



9 January 2018

Mr Mark Grundy
Secretary/Treasurer
Timber Trade Industrial Association
By email: tia@tia.asn.au
CC: harmit.chopra@lwkca.com

Dear Mr Grundy,

Timber Trade Industrial Association
Financial Report for the year ended 30 June 2017 - [FR2017/129]

I acknowledge receipt of the financial report of the Timber Trade Industrial Association. The documents were lodged with the Registered Organisations Commission (the ROC) on 14 December 2017. I also acknowledge the Designated Officer's Certificate which was lodged with the ROC on 5 January 2018.

The financial report has now been filed.

The financial report was filed based on a primary review. This involved confirming that 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.

Please note that the financial report for the year ending 30 June 2018 may be subject to an advanced compliance review.

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 you next prepare a financial report. The ROC will confirm these concerns have been addressed prior to filing next year's report.

Documents must be lodged with ROC within 14 days of General Meeting

Section 268(c) of the RO Act states that the Designated Officer's Certificate is required to be lodged with the ROC within 14 days of the General Meeting of members referred to in section 266 of the RO Act. The Designated Officer's Certificate indicates that this meeting occurred on 14 December 2017. However the Designated Officer's Certificate was not lodged until 5 January 2018, whereas it should have been lodged with the ROC before 28 December 2017.

Please ensure in future years that the Designated Officer's Certificate is lodged within the statutory timeframes under section 268 of the RO Act. Please note that section 268 is a civil penalty provision.

Reporting Requirements

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](#).

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](#).

If you have any queries regarding this letter, please contact me on (02) 8293 4654 or via email at david.vale@roc.gov.au.

Yours faithfully

A handwritten signature in blue ink, appearing to read "David Vale", is enclosed in a thin black rectangular border.

David Vale
Registered Organisations Commission

TIMBER TRADE INDUSTRIAL ASSOCIATION

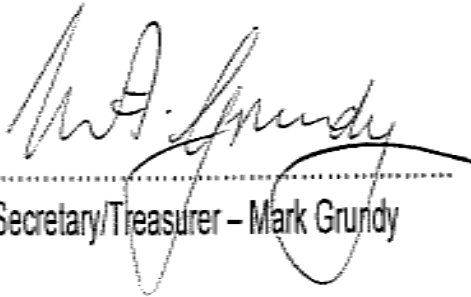
A.B.N. 15 781 125 385

Certificate of Secretary for the year ended 30 June 2017

(Section 268 of Fair Work (Registered Organisations) Act 2009)

I, Mark Grundy, being the Secretary/Treasurer of the Timber Trade Industrial Association certify:

- that the documents lodged herewith are copies of the full report for the year ended 30 June 2017, referred to in s268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members on 23rd November 2017; and
- that the full report was presented to a general meeting of members on 14th December 2017; in accordance with section 266 of the *Fair Work (Registered Organisations) Act 2009*.



Secretary/Treasurer - Mark Grundy

Dated this 5th day of January 2018

TIMBER TRADE INDUSTRIAL ASSOCIATION

AUSTRALIAN BUSINESS NUMBER: 15 781 125 385

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

LWK Pty Limited

Chartered Accountants
Business Advisers and Consultants

Suite 201, Level 2
65 York Street
Sydney NSW 2000
Australia

Telephone: (02) 9290 1588
Facsimile: (02) 9290 2997
Email: reception@lwkca.com
Web: www.lwkca.com



**TIMBER TRADE INDUSTRIAL ASSOCIATION
AUSTRALIAN BUSINESS NUMBER: 15 781 125 385**

**OPERATING REPORT
FOR THE YEAR ENDED 30 JUNE 2017**

The Council presents its operating report on the Timber Trade Industrial Association (the Association) for the year ended 30 June 2017.

Review of principal activities, the results of those activities and any significant changes in the nature of those activities during the year

The principal activities of the Association during the year were that of an employer association providing advice and training in industrial relations and occupational health and safety matters to members.

The results of those activities were fully completed to the satisfaction of the members.

There were no significant changes in the nature of the Association's activities during the year.

The net result from operations for the financial year was a deficit of \$44,974 (2016 surplus of \$5,637). No provision has been made for Income Tax as the Association is exempt from income tax in terms of Section 50-15 of the Income Tax Assessment Act, 1997.

Significant changes in financial affairs

There were no significant changes in the financial affairs of the Association during the year.

Right of members to resign

The rights of members to resign from the Association are set out in Paragraph 8 of the Rules of the Association.

Officers or members who are superannuation fund trustee(s) or director of a company that is a superannuation fund trustee

Mr Allan Stewart, President and Chairman of the Association, is a member of the Board of Directors on the Trustee Board of First Super.

Mrs Janet Gilbert, employee of the Association, is a member of the Board of Directors on the Trustee Board of First Super.

There are no other officers and employees who are superannuation fund trustees or director of a company that is a superannuation fund trustee where criterion for the officer or employee being the trustee is that the officer or employee is an officer or employee of the Association.

Number of members

The number of persons that were, at the end of the financial year to which the report relates, recorded in the register of members and who are taken to be members of the Association were 252.

**TIMBER TRADE INDUSTRIAL ASSOCIATION
AUSTRALIAN BUSINESS NUMBER: 15 781 125 385**

**OPERATING REPORT (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2017**

Number of employees

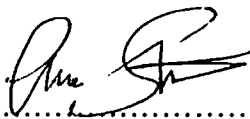
At the end of the financial year to which the report relates, the Association had 4 persons as employees measured on a full-time equivalent basis.

Names of Council members and period positions held during the financial year

The names of each person who has been a member of the Council of the Association at any time during the financial year were:

Mr. Allan Stewart
Mr. Mark Grundy
Ms Jill Hetherington
Mr. Wayne Lewis
Mrs. Lyn McIntyre
Mr David Nicol
Mr. Ashley Price

Councillors have been in office since the start of the financial year to the date of this report unless otherwise stated.



.....
Allan Stewart
President

Dated this 23rd day of November 2017

Stephen K M Liu FCA
Victor K M Kwok CA
Harmit S Chopra CA

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
TIMBER TRADE INDUSTRIAL ASSOCIATION
AUSTRALIAN BUSINESS NUMBER: 15 781 125 385**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Timber Trade Industrial Association (the Association), which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2017, notes to the financial statements, including a summary of significant accounting policies, and the Statement by Councillors.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of Timber Trade Industrial Association as at 30 June 2017, and its financial performance and its cash flows for the year ended on that date in accordance with:

- a) the Australian Accounting Standards; and
- b) any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act).

