



Australian Government
Registered Organisations Commission

5 February 2019

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

By e-mail: executive@mbansw.asn.au

Dear Mr Seidler

Master Builders' Association of New South Wales
Financial Report for the year ended 30 June 2018 - FR2018/157

I acknowledge receipt of the financial report for the year ended 30 June 2018 for the Master Builders' Association of New South Wales. The financial report was lodged with the Registered Organisations Commission (ROC) on 14 December 2018.

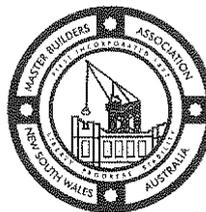
The financial report has now been filed. You are not required to take any further action in respect of the report lodged.

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 9603 0707 or by email at ken.morgan@roc.gov.au

Yours faithfully

A handwritten signature in black ink, appearing to read 'K. Morgan'.

KEN MORGAN
Financial Reporting Specialist
Registered Organisations Commission



**Master
Builders
Association**

New South Wales

14 December 2018

Registered Organisations Commission
GPO Box 2983
MELBOURNE VIC 2983

By email: regorgs@roc.gov.au

Dear Sir/Madam,

RE: Master Builders Association of New South Wales, Financial Report for Year Ended 30 June 2018

Please find attached the relevant information relating to the Association's financial report for the year ending June 2018.

The relevant information includes:

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

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

Yours faithfully,

Brian Seidler
EXECUTIVE DIRECTOR

Attachs.

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

Certificate by Prescribed Designated Officer
Certificate for the year ended 30 June 2018

I, Martin Patience, being the President of the Master Builders Association of NSW certify:

- That the documents lodged herewith are copies of the full financial report for the Master Builders Association of NSW for the period ended referred to in s268 of the Fair Work (Registered Organisations Act 2009); and
- That the full report was provided to members on 24 October 2018; and
- That the full report was presented at the Association's Annual General Meeting of members (of the reporting unit) on 11 December, 2018, in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009.



Signature

Martin Patience
President
Master Builders Association of NSW

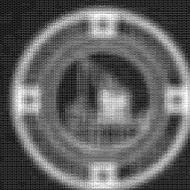
Date: 14 December 2018



MASTER BUILDERS ASSOCIATION
OF NEW SOUTH WALES and
CONTROLLED ENTITIES

Annual Financial Report

30 June 2018



**Master
Builders
Association**

New South Wales

Master Builders Association of New South Wales and Its Controlled Entities

ABN: 96 550 042 906

Annual Financial Report

For the year ended 30 June 2018

MASTER BUILDERS ASSOCIATION OF NEW SOUTH WALES AND ITS CONTROLLED ENTITIES
ABN 96 550 042 906

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MASTER BUILDERS ASSOCIATION OF NEW SOUTH WALES AND ITS CONTROLLED ENTITIES
ABN 96 550 042 906

EXPENDITURE REPORT
FOR THE YEAR ENDED 30 JUNE 2018

The Council of Management presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 30 June 2018.

Categories of expenditure	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
Remuneration and other employment related expenses - employees	22,213,549	20,227,312	8,159,293	7,411,617
Advertising	308,338	323,953	308,338	323,953
Operating costs	7,988,246	19,127,970	7,614,479	18,921,354
Donations to political parties	-	-	-	-
Legal costs	412,263	362,515	412,263	362,515

Council Member



Martin Patience

Council Member



Simon Pilcher

Dated at Sydney 16th day of October 2018

MASTER BUILDERS ASSOCIATION OF NEW SOUTH WALES AND ITS CONTROLLED ENTITIES
ABN 96 550 042 906

OPERATING REPORT

Your council presents their report on the association and its controlled entities for the financial year ended 30 June 2018.

The names of the members of the council of management who held office at any time during or since the end of the year, and their position held are:

Martin Patience – President	Peter Finnane - (appointed 12 Dec 2017)
Ross Mitchell – Past President	George Rench - (appointed 12 Dec 2017)
Simon Pilcher – Deputy President	Adina Toumi-Cussinnet - (appointed 12 Dec 2017)
Christopher Calderbank-Park – Vice President	John Rostirolla – (appointed 12 Dec 2017)
Michael O'Donnell – Vice President	Greg Hamlyn - (appointed 12 Dec 2017)
Mick Banks – Vice President	Brad Garrard (appointed 13 March 2018)
Robert Black – Vice President	Stuart Crowfoot - (appointed 13 March 2018)
Bill Taylor	Brad Maggs - (appointed 13 March 2018)
John Laby	Chris Briggs - (appointed 13 March 2018)
Gordon Leggett	Frank Mamasioulas - (appointed 13 March 2018)
Dan Murphy	Chris Reynell - (appointed 13 March 2018)
Anthony Larter	Merv Prendergast - (appointed 13 March 2018)
Rob Bevear	John Henderson - (appointed 13 March 2018)
Louis Stanton	Warwick Jones - (resigned 12 Dec 2017)
John Biazzo	Ross Finnie - (resigned 12 Dec 2017)
Colin Jewell	John Dela Cruz - (resigned 12 Dec 2017)
Dave Dillon	Robert Bech - (resigned 12 Dec 2017)
John Worthington	Anthony Clark - (resigned 12 Dec 2017)
Ian Anderson	Peter Leotta - (resigned 12 Dec 2017)
John O'Neill	

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

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

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

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

The consolidated Surplus of the Consolidated Entity for the financial year amounted to \$339,205 (2017: \$3,505,584).

Significant changes in financial affairs

The reduction of revenue for the financial year for the Consolidated Entity is attributed to a reduction in training revenue. No other significant changes in the Consolidated Entity's financial affairs occurred during the financial year.

MASTER BUILDERS ASSOCIATION OF NEW SOUTH WALES AND ITS CONTROLLED ENTITIES
ABN 96 550 042 906

OPERATING REPORT (CONTINUED)

Events subsequent to reporting date

No matters or circumstances have arisen since the end of the financial year, which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

Rights of members to resign

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

Officers & members who are superannuation fund trustees

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

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

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

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

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

Number of members

At the end of the financial year, there were 7,650 (2017: 7,560) members of the Master Builders Association of New South Wales. Additionally, at the end of the financial year there were 281 (2017: 302) members of the Newcastle Master Builders Association, which are serviced by the Master Builders Association of New South Wales.

Number of Employees

The Master Builders Association of New South Wales employs administration staff. Apprentices are employed by a Controlled Entity, the Master Builders Association of New South Wales Pty Limited. The number of employees of the Master Builders Association of New South Wales and its Controlled Entities at the end of the financial year was 79 staff and 313 apprentices (2017: 76 staff and 275 apprentices).

