



FAIR WORK
AUSTRALIA

17 January 2012

Mr Ken Gardner
Secretary
The Master Plumbers' and Mechanical Services Association of Australia

email: info@mpmsaa.org.au

Dear Mr Gardner

Re: Financial Report for The Master Plumbers' and Mechanical Services Association of Australia for year ended 30 June 2011 – FR2011/2623

I acknowledge receipt of the revised Audit Report and Designated Officer's certificate in response to correspondence of Fair Work Australia (FWA) dated 16 December 2011 for the financial report of The Master Plumbers' and Mechanical Services Association of Australia (the Association) for the year ended 30 June 2011. The revised documents were lodged with FWA on 19 December 2011.

The financial report has now been filed.

I make the following comments to in relation to the full report 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.

Notes to the financial statements

Note 1 of the notes to the financial statements makes reference that the Association is an association *incorporated* under the Fair Work (Registered Organisations) Act 2009 (the Act). Please note future reports should indicate that the Association is *registered* under the Act.

Also I acknowledge the 'Correction of error in prior periods' contained in note 1(p).

Committee of Management statement

Reference to 'Industrial Registrar', 'RAO Schedule' and 'the RAO Regulations' where appearing in the Committee of Management statement (Executive Board's Certificate) should properly refer to the 'General Manager, Fair Work Australia', 'Fair Work (Registered Organisations) Act 2009' and 'Fair Work (Registered Organisations) Regulations 2009' (the Regulations).

The following comments are in relation to the concise report.

Committee of Management statement

The concise report did not contain a copy of the Committee of Management statement as required by regulation 161(1)(d) of the Regulations. Could the Association ensure that future concise reports contain a copy of the Committee of Management statement.

If you wish to discuss any of the matters referred to above I can be contacted on (03) 8661 7764.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Kevin Donnellan', with a long horizontal flourish extending to the right.

Kevin Donnellan

Organisations, Research and Advice

Fair Work Australia

Email: kevin.donnellan@fwa.gov.au



16 December 2011

Fair Work Australia
11 Exhibition St
MELBOURNE VIC 3000

**The Master Plumbers and Mechanical Services Association of Australia
Financial report for the year ended 30 June 2011**

Designated Officers Certificate
s268 Fair Work (Registered Organisations) Act 2009

I, Ken Gardner, being the Secretary of the Master Plumbers' and Mechanical Services Association of Australia certify:

- that the documents lodged herewith are copies of the full report, and the concise report, referred to in s268 of the Fair Work (Registered Organisations) Act 2009; and
- that the concise report was provided to members on 22 November 2011 and
- that the full report was presented to a meeting of the committee of management of the reporting unit on 22 November 2011; in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009.

Yours faithfully

Ken Gardner
16 December 2011



The Master Plumbers' and Mechanical Services Association of Australia

Melbourne Office:

525 King Street, West Melbourne, Victoria 3003 Australia

Telephone (03) 9329 9622

Facsimile (03) 9329 5060

e-mail: info@mpmsaa.org.au

<http://www.mpmsaa.org.au>

ABN 56 296 473 997

**Bentleys Melbourne
Partnership**

Audit & Assurance Services

Level 7, 114 William Street
Melbourne Vic 3000
Australia

GPO Box 2266
Melbourne Vic 3001
Australia

ABN 47 075 804 075

T +61 3 9274 0600

F +61 3 9274 0736

audit@melb.bentleys.com.au
bentleys.com.au

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
MASTER PLUMBERS' & MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA**

We have audited the accompanying financial report of Master Plumbers' & Mechanical Services Association of Australia ("MPMSAA"), which comprises the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the executive boards' certificate.

Executive Board's Responsibility for the Financial Report

The executive board of MPMSAA 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 Fair Work (Registered Organisations) Act 2009. This responsibility includes establishing and maintaining internal control 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. We conducted our audit 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 fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the executive board, 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
MASTER PLUMBERS' & MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA
(CONTINUED)**

Independence

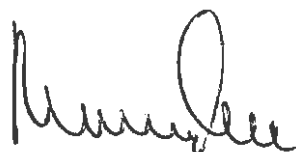
In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

Opinion

In our opinion the financial report of MPMSAA presents fairly, in all material respects, the financial position of MPMSAA as at 30 June 2011 and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretation) and the requirements imposed by Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009.



**BENTLEYS MELBOURNE PARTNERSHIP
CHARTERED ACCOUNTANTS**



**MARTIN FENSOME
PARTNER**

Dated in Melbourne on this 19 day of December 2011

From: [Bryan Smith](#)
To: [ANDERSON, Eve](#)
Subject: FW: FR2011/2623 - Financial year ended 30 June 2011 - The Master Plumbers' and Mechanical Services Association of Australia
Date: Monday, 19 December 2011 3:26:58 PM
Attachments: [image001.jpg](#)
[Master Plumbers revised FWA papers.pdf](#)

From: Bryan Smith
Sent: Monday, 19 December 2011 3:22 PM
To: 'DONNELLAN, Kevin'
Subject: RE: FR2011/2623 - Financial year ended 30 June 2011 - The Master Plumbers' and Mechanical Services Association of Australia

Kevin

Thank you for your email.

Please find attached a revised Designated Officers Certificate and a revised Auditors Report with the Auditors Opinion amended to include the current wording.

Please let me know if there are any problems with these revisions.

Thanks

Bryan Smith
General Manager, Membership & Business Performance



525 King Street
West Melbourne VIC 3003
T 03 9321 0765
F 03 9329 5060
M 0430 789 657
E bryan.smith@plumber.com.au
www.plumber.com.au

From: DONNELLAN, Kevin [<mailto:Kevin.Donnellan@fwa.gov.au>]
Sent: Friday, 16 December 2011 10:35 AM
To: Bryan Smith
Subject: FR2011/2623 - Financial year ended 30 June 2011 - The Master Plumbers' and Mechanical Services Association of Australia

Dear Bryan, attached is correspondence in relation to the above matter.

Regards

KEVIN DONNELLAN
Tribunal Services and Organisations

Fair Work Australia
Tel: 03 8661 7764
Fax: 03 9655 0410
kevin.donnellan@fwa.gov.au

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

www.fwa.gov.au

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FAIR WORK
AUSTRALIA

16 December 2011

Mr Ken Gardner
Secretary
The Master Plumbers' and Mechanical Services Association of Australia

email: info@mpmsaa.org.au

Dear Mr Gardner

Re: Financial Report for The Master Plumbers' and Mechanical Services Association of Australia for year ended 30 June 2011 – FR2011/2623

I acknowledge receipt of the financial report for The Master Plumbers' and Mechanical Services Association of Australia (the Association) for the year ended 30 June 2011. The report was lodged with Fair Work Australia on 22 November 2011.

The financial report has not been filed.

The following matters require your attention before any action can be taken to file the above report.

Auditor's Opinion

The Audit Report contained the following opinion:

'In our opinion the financial report of MPMSAA is in accordance with the *Fair Work (Registered Organisations) Act 2009*, including:

- (i) giving a true and fair view of the Association's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Fair Work (Registered Organisations) Act 2009*.'

The term 'true and fair view' was used in the superseded legislation. Subsection 257(5) of the Fair Work (Registered Organisations) Act 2009 (the Act) sets out the matters upon which an auditor is required to make an opinion. In particular an opinion is required on whether the general purpose financial report is presented fairly in accordance with applicable Australian Accounting Standards and other requirements of the Act. The following wording in the auditor's opinion would satisfy the requirements:

'In our opinion the general purpose financial report is presented fairly in accordance with applicable Australian Accounting Standards and the requirements imposed by Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009.'

Could the Association arrange for a revised Audit Report to be lodged with Fair Work Australia.

Designated Officer's certificate

The designated officer's certificate indicates that it relates to the financial report for the year ended 30 June 2010. Could the Association lodge with Fair Work Australia a revised certificate that relates to the financial year ended 30 June 2011.

If you wish to discuss any of the matters referred to above I can be contacted on (03) 8661 7764.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Kevin Donnellan', with a long horizontal flourish extending to the right.

Kevin Donnellan

Organisations, Research and Advice

Fair Work Australia

Email: kevin.donnellan@fwa.gov.au



22 November 2011

Fair Work Australia
11 Exhibition St
MELBOURNE VIC 3000

**The Master Plumbers and Mechanical Services Association of Australia
Financial report for the year ended 30 June 2010**

Designated Officers Certificate
s268 Fair Work (*Registered Organisations*) Act 2009

I, Ken Gardner, being the Secretary of the Master Plumbers' and Mechanical Services Association of Australia certify:

- that the documents lodged herewith are copies of the full report, and the concise report, referred to in s268 of the Fair Work (Registered Organisations) Act 2009; and
- that the concise report was provided to members on 22 November 2011 and
- that the full report was presented to a meeting of the committee of management of the reporting unit on 22 November 2011; in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009.

