



23 December 2021

Brian Seidler  
Executive Director  
The Master Builders' Association of New South Wales

Sent via email: [bseidler@mbansw.asn.au](mailto:bseidler@mbansw.asn.au)  
CC: [vmodi@nexiasydney.com.au](mailto:vmodi@nexiasydney.com.au)

Dear Brian Seidler,

**The Master Builders' Association of New South Wales  
Financial Report for the year ended 30 June 2021 – (FR2021/163)**

I acknowledge receipt of the financial report for the year ended 30 June 2021 for the Master Builders' Association of New South Wales. The documents were lodged with the Registered Organisations Commission (**the ROC**) on 20 December 2021.

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

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 2022 may be subject to an advanced compliance review.

**Reporting Requirements**

The ROC website provides a number of factsheets in relation to the financial reporting process and associated timelines. The website also contains the s.253 reporting guidelines and a model set of financial statements.

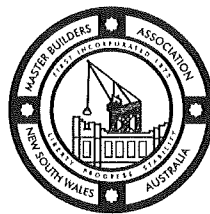
The ROC recommends that reporting units use these model financial statements to assist in complying with the RO Act, the s.253 reporting guidelines and Australian Accounting Standards. Access to this information is available via [this link](#).

If you have any queries regarding this letter, please contact me on (03) 9603 0764 or via email at [kylie.ngo@roc.gov.au](mailto:kylie.ngo@roc.gov.au).

Yours sincerely,

**Kylie Ngo  
Registered Organisations Commission**





**Master  
Builders  
Association**

New South Wales

20 December 2021

Registered Organisations Commission  
GPO Box 2983  
MELBOURNE VIC 2983

**By email:** [regorgs@roc.gov.au](mailto:regorgs@roc.gov.au)

Dear Sir/Madam,

**RE: Master Builders Association of New South Wales, Financial Report for Year Ended 30 June 2021**

Please find attached the relevant information relating to the Association's financial report for the year ending June 2021.

The relevant information includes:

1. Certificate by Prescribed Designated Officer (*Attachment 1*).
2. A copy of the Association's Full Report (*Attachment 2*).

Should you have any enquiries regarding this matter please do not hesitate to contact the undersigned on (02) 8586-3503.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Brian Seidler".

Brian Seidler  
**EXECUTIVE DIRECTOR**

**Attachs.**



**Master Builders Association of New South Wales**  
*s.268 Fair Work (Registered Organisations) Act 2009*

**Certificate by Prescribed Designated Officer**  
Certificate for the year ended 30 June 2021

I, Simon Pilcher, being the President of the Master Builders Association of NSW certify:

- That the document lodged herewith is a copy of the full financial report for the Master Builders Association of New South Wales for the period ended referred to in s268 of the Fair Work (Registered Organisations Act 2009); and
- That the full financial report was provided to members of the organisation on 17 November 2021; and
- That the full report was presented to the Association's Annual General Meeting of members (the reporting unit) on 14 December, 2021 in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009.



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**Signature**

**Simon Pilcher**  
**President**  
**Master Builders Association of NSW**

Date: 20 December 2021



Attachment 2

**Master Builders Association of New South Wales and Its  
Controlled Entities**

**ABN 96 550 042 906**

**Annual Financial Report  
For the year ended 30 June 2021**



**Master Builders Association of New South Wales and Its Controlled Entities**  
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**For the year ended 30 June 2021**

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**Master Builders Association of New South Wales and Its Controlled Entities**  
**Expenditure report**  
**For the year ended 30 June 2021**

The Council of Management presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 30 June 2021.

	<b>Consolidated Group</b>		<b>Parent Entity</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Categories of expenditure</b>				
Remuneration and other employment related expenses - employees	19,574,795	20,793,663	8,359,393	8,511,981
Advertising	91,881	130,297	91,881	130,297
Operating costs	6,408,017	8,129,819	6,921,297	8,132,118
Donations to political parties	-	-	-	-
Legal costs	432,584	472,585	432,584	472,585
	<u>26,507,277</u>	<u>29,526,364</u>	<u>15,805,155</u>	<u>17,246,981</u>



Simon Pilcher  
Council Member



Robert Black  
Council Member

12<sup>th</sup> of October 2021  
Sydney



**Master Builders Association of New South Wales and Its Controlled Entities**  
**Operating report**  
**For the year ended 30 June 2021**

Your council presents their report on the association and its controlled entities for the financial year ended 30 June 2021.

**Committee members**

The following persons were committee members of Master Builders Association of New South Wales and Its Controlled Entities during the whole of the financial year and up to the date of this report, unless otherwise stated:

Simon Pilcher – President	John Worthington
Martin Patience – Past President	Louis Stanton
Robert Black – Deputy President	Gordon Leggett
Mick Banks – Vice President	George Rench
Michael O'Donnell – Vice President	Brad Garrard
Frank Mamasioulas – Vice President	Dave Dillon
Colin Jewell – Vice President	Stuart Crowfoot
John Biazzo	Brad Maggs
Anthony Larter	John Henderson
Bill Taylor	Ian Anderson
David Campbell	Stanley Giaouris
Dan Murphy	William Calokerinos
Ross Mitchell	Douglas Miller
Peter Finnane	Paul Edwards

**Rights of members to resign**

Members' rights to resign are set out in Item 10 of the constitution. In summary, a member may resign from membership by written notice addressed and delivered to the offices of the Master Builders Association of New South Wales.

**Principal activities**

The principal activities of the Consolidated Entity during the financial year were to serve the interests of employers and members of the building and construction industry within New South Wales.

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

**Operating results**

The surplus of the Consolidated Entity for the financial year amounted to \$2,643,106 (2020: \$409,016).

**Significant changes in financial affairs**

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

**Events after the reporting period**

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Officers & members who are superannuation fund trustees**

No officer or member of the organisation, by virtue of their office or membership of the Master Builders Association of New South Wales, is:

- a trustee of a superannuation entity or an exempt public sector superannuation scheme; or
- a director of a company that is a trustee of a superannuation entity or an exempt public sector superannuation scheme; or

Where a criterion for the officer or member being the trustee or director is that the officer or member is an officer or member of a registered organisation as defined under the Fair Work (Registered Organisations) Act 2009.



**Master Builders Association of New South Wales and Its Controlled Entities**  
**Operating report**  
**For the year ended 30 June 2021**

**Officers & employees who are directors of a company or a member of a board**

No officer or member of the organisation, by virtue of their office or membership of the Master Builders Association of New South Wales, is a director of a company or a member of a board.

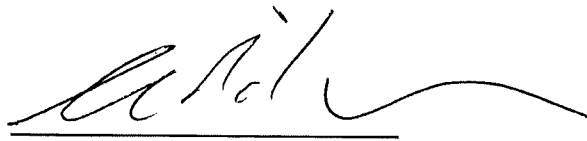
**Number of members**

At the end of the financial year, there were 8,001 (2020: 7,701) members of the Master Builders Association of New South Wales.

**Number of employees**

The Master Builders Association of New South Wales employs administration staff. Apprentices are employed by a Controlled Entity, the Master Builders Association of New South Wales Pty Limited. The number of employees of the Master Builders Association of New South Wales and its Controlled Entities at the end of the financial year was 79 staff and 247 apprentices (2020: 75 staff and 221 apprentices).

Signed in accordance with a resolution of the Council of Management:



Simon Pilcher  
Council Member



Robert Black  
Council Member

12<sup>th</sup> of October 2021  
Sydney



**Master Builders Association of New South Wales and Its Controlled Entities**  
**Statement of comprehensive income**  
**For the year ended 30 June 2021**

	Note	Consolidated Group 2021 \$	2020 \$	Parent Entity 2021 \$	2020 \$
<b>Revenue</b>					
Revenue	3	30,007,692	30,529,107	15,591,122	15,079,645
Other income	4	212,594	431,335	3,188,291	3,981,524
Total revenue		30,220,286	30,960,442	18,779,413	19,061,169
<b>Expenses</b>					
Employee benefits expense	5	(19,574,795)	(20,793,663)	(8,359,393)	(8,511,981)
Training and education expense		(1,601,345)	(2,480,081)	(1,601,345)	(2,480,081)
Cost of services rendered		(450,823)	(1,273,517)	(450,823)	(1,273,517)
Cost of documents sold		(220,941)	(186,900)	(220,941)	(186,900)
Bad and doubtful debts expense/provision write back	5	201,910	157,183	129,592	156,226
Administrative expenses		(1,580,444)	(1,760,643)	(1,451,107)	(1,593,762)
Motor vehicle expenses		(174,229)	(122,489)	(174,229)	(122,489)
Property expenses		(515,172)	(498,078)	(1,248,197)	(816,078)
Affiliation fees		(642,638)	(615,437)	(642,638)	(615,437)
Travelling expenses		(136,995)	(220,758)	(136,995)	(220,758)
Legal expenses		(432,584)	(472,585)	(432,584)	(472,585)
Insurances including workers' compensation premium		(343,634)	(209,839)	(289,361)	(209,664)
Payroll tax		(337,850)	(427,146)	(337,850)	(427,146)
Repair and maintenance		(184,300)	(124,379)	(184,300)	(124,379)
Finance costs - lease liabilities		(14,227)	(20,335)	(14,227)	(20,335)
Other expenses		(499,210)	(477,698)	(390,757)	(328,095)
Depreciation and amortisation expense	5	(1,069,903)	(1,025,061)	(804,608)	(863,515)
Total expenses		(27,577,180)	(30,551,426)	(16,609,763)	(18,110,496)
<b>Surplus before income tax expense</b>		2,643,106	409,016	2,169,650	950,673
Income tax expense		-	-	-	-
<b>Surplus after income tax expense for the year</b>		2,643,106	409,016	2,169,650	950,673
<b>Other comprehensive income</b>					
Gain on revaluation of land and buildings		-	5,907,798	-	1,036,232
Other comprehensive income for the year, net of tax		-	5,907,798	-	1,036,232
<b>Total comprehensive income for the year</b>		<u>2,643,106</u>	<u>6,316,814</u>	<u>2,169,650</u>	<u>1,986,905</u>

