



5 February 2020

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

Sent via email: [bseidler@mbansw.asn.au](mailto:bseidler@mbansw.asn.au)  
CC: [Brett.Hanger@hillrogers.com.au](mailto:Brett.Hanger@hillrogers.com.au)

Dear Brian Seidler,

**The Master Builders' Association of New South Wales  
Financial Report for the year ended 30 June 2019 – (FR2019/170)**

I acknowledge receipt of the financial report for the year ended 30 June 2019 for the Master Builders' Association of New South Wales. The documents were lodged with the Registered Organisations Commission (**the ROC**) on 12 December 2019.

The financial report has now been filed.

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

Please note that the financial report for the year ending 30 June 2020 may be subject to an advanced compliance review.

You are not required to take any further action in respect of the report lodged. I make the following comments to assist you when you next prepare a financial report. The ROC will confirm these concerns have been addressed prior to filing next year's report.

**Balance in general fund**

The statement of changes in equity discloses a balance of retained earnings of \$23,209,607 for the 2019 financial year (2018: \$22,339,195). The officer's declaration statement includes a nil disclosure in relation to a balance in the general fund. It would appear that retained earnings is the reporting unit's general fund.

In future years, please ensure that items within the financial report are disclosed consistently.

**Reporting Requirements**

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

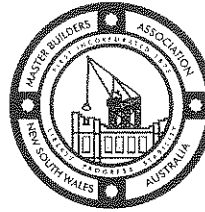
The ROC recommends that reporting units use these model financial statements to assist in complying with the RO Act, the s.253 reporting guidelines and Australian Accounting Standards. Access to this information is available via [this link](#).

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

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Kylie', with a long horizontal flourish underneath.

**Kylie Ngo**  
**Registered Organisations Commission**



**Master  
Builders  
Association**

New South Wales

12 December 2019

Registered Organisations Commission  
GPO Box 2983  
MELBOURNE VIC 2983

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

Dear Sir/Madam,

**RE: Master Builders Association of New South Wales, Financial Report for Year Ended 30 June 2019**

Please find attached the relevant information relating to the Association's financial report for the year ending June 2019.

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**

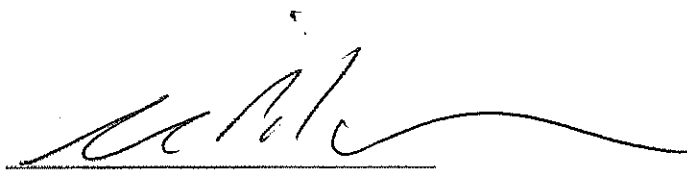
**Attachs.**

**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 2019

I, Simon Pilcher, 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 New South Wales 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 1 November 2019; and
- That the full report was presented at the Association's Annual General Meeting of members (of the reporting unit) on 10 December, 2019 in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009.



Signature

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

Date: 12 December 2019



MASTER BUILDERS ASSOCIATION  
OF NEW SOUTH WALES and  
CONTROLLED ENTITIES

# Annual Financial Report

30 June 2019



**Master  
Builders  
Association**

1984-2019

# **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 2019**

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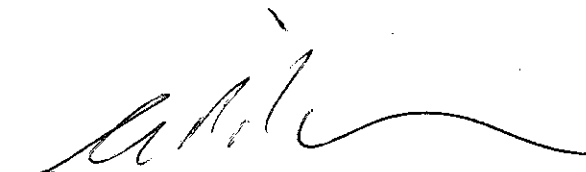
**MASTER BUILDERS ASSOCIATION OF NEW SOUTH WALES AND ITS CONTROLLED ENTITIES**  
**ABN 96 550 042 906**

**EXPENDITURE REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2019**

The Council of Management presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 30 June 2019.

Categories of expenditure	Consolidated Group		Parent Entity	
	2019	2018	2019	2018
	\$	\$	\$	\$
Remuneration and other employment related expenses - employees	22,726,489	22,213,549	8,270,923	8,159,293
Advertising	132,880	308,338	132,880	308,338
Operating costs	9,162,845	7,988,246	9,041,967	7,614,479
Donations to political parties (nil)	-	-	-	-
Legal costs	436,352	412,263	436,352	412,263


Council Member



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Simon Pilcher

Council Member



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Robert Black

Dated at Sydney

15 day of October 2019



**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 2019.

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
Ross Mitchell – Past President	George Rench
Simon Pilcher – Deputy President	Adina Toumi-Cussinnet
Michael O'Donnell – Vice President	John Rostirolla
Mick Banks – Vice President	Greg Hamlyn
Robert Black – Vice President	Brad Garrard
Bill Taylor	Stuart Crowfoot
John Laby	Brad Maggs
Gordon Leggett	Chris Briggs
Dan Murphy	Frank Mamasioulas
Anthony Larter	Chris Reynell
Rob Bevear	Merv Prendergast
Louis Stanton	John Henderson
John Biazzo	David Campbell (appointed 11 December 2018)
Colin Jewell	
Dave Dillon	
John Worthington	
Ian Anderson	
John O'Neill – Vice President (Resigned 18 June 2019)	
Christopher Calderbank-Park – Vice President (Resigned 26 September 2018)	

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 \$870,412 (2018: \$339,205).

**Significant changes in financial affairs**

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

**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 7,817 (2018: 7,650) members of the Master Builders Association of New South Wales. Additionally, at the end of the financial year there were 266 (2018: 281) 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 77 staff and 270 apprentices (2018: 79 staff and 313 apprentices).