MASTER BUILDERS ASSOCIATION OF NEW SOUTH WALES AND ITS CONTROLLED ENTITIES
ABN 96 550 042 906

OPERATING REPORT (CONTINUED)

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

Council Member



Martin Patience

Council Member



Simon Pilcher

Dated at Sydney 16th day of October 2018

MASTER BUILDERS ASSOCIATION OF NEW SOUTH WALES AND ITS CONTROLLED ENTITIES
ABN 96 550 042 906

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Note	Consolidated Group		Parent Entity	
		2018	2017	2018	2017
		\$	\$	\$	\$
Revenue	2	31,797,933	43,879,998	14,388,020	27,892,067
Other income	2	9,856	3,818	3,131,407	2,995,233
Total income		31,807,789	43,883,816	17,519,427	30,887,300
Employee benefits expense	3	(22,213,549)	(20,227,312)	(8,159,293)	(7,411,617)
Training and education expense		(1,485,455)	(13,324,805)	(1,485,455)	(13,324,805)
Cost of services rendered		(1,102,566)	(930,268)	(1,102,566)	(930,268)
Cost of documents sold		(186,687)	(166,383)	(186,687)	(166,383)
Bad and doubtful debts (expense)/provision write back	3	(132,339)	623	(54,334)	35,033
Administrative expenses		(2,126,539)	(1,826,876)	(2,038,509)	(1,826,876)
Motor vehicle expenses		(251,508)	(274,887)	(251,508)	(274,887)
Property expenses		(593,764)	(591,506)	(911,764)	(909,506)
Loss on revaluation of land and buildings		-	-	-	(205,754)
Affiliation fees		(690,924)	(681,964)	(690,924)	(681,964)
Travelling expenses		(251,348)	(221,033)	(251,348)	(221,033)
Legal expenses		(412,263)	(362,515)	(412,263)	(362,515)
Insurances including workers' compensation premium		(432,211)	(498,220)	(175,616)	(168,506)
Payroll tax		(419,255)	(374,199)	(419,255)	(374,199)
Repair and maintenance		(68,990)	(100,166)	(68,990)	(100,166)
Other expenses		(554,997)	(462,239)	(285,859)	(301,747)
Depreciation and amortisation expenses	3	(546,189)	(336,482)	(360,603)	(226,346)
Total expenses		(31,468,584)	(40,378,232)	(16,854,975)	(27,451,539)
Surplus (deficit) for the year		339,205	3,505,584	664,452	3,435,761
Other comprehensive income:					
Gain / (loss) on revaluation of land and buildings		-	976,275	-	(16,448)
Total comprehensive income for the year		339,205	4,481,859	664,452	3,419,313
Total comprehensive income attributable to the consolidated entity		339,205	4,481,859	664,452	3,419,313

The accompanying notes form part of these financial statements

MASTER BUILDERS ASSOCIATION OF NEW SOUTH WALES AND ITS CONTROLLED ENTITIES
ABN 96 550 042 906

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	Consolidated Group		Parent Entity	
		2018	2017	2018	2017
		\$	\$	\$	\$
CURRENT ASSETS					
Cash and cash equivalents	4	2,287,233	2,389,351	1,303,508	1,410,719
Trade and other receivables	5	3,876,800	4,721,253	2,673,470	3,083,468
Other financial assets	6	8,253,608	7,347,655	8,253,608	7,347,655
Inventories	8	222,544	133,104	222,544	133,104
Other assets	9	1,319,011	923,843	1,082,675	923,844
TOTAL CURRENT ASSETS		15,959,196	15,515,206	13,535,804	12,898,790
NON-CURRENT ASSETS					
Trade and other receivables	5	308,131	347,835	8,156,896	8,510,892
Other financial assets	6	140,000	140,000	90,000	90,000
Property, plant and equipment	10	18,524,634	18,081,975	8,799,006	8,214,556
Intangibles	11	1,050,740	709,674	1,050,740	709,674
TOTAL NON-CURRENT ASSETS		20,023,506	19,279,484	18,096,642	17,525,122
TOTAL ASSETS		35,982,702	34,794,690	31,632,446	30,423,912
CURRENT LIABILITIES					
Trade creditor and other payables	12	2,453,720	2,305,038	1,536,848	1,488,225
Deferred revenue	13	3,948,814	3,486,991	3,948,814	3,486,991
Employee benefits	14	1,941,361	1,564,037	1,062,193	889,534
Unearned grant	15	457,305	350,000	457,305	350,000
TOTAL CURRENT LIABILITIES		8,801,200	7,706,066	7,005,160	6,214,750
NON-CURRENT LIABILITIES					
Employee benefits	14	89,159	185,487	89,159	185,487
Unearned grant	15	-	150,000	-	150,000
TOTAL NON-CURRENT LIABILITIES		89,159	335,487	89,159	335,487
TOTAL LIABILITIES		8,890,360	8,041,553	7,094,319	6,550,237
NET ASSETS		27,092,342	26,753,137	24,538,127	23,873,675
EQUITY					
Reserves	16	4,753,147	4,753,147	-	-
Retained earnings		22,339,195	21,999,990	24,538,127	23,873,675
TOTAL EQUITY		27,092,342	26,753,137	24,538,127	23,873,675

The accompanying notes form part of these financial statements

MASTER BUILDERS ASSOCIATION OF NEW SOUTH WALES AND ITS CONTROLLED ENTITIES
ABN 96 550 042 906

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Consolidated Group			
Balance at 1 July 2016	18,494,406	3,776,872	22,271,278
Surplus for the year	3,505,584	-	3,505,584
Other comprehensive income	-	976,275	976,275
Balance at 30 June 2017	21,999,990	4,753,147	26,753,137
Surplus for the year	339,205	-	339,205
Other comprehensive income	-	-	-
Balance at 30 June 2018	22,339,195	4,753,147	27,092,342
Parent Entity			
Balance at 1 July 2016	20,437,914	16,448	20,454,362
Surplus for the year	3,435,761	-	3,435,761
Other comprehensive income	-	(16,448)	(16,448)
Balance at 30 June 2017	23,873,675	-	23,873,675
Surplus for the year	664,452	-	664,452
Other comprehensive income	-	-	-
Balance at 30 June 2018	24,538,127	-	24,538,127

The accompanying notes form part of these financial statements

MASTER BUILDERS ASSOCIATION OF NEW SOUTH WALES AND ITS CONTROLLED ENTITIES
ABN 96 550 042 906

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Note	Consolidated Group		Parent Entity	
		2018 \$	2017 \$	2018 \$	2017 \$
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from customers		32,893,158	44,284,945	15,048,852	28,703,171
Receipts from/(payments to) controlled entity - Master Builders (NSW) Ltd		-	-	555,845	(47,471)
Receipts from controlled entity - Master Builders Association New South Wales Pty Ltd		-	-	2,879,998	2,237,343
Payments to suppliers and employees		(30,977,324)	(40,599,505)	(16,617,688)	(27,738,597)
Interest received		208,059	165,019	207,998	164,768
Net cash provided by operating activities	24	2,123,893	3,850,459	2,075,005	3,319,214
CASH FLOW FROM INVESTING ACTIVITIES					
Payments for property, plant and equipment		(840,771)	(503,816)	(796,976)	(104,296)
Payments for intangible assets		(489,143)	(403,407)	(489,143)	(403,406)
Payments for held to maturity investments (term deposits)		(905,953)	(2,315,263)	(905,953)	(2,315,262)
Proceeds on sale of property plant and equipment		9,856	3,818	9,856	3,818
Net cash used in investing activities		(2,226,012)	(3,218,668)	(2,182,217)	(2,819,146)
Net increase/(decrease) in cash held		(102,118)	631,791	(107,211)	500,068
Cash at beginning of year		2,389,351	1,757,560	1,410,719	910,651
Cash at end of year	4	2,287,233	2,389,351	1,303,508	1,410,719

