



FAIR WORK  
AUSTRALIA

25 May 2011

Mr Richard Hill  
Vice President  
The Timber Merchants' Association (Victoria)

email: [info@timber.asn.au](mailto:info@timber.asn.au)

Dear Mr Hill

**Re: Financial Report for The Timber Merchants' Association (Victoria) for year ended 31 December 2010 – FR2010/2857**

I acknowledge receipt of the financial report for The Timber Merchants' Association (Victoria) for the year ended 31 December 2010. The report was lodged with Fair Work Australia on 10 May 2011.

The financial report has now been filed.

I make the following comments to assist you when you next prepare a financial report. You are not required to take any further action in respect of the report lodged.

*Fair Work (Registered Organisations) Act 2009*

Reference to the *Workplace Relations Act 1996* in the notes to the financial statements, the RAO Schedule in the Operating Report and Committee of Management statement should properly refer to *Fair Work (Registered Organisations) Act 2009* (the Act). Also, reference to the RAO Regulations in the Committee of Management statement should properly refer to *Fair Work (Registered Organisations) Regulations 2009* (the Regulations).

### **Notes to Financial Reports**

Notice under section 272(5) of the Act

As you are aware the notes to the General Purpose Financial Report are required to include a notice drawing attention to the fact that information prescribed by the Regulations is available to members on request. Note 18 to the financial statements reproduces the wording from outdated legislation. Instead the wording should read 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).

Please ensure that future notes contain this extract of the Act word for word.

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

Tribunal Services and Organisations

Fair Work Australia

Email: [kevin.donnellan@fwa.gov.au](mailto:kevin.donnellan@fwa.gov.au)

Statutory Services Branch  
Australian Industrial Registry  
GPO BOX 1994S  
Melbourne VIC 3001

Dear Sir or Madam

**RE: Timber Merchants Association (VIC)**

Please find enclosed a copy of the Financial Report of the Timber Merchants Association for the year ended and 31st December 2010, together with the Designated Officer's Certificate as required under the Fair Work (Registered Organisations) Act 2009.

Yours Sincerely



Ingrida Matulis  
Office Manager TMA (VIC)  
10<sup>th</sup> May 2011

**The Timber Merchants' Association (Victoria)**

ABN: 87 146 765 827

Tel: (03) 9875 5000 Fax (03) 9877 6663 Email: [info@timber.asn.au](mailto:info@timber.asn.au)  
1/180 Whitehorse Road Blackburn VIC 3130  
Mail: P.O. Box 97, Blackburn Victoria 3130



Designated Officer's Certificate

Section 268 of Fair Work (Registered Organisations) Act 2009

I, Richard Hill, being the Vice President of the Timber Merchants Association (VIC) certify:

That the documents lodged herewith are copies of the full report, referred to in s268 of the Fair Work (Registered Organisations) Act 2009; and

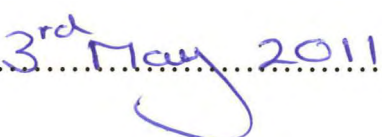
That the full report was provided to members on the 4th of April 2010, by mail.

That the full report was presented to the Timber Merchants Association at the Annual General Meeting on the 27<sup>th</sup> of April 2011, in accordance with Section 266 of the Fair Work (Registered Organisations) Act 2009.

Signature

.....  


Richard Hill  
Vice President  
Timber Merchants Association

Date..........

**The Timber Merchants' Association (Victoria)**

ABN: 87 146 765 827

Tel:(03) 9875 5000 Fax (03) 9877 6663 Email: info@timber.asn.au

1/180 Whitehorse Road Blackburn VIC 3130

Mail: P.O. Box 97, Blackburn Victoria 3130

**TIMBER MERCHANTS ASSOCIATION (VICTORIA)**

**FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2010**

## TIMBER MERCHANTS ASSOCIATION (VICTORIA)

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**TIMBER MERCHANTS ASSOCIATION (VICTORIA)**

**MANAGEMENT COMMITTEE REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2010**

The Management Committee present this report on the Association for the financial year ended 31 December 2010.