OPERATING REPORT (CONTINUED)

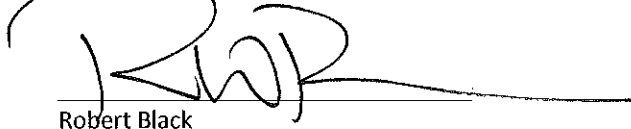
Signed in accordance with a resolution of the Council of Management:

Council Member



Simon Pilcher

Council Member



Robert Black

Dated at Sydney

15 day of October 2019

**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 2019**

	Note	Consolidated Group		Parent Entity	
		2019 \$	2018 \$	2019 \$	2018 \$
Revenue	2	<b>34,184,519</b>	31,797,933	<b>16,197,098</b>	14,388,020
Other income	2	-	9,856	<b>3,476,279</b>	3,131,407
<b>Total income</b>		<b>34,184,519</b>	31,807,789	<b>19,673,377</b>	17,519,427
Employee benefits expense	3	<b>(22,726,489)</b>	(22,213,549)	<b>(8,270,923)</b>	(8,159,293)
Training and education expense		<b>(2,953,942)</b>	(1,485,455)	<b>(2,953,942)</b>	(1,485,455)
Cost of services rendered		<b>(1,233,350)</b>	(1,102,566)	<b>(1,233,350)</b>	(1,102,566)
Cost of documents sold		<b>(154,311)</b>	(186,687)	<b>(154,311)</b>	(186,687)
Bad and doubtful debts expense/provision write back	3	<b>(161,810)</b>	(132,339)	<b>(101,743)</b>	(54,334)
Administrative expenses		<b>(1,704,673)</b>	(2,126,539)	<b>(1,564,549)</b>	(2,038,509)
Motor vehicle expenses		<b>(221,559)</b>	(251,508)	<b>(221,559)</b>	(251,508)
Property expenses		<b>(599,097)</b>	(593,764)	<b>(917,097)</b>	(911,764)
Affiliation fees		<b>(690,924)</b>	(690,924)	<b>(690,924)</b>	(690,924)
Travelling expenses		<b>(213,154)</b>	(251,348)	<b>(213,154)</b>	(251,348)
Legal expenses		<b>(436,352)</b>	(412,263)	<b>(436,352)</b>	(412,263)
Insurances including workers' compensation premium		<b>(200,386)</b>	(432,211)	<b>(200,227)</b>	(175,616)
Payroll tax		<b>(416,535)</b>	(419,255)	<b>(416,535)</b>	(419,255)
Repair and maintenance		<b>(69,263)</b>	(68,990)	<b>(69,263)</b>	(68,990)
Other expenses		<b>(676,722)</b>	(554,997)	<b>(438,194)</b>	(285,859)
Depreciation and amortisation expenses	3	<b>(855,543)</b>	(546,189)	<b>(668,968)</b>	(360,603)
<b>Total expenses</b>		<b>(33,314,108)</b>	(31,468,584)	<b>(18,551,090)</b>	(16,854,975)
<b>Surplus for the year</b>		<b>870,412</b>	339,205	<b>1,122,287</b>	664,452
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the year</b>		<b>870,412</b>	339,205	<b>1,122,287</b>	664,452
<b>Total comprehensive income attributable to the consolidated entity</b>		<b>870,412</b>	339,205	<b>1,122,287</b>	664,452

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 2019**

	Note	Consolidated Group		Parent Entity	
		2019	2018	2019	2018
		\$	\$	\$	\$
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	4	1,905,329	2,287,233	1,070,849	1,303,508
Trade and other receivables	5	2,336,559	3,876,800	1,351,095	2,673,470
Other financial assets	6	9,175,642	8,253,608	9,175,642	8,253,608
Inventories	8	194,579	222,544	194,579	222,544
Other assets	9	1,663,887	1,319,011	1,458,300	1,082,675
<b>TOTAL CURRENT ASSETS</b>		<b>15,275,995</b>	<b>15,959,196</b>	<b>13,250,465</b>	<b>13,535,804</b>
<b>NON-CURRENT ASSETS</b>					
Trade and other receivables	5	341,971	308,131	7,794,424	8,156,896
Other financial assets	6	140,000	140,000	90,000	90,000
Property, plant and equipment	10	18,478,011	18,524,634	8,938,957	8,799,006
Intangibles	11	808,215	1,050,740	808,215	1,050,740
<b>TOTAL NON-CURRENT ASSETS</b>		<b>19,768,197</b>	<b>20,023,506</b>	<b>17,631,595</b>	<b>18,096,642</b>
<b>TOTAL ASSETS</b>		<b>35,044,192</b>	<b>35,982,702</b>	<b>30,882,060</b>	<b>31,632,446</b>
<b>CURRENT LIABILITIES</b>					
Trade creditor and other payables	12	1,869,742	2,453,720	1,266,676	1,536,848
Deferred revenue	13	2,520,913	3,948,814	2,520,913	3,948,814
Employee benefits	14	1,838,762	1,941,361	1,060,036	1,062,193
Unearned grant	15	711,683	457,305	233,683	457,305
<b>TOTAL CURRENT LIABILITIES</b>		<b>6,941,099</b>	<b>8,801,201</b>	<b>5,081,307</b>	<b>7,005,160</b>
<b>NON-CURRENT LIABILITIES</b>					
Employee benefits	14	140,339	89,159	140,339	89,159
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>140,339</b>	<b>89,159</b>	<b>140,339</b>	<b>89,159</b>
<b>TOTAL LIABILITIES</b>		<b>7,081,438</b>	<b>8,890,360</b>	<b>5,221,646</b>	<b>7,094,319</b>
<b>NET ASSETS</b>		<b>27,962,754</b>	<b>27,092,342</b>	<b>25,660,414</b>	<b>24,538,127</b>
<b>EQUITY</b>					
Reserves	16	4,753,147	4,753,147	-	-
Retained earnings		23,209,607	22,339,195	25,660,414	24,538,127
<b>TOTAL EQUITY</b>		<b>27,962,754</b>	<b>27,092,342</b>	<b>25,660,414</b>	<b>24,538,127</b>

The accompanying notes form part of these financial statements

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
<b>Consolidated Group</b>			
<b>Balance at 1 July 2017</b>	21,999,990	4,753,147	26,753,137
Surplus for the year	339,205	-	339,205
Other comprehensive income	-	-	-
<b>Balance at 30 June 2018</b>	<u>22,339,195</u>	<u>4,753,147</u>	<u>27,092,342</u>
Surplus for the year	870,412	-	870,412
Other comprehensive income	-	-	-
<b>Balance at 30 June 2019</b>	<u><b>23,209,607</b></u>	<u><b>4,753,147</b></u>	<u><b>27,962,754</b></u>
<b>Parent Entity</b>			
<b>Balance at 1 July 2017</b>	23,873,675	-	23,873,675
Surplus for the year	664,452	-	664,452
Other comprehensive income	-	-	-
<b>Balance at 30 June 2018</b>	<u>24,538,127</u>	<u>-</u>	<u>24,538,127</u>
Surplus for the year	1,122,287	-	1,122,287
Other comprehensive income	-	-	-
<b>Balance at 30 June 2019</b>	<u><b>25,660,414</b></u>	<u><b>-</b></u>	<u><b>25,660,414</b></u>