The accompanying notes form part of these financial statements

MASTER BUILDERS ASSOCIATION OF NEW SOUTH WALES AND ITS CONTROLLED ENTITIES
ABN 96 550 042 906
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 1 Statement of Significant Accounting Policies

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

The financial statements were authorised for issue on 16 October 2018 by the council of management.

Basis of Preparation

The financial statements are general purpose financial statements that 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 Master Builders Association of New South Wales is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets. The amounts presented in the financial statements have been rounded to the nearest dollar. The financial statements are presented in Australian dollars.

The accounting policies adopted are consistent with those of the previous financial year.

a. Principles of Consolidation

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

A list of controlled entities is detailed in Note 7 to the financial statements. All controlled entities have a June year end.

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

b. Income Tax

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

c. Inventories

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

d. Property, Plant and Equipment

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

MASTER BUILDERS ASSOCIATION OF NEW SOUTH WALES AND ITS CONTROLLED ENTITIES
ABN 96 550 042 906
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 1 Statement of Significant Accounting Policies (continued)

d. Property, Plant and Equipment (continued)

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

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

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

Paintings

Paintings are measured on the cost basis.

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

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses. There are no impairment losses.

The carrying amount of plant and equipment is reviewed annually by the council to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land and paintings, is depreciated on a straight line basis over their estimated useful lives to the consolidated entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of asset are:

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

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

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.

MASTER BUILDERS ASSOCIATION OF NEW SOUTH WALES AND ITS CONTROLLED ENTITIES
ABN 96 550 042 906
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 1 Statement of Significant Accounting Policies (continued)

d. Property, Plant and Equipment (continued)

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

e. Intangibles

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

	Amortisation Rate
Intangibles	33%

Derecognition

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

f. Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the entities within the consolidated entity are classified as finance leases.

Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the consolidated entity will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives received under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

g. Investments

Non-current investments are measured on the cost basis. These investments are not traded and the expected cash flows cannot reliably be determined by the Master Builders Association of New South Wales. The carrying amount of investments is reviewed annually by council to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the underlying net assets of these corporations.

Note 1 Statement of Significant Accounting Policies (continued)

h. Impairment of assets

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

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

i. Employee benefits

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

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

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

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

j. Cash and cash equivalents

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

k. Revenue

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

Membership fees is recognised on an accruals basis and taken up as revenue in the period to which membership applies.

Revenue from the rendering of a service is recognised upon the provision of the service to the customers.

Revenue from the sale of goods is recognised when, the risks and rewards of ownership have been transferred to the buyer, the entity retains no managerial involvement or effective control over the goods, the revenue and transaction costs incurred can be reliably measured, and it is probable that the economic benefits associated with the transaction will flow to the entity. This is on delivery of the goods to the customers.

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

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

MASTER BUILDERS ASSOCIATION OF NEW SOUTH WALES AND ITS CONTROLLED ENTITIES
ABN 96 550 042 906
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 1 Statement of Significant Accounting Policies (continued)

k. Revenue (continued)

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease.

l. Government grants

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

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

m. Borrowing Costs

All borrowing costs are expensed in the period in which they are incurred.

n. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

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

o. Comparative Figures

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

p. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Note 1 Statement of Significant Accounting Policies (continued)

q. Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised upon trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Master Builders Association of New South Wales manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Master Builders Association of New South Wales documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of comprehensive income.

Master Builders Association of New South Wales held no "held for trading financial assets" during the financial year.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity dates that the Master Builders Association of New South Wales has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

Note 1 Statement of Significant Accounting Policies (continued)

q. Financial assets (continued)

Available-for-sale

The Master Builders Association of New South Wales has investments in unlisted shares that are not traded in an active market – refer to note g for details of accounting treatment.

Loan and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as ‘loans and receivables’. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

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. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest rate basis except for debt instruments other than those financial assets that are recognised at fair value through profit or loss.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Master Builders Association of New South Wales’s past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the financial asset’s original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset’s carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Note 1 Statement of Significant Accounting Policies (continued)

q. Financial assets (continued)

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve.

Derecognition of financial assets

The Master Builders Association of New South Wales derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

r. Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss. In the current financial year, no financial liabilities were classified as at fair value through profit or loss.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Master Builders Association of New South Wales manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Master Builders Association of New South Wales's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or.

Note 1 Statement of Significant Accounting Policies (continued)

r. Financial liabilities (continued)

- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statement of comprehensive income.

Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The Master Builders Association of New South Wales derecognises financial liabilities when, and only when, the Master Builders Association of New South Wales's obligations are discharged, cancelled or they expire. The difference between the carrying amounts of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

s. Trade and other receivables

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

t. Fair value measurement

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

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

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

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

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

Note 1 Statement of Significant Accounting Policies (continued)

t. Fair value measurement (continued)

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

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

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

Valuation techniques

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

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

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

u. Contingent liabilities and contingent assets

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

v. New Australian Accounting Standards

Adoption of New Australian Accounting Standard

No accounting standard has been adopted earlier than the application date stated in the standard.

The following standards became effective for the first time this financial year but did not have an impact on the consolidated entity's financial statements.

- AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
This Standard amends AASB 10 *Consolidated Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* to address an inconsistency between the requirements of AASB 10 and those in AASB 128, dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require: a full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not); and a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.
- AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses
This Standard amends AASB 112 *Income Taxes* to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value. If tax law restricts the utilisation of losses to deduction against income of a specific type, a deductible temporary difference is assessed in combination only with other deductible temporary differences of the appropriate type.
- AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107
This Standard amends AASB 107 *Statement of Cash Flows* to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The standard requires disclosure of: changes from financing cash flows; changes arising from obtaining or losing control of subsidiaries or other businesses; the effect of changes in foreign exchange rates; changes in fair values.
- AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities
This Standard amends AASB 136 *Impairment of Assets* to remove references to depreciated replacement cost as a measure of value in use for not-for-profit entities; and clarify that the recoverable amount of primarily non-cash-generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 *Fair Value Measurement*, with the consequence that AASB 136 does not apply to such assets that are regularly revalued to fair value under the revaluation model in AASB 116 *Property, Plant and Equipment* and AASB 138 *Intangible Assets*; and AASB 136 applies to such assets accounted for under the cost model in AASB 116 and AASB 138.
- AASB 2017-2 Amendments – Further Annual Improvements 2014-2016 Cycle
This Standard makes amendments to AASB 12 *Disclosure of Interests in Other Entities* and clarifies the scope by specifying that the disclosure requirements apply to an entity's interests in other entities that are classified as held for sale, held for distribution to owners in their capacity as owners or discontinued operations in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*.