Yours faithfully

Ken Gardner
22 November 2011



The Master Plumbers' and Mechanical Services Association of Australia

Melbourne Office:

525 King Street, West Melbourne, Victoria 3003 Australia

Telephone (03) 9329 9622

Facsimile (03) 9329 5060

e-mail: info@mpmsaa.org.au

<http://www.mpmsaa.org.au>

ABN 56 296 473 997

**MASTER PLUMBERS' & MECHANICAL SERVICES
ASSOCIATION OF AUSTRALIA**

ABN 56 296 473 997

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011**

MASTER PLUMBERS' & MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA
ABN 56 296 473 997

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MASTER PLUMBERS' & MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA
ABN 56 296 473 997

OPERATING REPORT

Your executive board members submit the financial report of the Master Plumbers' & Mechanical Services Association of Australia for the financial year ended 30 June 2011.

Members of Executive Board

The names of executive board members throughout the year and at the date of this report are:

William Durham (President) – resigned on 22 February 2011
Stephen Atherton (Vice President, appointed President on 18 March 2011)
Dean Burley (Vice President)
Scott Dowsett (Board Member, appointed Vice President on 26 May 2011)
Ken Gardner (Secretary)
Michael Ball (Treasurer)
Rick Taylor (Board Member) – resigned on 27 June 2011
Peter Jensen (Board Member)
Reg Mullins (Board Member)
Luke Sinclair (Board Member)
Kevin Shinnars (Board Member)

For the purposes of section 254(2)(d) of the *Fair Work (Registered Organisations) Act 2009*, no officer or member of the Association is:

- (i) A trustee of a superannuation entity or an exempt public sector superannuation scheme; or
- (ii) A director of a company that is the trustee of a superannuation entity or an exempt public sector superannuation scheme; and where a criterion for the officer or member being the trustee or director is that the officer or member is an officer or member of a registered organisation.

Number of Members

As at 30 June 2011, the association had 984 members (2010: 966).

Number of Employees

As at 30 June 2011, the total number of employees of the association was 156 (2010: 147).

Principal Activities

The principal activities of the Association during the financial year were to provide services, training and advice on industrial law to the membership and the Australian plumbing sector. The Association achieved results in the following areas:

- Delivered training to the Australian plumbing sector.
- National Green Plumbers program.
- On going development of Asbestos, Plumbing Careers Online and other industry safety web sites.
- High level Federal and State Government lobbying on plumbing related issues.

Significant Changes

No significant change in the nature of these activities occurred during the year.

Operating Result

The operating profit for the financial year after providing for income tax amounted to \$546,055 (2010: \$252,317).

Events Subsequent to the End of the Reporting Period

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 statement of affairs of the Association in subsequent years.

MASTER PLUMBERS' & MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA
ABN 56 296 473 997

Manner of Resignation

- (1) A member of the Association or an affiliate member may resign from membership by written notice addressed and delivered to the Secretary or Executive Director.
- (2) A notice of resignation from membership of the Association takes effect;
 - (a) where the member ceases to be eligible to become a member of the Association;
 - (i) on the day on which the notice is received by the Association; 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; or
 - (b) in any other case:
 - (i) at the end of 14 days after the notice is received by the Association; or
 - (ii) on the day specified in the notice;
- (3) Any dues payable but not paid by a former member of the Association, in relation to a period before the member's resignation from the Association took effect, may be sued for and recovered in the name of the Association, in a court of competent jurisdiction, as a debt due to the Association.
- (4) A notice delivered to the person mentioned in subsection (1) shall be taken to have been received by the Association when it was delivered.
- (5) A notice of resignation that has been received by the Association is not valid because it was not addressed and delivered in accordance with subsection (1).
- (6) A resignation from membership of the Association is valid even if it is not effected in accordance with this section if the member is informed in writing by or on behalf of the Association that the resignation has been accepted.



Stephen Atherton

Dated in Melbourne on this 22nd day of November 2011

MASTER PLUMBERS' & MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA
ABN 56 296 473 997

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

| | Notes | 2011 \$ | 2010 \$ |
|---|-------|----------------|----------------|
| Revenue | 2 | 11,015,222 | 9,969,909 |
| Employee benefit expenses | | (7,696,326) | (6,637,223) |
| Marketing expenses | | (62,710) | (120,379) |
| Occupancy expenses | | (145,828) | (298,190) |
| Members services expenses | | (156,571) | (220,610) |
| Professional services fees | | (677,232) | (677,333) |
| Travel and accommodation expenses | | (53,640) | (45,025) |
| Insurance expenses | | (146,927) | (112,826) |
| Computer expenses | | (122,565) | (245,514) |
| Motor vehicle expenses | | (58,091) | (101,930) |
| Printing, postage and stationery expenses | | (372,112) | (387,071) |
| Legal expenses | | (65,559) | (57,631) |
| Subscriptions to industrial bodies | | (33,434) | (48,373) |
| Other expenses | | (878,172) | (765,487) |
| Profit before income tax | 3 | 546,055 | 252,317 |
| Income tax expense | 1(a) | - | - |
| Profit from operations | | 546,055 | 252,317 |
| Other comprehensive income | | | |
| Impairment of financial asset | | 148,000 | 607,200 |
| Other comprehensive income for the year, net of income tax | | 148,000 | 607,200 |
| Total comprehensive income for the year | | 694,055 | 859,517 |
| Profit attributable to: | | | |
| Owners of the Association | | 546,055 | 252,317 |
| Profit for the year | | 546,055 | 252,317 |
| Total comprehensive income attributable to: | | | |
| Owners of the Association | | 694,055 | 859,517 |
| Total comprehensive income for the year | | 694,055 | 859,517 |

The accompanying notes form part of these financial statements.

MASTER PLUMBERS' & MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA
ABN 56 296 473 997

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

| | Notes | 2011 \$ | 2010 \$ |
|--------------------------------------|-------|------------------|------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 6 | 657,466 | 1,203,733 |
| Trade and other receivables | 7 | 1,739,156 | 1,534,956 |
| Other current assets | 8 | 17,022 | 29,998 |
| TOTAL CURRENT ASSETS | | 2,413,644 | 2,768,687 |
| NON-CURRENT ASSETS | | | |
| Financial assets | 11 | 1,378,172 | 586,892 |
| Property, plant and equipment | 9 | 3,170,946 | 3,190,476 |
| Investment property | 10 | 2,479,491 | 2,499,075 |
| Intangibles | | 23,350 | 23,350 |
| TOTAL NON-CURRENT ASSETS | | 7,051,959 | 6,299,793 |
| TOTAL ASSETS | | 9,465,603 | 9,068,480 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 12 | 1,730,645 | 2,007,756 |
| Short term provisions | 13 | 5,278 | 22,801 |
| TOTAL CURRENT LIABILITIES | | 1,735,923 | 2,030,557 |
| NON-CURRENT LIABILITIES | | | |
| Long term provisions | 13 | 50,410 | 52,708 |
| TOTAL NON-CURRENT LIABILITIES | | 50,410 | 52,708 |
| TOTAL LIABILITIES | | 1,786,333 | 2,083,265 |
| NET ASSETS | | 7,679,270 | 6,985,215 |
| EQUITY | | | |
| Retained earnings | | 4,952,835 | 4,406,780 |
| Reserves | 14 | 2,726,435 | 2,578,435 |
| TOTAL EQUITY | | 7,679,270 | 6,985,215 |

The accompanying notes form part of these financial statements.

MASTER PLUMBERS' & MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA
ABN 56 296 473 997

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

| Notes | Asset Revaluation Reserve \$ | Financial Assets Reserve \$ | Retained Earnings \$ | Total \$ |
|--|---------------------------------------|--------------------------------------|----------------------------|-------------|
| Balance at 1 July 2009 | 2,726,435 | (755,200) | 4,154,463 | 6,125,698 |
| Total comprehensive income for the year | | | | |
| Profit for the year | - | - | 252,317 | 252,317 |
| | - | - | 252,317 | 252,317 |
| <i>Other comprehensive income</i> | | | | |
| Fair value movement of investment | - | 607,200 | - | 607,200 |
| | - | 607,200 | - | 607,200 |
| Total comprehensive income for the year | - | 607,200 | 252,317 | 859,517 |
| Balance at 30 June 2010 | 2,726,435 | (148,000) | 4,406,780 | 6,985,215 |
| Balance at 1 July 2010 | 2,726,435 | (148,000) | 4,406,780 | 6,985,215 |
| Total comprehensive income for the year | | | | |
| Profit for the year | - | - | 546,055 | 546,055 |
| | - | - | 546,055 | 546,055 |
| <i>Other comprehensive income</i> | | | | |
| Fair value movement of investment | - | 148,000 | - | 148,000 |
| | - | 148,000 | - | 148,000 |
| Total comprehensive income for the year | - | 148,000 | 546,055 | 694,055 |
| Balance at 30 June 2011 | 2,726,435 | - | 4,952,835 | 7,679,270 |

The accompanying notes form part of these financial statements.