*The above statements of comprehensive income should be read in conjunction with the accompanying notes*



**Master Builders Association of New South Wales and Its Controlled Entities**  
**Statement of financial position**  
**As at 30 June 2021**

	Note	Consolidated Group 2021 \$	2020 \$	Parent Entity 2021 \$	2020 \$
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	6	7,331,389	1,990,762	4,477,131	1,407,996
Trade and other receivables	7	604,651	776,999	516,818	380,651
Other financial assets	8	10,276,053	11,757,826	10,276,053	11,757,826
Inventories	9	118,581	185,270	118,581	185,270
Other assets	10	1,542,081	1,238,047	755,446	847,324
Total current assets		<u>19,872,755</u>	<u>15,948,904</u>	<u>16,144,029</u>	<u>14,579,067</u>
<b>Non-current assets</b>					
Trade and other receivables	7	780,593	373,832	6,757,393	7,833,059
Other financial assets	8	140,000	140,000	90,000	90,000
Property, plant and equipment	12	25,905,902	24,129,737	11,788,503	9,847,042
Right-of-use assets	11	315,398	570,281	315,398	570,281
Intangibles	13	540,854	524,233	540,854	524,233
Total non-current assets		<u>27,682,747</u>	<u>25,738,083</u>	<u>19,492,148</u>	<u>18,864,615</u>
<b>Total assets</b>		<u>47,555,502</u>	<u>41,686,987</u>	<u>35,636,177</u>	<u>33,443,682</u>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	14	1,933,065	1,938,554	1,167,403	1,458,125
Contract liabilities	15	6,292,876	3,019,903	2,936,468	2,541,903
Lease liabilities	16	174,984	262,214	174,984	262,214
Employee benefits	17	2,008,448	1,845,707	1,316,898	1,193,080
Total current liabilities		<u>10,409,373</u>	<u>7,066,378</u>	<u>5,595,753</u>	<u>5,455,322</u>
<b>Non-current liabilities</b>					
Lease liabilities	16	117,801	266,890	117,801	266,890
Employee benefits	17	105,654	74,151	105,654	74,151
Total non-current liabilities		<u>223,455</u>	<u>341,041</u>	<u>223,455</u>	<u>341,041</u>
<b>Total liabilities</b>		<u>10,632,828</u>	<u>7,407,419</u>	<u>5,819,208</u>	<u>5,796,363</u>
<b>Net assets</b>		<u>36,922,674</u>	<u>34,279,568</u>	<u>29,816,969</u>	<u>27,647,319</u>
<b>Equity</b>					
Reserves		10,660,945	10,660,945	1,036,232	1,036,232
Retained earnings		<u>26,261,729</u>	<u>23,618,623</u>	<u>28,780,737</u>	<u>26,611,087</u>
<b>Total equity</b>		<u>36,922,674</u>	<u>34,279,568</u>	<u>29,816,969</u>	<u>27,647,319</u>

*The above statements of financial position should be read in conjunction with the accompanying notes*



**Master Builders Association of New South Wales and Its Controlled Entities**  
**Statement of changes in equity**  
**For the year ended 30 June 2021**

	<b>Asset revaluation reserve \$</b>	<b>Retained earnings \$</b>	<b>Total equity \$</b>
<b>Consolidated Group</b>			
Balance at 1 July 2019	4,753,147	23,209,607	27,962,754
Surplus after income tax expense for the year	-	409,016	409,016
Other comprehensive income for the year, net of tax	5,907,798	-	5,907,798
Total comprehensive income for the year	5,907,798	409,016	6,316,814
Balance at 30 June 2020	10,660,945	23,618,623	34,279,568

	<b>Asset revaluation reserve \$</b>	<b>Retained earnings \$</b>	<b>Total equity \$</b>
<b>Consolidated Group</b>			
Balance at 1 July 2020	10,660,945	23,618,623	34,279,568
Surplus after income tax expense for the year	-	2,643,106	2,643,106
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	2,643,106	2,643,106
Balance at 30 June 2021	10,660,945	26,261,729	36,922,674

	<b>Asset revaluation reserve \$</b>	<b>Retained earnings \$</b>	<b>Total equity \$</b>
<b>Parent Entity</b>			
Balance at 1 July 2019	-	25,660,414	25,660,414
Surplus after income tax expense for the year	-	950,673	950,673
Other comprehensive income for the year, net of tax	1,036,232	-	1,036,232
Total comprehensive income for the year	1,036,232	950,673	1,986,905
Balance at 30 June 2020	1,036,232	26,611,087	27,647,319

	<b>Asset revaluation reserve \$</b>	<b>Retained earnings \$</b>	<b>Total equity \$</b>
<b>Parent Entity</b>			
Balance at 1 July 2020	1,036,232	26,611,087	27,647,319
Surplus after income tax expense for the year	-	2,169,650	2,169,650
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	2,169,650	2,169,650
Balance at 30 June 2021	1,036,232	28,780,737	29,816,969

*The above statements of changes in equity should be read in conjunction with the accompanying notes*



**Master Builders Association of New South Wales and Its Controlled Entities**  
**Statement of cash flows**  
**For the year ended 30 June 2021**

	Note	Consolidated Group		Parent Entity	
		2021	2020	2021	2020
		\$	\$	\$	\$
<b>Cash flows from operating activities</b>					
Receipts from customers		33,146,252	32,037,417	15,492,760	15,948,838
Payments to suppliers and employees		(26,541,638)	(29,061,313)	(15,767,760)	(16,348,057)
Receipts/(payments) from/(to) controlled entity - Master Builders (NSW) Ltd		-	-	1,034,816	(46,070)
Receipts from controlled entity - Master Builders Association New South Wales Pty Ltd		-	-	3,473,323	3,639,650
Interest paid on lease liabilities		(14,227)	(20,335)	(14,227)	(20,335)
Interest received		112,594	235,716	112,579	235,551
Net cash from operating activities	29	<u>6,702,981</u>	<u>3,191,485</u>	<u>4,331,491</u>	<u>3,409,577</u>
<b>Cash flows from investing activities</b>					
Payments for property, plant and equipment		(2,160,473)	(101,002)	(2,060,473)	(67,381)
Payments for intangibles		(445,028)	(192,134)	(445,028)	(192,134)
Receipts/(payments) from/(for) investments (term deposits)		1,481,772	(2,582,184)	1,481,770	(2,582,184)
Proceeds from disposal of property, plant and equipment		-	25,075	-	25,075
Net cash used in investing activities		<u>(1,123,729)</u>	<u>(2,850,245)</u>	<u>(1,023,731)</u>	<u>(2,816,624)</u>
<b>Cash flows from financing activities</b>					
Repayment of lease liabilities		<u>(238,625)</u>	<u>(255,807)</u>	<u>(238,625)</u>	<u>(255,807)</u>
Net cash used in financing activities		<u>(238,625)</u>	<u>(255,807)</u>	<u>(238,625)</u>	<u>(255,807)</u>
Net increase in cash and cash equivalents		5,340,627	85,433	3,069,135	337,146
Cash and cash equivalents at the beginning of the financial year		<u>1,990,762</u>	<u>1,905,329</u>	<u>1,407,996</u>	<u>1,070,850</u>
Cash and cash equivalents at the end of the financial year	6	<u><u>7,331,389</u></u>	<u><u>1,990,762</u></u>	<u><u>4,477,131</u></u>	<u><u>1,407,996</u></u>

*The above statements of cash flows should be read in conjunction with the accompanying notes*



**Master Builders Association of New South Wales and Its Controlled Entities**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**Note 1. General information**

The financial report covers Master Builders Association of New South Wales ("the Association") as an individual entity and Master Builders Association of New South Wales and Controlled Entities as a consolidated entity. The Master Builders Association of New South Wales is an industry association domiciled in Australia.

