



29 November 2016

Mr Ken Gardner
Secretary
The Master Plumbers' and Mechanical Services Association of Australia
Unit 15/306 Albert Street
Brunswick VIC 3056

By e-mail: info@plumber.com.au

Dear Mr Gardner

**The Master Plumbers' and Mechanical Services Association of Australia
Financial Report for the year ended 30 June 2016 - FR2016/94**

I acknowledge receipt of the amended financial report for the year ended 30 June 2016 for the Master Plumbers' and Mechanical Services Association of Australia. The financial report was lodged with the Fair Work Commission (FWC) on 22 November 2016.

The financial report has now been filed. You are not required to take any further action in respect of the report lodged.

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 8656 4685 or by email at ken.morgan@fwc.gov.au

Yours sincerely

Ken Morgan
Financial Reporting Advisor
Regulatory Compliance Branch

22 November 2016

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 2016**

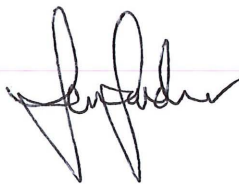
Designated Officers Certificate

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 document lodged herewith is a copy of the full report referred to in s268 of the Fair Work (Registered Organisations) Act 2009; and
- that the full report was provided to members on 22 November 2016 and
- that the full report was presented to a meeting of the committee of management of the reporting unit on 17 November 2016; in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009.

Yours faithfully



Ken Gardner
Secretary

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

ABN 56 296 473 997

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

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 2016.

Members of Executive Board

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

Scott Dowsett	(President)
Ken Gardner	(Secretary)
Adrian Murphy	(Treasurer)
Norm Anderson	(Vice President)
Kevin Shinnars	(Board Member, appointed Vice President 14 April 2016)
Peter Jensen	(Vice President and Board Member to 14 April 2016 and Non-voting Board Member appointed 17 May 2016)
Greg Tink	(Board Member)
Glenn Howard	(Board Member)
Rob Hansen	(Board Member, appointed 14 April 2016)
Daniel Smolenaars	(Board Member, appointed 14 April 2016)
Grant Donald	(Board Member to 14 April 2016 and Non-voting Board Member appointed 17 May 2016)

Officers or Members – Trustee or Director of a Superannuation Entity

No officer or member of the reporting unit holds a position as a trustee or director of a superannuation entity or exempt public sector superannuation scheme where the criterion for holding such position is that they are an officer or member of an organisation.

Number of Members

As at 30 June 2016, the Association had 868 members (2015: 840).

Number of Employees

As at 30 June 2016, the total number of employees of the Association was 239 (2015:218).

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 including Pre-apprenticeship and Apprenticeship training and post qualification training
- Ongoing operation of a Group Training Scheme for plumbing apprentices
- High level Federal and State Government lobbying on plumbing related issues.

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

Significant Changes in Financial Affairs

No significant changes in the Association's financial affairs occurred during the financial year.

Operating Result

The operating profit for the financial year after providing for income tax amounted to \$1,033,581 (2015: \$987,078).

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**

OPERATING REPORT

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 in-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.



Dated in Melbourne on this 17th day of November 2016.

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 \$	2015 \$
Revenue	2	16,823,062	15,629,024
Employee related expenses		(12,921,346)	(11,739,764)
Marketing expenses		(265,911)	(105,566)
Occupancy expenses		(164,942)	(229,108)
Members services expenses		(101,781)	(51,046)
Professional services fees		(282,082)	(377,256)
Insurance expenses		(171,960)	(156,158)
Computer expenses		(195,802)	(168,017)
Motor vehicle expenses		(58,461)	(48,765)
Printing, postage and stationery expenses		(301,368)	(249,042)
Legal expenses		(15,867)	(23,181)
Subscriptions to industrial bodies		(37,678)	(58,141)
Impairment expenses		(1,000)	(121,251)
Travel and accommodation expenses		-	(58,375)
Other expenses		(1,271,283)	(1,256,276)
Total expenses		<u>(15,789,481)</u>	<u>(14,641,946)</u>
Profit before income tax	3	1,033,581	987,078
Income tax expense	1(a)	-	-
Profit from operations		1,033,581	987,078
Other comprehensive income			
Loss on revaluation of financial asset		<u>(37,473)</u>	<u>(123,588)</u>
Total comprehensive income for the year		<u>996,108</u>	<u>863,490</u>