MASTER PLUMBERS' & MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA
ABN 56 296 473 997

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

| | Notes | 2011 \$ | 2010 \$ |
|--|-------|---------------------|--------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Receipts from members and customers | | 11,849,440 | 10,680,460 |
| Interest received | | 69,164 | 25,922 |
| Payments to suppliers and employees | | <u>(11,476,172)</u> | <u>(9,817,741)</u> |
| Net cash provided by operating activities | 15 | <u>442,432</u> | <u>888,641</u> |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Purchase of plant and equipment | | (237,349) | (151,442) |
| Proceeds from sale of plant and equipment | | 55,930 | 51,909 |
| Purchase of financial assets | | <u>(807,280)</u> | <u>(534,892)</u> |
| Net cash used in investing activities | | <u>(988,699)</u> | <u>(634,425)</u> |
| Net (decrease)/increase in cash held | | (546,267) | 254,216 |
| Cash at beginning of financial year | | <u>1,203,733</u> | 949,517 |
| Cash at end of financial year | 6(a) | <u>657,466</u> | <u>1,203,733</u> |

The accompanying notes form part of these financial statements.

MASTER PLUMBERS' & MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA
ABN 56 296 473 997

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statement covers Master Plumbers' & Mechanical Services Association of Australia (MPMSAA) as an individual entity. Master Plumbers' & Mechanical Services Association of Australia is an association incorporated under the *Fair Work (Registered Organisations) Act 2009*.

Basis of Preparation

The financial statement is a general purpose financial statement that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and the *Fair Work (Registered Organisations) Act 2009*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial statement containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of this financial statement are presented below. They have been consistently applied unless otherwise stated.

The financial statement has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Accounting Policies

(a) Income Tax

As a registered Employer Association, MPMSAA is exempt from income tax in accordance with Section 50-15 of the Income Tax Assessment Act 1997.

(b) Property, Plant and Equipment

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

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

In the periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct directors' valuation to ensure the land and buildings' carrying amount is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the statement of comprehensive income.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the Board 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 net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Property, Plant and Equipment (Cont'd)

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated on a straight line or reducing balance basis over their useful lives to the Association commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

| Class of fixed asset | Depreciation rates | Method |
|------------------------|--------------------|------------------|
| Buildings | 2 % | Prime Cost |
| Furniture and Fittings | 7.5 – 20 % | Reducing Balance |
| Office Equipment | 5 – 66.67 % | Reducing Balance |
| Motor Vehicles | 18.75 – 25 % | Reducing Balance |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting 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 statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(c) Investment Property

Investment property, comprising freehold complexes, is held to generate long-term rental yields. All tenant leases are on an arm's length basis. Investment property is carried at cost.

(d) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods that they are incurred.

Lease incentives received under operating leases are recognised as a liability. Lease payments received reduced the liability.

(e) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the association commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified at fair value through statement of comprehensive income in which case transaction costs are expensed to statement of comprehensive income immediately.

Classification and subsequent measurement

Finance instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as: (i) the amount at which the financial asset or financial liability is measured at initial recognition; (ii) less principal repayments; (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (iv) less any reduction for impairment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments (Cont'd)

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in the statement of comprehensive income.

The association does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

i. Financial assets at fair value through statement of comprehensive income

Financial assets are classified at 'fair value through statement of comprehensive income' when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying value being included in statement of comprehensive income. The association has not held any financial assets at fair value through statement of comprehensive income in the current or comparative financial year.

ii. 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 subsequently measured at amortised cost.

iii. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the association's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

iv. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

v. Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

At each reporting date, the Association assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Derecognition

Financial assets are derecognised where the contractual right to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in statement of comprehensive income.

(f) Impairment of Assets

At each reporting date, the Association reviews the carrying values of its tangible and intangible 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 less 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 statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Employee Benefits

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. These cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

(h) Provisions

Provisions are recognised when the Association has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(i) 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. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial positions.

(j) Revenue

The main sources of income include grant revenue, project revenue, members' subscriptions and apprentice hire.

Grant revenue is recognised in the statement of comprehensive income when it is controlled. When there are conditions attached to grant revenue relating to the use of those grants for specific purposes it is recognised in the statement of financial position as a liability until such conditions are met or services provided.

Project revenue and members' subscriptions are recognised when received unless they are designated for a specific purpose, where they are carried forward as prepaid income on the statement of financial position

Apprentice hire revenue is recognised by the date on the apprentice time sheet.

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

Other revenue is recognised when the right to receive the revenue has been established.

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. 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 in the statement of financial position are shown inclusive of GST.

Cash flows are presented 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.

(l) Comparative Figures

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 Board members evaluate estimates and judgments incorporated into the financial statement 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Critical Accounting Estimates and Judgments (Cont'd)

Key estimates — Impairment

The Association assesses impairment at 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 as impairment trigger did not exist.

(n) Adoption of New and Revised Accounting Standards

During the current year, the association has adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these Standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these Standards and Interpretations has had on the financial statements of Master Plumbers' & Mechanical Services Association of Australia.

(o) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the Association has decided not to early adopt. A discussion of those future requirements and their impact on the Association is as follows:

- AASB 9: Financial Instruments (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The Association has not yet determined any potential impact on the financial statements.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in statement of comprehensive income and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in statement of comprehensive income.

- AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) New Accounting Standards for Application in Future Periods (Cont'd)

This Standard removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies the definition of a "related party" to remove inconsistencies and simplify the structure of the Standard. No changes are expected to materially affect the Association.

- AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013).

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

The following entities are required to apply Tier 1 reporting requirements (ie full IFRS):

- for-profit private sector entities that have public accountability; and
- the Australian Government and state, territory and local governments.

Subject to AASB 1049, general government sectors of the Australian Government and state and territory governments would also apply Tier 1 reporting requirements.

The following entities can elect to apply Tier 2 of the framework when preparing general purpose financial statements:

- for-profit private sector entities that do not have public accountability;
- not-for-profit private sector entities; and
- public sector entities, whether for-profit or not-for-profit, other than the Australian Government and state, territory and local governments.

AASB 2010-2 makes amendments to Australian Accounting Standards and Interpretations to give effect to the reduced disclosure requirements for Tier 2 entities. It achieves this by specifying the disclosure paragraphs that a Tier 2 entity need not comply with as well as adding specific "RDR" disclosures.

- AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The amendments are not expected to impact the Association.

- AASB 2009-14: Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) New Accounting Standards for Application in Future Periods (Cont'd)

This Standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

This Standard is not expected to impact the Association.

- AASB 2010-4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard details numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. Key changes include:

- clarifying the application of AASB 108 prior to an entity's first Australian-Accounting-Standards financial statements;
- adding an explicit statement to AASB 7 that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;
- amending AASB 101 to the effect that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
- adding a number of examples to the list of events or transactions that require disclosure under AASB 134; and
- making sundry editorial amendments to various Standards and Interpretations.

This Standard is not expected to impact the Association.

- AASB 2010-5: Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods beginning on or after 1 January 2011).

This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

- AASB 2010-6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (applicable for annual reporting periods beginning on or after 1 July 2011).

This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. Accordingly, this Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards, and AASB 7: Financial Instruments: Disclosures, establishing additional disclosure requirements in relation to transfers of financial assets.

This Standard is not expected to impact the Association.

- AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applies to periods beginning on or after 1 January 2013).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) New Accounting Standards for Application in Future Periods (Cont'd)

This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9.

As noted above, the Association has not yet determined any potential impact on the financial statements from adopting AASB 9.

- AASB 2010-8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012).

This Standard makes amendments to AASB 112: Income Taxes.

The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: Investment Property.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments brought in by this Standard also incorporate Interpretation 121 into AASB 112.

The amendments are not expected to impact the Association.

- AASB 2010-9: Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1] (applies to periods beginning on or after 1 July 2011).

This Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards.

The amendments brought in by this Standard provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.

Furthermore, the amendments brought in by this Standard also provide guidance for entities emerging from severe hyperinflation either to resume presenting Australian-Accounting-Standards financial statements or to present Australian-Accounting-Standards financial statements for the first time.

This Standard is not expected to impact the Association.

- AASB 2010-10: Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009-11 & AASB 2010-7] (applies to periods beginning on or after 1 January 2013).

This Standard makes amendments to AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9, and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).

The amendments brought in by this Standard ultimately affect AASB 1: First-time Adoption of Australian Accounting Standards and provide relief for first-time adopters from having to reconstruct transactions that occurred before their transition date.

[The amendments to AASB 2009-11 will only affect early adopters of AASB 2009-11 (and AASB 9: Financial Instruments that was issued in December 2009) as it has been superseded by AASB 2010-7.]

This Standard is not expected to impact the Association.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Correction of Error in Prior Periods

In prior periods, expenditure incurred by Master Plumbers' & Mechanical Association of Australia in relation to the Wylie Trust had been incorrectly accounted for through a fund administered by the Association. This resulted in overstatement of prior periods' operating profit and understatement of the corresponding liability.

