



15 August 2017

Mr Peter Alexander  
President  
Timber Merchants Association (Victoria)

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

Dear Mr Alexander

**Re: Timber Merchants Association (Victoria) – financial report for year ending 31 December 2016 (FR2016/404)**

I refer to the financial report of the Timber Merchants Association (Victoria). The documents were originally lodged with the Fair Work Commission on 29 June 2017 and then subsequently lodged with the Registered Organisations Commission ('the ROC') on 12 July 2017. An amended audit report including the declaration required by Reporting Guideline 39 was received today.

The financial report has now been filed. The financial report was filed based on a primary review. This involved confirming whether the financial reporting timelines required under s.253, s.265, s.266 and s.268 of the *Fair Work (Registered Organisations) Act 2009* (RO Act) have been satisfied, all documents required under s.268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and reporting guidelines have been complied with. A primary review does not examine all disclosure requirements.

You are not required to take any further action in respect of the report lodged. However I make the following comments to assist you when preparing the next financial report. Please note that the financial report for the period ending 31 December 2017 may be subject to an advanced compliance review.

**New Format for Auditor's Statement**

The Auditing and Assurance Standards Board (AUASB) has released new requirements for auditor reports effective for financial reporting periods ending on or after 15 December 2016. The Auditor's Statement for the organisation/branch was not prepared in accordance with the new format required by ASA 700 *Forming an Opinion and Reporting on a Financial Report*. A '[Guidance Note](#)' is available on the ROC website to help Registered Organisations understand the new auditing requirements.

The auditor's statement in relation to next year's financial report must be prepared in accordance with ASA 700, including the information and declarations required by the Reporting Guidelines.

**Nil Activity disclosures**

Note 23 makes a statement in relation to activities that did not occur during the reporting period. The intent of the Reporting Guidelines was to provide for individual descriptive nil activity disclosure for each specified category which would maximise transparency rather than a statement that refers to numbers which would have meaning for the ordinary reader of the report only if the

reader had a copy of the Guidelines to hand. Non-occurring activities should be descriptively itemised.

In addition, I note the number references in Note 23 reflect the numbering of the earlier superseded 3<sup>rd</sup> edition of the Reporting Guidelines issued in 2013 and are incorrect due to renumbering when the current edition of the Reporting Guidelines was issued in 2014. Future reports should have regard to the current version of the Reporting Guidelines to avoid inadvertent omissions or mis-references.

### Reporting Requirements

On the ROC website is a number of factsheets in relation to the financial reporting process and associated timelines. The most recent copy of the Reporting Guidelines and a model set of financial statements can also be found. The ROC recommends reporting units use this model as it will assist in ensuring compliance with the RO Act, the s.253 Reporting Guidelines and the Australian Accounting Standards. Access to this information may be obtained via [this link](#).

Please note that new Reporting Guidelines will apply to organisations and branches with financial years *commencing* on or after 1 July 2017. Updates and information on the new guidelines will be provided through the ROC website and the [subscription service](#).

If you have any queries regarding this letter, please contact me via email at [stephen.kellett@roc.gov.au](mailto:stephen.kellett@roc.gov.au).

Yours faithfully

A handwritten signature in black ink that reads "Stephen Kellett". The signature is written in a cursive style with a long horizontal stroke extending to the right.

Stephen Kellett  
Financial Reporting  
Registered Organisations Commission

**From:** Larry Gilmour [mailto:larry.gilmour@omw.com.au]

**Sent:** Tuesday, 15 August 2017 2:15 PM

**To:** KELLETT,Stephen

**Cc:** Eric Siegers

**Subject:** TMA Vic 16 RE: Financial reporting - y/e 31 Dec 2016 - missing documentation - additional information [SEC=UNCLASSIFIED]

Dear Stephen

I refer to our telephone conversation of this morning and thank you for your time.

I advise Mr Eric Siegers of TMA has asked me to reply to you, on his and TMA's behalf, in relation to all matters outlined in your email below.

