Australian Government
Registered Organisations Commission

9 December 2021

Mark Little
President
Master Builders' Association of Victoria
Sent via email: companysecretary@mbav.com.au
CC: salawson@deloitte.com.au

Dear Mark Little,

Master Builders' Association of Victoria
Financial Report for the year ended 30 June 2021 – (FR2021/89)

I acknowledge receipt of the financial report for the year ended 30 June 2021 for the Master Builders' Association of Victoria. The documents were lodged with the Registered Organisations Commission (the ROC) on 2 December 2021.

The financial report has now been filed.

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

Please note that the financial report for the year ending 30 June 2022 may be subject to an advanced compliance review.

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

AASB 15 - Separate disclosure of revenue from contracts with customers

Australian Accounting Standard AASB 15 *Revenue from Contracts with Customers* paragraph 113(a) requires an entity to disclose revenue from contracts with customers separately unless already disclosed separately in the statement of comprehensive income.

It appears that no such disclosure has been made.

Please note that in future years the reporting unit's GPFR must include all relevant and required financial disclosures in accordance with AASB 15.

AASB 15 - Disaggregation of revenue from contracts with customers

Australian Accounting Standard AASB 15 *Revenue from Contracts with Customers* paragraph 114 requires an entity to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors.

It appears that no such disclosure has been made.

Please note that in future years the reporting unit's GPFR must include all relevant and required financial disclosures in accordance with AASB 15.

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 0841 or by email at Mihiri.jayawardane@roc.gov.au.

Yours sincerely,

Mihiri Jayawardane
Registered Organisations Commission

THE MASTER BUILDERS ASSOCIATION OF VICTORIA

s.268 *Fair Work (Registered Organisations) Act 2009*

Certificate by prescribed designated officer[1]

Certificate for the year ended 30 June 2021

I **MARK LITTLE** being the **PRESIDENT** of THE MASTER BUILDERS ASSOCIATION OF VICTORIA certify:

- that the documents lodged herewith are copies of the full report for *The Master Builders Association of Victoria* for the period ended referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the reporting unit on **26 August 2021**; and
- that the full report was presented to *a general meeting of members* of the reporting unit on **25 November 2021** in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature of prescribed designated officer: ....

Name of prescribed designated officer: **Mark Little**

Title of prescribed designated officer: **President**

Dated: **30 November 2021**

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1 Regulation 162 of the *Fair Work (Registered Organisations) Regulations 2009* defines a 'prescribed designated officer' of a reporting unit for the purposes of s.268(c) as:
(a) the secretary; or
(b) an officer of the organisation other than the secretary who is authorised by the organisation or by the rules of the organisation to sign the certificate mentioned in that paragraph.

2020/21 Annual Report

For presentation to the Annual General Meeting of Members

Master Builders Association of Victoria

ACN 004 255 654

(A Company Limited By Guarantee)

General purpose financial report for the financial year ended 30 June 2021

Council of Management Operating Report
For the year ended 30 June 2021

In accordance with section 254 of the Fair Work (Registered Organisations) Act 2009, the Council of Management present the operating report for the year ended 30 June 2021.

Principal Activities

The principal activity of the Association was to provide a range of services to members in the building and construction industry.

There were no significant changes to the Association's principal activities during the year.

Financial Results

The consolidated surplus from operating activities for the year was $2,600,030 (2020: restated $725,907). The Association is exempt from paying income tax.

Review of Operations

The past year has been one of significant change for Master Builders Victoria (MBV). Some of these and other key achievements during this period are as follows:

- Continuing to lead and represent the building and construction industry through the COVID-19 pandemic to ensure that it was designated an essential service, thus enabling work for many members to continue over several Government-mandated lockdowns.
- Other effects on the organisation, resulting from the pandemic, include the inability to run events according to past years' schedules. This has resulted in a reduction of sponsorship revenue as well as income from running the events. It is important to note that, where possible, these events have been rescheduled.
- Although delayed due to COVID-19 related complications, the 2020 MBV election was undertaken by the Australian Electoral Commission (AEC) for the first time.
- The development of an organisation wide co-designed strategy to ensure MBV continues to meet the needs of the building and construction industry into the future. From this work, MBV has instituted an updated purpose and vision, and new set of values.
- The retirement of the Chief Operating Officer resulted in a full restructure of the Leadership team, with new roles created throughout the organisation to support the team and members.
- Implementation of a range of strategic actions to improve MBV's cybersecurity posture.
- An entire review of the original CRM program.
- Continued development of a new eDocs platform that allows for greater functionality and the ability for MBV to expand its online documents beyond contracts to include OH&S and IR documentation.

Council of Management Operating Report (cont'd)

For the year ended 30 June 2021

Review of Operations (cont'd)

- The launch of a new performance management program called 15Five, with the organisation wide rollout occurring in early May 2021. 15Five is a platform designed to help managers better support their team members and help MBV better connect and have visibility of MBV's strategy and track the organisation's strategic and team OKRs (Objective Key Results) and weekly priorities.
- The closure of Master Builders Building Services (MBABS). Whilst this decision a significant one, it was, in consideration of the legal advice, deemed necessary to avoid breaches of the legal framework and the subsequent issues with the Regulator. Avoiding potential future strain on MBV's consolidated financial position is a secondary issue, however, an equally important consideration to this decision. The MBABS closure is being managed in a staged process and has been well communicated to members, clients, the Regulator, and other stakeholders.

Significant Changes

No significant changes in the financial affairs of the Association have occurred during the financial year.

Rights of members to resign

(1) A member may resign from membership by written notice addressed and delivered to the CEO.

(2) A notice of resignation from membership takes effect:

- (a) Where the member ceases to be eligible to become a member;
    - (i) On the day on which the notice is received by the Association, or
    - (ii) On the day specified in the notice, which is a day not earlier than the day when the member ceases to be eligible to become a member;

    Whichever is later, or
- (b) In any other case:
    - (i) At the end of 2 weeks after the notice is received by the Association, or
    - (ii) On the day specified in the notice;

    Whichever is later.

(3) Any dues payable but not paid by a former member, in relation to a period before the member's resignation from the Association took effect, may be sued for and recovered in the name of the Association in a court of competent jurisdiction, as a debt due to the Association.

(4) A notice delivered to the CEO shall be taken to have been received by the Association when it was delivered.

(5) A notice of resignation that has been received by the Association is not invalid because it was not addressed and delivered in accordance with sub-rule (1).

(6) A resignation from membership is valid even if it is not effected in accordance with this rule if the member is informed in writing by or on behalf of the Association that the resignation has been accepted.

Council of Management Operating Report (cont'd)

To the best of our knowledge and belief

No officer or member of the organisation, by virtue of their office or membership of the Master Builders Association of Victoria is;

(i) A trustee of a superannuation entity or an exempt public sector superannuation scheme; or
(ii) A Director of an Association that is the trustee of a superannuation entity or an exempt public sector superannuation scheme; and 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.

Prescribed Information

(1) Number of members of the organisation at 30 June 2021: 6,517 (2020: 6,359)
(2) Employees of the reporting unit as at 30 June 2021: 96 equivalent full-time staff (2020: 86 equivalent full-time staff).
(3) Members of the Council of Management during or since the financial year ended 30 June 2021:

Allen, S
Cimino, S (Resigned 16 August 2021)
Clemenger, M (Resigned 16 July 2020, reappointed 11 December 2020)
Cole, G (Appointed 11 December 2020)
Cressey, G (Appointed 11 December 2020)
Cunniffe, N (Retired 11 December 2020)
Fasham, M (Retired 11 December 2020)
Garofalo, P (Appointed 11 December 2020)
Grenfell, N (Retired 11 December 2020)
Hansen, R
Hawkey, I (Retired 11 December 2020)
Kennedy, D (Appointed 11 December 2020)
King, N (Retired 29 July 2020)
Little, M
McMahon, P
Pasquale, G (Appointed 11 December 2020)
Peluso, S (Retired 11 December 2020)
Phillips, M (Appointed 11 December 2020)
Purcell, G
Rowe, D
Tonkin-Hill, A
Young, S (Retired 11 December 2020)

For and on behalf of Council of Management

Mark Little
President

26 August 2021

Report required under subsection 255(2A)

The Committee of Management presents the expenditure report as required under subsection 255(2A) on the Master Builders Association of Victoria for the year ended 30 June 2021.

Categories of expenditures	2021 $	2020 $
Remuneration and other employment-related costs and expenses – employees	11,039,686	11,455,620
Advertising	444,124	430,117
Operating costs	8,535,939	8,321,814
Donations to political parties	-	-
Legal costs	149,818	37,433

Signature of designated officer: ....