We declare that the Council's use of the going concern basis in the preparation of the financial statements of the Association is appropriate.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Report section of our report. We are independent of the Association in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Suite 201, Level 2
65 York Street, Sydney.
GPO Box 4198, Sydney
NSW 2001 Australia
T +61 2 9290 1588
F +61 2 9290 2997
E reception@lwkca.com
W www.lwkca.com

INDEPENDENT AUDITOR'S REPORT (CONT'D)

Information Other than the Financial Report and Auditor's Report Thereon

The Council is responsible for the other information. The other information obtained at the date of this auditor's report is in the Operating Report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Council for the Financial Report

The Council 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 and the RO Act, and for such internal control as the Council determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Council is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

Auditor's Responsibilities for the Audit of the Financial Report (Cont'd)

- Obtain an understanding of internal control relevant to the audit 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 association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- Conclude on the appropriateness of the Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Association to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Association audit. We remain solely responsible for our audit opinion.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Declaration by the auditor

I, H S Chopra, declare that I am an approved auditor, a member of the Chartered Accountants Australia and New Zealand and hold a current Public Practice Certificate.

LWK

LWK
Chartered Accountants



H.S. CHOPRA
Partner

Date: *23 November 2017*

Sydney

Registration number (as registered by the RO Commissioner under the RO Act): AA2017/191

**TIMBER TRADE INDUSTRIAL ASSOCIATION
AUSTRALIAN BUSINESS NUMBER: 15 781 125 385**

**STATEMENT BY COUNCILLORS
FOR THE YEAR ENDED 30 JUNE 2017**

On 23 November 2017, the Council of the Timber Trade Industrial Association (the Association) passed the following resolution in relation to the general purpose financial report (GPFR) of the Association for the year ended 30 June 2017:

The Council declares that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act);
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the Association for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the Association 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 Council were held in accordance with the rules of the Association; and
 - (ii) the financial affairs of the Association have been managed in accordance with the rules of the Association; and
 - (iii) the financial records of the Association have been kept and maintained in accordance with the RO Act; and
 - (iv) where the Association consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the Association; and
 - (v) no request for information has been sought by a member of the Association or Commissioner of the Registered Organisations Commission under section 272 of the RO Act during the financial year; and
 - (vi) no orders for inspection of financial records has been made by the Registered Organisations Commission under section 273 of the RO Act during the financial year.

**TIMBER TRADE INDUSTRIAL ASSOCIATION
AUSTRALIAN BUSINESS NUMBER: 15 781 125 385**

**STATEMENT BY COUNCILLORS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2017**

The Council declares that in its opinion (cont'd):

- (f) The Association has not engaged in recovery of wages activity which could have resulted in the derivation of revenue in respect of such activity. Accordingly, no revenue has been derived from undertaking recovery of wages activity during the reporting period.

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



.....

Allan Stewart
President

Dated this 23rd day of November 2017

**TIMBER TRADE INDUSTRIAL ASSOCIATION
AUSTRALIAN BUSINESS NUMBER: 15 781 125 385**

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017**

	NOTE	2017 \$	2016 \$
Revenue			
Members' contributions		527,978	532,532
Capitation fees	3A	-	-
Levies	3B	-	-
Interest	3C	14,965	15,728
Other revenue	3D	329,914	393,818
Total revenue		872,857	942,078
Other Income			
Grants and/or donations	3E	-	-
Net gains from sale of assets	3F	3,804	-
Total other income		3,804	-
Total income		876,661	942,078
Expenses			
Employee expenses	4A	675,074	691,819
Capitation fees	4B	-	-
Affiliation fees	4C	-	-
Administration expenses	4D	218,231	225,765
Grants or donations	4E	-	-
Depreciation	4F	14,171	8,915
Finance costs	4G	2,376	3,524
Legal costs	4H	-	-
Audit fees	12	6,000	5,300
Write-down and impairment of assets	4I	5,783	1,118
Total expenses		921,635	936,441
Surplus/(deficit) for the year		(44,974)	5,637
Other comprehensive income		-	-
Total comprehensive income for the year		(44,974)	5,637

The above statement should be read in conjunction with the notes

TIMBER TRADE INDUSTRIAL ASSOCIATION
AUSTRALIAN BUSINESS NUMBER: 15 781 125 385

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	NOTE	2017 \$	2016 \$
CURRENT ASSETS			
Cash and cash equivalents	5A	627,357	644,837
Trade and other receivables	5B	475,481	515,053
Other current assets	5C	4,575	12,601
TOTAL CURRENT ASSETS		<u>1,107,413</u>	<u>1,172,491</u>
NON-CURRENT ASSETS			
Motor vehicles	6A	55,465	23,118
Office furniture	6B	716	827
Plant and equipment	6C	5,955	3,588
TOTAL NON-CURRENT ASSETS		<u>62,136</u>	<u>27,533</u>
TOTAL ASSETS		<u>1,169,549</u>	<u>1,200,024</u>
CURRENT LIABILITIES			
Trade payables	7A	14,811	8,074
Other payables	7B	652,203	662,590
Borrowings	7C	10,551	13,084
Employee provisions	8A	160,015	185,827
TOTAL CURRENT LIABILITIES		<u>837,580</u>	<u>869,575</u>
NON-CURRENT LIABILITIES			
Borrowings	7C	43,967	9,391
Employee provisions	8A	11,918	-
TOTAL NON-CURRENT LIABILITIES		<u>55,885</u>	<u>9,391</u>
TOTAL LIABILITIES		<u>893,465</u>	<u>878,966</u>
NET ASSETS		<u>276,084</u>	<u>321,058</u>
MEMBERS' FUNDS			
Retained surplus		276,084	321,058
TOTAL MEMBERS' FUNDS		<u>276,084</u>	<u>321,058</u>

The above statement should be read in conjunction with the notes

**TIMBER TRADE INDUSTRIAL ASSOCIATION
AUSTRALIAN BUSINESS NUMBER: 15 781 125 385**

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017**

	NOTE	Retained surplus \$	Total members' funds \$
Balance as at 1 July 2015		315,421	315,421
Surplus for the year		5,637	5,637
Other comprehensive income		-	-
Closing balance as at 30 June 2016		321,058	321,058
Deficit for the year		(44,974)	(44,974)
Other comprehensive income		-	-
Closing balance as at 30 June 2017		276,084	276,084

The above statement should be read in conjunction with the notes

TIMBER TRADE INDUSTRIAL ASSOCIATION
AUSTRALIAN BUSINESS NUMBER: 15 781 125 385

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	NOTE	2017 \$	2016 \$
OPERATING ACTIVITIES			
Cash received			
Receipts from other reporting units/controlled entity	9B	-	-
Receipts from members' contributions and association activities		972,267	909,788
Interest		15,554	15,728
		<u>987,821</u>	<u>925,516</u>
Cash used			
Employees		(685,701)	(667,891)
Suppliers		(307,062)	(255,786)
Payment to other reporting units/controlled entity	9B	<u>-</u>	<u>-</u>
Net cash from/(used by) operating activities	9A	<u>(4,942)</u>	<u>1,839</u>
INVESTING ACTIVITIES			
Cash received			
Proceeds from sale of plant and equipment		-	-
Cash used			
Purchase of plant and equipment		<u>(56,788)</u>	<u>(2,162)</u>
Net cash used by investing activities		<u>(56,788)</u>	<u>(2,162)</u>