As requested I comment as follows and enclose the following (I have used the numbering as per your email for clarity):

1 Designated Officers Report - attached

4 Declaration by the auditor concluding management's use of going concern basis is appropriate as per the attached revised audit report - attached

2 TMA did not incur and grants or donation expenses in the year ended 31 December 2016

3 TMA did not have any payables with respect to legal costs in the year ended 31 December 2016

If I can assist any further in this matter please do not hesitate to contact me.

Regards

Larry Gilmour

Partner

Orr Martin & Waters

Chartered Accountants

p: (+61) 3 9836 8222

f: (+61) 3 9836 8331



TMA 16 Designated  
Officers Letter 2017.p



TMA 16 Audit  
Report Signed FWA.p



**Designated Officer's Certificate**

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

I, Peter Alexander, being the 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 1<sup>st</sup> of May 2017; and

That the full report was presented to a general meeting of members of the reporting unit on 22<sup>nd</sup> of June 2017, in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009 (the Act).

Signature

A handwritten signature in black ink, appearing to read 'P. Alexander', is written over a dotted line.

Peter Alexander  
President  
Timber Merchants Association

Date 30<sup>th</sup> June 2017

**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





**Orr, Martin & Waters**

C H A R T E R E D   A C C O U N T A N T S

+61 Whitehorse Road  
Balwyn  
Australia 3103

Postal Address:  
P.O. Box 307  
Balwyn 3103

Partners:  
John E Volders  
Larry R Gilmour  
Grant W Petering

Tel: 03 9836 8222  
Fax: 03 9836 8331  
ABN: 90 040 794 950

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

### **Independent Auditor's Report**

To the members of Timber Merchants Association (Victoria)

#### **Report of the Financial Report**

We have audited the accompanying financial report, being a general purpose financial report, of Timber Merchants Association (Victoria) (the association), an organisation of employers registered pursuant to the Fair Work (Registered Organisations) Act 2009, which comprises the statement of financial position as at 31 December 2016, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, notes comprising summary of significant accounting policies and other explanatory information, and the statement by Association Committee of Management's declaration.

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

The committee of the association is responsible for the preparation and fair presentation 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 Australia 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 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 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 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 Australia professional ethical pronouncements.

#### **Auditor's declaration**

I am an approved auditor for the purposes of the Fair Work (Registered Organisations) Act 2009 and I am a member of the Institute of Chartered Accountants in Australia and I hold a Public Practice Certificate.

### Auditor's Opinion

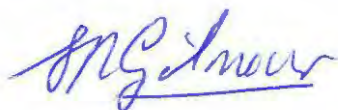
In our opinion the general purpose financial report of Timber Merchants Association (Victoria) an organisation of employers registered pursuant to the Associations Incorporations Act (1981) and the Fair Work (Registered Organisations) Act 2009, including:

- i. Giving a true and fair view of the association's financial position at 31 December 2016 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; and
- iii. The requirement imposed by Part 3 chapter 8 of the Fair Work (Registered Organisations) Act 2009.

I declare that management's use of the going concern basis in the preparation of the financial statements of the Reporting Unit is appropriate.

*ORR MARTIN & WATERS*

**Orr, Martin & Waters**  
Chartered Accountants



L. R. Gilmour FCA  
Partner  
461 Whitehorse Road  
Balwyn Vic 3103

Date: *20 April 2017*

**From:** KELLETT,Stephen  
**Sent:** Friday, 4 August 2017 11:19 AM  
**To:** 'erics@thetimberhub.com.au'  
**Subject:** Financial reporting - y/e 31 Dec 2016 - missing documentation - additional information [SEC=UNCLASSIFIED]

**UNCLASSIFIED**

Dear Mr Siegers,

I'm currently examining the financial report for the organisation lodged on 12 July and would like to discuss a few of the details with you. I set out these below.

- (1) I note that the documentation didn't include the certificate by the designated officer, required by section 268 (see copy of last year's certificate for convenient reference) and would ask that this be provided.