MASTER BUILDERS ASSOCIATION OF NEW SOUTH WALES AND ITS CONTROLLED ENTITIES

ABN 96 550 042 906

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

w. New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the consolidated entity. The council has decided not to early adopt any of the new and amended pronouncements. Their assessment of the pronouncements that are relevant to the consolidated entity but applicable in future reporting periods is set out below:

- **AASB 9: *Financial Instruments*** and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments, and simplified requirements for hedge accounting.

Although the council anticipate that the adoption of AASB 9 may have an impact on the consolidated entity's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

- **AASB 16: *Leases*** (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are as follows:

- recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the council anticipate that the adoption of AASB 16 will impact the consolidated entity's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

- **AASB 1058: *Income of Not-for-Profit Entities*** (applicable to annual reporting periods beginning on or after 1 January 2019).

This Standard is applicable to transactions that do not arise from enforceable contracts with customers involving performance obligations.

The significant accounting requirements of AASB 1058 are as follows:

- Income arising from an excess of the initial carrying amount of an asset over the related contributions by owners, increases in liabilities, decreases in assets and revenue should be immediately recognised in profit or loss. For this purpose, the assets, liabilities and revenue are to be measured in accordance with other applicable Standards.
- Liabilities should be recognised for the excess of the initial carrying amount of a financial asset (received in a transfer to enable the entity to acquire or construct a recognisable non-financial asset that is to be controlled by the entity) over any related amounts recognised in accordance with the applicable Standards. The liabilities must be amortised to profit or loss as income when the entity satisfies its obligations under the transfer.

w. New Accounting Standards for Application in Future Periods (continued)

- AASB 1058: *Income of Not-for-Profit Entities* (applicable to annual reporting periods beginning on or after 1 January 2019) (continued)

An entity may elect to recognise volunteer services or a class of volunteer services as an accounting policy choice if the fair value of those services can be measured reliably, whether or not the services would have been purchased if they had not been donated. Recognised volunteer services should be measured at fair value and any excess over the related amounts (such as contributions by owners or revenue) immediately recognised as income in profit or loss.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented in accordance with AASB 108 (subject to certain practical expedients); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. For this purpose, a completed contract is a contract or transaction for which the entity has recognised all of the income in accordance with AASB 1004 *Contributions*.

Although the council anticipate that the adoption of AASB 1058 may have an impact on the consolidated entity's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

x. Critical Accounting Estimates and Judgments

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

Key estimates

Impairment

The freehold land and buildings at 52 Parramatta Road Forest Lodge NSW 2038, 5 Burbank Place Baulkham Hills NSW 2153 and 1/171 Princes Highway, Ulladulla NSW 2529 were independently valued in 2017. The valuation was based on market value of the unencumbered freehold interest subject to vacant possession. The critical assumptions adopted in determining the valuation included, capitalisation of income and direct comparison approaches. At 30 June 2018, the council reviewed the key assumptions made by the valuers in 2017. They have concluded that these assumptions remain materially unchanged and are satisfied that carrying amount does not exceed the recoverable amount of land and buildings at 30 June 2018.

Useful lives of property, plant and equipment

As described in Note 1(d), the consolidated entity reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period.

Key judgements

Employee benefits

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

MASTER BUILDERS ASSOCIATION OF NEW SOUTH WALES AND ITS CONTROLLED ENTITIES

ABN 96 550 042 906

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 2 Revenue and other income

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
Revenue				
Members subscriptions	5,584,369	5,761,788	5,584,369	5,761,789
Capitation fees	-	-	-	-
Levies	-	-	-	-
Donations	-	-	-	-
Group apprenticeship scheme	17,208,732	15,801,461	-	-
Sponsorship and commission	1,911,412	1,252,717	1,911,412	1,252,717
Training and education	3,666,405	17,975,376	3,666,405	17,975,376
Legal services and contract sales	587,202	562,707	587,202	562,707
Insurance services	1,403,295	1,273,561	1,403,295	1,273,561
Occupational health and safety services	463,883	358,460	463,883	358,460
Industrial relations services	357,918	310,181	357,918	310,181
Interest received	208,059	165,019	207,998	164,768
Other revenue from operating activities	406,657	418,728	205,538	232,508
	31,797,933	43,879,998	14,388,020	27,892,067
Other income				
Management fees from controlled entities – Master Builders Association of New South Wales Pty Ltd and Master Builders (NSW) Ltd	-	-	3,121,551	2,991,415
Profit on disposal of plant and equipment	9,856	3,818	9,856	3,818
	9,856	3,818	3,131,407	2,995,233
Total revenue	31,807,789	43,883,816	17,519,427	30,887,300

Note 3 Surplus

Surplus from ordinary activities has been determined after:

a. Expenses

Affiliation fees

Master Builders Australia Limited	690,924	681,964	690,924	681,964
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Bad and doubtful debts

- Apprenticeship receivables	78,005	34,410	-	-
- Membership receivables	54,365	(35,033)	54,365	(35,033)
Total bad and doubtful debts	132,370	(623)	54,365	(35,033)
Bad debts recovered	(31)	-	(31)	-
Total bad and doubtful debts	132,339	(623)	54,334	(35,033)

MASTER BUILDERS ASSOCIATION OF NEW SOUTH WALES AND ITS CONTROLLED ENTITIES
ABN 96 550 042 906
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 3 Surplus (continued)

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
Depreciation of non-current assets				
- Buildings	185,260	158,447	36,457	85,095
- Plant and equipment	212,853	163,090	176,070	126,306
Total depreciation	398,112	321,537	212,527	211,401
Amortisation of intangible assets – computer software	148,076	14,945	148,076	14,945
	546,189	336,482	360,603	226,346
Remuneration of auditor				
Audit of the financial statements	45,500	47,000	45,500	47,000
Taxation services	19,500	33,186	19,500	33,186
	65,000	80,186	65,000	80,186
No other services were provided by the auditors of the financial statements. The auditor of Master Builders Association of New South Wales is Hill Rogers Assurance Partners.				
Grants:				
Total paid that were \$1,000 or less	-	-	-	-
Total paid that exceeded \$1,000	-	-	-	-
	-	-	-	-
Donations:				
Total paid that were \$1,000 or less	909	1,841	909	1,841
Total paid that exceeded \$1,000	-	-	-	-
	909	1,841	909	1,841
Legal expenses - matters other than litigation by the Master Builders Association of New South Wales	412,263	362,515	412,263	362,515
Legal litigation expenses incurred	-	-	-	-
Rental expense on operating leases:				
- Minimum lease payments	374,211	408,169	374,211	408,169
Total paid to employers for payroll deductions of membership subscriptions	-	-	-	-
Compulsory levies	-	-	-	-
Fees/allowances to attend conferences or meetings	-	-	-	-
Conference and meeting expenses	-	-	-	-
Penalties - via RO Act or the Fair Work Act 2009	-	-	-	-
Capitation fees to another reporting unit	-	-	-	-
Other expense to another reporting unit	-	-	-	-
Levies expense	-	-	-	-