**TIMBER TRADE INDUSTRIAL ASSOCIATION
 AUSTRALIAN BUSINESS NUMBER: 15 781 125 385**

**STATEMENT OF CASH FLOWS (CONT'D)
 FOR THE YEAR ENDED 30 JUNE 2017**

	NOTE	2017 \$	2016 \$
FINANCING ACTIVITIES			
Cash received			
Borrowings received		52,757	-
Cash used			
Repayment of borrowings		<u>(8,507)</u>	<u>-</u>
Net cash from financing activities		<u>44,250</u>	<u>-</u>
Net decrease in cash held		(17,480)	(323)
Cash & cash equivalents at the beginning of the reporting period		<u>644,837</u>	<u>645,160</u>
Cash & cash equivalents at the end of the reporting period	5A	<u>627,357</u>	<u>644,837</u>

The above statement should be read in conjunction with the notes

**TIMBER TRADE INDUSTRIAL ASSOCIATION
AUSTRALIAN BUSINESS NUMBER: 15 781 125 385**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

Note 1: Summary of Significant Accounting Policies

1.1 Basis of preparation of the financial statements

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

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

1.2 Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from members contributions which include membership subscriptions and workers compensation & WHS membership, is accounted for on an accrual basis and is recorded as revenue in the year to which it relates.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Interest revenue is recognised on an accrual basis using the effective interest method.

1.3 Taxation

The Association is exempt from income tax under section 50.15 of the Income Tax Assessment Act 1997, however, still has obligation for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

TIMBER TRADE INDUSTRIAL ASSOCIATION
AUSTRALIAN BUSINESS NUMBER: 15 781 125 385

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

Note 1: Statement of Significant Accounting Policies (cont'd)

1.3 Taxation (cont'd)

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office is classified within operating cash flows.

1.4 Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and termination benefits when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities for short-term employee benefits (as defined in AASB 119 Employee Benefits) and termination benefits which are expected to be settled within twelve months of the end of reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits which are expected to be settled beyond twelve months are measured as the present value of the estimated future cash outflows to be made by the Association in respect of services provided by employees up to reporting date.

Contributions are made by the Association to employee superannuation funds and are charged as expenses when incurred.

1.5 Property, plant and equipment

Asset recognition threshold

Purchases of land, buildings, plant and equipment are recognised initially at cost in the Statement of Financial Position. The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful life using, in all cases, the diminishing balance method of depreciation. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

**TIMBER TRADE INDUSTRIAL ASSOCIATION
AUSTRALIAN BUSINESS NUMBER: 15 781 125 385**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

Note 1: Statement of Significant Accounting Policies (cont'd)

1.6 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand, deposits held at call with bank, other short-term highly liquid investments with original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

1.7 Comparative amounts

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

1.8 Significant accounting judgements and estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Association's accounting policies. No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

1.9 New accounting standards for application in future periods

A number of new standards, amendments to standards and interpretations are in issue but are not effective for the current financial year. The reported results and position of the Association will not change on adoption of these pronouncements as they do not result in any changes to the Association's existing accounting policies. Adoption will, however, result in changes to information currently disclosed in the financial statements. The Association does not intend to adopt any of these pronouncements before their effective dates.

Note 2: Events after the reporting period

There were no events that occurred after 30 June 2017, and/or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of Timber Trade Industrial Association.

TIMBER TRADE INDUSTRIAL ASSOCIATION
AUSTRALIAN BUSINESS NUMBER: 15 781 125 385

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$	2016 \$
Note 3: INCOME		
Note 3A: Capitation Fees		
Fees received	<u>-</u>	<u>-</u>
Note 3B: Levies		
Levies received	<u>-</u>	<u>-</u>
Note 3C: Interest		
Deposits	<u>14,965</u>	<u>15,728</u>
Note 3D: Other Revenue		
Advisory & seminar income	229,439	294,857
Management fee	70,529	70,498
Rebate	25,735	27,456
Miscellaneous income	4,000	1,007
Insurance recovered	<u>211</u>	<u>-</u>
Total other revenue	<u>329,914</u>	<u>393,818</u>
Note 3E: Grants or Donations		
Grants or donations received	<u>-</u>	<u>-</u>
Note 3F: Net Gains from Sale of Assets		
Motor vehicle	<u>3,804</u>	<u>-</u>
Note 4: EXPENSES		
Note 4A: Employee Expenses		
Employees other than office holders:		
Wages and salaries	599,882	587,976
Superannuation	59,233	59,353
Fringe benefits tax	23,697	23,928
Leave and other entitlements	(13,894)	13,873
Other employee expenses	<u>6,156</u>	<u>6,689</u>
Total employee expenses	<u>675,074</u>	<u>691,819</u>

There are no employees who are also holders of office

TIMBER TRADE INDUSTRIAL ASSOCIATION
AUSTRALIAN BUSINESS NUMBER: 15 781 125 385

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
Note 4: EXPENSES (CONT'D)		
Note 4B: Capitation Fees		
Fees paid	-	-
Note 4C: Affiliation Fees		
Fees paid	-	-
Note 4D: Administration Expenses		
Consideration to employers for payroll deductions	-	-
Compulsory levies	-	-
Fees/allowances - meeting and conferences	2,638	3,532
Property expenses	27,127	28,689
Accountancy and bookkeeping	30,600	30,000
Advertising and sponsorship	-	1,951
Bank charges	1,730	1,939
Computer and website expenses	260	2,664
Electricity	1,085	875
Field effort	83,778	80,192
Insurances	2,837	1,728
Postages	1,445	2,092
Printing and stationery	5,604	7,617
Repairs, maintenance and cleaning	2,019	1,324
Staff amenities	3,015	1,028
Telephone, fax and internet	18,324	20,562
Trade subscriptions	4,773	5,244
Subtotal administration expense	185,235	189,437
Operating lease rentals:		
Minimum lease payments	32,996	36,328
Total administration expenses	218,231	225,765
Note 4E: Grants or Donations		
Grants or donations paid	-	-

TIMBER TRADE INDUSTRIAL ASSOCIATION
AUSTRALIAN BUSINESS NUMBER: 15 781 125 385

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
Note 4: EXPENSES (CONT'D)		
Note 4F: Depreciation		
Depreciation		
Motor vehicles	12,396	7,000
Office furniture	111	129
Plant and equipment	1,664	1,786
Total depreciation	14,171	8,915
Note 4G: Finance Costs		
Borrowing expenses	104	-
Expired hire purchase charges	249	3,207
Interest on chattel mortgage	2,023	317
Total finance costs	2,376	3,524
Note 4H: Legal Costs		
Other legal matters	-	-
Note 4I: Write-down and Impairment of Assets		
Asset write-downs and impairments of:		
Receivables	5,783	1,118
Note 5: CURRENT ASSETS		
Note 5A: Cash and Cash Equivalents		
Cash at bank	144,178	166,972
Cash on hand	400	400
Short term deposits	482,779	477,465
Total cash and cash equivalents	627,357	644,837

**TIMBER TRADE INDUSTRIAL ASSOCIATION
AUSTRALIAN BUSINESS NUMBER: 15 781 125 385**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