**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 2019**

	Note	Consolidated Group		Parent Entity	
		2019 \$	2018 \$	2019 \$	2018 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Receipts from customers		<b>33,629,023</b>	32,893,158	<b>15,602,760</b>	15,048,852
Receipts from controlled entity - Master Builders (NSW) Ltd		-	-	<b>104,210</b>	555,845
Receipts from controlled entity - Master Builders Association New South Wales Pty Ltd		-	-	<b>3,768,381</b>	2,879,998
Payments to suppliers and employees		<b>(32,753,914)</b>	(30,977,324)	<b>(18,450,931)</b>	(16,617,688)
Interest received		<b>239,873</b>	208,059	<b>239,808</b>	207,998
<b>Net cash provided by operating activities</b>	24	<b>1,114,983</b>	2,123,893	<b>1,264,228</b>	2,075,005
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Payments for property, plant and equipment		<b>(406,643)</b>	(840,771)	<b>(406,643)</b>	(796,976)
Payments for intangible assets		<b>(209,736)</b>	(489,143)	<b>(209,736)</b>	(489,143)
Payments for held to maturity investments (term deposits)		<b>(922,033)</b>	(905,953)	<b>(922,033)</b>	(905,953)
Proceeds on sale of property plant and equipment		<b>41,526</b>	9,856	<b>41,526</b>	9,856
<b>Net cash used in investing activities</b>		<b>(1,496,886)</b>	(2,226,012)	<b>(1,496,886)</b>	(2,182,217)
<b>Net (decrease) in cash held</b>		<b>(381,904)</b>	(102,118)	<b>(232,658)</b>	(107,211)
Cash at beginning of year		<b>2,287,233</b>	2,389,351	<b>1,303,508</b>	1,410,719
<b>Cash at end of year</b>	4	<b>1,905,329</b>	2,287,233	<b>1,070,849</b>	1,303,508

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 2019

### 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 15 October 2019 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.



**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:

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

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

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.

**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:

	<b>Amortisation Rate</b>
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 assets has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement.

**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.

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**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.

**Note 1 Statement of Significant Accounting Policies (continued)**

**q. Financial assets**

**Initial recognition and measurement**

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

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

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

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

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

**Subsequent measurement**

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

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

**Financial assets at amortised cost**

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

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

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

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

**q. Financial assets (continued)**

**Derecognition**

A financial asset is derecognised when:

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

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

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

**Offsetting**

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

**Impairment**

**(i) Trade receivables**

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

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

**(ii) Debt instruments other than trade receivables**

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

ECLs are recognised in two stages:

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

**r. Financial assets (continued)**

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

**q. Financial liabilities**

**Initial recognition and measurement**

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

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

**Subsequent measurement**

**Financial liabilities at amortised cost**

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

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

**Derecognition**

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

**r. 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.

**s. 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.

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.



**Note 1 Statement of Significant Accounting Policies (continued)**

**t. 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.

**u. 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:

**Adoption of AASB 9**

**Initial application**

AASB 9 Financial Instruments (AASB 9) replaces AASB139 Financial Instruments: Recognition and Measurement (AASB 139) for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

Master Builders Association of New South Wales has applied AASB 9 retrospectively, with an initial application date of 1 July 2018. Master Builders Association of New South Wales has not restated the comparative information, which continues to be reported under AASB 139. There were no differences arising from the adoption of AASB 9 which need to be recognised directly in opening retained earnings and other components of equity as at 1 July 2018.

**(i) Classification and measurement**

Under AASB 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: Master Builders Association of New South Wales business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of Master Builders Association of New South Wales business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets. The classification and measurement requirements of AASB 9 did not have a significant impact to Master Builders Association of New South Wales.

Trade receivables and other non-current financial assets previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as debt instruments at amortised cost.

Master Builders Association of New South Wales has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Master Builders Association of New South Wales financial liabilities.

**(ii) Impairment loss**

The adoption of AASB 9 has changed Master Builders Association of New South Wales accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking ECL approach. AASB 9 requires Master Builders Association of New South Wales to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets, i.e. those held at amortised cost and at FVTOCI.

Upon adoption of AASB 9 no additional impairment on the trade receivables and loan receivable from related party was required to be recognised at 1 July 2018 by Master Builders Association of New South Wales.

**v. 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 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.

It is expected that a right of use asset to the value of approximately \$320,000 with a corresponding lease liability amount will be recognised on application of the requirements of AASB 16.

- **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*.

The adoption of AASB 1058 is not expected to have a material impact on the financial statements of the consolidated entity.

**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 S2 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 2019, the council reviewed the key assumptions made by the valuers. 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 2019.

***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.

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**Note 2 Revenue and other income**

	Consolidated Group		Parent Entity	
	2019	2018	2019	2018
	\$	\$	\$	\$
<b>Revenue</b>				
Members subscriptions	5,511,145	5,584,369	5,511,145	5,584,369
Capitation fees	-	-	-	-
Levies	-	-	-	-
Donations	-	-	-	-
Group apprenticeship scheme	17,802,036	17,208,732	-	-
Sponsorship and commission	2,107,833	1,911,412	2,107,833	1,911,412
Training and education	5,409,691	3,666,405	5,409,691	3,666,405
Legal services and contract sales	574,144	587,202	574,144	587,202
Insurance services	1,610,621	1,403,295	1,610,621	1,403,295
Occupational health and safety services	325,695	463,883	325,695	463,883
Industrial relations services	178,128	357,918	178,128	357,918
Interest received	239,873	208,059	239,808	207,998
Other revenue from operating activities	425,354	406,657	240,033	205,538
	<b>34,184,519</b>	<b>31,797,933</b>	<b>16,197,098</b>	<b>14,388,020</b>
<b>Other income</b>				
Management fees	-	-	3,476,279	3,121,551
Profit on disposal of asset	-	9,856	-	9,856
	-	9,856	3,476,279	3,131,407
Total revenue	<b>34,184,519</b>	<b>31,807,789</b>	<b>19,673,377</b>	<b>17,519,427</b>

