



FAIR WORK
AUSTRALIA

25 July 2012

Mr. Ron Caddy
President
The Timber Merchants' Association (Victoria)

email: info@timber.asn.au

Dear Mr Caddy

Section 237 Fair Work (Registered Organisations) Act 2009: Statement of loans, grants and donations exceeding \$1000 during financial year ended 31 December 2011 (FR2011/2862)

Receipt is acknowledged of the statement of loans, grants and donations exceeding \$1000 made by The Timber Merchants' Association (Victoria) during the financial year ended 31 December 2011. The statement was lodged with Fair Work Australia on 24 July 2012.

The contents of the statement have been noted.

The statement has been placed on a file which is not available for public viewing.

The financial report has now been filed.

If you have any queries I can be contacted on 03 8661 7993.

Yours sincerely,

Larry Powell
Organisations, Research and Advice



FAIR WORK
AUSTRALIA

16 July 2012

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

By email: info@timber.asn.au

Dear Mr Hill

Financial report for The Timber Merchants' Association (Victoria) for the year ended 31 December 2011 (FR2011/2862)

I acknowledge receipt of the financial report of The Timber Merchants' Association (Victoria) for the year ended 31 December 2011. The documents were lodged with Fair Work Australia on 19 June 2012.

I direct your attention to the following comments concerning the above reports and the financial reporting obligations under the Fair Work (Registered Organisations) Act 2009 (the RO Act). Please note that these matters are generally advised for assistance in the future preparation of financial reports. With the exception to item 1 no further action is required in respect of the subject documents.

1. Loans, Grants and Donations

Section 237(1) of the RO Act requires an organisation to lodge in Fair Work Australia within 90 days after the end of each financial year a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding \$1,000 made by the organisation during the financial year.

I note that the Statement of Comprehensive Income and the Income Statement provide a disclosure 'Donations' of \$12,700.

It would appear that a statement as required by section 237 has not been lodged with Fair Work Australia in relation to that donation.

Would you please arrange lodgement of such as soon as possible.

2. Auditor's Report

The opinion expressed by the auditor in their report has not fully met the requirements of the Act. Section 257(5) of the RO Act sets out the matters on which an auditor is required to state an opinion. An acceptable form of wording would be as follows:

'In our opinion the general purpose financial report presents fairly in accordance with applicable Australian Accounting Standards and other mandatory professional reporting requirements in Australia and the requirements of the Fair Work (Registered Organisations) Act 2009.'

3. Disclosures

I note that the financial reports contain a disclaimer which precedes the reporting unit's Income Statement. Such document was prepared for the members of the committee of management of the organisation.

Section 252 of the RO Act requires that a reporting unit must cause a general purpose financial report to be prepared. Such report must consist of, among other things, financial statements containing a profit and loss statement.

The accounts and other statements should contain certain disclosures (as prescribed by the Reporting Guidelines).

As the information contained in the Income Statement does not appear to form part of the audited "accounts and statements" the financial documents as lodged do not satisfy the requirements of s253 of the RO Act.

So as to ensure compliance with subsection 253, future documents should include an Income and Expenditure Statement setting out particulars of all relevant disclosure requirements of the Reporting Guidelines.

Conferences and meetings

I note the disclosure 'Conference and meeting expenses' of \$7,388 differs from the disclosure 'Meeting expenses' of \$2,527 in the Statement of Comprehensive Income. Item 11 of the Reporting Guidelines requires a separate disclosure for, among other things, expenses incurred in connection with meetings of members of the reporting unit and any conferences or meetings of councils, committees, panels or other bodies for the holding of which the reporting unit was wholly or partly responsible.

The Statement of Comprehensive Income should have provided the disclosure 'Conference and meeting expenses' as provided in the Income Statement.

Revenue

The disclosure "other revenue" in Note 2 appears to represent a substantial portion of the total revenue. Although the accounts provide for a breakdown of some expenditure there appears to be a large portion not disclosed.

I note that the Income Statement provides further disclosures in relation to revenue.

Various parts of the AASB Framework require separate disclosure when an item is material. There would seem little doubt that the aforementioned item is material.

I believe the reporting unit, unless there is another reason, should in the Statement of Comprehensive Income or the notes break this figure down in a way that complies with the requirements of the AASB Framework.