Name and title of designated officer: Mark Little, President

Directors’ Report

The Directors of Master Builders Association of Victoria submit herewith the annual financial report of the Association for the financial year ended 30 June 2021. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

The names of the Directors of the Association during or since the end of the financial year are:

Board of Management (Committee of Directors)

Allen, S (Appointed 11 December 2020)
Cimino, S (Resigned 16 August 2021)
Clemenger, M (Resigned 16 July 2020, Reappointed 11 December 2020)
Fasham, M (Retired 11 December 2020)
Hansen, R
Hawkey, I (Retired 11 December 2020)
Tonkin-Hill, A (Appointed 11 December 2020)
Little, M
McMahon, P
Peluso, S (Retired 11 December 2020)
Purcell, G
Phillips, M (Appointed 11 December 2020)

Council of Management (Directors)

Allen, S
Cimino, S (Resigned 16 August 2021)
Clemenger, M (Resigned 16 July 2020, Appointed 11 December 2020)
Cole, G (Appointed 11 December 2020)
Cressey, G (Appointed 11 December 2020)
Cunniffe, N (Retired 11 December 2020)
Fasham, M (Retired 11 December 2020)
Garofalo, P (Appointed 11 December 2020)
Grenfell, N (Retired 11 December 2020)
Hansen, R
Hawkey, I (Retired 11 December 2020)
Kennedy, D (Appointed 11 December 2020)
King, N (Retired 29 July 2020)
Little, M
McMahon, P
Pasquale, G (Appointed 11 December 2020)
Peluso, S (Retired 11 December 2020)
Phillips, M (Appointed 11 December 2020)
Purcell, G
Rowe, D
Tonkin-Hill, A
Young, S (Retired 11 December 2020)

Directors' report (cont'd)

Principal Activities

The principal activity of the Association was to provide a range of services to members in the building and construction industry.

There were no significant changes to the Association's principal activities during the year.

Financial Results

The consolidated surplus from operating activities for the year was $2,600,030 (2020: $725,907). The Association is exempt from paying income tax.

Review of Operations

The past year has been one of significant change for Master Builders Victoria (MBV). Some of these and other key achievements during this period include:

- With the onset of the COVID-19 pandemic, leading and representing the building and construction industry to ensure that it was designated an essential service, thus enabling work for many members to continue.
- Other impacts from the pandemic on MBV include:
  - Master Builders Training Institute Simulation courses have been unable to continue face to face, which has seen a significant decline in revenue for this training.
  - Development of online courses for all accredited and training (other than simulation) has enabled continued delivery.
  - Inability to run events according to past years' schedules means a reduction in sponsorship revenue as well as income from running the events (this has been partially offset with the development of virtual events).
- Following the previous year's review of strategy and culture, the development of an organisation wide strategy to ensure MBV continues to meet the needs of the building and construction industry into the future.
- Review of functional areas – Finance (through the Financial Function Diagnostic conducted by Deloitte) and People & Culture. This resulted in a restructure of both areas and the appointment of Finance Business Partnering and People Business Partnering roles.
- A change to Building Services software that enabled adherence to the new standards in relation to revenue recognition.
- Assisted members with Construction Industry Standards discussions, in relation to the expired CFMMEU Enterprise Agreement.
- Restructure of the IT team which, among other improvements, was able to migrate the entire organisation to Office 365 in the cloud improving collaboration, mobility and productivity across the organisation. This was done in one week, ensuring compliance with Government directives for all team members to work from home.
- Improved the organisation's cyber security posture.
- Introduction of successful Builder Registration programs, which has contributed to increased revenue.

Directors' Report (cont'd)

Review of Operations (cont'd)

The purpose of MBV is empowering people to build a better future. The vision of the organisation is to lead a future ready industry that builds a better world. Our values are:

- To place members first, all the time, every time
- To be brave enough to be different
- To do the right thing, even when no one is watching
- To always find a better way

The MBV team will:

- Have a positive, can-do problem solving attitude
- Be bold and brave leaders
- Be customer centric with a focus on adding value
- Be authentic and purpose driven.

Dividends

The Association is a public company limited by guarantee. The Association does not have share capital and it is precluded from paying dividends.

Significant Changes

No significant changes in the state of affairs of the Association have occurred during the financial year.

Subsequent Events

From 1 July 2021, MBA Building Services Trust, a member of the MBV Group and controlled entity of MBV, has ceased to offer new services, including issuing of new building permits or any consultancy services to its customers. The entity will continue to provide contracted services on ongoing projects until completion or until alternate arrangements are agreed. Operations are expected to continue for a period of up to two years with the legal entity remaining in existence for a period of up to ten years.

As at the date of these financial statements are authorised for issue, COVID-19 conditions continue to evolve resulting in continuation of statewide restrictions and lockdowns impacting businesses. The Directors considered that the financial impact of COVID-19 on the Group's financial statements cannot be reasonably estimated for future periods.

No other matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the entity in subsequent financial years.

Future Developments

The Association will continue to pursue the provision of services to members.

Directors' Report (cont'd)

Contracts with Directors

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration of Directors shown in the accounts) by reason of a contract made by the Association with any Director, or with a firm of which a Director is a member, or with an Association in which a Director has a substantial financial interest.

Environmental Issues

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

Indemnifying Officer or Auditor

During the financial year the Association has paid a total premium of $22,200 to insure each of the above Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Association, other than conduct involving a willful breach of duty in relation to the Association.

The terms of the policy preclude disclosure as to the level of the coverage, or the name of the insurer.

The Association has not otherwise, during or since the financial year, in respect of any person who is or has been an officer or auditor of the Association or a related body corporate:

- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against liability incurred as an officer for the costs or expenses to defend legal proceedings.

Information on Council of Management Directors
During the year 5 Council meetings were held.

Name	Number of meetings eligible to attend	Number of meetings attended
ALLEN, Stuart	5	5
Qualifications: Director		
CIMINO, Salvatore (Resigned 16 August 2021)	5	4
Qualifications: Director		
CLEMENGER Michael (Resigned 16 July 2020, Reappointed 11 December 2020)	2	2
Qualifications: Director		
COLE, Gregory (Appointed 11 December 2020)	2	2
Qualifications: Director		
CRESSEY, Graham (Appointed 11 December 2020)	2	2
Qualifications: Director		
CUNNIFFE Nigel (Retired 11 December 2020)	-	-
Qualifications:		
FASHAM Melanie (Retired 11 December 2020)	3	3
Qualifications: Director		
GAROFOLO, Pasquale (Appointed 11 December 2020)	2	2
Qualifications: Director		
GRENFELL Neil (Retired 11 December 2020)	3	3
Qualifications: Director		
HANSEN Richard	5	4
Qualifications: Director		
HAWKEY Ian (Retired 11 December 2020)	3	3
Qualifications: Director		
KENNEDY, Dale (Appointed 11 December 2020)	2	1
Qualifications: Director		
KING Natalie (Retired 29 July 2020)	0	0
Qualifications: Director		
LITTLE Mark	5	5
Qualifications: Director		
McMAHON, Paul	5	3
Qualifications: Director		
PELUSO Steven (Retired 11 December 2020)	3	3
Qualifications: Director		
PHILLIPS, Mark (Appointed 11 December 2020)	2	2
Qualifications: Director		
PURCELL Geoffrey	5	5
Qualifications: Director		
ROWE, David	5	3
Qualifications: Director		
TONKIN-HILL Ashley	5	5
Qualifications: Director		
YOUNG, Shayne (Retired 11 December 2020)	3	3
Qualifications: Director		

Directors' Report (cont'd)

Information on Board of Management Directors (Committee of Directors)
During the year there were 12 Board of Management meetings were held.

Name	Qualifications	Number of meetings eligible to attend	Number of meetings attended
ALLEN, Stuart (Appointed 11 December 2020)	Director	4	4
CIMINO, Salvatore (Resigned 16 August 2021)	Director	12	11
CLEMENGER Michael (Resigned 16 July 2020, Reappointed 11 December 2020)	Director	2	2
FASHAM, Melanie (Retired 11 December 2020)	Director	8	7
HANSEN Richard	Director	12	11
HAWKEY, Ian (Retired 11 December 2020)	Director	8	7
LITTLE, Mark	Director	12	12
McMAHON, Paul	Director	12	11
PELUSO Steven	Director	8	7
PHILLIPS, Mark (Appointed 11 December 2020)	Director	4	4
PURCELL Geoffrey	Director	12	12
TONKIN-HILL, Ashley (Appointed 11 December 2020)	Director	4	4

Information on Association secretary

Name	Qualifications	Number of meetings eligible to attend	Number of meetings attended
Moseley, Tristan	Chief Legal Counsel	17	17

Meetings include both Council of Management and Board of Management.

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

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

Directors' Report (cont'd)

Membership
The Master Builders Association of Victoria is a public company, limited by guarantee, incorporated and operating in Victoria, Australia. The guarantee will not exceed $2 per member and at 30 June 2021 there were 6,517 members (2020: 6,359).

Auditor's Independence Declaration
The auditor's independence declaration is included on page 14 of the annual report.