	2017	2016
	\$	\$

Note 5: CURRENT ASSETS (CONT'D)

Note 5B: Trade and Other Receivables

Trade receivables	490,886	529,869
Less: provision for doubtful debts	<u>(16,000)</u>	<u>(16,000)</u>
Trade receivables (net)	474,886	513,869
Other receivables	<u>595</u>	<u>1,184</u>
Total trade and other receivables	<u>475,481</u>	<u>515,053</u>

Note 5C: Other Current Assets

Prepayments	2,945	11,846
Borrowing expenses	675	-
Work accommodation deposit	200	-
Electricity deposit	300	300
Car parking deposit	280	280
Security keys deposit	<u>175</u>	<u>175</u>
Total other current assets	<u>4,575</u>	<u>12,601</u>

Note 6: NON-CURRENT ASSETS

Note 6A: Motor Vehicles

Motor vehicles:		
At cost	132,460	113,785
Less: accumulated depreciation	<u>(76,995)</u>	<u>(90,667)</u>
Total motor vehicles	<u>55,465</u>	<u>23,118</u>

**TIMBER TRADE INDUSTRIAL ASSOCIATION
 AUSTRALIAN BUSINESS NUMBER: 15 781 125 385**

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2017**

	2017 \$	2016 \$
Note 6: NON-CURRENT ASSETS (CONT'D)		
Note 6A: Motor Vehicles (Cont'd)		
<i>Reconciliation of Opening and Closing Balances of Motor vehicles</i>		
As at 1 July 2016		
Gross book value	113,785	113,785
Accumulated depreciation and impairment	<u>(90,667)</u>	<u>(83,667)</u>
Net book value 1 July 2016	23,118	30,118
Additions:		
By purchase	52,757	-
Depreciation expense	(12,396)	(7,000)
Disposal	<u>(8,014)</u>	<u>-</u>
Net book value 30 June 2017	<u>55,465</u>	<u>23,118</u>
Net book value as of 30 June 2017 represented by:		
Gross book value	132,460	113,785
Accumulated depreciation and impairment	<u>(76,995)</u>	<u>(90,667)</u>
Net book value 30 June 2017	<u>55,465</u>	<u>23,118</u>
Note 6B: Office Furniture		
Office furniture:		
At cost	9,831	9,831
Less: accumulated depreciation	<u>(9,115)</u>	<u>(9,004)</u>
Total office furniture	<u>716</u>	<u>827</u>

**TIMBER TRADE INDUSTRIAL ASSOCIATION
AUSTRALIAN BUSINESS NUMBER: 15 781 125 385**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

	2017	2016
	\$	\$
Note 6: NON-CURRENT ASSETS (CONT'D)		
Note 6B: Office Furniture (Cont'd)		
<i>Reconciliation of Opening and Closing Balances of Office furniture</i>		
As at 1 July 2016		
Gross book value	9,831	9,831
Accumulated depreciation and impairment	<u>(9,004)</u>	<u>(8,875)</u>
Net book value 1 July 2016	827	956
Depreciation expense	<u>(111)</u>	<u>(129)</u>
Net book value 30 June 2017	<u>716</u>	<u>827</u>
Net book value as of 30 June 2017 represented by:		
Gross book value	9,831	9,831
Accumulated depreciation and impairment	<u>(9,115)</u>	<u>(9,004)</u>
Net book value 30 June 2017	<u>716</u>	<u>827</u>
Note 6C: Plant and Equipment		
Plant and equipment:		
At cost	79,113	75,082
Less: accumulated depreciation	<u>(73,158)</u>	<u>(71,494)</u>
Total plant and equipment	<u>5,955</u>	<u>3,588</u>

**TIMBER TRADE INDUSTRIAL ASSOCIATION
AUSTRALIAN BUSINESS NUMBER: 15 781 125 385**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

	2017	2016
	\$	\$

Note 6: NON-CURRENT ASSETS (CONT'D)

Note 6C: Plant and Equipment (Cont'd)

*Reconciliation of Opening and Closing Balances of
Plant and equipment*

As at 1 July 2016

Gross book value	75,082	72,920
Accumulated depreciation and impairment	<u>(71,494)</u>	<u>(69,708)</u>

Net book value 1 July 2016	3,588	3,212
-----------------------------------	--------------	--------------

Additions:

By purchase	4,031	2,162
Depreciation expense	<u>(1,664)</u>	<u>(1,786)</u>

Net book value 30 June 2017	<u>5,955</u>	<u>3,588</u>
------------------------------------	---------------------	---------------------

**Net book value as of 30 June 2017
represented by:**

Gross book value	79,113	75,082
Accumulated depreciation and impairment	<u>(73,158)</u>	<u>(71,494)</u>

Net book value 30 June 2017	<u>5,955</u>	<u>3,588</u>
------------------------------------	---------------------	---------------------

Note 7: CURRENT LIABILITIES

Note 7A: Trade Payables

Trade creditors and accruals	<u>14,811</u>	<u>8,074</u>
------------------------------	---------------	--------------

Total trade payables	<u>14,811</u>	<u>8,074</u>
-----------------------------	----------------------	---------------------

Settlement is usually made within 30 days.

TIMBER TRADE INDUSTRIAL ASSOCIATION
AUSTRALIAN BUSINESS NUMBER: 15 781 125 385

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$

Note 7: CURRENT LIABILITIES (CONT'D)

Note 7B: Other Payables

Wages and salaries	13,814	-
Superannuation	4,217	8,211
Consideration to employers for payroll deductions	-	-
Legal costs	-	-
Members' contributions in advance	564,875	569,360
GST payable	57,654	66,823
PAYG tax withholding	11,643	18,196
	<u>652,203</u>	<u>662,590</u>

Total other payables are expected to be settled in:
 No more than 12 months

<u>652,203</u>	<u>662,590</u>
----------------	----------------

Total other payables

<u>652,203</u>	<u>662,590</u>
----------------	----------------

Note 7C: Borrowings

Hire purchase	-	12,841
Chattel mortgage	54,518	9,634
	<u>54,518</u>	<u>22,475</u>

Total other payables are expected to be settled in:
 No more than 12 months
 More than 12 months

10,551	13,084
<u>43,967</u>	<u>9,391</u>

Total borrowings

<u>54,518</u>	<u>22,475</u>
---------------	---------------

**TIMBER TRADE INDUSTRIAL ASSOCIATION
AUSTRALIAN BUSINESS NUMBER: 15 781 125 385**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

2017 2016
\$ \$

Note 8: PROVISIONS

Note 8A: Employee Provisions

Employees other than office holders:

Annual leave	32,497	46,794
Long service leave	139,436	139,033
Total employee provisions	171,933	185,827
Current	160,015	185,827
Non Current	11,918	-
<i>Total employee provisions</i>	11,918	-

There are no employees who are also holders of office

Note 9: CASH FLOW

Note 9A: Cash Flow Reconciliation

**Reconciliation of cash and cash equivalents as per
Statement of Financial Position to Statement of Cash Flows:**

Cash and cash equivalents as per:

Statement of Cash Flows	627,357	644,837
Statement of Financial Position	627,357	644,837
<i>Difference</i>	-	-

TIMBER TRADE INDUSTRIAL ASSOCIATION
AUSTRALIAN BUSINESS NUMBER: 15 781 125 385

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$

Note 9: CASH FLOW (CONT'D)

Note 9A: Cash Flow Reconciliation (Cont'd)

Reconciliation of surplus/(deficit) to net cash from operating activities:

Surplus/(deficit) for the year	(44,974)	5,637
Adjustments for non-cash items		
Depreciation	14,171	8,915
Net write-down of non-financial assets	5,783	1,118
Net gain from sale of assets	(3,804)	-
Changes in assets/liabilities		
(Increase)/decrease in net receivables	32,914	(25,357)
(Increase)/decrease in prepayments	8,901	(11,846)
Increase/(decrease) in supplier payables	6,737	(2,413)
Increase/(decrease) in other payables	(10,776)	11,912
Increase/(decrease) in employee provisions	(13,894)	13,873
Net cash (used by)/from operating activities	<u>(4,942)</u>	<u>1,839</u>

Note 9B: Cash Flow Information

Cash inflows from controlled entities	<u>-</u>	<u>-</u>
Total cash inflows	<u>-</u>	<u>-</u>
Cash outflows to controlled entities	<u>-</u>	<u>-</u>
Total cash outflows	<u>-</u>	<u>-</u>

TIMBER TRADE INDUSTRIAL ASSOCIATION
AUSTRALIAN BUSINESS NUMBER: 15 781 125 385

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$

Note 10: CONTINGENT LIABILITIES, ASSETS
AND COMMITMENTS

Note 10A: Commitments and Contingencies

Operating lease commitments - as lessee

Within one year	-	7,034
After one year but not more than five years	-	17,196
Total minimum lease payments	-	24,230

This novated lease was for an employee's motor vehicle who resigned on 8 March 2017. Thereafter, the Association's lease commitment terminated.

Note 11: RELATED PARTY DISCLOSURES

Note 11A: Related Party Transactions for the Reporting Period

The following financial information provides the total amount of transactions that have been entered into with a related party for the relevant year.

Revenue received from Timber Trade Industrial Pty Ltd includes the following:

Management fee	70,529	70,498
----------------	--------	--------

Amounts owed by Timber Trade Industrial Pty Ltd includes the following:

Trade receivable	60,783	54,984
------------------	--------	--------

**TIMBER TRADE INDUSTRIAL ASSOCIATION
AUSTRALIAN BUSINESS NUMBER: 15 781 125 385**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

2017	2016
\$	\$

**Note 11: RELATED PARTY DISCLOSURES
(CONT'D)**

**Note 11A: Related Party Transactions for the
Reporting Period (Cont'd)**

**Terms and conditions of transactions with related
parties**

Timber Trade Industrial Pty Ltd (the company) is a related party of the Association that provides legal services to the Association's members.

The Association charges management fees to the company in order to cover for its costs associated with providing administrative support to the company.

The management fee charged to the related party is made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances for management fee at the year-end are unsecured and interest free and settlement occurs in cash.

There have been no guarantees provided or received for any related party receivables.

For the year ended 30 June 2017, the Association has not recorded any impairment of trade receivables relating to amounts owed by the company. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

TIMBER TRADE INDUSTRIAL ASSOCIATION
AUSTRALIAN BUSINESS NUMBER: 15 781 125 385

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
Note 11: RELATED PARTY DISCLOSURES		
(CONT'D)		
Note 11B: Key Management Personnel		
Remuneration for the Reporting Period		
Short-term employee benefits		
Salary (including annual leave taken)	221,545	216,647
Annual leave taken	<u>(4,508)</u>	<u>(6,063)</u>
Total short-term employee benefits	<u>217,037</u>	<u>210,584</u>
Post-employment benefits:		
Superannuation	<u>22,891</u>	<u>22,328</u>
Total post-employment benefits	<u>22,891</u>	<u>22,328</u>
Other long-term benefits:		
Long-service leave (taken)/accrued	<u>(11,977)</u>	<u>6,112</u>
Total other long-term benefits	<u>(11,977)</u>	<u>6,112</u>
Total	<u>227,951</u>	<u>239,024</u>
Note 12: REMUNERATION OF AUDITORS		
Value of the services provided		
Financial statement audit services	<u>6,000</u>	<u>5,300</u>
Total remuneration of auditors	<u>6,000</u>	<u>5,300</u>

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

**TIMBER TRADE INDUSTRIAL ASSOCIATION
AUSTRALIAN BUSINESS NUMBER: 15 781 125 385**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

	2017 \$	2016 \$
Note 13: FINANCIAL INSTRUMENTS		
Note 13A: Categories of Financial Instruments		
<i>Financial Assets</i>		
Loans and receivables:		
Cash and cash equivalents	627,357	644,837
Trade and other receivables	475,481	515,053
Other current assets	4,575	12,601
	<u>1,107,413</u>	<u>1,172,491</u>
Total	<u>1,107,413</u>	<u>1,172,491</u>
<i>Carrying amount of financial assets</i>	<u><u>1,107,413</u></u>	<u><u>1,172,491</u></u>
<i>Financial Liabilities</i>		
Other financial liabilities:		
Trade payables	14,811	8,074
Other payables	652,203	662,590
Borrowings	54,518	22,475
	<u>721,532</u>	<u>693,139</u>
Total	<u>721,532</u>	<u>693,139</u>
<i>Carrying amount of financial liabilities</i>	<u><u>721,532</u></u>	<u><u>693,139</u></u>
Note 13B: Net Income and Expense from Financial Assets		
Loans and receivables		
Interest revenue	14,965	15,728
Write-down and impairment of receivables	(5,783)	(1,118)
	<u>9,182</u>	<u>14,610</u>
Net gain from loans and receivables	<u>9,182</u>	<u>14,610</u>
Net gain from financial assets	<u><u>9,182</u></u>	<u><u>14,610</u></u>

**TIMBER TRADE INDUSTRIAL ASSOCIATION
AUSTRALIAN BUSINESS NUMBER: 15 781 125 385**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

	2017	2016
	\$	\$

Note 13: FINANCIAL INSTRUMENTS (CONT'D)

**Note 13C: Net Income and Expense from
Financial Liabilities**

At amortised cost

Borrowing expenses	104	-
Expired hire purchase charges	249	3,207
Interest on chattel mortgage	2,023	317
	<u>2,376</u>	<u>3,524</u>
Net loss from financial liabilities - at amortised cost	<u>2,376</u>	<u>3,524</u>
Net loss from financial liabilities	<u>2,376</u>	<u>3,524</u>

Note 13D: Fair Value of Financial Instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 13E: Credit Risk

The Association is not exposed to any significant credit risk.