4. Committee of Management Statement

- (a) Paragraph (c) should indicate whether 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.
- (b) The reference to the 'Fair Work (Registered Organisations) Regulations 2009' in paragraph (e)(v) should read the 'Fair Work (Registered Organisations) Act 2009'
- (c) The reference to "Commission" appearing in paragraph (e)(vi) should now read 'Fair Work Australia'.

5. Operating Report

I note that the operating report is titled 'Management Committee Report'. Would you please ensure that future financial reports provide documents correctly titled.

6. Timescale Provisions

It should be noted that the financial report, accompanied by a Designated Officer's Certificate, must be lodged with Fair Work Australia within 14 days of its presentation to an appropriate meeting.

Should you wish to discuss this letter or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 8661 7993 or by email at larry.powell@fwa.gov.au.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'L Powell'.

Larry Powell
Organisations, Research and Advice



Designated Officer's Certificate

s268 of Schedule 1 Fair Work (Registered Organisations) Act 2009(the Act)

I, Richard Hill, being the Vice President of the Timber Merchants Association (Victoria) 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 2th of May 2012; and

That the full report was presented to a general meeting of members of the reporting unit on 29th of May 2012, in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009(the Act).

Signature

A handwritten signature in blue ink, appearing to read 'Richard Hill', is written over a dotted line.

Richard Hill
Vice President
Timber Merchants Association

Date..... 29th May 2012

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 2011

TIMBER MERCHANTS ASSOCIATION (VICTORIA)

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TIMBER MERCHANTS ASSOCIATION (VICTORIA)

MANAGEMENT COMMITTEE REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011

The Management Committee present this report on the Association for the financial year ended 31 December 2011.

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

Meeting attendances

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

Board or committee	Number of meetings
Management committee	7

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

Member	Management committee
R Hill	7
R Caddy	7
P Alexander	6
P Mathews	7
G James	6
C R Dossetor	5
M Webster	5
G Tilling	5
S Iser	4

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 2011

Financial results

The net profit for the financial year was \$20,151 (2010: \$11,903).

Review of operations

Membership fees increased by 10% over the previous year to \$261,678, whilst showroom rental decreased by 8% to \$163,891. Operating costs remained substantially in line with the previous year and thus overall, the directors are pleased that the association's operations are continuing well.

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 2011

Members and employees

The number of members of the reporting unit at the end of the financial year was one hundred.

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 Fair Work (Registered Organisations) Act 2009 (the Act) 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:

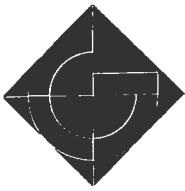


Ron Caddy
Director



Richard Hill
Director

Dated this 27th day of April 2012



COSTER GALGUT PTY LTD

ABN 1 66 005 054 866

CHARTERED ACCOUNTANTS

PO Box 4199 Mulgrave 3170 Australia
39 Clunies Ross Crescent Mulgrave
Telephone (613) 9561 1266
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Email admin@costergalgut.com.au
Website www.costergalgut.com.au

AUDITOR'S INDEPENDENCE DECLARATION

27 April 2012

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 2011, 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

Directors: Desmond J Galgut CA

Martin Reichenberg⁴ BComm BAcc CA

Consultant: Lindsay C Coster BEc FCA

TIMBER MERCHANTS ASSOCIATION (VICTORIA)

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011	2010
		\$	\$
Revenue from ordinary activities	2	580,524	570,935
Depreciation and amortisation expense		(7,805)	(7,286)
Donations		(12,700)	(6,260)
Employee benefits expense		(241,132)	(237,433)
Legal expenses		-	(4,965)
Meeting expenses		(2,527)	(3,067)
Motor vehicle expense		(23,205)	(19,984)
Office and administration expense		(111,893)	(121,670)
Professional service fees		(38,008)	(39,310)
Publication costs		(14,934)	(13,026)
Rent and associated expenses		(108,169)	(106,032)
Profit before income tax	3	20,151	11,903
Income tax expense	1(b)	-	-
Profit for the year		20,151	11,903

The accompanying notes form part of these financial statements

TIMBER MERCHANTS ASSOCIATION (VICTORIA)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