**Directors**

The names of the committee members in office at any time during or since the end of the year are:

Clive R Dossetor  
Myriam Webster  
Richard Hill  
Peter Alexander  
Ron Caddy  
Peter Mathews  
Glenn Tilling  
Stephen Iser  
Gary James  
Peter Roberts

**Meeting attendances**

The number of meetings of the committee during the year was:

<b>Board or committee</b>	<b>Number of meetings</b>
Management committee	8

The meeting attendances of the Management Committee during the year is noted below:

<b>Member</b>	<b>Management committee</b>
C R Dossetor	5
M Webster	4
R Hill	6
P Alexander	6
R Caddy	8
P Mathews	6
G Tilling	5
S Iser	4
G James	6
P Roberts	8

**Principal activities**

The Timber Merchants Association (Victoria) continued its operations as a registered industrial body servicing the industrial relations needs of the timber manufacturing and merchandising sector. The association has also actively pursued the development of member business via the promotion of the use of timber, provision of the Timber Advisory Centre and technical service, occupational health and safety and other business support services.

**Representation**

Representation of industry to government and regulatory bodies, including Worksafe, as well as involvement in industry organisations such as the Forests and Wood Products Council (federal) , Wood Products Victoria, Forestworks (Training) and state and federal training bodies was actively pursued.

## TIMBER MERCHANTS ASSOCIATION (VICTORIA)

### MANAGEMENT COMMITTEE REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

#### **Financial results**

The net profit for the financial year was \$11,903 (2009: loss \$70,206).

#### **Review of operations**

A review of the operations during the financial year and the results of those operations found an increase in membership income of 33% to \$237,901 and an increase in showroom rentals of 54% to \$177,793. With operating costs experiencing a moderate increase of 6%, the association's trading position has substantially improved.

#### **Indemnification of officers**

During the financial year the association paid a premium in respect of a contract insuring the management committee of the association, the executive director and executive officers and related bodies against the liability incurred as such a director, secretary or executive officer.

The association has not otherwise during or since the financial year indemnified or agreed to indemnify an officer of the association or of any related body corporate against the liability incurred as such an officer or body.

#### **Remuneration of management committee**

The management committee of the association are appointed on an honorary basis and as a result do not receive any remuneration either directly or indirectly from the association or any related party.

#### **Events subsequent to balance date**

There are no known matters or circumstances that have arisen since the end of the financial year which significantly affect or may significantly affect the operations of the Association, the results of those operations, or the state of affairs of the Association in future financial years.

#### **Likely developments and future results**

The Association expects to continue to exist as a registered industrial relations association to service those members who are respondent to the Timber Industry Award.

#### **Environmental Issues**

The Association's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

#### **Non-audit services**

Details of the amount paid or payable to the company's auditors, Coster Galgut Pty Ltd, for non-audit services provided during the year are shown in Note 3 to the financial statements. The management committee is satisfied that the provision of such non-audit services by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

#### **Auditor Independence**

The auditor's independence declaration made under Section 307C of the Corporations Act 2001 is set out on page 4.



**TIMBER MERCHANTS ASSOCIATION (VICTORIA)**

**MANAGEMENT COMMITTEE REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2010**

**Members and employees**

The number of members of the reporting unit at the end of the financial year was ninety-two.

The number of employees of the reporting unit at the end of the financial year was four.

**Right of members to resign**

In accordance with Schedule 174 of the RAO Schedule and under rule 8 of the association's rules, a member may resign from membership by written notice addressed and delivered to the Executive Director.

**Trustee of superannuation entity**

No officer or member of the reporting unit holds a position as a trustee 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.

**Actions**

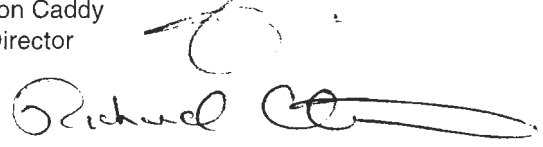
No person has applied for leave of Court to bring proceedings on behalf of the Association or intervene in any proceedings to which the association is a party for the purpose of taking responsibility on behalf of the Association for all or any part of these proceedings.

The Association was not a party to any such proceedings during the year.