In addition, in view of last year's correspondence (see attached), I would ask that following information also be provided:

- (2) Written confirmation, if it is the case, that the organisation did not incur, specifically, (a) grants expenses; (b) donations expenses, as required by Reporting Guideline 17
- (3) Written confirmation, if it is the case, that the organisation did not have, specifically, (c) payables with respect to legal costs, as required by Reporting Guideline 21
- (4) Declaration, by the Auditor, that as part of the audit of the financial statements they have concluded that management's use of the going concern basis of accounting in the preparation of the reporting unit's financial statements is (or is not) appropriate. This declaration wasn't included in the auditor's statement (see attached). On this occasion, the Commission will accept either an amended auditor's report that includes the declaration, or a letter from the auditor separately making the declaration.

I'd also like to discuss Note 23 (see attached) and the Reporting Guidelines generally. I attach a copy of the current edition issued in June 2014.

I look forward to speaking with you, at your convenience, and may be contacted on the telephone number below.

Yours faithfully

**STEPHEN KELLETT**  
Senior Adviser  
Financial Reporting  
**Registered Organisations Commission**

Tel: (02) 6746 3283  
Email: [stephen.kellett@roc.gov.au](mailto:stephen.kellett@roc.gov.au)

GPO Box 2983, MELBOURNE VIC 3001 | Level 13, 175 Liverpool Street, Sydney NSW 2000

[www.roc.gov.au](http://www.roc.gov.au)



**Australian Government**  
**Registered Organisations Commission**

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s253-reporting-guide  
lines-fourth-edition.p



Note 23.pdf



auditor report.pdf



2015 FWC letter.pdf



2015 certificate.pdf



**From:** Eric Siegers [<mailto:erics@thetimberhub.com.au>]  
**Sent:** Wednesday, 12 July 2017 12:45 PM  
**To:** ROC - Registered Org Commission  
**Subject:** HPRM: ON CMS FR2016/404 TMA annual report

[FR2016/404](#)

Yes indeed it did, this should be the correct file now.

Please advise if you require further information.

Kind regards.

Eric

**From:** Eric Siegers  
**Sent:** Wednesday, 12 July 2017 12:01 PM  
**To:** 'regorgs@roc.gov.au' <[regorgs@roc.gov.au](mailto:regorgs@roc.gov.au)>  
**Subject:** FW: TMA annual report



Financial Statement  
2016.pdf



Audit Statement  
2016.pdf

**From:** Eric Siegers  
**Sent:** Thursday, 29 June 2017 1:02 PM  
**To:** 'orgs@fwc.gov.au' <[orgs@fwc.gov.au](mailto:orgs@fwc.gov.au)>  
**Cc:** 'Emma Watt' <[emma@emmawatt.com.au](mailto:emma@emmawatt.com.au)>  
**Subject:** TMA annual report

Please find attached

1. Audit Statement 2016
2. Audit Report 2016

Should you require further information please do not hesitate in contacting me.

Kind regards.

Eric



**TIMBER MERCHANTS ASSOCIATION (VICTORIA)**

**FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2016**

**TIMBER MERCHANTS ASSOCIATION (VICTORIA)  
ABN 87 146 765 827**

**FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2016**

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**TIMBER MERCHANTS ASSOCIATION (VICTORIA)**  
**ABN 87 146 765 827**

**MANAGEMENT COMMITTEE REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

The Management Committee present this report on the Association for the financial year ended 31 December 2016.

**Committee**

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

Clive R Dossetor	Peter Bennett
Myriam Webster	Hugh Turner
Richard Hill	
Peter Alexander	
Ron Caddy	
Anita Trengrove	

**Meeting attendances**

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

Board or Committee	Number of meetings
Management committee	9

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

Member	Meetings attended		
Richard Hill	5	Peter Bennett	6
Ron Caddy	9	Hugh Turner	8
Peter Alexander	9		
Clive Dossetor	8		
Myriam Webster	9		
Anita Trengrove	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. In this capacity the association provides services to members to ensure that the work place for the employees is safe, compliant and focused on business growth so as to maintain harmonious and proactive work places. Activities include staff and employee training, market analysis and support (through the Timber Advisor Centre), Occupational Health and Safety Audits and other ancillary business support services. This ensures that members are able to meet customer needs through strong employee practices.