This Directors' report is signed in accordance with a resolution of Directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors

Mark Little
President
Melbourne, 26 August 2021

Geoffrey Purcell
Deputy President

Statement by Council of Management

On 26 August 2021 the Board of Management of the Master Builders Association of Victoria, following a circular resolution by the Council of Management, thereby delegating the authority to the Board, passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 30 June 2021.

The Board of Management declares in relation to the General Purpose Financial Report 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 reporting unit for the financial year to which they relate;

(d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;

(e) during the financial year to which the General Purpose Financial Report 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; and
- (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
- (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
- (iv) where the organisation consists of 2 or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation; and
- (v) where information has been sought in any request by a member of the reporting unit or Commissioner duly made under section 272 of the RO Act has been provided to the member or 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 Board of Management Directors.

Signature:
For Board of Management: Mark Little
Title of Office held: President

Date: 26 August 2021

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

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www.deloitte.com.au

The Board of Directors
Master Builders Association of Victoria
332 Albert Street
EAST MELBOURNE VIC 3002

26 August 2021

Dear Board Members,

Master Builders Association of Victoria

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Master Builders Association of Victoria.

As the lead audit partner for the audit of the financial statements of Master Builders Association of Victoria for the financial year ended 30 June 2021, I declare that to the best of my knowledge and belief that there have been no contraventions of:

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

Yours sincerely

Deloitte Touche Tohmatsu

Deloitte Touche Tohmatsu

Sandra Lawson

Sandra Lawson
Partner
Chartered Accountants

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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Independent Auditor's Report to the Members of The Master Builders Association of Victoria

Opinion

We have audited the financial report of The Master Builders Association of Victoria (the "Company"), and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors declaration, Statement by Council of Management and the Subsection 225(2A) report.

In our opinion**:**

(a) the accompanying financial report of the Master Builders Association of Victoria is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the Company's and Group's financial position as at 30 June 2021 and of their financial performance for the year then ended; and

   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

(b) the financial report is presented fairly in accordance with the requirements of Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009.

(c) the preparation of the financial statements on a going concern basis as determined by the Directors 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 Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards) (the Code)* that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Company, would be in the same terms if given to the Directors as at the time of this auditor's report.

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

Deloitte.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Council of Management Operating Report and the Directors' Report but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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.

The Directors Responsibilities for the Financial Report

The Directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the *Corporations Act 2001, Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009* and for such internal control as the Directors 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 Directors are responsible for assessing the Group'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 Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

- 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Deloitte.

- Conclude on the appropriateness of the Directors' 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 Group'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 Group 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 Group to express an opinion on the financial report. We are responsible for the Direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the Directors 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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Sandra Lawson

Sandra Lawson
Partner
Chartered Accountants
Melbourne, 26 August 2021

Registered Company Auditor – 319608
Auditor registration under the RO Act – AA2017/88

Declaration by Members of the Board

The Directors declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that the company and the consolidated entity will be able to pay their debts as and when they become due and payable; and

(b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company and the consolidated entity;

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors

Mark Little
President

Geoffrey Purcell
Deputy President

Melbourne, 26th August 2021

Statements of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2021

	Notes	Consolidated Entity 2021 $	Consolidated Entity 2020 $ (Restated)	Parent Entity 2021 $	Parent Entity 2020 $ (Restated)
Revenue	5	23,758,957	23,564,460	21,524,047	19,931,195
Employee benefits expenses	6(iii)	(11,039,686)	(11,455,620)	(9,220,725)	(9,383,316)
Depreciation expense	12(a)	(838,622)	(815,594)	(838,622)	(815,594)
Amortisation expenses	6	(212,098)	(1,308,315)	(212,098)	(1,308,315)
Premises expenses		(962,238)	(888,861)	(847,465)	(813,818)
Travel, accommodation & motor vehicles		(86,164)	(200,815)	(49,955)	(32,355)
Telephone & postage		(188,629)	(299,427)	(164,247)	(233,946)
Administration expenses		(6,805,885)	(6,494,989)	(5,775,633)	(5,525,794)
Cost of goods sold-document sales		(493,023)	(540,921)	(309,666)	(274,178)
Finance costs		(6,705)	(18,672)	(6,705)	(18,672)
Unrealised and realised loss on financial assets		-	(431,555)	-	(431,555)
Impairment (expense)/reversal		45,788	46,333	(298,382)	(517,856)
Impairment of property, plant and equipment	12	(127,541)	-	(127,541)	-
Promotional activity expenses		(444,124)	(430,117)	(444,124)	(430,117)
Surplus before tax	6	2,600,030	725,907	3,228,884	145,679
Income tax expense	3(e)	-	-	-	-
Surplus) for the year		2,600,030	725,907	3,228,884	145,679
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		2,600,030	725,907	3,228,884	145,679

The accompanying notes form part of these financial statements.

Statements of Financial Position
at 30 June 2021

	Notes	Consolidated Entity 2021 $	Consolidated Entity 2020 $ (Restated)	Parent Entity 2021 $	Parent Entity 2020 $ (Restated)
Current assets					
Cash and cash equivalents	7, 24	8,429,221	5,844,081	8,332,437	5,659,993
Trade and other receivables	8	4,025,464	2,602,350	3,948,558	2,295,591
Other financial assets	9	1,335,716	1,333,256	1,335,716	1,333,256
Inventories	10	149,832	186,139	149,832	169,592
Other assets	11	893,588	490,610	730,586	346,280
Asset held for sale		409,755	409,755	409,755	409,755
Total current assets		15,243,576	10,866,191	14,906,884	10,214,467
Non-current assets					
Property, plant and equipment	12	14,190,366	15,099,450	14,190,366	15,099,450
Intangible assets	13	-	-	-	-
Right of use asset	14	179,826	265,774	179,826	265,774
Other financial assets	9	2,531,333	2,161,838	2,531,337	2,161,842
Total non-current assets		16,901,525	17,527,062	16,901,529	17,527,066
Total assets		32,145,101	28,393,253	31,808,413	27,741,533
Current liabilities					
Trade and other payables	15	2,877,447	2,357,008	2,586,661	2,228,388
Other liabilities	16	4,053,441	3,287,485	3,541,266	3,001,054
Lease liability	17	96,727	212,857	96,727	212,857
Provisions	18	1,086,086	1,063,663	925,124	864,823
Total current liabilities		8,113,701	6,921,013	7,149,778	6,307,122
Non-current liabilities					
Lease liability	17	83,736	58,276	83,736	58,276
Provisions	18	51,250	117,580	49,686	79,806
Total non-current liabilities		134,986	175,856	133,422	138,082
Total liabilities		8,248,687	7,096,869	7,283,200	6,445,204
Net assets		23,896,414	21,296,384	24,525,213	21,296,329
Equity					
Retained earnings		23,896,414	21,296,384	24,525,213	21,296,329
Reserves	19	-	-	-	-
Total equity		23,896,414	21,296,384	24,525,213	21,296,329

The accompanying notes form part of these financial statements.

Statements of changes in equity for the year ended 30 June 2021

	Retained earnings $	Investment revaluation reserve $	Total $
Consolidated entity			
Balance at 1 July 2019	23,090,490	-	23,090,490
Change in accounting policy	(1,939,788)	-	(1,939,788)
Restated balance at 1 July 2019	**21,150,702**	**-**	**21,150,702**
Adjustment on adoption of AASB 15/1058	(580,225)	-	(580,225)
Revised balance at 1 July 2019	**20,570,477**	**-**	**20,570,477**
Surplus for the year (restated)	725,907	-	725,907
Other comprehensive income	-	-	-
Total comprehensive income for the year	725,907	-	725,907
Balance 30 June 2020 (restated)	21,296,384	-	21,296,384
Balance at 1 July 2020	21,296,384	-	21,296,384
Surplus for the year (restated)	2,600,030	-	2,600,030
Other comprehensive income	-	-	-
Total comprehensive income for the year	2,600,030	-	2,600,030
Balance at 30 June 2021	23,896,414	-	23,896,414
Parent entity			
Balance at 1 July 2019	23,090,438	-	23,090,438
Change in accounting policy	(1,939,788)	-	(1,939,788)
Restated balance at 1 July 2019	**21,150,650**	**-**	**21,150,650**
Surplus for the year (restated)	145,679	-	145,679
Other comprehensive income	-	-	-
Total comprehensive income for the year	145,679	-	145,679
Balance at 30 June 2020 (restated)	21,296,329	-	21,296,329
Balance at 1 July 2020	21,296,329	-	21,296,329
Surplus for the year	3,228,884	-	3,228,884
Other comprehensive income	-	-	-
Total comprehensive income for the year	3,228,884	-	3,228,884
Balance at 30 June 2021	24,525,213	-	24,525,213

The accompanying notes form part of these financial statements.