This statement is made in accordance with a resolution of the management committee and is signed for and on behalf of the committee by:



Ron Caddy  
Director



Richard Hill  
Director

Dated this 4th day of April 2011



## **COSTER GALGUT PTY LTD**

APRIL 2011

### **CHARTERED ACCOUNTANTS**

PO Box 4199 Mulgrave 3170 Australia  
39 Clunies Ross Crescent Mulgrave  
Telephone (613) 9561 1266  
Facsimile (613) 9562 1372  
Email [admin@costergalgut.com.au](mailto:admin@costergalgut.com.au)  
Website [www.costergalgut.com.au](http://www.costergalgut.com.au)

#### **AUDITOR'S INDEPENDENCE DECLARATION**

4 April 2011

The Committee of Management  
Timber Merchants Association (Victoria)  
P O Box 97  
BLACKBURN VIC 3130

Dear Committee Members

#### **Timber Merchants Association (Victoria)**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the committee members of Timber Merchants Association (Victoria).

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2010, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

**COSTER GALGUT PTY LTD**

**Lindsay Coster**  
Chartered Accountants

*Liability limited by a scheme approved under Professional Standards Legislation*

**TIMBER MERCHANTS ASSOCIATION (VICTORIA)**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	2010	2009
		\$	\$
Revenue from ordinary activities	2	570,935	457,183
Depreciation and amortisation expense		(7,286)	(9,377)
Donations		(6,260)	(7,500)
Employee benefits expense		(237,433)	(194,363)
Legal expenses		(4,965)	(805)
Meeting expenses		(3,067)	(725)
Motor vehicle expense		(19,984)	(7,262)
Office and administration expense		(121,670)	(119,378)
Professional service fees		(39,310)	(69,465)
Publication costs		(13,026)	(16,091)
Rent and associated expenses		(106,032)	(102,423)
Profit from ordinary activities before income tax expense	3	11,903	(70,206)
Income tax expense relating to ordinary activities	1(b)	-	-
<b>Net profit (loss) from ordinary activities after income tax expense</b>		<b>11,903</b>	<b>(70,206)</b>

The accompanying notes form part of these financial statements

## TIMBER MERCHANTS ASSOCIATION (VICTORIA)

### STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

	Note	2010	2009
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	83,845	43,836
Trade and other receivables	5	167,335	193,497
Other current assets	6	7,674	8,178
<b>TOTAL CURRENT ASSETS</b>		<b>258,853</b>	<b>245,512</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	28,924	33,560
<b>TOTAL NON-CURRENT ASSETS</b>		<b>28,924</b>	<b>33,560</b>
<b>TOTAL ASSETS</b>		<b>287,778</b>	<b>279,072</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	43,568	55,078
Income in advance	9	232,270	222,018
Provisions	10	6,555	8,495
<b>TOTAL CURRENT LIABILITIES</b>		<b>282,393</b>	<b>285,590</b>
<b>NON-CURRENT LIABILITIES</b>			
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>282,393</b>	<b>285,590</b>
<b>NET ASSETS</b>		<b>5,385</b>	<b>(6,518)</b>
<b>EQUITY</b>			
Accumulated surplus	11	<b>5,385</b>	<b>(6,518)</b>

The accompanying notes form part of these financial statements

## TIMBER MERCHANTS ASSOCIATION (VICTORIA)

### CASH FLOW STATEMENT FOR YEAR ENDED 31 DECEMBER 2010

	Note	2010	2009
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from members and other income		603,184	501,564
Payments to suppliers and employees		(564,691)	(489,626)
Interest received		4,166	1,349
<b>Net cash (utilised in) provided by operating activities</b>	15(b)	<b>42,659</b>	<b>13,287</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		-	12,727
Proceeds from sale of land and buildings		-	-
Payment for plant & equipment		(2,650)	(12,139)
<b>Net cash utilised in investing activities</b>		<b>(2,650)</b>	<b>588</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings		-	-
<b>Net cash generated by financing activities</b>		<b>-</b>	<b>-</b>
Net increase in cash held		40,009	13,875
Cash at beginning of year		43,836	29,961
<b>Cash at end of year</b>	15(a)	<b>83,845</b>	<b>43,836</b>

The accompanying notes form part of these financial statements

TIMBER MERCHANTS ASSOCIATION (VICTORIA)

STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 31 DECEMBER 2010

	Reserves	Accumulated deficit/surplus	Total
	\$	\$	\$
Balance at 1 January 2009	-	63,688	63,688
Profit/ (loss) attributable to members	-	(70,206)	(70,206)
Balance at 31 December 2009	-	<u>(6,518)</u>	<u>(6,518)</u>
Profit/ loss from operating activities	-	11,903	11,903
Balance at 31 December 2010	-	<u>5,385</u>	<u>5,385</u>

The accompanying notes form part of these financial statements

# TIMBER MERCHANTS ASSOCIATION (VICTORIA)

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2010

The financial report covers Timber Merchants Association (Victoria) as an individual entity. Timber Merchants Association (Victoria) is an association incorporated in Victoria under the Workplaces Relations Act 1996.