**Representation**

The Association has continued its representation of the timber industry to government and regulatory bodies at Federal and State levels, as well as participating and supporting businesses and allied associations.

At the Federal level the TMA has been the only merchant representative organisation on the Forest Wood Products Council (Chaired by the Parliamentary Secretary for Agriculture, Fisheries and Forestry) until its cessation in March 2014, and while an alternative body is being created, remains the principal consultant for the sector on issues of biosecurity and Illegal Logging Bills. The association is active on other Federal initiatives such as Work Safe, Fair Work, and Forest Works.

At the state level the TMA coordinates with the Departments of Justice and Business with specific interest in Consumer Affairs and Small Business Victoria.

Activities aimed at supporting business development initiatives within the timber industry include Wood Products Victoria, Forest and Wood Products Association, Victoria Association of Forest Industries, Shareholder First Super, Timber Training Creswick, ForestWorks (training), Frederick O'Connell Scholarship Fund and the Fair Work Commission.

**TIMBER MERCHANTS ASSOCIATION (VICTORIA)**  
**ABN 87 146 765 827**

**MANAGEMENT COMMITTEE REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**Financial results**

The surplus for the financial year was \$55,792 (2015 Surplus \$43,082).

**Review of operations**

The 2016 economic conditions provided a continuous challenge for the industry and Memberships were consistent with last year.

The association continues to be able to provide its services to members and expects to maintain and implement the 2017 budget as set out by the committee.

**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 any liability incurred as a committee member, director, secretary or executive officer of the association.

The association has not otherwise during or since the financial year indemnified or agreed to indemnify and 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 regulations under a law of the Commonwealth or of a State or Territory.



**TIMBER MERCHANTS ASSOCIATION (VICTORIA)  
ABN 87 146 765 827**

**MANAGEMENT COMMITTEE REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**Members and employees**

The number of members of the reporting unit at the end of the financial year was seventy-two (72).

**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 at 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:

Peter Alexander  
President



Ron Caddy  
Vice President



Dated this 11 Day of APRIL

2017

**TIMBER MERCHANTS ASSOCIATION (VICTORIA)**  
**ABN 87 146 765 827**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 \$	2015 \$
Revenue from ordinary activities	2	288,239	499,799
Net gains from sale of showroom division		-	30,000
Depreciation and amortisation expense		-	(1,272)
Employee entitlements	24	(32,099)	(195,725)
Meeting expenses		(3,103)	(21,297)
Motor vehicle expenses		-	(1,461)
Office and administration expense		(163,931)	(91,586)
Professional service fees		(29,730)	(45,851)
Publication cost		-	(20,003)
Rent and associated expenses		(3,584)	(109,522)
Current year surplus/(deficit) before income tax	3	55,792	43,082
Income tax expenses	1(b)	-	-
<b>Net current year surplus/(deficit) attributable to members of the entity</b>		<b>55,792</b>	<b>43,082</b>

**TIMBER MERCHANTS ASSOCIATION (VICTORIA)**  
**ABN 87 146 765 827**

**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016**

	Note	2016 \$	2015 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	139,619	45,921
Trade and other receivables	5	104,621	189,551
Other current assets	6	-	2,753
<b>TOTAL CURRENT ASSETS</b>		<u>244,240</u>	<u>238,225</u>
<b>TOTAL ASSETS</b>		<u>244,240</u>	<u>238,225</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	25,015	69,888
Income in advance	8	168,815	175,322
Provisions	9	1,603	-
<b>TOTAL CURRENT LIABILITIES</b>		<u>195,433</u>	<u>245,210</u>
<b>TOTAL LIABILITIES</b>		<u>195,433</u>	<u>(6,985)</u>
<b>NET ASSETS</b>		<u>48,807</u>	<u>(6,985)</u>
<b>EQUITY</b>			
Retained earnings	10	48,807	(6,985)