Statements of Cash Flows for the year ended 30 June 2021

	Notes	Consolidated Entity 2021 $	Consolidated Entity 2020 $ (Restated)	Parent Entity 2021 $	Parent Entity 2020 $ (Restated)
Cash flows from operating activities					
Receipts from membership subscriptions		7,094,136	6,595,075	7,094,136	6,989,885
Receipts from other activities		17,785,349	19,668,708	14,933,652	15,211,281
Government COVID assistance – Job keeper		292,200	-	-	-
Payments to suppliers and employees		(22,198,899)	(22,532,257)	(18,939,534)	(18,243,574)
Interest and finance costs paid		(6,705)	(18,672)	(6,705)	(18,672)
Interest received		60,847	50,066	60,197	50,066
Net cash provided by operating activities	24(b)	3,026,928	3,762,920	3,141,746	3,988,986
Cash flows from investing activities					
Net payments for investments		(28,754)	(239,439)	(28,754)	(239,439)
Payments for property, plant and equipment		(75,429)	(254,141)	(75,429)	(254,141)
Proceeds from sale of property, plant and equipment		1,090	-	1,090	-
Net payments from/(to) related parties		(121,875)	12,156	(149,389)	(162,614)
Net cash used in investing activities		(224,968)	(481,424)	(252,482)	(656,194)
Cash flows from financing activities					
Repayment of leases		(216,820)	(378,072)	(216,820)	(378,072)
Net cash used in financing activities		(216,820)	(378,072)	(216,820)	(378,072)
Net increase in cash and cash equivalents		2,585,140	2,903,424	2,672,444	2,954,720
Cash and cash equivalents at the beginning of the financial year		5,844,081	2,940,657	5,659,993	2,705,273
Cash and cash equivalents at the end of the financial year	24(a)	8,429,221	5,844,081	8,332,437	5,659,993

1. General information

Master Builders Association of Victoria is a company limited by guarantee, incorporated and operating in Australia.

Master Builders Association of Victoria's registered office and its principal place of business are as follows:

Registered office	Principal place of business
332 Albert Street EAST MELBOURNE VIC 3002	332 Albert Street EAST MELBOURNE VIC 3002

The Association's principal activity is to provide a range of services to members in the building and construction industry.

2. Adoption of new and revised Accounting Standards

2.1 Amendments to Accounting Standards that are mandatorily effective for the current reporting period

In the current year, the Group has applied a number of amendments to AASBs and a new Interpretation issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 July 2020, and therefore relevant for the current year end. The adoption of these amendments did not have any material impact on the financial statements of the Group.

2.2 New and revised Australian Accounting Standards in issue but not yet effective

Standard/amendment	Effective for annual reporting periods beginning on or after
AASB 2020-4 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions	1 July 2021
AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments	1 July 2022
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current and AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date	1 July 2022

The Group has yet to finalise its assessment of the new standards, but it is expected that there will not be any significant impact as a result of the standards.

3. Significant accounting policies

Statement of compliance

The financial report is a general-purpose financial report that has been prepared in accordance with the Corporations Act 2001, the Fair Work (Registered Organisation) Act 2009, Accounting Standards and Interpretations and complies with other requirements of the law.

The financial report covers the economic entity of Master Builders Association of Victoria and controlled entities, and Master Builders Association of Victoria as an individual parent entity. Master Builders Association Victoria is a Member based organisation that operates in accordance with the Fair Work (Registered Organisation) Act 2009. As Master Builders Association of Victoria is a company limited by guarantee it does not have a share capital. The contributions of each member to its debts and liabilities in the event of a winding up are restricted to an amount not exceeding $2. At 30 June 2021 the number of members was 6,517 (2020: 6,359).

For the purpose of the financial statements, the Group is a not-for-profit entity.

The financial statements were authorised for issue by the Directors on 26 August 2021.

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.

The financial statements, except for cash flow information, have been prepared on an accrual basis and in accordance with the historical cost, except for certain assets and liabilities measured at fair value, as explained in the accounting policies below. The financial statements are presented in Australian dollars.

The Directors have elected under s341(1) of the Corporations Act 2001 to apply ASIC Class Order (CO 10/654) inclusion of parent entity financial statements in the financial report.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group’s accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

<u>Long service leave</u>

Management judgement is applied in determining the following key assumptions used in the calculation of long service leave at reporting date:

- future increases in salaries and wages;
- future on cost rates; and
- experience of employee departures and period of service.

3. Significant accounting policies (cont'd)

Critical accounting judgements and key sources of estimation uncertainty(cont'd)

Property, plant and equipment
Useful lives and residual value of property, plant and equipment are reviewed annually. Judgement is applied in determining the useful lives of property, plant and equipment. Any reassessment of useful lives and residual value in a particular year will affect depreciation expense (either increasing or decreasing) from the date of reassessment through to the end of the reassessed useful life for both the current and future years.

Intangibles
Useful lives and residual value of intangible assets are reviewed annually. Judgement is applied in determining the useful lives of intangibles. Any reassessment of useful lives and residual value in a particular year will affect amortisation expense (either increasing or decreasing) from the date of reassessment through to the end of the reassessed useful life for both the current and future years.

Provision for obsolete stock
Management's judgement is applied in determining the provision for inventory obsolescence. If the estimated selling price of inventory is lower than the cost to sell, the difference is recognised in the provision for obsolescence.

Provision for doubtful debts/Expected credit losses
When measuring the expected credit loss (ECL) allowance for the financial assets, the Group uses reasonable and supportable forward looking information, which is based on the assumptions for the future movement of the different economic drivers and how these drivers will drive each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions, and expectations of future conditions.

Contract assets and liabilities
On the adoption of AASB 15 Revenue from Contracts with Customers, the Group has assessed all of its arrangements with customers to determine revenue recognition. Where contacts are held with customers, the Group has identified its performance obligations and used judgement and estimate to determine how revenue is recognised over time and what performance obligations remain unfulfilled. These unfulfilled obligations represent contract liabilities at reporting date.

Leases
The Group has right of use assets representing property, motor vehicles and office equipment. Judgement has been used to determine the lease term, where appropriate, and the interest rate implicit in the lease arrangement. The lease term includes consideration of options and whether they are reasonably certain to exercise. This impacts the measurement of the lease liability and related right-of-use asset. In measuring the lease liability, the rate implicit in the lease is not always readily available and the incremental borrowing rate has been judgmentally determined and applied. This incremental borrowing rate reflects the rate of interest that the lessee would have to pay to borrow over a similar term, with a similar security, the funds necessary to obtain an asset of a similar nature and value to the right-of-use asset in a similar economic environment.

3. Significant accounting policies (cont'd)

Critical accounting judgements and key sources of estimation uncertainty(cont'd)

SaaS arrangements
Note 3(s) describes the entity's accounting policy in respect of customisation and configuration costs incurred in implementing SaaS arrangements. In applying the entity's accounting policy, the Directors made the following key judgements that have had the most significant effect on the amounts recognised in financial statements.

Capitalisation of configuration and customisation costs in SaaS arrangements
Part of the customisation and configuration activities undertaken in implementing SaaS arrangements may entail the development of software code that enhances or modifies, or creates additional capability to the existing on-premise software to enable it to connect with the cloud-based software applications (referred to as bridging modules or APIs). Judgement was applied in determining whether the customisation works done meets the definition of and recognition criteria for an intangible asset in AASB 138 Intangible Assets. During the year, the entity did not recognise any amount (2020: Nil) as intangible assets in respect of customisation and configuration costs incurred in implementing SaaS arrangements.

Determination whether configuration and customisation services are distinct from the SaaS access
Costs incurred to configure or customise the cloud provider's application software are recognised as operating expenses when the services are received.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Master Builders Association of Victoria and entities controlled by the Master Builders Association of Victoria (the "Association"). Control is achieved when the Master Builders Association of Victoria:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Master Builders Association of Victoria reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Association's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Association are eliminated in full on consolidation.

A list of the controlled entities is contained in Note 26 of the financial statements.

3. Significant accounting policies (cont'd)

(b) Property, Plant and Equipment

Each class of property, plant and equipment are carried at cost less, where applicable, any accumulated depreciation.

Plant and equipment
The depreciable amount of all fixed assets, excluding freehold land, is depreciated over their useful lives commencing from the time the asset is ready for use.

Depreciation is based on the straight-line method of calculation.
The depreciation rates used for each class of depreciable assets are:

Buildings	2.5%	Straight Line
Plant and Equipment:		
Office Furniture	10% - 20%	Straight Line
Computer Equipment	20% - 40%	Straight Line
Motor Vehicles	15% - 22.5%	Straight Line
Electrical	20%	Straight Line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in profit or loss.

(c) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(d) Employee entitlements

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

Liabilities recognised in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Association in respect of services provided by employees up to reporting date.

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

3. Significant accounting policies (cont'd)

(e) Income tax

The Group is exempt from income tax under section 50.1 of the Income Tax Assessment Act 1997 however still has obligation for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

(f) Cash and cash equivalents

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

(g) Revenue

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

Revenue from building services and contracts with customers is recognised upon delivery of the service or goods. Building services and contracts with customers revenue is billed in advance and therefore any unfulfilled performance obligations are recognised as deferred revenue (contract liabilities) at reporting date. Revenue is recognised as and when specific performance obligations are satisfied.