**Note 3 Surplus**

	Consolidated Group		Parent Entity	
	2019	2018	2019	2018
	\$	\$	\$	\$
Surplus from ordinary activities has been determined after:				
<b>a. Expenses</b>				
Affiliation fees				
Master Builders Association Limited.	690,924	690,924	690,924	690,924
Bad and doubtful debts				
Apprenticeship receivables	60,067	78,005	-	-
Membership receivables	101,743	54,365	101,743	54,365
Total bad and doubtful debts	161,810	132,370	101,743	54,365
Bad debts recovered	-	(31)	-	(31)
Total bad and doubtful debts charged to profit and loss	161,810	132,339	101,743	54,334

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**Note 3 Surplus (continued)**

	Consolidated Group		Parent Entity	
	2019	2018	2019	2018
	\$	\$	\$	\$
Depreciation of non-current assets				
Buildings	<b>201,379</b>	185,260	<b>51,587</b>	36,457
Plant and equipment	<b>201,902</b>	212,852	<b>165,120</b>	176,070
Total depreciation	<b>403,282</b>	398,112	<b>216,707</b>	212,527
Amortisation of intangible assets – computer software	<b>452,261</b>	148,076	<b>452,261</b>	148,076
	<b>855,543</b>	546,189	<b>668,968</b>	360,603
Remuneration of auditor				
Audit fee	<b>46,500</b>	45,500	<b>46,500</b>	45,500
Accounting and tax services	<b>12,000</b>	19,500	<b>12,000</b>	19,500
	<b>58,500</b>	65,000	<b>58,500</b>	65,000
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	<b>1,091</b>	909	<b>1,091</b>	909
Total paid that exceeded \$1,000	<b>12,500</b>	-	<b>12,500</b>	-
	<b>13,591</b>	909	<b>13,591</b>	909
Legal expenses - matters other than litigation by the Master Builders Association of New South Wales	<b>436,352</b>	412,263	<b>436,352</b>	412,263
Legal litigation expenses incurred	-	-	-	-
Rental expense on operating leases				
- Minimum lease payments	<b>367,460</b>	374,211	<b>367,460</b>	374,211
Consideration to employers for payroll deductions of membership subscriptions	-	-	-	-
Compulsory levies	-	-	-	-
Fees/allowances - meeting and conferences	-	-	-	-
Conference and meeting expenses	-	-	-	-
Penalties - via RO Act or Fair Work Act 2009	-	-	-	-
Capitation fees – expense	-	-	-	-
Levies expense	-	-	-	-

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**Note 3 Surplus (continued)**

	Consolidated Group		Parent Entity	
	2019	2018	2019	2018
	\$	\$	\$	\$
Employee expenses other than office holders				
Salary and wages	<b>19,832,827</b>	19,405,597	<b>6,471,548</b>	6,487,659
Superannuation	<b>1,844,494</b>	1,851,507	<b>750,208</b>	824,420
Leave and other entitlements	<b>822,200</b>	783,067	<b>822,200</b>	673,836
Other employee expenses (Note ii)	<b>226,968</b>	173,378	<b>226,968</b>	173,378
Separation and redundancies provided for employees	-	-	-	-
<b>Total employee expenses other than office holders</b>	<b>22,726,489</b>	22,213,549	<b>8,270,923</b>	8,159,293
President's honorarium (Note i)	<b>15,000</b>	15,000	<b>15,000</b>	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 salary and wages, superannuation, leave and other entitlements, separation or redundancies.
- ii. Other employee expenses comprise of recruitment costs, fringe benefit tax and salary sacrifice expenses.

**Note 4 Cash and cash equivalents**

	Consolidated Group		Parent Entity	
	2019	2018	2019	2018
	\$	\$	\$	\$
Cash on hand	<b>9,250</b>	10,250	<b>9,250</b>	10,250
Cash at bank	<b>1,896,079</b>	2,276,983	<b>1,061,599</b>	1,293,258
	<b>1,905,329</b>	2,287,233	<b>1,070,849</b>	1,303,508

**Note 5 Trade and other receivables**

**CURRENT**

**Trade debtors**

Receivables from other reporting units	-	-	-	-
Receivables from membership and training	<b>1,592,526</b>	3,004,515	<b>1,591,333</b>	2,994,218
Provision for impairment of membership and training				
Specific provision (Note a)	<b>(388,244)</b>	(398,311)	<b>(388,244)</b>	(398,311)
General provision (Note b)	-	(51,918)	-	(51,918)
	<b>(388,244)</b>	(450,229)	<b>(388,244)</b>	(450,229)
<b>Receivables from membership and training net of provision</b>	<b>1,204,282</b>	2,554,286	<b>1,203,089</b>	2,543,989

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**Note 5 Trade and other receivables (continued)**

	Consolidated Group		Parent Entity	
	2019	2018	2019	2018
	\$	\$	\$	\$
Receivables from apprenticeship	1,108,498	1,314,637	-	-
Provision for impairment apprenticeship				
Specific provision (Note a)	(124,227)	(97,256)	-	-
General provision (Note b)	-	(24,348)	-	-
	<b>(124,227)</b>	<b>(121,604)</b>	-	-
Receivables from apprenticeship net of provision	<b>984,272</b>	1,193,033	-	-
<b>Receivables net of provision for impairment</b>	<b>2,188,553</b>	<b>3,747,319</b>	<b>1,203,089</b>	<b>2,543,989</b>
<b>Other receivables</b>	<b>148,006</b>	129,481	<b>148,006</b>	<b>129,481</b>
<b>Total trade and other receivables net of provisions for impairment</b>	<b>2,336,559</b>	<b>3,876,800</b>	<b>1,351,095</b>	<b>2,673,470</b>

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

- i. Consolidated group - \$512,471 (30 June 2018: \$495,567).
- ii. Parent entity - \$388,244 (30 June 2018: \$398,311).