MASTER BUILDERS ASSOCIATION OF NEW SOUTH WALES AND ITS CONTROLLED ENTITIES
ABN 96 550 042 906
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 3 Surplus (continued)

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
Employee expenses other than office holders				
Salary and wages	19,405,597	17,597,712	6,487,659	5,963,670
Superannuation	1,851,507	1,757,507	824,420	783,425
Leave and other entitlements	783,067	670,527	673,836	462,956
Other employee expenses	173,378	201,566	173,378	201,566
Separation and redundancies provided for employees	-	-	-	-
Total employee expenses other than office holders	22,213,549	20,227,312	8,159,293	7,411,617
President's honorarium (Note i)	15,000	15,000	15,000	15,000

- i. No employees are office holders of the Association. Certain council members, or entities over which council members have significant influence, provide training services on an arm's length basis – refer note 22 for details. Except for these services and the President's honorarium, no office holder received a benefit from the Association.

Note 4 Cash and cash equivalents

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
Cash on hand	10,250	10,250	10,250	10,250
Cash at bank	2,276,983	2,379,101	1,293,258	1,400,469
Total	2,287,233	2,389,351	1,303,508	1,410,719

Note 5 Trade and other receivables

CURRENT

Trade debtors

Receivables from other reporting units	-	-	-	-
Receivables from membership and training	3,004,515	3,581,358	2,994,218	3,581,358
Provision for impairment of membership and training				
- Specific provision (Note a)	(398,311)	(386,584)	(398,311)	(386,584)
- General provision (Note b)	(51,918)	(122,896)	(51,918)	(122,896)
Receivables from membership and training net of provision for impairment	2,554,286	3,071,878	2,543,989	3,071,878

MASTER BUILDERS ASSOCIATION OF NEW SOUTH WALES AND ITS CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 5 Trade and other receivables (continued)

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
Receivables from apprenticeship	1,314,637	1,441,065	-	-
Provision for impairment apprenticeship				
Specific provision (Note a)	(97,256)	(73,505)	-	-
General provision (Note b)	(24,348)	(27,351)	-	-
	(121,604)	(100,856)	-	-
Receivables from apprenticeship net of provision for impairment	1,193,033	1,340,209	-	-
Receivables net of provision for impairment	3,747,319	4,412,087	2,543,989	3,071,878
Other receivables	129,481	309,166	129,481	11,590
Total trade and other receivables net of provisions for impairment	3,876,800	4,721,253	2,673,470	3,083,468

a. Included in the provision for impairment are individually impaired trade receivables amounting to:

- i. Consolidated group - \$495,567 (30 June 2017: \$460,089).
- ii. Parent entity - \$398,311 (30 June 2017: \$386,584).

The impairment recognised represents the difference between the carrying amount of these trade receivables and the value of the expected receipt.

b. A general provision of gross trade debtors is made based on the historical trend of uncollected trade debtors.

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
NON-CURRENT				
Amounts receivable from related entities				
(Refer to Note 22)				
Wholly controlled entities				
- Master Builders (NSW) Limited	-	-	5,499,314	5,613,607
- Master Builders Association of New South Wales Pty Limited	-	-	2,349,451	2,549,450
	-	-	7,848,764	8,163,057
Other debtors				
MBAIS commissions receivable	308,131	347,835	308,131	347,835
Total Trade and other receivables	308,131	347,835	8,156,896	8,510,892

MASTER BUILDERS ASSOCIATION OF NEW SOUTH WALES AND ITS CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 5 Trade and other receivables (continued)

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
c. Provision for Impairment of Receivables:				
Movement in the provision for impairment of receivables is as follows:				
Opening balance	610,336	629,747	509,480	530,518
Charge for year				
Bad and doubtful debts charged/ (written back)	132,370	(623)	54,365	(35,033)
Provision for credit raised/ (written back)	(50,000)	50,000	(50,000)	50,000
Bad debts written off	(120,873)	(68,788)	(63,616)	(36,005)
Closing balance	571,833	610,336	450,229	509,480

Ageing of financial assets that were past due but not impaired for 2018 - Consolidated

	to 30 days	31 to 60 days	61 to 90 days	90+ days	Total past due	Within Initial trade term	Total
	\$	\$	\$	\$	\$	\$	\$
Trade receivable	-	348,815	167,094	509,094	1,025,003	2,722,316	3,747,319
Other receivables	-	-	-	-	-	437,612	437,612
Total	-	348,815	167,094	509,094	1,025,003	3,159,928	4,184,931

Ageing of financial assets that were past due but not impaired for 2017 - Consolidated

	to 30 days	31 to 60 days	61 to 90 days	90+ days	Total past due	Within Initial trade term	Total
	\$	\$	\$	\$	\$	\$	\$
Trade receivable	-	422,841	504,029	395,967	1,322,838	3,089,249	4,412,087
Other receivables	-	-	-	-	-	657,001	657,001
Total	-	422,841	504,029	395,967	1,322,838	3,746,250	5,069,088

Ageing of financial assets (other than amounts receivable from related entities) that were past due but not impaired for 2018 - Parent

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total past due	Within Initial trade term	Total
	\$	\$	\$	\$	\$	\$	\$
Trade receivable	-	176,798	95,748	328,871	601,417	1,942,571	2,543,989
Other receivables	-	-	-	-	-	437,612	437,612
Total	-	176,798	95,748	328,871	601,417	2,380,184	2,981,601

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NOTE5 TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 5 Trade and other receivables (continued)

Ageing of financial assets (other than amounts receivable from related entities) that were past due but not impaired for 2017 - Parent

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total past due	Within Initial trade term	Total
	\$	\$	\$	\$	\$	\$	\$
Trade receivable	-	185,719	414,132	262,901	862,752	2,209,126	3,071,878
Other receivables	-	-	-	-	-	359,425	359,425
Total	-	185,719	414,132	262,901	862,752	2,568,551	3,431,303

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

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

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
0 to 30 days	20,225	-	20,225	-
30 to 60 days	8,187	-	8,187	-
60 to 90 days	3,768	-	3,768	-
90 + days	463,386	460,089	366,130	386,584
	495,567	460,089	398,311	386,584

d. Credit Risk

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

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
The maximum exposure to credit risk, from receivables	4,756,765	5,679,424	3,431,830	3,940,783