Revenue from membership subscriptions is recognised over time as the performance obligation is fulfilled throughout the financial year and deferred accordingly for future financial period based on the timing of payment/renewal of membership by customers.

When the group receives government grants or donations (being a transactions where the consideration paid to acquire an asset is significantly less than fair value principally to enable the company to further its objectives), it performs an assessment to determine if the contract is 'enforceable' and contains 'sufficiently specific' performance obligations.

In cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied. In all other cases the transaction is accounted for under AASB 1058 where the income is recognised upon receipt.

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Investment revenue is recognised when the Association has established that it has a right to receive a dividend or distribution.

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

3. Significant accounting policies (cont'd)

(h) 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 lives. The estimated useful life 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.

(i) Provisions

Provisions are recognised when the Association has a present obligation (legal or constructive) as a result of a past event, it is probable that the Association will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(j) Financial instruments

Financial assets

Recognition and Derecognition
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Initial measurement of financial assets
Financial assets are classified according to their business model and the characteristics of their contractual cash flows. Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transaction costs

Subsequent measurement of financial assets
For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following four categories:
- Financial assets at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Equity instruments at FVTOCI
- Financial assets at FVTPL

3. Significant accounting policies (cont'd)

(j) Financial instruments (cont'd)

Classification of Financial assets
The Group classifies its financial assets subsequently at amortised cost if the following conditions are met:
- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows
- 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.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):
- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets
- 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.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

The relevant categories for the Group are:

(i) Financial assets at amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. Given the settlement terms of financial assets at amortised cost, amortised cost approximates fair value.

(ii) Financial assets at fair value through profit or loss (FVTPL)

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

3. Significant accounting policies (cont'd)

(k) Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computer, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group re-measures the lease liability (and makes corresponding adjustments to the related right of use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used.
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

3. Significant accounting policies (cont'd)

(l) Impairment of non-financial assets

All assets are assessed for impairment at the end of each reporting period to the extent that there is an impairment trigger. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Group were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

(m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the statement of cash flows on a net basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(n) Assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs of disposal.

(o) Fair value measurement

The Group measures financial instruments, such as, financial assets as at fair value through the profit and loss, financial assets at fair value through OCI, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 25E.

3. Significant accounting policies (cont'd)

(o) Fair value measurement (cont'd)

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 reporting unit. 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.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1—Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the reporting unit determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. For the purpose of fair value disclosures, the reporting unit has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

3. Significant accounting policies (cont'd)

(p) Contract liabilities

A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or an amount of consideration is due) from the customer.

The transaction price is allocated from revenue and recognised as a contract liability at the time of the initial sales transaction and is released based on the management set percentage over time as the performance obligations with the customers are satisfied.

Management exercise accounting judgements in determining the amount of work completed at reporting date for each of the building permit issued or contract entered with customers.

(q) Going Concern

The Group is not reliant on the agreed financial support of another reporting unit to continue on a going concern basis.

The Group has agreed to provide MBA Building Services Pty Ltd, trustee of MBA Building Services Trust with financial support to ensure they can continue on a going concern basis.

This agreed financial support is to continue for at least 12 months from the time of signing the controlled entity's financial statements to ensure the subsidiary can pay their debt as and when they fall due.

(r) Acquisition of assets and or liabilities that do not constitute a business combination

The Group did not 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 the organisation, a determination or revocation by the General Manager of the Fair Work Commission under subsections 245(1) or 249(1) of the RO Act.

(s) Change in accounting policy

Following clarifying guidance from the International Financial Reporting Interpretations Committee (IFRIC), the Group adopted a change in accounting policy in relation to the treatment of configuration and customisation costs related to cloud computing arrangements, commonly referred to as Software as a Service (SaaS). Under the revised accounting policy, costs that would have been previously capitalised are treated as operating expenditure where the entity cannot demonstrate the ability to control the relevant software. The new accounting policy is presented below.

Software-as-a-Service (SaaS) arrangements
SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

3. Significant accounting policies (cont'd)

(s) Change in accounting policy (cont'd)

Retrospective restatement

Consolidated entity

As disclosed above, the Group revised its accounting policy in relation to SaaS arrangements during the year resulting from the implementation of agenda decisions issued by the IFRIC. Historical financial information has been restated to account for the impact of the change in accounting policy, as follows:

30 June 2020	Previously reported	Adjustment	Restated
Statement of financial position			
Intangible assets	1,821,845	(1,821,845)	-
Total assets	**30,215,098**	**(1,821,845)**	**28,393,253**
Retained earnings	23,118,229	(1,821,845)	21,296,384
Total equity	**23,118,229**	**(1,821,845)**	**21,296,384**
Statement of profit or loss and other comprehensive income			
Administration expenses	(6,391,790)	(103,199)	(6,494,989)
Amortisation	(1,529,457)	221,142	(1,308,315)
Surplus before tax	**607,964**	**117,943**	**725,907**
Surplus after tax	**607,964**	**117,943**	**725,907**
Statement of cashflows			
Payments to suppliers and employees	(22,429,058)	(103,199)	(22,532,257)
Net cash generated by operating activities	**3,866,119**	**(103,199)**	**3,762,920**
Payments to acquire intangible assets	(103,199)	103,199	-
Net cash used in investing activities	**(584,623)**	**103,199**	**(481,424)**

30 June 2020	Retained earnings	Total equity
Statement of changes in equity		
Balance at 1 July 2019 (as previously stated)	**23,090,490**	**23,090,490**
Effect of change in accounting policy	(1,939,788)	(1,939,788)
Balance at 1 July 2019 (restated)	**21,150,702**	**21,150,702**
Adjustment of adoption of AASB 15/1058	(580,225)	(580,225)
Surplus for the year (restated)	725,907	725,907
Other comprehensive income for the year	-	-
Total comprehensive income for the year	**725,907**	**725,907**
Balance at 30 June 2020	**21,296,384**	**21,296,384**

3. Significant accounting policies (cont'd)

(s) Change in accounting policy (cont'd)

Parent entity

30 June 2020	Previously reported	Adjustment	Restated
Statement of financial position			
Intangible assets	1,821,845	(1,821,845)	-
Total assets	**29,563,378**	**(1,821,845)**	**27,741,533**
Retained earnings	23,118,174	(1,821,845)	21,296,329
Total equity	**23,118,174**	**(1,821,845)**	**21,296,329**
Statement of profit or loss and other comprehensive income			
Administration expenses	(5,422,595)	(103,199)	(5,525,794)
Amortisation	(1,529,457)	221,142	(1,308,315)
Surplus before tax	**27,736**	**117,943**	**145,679**
Surplus after tax	**27,736**	**117,943**	**145,679**
Statement of cashflows			
Payments to suppliers and employees	(18,140,375)	(103,199)	(18,243,574)
Net cash generated by operating activities	**4,092,185**	**(103,199)**	**3,988,986**
Payments to acquire intangible assets	(103,199)	103,199	-
Net cash used in investing activities	**(759,393)**	**103,199**	**(656,194)**

30 June 2020	Retained earnings	Total equity
Statement of changes in equity		
Balance at 1 July 2019 (as previously stated)	**23,090,438**	**23,090,438**
Effect of change in accounting policy	(1,939,788)	(1,939,788)
Balance at 1 July 2019 (restated)	**21,150,650**	**21,150,650**
Surplus for the year (restated)	145,679	145,679
Other comprehensive income for the year	-	-
Total comprehensive income for the year	**145,679**	**145,679**
Balance at 30 June 2020	**21,296,329**	**21,296,329**

4. Information to Be Provided to Members or Commissioner

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),(2) and (3) of Section 272, which reads as follows:

1. A member of a reporting unit, or the Commissioner, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
2. The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.
3. A reporting unit must comply with an application made under subsection (1).

	Consolidated Entity 2021 $	Consolidated Entity 2020 $	Parent Entity 2021 $	Parent Entity 2020 $
5. Revenue				
Operating activities				
Membership subscriptions	5,958,113	5,821,370	5,958,113	5,821,370
Insurance commission	1,843,306	1,534,980	1,843,306	1,534,980
Sale of documents	1,001,867	805,528	1,001,867	805,528
Event income	529,063	1,211,900	529,063	1,211,900
Sundry income	1,313,484	659,812	1,501,025	636,153
Rental income	248,255	272,653	248,255	272,653
Planning and building services	2,129,601	3,609,606	-	-
Training division	1,689,593	1,714,779	1,689,593	1,714,779
Commercial income	133,138	218,961	133,138	218,961
Dividend income	136,992	-	136,992	-
Grants	8,079,297	7,664,805	8,079,297	7,664,805
Unrealised and realised gain on financial assets	343,201	-	343,201	-
	23,405,910	23,514,394	21,463,850	19,881,129
Non-operating activities				
Interest received	60,847	50,066	60,197	50,066
Government COVID assistance – Job keeper	292,200	-	-	-
Total revenue	23,758,957	23,564,460	21,524,047	19,931,195

Financial support has not been received from another reporting unit.