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Preparation

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

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

The financial report 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-currents assets financial assets and financial liabilities.

#### a. Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any discounts allowed.

Revenue recognition relating to the provision of services is recognised on completion of rendition of the service.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument.

Revenue from the provision of membership subscriptions and showroom rental is recognised over the period to which the charges relate.

Revenue from the sale of goods is recognised at the point of delivery of the goods.

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

#### b. Income Tax

The association is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

#### c. Plant and Equipment

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

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The respective net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation is provided on property, plant and equipment. Depreciation is calculated on a straight-line basis to write-off the cost of each item of plant and equipment over their expected useful lives commencing from the time the asset is held ready for use. Estimates of remaining useful lives are made on a regular basis for all assets.

#### Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over the asset's useful life commencing from the time the asset is held ready for use.

The depreciation rate used for each class of assets are:

Office furniture and equipment	7.5 - 25%
Computer website costs	20%

## TIMBER MERCHANTS ASSOCIATION (VICTORIA)

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2010

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

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.

#### **d. Impairment of assets**

At the end of each reporting period, the association reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have been impaired. If any such 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.

#### **e. Leases**

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the association are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amount equal to the fair value of the lease property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between a reduction of the lease liability and the lease interest expense for the period. Leased assets are depreciated on a straight line basis over their useful lives where it is likely that the association will obtain ownership of the asset or over the term of the lease.

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

#### **f. Employee Benefits**

Provision is made for the association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. 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.

Contributions made to superannuation plans are expensed when incurred.

#### **g. Cash and cash equivalents**

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

#### **h. 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 Tax 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 balance sheet 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.

#### **j. Critical accounting estimates and judgements**

The committee members evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information.

Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the association.

##### *Key estimates*

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.



## TIMBER MERCHANTS ASSOCIATION (VICTORIA)

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2010

	2010	2009
	\$	\$
<b>NOTE 2: REVENUE AND OTHER INCOME</b>		
<i>Ordinary operating activities</i>		
Sales revenue		
- sale of publications	22,250	24,876
Other revenue		
- sponsorship and commission	58,503	78,014
- interest	4,166	1,349
- showroom rent	177,793	115,201
- member subscriptions	237,901	179,169
- other revenue	70,321	50,883
- profit on sale of non-current assets	-	7,692
	570,935	457,183

#### NOTE 3: PROFIT (LOSS) FOR THE YEAR

Profit (loss) from ordinary activities has been determined after the following expenses:

Cost of sales	13,026	16,091
Remuneration of auditors for:		
- audit or review	5,000	7,775
- other services	2,000	2,000
Bad debts	8,323	1,364
Depreciation	7,286	9,377
Rental expense on operating leases	95,934	93,111
	95,934	93,111

#### NOTE 4: CASH AND CASH EQUIVALENTS

Cash on hand	235	196
Cash at bank	83,610	43,640
	83,845	43,836

#### NOTE 5: TRADE AND OTHER RECEIVABLES

##### Current

Trade Debtors	140,611	166,581
Other debtors	26,724	26,916
	167,335	193,497

Current trade receivables are non-interest bearing loans and generally are receivable within 60 days. A provision for impairment is recognised against debts due where there is objective evidence that an individual trade receivable is impaired. No impairment was required at 31 December 2010 (2009 - Nil).

There are no balances within trade and other receivables that contain assets that are impaired and are past due. It is expected these balance will be received when due. Impaired assets are provided for in full where applicable.