The financial statements were authorised for issue on the 12<sup>th</sup> of October 2021 by the council of management.

**Note 2. Significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**Adoption of New Australian Accounting Standards and amendments**

The accounting policies adopted are consistent with those of the previous financial year except for the following accounting standards and amendments, which have been adopted for the first time this financial year:

*AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material*

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

These amendments had no impact on the financial statements of the Association, nor is there expected to be any future impact to the Association.

*AASB 2018-6 Amendments to Australian Accounting Standards - Definition of a Business*

The amendment to AASB 3 *Business Combinations* clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs.

The amendment had no impact on the financial statements of the Association, but may impact future periods should the Association enter into any business combinations.

*AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework*

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the accounting standard setter in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

The amendments had no impact on the financial statements of the Association.

*AASB 2020-4 Amendments to AASs – COVID-19-Related Rent Concessions*

These amendments provide relief to lessees from applying AASB 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under AASB 16 *Leases*, if the change were not a lease modification.

The amendments had no impact on the financial statements of the Association.

**Future Australian Accounting Standards**

New standards, amendments to standards or interpretations that were issued prior to the sign-off date and are applicable to future reporting periods that are expected to have a future financial impact on the Association include:



**Master Builders Association of New South Wales and Its Controlled Entities**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**Note 2. Significant accounting policies (continued)**

*AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current*

This Standard amends AASB 101 *Presentation of Financial Statements* to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. For example, the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. This Standard applies to annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

The reporting unit does not expect the adoption of this amendment to have an impact on its financial statements.

**Comparatives**

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

**Basis of preparation**

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

The financial statements, except for cash flow information, have been prepared using the accrual basis of accounting. The financial statements have been prepared on a historical cost basis, 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.

**Principles of consolidation**

The consolidated financial statements incorporate the financial statements of the Association and entities controlled by the Association. Control exists where the Association has the capacity to dominate the decision making in relation to the financial and operating policies of another entity so that the other entity operates with the Association to achieve the objectives of the Association.

A list of controlled entities is detailed in Note 19 to the financial statements. All controlled entities have a June year end.

All inter-group balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation.

**Current versus non-current classification**

The Association presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period
- The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.



**Master Builders Association of New South Wales and Its Controlled Entities**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**Note 2. Significant accounting policies (continued)**

The Association classifies all other liabilities as non-current.

**Revenue recognition**

The Association enters into various arrangements where it receives consideration from another party. These arrangements include consideration in the form of membership subscriptions, capitation fees, levies, and grants. The timing of recognition of these amounts as either revenue or income depends on the rights and obligations in those arrangements.

*Revenue from contracts with customers*

Where the Association has a contract with a customer, the Association recognises revenue when or as it transfers control of goods or services to the customer. The Association accounts for an arrangement as a contract with a customer if the following criteria are met:

- the arrangement is enforceable; and
- the arrangement contains promises (that are also known as performance obligations) to transfer goods or services to the customer (or to other parties on behalf of the customer) that are sufficiently specific so that it can be determined when the performance obligation has been satisfied.

*Membership subscriptions*

For membership subscription arrangements that meet the criteria to be contracts with customers, revenue is recognised when the promised goods or services transfer to the customer as a member of the Association.

If there is only one distinct membership service promised in the arrangement, the Association recognises revenue as the membership service is provided, which is typically based on the passage of time over the subscription period to reflect the Association promise to stand ready to provide assistance and support to the member as required.

Revenue from sponsorship and commissions is recognised on an accruals basis and taken up as revenue for the period to which the sponsorship and commission relates to.

*Volunteer services*

The association receives volunteer services. In those circumstances where the fair value of the volunteer services can be measured reliably, the association recognises the fair value of volunteer services received as income together with a corresponding expense where the economic benefits of the volunteer services are consumed as the services are acquired. Where the volunteer services contribute to the development of an asset, the fair value is included in the carrying amount of that asset.

During the year, the Association did not recognise any volunteer services as revenue because it could not reliably measure the fair value of those services.

*Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

*Rent*

Leases in which the association, as a lessor, do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the relevant lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as income in the period in which they are earned.

*Government grants*

Government grants are not recognised until there is reasonable assurance that the Master Builders Association of New South Wales will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Master Builders Association of New South Wales recognises as expenses the related costs for which the grants are intended to compensate.



**Master Builders Association of New South Wales and Its Controlled Entities**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**Note 2. Significant accounting policies (continued)**

**Income tax**

The Master Builders Association of New South Wales is exempt from income tax in terms of Division 50 of the Income Tax Assessment Act 1997.

**Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

**Inventories**

Inventories consist of stationery purchased from third party suppliers. Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a first-in first-out basis and include purchase costs only.

**Property, plant and equipment**

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Buildings	2%
Plant and equipment	10%-33%
Fixtures and fittings	10%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

In the periods when the freehold land and buildings are not subject to an independent valuation, the council conduct council's valuations to ensure the land and buildings' carrying amount is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in other comprehensive income. Decreases that offset previous increases of the same asset are charged against revaluation surpluses directly in other comprehensive income; all other decreases are charged to the statement of comprehensive income.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

**Paintings**

Paintings are measured on the cost basis.

The carrying amount of paintings is reviewed annually by management to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the likely net proceeds on an arm's length sale.

**Leases**

The Association assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.



**Master Builders Association of New South Wales and Its Controlled Entities**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**Note 2. Significant accounting policies (continued)**

*Association as a lessee*

The Association applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Association recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

*Right-of-use assets*

The Association recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Association at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

*Lease liabilities*

At the commencement date of the lease, the Association recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the [reporting unit] and payments of penalties for terminating the lease, if the lease term reflects the Association exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Association uses incremental borrowing rate if the implicit lease rate is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

*Short-term leases and leases of low-value assets*

The Association short-term leases are those that have a lease term of 12 months or less from the commencement. It also applies the lease of low-value assets recognition exemption to leases that are below \$5,000. lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**Intangible assets**

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful life. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. The useful lives of Association intangible assets are:

Amortisation rate

Intangibles	33%
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*Derecognition*

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit and loss when the asset is derecognised.



**Master Builders Association of New South Wales and Its Controlled Entities**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**Note 2. Significant accounting policies (continued)**

**Impairment of assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired.

Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses are recognised in the income statement unless the assets has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement.

**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 plus related on-costs. 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 reporting unit in respect of services provided by employees up to reporting date.

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

**Financial instruments**

Financial assets and financial liabilities are recognised when Master Builders Association of New South Wales becomes a party to the contractual provisions of the instrument.

**Financial assets**

*Contract assets and receivables*

A contract asset is recognised when the Association's right to consideration in exchange goods or services that has transferred to the customer when that right is conditioned on the Association's future performance or some other condition.

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e. only the passage of time is required before payment of the consideration is due).

Contract assets and receivables are subject to impairment assessment. Refer to accounting policies on impairment of financial assets.

*Initial recognition and measurement*

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and Master Builders Association of New South Wales business model for managing them. With the exception of trade receivables that do not contain a significant financing component, Master Builders Association of New South Wales initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Master Builders Association of New South Wales business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.



**Master Builders Association of New South Wales and Its Controlled Entities**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**Note 2. Significant accounting policies (continued)**

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that Master Builders Association of New South Wales commits to purchase or sell the asset.

*Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in five categories:

- (Other) financial assets at amortised cost
- (Other) financial assets at fair value through other comprehensive income
- Investments in equity instruments designated at fair value through other comprehensive income
- (Other) financial assets at fair value through profit or loss
- (Other) financial assets designated at fair value through profit or loss

*Financial assets at amortised cost*

Master Builders Association of New South Wales measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Master Builders Association of New South Wales financial assets at amortised cost includes trade receivables and loans to related parties.

*Derecognition*

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired or
- Master Builders Association of New South Wales has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - a. Master Builders Association of New South Wales has transferred substantially all the risks and rewards of the asset, or
  - b. Master Builders Association of New South Wales has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When Master Builders Association of New South Wales has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, Master Builders Association of New South Wales continues to recognise the transferred asset to the extent of its continuing involvement together with associated liability.

*Offsetting*

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**Impairment**

*Trade receivables*

For trade receivables that do not have a significant financing component, Master Builders Association of New South Wales applies a simplified approach in calculating expected credit losses (ECLs) which requires lifetime expected credit losses to be recognised from initial recognition of the receivables.



**Master Builders Association of New South Wales and Its Controlled Entities**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**Note 2. Significant accounting policies (continued)**

Therefore, Master Builders Association of New South Wales does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. Master Builders Association of New South Wales has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

*Debt instruments other than trade receivables*

For all debt instruments other than trade receivables and debt instruments not held at fair value through profit or loss, Master Builders Association of New South Wales recognises an allowance for expected credit losses using the general approach. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that Master Builders Association of New South Wales expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages:

- Where there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses from possible default events within the next 12-months (a 12-month ECL).
- Where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the debt, irrespective of the timing of the default (a lifetime ECL).