**TIMBER MERCHANTS ASSOCIATION (VICTORIA)**  
**ABN 87 146 765 827**

**CASH FLOW STATEMENT FOR YEAR ENDED 31 DECEMBER 2016**

	Note	2016 \$	2015 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from members and other income		372,649	480,405
Payments to suppliers and employees		(279,471)	(517,082)
Interest Received		520	1,222
Net cash provided by operating activities	13(b)	93,698	35,455
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds: Sale of showroom division		-	30,000
Net cash provided by investing activities		-	30,000
Net increase in cash held		93,698	(5,455)
Cash and cash equivalents at beginning of financial year		45,921	51,376
Cash and cash equivalents at end of financial year	13(a)	139,619	45,921

**TIMBER MERCHANTS ASSOCIATION (VICTORIA)**  
**ABN 87 146 765 827**

**STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 31 DECEMBER 2016**

	<b>Accumulated surplus \$</b>	<b>Total \$</b>
Balance at 1 January 2015	(50,067)	(50,067)
Net surplus for the year	43,082	43,082
Balance at 31 December 2015	(6,985)	(6,985)
Balance at 1 January 2016	(6,985)	(6,985)
Net Surplus for the year	55,792	55,792
<b>Balance at 31 December 2016</b>	<b>48,807</b>	<b>48,807</b>



**TIMBER MERCHANTS ASSOCIATION (VICTORIA)**  
**ABN 87 146 765 827**

**NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2016**

The financial report covers Timber Merchants Association (Victoria) as an individual entity. Timber Merchants Association (Victoria) is an association incorporated in Victoria under the Associations Incorporation Reform Act (2012) and governed by 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 Account 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 on historical costs, modified, where applicable, by the measurement at fair value of selected non-currents 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 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 rates 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.

**d. Impairment of assets**

At the end of each reporting period, the association reviews the carrying amounts of its tangible assets to determine where there is an 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.

**TIMBER MERCHANTS ASSOCIATION (VICTORIA)**  
**ABN 87 146 765 827**

**NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2016**

**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 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 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 lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lesser, 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 co-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 Australia 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 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.

**i. 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 as 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.

**j. New Australian Accounting Standards**

**Adoption of New Australian Accounting Standard Requirements**

No accounting standard has been adopted earlier than the application date stated in the standard. The accounting policies adopted are consistent with those of the previous financial year.

**Future Australian Accounting Standards Requirements**

New standards, amendments to standards or interpretations that were issued prior to the sign-off date and are applicable to the future reporting period are not expected to significantly impact the Association's financial report.

**k. Comparative Figures**

Comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**TIMBER MERCHANTS ASSOCIATION (VICTORIA)**  
**ABN 87 146 765 827**

**NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2016**

	2016	2015
	\$	\$
<b>NOTE 2: REVENUE AND OTHER INCOME</b>		
<i>Ordinary operating activities</i>		
<b>Sales Revenue</b>		
- sale of publications	(1,803)	31,527
other revenue		
- sponsorship and commission	32,329	51,138
- interest	520	1,222
- showroom rent	-	112,895
- member subscriptions	219,593	239,261
- other revenue	37,600	63,756
	288,239	499,799

**NOTE 3: SURPLUS FOR THE YEAR**

The surplus/(deficit) from ordinary activities has been determined after the following expenses:

Cost of Sales	-	20,003
Remuneration of auditors for:	4,000	
- audit or review	-	10,000
Bad debts	-	8,553
Depreciation	-	1,272
Rental expenses on operating leases	-	102,584

**NOTE 4: CASH AND EQUIVALENTS**

Cash on hand	-	26
Cash at bank	139,619	45,895
	139,619	45,921

**NOTE 5: TRADE AND OTHER RECEIVABLES**

**Current**

Trade debtors	101,724	151,908
Other debtors	2,897	37,643
	104,621	189,551

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 2016 (2015- Nil).