This error has since been corrected by restating each of the affected financial statement line items for the prior period as follows:

| | Previously Stated | Adjustment | Restated |
|--|------------------------------|-------------------|-----------------|
| | 2010 | 2010 | 2010 |
| | \$ | \$ | \$ |
| Statement of financial position | | | |
| (Extract) | | | |
| Trade and other payables | 1,943,600 | 64,156 | 2,007,756 |
| Total liabilities | 2,019,109 | 64,156 | 2,083,265 |
| Net assets | 7,049,371 | (64,156) | 6,985,215 |
| Statement of changes in equity | | | |
| (Extract) | | | |
| Retained earnings – beginning of year | 4,218,619 | (64,156) | 4,154,463 |
| Retained earnings – end of year | 4,470,936 | (64,156) | 4,406,780 |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

| | 2011 \$ | 2010 \$ |
|---|-------------------|------------------|
| NOTE 2: REVENUE | | |
| Revenue from operating activities | | |
| - Government grants | 333,615 | 170,732 |
| - Host trainer revenue | 6,705,129 | 5,350,348 |
| - Members' subscriptions and related services | 993,556 | 1,100,655 |
| - Training services | 1,951,018 | 2,180,769 |
| - Royalties | 338,475 | 302,085 |
| - Sales of magazines | 338,206 | 321,767 |
| | 10,659,999 | 9,426,356 |
| Other revenue | | |
| - Rental from properties | 271,096 | 163,636 |
| - Interest income | 69,164 | 25,822 |
| - Other revenue | 14,963 | 354,095 |
| | 355,223 | 543,553 |
| Total Revenue | 11,015,222 | 9,969,909 |
| (a) Interest revenue from | | |
| - Other persons | 69,164 | 25,822 |
| Total interest revenue | 69,164 | 25,822 |

NOTE 3: PROFIT FOR THE YEAR

(a) Expenses

| | | |
|---------------------------------------|-----------|-----------|
| Depreciation | 176,625 | 179,988 |
| Bad and doubtful debts | - | 11,702 |
| Loss on sale of fixed assets | 43,908 | 10,971 |
| Employee benefits – other employees | 7,392,256 | 6,361,513 |
| Employee benefits – holders of office | 304,070 | 275,710 |

(b) Significant Revenue and Expenses

| | | |
|---------------------------|---------|---------|
| Impairment of investments | 164,000 | 600,000 |
|---------------------------|---------|---------|

NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION

| | Short-Term Benefits | Post-employment benefit | | Total |
|--------------------|------------------------|-------------------------|----------------------|---------|
| 2011 | \$ | Non-Cash Benefits \$ | Superannuation \$ | \$ |
| Total compensation | 523,425 | - | 63,649 | 587,074 |
| 2010 | | | | |
| Total compensation | 348,743 | - | 36,875 | 385,618 |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

| | 2011 | 2010 |
|---|---------------|---------------|
| | \$ | \$ |
| NOTE 5: AUDITORS REMUNERATION | | |
| Remuneration of the auditor of the Association for: | | |
| - auditing or reviewing the financial report | 33,000 | 30,000 |
| - taxation services | 460 | - |
| | 33,460 | 30,000 |

NOTE 6: CASH AND CASH EQUIVALENTS

| | | |
|--------------------------|----------------|------------------|
| Cash at bank and on hand | 496,072 | 1,197,775 |
| Short-term bank deposits | 161,394 | 5,958 |
| | 657,466 | 1,203,733 |

The effective interest rate on short-term bank deposits was 5.9% (2010: 5.2%).

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

| | | |
|---------------------------|----------------|------------------|
| Cash and cash equivalents | 657,466 | 1,203,733 |
|---------------------------|----------------|------------------|

NOTE 7: TRADE AND OTHER RECEIVABLES

CURRENT

| | | |
|--------------------------|------------------|------------------|
| Trade debtors | 916,064 | 916,924 |
| Provision for impairment | (32,069) | (32,069) |
| | 883,995 | 884,855 |
| Accrued income | 730,508 | 650,101 |
| Other receivables | 124,653 | - |
| | 1,739,156 | 1,534,956 |

Current trade debtors are non-interest bearing and generally are receivable within 30 days. A provision for impairment is recognised against subscriptions where there is subjective evidence that an individual trade receivable is impaired.

There are no balances within trade debtors that contain assets that are not impaired and are past due. It is expected these balances will be received when due. Impaired assets are provided for in full where applicable.

Credit risk

The Association has no significant concentration of credit risk with respect to any single counterparty or association of counterparties other than those trade debtors specifically provided for and mentioned within Note 7. The main source of credit risk to the association is considered to relate to the class of assets described as trade debtors.

The following table details the association's trade debtors exposed to credit risk with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the association and the member or counterparty to the transaction. Trade debtors that are past due are assessed for impairment by ascertaining their willingness to pay and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Association.

The balances of trade debtors that remain within initial terms (as detailed in the table) are considered to be of high credit quality.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 7: TRADE AND OTHER RECEIVABLES (CONT'D)

| | Gross amount \$ | Past due and impaired \$ | Past due but not impaired | | | | Within initial trade terms \$ |
|-------------------|--------------------|-----------------------------|---------------------------|----------------|---------------|---------------|----------------------------------|
| | | | Days (overdue) | | | | |
| | | | < 30 | 31-60 | 61-90 | > 90 | |
| 2011 | | | \$ | \$ | \$ | \$ | |
| Trade receivables | 916,064 | 32,069 | - | 176,684 | 37,531 | 41,128 | 628,652 |
| Other receivables | 855,161 | - | - | - | - | - | 855,161 |
| Total | 1,771,225 | 32,069 | - | 176,684 | 37,531 | 41,128 | 1,483,813 |

| | Gross amount \$ | Past due and impaired \$ | Past due but not impaired | | | | Within initial trade terms \$ |
|-------------------|--------------------|-----------------------------|---------------------------|----------------|---------------|---------------|----------------------------------|
| | | | Days (overdue) | | | | |
| | | | < 30 | 31-60 | 61-90 | > 90 | |
| 2010 | | | \$ | \$ | \$ | \$ | |
| Trade receivables | 916,924 | 32,069 | - | 158,848 | 16,228 | 27,791 | 681,988 |
| Other receivables | 650,101 | - | - | - | - | - | 650,101 |
| Total | 1,567,025 | 32,069 | - | 158,848 | 16,228 | 27,791 | 1,332,089 |

The Association does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

| | Note | 2011 \$ | 2010 \$ |
|---|------|------------------|------------------|
| Financial assets classified as trade and other receivables | | | |
| Trade and other receivables: | | | |
| - total current | 17 | <u>1,739,156</u> | <u>1,534,956</u> |

Collateral Pledged or Held as Security

No collateral has been pledged or held as security for any of the trade and other receivable balances.

NOTE 8: OTHER ASSETS

CURRENT

| | | |
|-------------|---------------|---------------|
| Prepayments | <u>17,022</u> | 29,998 |
| | <u>17,022</u> | <u>29,998</u> |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

| | 2011 | 2010 |
|--|-------------|-------------|
| | \$ | \$ |
| NOTE 9: PROPERTY, PLANT AND EQUIPMENT | | |
| (a) FREEHOLD LAND | | |
| At Valuation 2009 | 2,295,000 | 2,295,000 |
| | 2,295,000 | 2,295,000 |
| (b) BUILDINGS | | |
| At Valuation 2009 | 405,000 | 405,000 |
| At cost | 147,062 | 147,062 |
| Less accumulated amortisation | (88,775) | (72,399) |
| | 463,287 | 479,663 |
| Total land and buildings | 2,758,287 | 2,774,663 |
| (c) PLANT AND EQUIPMENT | | |
| At cost | 1,368,123 | 1,338,788 |
| Less accumulated depreciation | (1,145,310) | (1,120,010) |
| | 222,813 | 218,778 |
| (d) MOTOR VEHICLES | | |
| At cost | 280,539 | 351,850 |
| Less accumulated depreciation | (90,693) | (154,815) |
| | 189,846 | 197,035 |
| Total property, plant and equipment | 3,170,946 | 3,190,476 |

(a) Movements in Carrying Amounts

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

| | Land and Buildings | Plant and Equipment | Motor Vehicles | Total |
|--------------------------------------|-----------------------|------------------------|----------------|-----------|
| | \$ | \$ | \$ | \$ |
| 2011 | | | | |
| Balance at the beginning of the year | 2,774,663 | 218,778 | 197,035 | 3,190,476 |
| Additions | - | 105,078 | 132,271 | 237,349 |
| Disposals | - | (20,264) | (79,574) | (99,838) |
| Depreciation expense | (16,376) | (80,779) | (59,886) | (157,041) |
| Carrying amount at end of year | 2,758,287 | 222,813 | 189,846 | 3,170,946 |
| 2010 | | | | |
| Balance at the beginning of the year | 2,791,959 | 279,356 | 191,004 | 3,262,319 |
| Additions | - | 38,175 | 113,267 | 151,442 |
| Disposals | - | (1,335) | (61,545) | (62,880) |
| Depreciation expense | (17,296) | (97,418) | (45,691) | (160,405) |
| Carrying amount at end of year | 2,774,663 | 218,778 | 197,035 | 3,190,476 |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 9: PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Land and Buildings were independently valued by Charter Keck Cramer, Certified Practising Valuers, as at 21 August 2009. The valuation is based on the current market value on a vacant possession basis. The revaluation surplus was credited to an asset revaluation reserve in Equity.