Master Builders Association of New South Wales considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, Master Builders Association of New South Wales may also consider a financial asset to be in default when internal or external information indicates that Master Builders Association of New South Wales is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

**Trade and other payables**

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**Financial liabilities**

*Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, at amortised cost unless or at fair value through profit or loss. All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

Master Builders Association of New South Wales' financial liabilities include trade and other payables.

*Subsequent measurement*

*Financial liabilities at amortised cost*

After initial recognition, trade payables and interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

*Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.



**Master Builders Association of New South Wales and Its Controlled Entities**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**Note 2. Significant accounting policies (continued)**

**Contract liabilities**

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Association transfers the related goods or services. Contract liabilities include deferred income. Contract liabilities are recognised as revenue when the Association performs under the contract (i.e. transfers control of the related goods or services to the customer).

**Fair value measurement**

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

The consolidated entity measures financial instruments, such as, financial asset as at fair value through the profit and loss, available for sale financial assets, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date. The, fair values of financial instruments measured at amortised cost are their carrying values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Master Builders Association of New South Wales. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.



**Master Builders Association of New South Wales and Its Controlled Entities**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**Note 2. Significant accounting policies (continued)**

**Valuation techniques**

The consolidated entity selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the consolidated entity are consistent with one or more of the following valuation approaches:

- Market approach uses prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach converts estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach reflects the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

**Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

**Contingent liabilities and contingent assets**

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

**Critical Accounting Estimates and Judgments**

The council evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the consolidated entity.

**Key estimates**

*Valuation of land and buildings*

The freehold land and buildings at 52 Parramatta Road Forest Lodge NSW 2037, 5 Burbank Place Baulkham Hills NSW 2153, 30 De Havilland Crescent, Ballina NSW 2478 and 1/171 Princes Highway, Ulladulla NSW 2539 were independently valued in 2020. The valuation was based on market value of the unencumbered freehold interest subject to vacant possession. The critical assumptions adopted in determining the valuation included, capitalisation of income and direct comparison approaches.

*Useful lives of property, plant and equipment*

The consolidated entity reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period.



**Master Builders Association of New South Wales and Its Controlled Entities**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**Note 2. Significant accounting policies (continued)**

*Incremental borrowing rate*

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

**Key judgements**

*Employee benefits*

For the purpose of measurement, AASB 119: Employee Benefits defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. The consolidated entity expects most employees will take their annual leave entitlements within 24 months of the reporting period in which they were earned, but this will not have a material impact on the amounts recognised in respect of obligations for employees' leave entitlements.

**Note 3. Revenue**

*Revenue from contracts with customers*

	<b>Consolidated Group</b>		<b>Parent Entity</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Members subscriptions	6,004,679	5,825,167	6,004,679	5,825,167
Capitation fees	-	-	-	-
Levies	-	-	-	-
Group apprenticeship scheme	14,227,418	15,263,265	-	-
Sponsorship and commission	845,618	1,986,727	845,618	1,986,727
Training and education	4,467,104	4,159,747	4,467,104	4,159,747
Legal services and contract sales	609,951	550,832	609,951	550,832
Insurance services	2,426,099	1,625,950	2,426,099	1,625,950
Occupational health and safety services	540,270	526,365	540,270	526,365
Industrial relations services	140,063	173,176	140,063	173,176
Other revenue from operating activities	746,490	417,878	557,338	231,681
	<u>30,007,692</u>	<u>30,529,107</u>	<u>15,591,122</u>	<u>15,079,645</u>
<b>Income for furthering objectives</b>				
Donations	-	-	-	-
<b>Income recognised from volunteer services</b>				
Amounts recognised from volunteer services	-	-	-	-



**Master Builders Association of New South Wales and Its Controlled Entities**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**Note 4. Other income**

	<b>Consolidated Group</b>		<b>Parent Entity</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Management fees	-	-	3,025,712	3,600,354
Cashflow boost and payroll tax relief	100,000	195,619	50,000	145,619
Interest received	112,594	235,716	112,579	235,551
	<u>212,594</u>	<u>431,335</u>	<u>3,188,291</u>	<u>3,981,524</u>
<b>Revenue from recovery of wages activity</b>				
Amounts recovered from employers in respect of wages	-	-	-	-
Interest received on recovered money	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**Note 5. Surplus**

*Surplus from ordinary activities has been determined after below expenses/(income):*

	<b>Consolidated Group</b>		<b>Parent Entity</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<i>Affiliation fees</i>				
Master Builders Australia Limited	<u>642,638</u>	<u>615,437</u>	<u>642,638</u>	<u>615,437</u>
<i>Bad and doubtful debts</i>				
Apprenticeship receivables	72,318	956	-	-
Membership receivables/(reversals)	(274,228)	(158,139)	(129,592)	(156,226)
Total bad and doubtful debts	<u>(201,910)</u>	<u>(157,183)</u>	<u>(129,592)</u>	<u>(156,226)</u>
Total bad and doubtful debts charged to profit and loss	<u>(201,910)</u>	<u>(157,183)</u>	<u>(129,592)</u>	<u>(156,226)</u>
<i>Depreciation of non-current assets</i>				
Buildings	346,144	205,101	88,019	54,713
Plant and equipment	102,618	129,214	95,447	118,056
Total depreciation	<u>448,762</u>	<u>334,315</u>	<u>183,466</u>	<u>172,769</u>
Amortisation of intangible assets - computer software	428,407	476,116	428,407	476,116
Amortisation of right-of-use assets	192,734	214,630	192,734	214,630
	<u>1,069,903</u>	<u>1,025,061</u>	<u>804,607</u>	<u>863,515</u>
<i>Remuneration of auditor</i>				
Audit fee	48,500	47,290	48,500	47,290
Accounting and tax services	18,397	54,250	18,397	54,250
	<u>66,897</u>	<u>101,540</u>	<u>66,897</u>	<u>101,540</u>

No other services were provided by the auditors of the financial statements. The auditor of Master Builders Association of New South Wales is Nexia Sydney Audit Pty Ltd.



**Master Builders Association of New South Wales and Its Controlled Entities**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**Note 5. Surplus (continued)**

*Grants*

	<b>Consolidated Group</b>		<b>Parent Entity</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Total paid that were \$1,000 or less	-	-	-	-
Total paid that exceeded \$1,000	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

*Donations*

Total paid that were \$1,000 or less	1,400	2,091	1,400	2,091
Total paid that exceeded \$1,000	-	-	-	-
	<u>1,400</u>	<u>2,091</u>	<u>1,400</u>	<u>2,091</u>

Legal expenses - matters other than litigation by the Master Builders Association of New South Wales	432,584	472,585	432,584	472,585
Legal litigation expenses incurred	-	-	-	-
Rental expense on operating leases	-	-	-	-
- Minimum lease payments	-	-	-	-
Consideration to employers for payroll deductions of membership subscriptions	-	-	-	-
Compulsory levies	-	-	-	-
Fees/allowances - meeting and conferences	-	-	-	-
Conference and meeting expenses	-	-	-	-
Penalties - via RO Act or Fair Work Act 2009	-	-	-	-
Capitation fees and other expense to another reporting unit	-	-	-	-
Levies expense	-	-	-	-

*Employee expenses other than office holders*

Salary and wages	16,939,049	18,064,456	6,612,510	6,724,325
Superannuation	1,681,470	1,749,311	792,607	807,759
Leave and other entitlements	788,793	778,645	788,793	778,646
Other employee expenses (note ii)	165,483	201,251	165,483	201,251
Separation and redundancies	-	-	-	-
Total employee expenses other than office holders	<u>19,574,795</u>	<u>20,793,663</u>	<u>8,359,393</u>	<u>8,511,981</u>

President's honorarium (note i)	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>
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- (i) No employees are office holders of the Association, certain council members, or entities over which council members have significant influence, provide training services on an arm's length basis - refer note 25 for details. Except for these services and the President's honorarium, no office holder received salary and wages, superannuation, leave and other entitlements, separation or redundancies.
- (ii) Other employee expenses comprise of recruitment costs, fringe benefit tax and salary sacrifice expenses.

