42  
LIDCOMBE NSW 1825

Dear Mr McElroy

**Financial Return - year ending 31 December, 2007**

Our records show the organisation's financial year ended recently. This letter outlines some of the things you must do to meet your financial reporting obligations and when you have to do them. For simplicity, we will call the documents you have to lodge with us your *financial return*.

This letter is intended as guide to the law applicable on the date of this letter, and should not be used as a substitute for legal or accounting advice. We only summarise some of the reporting requirements in this letter. More detailed information is at the end of this letter.

**Information on AIRC Website**

We recommend you and your accountant/auditor also refer to the following documents on the Commission's website at [www.airc.gov.au](http://www.airc.gov.au):

- [RAO Schedule](#)
- [RAO Regulations](#)
- [Registrar's Reporting Guidelines](#) - All GPFR's must comply with these Guidelines. Please note that the Guidelines set out requirements that are *in addition* to those required by the Australian Accounting Standards.
- [RAO Fact Sheets](#) - These Fact Sheets explain the requirements of the RAO Schedule - many of them deal with financial reporting matters.

**Reporting Unit**

Under the provisions of the Registration and Accountability of Organisations Schedule (RAO), Schedule 1 of the *Workplace Relations Act 1996*, reporting entities are known as "*reporting units*". Where an organisation is **not** divided into branches the reporting unit is the whole of the organisation. Where an organisation **is** divided into branches each branch will be a reporting unit unless the Industrial Registrar has determined a division of the organisation into reporting units on an alternative basis. We can discuss this with you if you need more information.

For simplicity, we will use the term "reporting unit" in this letter.

## Industrial Registrar's Guidelines

The Industrial Registrar's reporting guidelines set out certain disclosure requirements in addition to those prescribed by Australian Accounting Standards having in mind the nature of organisations registered under the Workplace Relations Act.

The disclosure requirements prescribed by the reporting guidelines are directed towards providing members of the reporting unit with information to enable them to gauge the performance of the committee of management and other holders of office in relation to the financial management of the reporting unit. In addition, the reporting guidelines seek to improve the quality of information available to users of the financial report about the reporting unit's economic support of, or economic dependency on, other reporting units of the organisation.

### Timeline Planner and Checklist

We have attached a Timeline/Planner (*Attachment A*) to help you **plan** your financial return and carry out all the necessary steps. We have also attached a Document Checklist (*Attachment B*) to **check** your documents before lodging them in the Registry. Both documents are abbreviated summaries of the relevant provisions of the RAO Schedule, RAO Regulations and the Industrial Registrar's Reporting Guidelines.

In the following section we describe some of the documents your reporting unit must prepare and the sequence of their preparation and completion.

### Three Reports

Your reporting unit must prepare two reports as soon as practicable after its financial year, which, together with the Auditor's Report, comprise the reporting unit's financial return.

1. **General Purpose Financial Report** - this must comply with the Australian Accounting Standards and the Industrial Registrar's Reporting Guidelines. The GPFR consists of:

(a) Financial Statements containing:

- a profit and loss statement, or other operating statement; and
- a balance sheet; and
- a statement of cash flows; and
- any other statements required by the Australian Accounting Standards; and

(b) Notes to the Financial Statements containing:

- notes required by the Australian Accounting Standards; and
- information required by the Industrial Registrar's *Reporting Guidelines* under section 255 including disclosures related to any recovery of wages activity ; and

(c) Committee of Management Statement as required by the Registrar's Reporting Guidelines (a sample certificate for illustrative purposes is at Attachment C) including declarations related to the recovery of wages activity.

2. **Operating Report** - this report includes a review of your reporting unit's principal activities for the year and other specified information.

Your reporting unit must appoint an auditor to audit the GPFR and to provide:

3. an **Auditor's Report**.

### First Meeting (Committee of Management)



For simplicity, we will call the meeting at which the committee of management first considers the GPFR the first meeting. At the first meeting your committee, if satisfied that all is in order, will resolve to express its opinion on the GPFR and complete a Committee of Management Statement.

### **The Auditor**

After the first meeting, the auditor takes the GPFR and the Committee of Management Statement and prepares a report on the GPFR. In practice, your auditor may have already completed most of his or her examination of your accounts. The auditor may only be waiting on the Committee to pass the required resolution and make the Statement before signing the report the same day.

### **Informing Your Members**

Your reporting unit must provide free of charge to the general membership, copies of the GPFR, the Operating Report and the Auditor's Report. RAO calls these the "full report". Under certain circumstances, your reporting unit can provide a more limited *concise report*.