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 2016

	Notes	2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents	6	5,741,811	5,551,459
Trade and other receivables	7	3,238,160	2,018,025
Other assets	8	39,800	50,717
Financial assets	11	203,961	684,362
TOTAL CURRENT ASSETS		<u>9,223,732</u>	<u>8,304,563</u>
NON-CURRENT ASSETS			
Financial assets	11	4,340,437	4,579,567
Property, plant and equipment	9	1,664,558	1,651,757
Investments	10	4,161,086	3,143,766
Intangibles		23,350	23,350
TOTAL NON-CURRENT ASSETS		<u>10,189,431</u>	<u>9,398,440</u>
TOTAL ASSETS		<u>19,413,163</u>	<u>17,703,003</u>
CURRENT LIABILITIES			
Trade and other payables	12	1,717,187	1,379,770
Provisions	13	755,661	427,401
TOTAL CURRENT LIABILITIES		<u>2,472,848</u>	<u>1,807,171</u>
NON-CURRENT LIABILITIES			
Provisions	13	130,950	82,575
TOTAL NON-CURRENT LIABILITIES		<u>130,950</u>	<u>82,575</u>
TOTAL LIABILITIES		<u>2,603,798</u>	<u>1,889,746</u>
NET ASSETS		<u>16,809,365</u>	<u>15,813,257</u>
EQUITY			
Retained earnings		16,970,426	15,936,845
Reserves	14	(161,061)	(123,588)
TOTAL EQUITY		<u>16,809,365</u>	<u>15,813,257</u>

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 2016

	Retained Earnings \$	Reserves \$	Total \$
Balance at 1 July 2014	14,949,767	-	14,949,767
Profit for the year	987,078	-	987,078
Other comprehensive income	-	(123,588)	(123,588)
Balance at 30 June 2015	15,936,845	(123,588)	15,813,257
Profit for the year	1,033,581	-	1,033,581
Other comprehensive income	-	(37,473)	(37,473)
Balance at 30 June 2016	16,970,426	(161,061)	16,809,365

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 2016

	Notes	2016 \$	2015 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from members and customers		16,862,724	16,769,349
Interest received		282,065	434,645
Payments to suppliers and employees		(16,353,947)	(16,772,520)
Net cash provided by operating activities	15	790,842	431,474
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(214,745)	(1,718,670)
Proceeds from sale of property, plant and equipment		46,591	30,855
Purchase of investment property		(1,044,526)	(1,792,545)
Payment for investment in subsidiary company		(60)	-
Proceeds from/ (purchase of) financial assets		612,250	7,545,219
Net cash provided by/ (used in) investing activities		(600,490)	4,064,859
Net increase in cash held		190,352	4,496,333
Cash at beginning of financial year		5,551,459	1,055,126
Cash at end of financial year	6	5,741,811	5,551,459

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 2016

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 registered under the *Fair Work (Registered Organisations) Act 2009* ("RO Act").

Basis of Preparation

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period and the Fair Work (Registered Organisation) Act 2009. For the purpose of preparing the general purpose financial statements, MPMSAA is a not-for-profit entity.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost, except for certain assets and liabilities measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

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.

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 profit or loss and other 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 2016

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	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 profit or loss and other 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 properties, comprising freehold complexes, are held to generate rental yields. All tenant leases are on an arm's length basis. Investment property is carried at cost less accumulated depreciation and impairment losses.

(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 or on a straight line basis where the lease agreement includes fixed rate increases.

Lease incentives received under operating leases are accounted for on a straight line basis over the life of the lease.

(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 profit or loss and other comprehensive income in which case transaction costs are expensed to statement of profit or loss and other 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 2016

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 profit or loss and other 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 profit or loss

Financial assets are classified at 'fair value through of profit or loss' 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 profit or loss and other comprehensive income. The association has not held any financial assets at fair value through profit or loss 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 initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

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 profit or loss and other 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 profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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

(f) Impairment of Assets (Cont'd)

Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Association were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

(g) Employee Benefits

Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

Long-term employee benefits

The company classifies employees' long service leave and annual leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the company's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss classified under employee benefits expense.