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	
	2019	2018	2019	2018
	\$	\$	\$	\$
<b>NON-CURRENT</b>				
<b>Amounts receivable from related entities (Refer to Note 22)</b>				
Wholly controlled entities				
Master Builder (NSW) Limited	-	-	5,853,002	5,499,314
Master Builders Association of New South Wales Pty Limited	-	-	1,599,451	2,349,451
	-	-	<b>7,452,452</b>	<b>7,848,764</b>
<b>Other debtors</b>				
MBAIS commissions receivable	341,971	308,131	341,971	308,131
<b>Total Trade and other receivables</b>	<b>341,971</b>	<b>308,131</b>	<b>7,794,424</b>	<b>8,156,896</b>

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**Note 5 Trade and other receivables (continued)**

	Consolidated Group		Parent Entity	
	2019	2018	2019	2018
	\$	\$	\$	\$
<b>c. Provision for Impairment of Receivables:</b>				
Movement in the provision for impairment of receivables is as follows:				
Provision for impairment- opening balance	<b>571,833</b>	610,336	<b>450,229</b>	509,480
Charge for year				
Bad and doubtful debts charged/ (written back)	<b>161,810</b>	132,370	<b>101,743</b>	54,365
Provision for credit raised/ (written back)	<b>(2,626)</b>	(50,000)	<b>(2,626)</b>	(50,000)
Bad debts written off	<b>(218,546)</b>	(120,873)	<b>(161,102)</b>	(63,616)
Provision for impairment – closing balance	<b>512,471</b>	571,833	<b>388,244</b>	450,229

**Ageing of financial assets that were past due but not impaired for 2019 – Consolidated**

	to 30 days	31 to 60 days	61 to 90 days	90+ days	Total past due	Within Initial trade term	Total
	\$	\$	\$	\$	\$	\$	\$
Trade receivable	-	263,461	44,435	116,664	424,560	1,763,993	<b>2,188,553</b>
Other receivables	-	-	-	-	-	489,977	<b>489,977</b>
<b>Total</b>	-	263,461	44,435	116,664	424,560	2,253,970	<b>2,678,530</b>

**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
<b>Total</b>	-	348,815	167,094	509,094	1,025,003	3,159,928	<b>4,184,931</b>

**Ageing of financial assets (other than amounts receivable from related entities) that were past due but not impaired for 2019 - 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	-	189,145	12,476	-	201,621	1,001,468	<b>1,203,089</b>
Other receivables	-	-	-	-	-	489,977	<b>489,977</b>
<b>Total</b>	-	189,145	12,476	-	201,621	1,491,445	<b>1,693,066</b>





**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 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
<b>Total</b>	<b>-</b>	<b>176,798</b>	<b>95,748</b>	<b>328,871</b>	<b>601,417</b>	<b>2,380,184</b>	<b>2,981,601</b>

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

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

	Consolidated Group		Parent Entity	
	2019	2018	2019	2018
	\$	\$	\$	\$
0 to 30 days	-	20,225	-	20,225
30 to 60 days	111,582	8,187	111,582	8,187
60 to 90 days	65,136	3,768	65,136	3,768
90 + days	335,753	463,386	211,526	366,130
	<b>512,471</b>	<b>495,567</b>	<b>388,244</b>	<b>398,311</b>

**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	
	2019	2018	2019	2018
	\$	\$	\$	\$
The maximum exposure to credit risk, from receivables	<b>3,191,001</b>	<b>4,756,765</b>	<b>2,081,310</b>	<b>3,431,830</b>

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**Note 5 Trade and other receivables (continued)**

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

	Consolidated Group		Parent Entity	
	2019	2018	2019	2018
	\$	\$	\$	\$
Trade and other receivables:				
Total Current	2,336,559	3,876,800	1,351,095	2,673,470
Total Non- Current	341,971	308,131	7,794,424	8,156,896
	<b>2,678,530</b>	<b>4,184,931</b>	<b>9,145,519</b>	<b>10,830,366</b>

**Note 6 Other Financial assets**

**CURRENT**

At amortised cost- bank term deposits	<b>9,175,642</b>	8,253,608	<b>9,175,642</b>	8,253,608
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**NON-CURRENT**

Unlisted investments at cost				
MBA Insurance Services Pty Ltd	140,000	140,000	90,000	90,000
	<b>140,000</b>	<b>140,000</b>	<b>90,000</b>	<b>90,000</b>

**Note 7 Controlled entities**

	Country of Incorporation	Percentage controlled	
		2019	2018
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.

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**Note 8 Inventories**

	Consolidated Group		Parent Entity	
	2019	2018	2019	2018
	\$	\$	\$	\$
<b>CURRENT</b>				
Stock (publications & clothing) at cost	194,579	222,544	194,579	222,544
Total stock at cost	194,579	222,544	194,579	222,544

**Note 9 Other assets**

	Consolidated Group		Parent Entity	
	2019	2018	2019	2018
	\$	\$	\$	\$
<b>CURRENT</b>				
Prepayments & accrued income	1,663,887	1,319,011	1,458,300	1,082,675

**Note 10 Property, plant & equipment**

	Consolidated Group		Parent Entity	
	2019	2018	2019	2018
	\$	\$	\$	\$
Freehold land at fair value	9,478,000	9,478,000	5,978,000	5,978,000
Buildings at fair value	8,882,249	8,595,510	2,588,454	2,301,715
Less accumulated depreciation	(386,639)	(185,260)	(88,044)	(36,457)
Total buildings	8,495,610	8,410,251	2,500,410	2,265,259
Total land and buildings	17,973,610	17,888,251	8,478,410	8,243,259
Paintings at cost	53,313	53,313	53,313	53,313
Plant and equipment at cost	1,546,783	1,501,335	1,178,957	1,133,509
Less accumulated depreciation	(1,095,695)	(918,264)	(771,723)	(631,075)
Total plant and equipment	451,088	583,071	407,234	502,434
Total property, plant & equipment	18,478,011	18,524,634	8,938,957	8,799,006

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.

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**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 was 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.