Note 13F: Liquidity Risk

Vigilant liquidity risk management requires the Association to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The Association manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

**TIMBER TRADE INDUSTRIAL ASSOCIATION
AUSTRALIAN BUSINESS NUMBER: 15 781 125 385**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

Note 13: FINANCIAL INSTRUMENTS (CONT'D)

Note 13G: Market Risk

Foreign currency risk

The Association is not exposed to any foreign currency risk.

Price risk

The Association is not exposed to any significant price risk.

Interest rate risk

The Association is not exposed to any significant interest rate risk.

**Note 14: SECTION 272 FAIR WORK (REGISTERED ORGANISATIONS)
ACT 2009**

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

Information to be provided to members or Commissioner:

- (1) A member of a reporting unit, or the Commissioner, 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).



8 August 2017

Ms Janet Gilbert
Industrial Officer
Timber Trade Industrial Association
By Email: janetgilbert@ttia.asn.au

Dear Ms Gilbert,

**Re: Lodgement of Financial Report - [FR2017/129]
*Fair Work (Registered Organisations) Act 2009 (the RO Act)***

The financial year of the Timber Trade Industrial Association (the reporting unit) ended on 30 June 2017. This is a courtesy letter to remind you of the reporting unit's obligations regarding financial reporting.

Loans Grants and Donations Statement

The reporting unit is required to lodge a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding \$1,000 for the reporting unit during its financial year. Section 237 of the RO act requires this statement to be lodged with Registered Organisations Commission (the ROC) within 90 days of the end of the reporting unit's financial year, that is on or before 28 September 2017.

The attached fact sheet *Loans Grants and Donations* (FS 009) summarises the requirements of the Loans Grants and Donations Statement. A sample statement of loans, grants or donations is available on our [website](#).

It should be noted that s.237 is a civil penalty provision. If a loan, grant or donation over \$1000 has been made, failure to lodge a statement of loans, grants and donations (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$105,000 for each contravention for a body corporate and up to \$21,000 for each contravention for an individual) being imposed upon your organisation and/or an officer whose conduct led to the contravention.

Financial report

The RO Act sets out a particular chronological order in which your financial report must be prepared, audited, provided to members, presented to a meeting and then lodged with the ROC. The attached document *Summary of Financial Reporting timelines* (FS 008) summarises these requirements.

We emphasise that the reporting unit is required to present its audited financial report to a meeting (either of members or of the committee of management, depending on your rules) no later than 31 December 2017 (s.266). The full financial report must be lodged with the ROC within 14 days of that meeting (s.268).

When assessing your financial report, we will continue to focus closely on timelines as well as how loans, grants and donations are reported. The financial report must break down the amounts of grants and donations and these figures will be compared to the loans, grants and donations statement (see attached *Loans Grants and Donations* fact sheet FS 009).

You can visit our website for more information regarding [financial reporting](#), and fact sheets regarding [financial reporting processes and requirements](#). A model set of financial statements developed by the

ROC is also available on our website. It is not obligatory to use this model but it is a useful resource to ensure compliance with the RO Act, the Reporting Guidelines and the Australian Accounting Standards.

It should be noted that s.268 of the RO Act is a civil penalty provision. Failure to lodge the full financial report (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$105,000 for each contravention for a body corporate and up to \$21,000 for each contravention for an individual) being imposed upon your organisation and/or an officer whose conduct led to the contravention (s.268).

Auditor's report

When assessing the financial report we will also focus on the structure and content of the auditor's report to ensure that it complies with the revisions made to the Auditing Standards which came into effect from 15 December 2016. Please find below a guidance note *Illustrative Auditor's Report* (GN 004) relating to these requirements (which can also be located on our website).

REMINDER

YOUR AUDITOR MUST BE REGISTERED (s.256)

You must ensure that your auditor is registered by the Registered Organisations Commissioner. A list of registered auditors is available on our [website](#).

Contact

Should you require any clarification in relation to the above, please email regorgs@roc.gov.au.

Yours faithfully,

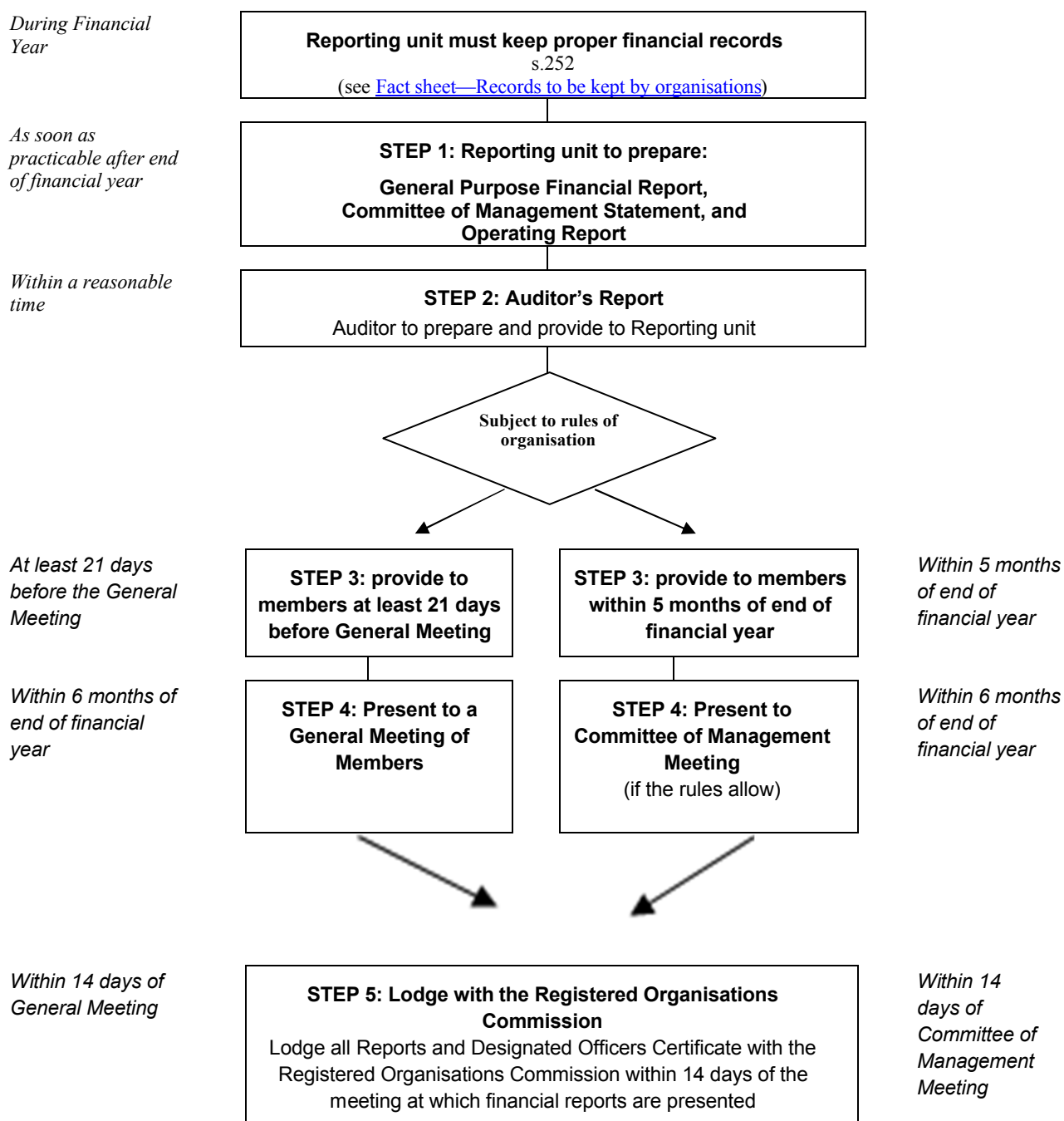
Carolyn Moloney
Registered Organisations Commission



Fact sheet

Summary of financial reporting timelines – s.253 financial reports

See Fact sheet—Financial reporting for an explanation of each of these steps.