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

**TIMBER MERCHANTS ASSOCIATION (VICTORIA)**  
**ABN 87 146 765 827**

**NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2016**

	2016 \$	2015 \$
<b>NOTE 6: OTHER CURRENT ASSETS</b>		
Prepayments	-	2,753
	-	2,753
	2016 \$	2015 \$
<b>NOTE 7: TRADE AND OTHER PAYABLES</b>		
Trade creditors	1,295	9,580
Other payables	23,720	60,308
	25,015	69,888
	2016 \$	2015 \$
<b>NOTE 8: INCOME IN ADVANCE</b>		
Membership subscriptions in advance	168,815	175,322
	168,815	175,322

**TIMBER MERCHANTS ASSOCIATION (VICTORIA)**  
**ABN 87 146 765 827**

**NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2016**

	2016	2015
	\$	\$
<b>NOTE 9: PROVISIONS EMPLOYEES</b>		
<b>Current – Office Holders</b>		
- annual leave entitlements	-	-
- long service leave entitlements	-	-
- separations and redundancies	-	-
- other	-	-
<b>Current – Employees other than Office Holders</b>		
- annual leave entitlements	1,603	-
- long service leave entitlements	-	-
- separations and redundancies	-	-
- other	-	-
	1,603	-
 <b>NOTE 10: RETAINED SURPLUS</b>		
Accumulated surplus at beginning of financial year	(6,985)	(50,067)
Net (deficit)/surplus for year	55,792	43,082
Accumulated surplus at end of financial year	48,807	(6,985)

**NOTE 11: EVENTS AFTER THE REPORTING PERIOD**

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



**TIMBER MERCHANTS ASSOCIATION (VICTORIA)**  
**ABN 87 146 765 827**

**NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2016**

**NOTE 12: RELATED PARTY TRANSACTIONS**

	2016	2015
	\$	\$
<b>Key Management Personnel</b>		
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) is considered key management personnel.		
<b>Key management personnel compensation</b>		
- Short term benefits	27,083	97,513
- Post-employment benefits	2,573	9,264

**Related parties**

**Names of committee members:**

Clive R Dossetor	Peter Alexander	Peter Bennett
Richard Hill	Anita Trengrove	Hugh Turner
Ron Caddy		
Myriam Webster		

(a) Transactions with the companies controlled by committee members

(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 13: CASH FLOW INFORMATION**

**(a) Reconciliation of cash**

	2016	2015
	\$	\$
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	-	26
Cash at bank	139,619	45,895
	139,619	45,921

**(b) Reconciliation of cash flow operations with profit (loss)**

After income tax

Surplus/(deficit) after income tax	55,792	43,082
Non cash flows in profit (loss) depreciation	-	1,272
<b>Changes in assets and liabilities</b>		
(Increase)/decrease in trade and other debtors	84,930	(18,172)
Decrease in other assets	2,753	981
Increase/(decrease) in trade and other payables	(44,873)	18,083
(Decrease)/increase in income in advance	(6,507)	(34,896)
Increase/(decrease) in employee benefits	1,603	(15,805)
Cash inflows/(outflows) from operations	93,698	(5,455)

**TIMBER MERCHANTS ASSOCIATION (VICTORIA)**  
**ABN 87 146 765 827**

**NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2016**

**NOTE 14: 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 15: 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 weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Floating Interest Rate	
	2016	2015
	\$	\$
<i>Financial assets:</i>		
Cash	139,619	45,895
<b>Total financial assets</b>	<b>139,619</b>	<b>45,895</b>

	Non-Interest Bearing	
	2016	2015
	\$	\$
<i>Financial assets:</i>		
Cash	-	26
Receivables	101,723	151,903
<b>Total financial liabilities</b>	<b>101,723</b>	<b>151,929</b>

	2016	2015
	\$	\$
<i>Financial assets:</i>		
Trade and sundry creditors	25,016	69,888
<b>Total financial liabilities</b>	<b>25,016</b>	<b>69,888</b>

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.