**Note 6. Cash and cash equivalents**

	<b>Consolidated Group</b>		<b>Parent Entity</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<i>Current assets</i>				
Cash on hand	10,249	9,100	10,249	9,100
Cash at bank	<u>7,321,140</u>	<u>1,981,662</u>	<u>4,466,882</u>	<u>1,398,896</u>
	<u>7,331,389</u>	<u>1,990,762</u>	<u>4,477,131</u>	<u>1,407,996</u>



**Master Builders Association of New South Wales and Its Controlled Entities**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**Note 7. Trade and other receivables**

	<b>Consolidated Group</b>		<b>Parent Entity</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>CURRENT</b>				
<b>Trade debtors</b>				
Receivables from other reporting units	-	-	-	-
Less allowance for expected credit loss of receivable from other reporting units	-	-	-	-
Receivables from other reporting units (net)	-	-	-	-
Receivables from membership and training	567,124	572,040	567,692	570,256
Less allowance for expected credit losses of membership and training	(57,405)	(203,636)	(57,405)	(203,636)
Receivables from membership and training (net)	509,719	368,404	510,287	366,620
Receivables from apprenticeship	106,597	497,160	-	-
Less allowance for expected credit losses of apprenticeship	(18,196)	(102,596)	-	-
Receivables from apprenticeship (net)	88,401	394,564	-	-
<b>Other receivables</b>	6,531	14,031	6,531	14,031
<b>Total Trade and other receivables (net)</b>	<b>604,651</b>	<b>776,999</b>	<b>516,818</b>	<b>380,651</b>
	<b>Consolidated Group</b>		<b>Parent Entity</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>NON-CURRENT</b>				
<b>Amounts receivable from related entities (Refer to Note 25)</b>				
Wholly controlled entities				
Master Builder (NSW) Limited	-	-	5,976,800	6,359,776
Master Builders Association of New South Wales Pty Limited	-	-	-	1,099,451
	-	-	5,976,800	7,459,227
<b>Other receivables</b>				
MBAIS commissions receivable	780,593	373,832	780,593	373,832
<b>Total Trade and other receivables</b>	<b>780,593</b>	<b>373,832</b>	<b>6,757,393</b>	<b>7,833,059</b>



**Master Builders Association of New South Wales and Its Controlled Entities**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**Note 7. Trade and other receivables (continued)**

	<b>Consolidated Group</b>		<b>Parent Entity</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Allowance for expected credit losses of Receivables:</b>				
Movement in the provision for impairment of receivables is as follows:				
Expected credit losses - opening balance	306,232	512,471	203,636	388,244
Charge for year				
Bad and doubtful debts charged/ (written back)	(144,636)	(157,183)	-	(156,226)
Provision for credit raised/ (written back)	(57,274)	(841)	(129,592)	(841)
Bad debts written off	(28,721)	(48,215)	(16,639)	(27,541)
Expected credit losses - closing balance	<u>75,601</u>	<u>306,232</u>	<u>57,405</u>	<u>203,636</u>

**Ageing of financial assets that were past due but not impaired for 2021 - Consolidated**

	to 30 days	31 to 60 days	61 to 90 days	90+ days	Total past due	Within Initial trade term	Total
Trade receivable	217,391	(32,797)	28,587	5,061	218,242	455,479	673,721
Other receivables	-	-	-	-	-	787,124	787,124
<b>Total</b>	<u>217,391</u>	<u>(32,797)</u>	<u>28,587</u>	<u>5,061</u>	<u>218,242</u>	<u>1,242,603</u>	<u>1,460,845</u>

**Ageing of financial assets that were past due but not impaired for 2020 - Consolidated**

	to 30 days \$	31 to 60 days \$	61 to 90 days \$	90+ days \$	Total past due \$	Within Initial trade term \$	Total \$
Trade receivable	204,001	48,270	135,958	58,971	447,200	622,000	1,069,200
Other receivables	-	-	-	-	-	387,863	387,863
<b>Total</b>	<u>204,001</u>	<u>48,270</u>	<u>135,958</u>	<u>58,971</u>	<u>447,200</u>	<u>1,009,863</u>	<u>1,457,063</u>

**Ageing of financial assets (other than amounts receivable from related entities) that were past due but not impaired for 2021 - Parent**

	0 to 30 days \$	31 to 60 days \$	61 to 90 days \$	90+ days \$	Total past due \$	Within initial trade term \$	Total \$
Trade receivable	-	62,861	56,143	(6,791)	112,213	455,479	567,692
Other receivables	-	-	-	-	-	787,124	787,124
<b>Total</b>	<u>-</u>	<u>62,861</u>	<u>56,143</u>	<u>(6,791)</u>	<u>112,213</u>	<u>1,242,603</u>	<u>1,354,816</u>



**Master Builders Association of New South Wales and Its Controlled Entities**  
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**For the year ended 30 June 2021**

**Note 7. Trade and other receivables (continued)**

**Ageing of financial assets (other than amounts receivable from related entities) that were past due but not impaired for 2020 - Parent**

	0 to 30 days \$	31 to 60 days \$	61 to 90 days \$	90+ days \$	Total past due \$	Within initial trade term \$	Total \$
Trade receivable	-	78,323	123,601	27,131	229,055	341,201	570,256
Other receivables	-	-	-	-	-	387,863	387,863
<b>Total</b>	<b>-</b>	<b>78,323</b>	<b>123,601</b>	<b>27,131</b>	<b>229,055</b>	<b>729,064</b>	<b>958,119</b>

- (i) In determining the recoverability of a trade receivable, the Group considers the age of the receivable, payment history and any other change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.
- (ii) The credit term is normally one month from date of invoice, except that of apprenticeship, which is 7 days from date of invoice.

The following is an analysis of the trade receivables individually determined to be impaired:

	<b>Consolidated Group</b>		<b>Parent Entity</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
0 to 30 days	-	82,987	-	34,479
30 to 60 days	993	37,070	-	28,773
60 to 90 days	60,887	113,619	57,405	100,069
90 + days	13,721	72,556	-	40,314
	<b>75,601</b>	<b>306,232</b>	<b>57,405</b>	<b>203,635</b>

**Credit Risk**

The Master Builders Association of New South Wales and Its Controlled Entities have no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The main source of credit risk is considered to relate to the class of assets described as trade and other receivables.

	<b>Consolidated Group</b>		<b>Parent Entity</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
The maximum exposure to credit risk, from receivables	1,460,846	1,457,063	1,354,816	958,119

**Financial assets classified as loans and receivables (at amortised cost)**

	<b>Consolidated Group</b>		<b>Parent Entity</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Trade and other receivables;				
Total Current	604,651	776,999	516,818	380,651
Total Non - Current	780,593	373,832	6,757,393	7,833,059
	<b>1,385,244</b>	<b>1,150,831</b>	<b>7,274,211</b>	<b>8,213,710</b>



**Master Builders Association of New South Wales and Its Controlled Entities**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**Note 8. Other financial assets**

	<b>Consolidated Group</b>		<b>Parent Entity</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<i>Current assets</i>				
At amortised cost - bank term deposits	10,276,053	11,757,826	10,276,053	11,757,826
<i>Non-current assets</i>				
Unlisted investments at cost				
MBA Insurance Services Pty Ltd	140,000	140,000	90,000	90,000
	<u>10,416,053</u>	<u>11,897,826</u>	<u>10,366,053</u>	<u>11,847,826</u>

**Note 9. Inventories**

	<b>Consolidated Group</b>		<b>Parent Entity</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<i>Current assets</i>				
Stock (publications & clothing) at cost	118,581	185,270	118,581	185,270

**Note 10. Other assets**

	<b>Consolidated Group</b>		<b>Parent Entity</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<i>Current assets</i>				
Prepayments & accrued income	1,542,081	1,238,047	755,446	847,324

**Note 11. Right-of-use assets**

	<b>Consolidated Group</b>		<b>Parent Entity</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<i>Non-current assets</i>				
Buildings - right-of-use	138,511	138,511	138,511	138,511
Less: Accumulated depreciation	(133,447)	(80,206)	(133,447)	(80,206)
	<u>5,064</u>	<u>58,305</u>	<u>5,064</u>	<u>58,305</u>
Plant and equipment - right-of-use	150,034	150,034	150,034	150,034
Less: Accumulated depreciation	(83,562)	(41,781)	(83,562)	(41,781)
	<u>66,472</u>	<u>108,253</u>	<u>66,472</u>	<u>108,253</u>
Motor vehicles - right-of-use	375,582	496,366	375,582	496,366
Less: Accumulated depreciation	(131,720)	(92,643)	(131,720)	(92,643)
	<u>243,862</u>	<u>403,723</u>	<u>243,862</u>	<u>403,723</u>
	<u>315,398</u>	<u>570,281</u>	<u>315,398</u>	<u>570,281</u>

The leases are for various motor vehicles with a term of one to three years. The plant and equipment leases are in respect of photocopiers leased by the Association with terms up to three years.



**Master Builders Association of New South Wales and Its Controlled Entities**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**Note 11. Right-of-use assets (continued)**

Property leases are non-cancellable leases with terms of up to two years. Rent is payable monthly in advance. Minimum rentals increase annually at rates between (CPI and 4% per annum. Certain leases have options to renew at the end of the term.