Fact sheet

Loans, Grants & Donations

The Loans, Grants & Donations Requirements

The *Fair Work (Registered Organisations) Act 2009* (the RO Act) requires an organisation or branch to lodge a loans, grants and donations statement (the statement) within **90 days** of the ending of the financial year.

Under the Commissioner's Reporting Guidelines, a reporting unit's General Purpose Financial Report (the financial report) must break down the amounts of grants and donations (see below). The figures in the financial report will be compared to the loans, grants and donations statement.

The Loans, Grants & Donations Statement

Section 237 of the RO Act applies to every loan, grant and donation made by an organisation or branch during the financial year that exceeds \$1000. The following information must be supplied to the Registered Organisations Commission (the ROC) for each relevant loan, grant or donation:





- the amount,
- the purpose,
- the security (if it is a loan),
- the name and address of the person to whom it was made,* and
- the arrangements for repaying the loan.*



*The last two items are not required if the loan, grant or donation was made to relieve a member of the organisation (or their dependent) from severe financial hardship.

The statement must be lodged within 90 days of the end of the financial year and the ROC has a [Template Loans, Grants and Donations Statement](#) on its website. The ROC encourages branches and organisations to lodge the statement even if all of the figures are NIL.

Common misconceptions

Over the years, staff of the Commission have noted that there are some common misunderstandings made in relation to the Statement. They include:

Misconception	Requirement
 Only reporting units must lodge the Statement.	 All branches and organisations, regardless of whether they lodge a financial report, must lodge the statement within 90 days of the end of the financial year. An organisation cannot lodge a single statement to cover all of its branches.
 Employees can sign the Statement.	 The statement must be signed by an elected officer of the relevant branch.

	Statements can be lodged with the financial report.		The deadline for the statement is much shorter (90 days) and if it is lodged with the financial report it is likely to be late.
---	---	--	---

Grants & Donations within the Financial Report

Item 16(e) of the Commissioner's Reporting Guidelines requires the reporting unit to separate the line items relating to grants and donations into grants or donations that were \$1000 or less and those that exceeded \$1000.

As such, the note in the financial report relating to grants and donations will have four lines. In the [ROC's Model Statements](#) the note appears as follows:

Note 4E: Grants ~~OR~~ donations*

Grants:	[Current year]	[Previous year]
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Donations:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Total grants or donations	-	-

The Commissioner's Reporting Guidelines requires that these line items appear in the financial report even if the figures are NIL.

Implications for filing the Financial Report

During their review of the financial report staff of the ROC may confirm that the figures in the financial report match the disclosures made in the statement. Any inconsistencies in these figures will be raised with the organisation or branch for explanation and action.

This may involve lodging an amended loans, grants or donations statement. Any failure to lodge a loans, grants or donations statement or lodging a statement that is false or misleading can attract civil penalties under the RO Act.

If a reporting unit did not fully comply with these requirements in their last financial report, its filing letter will have included a statement reminding the reporting unit of its obligations.

It is strongly recommended that all reporting units review their filing letters from the previous financial year to ensure any targeted concerns are addressed in their latest financial report. Failure to address these individual concerns may mean that a financial report cannot be filed.

Previous financial reports and filing letters are available from the website.

Further information

If you have any further questions relating to the loan, grant and donation disclosure requirements in the statement or the financial report, please contact the ROC on regorgs@roc.gov.au



Guidance Note

Illustrative Auditor's Report under section 257 of the *Fair Work (Registered Organisations) Act 2009*

Prepared and issued by the Registered Organisations Commission

Version	Date published
1	4 August 2017

1. Introduction

The purpose of this guidance note is to provide Registered Organisations with guidance on the revised Australian Auditing Standard ASA 700 *Forming an Opinion and Reporting on a Financial Report* (ASA 700), as issued by the Auditing and Assurance Standards Board ('AUASB').

An 'Illustrative Auditor's Report' is included to assist Registered Organisations to understand the new auditing requirements.

2. Background to the revised Auditing Standard

From 15 December 2016, the structure of the Auditor's Report changed as a result of revisions made to the Australian Auditing Standards (ASAs). The changes impact all auditors' reports prepared in accordance with the ASAs.

The purpose of the change is to:

- enhance the communicative value of the Auditor's Report;
- give prominence to the most important matters by re-ordering the content;
- enhance reporting on going concern matters (if applicable), and provide enhanced descriptions of the respective responsibilities of management and the auditor, in relation to going concern;
- provide an affirmative statement on auditor's independence and fulfilment of relevant ethical responsibilities;
- provide more information to users on the auditor's responsibilities, and the key features of an audit and;
- provide details of other information the auditor has received at the date of the Auditor's Report, and is expected to receive after the date of the Auditor's Report¹.

3. Key changes included in the illustrative Auditor's Report

Description	Auditing standard ref.	Comments
Structure of the auditor's report	ASA 700.21-52	The form and structure of the audit report have been reorganised due to changes in the Australian Auditing Standards.
Basis for opinion	ASA 700.28c	Requires references in the audit report to the applicable ethical standards e.g. APES 110 <i>Code of Ethics for Professional Accountants</i> .
Other information	ASA 700.32 ASA 720	ASA 720 now requires that the auditor 'read and consider' if the Other Information (including but not limited to the Operating Report) is materially inconsistent with the financial statements, or the auditor's knowledge obtained in the audit.
Committee of Management's responsibilities for the preparation of the financial report	ASA 700.33-36	ASA 700.34b has been added to reflect changes made in ASA 570. The changes emphasise that it is management's responsibility for assessing whether the use of the going concern assumption is appropriate. The auditors' roles and responsibilities related to going concern have not changed.
Auditor's responsibilities for the audit of the financial report	ASA 700.37-40	These paragraphs have been expanded to clarify the detailed nature and scope of the auditor's existing responsibilities and procedures, and to make an explicit relationship of material misstatements to fraud or error.
Report on other legal and	ASA 700.43-45	This section is only applicable if there are other matters to report as required by other legislation.