The company's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current liabilities.

(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 position.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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

(j) Revenue

The main sources of income include grants, host trainer, members' subscriptions and related services, training services, royalties and sale of magazines.

Grants revenue is recognised in the statement of profit or loss and other 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.

Host trainer and members' subscriptions and related services revenue are recognised on an accrual basis.

Training services, royalties and magazines sales are recognised on an accrual basis.

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

Other revenues are recognised when the right to receive the revenue has been established or when service has been provided.

(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.

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.

Key Judgments - Available-for-sale investments

The company maintains a portfolio of investments and securities with a carrying value of \$4,340,437 at the end of the reporting year. Investments included in this value totalling \$516,508 (as at the end of the reporting year) have declined in value by 15% or more which represents a decline in value of \$108,337 as at the balance date. Subsequent to year-end, these investments had an upward movement in their value. As these investments represent approximately 12% of the total carrying value of investments (as at the end of the reporting year) and taking into account the fall in value of \$108,337, the directors do not believe this decline constitutes a material decline below fair value as at 30 June 2016 and hence no impairment has been recognised.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

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

(n) Adoption of New and Revised Accounting Standards

The AASB has issued new, revised and amended Standards and Interpretations that have mandatory applicable dates for future reporting periods and which the association has decided not to early adopt. Due to the nature of the association's activities, it does not expect them to have any material effect in the association's 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 2016

	2016 \$	2015 \$
NOTE 2: REVENUE		
Revenue from operating activities		
- Government grants	477,174	231,521
- Host trainer revenue	12,230,873	11,599,272
- Members' subscriptions and related services	1,021,925	909,725
- Training services	1,750,576	1,680,957
- Royalties	320,296	291,811
- Magazines sales	360,179	349,337
- Levies and Capitation fees	-	-
	16,161,023	15,062,623
Other revenue		
- Rental from properties	124,338	110,614
- Interest income	292,926	377,249
- Other revenue	43,528	37,533
- Workcover recovery	121,478	-
- Investment income	79,769	41,005
	662,039	566,401
Total Revenue	16,823,062	15,629,024
NOTE 3: PROFIT FOR THE YEAR		
Expenses		
Depreciation – property, plant and equipment	154,164	99,851
Depreciation – investment property	27,266	17,016
Total depreciation expense	181,430	116,867
Provision for impairment of trade and other receivables	74,240	-
Bad debts	33,142	10,250
Loss on sale of plant and equipment	1,189	60,619
Loss on sale of financial assets	68,808	-
Impairment of investments in Green Investments Ltd	1,000	-
Compulsory levies and Capitation costs	-	-
Penalties - via RO Act or RO Regulations	-	-
Legal costs		
- Litigation	2,677	-
- Other legal matters	13,190	23,181
Grants paid	-	-
Donations		
- paid that were \$1,000 or less	-	-
- paid that exceeded \$1,000 or more	2,000	-
Employee benefits – other employees		
Wages and Salaries	10,261,290	9,805,253
Superannuation	969,548	933,810
Leave and other entitlements	987,531	748,550
Separation and redundancies	57,370	27,403
Other employee expenses	12,122	28,022

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$	2015 \$
NOTE 3: PROFIT FOR THE YEAR (Cont'd)		
Expenses (cont'd)		
Employee benefits – holders of office		
Wages and Salaries	244,971	237,552
Superannuation	35,831	35,831
Leave and other entitlements	53,024	41,174
Separation and redundancies	-	-
Other employee expenses	8,844	9,062
Consideration to employers for payroll deductions	-	-
Fees/allowances for attending meeting and conferences	-	-
Conference and meeting expenses	50,503	10,461
Affiliation fees/ subscriptions paid:		
- Australian Chamber of Commerce and Industry	29,456	31,612

NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION

	Short-Term Benefits \$	Post-employment benefit Non-Cash Benefits \$	Superannuation \$	Total \$
2016				
Total compensation	611,213	-	62,760	673,973
2015				
Total compensation	583,225	-	63,816	647,041