**TIMBER MERCHANTS ASSOCIATION (VICTORIA)**  
**ABN 87 146 765 827**

**NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2016**

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.

**NOTE 16: 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:

- (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 17: FINANCIAL PERFORMANCE**

The Association incurred a surplus for the year of \$55,792, (2015: Surplus \$43,082).

**NOTE 18: ASSOCIATION DETAILS**

The principal place of business of the association is:

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

**NOTE 19: RECOVERY OF WAGES**

The Association does not engage in the activity of recovery of wages as described in the Fair Work Act 2009.

**NOTE 20: AASB 1054 FOR PROFIT OR NOT-FOR-PROFIT REPORTING**

For the purposes of preparing the financial statements the Association is a not-for-profit entity.

**NOTE 21: REMUNERATION OF AUDITORS**

	2016	2015
Value of Services Provided	\$	\$
- Financial Statement Audit Services	4,000	10,000
- Other Services	-	-
Total Remuneration of Auditors	<u>4,000</u>	<u>10,000</u>

No other services were provided by the auditors of the financial statements

**TIMBER MERCHANTS ASSOCIATION (VICTORIA)**  
**ABN 87 146 765 827**

**NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2016**

**NOTE 22: EMPLOYEE EXPENSES**

	<b>2016</b>	<b>2015</b>
Holdings of Office	<b>\$</b>	<b>\$</b>
- Wages and Salaries	-	79,978
- Superannuation	-	9,264
- Leave and other entitlements	-	12,567
- Separation and redundancies	-	-
- Other employee expenses	-	777
Employees other than Office Holders		
- Wages and Salaries	27,923	75,760
- Superannuation	2,573	7,522
- Leave and other entitlements	1,603	9,204
- Separation and redundancies	-	-
- Other employee expenses	-	653
<b>Total Employee Expenses</b>	<b>32,099</b>	<b>195,725</b>

**NOTE 23: REPORTING GUIDELINES PURSUANT TO SECTION 255 OF THE FAIR WORK (REGISTERED ORGANISATIONS) ACT 2009**

Items 14, 16, 18, 20, 22 and 26 of the Reporting Guidelines require activities identified in items 10, 11, 13, 15, 17, 19, 21 and 25 to be included in the notes to the General Purpose Financial Report or if they have not occurred a statement to this effect must be included.

Activities identified in items 10, 11, 13, 15, 17, 19, 21 and 25 of the Reporting Guidelines have not occurred during the reporting period.

**TIMBER MERCHANTS ASSOCIATION (VICTORIA)**  
**ABN 87 146 765 827**

**STATEMENT BY THE COMMITTEE OF MANAGEMENT**

On APRIL 11<sup>th</sup> 2017 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 2016.

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 manager of Fair Work Australia;
- (c) The financial statements and notes give a true and fair view of the statement 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; and
  - (v) No information has been sought in any request of a member of the reporting unit or the General Manger 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).

Signed for and on behalf of the Committee of Management:



Mr P Alexander  
President

Date: 11/4/2017



**Orr, Martin & Waters**

CHARTERED ACCOUNTANTS

461 Whitehorse Road  
Balwyn  
Australia 3103

Postal Address:  
P.O. Box 307  
Balwyn 3103

Partners:  
John E Volders  
Larry R Gilmour  
Grant W Petering

Tel: 03 9836 8222  
Fax: 03 9836 8331  
1800 010 10 794 950

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

### **Independent Auditor's Report**

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

#### **Report of the Financial Report**

We have audited the accompanying financial report, being a general purpose financial report, of Timber Merchants Association (Victoria) (the association), an organisation of employers registered pursuant to the Fair Work (Registered Organisations) Act 2009, which comprises the statement of financial position as at 31 December 2016, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, notes comprising summary of significant accounting policies and other explanatory information, and the statement by Association Committee of Management's declaration.