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 5 Trade and other receivables (continued)

Financial assets classified as loans and receivables

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
Trade and other receivables:				
Total Current	3,876,800	4,721,253	2,673,470	3,083,468
Total Non- Current	308,131	347,835	8,156,896	8,510,892
	4,184,932	5,069,088	10,830,366	11,594,360

Note 6 Other Financial assets

CURRENT

Held to maturity investments- bank term deposits	8,253,608	7,347,655	8,253,608	7,347,655
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NON-CURRENT

Unlisted investments at cost				
MBA Insurance Services Pty Ltd	140,000	140,000	90,000	90,000
	140,000	140,000	90,000	90,000

Note 7 Controlled entities

	Country of Incorporation	Percentage controlled	
		2018	2017
Master Builders (NSW) Limited	Australia	100%	100%
Master Builders Association of New South Wales Pty Limited	Australia	100%	100%

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

MASTER BUILDERS ASSOCIATION OF NEW SOUTH WALES AND ITS CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 8 Inventories

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
CURRENT				
Stock of publications at cost	216,394	127,635	216,394	127,635
Stock of clothing at cost	6,150	5,469	6,150	5,469
Total stock at cost	222,544	133,104	222,544	133,104

Note 9 Other assets

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
CURRENT				
Prepayments	1,319,011	923,843	1,082,675	923,844

Note 10 Property, plant & equipment

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
Freehold land at fair value	9,478,000	9,478,000	5,978,000	5,978,000
Buildings at fair value	8,595,510	7,957,602	2,301,715	1,707,602
Less accumulated depreciation	(185,260)	-	(36,457)	-
Total buildings	8,410,251	7,957,602	2,265,259	1,707,602
Total land and buildings	17,888,251	17,435,602	8,243,259	7,685,602
Paintings at cost	53,313	53,313	53,313	53,313
Plant and equipment at cost	1,501,335	2,639,947	1,133,509	2,272,121
Less accumulated depreciation	(918,264)	(2,046,887)	(631,075)	(1,796,480)
Total plant and equipment	583,071	593,060	502,434	475,641
Total property, plant & equipment	18,524,634	18,081,975	8,799,006	8,214,556

The freehold land and buildings were valued by independent valuers in 2017. The Council considered the highest and best use of the properties to be their current use – that of conducting the business of the entity.

MASTER BUILDERS ASSOCIATION OF NEW SOUTH WALES AND ITS CONTROLLED ENTITIES

ABN 96 550 042 906

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 10 Property, plant & equipment (continued)

- i. For the entity's premises located at: 52 Parramatta Road Forest Lodge NSW 2038 (\$9,750,000), 5 Burbank Place Baulkham Hills NSW 2153 (\$6,500,000) and 1/171 Princes Highway, Ulladulla NSW 2529 (\$530,000), an independent valuation made on 16 February 2017, 17 February 2017 and 28 February 2017 respectively. The independent valuation was based on sales per square meter of building area sold achieved by observable sales of similar properties in similar areas and applying that rate to the building area of the company's property.

A significant increase (decrease) in estimated price per square meter in isolation would result in a significantly higher (lower) fair value.

- ii. The cost of acquisition for the entity's premises at 30 De-Havilland Crs, Ballina, NSW 2478 was \$600,723. This property was acquired in 2016. Having regard to the recent purchase, Councilors considered the carrying value represented the price that would be received for a sale between willing participants at 30 June 2018.

(a) Movements in Carrying Amounts

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

	Freehold land \$	Buildings \$	Paintings \$	Plant and equipment \$	Total \$
Consolidated Group					
Balance at 1 July 2016	8,828,000	7,441,359	53,313	600,746	16,923,418
Additions	-	455,629	-	48,187	503,816
Depreciation expense	-	(158,446)	-	(163,088)	(321,534)
Reclassification	-	(107,215)	-	107,215	-
Independent valuation 2017	650,000	326,275	-	-	976,275
Balance at 30 June 2017	9,478,000	7,957,602	53,313	593,060	18,081,975
Additions	-	637,908	-	202,864	840,772
Depreciation expense	-	(185,260)	-	(212,852)	(398,112)
Balance at 30 June 2018	9,478,000	8,410,251	53,313	583,071	18,524,634
Parent Entity					
Balance at 1 July 2016	3,928,000	4,123,988	53,313	438,564	8,543,865
Additions	-	56,109	-	48,187	104,296
Depreciation expense	-	(85,095)	-	(126,308)	(211,403)
Reclassification	-	(115,197)	-	115,197	-
Independent valuation 2017	2,050,000	(2,272,202)	-	-	(222,202)
Balance at 30 June 2017	5,978,000	1,707,602	53,313	475,641	8,214,556
Additions	-	594,113	-	202,864	796,977
Depreciation expense	-	(36,457)	-	(176,070)	(212,526)
Balance at 30 June 2018	5,978,000	2,265,259	53,313	502,434	8,799,006

MASTER BUILDERS ASSOCIATION OF NEW SOUTH WALES AND ITS CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 11 Intangibles

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
Intangibles – computer software at cost	1,214,669	725,526	1,214,669	725,526
Less accumulated amortisation	(163,929)	(15,852)	(163,929)	(15,852)
	1,050,740	709,674	1,050,740	709,674

(a) Movements in Carrying Amounts

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

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
Carrying amount at beginning of the year	709,674	321,212	709,674	321,212
Additions	489,142	403,407	489,142	403,407
Amortisation expense	(148,076)	(14,945)	(148,076)	(14,945)
Carrying amount at the end of the year	1,050,740	709,674	1,050,740	709,674

Note 12 Trade and other payables

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
CURRENT				
Payables to another reporting unit	-	-	-	-
Trade creditors and accruals	1,555,131	1,293,878	1,059,454	1,102,870
Other payables	898,589	1,011,160	477,394	385,355
Total trade and other payables	2,453,720	2,305,038	1,536,848	1,488,225

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

MASTER BUILDERS ASSOCIATION OF NEW SOUTH WALES AND ITS CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 12 Trade and other payables (continued)

Other payables

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
Payable to employers for making payroll deductions of membership subscriptions	-	-	-	-
Legal costs	-	-	-	-
GST (recoverable)/ payable	508,009	518,131	144,372	118,874
Other	390,580	493,029	333,022	266,481
Total other payables	898,589	1,011,160	477,394	385,355

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
Other payables are expected to be settled in:				
No more than 12 months	898,589	1,011,160	477,394	385,355
More than 12 months	-	-	-	-
Total other payables	898,589	1,011,160	477,394	385,355

Financial liabilities at amortised cost classified as trade and other payables

Total trade and other payables	2,453,720	2,305,038	1,536,848	1,488,225
GST receivable/(payable)	(508,009)	(518,131)	(144,372)	(118,874)
Financial liabilities as trade and other payables	1,945,711	1,786,907	1,392,476	1,369,351