	Note	2011	2010
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	4	101,337	83,845
Trade and other receivables	5	192,924	167,335
Other current assets	6	7,835	7,674
TOTAL CURRENT ASSETS		<u>302,095</u>	<u>258,854</u>
NON-CURRENT ASSETS			
Property, plant and equipment	7	21,119	28,924
TOTAL NON-CURRENT ASSETS		<u>21,119</u>	<u>28,924</u>
TOTAL ASSETS		<u>323,214</u>	<u>287,778</u>
CURRENT LIABILITIES			
Trade and other payables	8	48,742	43,568
Income in advance	9	242,111	232,270
Provisions	10	6,825	6,555
TOTAL CURRENT LIABILITIES		<u>297,678</u>	<u>282,393</u>
NON-CURRENT LIABILITIES			
TOTAL NON-CURRENT LIABILITIES		<u>-</u>	<u>-</u>
TOTAL LIABILITIES		<u>297,678</u>	<u>282,393</u>
NET ASSETS		<u>25,536</u>	<u>5,385</u>
EQUITY			
Retained earnings	11	<u>25,536</u>	<u>5,385</u>

The accompanying notes form part of these financial statements

TIMBER MERCHANTS ASSOCIATION (VICTORIA)

CASH FLOW STATEMENT FOR YEAR ENDED 31 DECEMBER 2011

	Note	2011	2010
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members and other income		564,993	603,184
Payments to suppliers and employees		(554,472)	(564,691)
Interest received		6,971	4,166
Net cash provided by operating activities	15(b)	<u>17,492</u>	<u>42,659</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant & equipment		-	(2,650)
Net cash utilised in investing activities		<u>-</u>	<u>(2,650)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		-	-
Net cash generated by financing activities		<u>-</u>	<u>-</u>
Net increase in cash held		17,492	40,009
Cash and cash equivalents at beginning of financial year		83,845	43,836
Cash and cash equivalents at end of financial year	15(a)	<u><u>101,337</u></u>	<u><u>83,845</u></u>

TIMBER MERCHANTS ASSOCIATION (VICTORIA)

STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 31 DECEMBER 2011

	Reserves \$	Accumulated surplus \$	Total \$
Balance at 1 January 2010	-	(6,518)	(6,518)
Profit for the year	-	11,903	11,903
Balance at 31 December 2010	-	5,385	5,385
Profit for the year	-	20,151	20,151
Balance at 31 December 2011	-	25,536	25,536

TIMBER MERCHANTS ASSOCIATION (VICTORIA)

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2011

The financial report covers Timber Merchants Association (Victoria) as an individual entity. Timber Merchants Association (Victoria) is an association incorporated in Victoria under the Fair Work (Registered Organisations) Act 2009 (the Act).

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 Fair Work (Registered Organisations) Act 2009 (the Act).

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. 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. In the event that the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount.

Depreciation

Depreciation on all fixed assets is calculated on a straight-line basis 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.

The depreciation rate used for each class of assets are:

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

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

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.

TIMBER MERCHANTS ASSOCIATION (VICTORIA)

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2011

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 2011

	2011	2010
	\$	\$
NOTE 2: REVENUE AND OTHER INCOME		
<i>Ordinary operating activities</i>		
Sales revenue		
- sale of publications	27,721	22,250
Other revenue		
- sponsorship and commission	41,555	58,503
- interest	6,971	4,166
- showroom rent	163,891	177,793
- member subscriptions	261,678	237,901
- other revenue	78,707	70,321
	<u>580,524</u>	<u>570,935</u>

NOTE 3: PROFIT FOR THE YEAR

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

Cost of sales	14,934	13,026
Remuneration of auditors for:		
- audit or review	7,000	5,000
- other services	3,500	2,000
Bad debts	3,440	8,323
Depreciation	7,805	7,286
Rental expense on operating leases	98,812	95,934
	<u>98,812</u>	<u>95,934</u>

NOTE 4: CASH AND CASH EQUIVALENTS

Cash on hand	175	235
Cash at bank	101,162	83,610
	<u>101,337</u>	<u>83,845</u>

NOTE 5: TRADE AND OTHER RECEIVABLES

Current

Trade Debtors	164,486	140,611
Other debtors	28,438	26,724
	<u>192,924</u>	<u>167,335</u>

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 2011 (2010 - 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 2011

	2011	2010
	\$	\$
NOTE 6: OTHER CURRENT ASSETS		
Prepayments	<u>7,835</u>	<u>7,674</u>