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

The committee of the association is responsible for the preparation and fair presentation 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 Australia 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 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 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 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 Australia professional ethical pronouncements.

#### **Auditor's declaration**

I am an approved auditor for the purposes of the Fair Work (Registered Organisations) Act 2009 and I am a member of the Institute of Chartered Accountants in Australia and I hold a Public Practice Certificate.



**Orr, Martin & Waters**

C H A R T E R E D   A C C O U N T A N T S

461 Whitehorse Road  
Balwyn  
Australia 3103

Postal Address:  
P.O. Box 307  
Balwyn 3103

Partners:  
John E. Volders  
Larry R. Gilmour  
Grant W. Petering

Tel: 03 9836 8222  
Fax: 03 9836 8331  
ABN: 90 040 794 950

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

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#### **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 Australia 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 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 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 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 Australia professional ethical pronouncements.

#### **Auditor's declaration**

I am an approved auditor for the purposes of the Fair Work (Registered Organisations) Act 2009 and I am a member of the Institute of Chartered Accountants in Australia and I hold a Public Practice Certificate.

### Auditor's Opinion

In our opinion the general purpose financial report of Timber Merchants Association (Victoria) an organisation of employers registered pursuant to the Associations Incorporations 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 2016 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; and
- iii. The requirement imposed by Part 3 chapter 8 of the Fair Work (Registered Organisations) Act 2009.

*ORR MARTIN & WATERS*

**Orr, Martin & Waters  
Chartered Accountants**

*L. R. Gilmour*

L. R. Gilmour FCA  
Partner  
461 Whitehorse Road  
Balwyn Vic 3103

Date: *20 April 2017*



## TIMBER MERCHANTS ASSOCIATION (VICTORIA)

### INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

REVENUE	2016 \$	2015 \$
Advisory Service	-	7,126
Event income	1,214	21,644
Industrial relations	7,302	10,903
TTIA risk and audit reports	16,700	2,200
Inspection reports	-	1,464
Insurance commission	32,329	37,638
Interest	520	1,222
Members subscriptions	219,593	239,261
Sales of publications	(1,803)	33,420
Secretariat	-	4,900
Showroom rental	-	112,895
Sponsorship	-	13,500
Sundry income	6,117	4,516
Training revenue	6,267	9,110
Net gains on sale of showroom division	-	30,000
	288,239	529,799
EXPENDITURE		
Accounting	980	6,765
Advertising	1,414	4,371
Advisory support	55,906	-
Audit	4,000	10,000
Bad debts	-	8,553
Bank charges	1,060	1,787
Cleaning	-	6,201
Computer expenses	1,793	5,208
Conference & meeting expenses	3,103	3,804
Consultancy	-	295
Depreciation	-	1,272
Electricity	743	7,788
Equipment rental	4,327	3,276
General expenses	290	1,547
Holiday pay	1,603	(5,145)
Industrial relations	29,730	45,851
Insurance	3,278	4,727
Long service leave	-	5,043
Legal expenses	-	-
Marketing & PR	675	-
Member events	-	23,834
Motor vehicle expenses	-	1,461
Postage	18	2,381
Printing & stationary	273	1,710
Publication costs	-	20,003
Rent & rates	3,584	109,744
Repairs & maintenance	-	1,094
Security	-	426
Secretarial expenses	66,000	-
Sick leave	-	3,799
Staff training	7,825	5,496
Subscriptions	150	90
Superannuation	2,573	16,786
Telephone	18	8,437
Travel	281	1,718
TTIA O H & S Members reports	14,750	1,700
Wages	27,923	173,811
Website expenses	150	1,454
Work cover	-	1,430
Total expenses	232,447	486,717
<b>NET SURPLUS/(DEFICIT)</b>	<b>55,792</b>	<b>43,082</b>