| | Note | 2011 \$ | 2010 \$ |
|-------------------------------------|------|------------|------------|
| NOTE 10: INVESTMENT PROPERTY | | | |
| Freehold land – at cost | | 1,573,324 | 1,573,324 |
| Buildings – at cost | | 979,176 | 979,176 |
| Less accumulated amortisation | | (73,009) | (53,425) |
| | | 906,167 | 925,751 |
| Total investment property | | 2,479,491 | 2,499,075 |

The investment property is valued at cost, an independent valuation was conducted by Charter Keck Cramer, Certified Practising Valuers on 21 August 2009. The valuation is based on the current market value on a vacant possession basis:

| | |
|--------------------------------------|-------------|
| 511 King Street, West Melbourne | \$2,650,000 |
| Unit 5, 302 Albert Street, Brunswick | \$1,200,000 |

NOTE 11: FINANCIAL ASSETS

NON-CURRENT

| | | | |
|---|----|-----------|---------|
| Available-for-sale financial assets | | | |
| - shares in listed corporations at fair value | 17 | 36,000 | 52,000 |
| Held-to-maturity investments | | | |
| - deposits in financial institution | 17 | 1,342,172 | 534,892 |
| | | 1,378,172 | 586,892 |

NOTE 12: TRADE AND OTHER PAYABLES

CURRENT

| | | | |
|----------------------------|--|-----------|-----------|
| Trade and other payables | | 489,749 | 646,434 |
| Income received in advance | | 679,549 | 1,010,913 |
| Employee benefits | | 399,953 | 286,253 |
| Funds held in trust | | 161,394 | 64,156 |
| | | 1,730,645 | 2,007,756 |

Financial liabilities at amortised cost classified as trade and other payables

Trade and other payables:

| | | | |
|---|----|-----------|-------------|
| - Total current | | 1,730,645 | 2,007,756 |
| - Total non-current | | - | - |
| | | 1,730,645 | 2,007,756 |
| Less: Income received in advance | | (679,549) | (1,010,913) |
| Less: Leave entitlements (employee benefits) | | (399,953) | (286,253) |
| Financial liabilities as trade and other payables | 17 | 651,143 | 710,590 |

MASTER PLUMBERS' & MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA
ABN 56 296 473 997

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

| | 2011 | 2010 |
|----------------------------|--------|--------|
| | \$ | \$ |
| NOTE 13: PROVISIONS | | |
| CURRENT | | |
| Employee benefits | 5,278 | 22,801 |
| NON-CURRENT | | |
| Employee benefits | 50,410 | 52,708 |

| | Employee Entitlements | Total |
|--|-----------------------|-----------|
| | \$ | \$ |
| Opening balance at 1 July 2010 | 75,509 | 174,911 |
| Additional provisions raised during the year | 6,670 | 776 |
| Amounts utilised | (26,491) | (100,178) |
| Balance at 30 June 2011 | 55,688 | 75,509 |

| | 2011 | 2010 |
|-------------------------------------|--------|--------|
| | \$ | \$ |
| Analysis of Total Provisions | | |
| Current | 5,278 | 22,801 |
| Non-current | 50,410 | 52,708 |
| TOTAL | 55,688 | 75,509 |

Provision for Employee Entitlements

A provision has been recognised for employee entitlements relating to annual and long service leave for employees. In calculating the present value of future cash flows in respect to long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits has been included in Note 1.

NOTE 14: RESERVES

| | | |
|---------------------------|-----------|-----------|
| Asset revaluation reserve | 2,726,435 | 2,726,435 |
| Financial assets reserve | - | (148,000) |
| | 2,726,435 | 2,578,435 |

| | | |
|--|-----------|-----------|
| (a) Asset revaluation reserve | | |
| Balance at beginning of financial year | 2,726,435 | 2,726,435 |
| Movement for the year | - | - |
| Balance at end of financial year | 2,726,435 | 2,726,435 |

| | | |
|--|-----------|-----------|
| (b) Financial assets reserve | | |
| Balance at beginning of financial year | (148,000) | (755,200) |
| Movement for the year | 148,800 | 607,200 |
| Balance at end of financial year | - | (148,000) |

The asset revaluation reserve records revaluation of non-current assets.

MASTER PLUMBERS' & MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA
ABN 56 296 473 997

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

| | 2011 | 2010 |
|---|-----------|-----------|
| | \$ | \$ |
| NOTE 15: CASH FLOW INFORMATION | | |
| Reconciliation of cash flow from operations with profit after income tax | | |
| Profit after income tax | 546,055 | 252,317 |
| Non-cash flows in profit: | | |
| Depreciation | 176,625 | 179,988 |
| Loss on sale of fixed assets | 43,908 | 10,971 |
| Impairment of investment | 164,000 | 600,000 |
| Changes in assets and liabilities: | | |
| (Increase) / decrease in trade and other receivables | (204,200) | (169,257) |
| (Increase) / decrease in other assets | 12,976 | (88,669) |
| Increase / (decrease) in trade and other payables | (277,111) | 202,693 |
| Increase / (decrease) in provisions | (19,821) | (99,402) |
| Net cash provided by operating activities | 442,432 | 888,641 |

NOTE 16: RELATED PARTY TRANSACTIONS

There were no related party transaction between members of the Board and the Association for the year except for:

- reimbursement of expenses;
- payment of membership fees and provision of membership services on the same basis as other members;
- use of Group Training Scheme on a normal commercial basis; and
- provision of plumbing services on a normal commercial basis.

As at the end of the financial year, the Association has shareholding in the following entities:

| |
|--|
| Australian Plumbing Industries Educational Foundation Holdings Pty Ltd |
| Master Plumbers Victoria Pty Ltd |
| Master Plumbers Insurance Brokers Pty Ltd |
| Australian Master Plumbers Pty Ltd |

These entities do not have significant trading activities during the year, consolidated accounts have not been prepared as such financial statements would not be materially different to the parent entity's financial statements.

As at the end of the financial year, the Association is a member of the following entities:

| |
|---|
| Master Plumbers and Mechanical Services Association of Victoria Limited |
| Heating and Cooling Association of Australia Limited |

NOTE 17: FINANCIAL RISK MANAGEMENT

Financial Risk Management Policies

The Association's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, and leases.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 17: FINANCIAL RISK MANAGEMENT (CONT'D)

| | Note | 2011 \$ | 2010 \$ |
|---|------|------------------|------------------|
| Financial assets | | | |
| Cash and cash equivalents | 6 | 657,466 | 1,203,733 |
| Trade and other receivables | 7 | 1,739,156 | 1,534,956 |
| Available-for-sale financial assets: | | | |
| - equity investments (shares in Green Invest Ltd) | 11 | 36,000 | 52,000 |
| Held-to-maturity investments: | | | |
| - deposits in financial institution | 11 | 1,342,172 | 534,892 |
| | | 3,774,794 | 3,325,581 |
| Financial liabilities | | | |
| Financial liabilities at amortised cost: | | | |
| - trade and other payables | 12 | 651,143 | 710,590 |
| | | 651,143 | 710,590 |

Financial Risk Management Policies

The Association's treasurer is responsible for, among other issues, monitoring and managing financial risk exposures of the Association. The treasurer monitors the association's transactions and reviews the effectiveness of controls relating to credit risk, financial risk, and interest rate risk. Discussions on monitoring and managing financial risk exposures are held monthly and minuted by the executive board.

The treasurer's overall risk management strategy seeks to ensure that the association meets its financial targets, while minimising potential adverse effects of cash flow shortfalls.

Specific Financial Risk Exposures and Management

The main risks the association is exposed to through its financial instruments are interest rate risk, liquidity risk, credit risk and equity price risk.

a. Interest rate risk

The association is not exposed to any significant interest rate risk since cash balances are maintained at variable rates and borrowings of the association are not considered significant.

b. Liquidity risk

Liquidity risk arises from the possibility that the association might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The association manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities;
- only investing surplus cash with major financial institutions; and
- proactively monitoring the recovery of unpaid subscriptions.

MASTER PLUMBERS' & MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 17: FINANCIAL RISK MANAGEMENT (CONT'D)

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation.

Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle finance leases reflect the earliest contractual settlement dates.