6. Surplus for the year before tax

Surplus for the year includes the following expenses:

	Consolidated Entity 2021 $	Consolidated Entity 2020 $	Parent Entity 2021 $	Parent Entity 2020 $
(Decrease)/increase in allowance for doubtful debts provision	(45,789)	(142,234)	(3,249)	269,807
Bad debt expense	46,732	46,334	21,188	35,405
Amortisation:				
Software	-	924,883	-	924,883
Right of use asset	212,098	383,432	212,098	383,432
	212,098	1,308,315	212,098	1,308,315
Remuneration of auditor:				
- audit of the financial statements	74,100	74,450	55,250	54,900
- other audit services -grant acquittals	11,600	7,400	11,600	7,400
- other services	-	91,000	-	91,000
	85,700	172,850	66,850	153,300

The auditor of Master Builders Association of Victoria is Deloitte Touche Tohmatsu.

6. Surplus for the year before tax (cont'd)

Expenses include the following items for which additional information is required by section 255 of the Fair Work (Registered Organisations) Act 2009:

	Consolidated Entity 2021 $	Consolidated Entity 2020 $	Parent Entity 2021 $	Parent Entity 2020 $
Consideration to employers for payroll deductions		-		-
Compulsory levies		-		-
Capitation fees and other expense to another reporting unit		-		-
Fees/allowance – meeting and conferences		-		-
Penalties – via RO Act or Fair Work Act 2009		-		-
Legal fees (i)	149,818	37,433	92,311	37,433
Affiliation fees - Master Builders Australia and other congress organisations	642,638	615,437	642,638	615,437
Other fees and subscriptions	157,251	116,591	123,441	84,030
Grants and donations (ii)	50	20,094	50	20,094
Conference/meeting expenses	1,418	18,904	1,418	18,904

	Consolidated Entity 2021 $	Consolidated Entity 2020 $	Parent Entity 2021 $	Parent Entity 2020 $
(i) Legal costs				
Litigation	51,294	29,741	-	29,741
Other legal matters	98,524	7,692	92,311	7,692
Total legal costs	149,818	37,433	92,311	37,433
(ii) Grants or donations				
Grants:				
Total paid that were $1,000 or less		-		-
Total paid that exceeded $1,000		-		-
Donations				
Total paid that were $1,000 or less	50	94	50	94
Total paid that exceeded $1,000	-	20,000	-	20,000
Total grants or donations	50	20,094	50	20,094

During the year, the entity did not have another entity administer the financial affairs of the reporting unit.

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
	$	$	$	$
6. Surplus/(Deficit) for the year before tax (cont'd)				
(iii) Employee expenses:				
Holders of office:				
Wages and salaries	-	-	-	-
Superannuation	-	-	-	-
Leave and other entitlements	-	-	-	-
Separation and redundancies	-	-	-	-
Other employee expenses	-	-	-	-
Subtotal employee expenses holders of office	-	-	-	-
Employees other than office holders:				
Wages and salaries	8,430,770	8,288,926	7,104,158	6,660,941
Superannuation	839,420	842,199	692,439	677,589
Leave and other entitlements	759,101	682,175	534,196	517,006
Separation and redundancies	411,218	395,932	411,218	388,796
Other employee expenses	599,177	1,246,388	478,714	1,138,984
Subtotal employees other than office holders	11,039,686	11,455,620	9,220,725	9,383,316
Total employee expenses	11,039,686	11,455,620	9,220,725	9,383,316

7. Cash and cash equivalents

Cash at bank	8,429,219	5,839,679	8,332,437	5,656,893
Cash on hand	2	4,402	-	3,100
	8,429,221	5,844,081	8,332,437	5,659,993

8. Trade and other receivables

Trade debtors	1,201,485	1,442,274	1,100,836	953,935
Provision for expected credit loss	(43,283)	(135,804)	(19,540)	(43,977)
	1,158,202	1,306,470	1,081,296	909,958
Other receivables	2,370,356	913,348	2,362,856	913,348
Inter-company loan – controlled entity	-	-	2,433,245	2,213,866
Inter-company loan – related company	496,906	382,532	496,906	382,532
Provision for impairment of intercompany loan	-	-	(2,425,745)	(2,124,113)
Receivables from other reporting units	-	-	-	-
	4,025,464	2,602,350	3,948,558	2,295,591

8. Trade and other receivables (cont'd)

The average credit period on sales of goods and rendering of services is 30 days. No interest is charged on the trade receivables. An allowance has been made for estimated irrecoverable trade receivable amounts arising from the past sale of goods and rendering of services, determined by reference to past default experience.

	Consolidated Entity 2021 $	Consolidated Entity 2020 $	Parent Entity 2021 $	Parent Entity 2020 $
Ageing of past due but not impaired				
60 - 90 days	73,486	135,867	69,666	103,069
90+ days	349,853	451,760	348,853	325,701
Total	423,339	587,627	418,519	428,770
Movement in the allowance for doubtful debts				
Balance at the beginning of the year	135,804	354,375	43,977	57,525
Provision (used)/increased during the year	(92,521)	(218,571)	(24,437)	(13,548)
Balance at the end of the year	43,283	135,804	19,540	43,977

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

9. Other financial assets

	Consolidated Entity 2021 $	Consolidated Entity 2020 $	Parent Entity 2021 $	Parent Entity 2020 $
Current				
Term deposit	1,335,716	1,333,256	1,335,716	1,333,256
Non-Current				
Financial assets at fair value through profit or loss				
- Shares in controlled entity – at cost	-	-	4	4
- Shares in related entities – at cost	120,000	120,000	120,000	120,000
- Financial assets at amortised cost	777,328	583,042	777,328	583,042
- Financial assets at fair value through profit or loss	1,634,005	1,458,796	1,634,005	1,458,796
	2,531,333	2,161,838	2,531,337	2,161,842

Equities securities of $1,327,433 (2020: $1,187,917) held at fair value are classified as Level 1 and valued as quoted bid prices in an active market. Other fair value through profit or loss investments are classified as Level 2 and valued using valuation techniques which maximise the use of observable market data.

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
	$	$	$	$
10. Inventories				
Stock on hand	149,832	186,139	149,832	169,592
11. Other assets				
Prepayments	893,588	490,610	730,586	346,280
12. Property Plant and Equipment				
Freehold land and buildings				
At cost	19,365,239	19,365,239	19,365,239	19,365,239
Provision for depreciation	(5,861,501)	(5,419,721)	(5,861,501)	(5,419,721)
Impairment	(127,541)	-	(127,541)	
Written down value	13,376,197	13,945,518	13,376,197	13,945,518
Plant and equipment				
At cost	7,330,615	7,319,378	7,330,615	7,319,378
Provision for depreciation	(6,516,446)	(6,165,446)	(6,516,446)	(6,165,446)
Written down value	814,169	1,153,932	814,169	1,153,932
Net Book Value	14,190,366	15,099,450	14,190,366	15,099,450

(a) Movement in carrying amount

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

Consolidated & Parent entity:

	Freehold land and buildings $	Plant and equipment $	Total $
2020			
Balance at the beginning of year	14,387,299	1,273,604	15,660,903
Additions	-	254,141	254,141
Depreciation expense	(441,781)	(373,813)	(815,594)
Carrying amount at the end of the year	13,945,518	1,153,932	15,099,450
2021			
Balance at the beginning of year	13,945,518	1,153,932	15,099,450
Additions	-	75,429	75,429
Disposals	-	(18,350)	(18,350)
Impairment	(127,541)	-	(127,541)
Depreciation expense	(441,780)	(396,841)	(838,622)
Carrying amount at the end of the year	13,376,197	814,170	14,190,366

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
	$	$	$	$

13. Intangible Assets

Licence at cost	5,245,000	5,245,000	5,245,000	5,245,000
Accumulated amortisation	(5,245,000)	(5,245,000)	(5,245,000)	(5,245,000)
	-	-	-	-
Net book value	-	-	-	-

(a) Movement in carrying amount

Movement in the carrying amounts for each class of intangible asset between the beginning and the end at the current financial year.

	Licence $	Total $
2020		
Balance at the beginning of year	924,884	924,884
Amortisation expense	(924,884)	(924,884)
Carrying amount at the end of the year	-	-
2021		
Balance at the beginning of year	-	-
Additions	-	-
Amortisation expense	-	-
Carrying amount at the end of the year	-	-

14. Right of use asset

Right of use asset – premises	-	187,864	-	187,864
Less accumulated amortisation	-	(120,584)	-	(120,584)
	-	67,280	-	67,280
Right of use asset - vehicles	290,769	343,592	290,769	343,592
Less accumulated amortisation	(143,516)	(179,730)	(143,516)	(179,730)
	147,253	163,862	147,253	163,862
Right of use asset – copiers	41,145	117,750	41,145	117,750
Less accumulated amortisation	(8,572)	(83,118)	(8,572)	(83,118)
	32,573	34,632	32,573	34,632
	179,826	265,774	179,826	265,774

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
	$	$	$	$

14. Right of use asset (contd')

(a) Movement in carrying amount

Movement in the carrying amounts for each class of right of use asset between the beginning and the end at the current financial year.