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Buildings \$	Plant & equipment \$	Motor Vehicle \$	Total \$
<b>Consolidated Group</b>				
Balance at 1 July 2019	138,511	150,034	496,366	784,911
Depreciation expense	(80,206)	(41,781)	(92,643)	(214,630)
Balance at 30 June 2020	58,305	108,253	403,723	570,281
Additions	-	-	2,305	2,305
Transfers in/(out)	-	-	(64,453)	(64,453)
Depreciation expense	(53,241)	(41,781)	(97,713)	(192,735)
Balance at 30 June 2021	<u>5,064</u>	<u>66,472</u>	<u>243,862</u>	<u>315,398</u>
<b>Parent Entity</b>				
Balance at 1 July 2019	138,511	150,034	496,366	784,911
Depreciation expense	(80,206)	(41,781)	(92,643)	(214,630)
Balance at 30 June 2020	58,305	108,253	403,723	570,281
Additions	-	-	2,305	2,305
Transfers in/(out)	-	-	(64,453)	(64,453)
Depreciation expense	(53,241)	(41,781)	(97,713)	(192,735)
Balance at 30 June 2021	<u>5,064</u>	<u>66,472</u>	<u>243,862</u>	<u>315,398</u>

**Note 12. Property, plant and equipment**

	<b>Consolidated Group</b>		<b>Parent Entity</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	\$	\$	\$	\$
<i>Non-current assets</i>				
Freehold land at fair value	11,333,155	10,290,000	7,333,155	6,290,000
Buildings at fair value	14,223,775	13,423,000	3,873,775	3,173,000
Less: Accumulated depreciation	(346,144)	-	(88,019)	-
	<u>13,877,631</u>	<u>13,423,000</u>	<u>3,785,756</u>	<u>3,173,000</u>
Plant and equipment - at cost	2,001,972	1,562,340	1,634,146	1,194,514
Less: Accumulated depreciation	(1,360,169)	(1,198,916)	(1,017,867)	(863,785)
	<u>641,803</u>	<u>363,424</u>	<u>616,279</u>	<u>330,729</u>
Paintings at cost	53,313	53,313	53,313	53,313
	<u>25,905,902</u>	<u>24,129,737</u>	<u>11,788,503</u>	<u>9,847,042</u>



**Master Builders Association of New South Wales and Its Controlled Entities**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**Note 12. Property, plant and equipment (continued)**

The freehold land and buildings were valued by independent valuers in 2020. The Council considered the highest and best use of the properties to be their current use - that of conducting the business of the entity.

For the entity's premises located at:

- 52 Parramatta Road Forest Lodge NSW 2037 (\$14,250,000);
- 5 Burbank Place Baulkham Hills NSW 2153 (\$7,600,000);
- 1/171 Princes Highway, Ulladulla NSW 2539 (\$510,000); and
- 30 De Havilland Crescent, Ballina NSW 2478 (\$1,353,000)

an independent valuation was made on 12 March 2020, 16 March 2020, 6 May 2020 and 7 April 2020 respectively.

The independent valuation was based on sales per square meter of building area sold achieved by observable sales of similar properties in similar areas and applying that rate to the building area of the company's property. A significant increase (decrease) in estimated price per square meter in isolation would result in a significantly higher (lower) fair value.

**Movements in Carrying Amounts**

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

	Freehold land \$	Buildings \$	Paintings \$	Plant & equipment \$	Total \$
<b>Consolidated Group</b>					
Balance at 1 July 2019	9,478,000	8,495,610	53,313	451,088	18,478,011
Additions	-	36,693	-	64,310	101,003
Disposals	-	-	-	(22,760)	(22,760)
Revaluation adjustments	812,000	5,095,798	-	-	5,907,798
Depreciation expense	-	(205,101)	-	(129,214)	(334,315)
Balance at 30 June 2020	10,290,000	13,423,000	53,313	363,424	24,129,737
Additions	1,043,155	800,775	-	316,543	2,160,473
Transfers in/(out)	-	-	-	64,454	64,454
Depreciation expense	-	(346,144)	-	(102,618)	(448,762)
Balance at 30 June 2021	<u>11,333,155</u>	<u>13,877,631</u>	<u>53,313</u>	<u>641,803</u>	<u>25,905,902</u>
	Freehold land \$	Buildings \$	Paintings \$	Plant & equipment \$	Total \$
<b>Parent Entity</b>					
Balance at 1 July 2019	5,978,000	2,500,409	53,313	407,234	8,938,956
Additions	-	3,072	-	64,311	67,383
Disposals	-	-	-	(22,760)	(22,760)
Revaluation increments	312,000	724,232	-	-	1,036,232
Depreciation expense	-	(54,713)	-	(118,056)	(172,769)
Balance at 30 June 2020	6,290,000	3,173,000	53,313	330,729	9,847,042
Additions	1,043,155	700,775	-	316,543	2,060,473
Transfers in/(out)	-	-	-	64,454	64,454
Depreciation expense	-	(88,019)	-	(95,447)	(183,466)
Balance at 30 June 2021	<u>7,333,155</u>	<u>3,785,756</u>	<u>53,313</u>	<u>616,279</u>	<u>11,788,503</u>



**Master Builders Association of New South Wales and Its Controlled Entities**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**Note 13. Intangibles**

	<b>Consolidated Group</b>		<b>Parent Entity</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<i>Non-current assets</i>				
Intangibles - computer software at cost	2,061,566	1,616,538	2,061,566	1,616,538
Less: Accumulated amortisation	(1,520,712)	(1,092,305)	(1,520,712)	(1,092,305)
	<u>540,854</u>	<u>524,233</u>	<u>540,854</u>	<u>524,233</u>

**Movements in Carrying Amounts**

Movement in the carrying amounts for intangibles - computer software between the beginning and the end of the current financial year

	<b>Computer software</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>
<b>Consolidated Group</b>		
Balance at 1 July 2019	808,215	808,215
Additions	192,134	192,134
Amortisation expense	(476,116)	(476,116)
Balance at 30 June 2020	524,233	524,233
Additions	445,028	445,028
Amortisation expense	(428,407)	(428,407)
Balance at 30 June 2021	<u>540,854</u>	<u>540,854</u>
<b>Parent Entity</b>		
Balance at 1 July 2019	808,215	808,215
Additions	192,134	192,134
Amortisation expense	(476,116)	(476,116)
Balance at 30 June 2020	524,233	524,233
Additions	445,028	445,028
Amortisation expense	(428,407)	(428,407)
Balance at 30 June 2021	<u>540,854</u>	<u>540,854</u>

**Note 14. Trade and other payables**

	<b>Consolidated Group</b>		<b>Parent Entity</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>				
Trade creditors and accruals	839,991	1,104,550	568,315	901,193
Payables to another reporting unit	-	-	-	-
Other payables	1,093,074	834,004	599,088	556,932
	<u>1,933,065</u>	<u>1,938,554</u>	<u>1,167,403</u>	<u>1,458,125</u>

The average credit period on purchases of goods is 30 days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. No interest is paid on overdue amounts.



**Master Builders Association of New South Wales and Its Controlled Entities**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**Note 14. Trade and other payables (continued)**

**Other payables**

	<b>Consolidated Group</b>		<b>Parent Entity</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Payable to employers for making payroll deductions of membership subscriptions	-	-	-	-
Legal costs (litigation or legal costs)	-	-	-	-
GST payable	649,308	395,476	152,069	124,007
Other	443,766	438,528	447,019	432,925
	<u>1,093,074</u>	<u>834,004</u>	<u>599,088</u>	<u>556,932</u>
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Total other payables are expected to be settled in:				
No more than 12 months	1,093,074	834,004	599,088	556,932
More than 12 months	-	-	-	-
	<u>1,093,074</u>	<u>834,004</u>	<u>599,088</u>	<u>556,932</u>
Financial liabilities at amortised cost classified as trade and other payables				
Total trade and other payables	1,933,065	1,938,554	1,167,403	1,458,125
GST receivable/(payable)	(649,308)	(395,476)	(152,069)	(124,007)
	<u>1,283,757</u>	<u>1,543,078</u>	<u>1,015,334</u>	<u>1,334,118</u>

**Note 15. Contract liabilities**

**Deferred income**

	<b>Consolidated Group</b>		<b>Parent Entity</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>				
Membership income received in advance	1,974,615	1,917,803	1,974,615	1,917,803
Other deferred income	647,103	259,022	647,103	259,022
Unspent grants	3,671,158	843,078	314,750	365,078
	<u>6,292,876</u>	<u>3,019,903</u>	<u>2,936,468</u>	<u>2,541,903</u>

The unspent grants pertain to the following:

- Grants from Skills and Economic Development, Department of Industry of \$170,500 (Stream 4), \$50,197 for Streams 2& 3;
- Grants from the Aboriginal Housing Office of \$369,730 for targeting Aboriginal apprentice & trainee candidates and to fund current indigenous apprentices;
- Grants from NSW Ministry of Health of \$94,053 for suicide prevention training and
- Grants from NSW Land and Housing Corporation of \$2,986,678 for apprenticeships and traineeships project.