**(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 & equipment \$	Total \$
<b>Consolidated Group</b>					
Balance at 1 July 2017	9,478,000	7,957,602	53,313	593,059	18,081,974
Additions	-	637,908	-	202,864	840,772
Depreciation expense	-	(185,260)	-	(212,852)	(398,112)
Balance at 30 June 2018	9,478,000	8,410,250	53,313	583,071	18,524,634
Additions	-	286,739	-	119,906	406,645
Disposal	-	-	-	(49,986)	(49,986)
Depreciation expense	-	(201,379)	-	(201,903)	(403,282)
Balance at 30 June 2019	<b>9,478,000</b>	<b>8,495,610</b>	<b>53,313</b>	<b>451,088</b>	<b>18,478,011</b>
<b>Parent Entity</b>					
Balance at 1 July 2017	5,978,000	1,707,602	53,313	475,640	8,214,555
Additions	-	594,113	-	202,864	796,977
Depreciation expense	-	(36,457)	-	(176,070)	(212,527)
Balance at 30 June 2018	5,978,000	2,265,257	53,313	502,434	8,799,005
Additions	-	286,739	-	119,906	406,645
Disposal	-	-	-	(49,986)	(49,986)
Depreciation expense	-	(51,587)	-	(165,120)	(216,707)
Balance at 30 June 2019	<b>5,978,000</b>	<b>2,500,410</b>	<b>53,313</b>	<b>407,234</b>	<b>8,938,957</b>

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**Note 11 Intangibles**

	Consolidated Group		Parent Entity	
	2019	2018	2019	2018
	\$	\$	\$	\$
Intangibles – computer software at cost	1,424,405	1,214,669	1,424,405	1,214,669
Less accumulated amortisation	(616,190)	(163,929)	(616,190)	(163,929)
	<b>808,215</b>	<b>1,050,740</b>	<b>808,215</b>	<b>1,050,740</b>

**(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	
	2019	2018	2019	2018
	\$	\$	\$	\$
Carrying amount at beginning of the year	1,050,741	709,674	1,050,741	709,674
Additions	209,735	489,142	209,735	489,142
Amortisation expense	(452,261)	(148,076)	(452,261)	(148,076)
Carrying amount at the end of the year	<b>808,215</b>	<b>1,050,740</b>	<b>808,215</b>	<b>1,050,740</b>

**Note 12 Trade and other payables**

	Consolidated Group		Parent Entity	
	2019	2018	2019	2018
	\$	\$	\$	\$
<b>CURRENT</b>				
Payables to another reporting unit	-	-	-	-
Trade creditors and accruals	1,002,956	1,555,131	766,522	1,059,454
Other payables	866,786	898,589	500,154	477,394
<b>Total trade and other payables</b>	<b>1,869,742</b>	<b>2,453,720</b>	<b>1,266,676</b>	<b>1,536,848</b>

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.

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**Note 12 Trade and other payables (continued)**

**Other payables**

	Consolidated Group		Parent Entity	
	2019	2018	2019	2018
	\$	\$	\$	\$
Payable to employers for making payroll deductions of membership subscriptions	-	-	-	-
Legal costs (litigation or legal costs)	-	-	-	-
GST (recoverable)/ payable	474,161	508,009	115,260	144,372
Other	392,625	390,580	384,894	333,022
<b>Total other payables</b>	<b>866,786</b>	<b>898,589</b>	<b>500,154</b>	<b>477,394</b>

	Consolidated Group		Parent Entity	
	2019	2018	2019	2018
	\$	\$	\$	\$
Total other payables are expected to be settled in:				
No more than 12 months	866,786	898,589	500,154	477,394
More than 12 months	-	-	-	-
<b>Total other payables</b>	<b>866,786</b>	<b>898,589</b>	<b>500,154</b>	<b>477,394</b>

**Financial liabilities at amortised cost classified as trade and other payables**

Total trade and other payables	1,869,742	2,453,720	1,266,676	1,536,848
GST receivable/(payable)	(474,161)	(508,009)	(115,260)	(144,372)
<b>Financial liabilities as trade and other payables</b>	<b>1,395,581</b>	<b>1,945,711</b>	<b>1,151,416</b>	<b>1,392,476</b>

**Note 13 Deferred revenue**

**CURRENT**

Membership income received in advance	1,955,029	3,278,818	1,955,029	3,278,818
Other deferred income	565,884	669,996	565,884	669,996
<b>Total</b>	<b>2,520,913</b>	<b>3,948,814</b>	<b>2,520,913</b>	<b>3,948,814</b>

**Note 14 Employee benefits**

**Employees other than office holders:**

Annual leave	1,265,825	1,392,324	487,098	513,156
Long service leave	713,277	638,196	713,277	638,196
Separations and redundancies	-	-	-	-
Other	-	-	-	-
<b>Subtotal employee provisions—employees other than office holders</b>	<b>1,979,102</b>	<b>2,030,520</b>	<b>1,200,375</b>	<b>1,151,352</b>
<b>Total employee benefits</b>	<b>1,979,102</b>	<b>2,030,520</b>	<b>1,200,375</b>	<b>1,151,352</b>

**Note 14 Employee benefits (continued)**

	Consolidated Group		Parent Entity	
	2019	2018	2019	2018
	\$	\$	\$	\$
Current	1,838,762	1,941,361	1,060,036	1,062,193
Non-Current	140,339	89,159	140,339	89,159
<b>Total employee benefits</b>	<b>1,979,102</b>	<b>2,030,520</b>	<b>1,200,375</b>	<b>1,151,352</b>

Except for the President honorarium disclosed in Note 3 officeholders are not entitled to benefits from the entity. Accordingly, no provision for employee benefits including annual leave, long service leave, separations and redundancies for office holders has been made.

**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**

	Consolidated Group		Parent Entity	
	2019	2018	2019	2018
	\$	\$	\$	\$
<b>CURRENT</b>				
Grants	711,683	457,305	233,683	457,305
<b>NON-CURRENT</b>				
Grants	-	-	-	-
<b>Total grants unearned</b>	<b>711,683</b>	<b>457,305</b>	<b>233,683</b>	<b>457,305</b>

The unspent grants pertain to the following:

- Grants from Skills and Economic Development, Department of Industry of \$170,500 (Stream 4) received in 2019 and \$63,183 for Streams 2 & 3;
- Grants from the Aboriginal Housing Office of \$478,000 for targeting Aboriginal apprentice & trainee candidates and to fund current indigenous apprentices.