2020	Premises $	Vehicles	Copiers $	Total $
At 1 July 2019	-	-	-	-
Additions	187,864	343,592	117,750	649,206
Amortisation expense	(120,584)	(179,730)	(83,118)	(383,432)
At 30 June 2020	67,280	163,862	34,632	265,774

2021	Premises $	Vehicles	Copiers $	Total $
At 1 July 2020	67,280	163,862	34,632	265,774
Additions	-	113,533	41,145	154,678
Terminations	(25,980)	(2,548)	-	(28,528)
Amortisation expense	(41,300)	(129,308)	(41,490)	(212,098)
At 30 June 2021	-	145,539	34,287	179,826

15. Trade and other payables

Arbitration deposit account	12,265	12,265	12,265	12,265
Trade creditors	1,365,269	1,453,784	1,251,944	1,390,710
Sundry creditors and accrued expenses	1,450,539	890,959	1,273,078	825,413
Payables to other reporting units	424	-	424	-
Consideration to employers for payroll deductions of membership subscriptions	-	-	-	-
Legal and litigation costs	48,950	-	48,950	-
	2,877,447	2,357,008	2,586,661	2,228,388

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.

16. Other liabilities

Current

Contract liabilities	4,053,441	3,287,485	3,541,266	3,001,054

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
	$	$	$	$
17. Leases				
Current liability	96,727	212,857	96,727	212,857
Non-current liability	83,736	58,276	83,736	58,276
18. Provisions				
Office holders:				
Annual leave		-		-
Long service leave		-		-
Separations and redundancies		-		-
Other		-		-
Subtotal employee provisions – office holders		-		-
Employees other than office holders				
Annual leave	624,816	602,948	547,716	491,366
Long service leave	512,520	578,295	427,094	453,263
Separations and redundancies	-	-	-	-
Other	-	-	-	-
Subtotal employee provisions – employees other than office holders	1,137,336	1,181,243	974,810	944,629
Total employee provisions	1,137,336	1,181,243	974,810	944,629
Current	1,086,086	1,063,663	925,124	864,823
Non-current	51,250	117,580	49,686	79,806
Total employee provisions	1,137,336	1,181,243	974,810	944,629
Number of employees at year end	104	86	90	71

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
	$	$	$	$
19. Reserves				
Investment revaluation reserve		-		-
Compulsory levy/voluntary contribution fund		-		-
Other funds required by RO rules		-		-

20. Commitments for expenditure

(a) Other commitments

Master Builders Association of Victoria has committed to support its subsidiaries MBA Building Services Pty Ltd, trustee of MBA Building Services Trust and MBA Training Services Pty Ltd, trustee of MBA Unit Trust for at least 12 months from the signing of the controlled entity's financial statements to ensure the subsidiary can pay their debt as and when they fall due.

21. Segment Reporting

The operations are limited to one operating activity (to provide services to raise the standards in the building industry by continually providing assistance to develop skills of members) and geographic segment (Australia).

22. Related Party Transactions

(i) Directors

The following people held office of Director during the year ended 30 June 2021.

Board of Management (Committee of Directors)

Allen, S	Appointed 11 December 2020
Cimino, S	Resigned 16 August 2021
Clemenger, M	Resigned 16 July 2020, Reappointed 11 December 2020
Fasham, M	Retired 11 December 2020
Hansen, R	
Hawkey, I	Retired 11 December 2020
Little, M	
McMahon, P	
Peluso, S	Retired 11 December 2020
Phillips, M	Appointed 11 December 2020
Purcell, G	
Tonkin-Hill, A	Appointed 11 December 2020

Council of Management (Directors)

Allen, S	Resigned 16 August 2021
Cimino, S	Resigned 16 August 2021
Clemenger, M	Appointed 11 December 2021 Appointed 11 December 2020
Cole, G	Appointed 11 December 2020
Cressey, G	Retired 11 December 2020
Cunniffe, N	Retired 11 December 2020
Fasham, M	Retired 11 December 2020
Grenfell, N	
Hansen, R	Retired 11 December 2020
Hawkey, I	Appointed 11 December 2020
Kennedy, D	Retired 29 July 2020
King, N	
Little, M	
McMahon, P	Appointed 11 December 2020
Pasquale, G	Retired 11 December 2020
Peluso, S	Appointed 11 December 2020
Phillips, M	
Purcell, G	
Rowe, D	
Tonkin-Hill, A	Retired 11 December 2020
Young, S	

22. Related Party Transaction (cont'd)

	2021	2020
(ii) Remuneration of Directors		
Amounts received or due and receivable by Directors of Master Builders Association Of Victoria	$Nil	$Nil
Number of Directors whose remuneration was within the following bands:		
$0 - $9,999	22	18

The services of the Directors are provided on a voluntary basis only.

One director received non cash benefits being travel expenses of $2,838.

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
	$	$	$	$
(iii) Transactions				
Rental income from MBA Insurance Services Pty Ltd	205,806	205,806	205,806	205,806
Accounting and other expenses charged to MBA Insurance Services Pty Ltd	(196,746)	(84,000)	(196,746)	(84,000)
Commissions received from MBA Insurance Services Pty Ltd	1,809,627	1,458,520	1,809,627	1,458,520
Training expenditure paid to MBA Unit Trust	-	-	-	-
Payment to a former related party of the reporting unit	-	-	-	-

Transactions are arm's length, non-interest bearing.

23. Superannuation expense	839,240	842,199	692,439	677,589

The Association contributes to superannuation plans to provide benefits to employees on retirement, death or disability. The Association has no liability for any unfunded benefits which may exist within these plans.

24. Notes to the statement of cash flows

(a) Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	Consolidated Entity 2021 $	Consolidated Entity 2020 $	Parent Entity 2021 $	Parent Entity 2020 $
Cash at bank and on hand	8,429,221	5,844,081	8,332,437	5,659,993
	8,429,221	5,844,081	8,332,437	5,659,993

(b) Reconciliation of surplus/(deficit) for the year to net cash flows from operating activities

	Consolidated Entity 2021 $	Consolidated Entity 2020 $	Parent Entity 2021 $	Parent Entity 2020 $
Operating surplus/(deficit) after income tax	2,600,030	725,907	3,228,884	145,679
Non-cash transactions recognised in operating activities:				
Related party expense transactions	-	-	(184,364)	83,659
Movement in doubtful debts	(45,788)	-	(3,249)	35,405
Depreciation	838,622	815,594	838,622	815,594
Amortisation	212,098	1,308,315	212,098	1,308,315
Loss on sale of property, plant and equipment	17,260	-	17,260	-
Impairment of property, plant and equipment	127,541	-	127,541	-
Impairment /(reversal) of intercompany loans	-	-	301,632	482,449
(Gain)/loss on fair value through profit or loss investments	(343,201)	431,555	(343,201)	432,604
Changes in assets and liabilities				
(Increase)/decrease in assets:				
Trade and other receivables	(1,255,451)	405,296	(1,617,597)	(148,591)
Inventories	36,307	49,038	19,760	54,268
Other assets	(402,978)	(245,247)	(384,306)	(105,863)
(Decrease)/increase in liabilities:				
Trade and other payables	520,439	318,462	358,273	498,220
Other liabilities	765,956	191,568	540,212	586,378
Provisions	(43,907)	(237,568)	30,181	(199,131)
Net cash (used in)/provided by operating activities	3,026,928	3,762,920	3,141,746	3,988,986

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
	$	$	$	$

24. Notes to the statement of cash flows (cont'd)

(c) Cash flow information:				
Cash inflows				
MBA Building Services	-	-	2,742,729	3,331,343
MBA Training Services	-	-	-	-
Total cash inflows	-	-	2,742,729	3,331,343
Cash outflows				
MBA Building Services	-	-	2,407,961	2,993,841
MBA Training Services	-	-	-	-
Total cash outflows	-	-	2,407,961	2,993,841

(d) Financing Facilities

Master Builders Association of Victoria has a commercial bill facility for $Nil as at 30 June 2021 (2020: Nil).

(e) Non-Cash Financing and Investing Activities

The parent entity cash flow included non-cash transactions of ($225,932) (2020: $998,712) for unrealised (gains(/losses on financial assets & intercompany loan accounts provisions and other expenditure or revenue charges to a subsidiary. There were no other material non cash financing activities undertaken during the year, with the exception of new right of use assets of $154,678 (2020: $649,206).

(f) Debt reconciliation

The table below details changes in the Group's and parent entity liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated and parent entity's cash flow statement as cash flows from financing activities.