¹ Adapted from 'Auditor Reporting FAQs' – Auditing and Assurance Standards Board - <http://www.auasb.gov.au/Publications/Auditor-Reporting-FAQs.aspx>

Description	Auditing standard ref.	Comments
regulatory requirements		<p>Under sections 257(6) and (7) of the <i>Fair Work (Registered Organisations) Act 2009</i> ('RO Act'), the auditor is required to report on any instances of non-compliance or deficiency or shortcoming with respect to financial record-keeping, and section 257(2) of the RO Act requires auditors to report on access restrictions to the financial records of the organisation.</p> <p>This section is not required if there are no matters to report.</p>

4. Key changes not reflected in the illustrative Auditor's Report

Description	Auditing standard ref.	Comments
Key Audit Matters	ASA 700.30-31, A41 ASA 701	<p>ASA 701 provides additional disclosures for entities listed on a securities exchange to communicate key audit matters ('KAMs') in the auditor's report. KAMs are those matters that, in the auditor's judgement, are of most significance to the audit of the financial statements of the current financial period.</p> <p>At this point in time, the ROC does not require the inclusion of KAMs.</p>

The numbered references in the Illustrative Auditor's Report refer to the explanatory paragraphs in section 5 of this Guidance Note 'Illustrative Auditor's Notes'. The Illustrative Auditor's Report is also included in the 'Model Financial Statements' published on the Registered Organisations Commission's website.

<To be printed on Auditor letterhead>

Independent Audit Report to the Members of <name of Reporting Unit>

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of <name of Reporting Unit> (the Reporting Unit), which comprises the statement of financial position² as at <balance date>, the statement of comprehensive income³, statement of changes in equity⁴ and statement of cash flows⁵ for the year ended <date>, notes to the financial statements, including a summary of significant accounting policies; and the Committee of Management⁶ Statement.

In my opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of <name of Reporting Unit> as at <balance date>, and its financial performance and its cash flows for the year ended on that date in accordance with:

- a) the Australian Accounting Standards; and
- b) any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act).

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

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Reporting Unit in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Information Other than the Financial Report and Auditor's Report Thereon⁷

The Committee of Management is responsible for the other information. The other information obtained at the date of this auditor's report is in the Operating Report accompanying the financial report.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

² Refer to paragraph 9 in Section 5 Illustrative Auditor's Report Notes in this Guidance Note

³ Ibid paragraph 9

⁴ Ibid paragraph 9

⁵ Ibid paragraph 9

⁶ Ibid paragraph 10; note if this is changed to another descriptor all other references in the Report should be changed to the other descriptor

⁷ Ibid paragraph 7

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Committee of Management for the Financial Report

The Committee of Management of the Reporting Unit is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the Committee of Management determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Committee of Management is responsible for assessing the Reporting Unit's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee of Management either intend to liquidate the Reporting Unit or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

My objective is to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Reporting Unit's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Reporting Unit's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Reporting Unit to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Reporting Unit to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Reporting Unit audit. I remain solely responsible for my audit opinion.

I communicate with the Committee of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I declare that I am an approved auditor, a member of [name of appropriate professional accounting body] and hold a current Public Practice Certificate.

[Report on Other Legal and Regulatory Requirements]⁸

[In accordance with the requirements of section 257(7) of the RO Act, I am required to describe any deficiency, failure or shortcoming in respect of the matters referred to in section 252 and 257(2) of the RO Act.

My opinion on the financial report is not modified in respect of the following matter(s) because, in my opinion, it has been appropriately addressed by [Reporting Unit] and is not considered material in the context of the audit of the financial report as a whole:

[Example:

a) [Reporting Unit] failed to keep [name of other record] as required by section 252 of the RO Act for the period 1 July 20XX to 4 July 20XX inclusive.]]

[Report on the Recovery of Wages Activity financial report]⁹

Opinion on the recovery of wages activity financial report

The scope of my work extended to the recovery of wages activity and I have audited the recovery of wages activity financial report for the year ended <date>.

In my opinion, the financial statements and notes and recovery of wages activity financial report properly and fairly report all information required by the reporting guidelines of the General Manager, including:

- (a) any fees charged to, or reimbursements of expenses claimed from, members and others for recovery of wages activity; and
- (b) any donations or other contributions deducted from recovered money.

Responsibilities

The Committee of Management is responsible for the preparation and presentation of the recovery of wages activity financial report in accordance with the reporting guidelines of the General Manager. My responsibility is to express an opinion on the recovery of wages activity financial report, based on my audit conducted in accordance with Australian Auditing Standards.

<Audit Firm Name>

<Name>

Partner

⁸ Ibid paragraph 11

⁹ Ibid paragraph 11

<City>
<Date>

Registration number (as registered by the RO Commissioner under the RO Act)¹⁰: <insert number>

¹⁰ Ibid paragraph 12

5. Illustrative Auditor's Report Notes

For the purpose of this illustrative Auditor's Report, the following circumstances are assumed:

1. The financial report is prepared by management of the Reporting Unit in accordance with Australian Accounting Standards and the RO Act.
2. The terms of the audit engagement reflect the description of management's responsibility for the financial report in *ASA 210 Agreeing the Terms of Audit Engagements*.
3. The auditor has concluded an unmodified opinion is appropriate based on the audit evidence obtained.
4. The relevant ethical requirements that apply to the audit are the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants*.
5. Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern in accordance with *ASA 570 Going Concern*.
6. The auditor is not required, and has otherwise not decided, to communicate key audit matters in accordance with *ASA 701 Communicating Key Audit Matters in the Independent Auditor's Report*.
7. The section on 'Information Other than the Financial Report and Auditor's Report Thereon' is customised depending on the nature of the Other Information received and when this information was received. The template provided assumes that the nature of the Other Information is the Operating Report and that it was received on or before the date of the audit report. If there is Other Information that accompanies the financial report in addition to the Operating Report, or if the Operating Report or any additional Other Information was not received on or before the date of the audit report, please refer to the requirements stated in *ASA 720 The Auditor's Responsibilities Relating to Other Information* for example wording.
8. The subheading 'Report on Other Legal and Regulatory Requirements' is only applicable where the auditor includes 'Other reporting responsibilities' in accordance with *ASA 700 Forming an Opinion and Reporting on a Financial Report*. Please delete the 'Report on Other Legal and Regulatory Requirements' section if there is no deficiency, failure or shortcoming to report.
9. Please ensure that the financial statement descriptions used in the Auditor's Report agree with those used in the financial report, for example, 'balance sheet' or 'statement of financial position'.
10. Use of 'Committee of Management' in the model auditor's report represents those charged with governance for the registered organisation, and can be replaced with other descriptors as appropriate for the organisation, for example, 'Council of Management', 'Executive Committee', etc.
11. If the Registered Organisation has not undertaken any recovery of wages activity during the reporting period the auditor's report should state that fact with reference

to the Committee of Management Statement, and no opinion can be provided in relation to recovery of wages activity.

12. Auditors must be registered by the Registered Organisations Commissioner. Your registration number under the RO Act will commence with the letters 'AA'.

© Commonwealth of Australia 2017

This guidance note is not intended to be comprehensive. It is designed to assist with making an application to the Registered Organisations Commission and its work. The Registered Organisations Commission does not provide legal advice.