	2016 \$	2015 \$
NOTE 5: AUDITORS REMUNERATION		
Remuneration of the auditor of the Association for:		
- auditing or reviewing the financial report	18,500	16,950
- other services	-	3,800
	18,500	20,750

NOTE 6: CASH AND CASH EQUIVALENTS

Cash at bank and on hand	1,778,332	1,815,340
Short-term bank deposits	3,963,479	3,736,119
	5,741,811	5,551,459

The effective interest rate on short-term bank deposits was 2.66% (2015: 2.91%).
Included in cash and cash equivalents is a balance of \$4,054 (2015: \$4,174) held in trust for the Wylie Scholarship Fund.
The corresponding liability is disclosed in Note 12.

(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	5,741,811	5,551,459
	2016 \$	2015 \$

MASTER PLUMBERS' & MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 7: TRADE AND OTHER RECEIVABLES

CURRENT

Trade debtors	2,954,283	1,642,248
Provision for impairment	(200,000)	(125,760)
Trade debtors, net	2,754,283	1,516,488
Other receivables	463,016	501,537
Loan to subsidiary company - Plumbing Staff Solutions Pty Ltd	10,000	-
Interest receivable	10,861	-
	3,238,160	2,018,025

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.

Loan to subsidiary company - Plumbing Staff Solutions Pty Ltd is interest free.

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.

	Gross amount	Past due and impaired	Past due but not impaired			Within initial trade terms
			Days (overdue)			
			31-60	61-90	> 90	
	\$	\$	\$	\$	\$	\$
2016						
Trade receivables	2,954,283	200,000	804,056	463,876	32,601	1,453,750
Other receivables	483,877	-	-	-	-	483,877
Total	3,438,160	200,000	804,056	463,876	32,601	1,937,627
2015						
Trade receivables	1,642,248	125,760	295,442	165,750	71,551	983,745
Other receivables	501,537	-	-	-	-	501,537
Total	2,143,785	125,760	295,442	165,750	71,551	1,485,282

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
NOTE 7: TRADE AND OTHER RECEIVABLES (CONT'D)			
Financial assets classified as trade and other receivables			
Trade and other receivables:			
- total current	17	3,238,160	2,018,025
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		39,800	50,717
NOTE 9: PROPERTY, PLANT AND EQUIPMENT			
Freehold land - at independent valuation		227,000	227,000
BUILDINGS			
At independent valuation		748,000	748,000
Less accumulated amortisation		(15,051)	-
		732,949	748,000
At directors valuation		200,000	200,000
Less accumulated amortisation		(49,215)	(31,215)
		150,785	168,785
Total buildings		883,734	916,785
Plant and equipment - at cost		883,641	783,905
Less accumulated depreciation		(489,358)	(415,852)
		394,283	368,053
Motor Vehicles - at cost		213,119	212,996
Less accumulated depreciation		(53,578)	(73,077)
		159,541	139,919
Total property, plant and equipment		1,664,558	1,651,757

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 \$	Buildings \$	Plant and Equipment \$	Motor Vehicles \$	Total \$
2016					
Balance at the beginning of the year	227,000	916,785	368,053	139,919	1,651,757
Additions	-	-	106,141	108,604	214,745
Disposals	-	-	-	(47,780)	(47,780)
Depreciation expense	-	(33,051)	(79,911)	(41,202)	(154,164)
Carrying amount at end of year	227,000	883,734	394,283	159,541	1,664,558

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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

Movements in Carrying Amounts (cont'd)

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	Buildings	Plant and Equipment	Motor Vehicles	Total
	\$	\$	\$	\$	\$
2015					
Balance at the beginning of the year	-	-	103,971	141,692	245,663
Additions	227,000	1,069,251	346,195	76,224	1,718,670
Fair value adjustment	-	(121,251)	-	-	(121,251)
Disposals	-	-	(48,951)	(42,523)	(91,474)
Depreciation expense	-	(31,215)	(33,162)	(35,474)	(99,851)
Carrying amount at end of year	227,000	916,785	368,053	139,919	1,651,757

An independent valuation of the Association's land and buildings was performed by Certified Practising Valuer. The valuations, which confirms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transactions. The valuation was based on independent assessments.