The reporting unit can meet its obligation to provide copies of the full or concise report to members by publishing the report in a journal that is available to the members free of charge.

A reporting unit may meet this obligation in whole or in part by publication of the report in a journal published on a web site on the Internet dependent on:

- a. the extent of the accessibility of the members of the reporting unit to the Internet; and
- b. that the members are notified by the reporting unit in the usual manner in which it communicates with its members that the report has been so published at a specified Internet address.;

The report must be provided within 5 or 6 months from the end of the financial year, depending on the internal arrangements of the organisation for the presentation of its financial reports.

### **The Second Meeting - if it is a General Meeting of Members**

After providing the full report to members it must be presented to a general meeting of members. For simplicity this is referred to as the *second meeting*.

Your reporting unit must always allow a minimum of 21 days for members to receive the full report before presenting it to a general meeting of members (s265(5)). The purpose of the interval is to enable the members to have time to consider the report and, if they wish, to attend the second meeting to discuss it.

If the rules of the organisation permit a general meeting to be a series of meetings held at different locations, the full report may be presented to such a series of meetings. In this case the 'date' of the general meeting is taken to be the date of the last meeting in the series (see s266(2)).

### **The Second Meeting - if it is a Committee of Management Meeting**

If the rules of your organisation contain a provision that allows up to 5% of members to demand a general meeting to be held consider the report (see s266(3)), it is permissible to present the report directly to a Committee of Management meeting.

### **Lodge full report within 14 days of meeting**

You must lodge a copy of the full report and any concise report in the Industrial Registry within 14 days of the second meeting. For your convenience you are encouraged to lodge the material electronically (see eFiling Tab at [www.airc.gov.au](http://www.airc.gov.au)).

The Secretary (or another officer appropriately authorised under the rules of the organisation) must *certify* that the full report is a copy of the one provided to members and presented to the second meeting and provide the date of the meeting (a sample certification for illustrative purposes is at *Attachment D*).

When we receive your return we will check that it includes the information you must provide your members and that you have provided it to them correctly.

## Complying with time limits

This letter has outlined some of the steps in preparing and lodging your return. Many of the steps must be completed within fixed time limits.

Failure to complete them in time could make your reporting unit or its officers liable to financial or "civil penalties".

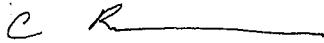
## Extensions of Time

We appreciate that sometimes circumstances beyond your reporting unit's control may delay completion of a financial return. If you believe your reporting unit is going to be unable to meet a time limit tell us as soon as you know. We can advise you if the step is one for which you may apply under RAO to the Industrial Registrar for extra time to complete. The maximum extra time allowed can be no more than one month.

## Contact the Registry

We encourage you to contact the Registry on (02) 8374 6618 or by e-mail at [belinda.penna@air.gov.au](mailto:belinda.penna@air.gov.au) as early as possible if you believe preparation or lodgment of your return will be delayed or if you have any queries. We can offer you advice on procedures but we cannot give you legal or accounting advice.

Yours sincerely



For Deputy Industrial Registrar...  
21 January 2008



**Documents Checklist**

You can use this checklist as soon as possible after the financial year ends to ensure you have all the necessary documents prepared and that those documents contain all information required by RAO.

You can also use this checklist to ensure all documents in your financial return are complete before lodging them in the Registry.

No	Document	✓
<b>1</b>	<b>General Purpose Financial Report</b>	
	Does the report contain a Profit and Loss Statement?	
	Does the report contain a Balance Sheet?	
	Does the report contain a Statement of Cash Flows?	
	Does the report contain notes to the financial statements as required by AAS and the reporting guidelines?	
	Does the report contain all other information required by the reporting guidelines?	
<b>2</b>	<b>Committee of Management Statement</b>	
	Is the statement signed by the officer responsible for undertaking functions necessary to enable the reporting unit to comply with RAO?	
	Is the statement dated?	
	Is the statement in accordance with a resolution of the committee?	
	Does the statement specify the date of the resolution?	
	Does the statement contain declarations required by the reporting guidelines?	
	Does the statement contain declarations relating to any recovery of wages activity?	
<b>3</b>	<b>Auditor's Report</b>	
	Is the Report dated and signed by the auditor?	
	Is the name of the auditor clear?	
	Are the qualifications of the auditor on the report?	
	Has the auditor expressed an opinion on all matters required?	
<b>4</b>	<b>Operating Report</b>	
	Is the report signed and dated?	
	Does the report provide the number of members?	
	Does the report provide the number of employees?	
	Does the report contain a review of principal activities?	
	Does the report give details of significant changes?	
	Does the report give details of right of members to resign?	
	Does the report give details of superannuation trustees?	
	Does the report give details of membership of the committee of management?	
<b>5</b>	<b>Concise report*</b>	
<b>6</b>	<b>Certificate of Secretary or other Authorised Officer</b>	
	Is the certificate signed and dated?	
	Is the signatory the secretary or another officer authorised to sign the certificate?	
	Is the date that the report was provided to members stated?	
	Is the date of the Second Meeting at which the report was presented stated?	
	Does the certificate state that the documents are copies of those provided to members?	
	Does the certificate state that the documents are copies of those presented to the Second Meeting?	