Financial liability and financial assets maturity analysis

| | Within 1 Year | | 1 to 5 Years | | Over 5 Years | | Total | |
|---|------------------|------------------|------------------|----------------|--------------|----------|------------------|------------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Financial liabilities due for payment | | | | | | | | |
| Trade and other payables (excluding employee benefits and income received in advance) | 651,143 | 710,590 | - | - | - | - | 651,143 | 710,590 |
| Total expected outflows | 651,143 | 710,590 | - | - | - | - | 651,143 | 710,590 |
| Financial assets — cash flows realisable | | | | | | | | |
| Cash and cash equivalents | 657,466 | 1,203,733 | - | - | - | - | 657,466 | 1,203,733 |
| Trade and other receivables | 1,739,156 | 1,534,956 | - | - | - | - | 1,739,156 | 1,534,956 |
| Available-for-sale financial assets | - | - | 36,000 | 52,000 | - | - | 36,000 | 52,000 |
| Held-to-maturity investments | - | - | 1,342,172 | 534,892 | - | - | 1,342,172 | 534,892 |
| Total anticipated inflows | 2,396,622 | 2,738,689 | 1,378,172 | 586,892 | - | - | 3,774,794 | 3,325,581 |

Financial assets pledged as collateral

No financial assets have been pledged as security for any financial liability.

c. **Foreign exchange risk**

The Association is not exposed to fluctuations in foreign currencies.

d. **Credit risk**

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at Note 7.

MASTER PLUMBERS' & MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 17: FINANCIAL RISK MANAGEMENT (CONT'D)

The Association has no significant concentration of credit risk exposure to any single counterparty or group of counterparties. Details with respect to credit risk of Trade and Other Receivables are provided in Note 7.

Credit risk related to balances with banks and other financial institutions is managed by the finance committee in accordance with approved Board policy. Surplus funds are only invested with counterparties with a Standard & Poor's rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard & Poor's counterparty credit ratings.

| | 2011 | 2010 |
|---------------------------|----------------|------------------|
| | \$ | \$ |
| Cash and cash equivalents | | |
| - AA rated | <u>657,466</u> | <u>1,203,733</u> |
| | <u>657,466</u> | <u>1,203,733</u> |

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the committee has otherwise cleared as being financially sound.

e. Price risk

The Association is not exposed to any material commodity price risk.

Sensitivity analysis

The following table illustrates sensitivities to the Association's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

| | 2011 | 2010 |
|--------------------------|-------------------|------------|
| | \$ | \$ |
| Change in profit | | |
| +/- 2% in interest rates | +/- 24,000 | +/- 10,000 |
| Change in equity | | |
| +/- 2% in interest rates | +/- 24,000 | +/- 10,000 |

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

Net Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Areas of judgment and the assumptions used have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded.

MASTER PLUMBERS' & MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 17: FINANCIAL RISK MANAGEMENT (CONT'D)

| | Note | Footnote | 2011 | | 2010 | |
|---------------------------------------|------|----------|--------------------|------------------|--------------------|------------------|
| | | | Net Carrying Value | Net Fair Value | Net Carrying Value | Net Fair Value |
| | | | \$ | \$ | \$ | \$ |
| Financial assets | | | | | | |
| Cash and cash equivalents | | (i) | 657,466 | 657,466 | 1,203,733 | 1,203,733 |
| Trade and other receivables | | (i) | 1,739,156 | 1,739,156 | 1,534,956 | 1,534,956 |
| Financial assets — available for sale | | (ii) | 36,000 | 36,000 | 52,000 | 52,000 |
| Financial assets — held-to-maturity | | (iii) | 1,342,172 | 1,342,172 | 534,892 | 534,892 |
| Total financial assets | | | 3,774,794 | 3,774,794 | 3,325,581 | 3,325,581 |
| Financial liabilities | | | | | | |
| Trade and other payables | | (i) | 651,143 | 651,143 | 710,590 | 710,590 |
| Total financial liabilities | | | 651,143 | 651,143 | 710,590 | 710,590 |

The fair values disclosed in the above table have been determined based on the following methodologies:

- (i) Cash and cash equivalents, trade and other receivables and trade and other payables are short term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables excludes amounts provided for relating to annual leave which is not considered a financial instrument.
- (ii) For listed available-for-sale financial assets (shares in Green Invest Ltd), closing quoted bid prices at reporting date are used.
- (iii) Fair values of held-to-maturity investments are based on quoted market prices at the end of the reporting period.

Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

| 2011 | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------------|------------------|----------|----------|------------------|
| | \$ | \$ | \$ | \$ |
| Financial assets: | | | | |
| Available-for-sale financial assets | 36,000 | - | - | 36,000 |
| Held-to-maturity financial assets | 1,342,172 | - | - | 1,342,172 |
| | <u>1,378,172</u> | <u>-</u> | <u>-</u> | <u>1,378,172</u> |

MASTER PLUMBERS' & MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA
ABN 56 296 473 997

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 17: FINANCIAL RISK MANAGEMENT (CONT'D)

| 2010 | Level 1 \$ | Level 2 \$ | Level 3 \$ | Total \$ |
|-------------------------------------|---------------|---------------|---------------|-------------|
| Financial assets: | | | | |
| Available-for-sale financial assets | 52,000 | | | 52,000 |
| Held-to-maturity financial assets | 534,892 | - | - | 534,892 |
| | 586,892 | - | - | 586,892 |

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets have been based on the closing quoted bid prices at the end of the reporting period, excluding transaction costs.

NOTE 18: CAPITAL MANAGEMENT

The Board members control the capital of the Association in order to maintain a good debt-to-equity ratio and to ensure that the Association can fund its operations and continue as a going concern. The Association's debt and capital includes financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

The Board members effectively manage the Association's capital by assessing the Association's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels.

There have been no changes in the strategy adopted by management to control the capital of the Association since the prior year. This strategy is to ensure that there is sufficient cash to meet trade and other payables and borrowings.

The gearing ratios for the year ended 30 June 2011 and 30 June 2010 are as follows:

| | 2011 \$ | 2010 \$ |
|--------------------------------|------------|-------------|
| Trade and other payables | 651,143 | 710,590 |
| Less cash and cash equivalents | (657,466) | (1,203,733) |
| Net debt | (6,323) | (493,143) |
| Total equity | 7,679,270 | 6,985,215 |
| Total capital | 7,672,947 | 6,429,072 |
| Gearing ratio | n/a | n/a |

NOTE 19: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or contingent assets as at 30 June 2011.

NOTE 20: EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of the Association.

NOTE 21: ASSOCIATION DETAILS

The registered office and principal place of business of the Association is:
 Master Plumbers' & Mechanical Services Association of Australia
 525 King Street
 West Melbourne VIC 3003
 AUSTRALIA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 22: INFORMATION TO BE PROVIDED TO MEMBERS OR GENERAL MANAGER

In accordance with the requirements of the *Fair Work (Registered Organisations) Act 2009*, the attention of members is drawn to the provisions of sub-sections (1), (2), (3), (4), (5) and (6) of Section 272 of the Act which reads as follows:

- (1) A member of a reporting unit, or the General Manager, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- (2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.
- (3) A reporting unit must comply with an application made under subsection (1).
- (4) The General Manager may only make an application under subsection (1) at the request of a member of the reporting unit concerned, and the General Manager must provide to a member information received because of an application made at the request of the member.
- (5) A general purpose financial report prepared under section 253, a concise report prepared under section 265 and a report prepared under subsection 270(4) must include a notice drawing attention to subsections (1), (2) and (3) of this section and setting out those subsections.
- (6) Without limiting the information that may be prescribed under subsection (1), the information prescribed must include details (including the amount) of any fees paid by the reporting unit for payroll deduction services provided by a person who is an employer of:
 - (a) the member making the application for information; or
 - (b) the member at whose request the application was made.

EXECUTIVE BOARD'S CERTIFICATE

On 22 November 2011, the Executive Board of the Master Plumbers' & Mechanical Services Association of Australia passed the following resolution in relation to the general purpose financial report of the reporting unit for the financial year ended 30 June 2011.

The Executive Board declares in relation to the general purpose financial report that in its opinion:

1. the financial statements and notes comply with the Australian Accounting Standards;
2. the financial statements and notes comply with the reporting guidelines of the Industrial Registrar;
3. 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;
4. 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;
5. during the financial year and up to the date of this report:
 - ii) meetings of the Executive Board were held in accordance with the rules of the organisation;
 - iii) the financial affairs of the reporting unit have been managed in accordance with rules of the organisation;
 - iv) the financial records of the reporting unit have been kept and maintained in accordance with the RAO Schedule and the RAO Regulations;
 - v) the information sought in any request of a member of the reporting unit or a General Manager duly made under section 272 of the RAO Schedule has been furnished to the member or General Manager; 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;

For and on behalf of the Executive Board by:



Stephen Atherton

Dated in Melbourne on this 22nd day of November 2011

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
MASTER PLUMBERS' & MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA**

We have audited the accompanying financial report of Master Plumbers' & Mechanical Services Association of Australia ("MPMSAA"), which comprises the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the executive boards' certificate.

Executive Board's Responsibility for the Financial Report

The executive board of MPMSAA 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 *Fair Work (Registered Organisations) Act 2009*. This responsibility includes establishing and maintaining internal control 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. We conducted our audit 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 fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the executive board, 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
MASTER PLUMBERS' & MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA
(CONTINUED)**

Independence

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

Opinion

In our opinion the financial report of MPMSAA is in accordance with the *Fair Work (Registered Organisations) Act 2009*, including:

- (i) giving a true and fair view of the Association's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Fair Work (Registered Organisations) Act 2009*.