## TIMBER MERCHANTS ASSOCIATION (VICTORIA)

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2010

	2010	2009
	\$	\$
<b>NOTE 6: OTHER CURRENT ASSETS</b>		
Prepayments	<u>7,674</u>	<u>8,178</u>

#### NOTE 7: PROPERTY, PLANT AND EQUIPMENT

Plant, equipment and website - at cost	156,527	153,877
Less: Accumulated depreciation	(127,602)	(120,316)
Less: Accumulated impairment losses	-	-
	<u>28,924</u>	<u>33,560</u>

#### Movements in carrying amounts

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

	Furniture, showroom fittings & office equipment	Motor vehicles	Total
<b>2009</b>			
Balance at beginning of year	22,749	7,266	30,015
Additions	17,957	-	17,957
Disposals	-	(5,035)	(5,035)
Depreciation expense	(7,146)	(2,231)	(9,377)
Balance at end of year	<u>33,560</u>	<u>-</u>	<u>33,560</u>

	Furniture, showroom fittings office equipment & website	Motor vehicles	Total
<b>2010</b>			
Balance at beginning of year	33,560	-	33,560
Additions	2,650	-	2,650
Depreciation expense	(7,286)	-	(7,286)
Balance at end of year	<u>28,924</u>	<u>-</u>	<u>28,924</u>

	2010	2009
	\$	\$
<b>NOTE 8: TRADE AND OTHER PAYABLES</b>		
Trade creditors	7,369	15,975
Sundry creditors	<u>36,200</u>	<u>39,103</u>
	<u>43,568</u>	<u>55,078</u>

#### NOTE 9: INCOME IN ADVANCE

##### CURRENT

Membership subscriptions in advance	189,927	171,903
Showroom rental in advance	42,343	49,815
Other Income in advance	-	300
	<u>232,270</u>	<u>222,018</u>

## TIMBER MERCHANTS ASSOCIATION (VICTORIA)

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2010

#### NOTE 10: PROVISIONS

##### Current

Provision for staff entitlements	<u>6,555</u>	<u>8,495</u>
	<u>6,555</u>	<u>8,495</u>

#### NOTE 11: RETAINED PROFITS

Accumulated surplus at beginning of financial year	(6,518)	63,688
Net profit (loss) attributable to members of the entity	<u>11,903</u>	<u>(70,206)</u>
Accumulated surplus at end of financial year	<u>5,385</u>	<u>(6,518)</u>

#### NOTE 12: CAPITAL AND LEASING

##### (a) Operating lease commitments

Non-cancellable operating leases contracted for not capitalised in the financial statements:

Payable - minimum lease payments		
- not later than 12 months	102,128	100,934
- between 12 months and 5 years	<u>120,480</u>	<u>223,169</u>
	<u>222,608</u>	<u>324,103</u>

The property lease is a non-cancellable lease with a three- year term, with rent payable monthly in advance. Contingent rental provisions with the lease agreement require that the minimum lease payments shall be increased by 3% annually. An option exists to renew the lease at the end of the three - year term for an additional one term of three years. The lease allows for subletting of all lease areas.

##### (b) Capital expenditure commitments

Capital expenditure commitments contracted for:

Plant and equipment purchases

- not later than 12 months	-	-
- between 12 months and 5 years	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

## TIMBER MERCHANTS ASSOCIATION (VICTORIA)

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2010

#### NOTE 13: EVENTS AFTER THE REPORTING PERIOD

There were no other events subsequent to the reporting date that had a material affect on any of the disclosures contained in the financial statements.

#### NOTE 14: RELATED PARTY TRANSACTIONS

##### (a) Related parties

Names of directors:

Clive R Dossetor	Peter Alexander
Richard Hill	Glenn Tilling
Ron Caddy	Garrie James
Peter Mathews	Stephen Iser
Myriam Webster	

##### (b) Transactions with companies controlled by directors

(i) The director-related entities of members of the committee of management are required to pay membership fees, showroom rentals and industrial relations advice fees on the same terms and conditions as all other members.

#### NOTE 15: CASH FLOW INFORMATION

##### (a) Reconciliation of cash

	2010	2009
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related item in the balance sheet as follows:		
	\$	\$
Cash on hand	235	196
Cash at bank	83,610	43,640
	<u>83,845</u>	<u>43,836</u>

##### (b) Reconciliation of cash flow from operations with profit (loss) after income tax

Profit (loss) after income tax	11,903	(70,206)
Non cash flows in profit (loss)		
Depreciation	7,286	9,377
Profit on sale of fixed assets		(7,692)
Changes in assets and liabilities		
(Increase)/ decrease in trade and other debtors	26,162	(152,345)
(Increase)/ decrease in other assets	505	4,509
(Decrease) increase in trade and other payables	(11,509)	37,484
(Decrease) increase in income in advance	10,252	187,186
(Decrease) increase in employee benefits	(1,940)	4,974
Cash (outflows) inflows from operations	<u>42,659</u>	<u>13,287</u>

## TIMBER MERCHANTS ASSOCIATION (VICTORIA)

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2010

**NOTE 16: SEGMENT REPORTING**

The association operates in one business and geographical segment as a registered industrial body servicing the industrial relations needs of the timber manufacturing and merchandising sector.