Note 13 Deferred revenue

CURRENT

Membership income received in advance	3,278,818	2,968,285	3,278,818	2,968,285
Other deferred income	669,996	518,706	669,996	518,706
Total	3,948,814	3,486,991	3,948,814	3,486,991

Note 14 Employee benefits

Employees other than office holders:

Annual leave and rostered days off (apprentices)	1,392,324	1,102,056	513,156	427,553
Long service leave	638,196	647,468	638,196	647,468
Separations and redundancies	-	-	-	-
Other	-	-	-	-
Subtotal employee provisions—employees other than office holders	2,030,520	1,749,524	1,151,352	1,075,021
Total employee benefits	2,030,520	1,749,524	1,151,352	1,075,021

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 14 Employee benefits (continued)

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
Current	1,941,361	1,564,037	1,062,193	889,534
Non-Current	89,159	185,487	89,159	185,487
Total employee benefits	2,030,520	1,749,524	1,151,352	1,075,021

Except for the President honorarium disclosed in Note 3 officeholders are not entitled to benefits from the entity. Accordingly, no provision for employee benefits for office holders has been made.

Provision for long-term employee benefits

A provision has been recognised for employee benefits relating to long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been included in note 1(i).

Note 15 Unspent grant

CURRENT

Grants Stream 1, Stream 2 and Extension	457,305	350,000	457,305	350,000
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NON-CURRENT

Grants Stream 2	-	150,000	-	150,000
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Total grants unspent	457,305	500,000	457,305	500,000
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The Association received a grant from Skills and Economic Development, Department of Industry of \$500,000 in 2017:

- for the digital promotion of Apprenticeship/Traineeship and Careers in Building Construction Industry (Stream 1- \$200,000); and
- establishing Apprenticeship and Careers Advisory Service (Stream 2- \$300,000). This project period will run for 2 years from signing the deed at end of June 2017.

The association also received a further grant of \$200,000 for NSW Apprenticeship Compact Extension in 2018.

Note 16 Reserve

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 17 Financial Instruments

Note 17A Net Income and Expense from Financial Assets

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
Held-to-maturity				
Interest revenue	208,059	165,019	207,998	164,768
Net gain/(loss) held-to-maturity	208,059	165,019	207,998	164,768
Loans and receivables				
Impairment	(132,339)	623	(54,334)	35,033
Net gain/(loss) from loans and receivables	(132,339)	623	(54,334)	35,033
Net income from financial assets not at fair value from profit and loss	75,720	165,642	153,664	199,801

a) Liquidity Risk

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

Maturities for financial liabilities 2018 - Consolidated

	Weighted average effective interest rate	<0-1 year	1- 2 years	2- 5 years	>5 years	Total
		\$	\$	\$	\$	\$
Non-interest bearing	-	1,945,711	-	-	-	1,945,711
Total		1,945,711	-	-	-	1,945,711

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 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 17 Financial Instruments (continued)

a) Liquidity Risk (continued)

Maturities for financial liabilities 2017 - Consolidated

	Weighted average effective interest rate	< 1 year	1– 2 years	2– 5 years	>5 years	Total
		\$	\$	\$	\$	\$
Non-interest bearing	-	1,786,907	-	-	-	1,786,907
Total		1,786,907	-	-	-	1,786,907

Maturities for financial liabilities 2018 - Parent

	Weighted average effective interest rate	< 1 year	1– 2 years	2– 5 years	>5 years	Total
		\$	\$	\$	\$	\$
Non-interest bearing	-	1,392,476	-	-	-	1,392,476
Total		1,392,476	-	-	-	1,392,476

Maturities for financial liabilities 2017 - Parent

	Weighted average effective interest rate	< 1 year	1– 2 years	2– 5 years	>5 years	Total
		\$	\$	\$	\$	\$
Non-interest bearing	-	1,369,351	-	-	-	1,369,351
Total		1,369,351	-	-	-	1,369,351

b) Market Risk

Interest rate risk

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

An increase or decrease of 50 interest basis points would increase or decrease consolidated surplus and equity by \$41,268 (2017: \$36,738) and for the parent entity surplus and equity by \$41,268 (2017: \$36,738).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 17 Financial Instruments (continued)

c) Credit Risk

Refer to Note 5d for details of the credit risk.

d) Price risk

The association is exposed to price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The association does not actively trade these investments. There has been no change to the association's exposure to market risks or the manner in which these risks are managed and measured.

e) Foreign Currency Risk Management

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

f) Fair Value

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

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

The aggregate fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

g) Capital Risk Management

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

Note 18 Fair value measurement

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

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

Land and buildings are valued using the fair value hierarchy Level 2 (refer note 1(t) for the definition of Level 2) - refer to note 10 for details of the valuation techniques and inputs.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 19 Capital and leasing commitments

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
Operating lease commitments				
Non-cancellable operating leases contracted for but not capitalised				
Motor vehicles and office equipment				
- Not later than 1 year	60,894	99,347	60,894	99,347
- Later than 1 year but not later than 5 years	50,719	12,024	50,719	12,024
	111,613	111,371	111,613	111,371
Property				
- Not later than 1 year	77,978	176,015	77,978	176,015
- Later than 1 year but not later than 5 years	48,122	114,661	48,122	114,661
	126,100	290,676	126,100	290,676
Total operating lease commitments	237,712	402,047	237,712	402,047

The leases are for various motor vehicles with a term of 3 years. An additional rental is payable for each vehicle on a per kilometer basis, ranging from 6 cents to 8 cents, should the kilometers travelled exceed a distance contracted for each vehicle. The distances contracted range between 75,000 and 150,000 kilometers.

Property leases are non-cancellable leases of terms ranging from month to month to two years. Rent is payable monthly in advance. Minimum rentals increase annually at rates between CPI and 4% per annum. Certain leases have options to renew at the end of the two-year term while others do not. The leases allow for subletting of all lease areas.

Note 20 Contingent liabilities

At 30 June 2018 there were no contingent liabilities of the consolidated entity or the Association (2017: none).

Note 21 Events subsequent to reporting date

There have been no events after 30 June 2018, which will have a significant effect on the operations of the Association.