**BENTLEYS MELBOURNE PARTNERSHIP
CHARTERED ACCOUNTANTS**



**MARTIN FENSOME
PARTNER**

Dated in Melbourne on this 22 day of November 2011

**MASTER PLUMBERS' & MECHANICAL SERVICES
ASSOCIATION OF AUSTRALIA**

ABN 56 296 473 997

**CONCISE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011**

**MASTER PLUMBERS' & MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA
CONCISE FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011**

OPERATING REPORT

Your executive board members submit the concise financial report of the Master Plumbers' & Mechanical Services Association of Australia for the financial year ended 30 June 2011.

Members of Executive Board

The names of executive board members throughout the year and at the date of this report are:

William Durham (President) – resigned on 22 February 2011
Stephen Atherton (Vice President, appointed President on 18 March 2011)
Dean Burley (Vice President)
Scott Dowsett (Board Member, appointed Vice President on 26 May 2011)
Ken Gardner (Secretary)
Michael Ball (Treasurer)
Rick Taylor (Board Member) – resigned on 27 June 2011
Peter Jensen (Board Member)
Reg Mullins (Board Member)
Luke Sinclair (Board Member)
Kevin Shinnars (Board Member)

For the purposes of section 254(2)(d) of the *Fair Work (Registered Organisations) Act 2009*, no officer or member of the Association is:

- (i) A trustee of a superannuation entity or an exempt public sector superannuation scheme; or
- (ii) A director of a company that is the trustee of a superannuation entity or an exempt public sector superannuation scheme; and where a criterion for the officer or member being the trustee or director is that the officer or member is an officer or member of a registered organisation.

Number of Members

As at 30 June 2011, the Association had 984 members (2010: 966).

Number of Employees

As at 30 June 2011, the total number of employees of the Association was 156 (2010: 147).

Principal Activities

The principal activities of the Association during the financial year were to provide services, training and advice on industrial law to the membership and the Australian plumbing sector. The Association achieved results in the following areas:

- Delivered training to the Australian plumbing sector.
- National Green Plumbers program.
- On going development of Asbestos, Plumbing Careers Online and other industry safety web sites.
- High level Federal and State Government lobbying on plumbing related issues.

Significant Changes

No significant change in the nature of these activities occurred during the year.

Operating Result

The operating profit for the financial year after providing for income tax amounted to \$546,055 (2010: \$252,317).

Events Subsequent to the End of the Reporting Period

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 statement of affairs of the Association in subsequent years.

**MASTER PLUMBERS' & MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA
CONCISE FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011**

Manner of Resignation

- (1) A member of the Association or an affiliate member may resign from membership by written notice addressed and delivered to the Secretary or Executive Director.
- (2) A notice of resignation from membership of the Association takes effect;
 - (a) where the member ceases to be eligible to become a member of the Association;
 - (i) on the day on which the notice is received by the Association; 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; or
 - (b) in any other case:
 - (i) at the end of 14 days after the notice is received by the Association; or
 - (ii) on the day specified in the notice;
- (3) Any dues payable but not paid by a former member of the Association, in relation to a period before the member's resignation from the Association took effect, may be sued for and recovered in the name of the Association, in a court of competent jurisdiction, as a debt due to the Association.
- (4) A notice delivered to the person mentioned in subsection (1) shall be taken to have been received by the Association when it was delivered.
- (5) A notice of resignation that has been received by the Association is not valid because it was not addressed and delivered in accordance with subsection (1).
- (6) A resignation from membership of the Association is valid even if it is not effected in accordance with this section if the member is informed in writing by or on behalf of the Association that the resignation has been accepted.



Stephen Atherton

Dated in Melbourne on this 22nd day of November 2011

MASTER PLUMBERS' & MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA CONCISE FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

Information on Concise Financial Report

The concise financial report is an extract from the full financial report for the year ended 30 June 2011. The financial statements and disclosures in the concise financial report have been derived from the 2011 Financial Report of Master Plumbers' & Mechanical Services Association of Australia ("MPMSAA"). A copy of the full financial report and auditor's report will be sent to any member, free of charge, upon request to Member Support on 1800-133 871. The concise financial report can be accessed on the internet at www.plumber.com.au.

The following discussion and analysis is provided to assist members in understanding the concise financial report. The discussion and analysis is based on MPMSAA financial statements and the information contained in the concise financial report has been derived from the full 2011 Financial Report of MPMSAA.

Statement of Comprehensive Income

MPMSAA recorded an operating profit of \$546,055 (2010: \$252,317).

Total revenue increased by \$1,045,313 (10.5%) to \$11,015,222 largely as a result of increased usage of MPMSAA apprentices.

Total expenses increased by \$751,575 (7.71%) to \$10,469,167. This was attributable to the increase in apprentice numbers.

Statement of Financial Position

Net assets increased by \$694,055 (9.9%) to \$7,679,270.

Total assets increased by \$397,123 (4.4%) to \$9,465,603.

Total liabilities decreased by \$296,932 (14.3%) to \$1,786,333.

Statement of Cash Flows

The Association incurred a cash inflow from operating activities of \$442,432 during the financial year. During the same period, a net cash outflow of \$988,699 was committed in investing activities. These net outflows contributed to the decrease in cash holding by \$546,267 as compared to the previous financial year end.

**MASTER PLUMBERS' & MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA
CONCISE FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011**

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010**

| | Notes | 2011 \$ | 2010 \$ |
|---|-------|----------------|----------------|
| Revenue | 2 | 11,015,222 | 9,969,909 |
| Employee benefit expenses | | (7,696,326) | (6,637,223) |
| Marketing expenses | | (62,710) | (120,379) |
| Occupancy expenses | | (145,828) | (298,190) |
| Members services expenses | | (156,571) | (220,610) |
| Professional services fees | | (677,232) | (677,333) |
| Travel and accommodation expenses | | (53,640) | (45,025) |
| Insurance expenses | | (146,927) | (112,826) |
| Computer expenses | | (122,565) | (245,514) |
| Motor vehicle expenses | | (58,091) | (101,930) |
| Printing, postage and stationery expenses | | (372,112) | (387,071) |
| Legal expenses | | (65,559) | (57,631) |
| Subscriptions to industrial bodies | | (33,434) | (48,373) |
| Other expenses | | (878,172) | (765,487) |
| Profit before income tax | | 546,055 | 252,317 |
| Income tax expense | | - | - |
| Profit from operations | | 546,055 | 252,317 |
| Other comprehensive income | | | |
| Impairment of financial asset | | 148,000 | 607,200 |
| Other comprehensive income for the year, net of income tax | | 148,000 | 607,200 |
| Total comprehensive income for the year | | 694,055 | 859,517 |
| Profit attributable to: | | | |
| Owners of the Association | | 546,055 | 252,317 |
| Profit for the year | | 546,055 | 252,317 |
| Total comprehensive income attributable to: | | | |
| Owners of the Association | | 694,055 | 859,517 |
| Total comprehensive income for the year | | 694,055 | 859,517 |

The accompanying notes form part of these concise financial report.

**MASTER PLUMBERS' & MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA
CONCISE FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011**

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011**

| | 2011 \$ | 2010 \$ |
|--------------------------------------|------------------|------------------|
| CURRENT ASSETS | | |
| Cash and cash equivalents | 657,466 | 1,203,733 |
| Trade and other receivables | 1,739,156 | 1,534,956 |
| Other current assets | 17,022 | 29,998 |
| TOTAL CURRENT ASSETS | <u>2,413,644</u> | <u>2,768,687</u> |
| NON-CURRENT ASSETS | | |
| Financial assets | 1,378,172 | 586,892 |
| Property, plant and equipment | 3,170,946 | 3,190,476 |
| Investment property | 2,479,491 | 2,499,075 |
| Intangibles | 23,350 | 23,350 |
| TOTAL NON-CURRENT ASSETS | <u>7,051,959</u> | <u>6,299,793</u> |
| TOTAL ASSETS | <u>9,465,603</u> | <u>9,068,480</u> |
| CURRENT LIABILITIES | | |
| Trade and other payables | 1,730,645 | 2,007,756 |
| Short term provisions | 5,278 | 22,801 |
| TOTAL CURRENT LIABILITIES | <u>1,735,923</u> | <u>2,030,557</u> |
| NON-CURRENT LIABILITIES | | |
| Long term provisions | 50,410 | 52,708 |
| TOTAL NON-CURRENT LIABILITIES | <u>50,410</u> | <u>52,708</u> |
| TOTAL LIABILITIES | <u>1,786,333</u> | <u>2,083,265</u> |
| NET ASSETS | <u>7,679,270</u> | <u>6,985,215</u> |
| EQUITY | | |
| Retained earnings | 4,952,835 | 4,406,780 |
| Reserves | 2,726,435 | 2,578,435 |
| TOTAL EQUITY | <u>7,679,270</u> | <u>6,985,215</u> |

The accompanying notes form part of these concise financial report.