The effective date of the valuation is 30 June 2015.

	2016	2015
	\$	\$
NOTE 10: INVESTMENTS		
Investment in subsidiary company - Plumbing Staff Solutions Pty Ltd	60	-
Freehold land – at cost	1,396,636	1,396,636
Buildings – at cost	2,912,183	850,776
Less accumulated amortisation	(147,793)	(120,527)
	2,764,390	730,249
Work in progress - buildings	-	1,016,881
Total investment property	4,161,026	3,143,766
Total investments	4,161,086	3,143,766

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

	Freehold Land	Buildings	Work in progress - Buildings	Total
	\$	\$	\$	\$
2016				
Balance at the beginning of the year	1,396,636	730,249	1,016,881	3,143,766
Additions	-	-	1,044,526	1,044,526
Transfers	-	2,061,407	(2,061,407)	-
Depreciation expense	-	(27,266)	-	(27,266)
Carrying amount at end of year	1,396,636	2,764,390	-	4,161,026

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 10: INVESTMENTS

Movements in Carrying Amounts (cont'd)

	Freehold Land	Buildings	Work in progress- Buildings	Total
	\$	\$	\$	\$
2015				
Balance at the beginning of the year	620,972	747,265	-	1,368,237
Additions	775,664	-	1,016,881	1,792,545
Depreciation expense	-	(17,016)	-	(17,016)
Carrying amount at end of year	<u>1,396,636</u>	<u>730,249</u>	<u>1,016,881</u>	<u>3,143,766</u>

	Note	2016 \$	2015 \$
NOTE 11: FINANCIAL ASSETS			
CURRENT			
Held-to-maturity investments			
- deposits in financial institution	17	<u>203,961</u>	<u>684,362</u>
NON-CURRENT			
Available-for-sale financial assets			
- equity investment – shares in Green Invest Ltd	17	-	1,000
Available-for-sale financial assets			
- shares in listed corporations at fair value	17	<u>4,340,437</u>	<u>4,578,567</u>
		<u>4,340,437</u>	<u>4,579,567</u>

Included in current financial assets is a balance of \$180,800 (2015: \$175,437) held in trust for the Wylie Scholarship Fund. The corresponding liability is disclosed in Note 12.

NOTE 12: TRADE AND OTHER PAYABLES

CURRENT

Trade and other payables		1,084,658	841,375
Income received in advance		447,675	358,784
Funds held in trust	6,11	184,854	179,611
Legal costs payable - litigation		-	-
Legal costs payable - other legal matters		-	-
Consideration to employers for payroll deductions		-	-
Payable to other reporting units		-	-
		<u>1,717,187</u>	<u>1,379,770</u>

Financial liabilities at amortised cost classified as trade and other payables

Trade and other payables:		1,717,187	1,379,770
Less: Income received in advance		(447,675)	(358,784)
Financial liabilities as trade and other payables	17	<u>1,269,512</u>	<u>1,020,986</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
NOTE 13: PROVISIONS		
CURRENT		
Employee benefits	755,661	427,401
NON-CURRENT		
Employee benefits	130,950	82,575
Analysis of Employee benefits		
Employee benefits – other employees		
Annual leave	591,063	313,152
Long service leave	97,775	63,425
Separations and redundancies	-	-
Other – RDO's	78,394	47,398
Employee benefits – holders of office		
Annual leave	66,744	54,432
Long service leave	52,635	31,569
Separations and redundancies	-	-
Other	-	-
NOTE 14: RESERVES		
Financial asset revaluation reserve	(161,061)	(123,588)
Balance at beginning of financial year	(123,588)	-
Movement for the year	(37,473)	(123,588)
Balance at end of financial year	(161,061)	(123,588)