**Note 16 Reserve**

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



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Note 17 Financial Instruments

Note 17A Net Income and Expense from Financial Assets

	Consolidated Group		Parent Entity	
	2019	2018	2019	2018
	\$	\$	\$	\$
<b>At amortised cost</b>				
Interest revenue	239,873	208,059	239,808	207,998
<b>Net gain/(loss)</b>	<b>239,873</b>	<b>208,059</b>	<b>239,808</b>	<b>207,998</b>
<b>Loans and receivables</b>				
Impairment	(161,810)	(132,339)	(101,743)	(54,334)
<b>Net gain/(loss) from loans and receivables</b>	<b>(161,810)</b>	<b>(132,339)</b>	<b>(101,743)</b>	<b>(54,334)</b>
<b>Net income from financial assets at amortised cost</b>	<b>78,063</b>	<b>75,720</b>	<b>138,065</b>	<b>153,664</b>

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 2019 - Consolidated

	Weighted average effective interest rate	1 year	1– 2 years	2– 5 years	>5 years	Total
		\$	\$	\$	\$	\$
Non-interest bearing	-	1,395,581	-	-	-	1,395,581
<b>Total</b>		<b>1,395,581</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,395,581</b>

Maturities for financial liabilities 2018 - Consolidated

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

**Note 17 Financial Instruments (continued)**

a) Liquidity Risk (continued)

**Maturities for financial liabilities 2019 - Parent**

	Weighted average effective interest rate	< 1 year \$	1– 2 years \$	2– 5 years \$	>5 years \$	Total \$
Non-interest bearing	-	1,151,416	-	-	-	1,151,416
<b>Total</b>		<b>1,151,416</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,151,416</b>

**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
<b>Total</b>		<b>1,392,476</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,392,476</b>

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 \$45,878 (2018: \$41,268) and for the parent entity surplus and equity by \$45,878 (2018: \$41,268).

**Note 17 Financial Instruments (continued)**

c) Credit Risk

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

d) Price risk

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

e) Foreign Currency Risk Management

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

f) Fair Value

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

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

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

g) Capital Risk Management

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

**Note 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(s) for the definition of Level 2) - refer to note 10 for details of the valuation techniques and inputs.

**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 2019**

**Note 19 Capital and leasing commitments**

	Consolidated Group		Parent Entity	
	2019	2018	2019	2018
	\$	\$	\$	\$
<b>Operating lease commitments</b>				
Non-cancellable operating leases contracted for but not capitalised				
<b>Motor vehicles and office equipment</b>				
- Not later than 1 year	122,931	60,894	122,931	60,894
- Later than 1 year but not later than 5 years	86,700	50,719	86,700	50,719
	<b>209,632</b>	<b>111,613</b>	<b>209,632</b>	<b>111,613</b>
<b>Property</b>				
- Not later than 1 year	78,176	77,978	78,176	77,978
- Later than 1 year but not later than 5 years	52,354	48,122	52,354	48,122
	<b>130,529</b>	<b>126,100</b>	<b>130,529</b>	<b>126,100</b>
Total operating lease commitments	<b>340,161</b>	<b>237,712</b>	<b>340,161</b>	<b>237,712</b>

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 with terms of up to two years. Rent is payable monthly in advance. Minimum rentals increase annually at rates between CPI and 4% per annum. Certain leases have options to renew at the end of the term. The leases allow for subletting of all lease areas.

**Note 20 Contingent liabilities**

At 30 June 2019 there were no contingent liabilities of the consolidated entity or the Association (2018: none).

**Note 21 Events subsequent to reporting date**

There have been no events after 30 June 2019, 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**  
**ABN 96 550 042 906**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

**Note 23 Related party transactions**

	Consolidated Group		Parent Entity	
	2019	2018	2019	2018
	\$	\$	\$	\$
<b>Transactions with related parties</b>				
<b>With controlled entities</b>				
Master Builders Association of New South Wales performed all administrative functions for the wholly controlled entity Master Builders Association of New South Wales Pty Limited. For this service a management fee is paid to the Master Builders Association of New South Wales	-	-	<b>3,018,381</b>	2,679,999
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	-	-	<b>457,898</b>	441,552
Master Builders (NSW) Limited provides premises to Master Builders Association of New South Wales for which rent is charged	-	-	<b>(318,000)</b>	(318,000)
<b>With key management personnel</b>				
<b>Office holders being members of the council of management</b>				
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	<b>73,280</b>	42,125	<b>73,280</b>	42,125
Stanton Building Contract Services (Louis Stanton) – training	<b>16,003</b>	-	<b>16,003</b>	-
Trew Enterprises Pty Ltd (Ross Finnie) – training	-	4,480	-	4,480
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 2019**

**Note 23 Related party transactions (continued)**

	Consolidated Group	Parent Entity	Consolidated Group	Parent Entity
	2019	2018	2019	2018
	\$	\$	\$	\$

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

Wholly controlled entities: refer note 5 for disclosures

Key management personnel

-	-	-	-
---	---	---	---

**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 (2018: \$nil) for the year ended 30 June 2019. This assessment is undertaken each financial year.

**Note 24 Cash flow information**

	Consolidated Group		Parent Entity	
	2019	2018	2019	2018
	\$	\$	\$	\$
<b>Reconciliation of cash flow from operations</b>				
Surplus for the year	<b>870,412</b>	339,205	<b>1,122,287</b>	664,452
Non-cash flows in surplus:				
Depreciation and amortisation	<b>855,543</b>	546,189	<b>668,968</b>	360,603
(Profit) / loss on sale of plant & equipment	<b>8,460</b>	(9,856)	<b>8,460</b>	(9,856)
Changes in assets and liabilities:				
Decrease/(increase) in trade & other receivables	<b>1,506,401</b>	884,156	<b>1,684,847</b>	763,994
Decrease/(increase) in inventories	<b>27,965</b>	(89,440)	<b>27,965</b>	(89,440)
Decrease/(increase) in other assets	<b>(344,876)</b>	(395,168)	<b>(375,625)</b>	(158,831)
Increase/(decrease) in trade & other payables	<b>(583,979)</b>	148,682	<b>(270,172)</b>	48,623
Increase/(decrease) in deferred revenue	<b>(1,427,902)</b>	461,823	<b>(1,427,902)</b>	461,823
Increase/(decrease) in employee benefits	<b>(51,419)</b>	280,996	<b>49,023</b>	76,331
Increase/(decrease) in unspent grants	<b>254,378</b>	(42,695)	<b>(223,622)</b>	(42,695)
Net cash provided by operating activities	<b>1,114,983</b>	2,123,893	<b>1,264,228</b>	2,075,005