\* This is an optional way of providing documents to members (see RAO s265(3) and RAO Reg. 161).

**Committee Of Management Statement**

On \_\_\_\_/\_\_\_\_/\_\_\_\_ [date of meeting] the Committee of Management of \_\_\_\_\_ [name of reporting unit] passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended \_\_\_\_/\_\_\_\_/\_\_\_\_ [date]:

The Committee of Management declares in relation to the GPFR that in its opinion:

- (a) the financial statements and notes comply\* with the Australian Accounting Standards;
- (b) the financial statements and notes comply\* with the reporting guidelines of the Industrial Registrar;
- (c) the financial statements and notes give a true and fair view\* of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds\* to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
- (e) during the financial year to which the GPFR relates and since the end of that year:
  - (i) meetings of the committee of management were held\* in accordance with the rules of the organisation including the rules of a branch concerned; and
  - (ii) the financial affairs of the reporting unit have been\* managed in accordance with the rules of the organisation including the rules of a branch concerned; and
  - (iii) the financial records of the reporting unit have been\* kept and maintained in accordance with the RAO Schedule and the RAO Regulations; and
  - #(iv) where the organisation consists of 2 or more reporting units, the financial records of the reporting unit have been\* kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation; and
  - #(v) the information sought in any request of a member of the reporting unit or a Registrar duly made under section 272 of the RAO Schedule has been\* furnished to the member or Registrar; and
  - #(vi) there has been\* compliance with any order for inspection of financial records made by the Commission under section 273 of the RAO Schedule.

[Add the following if any recovery of wages activity has been undertaken during the financial year]

- (f) in relation to recovery of wages activity:
  - (i) the financial report on recovery of wages activity has been fairly and accurately prepared in accordance with the requirements of the reporting guidelines of the Industrial Registrar; and
  - (ii) the committee of management caused the auditor to include in the scope of the audit required under subsection 257(1) of the RAO Schedule all recovery of wages activity by the reporting unit in which revenues had been derived for the financial year in respect of such activity; and
  - (iii) no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from moneys recovered from employers on behalf of workers other than reported in the financial report on recovery of wages activity and the notes to the financial statements; and
  - (iv) that prior to engaging in any recovery of wages activity, the organization has disclosed to members by way of a written policy all fees to be charged or reimbursement of expenses required for recovery of wages activity, and any likely request for donations or other contributions in acting for a worker in recovery of wages activity; and

- (v) no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from moneys recovered from employers on behalf of workers until distributions of recovered money were made to the workers.

For Committee of Management: \_\_\_\_\_ [*name of designated officer per section 243 of the RAO Schedule*]

Title of Office held:

Signature:

Date:

*\* Where compliance or full compliance has not been attained - set out details of non compliance instead.*

*# Where not relevant these may be modified accordingly (e.g. in (vi) "No orders have been made by the Commission under section 273 of the RAO Schedule during the period."*

**Certificate of Secretary or other Authorised Officer<sup>1</sup>**

s268 of Schedule 1B *Workplace Relations Act 1996*

I *[name]* being the *[title of office]* of the *[name of the organisation]* certify:

- that the documents lodged herewith are copies of the full report, *[and the concise report]<sup>2</sup>*, referred to in s268 of the RAO Schedule; and
- that the *[full report OR concise report]<sup>3</sup>*, was provided to members on *[insert date]*; and
- that the full report was presented to *[a general meeting of members OR the last of a series of general meetings of members OR a meeting of the committee of management]<sup>3</sup>* of the reporting unit on *[insert date]*; in accordance with section 266 of the RAO Schedule.

Signature

Date:

<sup>1</sup>*RAO regulation 162 prescribes the designated officer for the purpose of RAO schedule s268 as:*

(a) the secretary; or

(b) an officer of the organisation other than the secretary who is authorised by the organisation or by the rules of the organisation to sign the certificate mentioned in that paragraph.

<sup>2</sup>*Only applicable where a concise report is provided to members*

<sup>3</sup>*Insert whichever is applicable*