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
NOTE 15: CASH FLOW INFORMATION		
Reconciliation of cash flow from operations with profit after income tax		
Profit after income tax	1,033,581	987,078
Non-cash flows in profit:		
Depreciation and amortisation	181,430	116,867
(Gain)/loss on sale of plant and equipment	1,189	60,619
Impairment	1,000	121,251
Provision for impairment of trade and other receivables	74,240	-
Loss on sale of financial assets	68,808	-
Changes in assets and liabilities:		
(Increase) / decrease in trade and other receivables	(1,294,375)	(1,944)
(Increase) / decrease in other assets	10,917	(24,917)
Increase / (decrease) in trade and other payables	384,815	(1,311,698)
Increase / (decrease) in provisions	329,237	484,218
Net cash provided by operating activities	790,842	431,474

NOTE 16: RELATED PARTY TRANSACTIONS

There were no related party transactions 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, or is a member, in the following entities:

Entity	Percentage Controlled	
	2016	2015
	(%)	(%)
Australian Plumbing Industries Educational Foundation Holdings Pty Ltd	100%	100%
Master Plumbers Victoria Pty Ltd	100%	100%
Master Plumbers Insurance Brokers Pty Ltd	100%	100%
Australian Master Plumbers Pty Ltd	100%	100%
Master Plumbers and Mechanical Services Association of Victoria Limited	100%	100%
Plumbing Staff Solutions Pty Ltd	100%	100%
Plumbing Industry Training Pty Ltd	50%	50%

Australian Plumbing Industries Educational Foundation Holdings Pty Ltd had transactions for the financial year which totalled \$246 (2015: \$243) and held cash at bank of \$1,269 (2015: \$1,516) as at 30 June 2016.

Plumbing Staff Solutions Pty Ltd started operating in the current financial year. The current year operations resulted in a loss of \$2,373 and deficit equity of \$2,313 as at 30 June 2016.

All other entities did not have any transactions during the financial year and had no assets or liabilities as at 30 June 2016.

As the companies are not considered material to the group, consolidated financial statements have not been prepared.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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:

	Note	2016	2015
		\$	\$
Financial assets			
Cash and cash equivalents	6	5,741,811	5,551,459
Trade and other receivables	7	3,238,160	2,018,025
Available-for-sale financial assets:			
- equity investments (shares in Green Invest Ltd)	11	-	1,000
- shares in listed corporations at fair value	11	4,340,437	4,578,567
Held-to-maturity investments:			
- deposits in financial institution	11	203,961	684,362
		13,524,369	12,833,413
Financial liabilities			
Financial liabilities at amortised cost:			
- trade and other payables	12	1,269,512	1,020,986
		1,269,512	1,020,986

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 17: FINANCIAL RISK MANAGEMENT (CONT'D)

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.

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	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment								
Trade and other payables (excluding employee benefits and income received in advance)	1,269,512	1,020,986	-	-	-	-	1,269,512	1,020,986
Total expected outflows	1,269,512	1,020,986	-	-	-	-	1,269,512	1,020,986
Financial assets — cash flows realisable								
Cash and cash equivalents	5,741,811	5,551,459	-	-	-	-	5,741,811	5,551,459
Trade and other receivables	3,238,160	2,018,025	-	-	-	-	3,238,160	2,018,025
Available-for-sale financial assets	-	-	4,340,437	4,579,567	-	-	4,340,437	4,579,567
Held-to-maturity investments	203,961	684,362	-	-	-	-	203,961	684,362
Total anticipated inflows	9,183,932	8,253,846	4,340,437	4,579,567	-	-	13,524,369	12,833,413

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 17: FINANCIAL RISK MANAGEMENT (CONT'D)

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.

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.

	2016	2015
	\$	\$
Cash and cash equivalents		
- AA rated	5,741,811	5,551,459
	5,741,811	5,551,459

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.

	2016	2015
	\$	\$
Change in profit		
+/- 2% in interest rates	+/- 118,915	+/- 124,716
Change in equity		
+/- 2% in interest rates	+/- 118,915	+/- 124,716

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 17: FINANCIAL RISK MANAGEMENT (CONT'D)

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.