**Master Builders Association of New South Wales and Its Controlled Entities**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**Note 16. Lease liabilities**

	<b>Consolidated Group</b>		<b>Parent Entity</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>				
Lease liabilities	174,984	262,214	174,984	262,214
<i>Non-current liabilities</i>				
Lease liabilities	117,801	266,890	117,801	266,890
	<u>292,785</u>	<u>529,104</u>	<u>292,785</u>	<u>529,104</u>

*Reconciliation of lease liabilities*

	<b>Consolidated Group</b>		<b>Parent Entity</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
As at 1 July	529,104	784,912	529,104	784,912
Additions	2,305	-	2,305	-
Disposals	-	-	-	-
Accretion of Interest	14,227	20,335	14,227	20,335
Payments	(252,852)	(276,143)	(252,852)	(276,143)
AS at 30 June	<u>292,784</u>	<u>529,104</u>	<u>292,784</u>	<u>529,104</u>

The maturity analysis of lease liabilities is disclosed in note 21.

**Note 17. Employee benefits**

***Employees other than office holders***

	<b>Consolidated Group</b>		<b>Parent Entity</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>				
Annual leave	1,308,025	1,220,124	616,475	567,497
Long service leave	700,423	625,583	700,423	625,583
Separation and redundancies	-	-	-	-
Other	-	-	-	-
	<u>2,008,448</u>	<u>1,845,707</u>	<u>1,316,898</u>	<u>1,193,080</u>
<i>Non-current liabilities</i>				
Long service leave	105,654	74,151	105,654	74,151
Separation and redundancies	-	-	-	-
Other	-	-	-	-
	<u>105,654</u>	<u>74,151</u>	<u>105,654</u>	<u>74,151</u>
	<u>2,114,102</u>	<u>1,919,858</u>	<u>1,422,552</u>	<u>1,267,231</u>

Except for the President honorarium disclosed in Note 5 officeholders are not entitled to benefits from the entity. Accordingly, no provision for employee benefits including annual leave, long, service leave, separations and redundancies for office holders has been made.



**Master Builders Association of New South Wales and Its Controlled Entities**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**Note 17. Employee benefits (continued)**

**Provision for long-term employee benefits**

A provision has been recognised for employee benefits relating to long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been included in note 2.

**Note 18. Reserves**

The asset revaluation reserve records revaluations of non-current assets.

**Note 19. Controlled entities**

	Country of Incorporation	Percentage controlled	
		2021	2020
Master Builders (NSW) Limited	Australia	100%	100%
Master Builders Association of New South Wales Pty Limited	Australia	100%	100%

There are no Significant restrictions over the Group's ability to access or use assets, and settle liabilities of the Association.

**Note 20. Financial instruments**

**Net Income and Expense from Financial Assets**

	Consolidated Group		Parent Entity	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>At amortised cost</b>				
Interest revenue	112,594	235,716	112,579	235,551
Net gain/(loss)	112,594	235,716	112,579	235,551
<b>Loans and receivables</b>				
Impairment	201,910	157,183	129,592	156,226
Net gain/(loss) from loans and receivables	201,910	157,183	129,592	156,226
Net income from financial assets at amortised cost	314,504	392,899	242,171	391,777

**a) Liquidity Risk**

Prudent liquidity risk management is carried out by maintaining sufficient cash including working capital. The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the entity can be required to pay. The table includes both interest and principal cash flows.



**Master Builders Association of New South Wales and Its Controlled Entities**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**Note 20. Financial instruments (continued)**

**Maturities for financial liabilities 2021 - Consolidated**

	Weighted average effective interest rate %	1 year \$	1- 2 years \$	2- 5 years \$	>5 years \$	Total \$
Non-interest bearing	-	1,283,757	-	-	-	1,283,757
Interest bearing (lease liabilities)	3.56%	174,984	117,801	-	-	292,785
		<u>1,458,741</u>	<u>117,801</u>	<u>-</u>	<u>-</u>	<u>1,576,542</u>

**Maturities for financial liabilities 2020 - Consolidated**

	Weighted average effective interest rate %	1 year \$	1- 2 years \$	2- 5 years \$	>5 years \$	Total \$
Non-interest bearing	-	1,543,078	-	-	-	1,543,078
Interest bearing (lease liabilities)	3.56%	276,358	274,445	-	-	550,803
		<u>1,819,436</u>	<u>274,445</u>	<u>-</u>	<u>-</u>	<u>2,093,881</u>

**Maturities for financial liabilities 2021 - Parent**

	Weighted average effective interest rate %	< 1 year \$	1-2 years \$	2- 5 years \$	>5 years \$	Total \$
Non-interest bearing	-	1,015,334	-	-	-	1,015,334
Interest bearing (lease liabilities)	3.56%	174,984	117,801	-	-	292,785
		<u>1,190,318</u>	<u>117,801</u>	<u>-</u>	<u>-</u>	<u>1,308,119</u>

**Maturities for financial liabilities 2020 - Parent**

	Weighted average effective interest rate %	< 1 year \$	1-2 years \$	2- 5 years \$	>5 years \$	Total \$
Non-interest bearing	-	1,334,118	-	-	-	1,334,118
Interest bearing (lease liabilities)	3.56%	276,358	274,445	-	-	550,803
		<u>1,610,476</u>	<u>274,445</u>	<u>-</u>	<u>-</u>	<u>1,884,921</u>



**Master Builders Association of New South Wales and Its Controlled Entities**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**Note 20. Financial instruments (continued)**

b) Market risk

*Interest rate risk*

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The financial instruments that primarily expose the entity to interest rate risk are term deposits and cash and cash equivalents.

An increase or decrease of 50 interest basis points would increase or decrease consolidated surplus and equity by \$51,380 (2020: \$58,789) and for the parent entity surplus and equity by \$51,380 (2020: \$58,789).

c) Credit Risk

Refer to Note 7 for details of the credit risk.

d) Price risk

There has been no change to the association's exposure to market risks or the manner in which these risks are managed and measured.

e) Foreign Currency Risk Management

The association does not undertake transactions denominated in foreign currencies, and consequently an exposure to exchange rate fluctuation does not arise.

f) Fair Value

The fair values of assets and liabilities, fair values approximate their carrying value. No financial assets and financial liabilities are readily traded on organised markets in a standardised form.

Financial assets where carrying amounts exceed net fair values have not been written down as the company intends to hold these to maturity.

The aggregate 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.

g) Capital Risk Management

The association manages its capital to ensure that it will be able to continue as a going concern. The association's overall strategy remains unchanged and is not exposed to any externally imposed capital requirements.

**Note 21. Fair value measurement**

*Fair value hierarchy*

The association measures freehold land and buildings at fair value on a non-recurring basis.

Management of the association assessed that the fair value of cash and cash equivalents, trade and other receivables, other financial assets and trade and other payables approximate their carrying amounts largely due to the short term maturities of these instruments.

Land and buildings are valued using the fair value hierarchy level 2 (refer note 2 for the definition of level 2) - refer to note 2 for details of the valuation techniques and inputs.

**Note 22. Key management personnel compensation**

Any person having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel.



**Master Builders Association of New South Wales and Its Controlled Entities**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**Note 22. Key management personnel compensation (continued)**

The totals of remuneration paid to key management personnel (KMP) of the company during the year are as follows:

	<b>Consolidated Group</b>		<b>Parent Entity</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Short-term employee benefits</b>				
Salary (including annual leave taken)	848,989	858,347	848,989	858,347
Fringe benefit	53,441	58,472	53,441	58,472
Total short-term employee benefits	<u>902,430</u>	<u>916,819</u>	<u>902,430</u>	<u>916,819</u>
<b>Post -employment benefits - Superannuation</b>	<u>87,370</u>	<u>80,440</u>	<u>87,370</u>	<u>80,440</u>
<b>Other long-term benefits - Long-service leave</b>	<u>16,508</u>	<u>16,224</u>	<u>16,508</u>	<u>16,224</u>
<b>Total</b>	<u><u>1,006,308</u></u>	<u><u>1,013,483</u></u>	<u><u>1,006,308</u></u>	<u><u>1,013,483</u></u>

No loans or transactions other than the above occurred with key management personnel.

**Note 23. Financial risk management**

The financial instruments consist mainly of deposits with banks, term deposits with bank, accounts receivable and payable, lease liabilities, and loans to wholly controlled entities.