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

Plant, equipment and website - at cost	156,527	156,527
Less: Accumulated depreciation	(135,408)	(127,603)
Less: Accumulated impairment losses	-	-
	<u>21,119</u>	<u>28,924</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	Total
2010		
Balance at beginning of year	33,560	33,560
Additions	2,650	2,650
Disposals	-	-
Depreciation expense	(7,286)	(7,286)
Balance at end of year	<u>28,924</u>	<u>28,924</u>

	Furniture, showroom fittings & office equipment	Total
2011		
Balance at beginning of year	28,924	28,924
Additions	-	-
Disposals	-	-
Depreciation expense	(7,805)	(7,805)
Balance at end of year	<u>21,119</u>	<u>21,119</u>

	2011	2010
	\$	\$
NOTE 8: TRADE AND OTHER PAYABLES		
Trade creditors	12,915	7,369
Sundry creditors	<u>35,827</u>	<u>36,200</u>
	<u>48,742</u>	<u>43,568</u>

NOTE 9: INCOME IN ADVANCE

CURRENT

Membership subscriptions in advance	201,975	189,927
Showroom rental in advance	<u>40,137</u>	<u>42,343</u>
	<u>242,111</u>	<u>232,270</u>

TIMBER MERCHANTS ASSOCIATION (VICTORIA)

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2011

NOTE 10: PROVISIONS

Current

Provision for staff entitlements	6,825	6,555
	6,825	6,555
	6,825	6,555

NOTE 11: RETAINED PROFITS

Accumulated surplus at beginning of financial year	5,385	(6,518)
Net profit for year		
	20,151	11,903
Accumulated surplus at end of financial year	25,536	5,385

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	105,052	102,128
- between 12 months and 5 years	27,692	120,480
	132,745	222,608
	132,745	222,608

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	-	-
	-	-
	-	-

TIMBER MERCHANTS ASSOCIATION (VICTORIA)

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2011

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

	2011	2010
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	175	235
Cash at bank	101,162	83,610
	<u>101,337</u>	<u>83,845</u>

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

Profit after income tax	20,151	11,903
Non cash flows in profit (loss)		
Depreciation	7,805	7,286
Changes in assets and liabilities		
(Increase)/ decrease in trade and other debtors	(18,401)	26,162
(Increase)/ decrease in other assets	(7,349)	505
(Decrease) increase in trade and other payables	5,175	(11,509)
(Decrease) increase in income in advance	9,841	10,252
(Decrease) increase in employee benefits	270	(1,940)
Cash (outflows) inflows from operations	<u>17,492</u>	<u>42,659</u>

TIMBER MERCHANTS ASSOCIATION (VICTORIA)

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2011

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:

	Floating Interest Rate	
	2011	2010
<i>Financial assets:</i>	\$	\$
Cash	101,162	83,610
Total financial assets	<u>101,162</u>	<u>83,610</u>
	Non-Interest Bearing	
	2011	2010
<i>Financial assets:</i>	\$	\$
Cash	175	235
Receivables	164,486	140,611
Total financial assets	<u>164,661</u>	<u>140,846</u>
<i>Financial liabilities:</i>	\$	\$
Trade and sundry creditors	48,742	43,568
Total financial liabilities	<u>48,742</u>	<u>43,568</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 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 2011

NOTE 18: INFORMATION TO BE PROVIDED TO MEMBERS OR THE GENERAL MANAGER OF FAIR WORK AUSTRALIA

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009 (the Act), the attention of the members is drawn to the provision of subsections (1), (2) and (3) of section 272, which reads as follows:
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).

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 27th April 2012 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 2011:

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

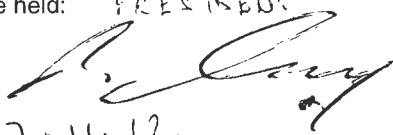
- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the general manger of Fair work Australia;
- (c) the financial statements and notes give a true and fair view of the statement of 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 Fair Work (Registered Organisations) Act 2009 (the Act) and the Fair Work (Registered Organisations) Regulations 2009 (the 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 the General Manager of Fair Work Australia under Section 272 of the Fair Work (Registered Organisations) Regulations 2009 (the Regulations); and
 - (vi) There has been compliance with any order for inspection of financial records made by the Commission under Section 273 of the Fair Work (Registered Organisations) Act 2009 (the Act).

For Committee of Management:

Title of office held:

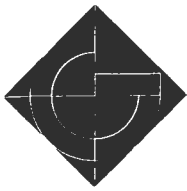
PRESIDENT

Signature:



Date:

27.4.12.