**NOTE 17: FINANCIAL RISK MANAGEMENT**

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

**a. Interest rate risk**

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

	<b>Floating Interest Rate</b>	
	<b>2010</b>	<b>2009</b>
<i>Financial assets:</i>	\$	\$
Cash	83,610	43,640
Total financial assets	<u>83,610</u>	<u>43,640</u>
	<b>Non-Interest Bearing</b>	
	<b>2010</b>	<b>2009</b>
<i>Financial assets:</i>	\$	\$
Cash	235	196
Receivables	140,611	166,581
Total financial assets	<u>140,846</u>	<u>166,777</u>
<i>Financial liabilities:</i>	\$	\$
Trade and sundry creditors	43,568	55,078
Total financial liabilities	<u>43,568</u>	<u>55,078</u>

**b. 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.

The association does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the association.

**c. Net fair values**

The net fair value of assets and liabilities approximates their carrying value. Financial assets where the carrying amount exceeds net fair values have not been written down as the association intends to hold these assets to maturity.

Aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

## **TIMBER MERCHANTS ASSOCIATION (VICTORIA)**

### **NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2010**

#### **NOTE 18: INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR**

In accordance with the requirements of the Workplace Relations Act 1996, as amended, the attention of the members is drawn to the provision of subsections (1), (2) and (3) of section 272, which read as follows:

"272 information to be provided to members or Registrar

(1) A member of a reporting unit, or a Registrar, 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).

Note: This subsection is a civil penalty provision (see section 305)."

#### **NOTE 19: ASSOCIATION DETAILS**

The principal place of business of the association is:

Timber Merchants Association (Victoria)  
1/180 Whitehorse Road  
Blackburn, Victoria

TIMBER MERCHANTS ASSOCIATION (VICTORIA)

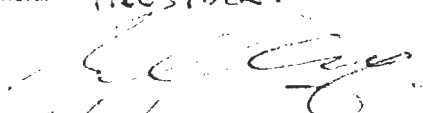
STATEMENT BY THE COMMITTEE OF MANAGEMENT

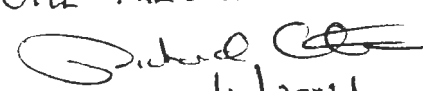
On 4th April 2011 the Committee of Management of the Timber Merchants Association (Victoria) passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 31 December 2010:

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

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the Industrial Registrar;
- (c) the financial statements and notes give a true and fair view of the statement of comprehensive income, statement of financial position, statement of cash flows and statement of changes in equity of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
- (e) during the financial year to which the GPFR relates and since the end of that year:
  - (i) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
  - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned ; and
  - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RAO Schedule and the RAO Regulations; and
  - (iv) the organisation consists of only one reporting unit
  - (v) no information has been sought in any request of a member of the reporting unit or a Registrar duly made under Section 272 of the RAO Regulations; 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 Committee of Management:

Title of office held: PRESIDENT  
Signature:   
Date: 4/4/2011

VICE PRESIDENT  
  
4/4/2011



## **COSTER GALGUT PTY LTD**

AFN 176 C-FC 04344

**CHARTERED ACCOUNTANTS**

PO Box 4199 Mulgrave 3170 Australia  
39 Clunies Ross Crescent Mulgrave  
Telephone (613) 9561 1266  
Facsimile (613) 9562 1372  
Email [admin@costergalgut.com.au](mailto:admin@costergalgut.com.au)  
Website [www.costergalgut.com.au](http://www.costergalgut.com.au)

**Timber Merchants Association (Victoria)**

**Independent Auditor's Report**

**To the members of Timber Merchants Association (Victoria)**

**Report on the Financial Report**

We have audited the accompanying financial report of Timber Merchants Association (Victoria) (the association) which comprises the statement of financial position as at 31 December 2010 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the statement by members of the committee.

### **Committee's Responsibility for the Financial Report**

The committee of the association is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Associations Incorporation Act 1981 (Victoria) and the Workplace Relations Act 1996. This responsibility includes designing, implementing 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 statements are 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 controls 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 an evaluation of the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee, as well as evaluating the overall presentation of the financial report.