Year ended 30 June				
1 July 2019		-		-
Adoption of AASB 16		649,206		649,206
Interest accumulated		18,672		18,672
Repayments made		(396,745)		(396,745)
30 June 2020		271,133		271,133
1 July 2020	271,133		271,133	
New leases	154,678		154,678	
Modifications / terminations	(28,528)		(28,528)	
Interest accumulated	6,705		6,705	
Repayments made	(223,525)		(223,525)	
30 June 2021	180,463		180,463	

25. Financial Instruments

(a) The Association's financial instruments are disclosed as follows:

Recognised Financial Instruments	Statement of Financial Position Note
i) Financial Assets	
Trade & other receivables	8
Cash & Cash equivalents	7
Other financial assets – investments	9
ii) Financial Liabilities	
Trade & other payables	15
Leases	17

(b) Interest rate risk

The economic entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates. The economic entity's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk section of this note.

The consolidated and parent entity's sensitivity to interest rates has decreased during the current period mainly due to the decrease of variable rate borrowings and of cash held in term deposits.

An increase or decrease of 50 interest basis points would increase or decrease consolidated cash and profit by $42,146 or the parent entity cash and profit by $41,662.

(c) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets is the carrying amount, as disclosed in the statement of financial position and notes to the financial statements.

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

(d) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of Directors. The economic entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 24(d) is a listing of facilities that the Association has at its disposal to further reduce liquidity risk.

Liquidity and interest table

Prudent liquidity risk management is carried out by maintaining sufficient cash including working capital and unused bank debt.

25. Financial Instruments (cont'd)

The following tables detail the economic entity's remaining contractual maturity for its 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 economic entity can be required to pay. The table includes both interest and principal cash flows.

Consolidated	**Weighted Average Effective Interest Rate**	**Less than 1 month**	**1 - 3 months**	**3 months – 1 year**	**1-5 years**	**Total**
2020						
Non-interest bearing	-	1,795,965	-	-	97,822	1,893,787
Variable interest rate instruments	-	-	-	-	-	-
Fixed interest rate instruments	4.25	29,545	82,148	186,804	59,142	357,639
2021						
Non-interest bearing	-	2,385,945	-	-	4,853	2,390,798
Variable interest rate instruments	-	-	-	-	-	-
Fixed interest rate instruments	4.25	10,380	30,486	63,461	83,938	188,265

Parent	**Weighted Average Effective Interest Rate**	**Less than 1 month**	**1 - 3 months**	**3 months – 1 year**	**1-5 years**	**Total**
2020						
Non-interest bearing	-	1,684,904	-	-	97,822	1,782,726
Variable interest rate instruments	-	-	-	-	-	-
Fixed interest rate instruments	4.25	29,545	82,148	186,804	59,142	357,639
2021						
Non-interest bearing	-	2,095,157	-	-	4,853	2,100,010
Variable interest rate instruments	-	-	-	-	-	-
Fixed interest rate instruments	4.25	10,380	30,486	63,461	83,938	188,265

25. Financial Instruments (cont'd)

The following tables detail the Association's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the economic entity anticipates that the cash flow will occur in different period.

Consolidated	Weighted Average Effective Interest Rate	Less than 1 month	1 - 3 months	3 months – 1 year	1-5 years	Total
2020						
Non-interest bearing		1,860,327	650,332	12,752	-	2,523,411
Variable interest rate instruments	0.55%	5,844,079	-	-	-	5,844,079
Fixed interest rate instruments	1.19%	-	667,955	668,618	-	1,336,573
2021						
Non-interest bearing	-	1,071,542	2,305,833	648,089	-	4,025,464
Variable interest rate instruments	0.70%	8,429,219	-	-	-	8,429,219
Fixed interest rate instruments	0.25%	-	750,525	585,933	-	1,336,458

Parent	Weighted Average Effective Interest Rate	Less than 1 month	1 - 3 months	3 months – 1 year	1-5 years	Total
2020						
Non-interest bearing		1,647,382	470,296	9,221	-	2,126,899
Variable interest rate instruments	0.52%	5,659,993	-	-	-	5,659,993
Fixed interest rate instruments	1.19%	-	667,955	668,618	-	1,336,573
2021						
Non-interest bearing	-	1,034,627	2,266,611	647,320	-	3,948,558
Variable interest rate instruments	0.69%	8,332,437	-	-	-	8,332,437
Fixed interest rate instruments	0.25%	-	750,525	585,933	-	1,336,458

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period. The Group has access to financing facilities as described in note 24(d) above. The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

25. Financial Instruments (cont'd)

(e) Fair Value of financial assets and financial liabilities

Assets and liabilities, fair values approximate their carrying value. Financial assets where carrying amounts exceeds net fair values have not been written down as the Association 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.

(f) Capital Risk Management

The economic entity manages its capital to ensure that the economic entity will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The economic entity's overall strategy remains unchanged from 2020. The economic entity is not exposed to any externally imposed capital requirements.

(g) Market Risk

The economic entity is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The economic entity does not actively trade these investments. There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured. An increase or decrease equity prices by 5% would increase or decrease equity investments by $66,372.

(h) Foreign Currency Risk Management

The economic entity does not undertake transactions denominated in foreign currencies, and consequently exposures to exchange rate fluctuation will not arise.

26. Controlled Entities

	Principal activity	Country of Incorporation	Percentage Owned (%) 2020	Percentage Owned (%) 2019
Parent Entity:				
Master Builders Association of Victoria		Australia	N/A	N/A
Subsidiaries of Master Builders Association of Victoria:-				
MBA Building Services Pty Ltd (trustee of MBA Building Services Trust)	Provide supporting services to the building and construction industry	Australia	100%	100%
MBA Training Services Pty Ltd (trustee of MBA Unit Trust)	Provide training for the Victorian building and construction industry	Australia	100%	100%
Related Companies:				
MBA Insurance Services Pty Ltd	Provision of insurance brokerage services.	Australia	17.5%	17.5%
MBA Foundation Ltd	Provide training for the Victorian building and construction industry	Australia	100%	100%

Information about subsidiaries

Year ended 30 June 2021	**MBA Building Services Trust**	**MBA Unit Trust**	**MBA Building Services Pty Ltd**	**MBA Training Services Pty Ltd**
Revenue	2,422,451	-	-	-
Expenses	3,352,937	-	-	-
Surplus/(deficit)	(930,486)	-	-	-
Total comprehensive income/(loss)	(930,486)	-	-	-
Cash from/(used in) operating activities	(181,562)	-	-	-
Total cash inflow/(outflow)	(18,091)	-	-	-
As at 30 June 2021				
Current assets	336,694	2	-	-
Non current assets	-	-	-	-
Current liabilities	2,567,698	821,971	-	-
Non current liabilities	1,564	-	-	-

27. Key Management Personnel Compensation

	Consolidated Entity 2021 $	Consolidated Entity 2020 $	Parent Entity 2021 $	Parent Entity 2020 $
Short-term employee benefits	1,890,215	2,016,664	1,890,215	2,016,664
Long-term employee benefits	(30,725)	6,625	(30,725)	6,625
Post-employment benefits	116,622	148,109	116,622	148,109
	1,976,112	2,171,398	1,976,112	2,171,398
Short-term employee benefits				
Salary (including annual leave taken)	1,671,207	1,925,151	1,671,207	1,925,151
Annual leave accrued	127,912	91,513	127,912	91,513
Performance bonus	91,096	-	91,096	-
Total short-term employee benefits	1,890,215	2,016,664	1,890,215	2,016,664
Post-employment benefits:				
Superannuation	116,622	148,109	116,622	148,109
Total post-employment benefits	116,622	148,109	116,622	148,109
Other long-term benefits:				
Long-service leave	(30,725)	6,625	(30,725)	6,625
Total other long-term benefits	(30,725)	6,625	(30,725)	6,625
Termination benefits		-		-
Total	1,976,112	2,171,398	1,976,112	2,171,398

Transactions with key management personnel and their close family members

	Consolidated Entity 2021 $	Consolidated Entity 2020 $	Parent Entity 2021 $	Parent Entity 2020 $
Loans to/from key management personnel		-		-
Other transactions with key management personnel		-		-

28. Subsequent events

From 1 July 2021, MBA Building Services Trust, a member of the MBAV Group and controlled entity of Master Builders Association of Victoria, has ceased to offer new services, including issuing of new building permits or any consultancy services to its customers. The entity will continue to provide contracted services on ongoing projects until completion or until alternate arrangements are agreed. Operations are expected to continue for a period of up to two years with the legal entity remaining in existence for a period of up to ten years.

As at the date of these financial statements are authorized for issue, COVID-19 conditions continue to evolve resulting in continuation of statewide restrictions and lockdowns impacting businesses. The Directors considered that the financial impact of COVID-19 on the Group's financial statements cannot be reasonably estimated for future periods.

No other matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the entity in subsequent financial years.

29. Contingent liabilities

There were no contingent liabilities at 30 June 2021 (2020: $nil).