	Footnote	2016		2015	
		Net Carrying Value	Net Fair Value	Net Carrying Value	Net Fair Value
		\$	\$	\$	\$
Financial assets					
Cash and cash equivalents	(i)	5,741,811	5,741,811	5,551,459	5,551,459
Trade and other receivables	(i)	3,238,160	3,238,160	2,018,025	2,018,025
Financial assets — available for sale	(ii)	4,340,437	4,340,437	4,579,567	4,579,567
Financial assets — held-to-maturity	(iii)	203,961	203,961	684,362	684,362
Total financial assets		13,524,369	13,524,369	12,833,413	12,833,413
Financial liabilities					
Trade and other payables	(i)	1,269,512	1,269,512	1,020,986	1,020,986
Total financial liabilities		1,269,512	1,269,512	1,020,986	1,020,986

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 exclude 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).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 17: FINANCIAL RISK MANAGEMENT (CONT'D)

2016	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets:				
Available-for-sale financial assets	4,340,437	-	-	4,340,437
Held-to-maturity financial assets	203,961	-	-	203,961
	<u>4,544,398</u>	-	-	<u>4,544,398</u>
2015				
Financial assets:				
Available-for-sale financial assets	4,579,567	-	-	4,579,567
Held-to-maturity financial assets	684,362	-	-	684,362
	<u>5,263,929</u>	-	-	<u>5,263,929</u>

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.

	2016 \$	2015 \$
Trade and other payables	(1,269,512)	(1,020,986)
Less cash and cash equivalents	5,741,811	5,551,459
Net (debt)/ equity	<u>4,472,299</u>	<u>4,530,473</u>
Total equity	<u>16,809,365</u>	<u>15,813,257</u>
Total capital	<u>21,281,664</u>	<u>20,343,730</u>

NOTE 19: OPERATING LEASE COMMITMENTS

There were no operating lease commitments as at 30 June 2016.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 20: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or contingent assets as at 30 June 2016.

NOTE 21: EVENTS SUBSEQUENT TO REPORTING PERIOD

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 22: ASSOCIATION DETAILS

The registered office and principal place of business of the Association is:

Unit 15, 306 Albert Street
Brunswick VIC 3056
AUSTRALIA

NOTE 23: 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), and (3), 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).

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EXECUTIVE BOARD'S CERTIFICATE

On 17th November 2016, the Executive Board of the Master Plumbers' & Mechanical Services Association of Australia ("reporting unit") passed the following resolution in relation to the general purpose financial report of the reporting unit for the financial year ended 30 June 2016.

The Executive Board declares 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 General Manager;
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; and
5. during the financial year to which this general purpose financial report relates and since the end of the year:
 - i) meetings of the Executive Board were held in accordance with the rules of the organisation; and
 - ii) the financial affairs of the reporting unit have been managed in accordance with rules of the organisation; and
 - iii) the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
 - iv) no information has been sought in any request by a member of the reporting unit or General Manager duly made under section 272 of the RO Act; and
 - v) no orders have been made for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act;
6. No revenue has been derived from undertaking recovery of wages activity during the reporting period.

This declaration is made in accordance with a resolution of the Executive Board.

For and on behalf of the Executive Board by:



Dated in Melbourne on this 17th day of November 2016.

Independent Auditor's Report
To The Members of Master Plumbers' and Mechanical Services Association of Australia
("MPMSAA")

We have audited the accompanying financial report of Master Plumbers' and Mechanical Services Association of Australia ("MPMSAA"), which comprises the statement of financial position as at 30 June 2016 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the executive boards' certification.

Executive Boards' Responsibility for the Financial Report

The executive board of the MPMSAA is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Fair Work (Registered Organisations) Act 2009 (*the Act*), the requirements imposed by Part 3 of Chapter 8 of the Act and for such internal control as the executive board determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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.

Independence

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

Independent Auditor's Report

**To The Members of Master Plumbers' and Mechanical Services Association of Australia
("MPMSAA") (Continued)**


Opinion

In our opinion the financial report of MPMSAA presents fairly, in all material respects, the financial position of MPMSAA as at 30 June 2016 and its financial performance for the year then ended in accordance with Australian Accounting Standards and the reporting requirements imposed by Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009.

Going Concern

We declare that as part of the audit of the financial statements, it was concluded that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.


McLean Delmo Bentleys Audit Pty Ltd


Martin Fensome
Partner
Registered Company Auditor

Hawthorn
18 November 2016

ICANZ Member Number: 28742