Note 22 Segment reporting

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

MASTER BUILDERS ASSOCIATION OF NEW SOUTH WALES AND ITS CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 23 Related party transactions

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
Transactions with related parties				
With controlled entities				
Master Builders Association of New South Wales performed all administrative functions for the wholly controlled entity Master Builders Association of New South Wales Pty Limited. For this service a management fee is paid to the Master Builders Association of New South Wales	-	-	2,679,999	2,137,342
Master Builders Association of New South Wales performed all administrative functions for the wholly controlled entity Master Builders (NSW) Limited. For this service an administration charge is paid to the Master Builders Association of New South Wales	-	-	441,552	474,708
Master Builders (NSW) Limited provides premises to Master Builders Association of New South Wales for which rent is charged	-	-	(318,000)	(318,000)
With key management personnel				
Office holders being members of the council of management				
The Association contracts with the following council members over which a council member has significant interest for the provision of training services / repairs on an arm's length basis.				
Amounts paid during the period are as follows:				
MKO Consulting Pty Ltd (Michael O'Donnell) – training	42,125	156,399	42,125	156,399
Stanton Building Contract Services (Louis Stanton) – training	-	29,442	-	29,442
Laby Building (John Laby) – training	-	924	-	924
Trew Enterprises Pty Ltd (Ross Finnie) – training	4,480	4,500	4,480	4,500
C E Pilcher & Son Pty Ltd (Simon Pilcher) – building repairs and renovations	42,032	-	42,032	-

MASTER BUILDERS ASSOCIATION OF NEW SOUTH WALES AND ITS CONTROLLED ENTITIES

ABN 96 550 042 906

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 23 Related party transactions (continued)

	Consolidated Group	Parent Entity	Consolidated Group	Parent Entity
	2018	2017	2018	2017
	\$	\$	\$	\$

Amounts owed by/(to) related parties

Wholly controlled entities: refer note 5 for disclosures

Key management personnel

-	-	-	-
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Terms and conditions of transactions with related entities

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

Master Builders Association of New South Wales has not recorded any impairment of receivables relating to amounts owed by related parties and declared persons or bodies (2017: \$nil) for the year ended 30 June 2018. This assessment is undertaken each financial year.

Note 24 Cash flow information

	Consolidated Group	Parent Entity	Consolidated Group	Parent Entity
	2018	2017	2018	2017
	\$	\$	\$	\$
Reconciliation of cash flow from operations				
Surplus for the year	339,205	3,505,584	664,452	3,435,761
Non-cash flows in surplus:				
Depreciation and amortisation	546,189	336,480	360,603	226,346
Loss on valuation of land and property	-	-	-	205,753
(Profit) on sale of plant & equipment	(9,856)	(3,818)	(9,856)	(3,818)
Changes in assets and liabilities:				
Decrease/(increase) in trade & other receivables	884,156	(51,638)	763,994	(547,898)
Decrease/(increase) in inventories	(89,440)	23,491	(89,440)	23,491
Decrease/(increase) in other assets	(395,168)	(286,937)	(158,831)	(286,938)
Increase/(decrease) in trade & other payables	148,682	(424,242)	48,623	(403,982)
Increase/(decrease) in deferred revenue	461,823	222,226	461,823	222,227
Increase/(decrease) in employee benefits	280,996	29,313	76,331	(51,728)
Increase/(decrease) in unspent grants	(42,695)	500,000	(42,695)	500,000
Net cash provided by operating activities	2,123,893	3,850,459	2,075,005	3,319,214

MASTER BUILDERS ASSOCIATION OF NEW SOUTH WALES AND ITS CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 25 Key Management Personnel Compensation

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

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

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	\$	\$	\$	\$
Short-term employee benefits				
Salary (including annual leave taken)	701,378	654,528	701,378	654,528
Fringe benefit	53,197	58,215	53,197	58,215
Total short-term employee benefits	754,575	712,743	754,575	712,743
Post-employment benefits - Superannuation	93,732	90,140	93,732	90,140
Other long-term benefits- Long-service leave	86,497	66,385	86,497	66,385
Total	934,804	869,268	934,804	869,268

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

Note 26 Financial Risk Management

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

The totals for each category of financial instrument, measured in accordance with AA5B 139, Financial Instruments Recognition and Measurement, as detailed in the accounting policies to these financial statements, are as follows:

	Note	Consolidated Group		Parent Entity	
		2018	2017	2018	2017
		\$	\$	\$	\$
Financial assets					
Cash and cash equivalents	4	2,287,233	2,389,351	1,303,508	1,410,719
Trade and other receivables	5	4,184,931	5,069,088	10,830,366	11,594,360
Held to maturity financial assets	6	8,253,608	7,347,655	8,253,608	7,347,655
Other financial assets	6	140,000	140,000	90,000	90,000
Total financial assets		14,865,773	14,946,094	20,477,482	20,442,734
Financial liabilities at amortised cost					
Trade and other payables	12	1,945,711	1,786,907	1,392,476	1,369,351
Total financial liabilities		1,945,711	1,786,907	1,392,476	1,369,351

MASTER BUILDERS ASSOCIATION OF NEW SOUTH WALES AND ITS CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 27 Recovery of Wages

No recovery of wages activity has been undertaken by the Master Builders Association of New South Wales in the financial year to 30 June 2018, the previous financial year and the period from 30 June 2018 to the date of this report

Note 28 Section 272 Fair Work (Registered Organisations) Act 2009

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

Information to be provided to members or Commissioner:

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

Note 29 Master Builders Association of New South Wales Details

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

52 Parramatta Road
Forest Lodge NSW 2038

COUNCIL OF MANAGEMENT STATEMENT

On 16 October 2018 the Council of Management of Master Builders Association of New South Wales passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 30 June 2018:

The Council of Management declares that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act);
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the Master Builders Association of New South Wales for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the Master Builders Association of New South Wales will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the council of management were held in accordance with the rules of the organisation including the rules of a branch concerned;
 - (ii) the financial affairs of the Master Builders Association of New South Wales have been managed in accordance with the rules of the organisation;
 - (iii) the financial records of the Master Builders Association of New South Wales have been kept and maintained in accordance with the RO Act;
 - (iv) the Master Builders Association of New South Wales consists of one reporting units;
 - (v) no member of the Master Builders Association of New South Wales or Commissioner has made a request for information under section 272 of the RO Act; and
 - (vi) no order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act.

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

Council Member



Martin Patience

Council Member



Simon Pilcher

Dated at Sydney 16th day of October 2018

MASTER BUILDERS ASSOCIATION OF NEW SOUTH WALES AND ITS CONTROLLED ENTITIES
ABN 96 550 042 906

OFFICER DECLARATION STATEMENT

I, Martin Patience and I, Simon Pilcher, being council members of Master Builders Association of New South Wales, declare that the following activities did not occur during the reporting period ending 30 June 2018.

The reporting unit did not:

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

Council Member



Martin Patience

Council Member



Simon Pilcher

Dated at Sydney 16th day of October 2018

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Master Builders Association of New South Wales and its Controlled Entities (the Reporting Unit), which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, the subsection 255(2A) report, the Council of Management Statement and the Officer Declaration Statement.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Reporting Unit as at 30 June 2018, and its financial performance and its cash flows for the year ended on that date in accordance with:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Responsibilities of Council of Management for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Reporting Unit to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Reporting Unit audit. We remain solely responsible for our audit opinion.

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

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

Hill Rogers
Assurance Partners



Brett Hanger
Partner

Registration number (as registered by the RO Commissioner under the RO Act): AA2017/225

Dated this 22nd day of October 2018