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


**Auditor's Independence**

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

**Auditor's Opinion**

In our opinion the general purpose financial report of Timber Merchants Association (Victoria) is presented fairly in accordance with applicable Australian Accounting Standards and the requirements imposed by Part 3 of Chapter 8 of the RAO Schedule of the Workplace Relations Act 1996.

**Coster Galgut Pty Ltd**

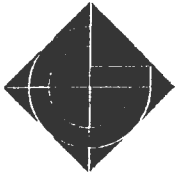


**Lindsay Coster**

Registered company auditor  
Certificate of Practice no. 15288

39 Clunies Ross Crescent  
Mulgrave Vic 3170

4 April 2011



## **COSTER GALGUT PTY LTD**

ABN 42 124 914 914

### **CHARTERED ACCOUNTANTS**

**Timber Merchants Association (Victoria)**

PO Box 4199 Mulgrave 3170 Australia  
39 Clunies Ross Crescent Mulgrave  
Telephone (613) 9561 1266  
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Website [www.costergalgut.com.au](http://www.costergalgut.com.au)

#### **Compilation Report**

**To the members of Timber Merchants Association (Victoria)**

#### **Scope**

On the basis of the information provided by the Committee of Management of Timber Merchants Association (Victoria) we have compiled, in accordance with APS 9 Statement of Compliance of financial Reports, the special purpose financial report of Timber Merchants Associations (Victoria) for the year ended 31 December 2010 comprising the attached income and expenditure statement.

The specific purpose for which the special purpose financial report has been prepared is to provide financial information to the committee. Accounting standards and other mandatory professional reporting requirements have not been adopted in the preparation of the special purpose financial report.

The Committee of Management is solely responsible for the information contained in the special purpose report and has determined that the accounting policies used are consistent with the financial reporting requirements of the Association's Constitution and are appropriate to meet the needs of the Committee of Management for the purpose of complying with the Association's constitution.

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

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

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

**Coster Galgut Pty Ltd**  
39 Clunies Ross Crescent  
Mulgrave  
Vic 3170

4 April 2011

*Liability limited by a scheme approved under Professional Standards Legislation*

## TIMBER MERCHANTS ASSOCIATION (VICTORIA)

### INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

REVENUE	2010 \$	2009 \$
Event Income	40,490	28,113
Industrial relations	16,131	9,082
Inspection reports	1,027	6,360
Insurance commission	55,185	78,014
Interest	4,166	1,349
Members' subscriptions	237,901	179,169
Profit on sale of fixed assets	-	7,692
Sales of publications	20,952	24,876
Secretariat	3,000	1,500
Showroom rental	177,793	115,201
Sponsorship	3,318	-
Sundry income	6,312	5,347
Website subscriptions	4,659	480
	570,935	457,183
 <b>EXPENDITURE</b>		
Accounting	5,606	1,700
Advertising	6,749	5,773
Audit	7,000	9,775
Bad debts	8,323	1,364
Bank charges	2,048	1,725
Cleaning	8,088	8,505
Conference & meeting expenses	3,067	1,201
Consultancy	731	31,003
Depreciation	7,286	9,377
Donations	6,260	7,500
Electricity	6,925	6,453
Equipment rental	5,321	5,033
Fringe Benefits Tax	4,671	-
General expenses	8,116	4,253
Industrial relations	34,927	38,462
Insurance	8,487	9,081
Internet	46	1,279
Legal expenses	4,965	805
Member events	31,629	21,776
Motor vehicle expenses	19,984	17,191
Postage	1,781	1,459
Printing & stationery	3,229	3,042
Publication costs	13,026	16,091
Rent & rates	106,032	102,425
Repairs and maintenance	1,404	3,493
Security	1,725	2,544
Staff training	-	254
Subscriptions	1,071	3,637
Superannuation	19,203	14,853
Telephone	9,112	9,902
Travel	1,062	6,613
Wages	213,559	178,494
Website expenses	6,532	1,313
WorkCover	1,069	1,015
Total Expenses	559,032	527,389
<b>NET INCOME (LOSS)</b>	<b>11,903</b>	<b>(70,206)</b>

This statement should be read in conjunction with the attached compilation report of Coster Galgut Pty Ltd