The totals for each category of financial instrument, measured in accordance with AASB 9, Financial Instruments, as detailed in the accounting policies to these financial statements, are as follows:

	<b>Consolidated Group</b>		<b>Parent Entity</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial assets - at amortised cost</b>				
Cash and cash equivalents	7,331,389	1,990,762	4,477,131	1,407,996
Trade and other receivables	1,385,244	1,150,831	7,274,211	8,213,710
Term deposits	10,276,053	11,757,826	10,276,053	11,757,826
Other financial assets	140,000	140,000	90,000	90,000
Total financial assets	<u>19,132,686</u>	<u>15,039,419</u>	<u>22,117,395</u>	<u>21,469,532</u>
<b>Financial liabilities - at amortised cost</b>				
Trade and other payables	1,283,757	1,543,077	1,015,334	1,334,118
Lease liabilities	292,785	529,104	292,785	529,104
Total financial liabilities	<u>1,576,542</u>	<u>2,072,181</u>	<u>1,308,119</u>	<u>1,863,222</u>

**Note 24. Contingent liabilities**

At 30 June 2021, there were no contingent liabilities of the consolidated entity or the Association (2020: none).



**Master Builders Association of New South Wales and Its Controlled Entities**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**Note 25. Related party transactions**

	<b>Consolidated Group</b>		<b>Parent Entity</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Transactions with related parties</b>				
<b>With controlled entities</b>				
Master Builders Association of New South Wales performed all administrative functions for the wholly controlled entity Master Builders Association of New South Wales Pty Limited. For this service a management fee is paid to the Master Builders Association of New South Wales	-	-	2,373,872	3,139,650
Master Builders Association of New South Wales performed all administrative functions for the wholly controlled entity Master Builders (NSW) Limited. For this service an administration charge is paid to the Master Builders Association of New South Wales	-	-	651,840	460,704
Master Builders (NSW) limited provides premises to Master Builders Association of New South Wales for which rent is charged	-	-	(733,025)	(318,000)

**With key management personnel**

**Office holders being members of the council of management**

The Association contracts with the following council members over which a council member has significant interest for the provision of training services / repairs on an arm's length basis.

Amounts paid during the period are as follows:

- MKO Consulting Pty Ltd (Michael O'Donnell) - training	18,591	39,122	18,591	39,112
- Stanton Building Contract Services (Louis Stanton) - training	6,120	10,808	6,120	10,808
- Trew Enterprises Pty Ltd (Ross Finnie) - training	-	5,534	-	5,534
- C E Pilcher & Son Pty Ltd (Simon Pilcher) - building repairs & renovations	-	37,067	-	37,067
- Banksia Building Pty Ltd (Mick Banks)	4,100	-	4,100	-

	<b>Consolidated Group</b>		<b>Parent Entity</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

**Amounts owed by/(to) related parties**

Wholly controlled entities: refer note 7 for disclosures

Key management personnel	-	-	-	-
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**Terms and conditions of transactions with related entities**

Master Builders Association of New South Wales has provided a letter of support to Master Builders Association of New South Wales Pty Limited whereby Master Builders Association of New South Wales advises it will provide ongoing financial support if needed to allow the Master Builders of New South Wales Pty Limited to pay its debts as and when they fall due. Except for this letter there have been no guarantees provided or received for any related party receivables or payables.

Master Builders Association of New South Wales has not recorded any impairment of receivables relating to amounts owed by related parties and declared persons or bodies (2020: \$nil) for the year ended 30 June 2021. This assessment is undertaken each financial year.



**Master Builders Association of New South Wales and Its Controlled Entities**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**Note 26. Segment reporting**

The association operates predominantly in one business and geographical segment being an industrial association for builders throughout New South Wales.

**Note 27. Events after the reporting period**

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Note 28. Recovery of wages**

No recovery of wages activity has been undertaken by the Master Builders Association of New South Wales in the financial year to 30 June 2021, the previous financial year and the period from 30 June 2021 to the date of this report.

**Note 29. Reconciliation of surplus after income tax to net cash from operating activities**

	<b>Consolidated Group</b>		<b>Parent Entity</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Surplus after income tax expense for the year	2,643,106	409,016	2,169,650	950,673
Adjustments for:				
Depreciation and amortisation	1,069,903	1,025,061	804,608	863,515
(Profit) / loss on sale of plant & equipment	-	(2,317)	-	(2,317)
Change in operating assets and liabilities:				
Decrease/(increase) in trade & other receivables	(234,413)	1,527,700	939,500	931,810
Decrease/(increase) in inventories	66,689	9,310	66,689	9,310
Decrease/(increase) in other assets	(248,245)	425,840	91,880	610,974
Increase/(decrease) in trade & other payables	(61,276)	68,811	(290,722)	191,449
Increase/(decrease) in deferred revenue	3,272,973	(212,693)	394,565	(212,693)
Increase/(decrease) in employee benefits	194,244	(59,243)	155,321	66,856
Net cash from operating activities	<u>6,702,981</u>	<u>3,191,485</u>	<u>4,331,491</u>	<u>3,409,577</u>

**Note 30. Section 272 Fair Work (Registered Organisations) Act 2009**

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

Information to be provided to members or Commissioner:

- 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.
- 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.
- A reporting unit must comply with an application made under subsection (1).



**Master Builders Association of New South Wales and Its Controlled Entities**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**Note 31. Master Builders Association of New South Wales Details**

The registered office and principal place of business of the Master Builders Association of New South Wales is:

52 Parramatta Road  
Forest Lodge NSW 2037



## Master Builders Association of New South Wales and Its Controlled Entities

### COUNCIL OF MANAGEMENT STATEMENT

On the 12<sup>th</sup> of October 2021 the Council of Management of Master Builders Association of New South Wales passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 30 June 2021:

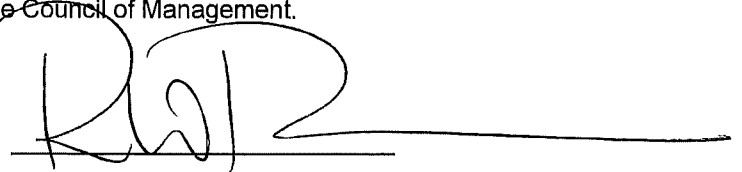
The Council of Management declares that in its opinion:

- (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 Master Builders Association of New South Wales for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the Master Builders Association of New South Wales will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year to which the GPFR relates and since the end of that year:
  - (i) meetings of the council of management were held in accordance with the rules of the organisation including the rules of a branch concerned;
  - (ii) the financial affairs of the Master Builders Association of New South Wales have been managed in accordance with the rules of the organisation;
  - (iii) the financial records of the Master Builders Association of New South Wales have been kept and maintained in accordance with the RO Act;
  - (iv) the Master Builders Association of New South Wales consists of one reporting unit;
  - (v) where information has been sought in any request by a member of the reporting unit or the Commissioner duly made under section 272 of the RO Act has been provided to the member or the Commissioner; and
  - (vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

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



Simon Pilcher  
Council Member



Robert Black  
Council Member

12<sup>th</sup> of October 2021  
Sydney

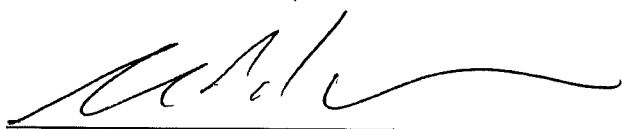


**Master Builders Association of New South Wales and Its Controlled Entities**  
**Officers' declaration**  
**For the year ended 30 June 2021**

I, Simon Pilcher and I, Robert Black, being council members of Master Builders Association of New South Wales, declare that the following activities did not occur during the reporting period ending 30 June 2021.

The reporting unit did not:

- agree to receive financial support from another reporting unit to continue as a going concern
- agree to provide financial support to another reporting unit to ensure they continue as a going concern
- acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission
- receive any other revenue from another reporting unit
- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity
- provide cash flows to another reporting unit
- receive cash flows from another reporting units
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit



Simon Pilcher  
Council Member



Robert Black  
Council Member

12<sup>th</sup> of October 2021  
Sydney



## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MASTER BUILDERS ASSOCIATION OF NEW SOUTH WALES AND ITS CONTROLLED ENTITIES**

### **Report on the Audit of the Financial Report**

#### **Opinion**

We have audited the financial report of Master Builders Association of New South Wales and its Controlled Entities (the Reporting Unit), which comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, the subsection 255(2A) report, the Council of Management Statement and the Officer Declaration Statement.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Reporting Unit as at 30 June 2021, 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 management's use of the going concern basis in the preparation of the financial statements of the Reporting Unit 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 the Financial Report* section of our report. We are 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 (including Independence Standards)* (the Code) that are relevant to my 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.

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

The Council 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.

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, 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 Council of Management for the Financial Report**

The Council 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 Council 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 Council 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 Council 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**

Our 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 our 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, 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.
- 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 Council of Management.
- Conclude on the appropriateness of the Council 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 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 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. We are responsible for the direction, supervision and performance of the Reporting Unit audit. We remain solely responsible for our audit opinion.

We communicate with the Council 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 we identify during our audit.

I declare that I am an auditor registered under the RO Act.

**Nexia Sydney Audit Pty Ltd**



**Vishal Modi**  
**Director**

Registration number (as registered by the RO Commissioner under the RO Act): AA2019/20

Dated this 12<sup>th</sup> day of October 2021