COSTER GALGUT PTY LTD

ABN 66 005 054 866

CHARTERED ACCOUNTANTS

PO Box 4199 Mulgrave 3170 Australia
39 Clunies Ross Crescent Mulgrave
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Email admin@costergalgut.com.au
Website 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 2011, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Associations Incorporation Act 1981 (Victoria) and the Fair Work (Registered Organisations) Act 2009 and for such internal control as the committee determines 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. 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

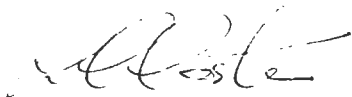
In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

Auditor's Opinion

In our opinion the general purpose financial report of Timber Merchants Association (Victoria) is in accordance with the requirements of the Associations Incorporation Act (1981) and the Fair Work (Registered Organisations) Act 2009, including:

- i. Giving a true and fair view of the association's financial position at 31 December 2011 and of its performance for the year ended on that date; and
- ii. Complying with Australian Accounting Standards and the Fair Work (Registered Organisations) Act 2009.

Coster Galgut Pty Ltd

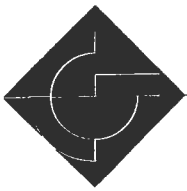


Lindsay Coster

Registered company auditor
Certificate of Practice no. 15288

39 Clunies Ross Crescent
Mulgrave Vic 3170

27 April 2012



COSTER GALGUT PTY LTD

ABN 66 005 054 866

CHARTERED ACCOUNTANTS

Timber Merchants Association (Victoria)

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Website www.costergalgut.com.au

Compilation Report

To the members of Timber Merchants Association (Victoria)

We have compiled the accompanying special purpose report of Timber Merchants Association (Victoria) which comprises the attached income statement for the year ended 31 December 2011. The specific purpose for which the special purpose financial statement has been prepared is to provide financial information to the committee of management.

Responsibility of the Committee of Management

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 Responsibility

On the basis of the information provided by the Committee of Management we have compiled the accompanying special purpose financial statement in accordance with APES 315: Compilation of Financial information.

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.

The special purpose financial statement was compiled exclusively for the benefit of the committee of management. We do not accept responsibility to any other person for the contents of the special purpose financial statement.

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.

Coster Galgut Pty Ltd
39 Clunies Ross Crescent
Mulgrave
Vic 3170

27 April 2012

Liability limited by a scheme approved under Professional Standards Legislation

TIMBER MERCHANTS ASSOCIATION (VICTORIA)

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

REVENUE	2011 \$	2010 \$
Event Income	45,996	40,490
Industrial relations	15,030	16,131
Inspection reports	2,909	1,027
Insurance commission	41,555	55,185
Interest	6,971	4,166
Members' subscriptions	261,678	237,901
Sales of publications	27,721	20,952
Secretariat	3,000	3,000
Showroom rental	163,891	177,793
Sponsorship	-	3,318
Sundry income	8,454	6,312
Website subscriptions	3,318	4,659
	580,524	570,935
 EXPENDITURE		
Accounting	3,500	5,606
Advertising	5,956	6,749
Audit	7,000	7,000
Bad debts	3,440	8,323
Bank charges	1,647	2,048
Cleaning	7,025	8,088
Conference & meeting expenses	7,388	3,067
Consultancy	245	731
Depreciation	7,805	7,286
Donations	12,700	6,260
Electricity	7,059	6,925
Equipment rental	3,286	5,321
Fringe Benefits Tax	6,169	4,671
General expenses	3,667	8,162
Industrial relations	36,050	34,927
Insurance	8,970	8,487
Legal expenses	-	4,965
Member events	31,323	31,629
Motor vehicle expenses	23,205	19,984
Postage	2,270	1,781
Printing & stationery	1,685	3,229
Publication costs	14,934	13,026
Rent & rates	108,169	106,032
Repairs and maintenance	5,527	1,404
Security	476	1,725
Staff training	629	-
Subscriptions	1,510	1,071
Superannuation	19,071	19,203
Telephone	9,430	9,112
Travel	2,456	1,062
Wages	214,681	213,559
Website expenses	1,887	6,532
WorkCover	1,211	1,069
Total Expenses	560,373	559,032
NET INCOME (LOSS)	20,151	11,903

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