**MASTER PLUMBERS' & MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA
CONCISE FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011**

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011**

| | Asset Revaluation Reserve \$ | Financial Assets Reserve \$ | Retained Earnings \$ | Total \$ |
|--|---|--|-------------------------------------|---------------------|
| Balance at 1 July 2009 | 2,726,435 | (755,200) | 4,154,463 | 6,125,698 |
| Total comprehensive income for the year | | | | |
| Profit for the year | - | - | 252,317 | 252,317 |
| | - | - | 252,317 | 252,317 |
| <i>Other comprehensive income</i> | | | | |
| Fair value movement of investment | - | 607,200 | - | 607,200 |
| | - | 607,200 | - | 607,200 |
| Total comprehensive income for the year | - | 607,200 | 252,317 | 859,517 |
| Balance at 30 June 2010 | 2,726,435 | (148,000) | 4,406,780 | 6,985,215 |
| Balance at 1 July 2010 | 2,726,435 | (148,000) | 4,406,780 | 6,985,215 |
| Total comprehensive income for the year | | | | |
| Profit for the year | - | - | 546,055 | 546,055 |
| | - | - | 546,055 | 546,055 |
| <i>Other comprehensive income</i> | | | | |
| Fair value movement of investment | - | 148,000 | - | 148,000 |
| | - | 148,000 | - | 148,000 |
| Total comprehensive income for the year | - | 148,000 | 546,055 | 694,055 |
| Balance at 30 June 2011 | 2,726,435 | - | 4,952,835 | 7,679,270 |

The accompanying notes form part of these concise financial report.

**MASTER PLUMBERS' & MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA
CONCISE FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011**

| | 2011 \$ | 2010 \$ |
|--|------------------|------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Receipts from members and customers | 11,849,440 | 10,680,460 |
| Interest received | 69,164 | 25,922 |
| Payments to suppliers and employees | (11,476,172) | (9,817,741) |
| Net cash provided by operating activities | 442,432 | 888,641 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of plant and equipment | (237,349) | (151,442) |
| Proceeds from sale of plant and equipment | 55,930 | 51,909 |
| Purchase of financial assets | (807,280) | (534,892) |
| Net cash used in investing activities | (988,699) | (634,425) |
| Net (decrease)/increase in cash held | (546,267) | 254,216 |
| Cash at beginning of financial year | 1,203,733 | 949,517 |
| Cash at end of financial year | 657,466 | 1,203,733 |

The accompanying notes form part of these concise financial report.

**MASTER PLUMBERS' & MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA
CONCISE FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011**

**NOTES TO THE CONCISE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 1: BASIS OF PREPARATION OF CONCISE FINANCIAL REPORT

The concise financial report is an extract for the full financial report for the year ended 30 June 2011. The concise financial report has been prepared in accordance with Accounting Standard AASB 1039: Concise Financial Reports.

The financial statements, specific disclosures and other information included in the concise financial report are derived from, and are consistent with, the full financial report of Master Plumbers' & Mechanical Services Association of Australia ("MPMSAA"). The concise financial report cannot be expected to provide as detailed an understanding of the financial performance, financial position and financing and investing activities of MPMSAA as the full financial report. A copy of the full financial report and auditor's report will be sent to any member, free of charge, upon request to Member Support on 1800-133 871.

The presentation currency used in this concise financial report is Australian dollars.

| | 2011 | 2010 |
|---|-------------------|------------------|
| | \$ | \$ |
| NOTE 2: REVENUE | | |
| Revenue from operating activities | | |
| - Government grants | 333,615 | 170,732 |
| - Host trainer revenue | 6,705,129 | 5,350,348 |
| - Members' subscriptions and related services | 993,556 | 1,100,655 |
| - Training services | 1,951,018 | 2,180,769 |
| - Royalties | 338,475 | 302,085 |
| - Sales of magazines | 338,206 | 321,767 |
| | <u>10,659,999</u> | <u>9,426,356</u> |
| Other revenue | | |
| - Rental from properties | 271,096 | 163,636 |
| - Interest income | 69,164 | 25,822 |
| - Other revenue | 14,963 | 354,095 |
| | <u>355,223</u> | <u>543,553</u> |
| Total Revenue | <u>11,015,222</u> | <u>9,969,909</u> |
| (a) Interest revenue from | | |
| - Other persons | 69,164 | 25,822 |
| Total interest revenue | <u>69,164</u> | <u>25,822</u> |

NOTE 3: EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of the Association.

**MASTER PLUMBERS' & MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA
CONCISE FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011**

**NOTES TO THE CONCISE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 4: CORRECTION OF ERROR IN PRIOR PERIODS

In prior periods, expenditure incurred by Master Plumbers' & Mechanical Association of Australia in relation to the Wylie Trust had been incorrectly accounted for through a fund administered by the Association. This resulted in overstatement of prior periods' operating profit and understatement of the corresponding liability.

This error has since been corrected by restating each of the affected financial statement line items for the prior period as follows:

| | Previously Stated | Adjustment | Restated |
|--|------------------------------|-------------------|-----------------|
| | 2010 | 2010 | 2010 |
| | \$ | \$ | \$ |
| Statement of financial position | | | |
| (Extract) | | | |
| Trade and other payables | 1,943,600 | 64,156 | 2,007,756 |
| Total liabilities | 2,019,109 | 64,156 | 2,083,265 |
| Net assets | 7,049,371 | (64,156) | 6,985,215 |
| Statement of changes in equity | | | |
| (Extract) | | | |
| Retained earnings – beginning of year | 4,218,619 | (64,156) | 4,154,463 |
| Retained earnings – end of year | 4,470,936 | (64,156) | 4,406,780 |

NOTE 5: INFORMATION TO BE PROVIDED TO MEMBERS OR GENERAL MANAGER

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of sub-sections (1), (2), (3), (4), (5) and (6) of Section 272 of the Act which reads as follows:

- (1) A member of a reporting unit, or the General Manager, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- (2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.
- (3) A reporting unit must comply with an application made under subsection (1).
- (4) The General Manager may only make an application under subsection (1) at the request of a member of the reporting unit concerned, and the General Manager must provide to a member information received because of an application made at the request of the member.
- (5) A general purpose financial report prepared under section 253, a concise report prepared under section 265 and a report prepared under subsection 270(4) must include a notice drawing attention to subsections (1), (2) and (3) of this section and setting out those subsections.
- (6) Without limiting the information that may be prescribed under subsection (1), the information prescribed must include details (including the amount) of any fees paid by the reporting unit for payroll deduction services provided by a person who is an employer of:
 - (a) the member making the application for information; or
 - (b) the member at whose request the application was made.

**MASTER PLUMBERS' & MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA
CONCISE FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011**

EXECUTIVE BOARD DECLARATION

The Executive Board of Master Plumbers' & Mechanical Services Association of Australia declare that the concise financial report for the financial year ended 30 June 2011, as set out on pages 4 to 10:

- a. complies with Accounting Standard AASB 1039: Concise Financial Reports; and
- b. is an extract from the full financial report for the year ended 30 June 2011 and has been derived from and is consistent with the full financial report of Master Plumbers' & Mechanical Services Association of Australia.

This declaration is made in accordance with a resolution of the Board and is signed for and on behalf of the Board by:



Stephen Atherton

Dated in Melbourne on this 22nd day of November 2011

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
MASTER PLUMBERS' & MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA**

Report on the concise financial report

The accompanying concise financial report of Master Plumbers' & Mechanical Services Association of Australia ("MPMSAA") comprises the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended and related notes, derived from the audited financial report of MPMSAA for the year ended 30 June 2011, and the discussion and analysis. The concise financial report does not contain all the disclosures required by the Australian Accounting Standards.

Directors' responsibility for the concise financial report

The executive board of MPMSAA are responsible for the preparation and presentation of the concise financial report in accordance with Accounting Standard AASB 1039: Concise Financial Reports (including the Australian Accounting Interpretations) and the Fair Work (Registered Organisations) Act 2009. This responsibility includes establishing and maintaining internal control relevant to the preparation estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of MPMSAA for the year ended 30 June 2011. Our audit report on the financial report for the year was signed on 22 November 2011 and was not subject to modification. The Australian 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 for the year is free from material misstatement.

Our procedures in respect of the audit of the concise financial report included testing that the information in the concise financial report is consistent with the full financial report and examination, on a test basis, of evidence supporting the amounts, discussion and analysis and other disclosures which were not directly derived from the full financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with Accounting Standard AASB 1039: Concise Financial Reports and whether the discussion and analysis complies with the requirements laid down in AASB 1039: Concise Financial Reports.

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

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
MASTER PLUMBERS' & MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA
(CONTINUED)**

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Auditor's opinion

In our opinion, the concise financial report including the discussion and analysis of MPMSAA for the year ended 30 June 2011 complies with Accounting Standard AASB 1039: Concise Financial Reports.



**BENTLEYS MELBOURNE PARTNERSHIP
CHARTERED ACCOUNTANTS**



**MARTIN FENSOME
PARTNER**

Dated in Melbourne on this *22* day of *November* 2011