**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	
	2019	2018	2019	2018
	\$	\$	\$	\$
<b>Short-term employee benefits</b>				
Salary (including annual leave taken)	687,362	701,378	687,362	701,378
Fringe benefit	53,197	53,197	53,197	53,197
<b>Total short-term employee benefits</b>	<b>740,559</b>	<b>754,575</b>	<b>740,559</b>	<b>754,575</b>
<b>Post-employment benefits - Superannuation</b>	<b>63,025</b>	<b>93,732</b>	<b>63,025</b>	<b>93,732</b>
<b>Other long-term benefits- Long-service leave</b>	<b>17,216</b>	<b>86,497</b>	<b>17,216</b>	<b>86,497</b>
<b>Total</b>	<b>820,799</b>	<b>934,804</b>	<b>820,799</b>	<b>934,804</b>

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 AASB 9, Financial Instruments, as detailed in the accounting policies to these financial statements, are as follows:

	Note	Consolidated Group		Parent Entity	
		2019	2018	2019	2018
		\$	\$	\$	\$
<b>Financial assets – at amortised cost</b>					
Cash and cash equivalents	4	1,905,329	2,287,233	1,070,849	1,303,508
Trade and other receivables	5	2,678,531	4,184,931	9,145,519	10,830,366
Term deposits	6	9,175,642	8,253,608	9,175,642	8,253,608
Other financial assets	6	140,000	140,000	90,000	90,000
<b>Total financial assets</b>		<b>13,899,501</b>	<b>14,865,773</b>	<b>19,482,010</b>	<b>20,477,482</b>
<b>Financial liabilities at amortised cost</b>					
Trade and other payables	12	2,044,081	1,945,711	1,321,916	1,392,476
<b>Total financial liabilities</b>		<b>2,044,081</b>	<b>1,945,711</b>	<b>1,321,916</b>	<b>1,392,476</b>

**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 2019, the previous financial year and the period from 30 June 2019 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 15 October 2019 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 2019:

The Council of Management declares that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act);
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the Master Builders Association of New South Wales for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the Master Builders Association of New South Wales will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year to which the GPFR relates and since the end of that year:
  - (i) meetings of the council of management were held in accordance with the rules of the organisation including the rules of a branch concerned;
  - (ii) the financial affairs of the Master Builders Association of New South Wales have been managed in accordance with the rules of the organisation;
  - (iii) the financial records of the Master Builders Association of New South Wales have been kept and maintained in accordance with the RO Act;
  - (iv) the Master Builders Association of New South Wales consists of one reporting unit;
  - (v) where information has been sought in any request by a member of the reporting unit or Commissioner duly made under section 272 of the RO Act has been provided to the member or Commissioner; and
  - (vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

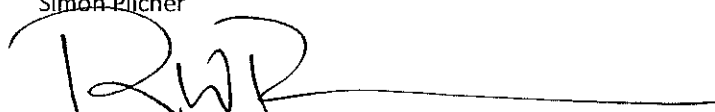
This declaration is made in accordance with a resolution of the Council of Management.

Council Member



Simon Pilcher

Council Member



Robert Black

Dated at Sydney

15 day of October 2019

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

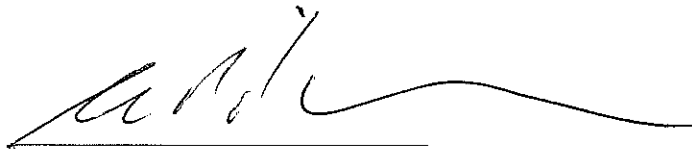
**OFFICER DECLARATION STATEMENT**

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 2019.

The reporting unit did not:

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



Simon Pilcher

Council Member



Robert Black

Dated at Sydney

15 day of October 2019

## 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 2019, 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 2019, 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.

#### Assurance Partners

Hill Rogers Assurance Partners | ABN 56 435 338 966  
Liability limited by a scheme approved under Professional Standards Legislation.

## **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.

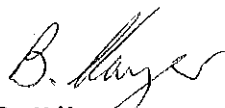
As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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**

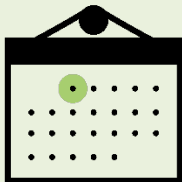
Registration number (as registered by the RO Commissioner under the RO Act): AA2017/225

Dated this 15<sup>th</sup> day of October 2019



10 December 2019

Brian Seidler  
Executive Director  
The Master Builders' Association of New South Wales  
Sent via email: bseidler@mbansw.asn.au



**URGENT REMINDER:**

**The Master Builders' Association of New South Wales's  
financial report is due  
(FR2019/170)**

Dear Brian Seidler,

We are writing to remind you of the Master Builders' Association of New South Wales's obligation to lodge a financial report under section 268 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act).

We hope you are on track to complete your financial report on time. If not, please contact us as soon as possible to discuss ways we can assist you to meet the deadline.

**Did you know?** The ROC is currently seeking to improve non-compliance with these three areas:

- Providing the full report to members
- Providing the report to members within the deadlines
- Lodging the full report with the ROC within 14 days of the s.266 meeting.



**Compliance Calculator**

If you are not sure whether your planned dates are consistent with the RO Act, have a look at our [compliance calculator](#). The compliance calculator will help you work out your unique dates for when your report needs to be provided, presented and lodged.

## Your steps checklist

Your financial year ended on 30 June 2019. You should be well into the following process.

Pre-lodgement checklist	✓
Draft the financial report and have the committee of management pass the Committee of Management resolution <b>Did you know?</b> This is the first meeting in the financial reporting process	<input type="checkbox"/>
Have the auditor complete and sign the auditor's report <b>Tips:</b> You must use a registered auditor. The SIGNED report is part of the full report. Make sure it is included in what is provided to members	<input type="checkbox"/>
Provide the full report to members This must be done: <ul style="list-style-type: none"><li>• If you are going to a committee of management meeting (requires a 5% rule), within 5 months of 30 June 2019</li><li>• If you are going to a general meeting of members, 21 days before the meeting</li></ul>	<input type="checkbox"/>
Present the full report to the second meeting. <b>Hints:</b> This meeting must be within 6 months of 30 June 2019. This is either a committee of management meeting (requires a 5% rule) or a general meeting of members	<input type="checkbox"/>
Lodge with the ROC within <b>14 days</b> of the meeting – <a href="mailto:regorgs@roc.gov.au">regorgs@roc.gov.au</a> <b>TIP:</b> lodge it straight away – there's no need to wait the full 14 days	<input type="checkbox"/>

If you require further advice or assistance please email [regorgs@roc.gov.au](mailto:regorgs@roc.gov.au) or call us on 1300 341 665.

Yours sincerely,

## Registered Organisations Commission



### Penalties apply

**We emphasise that sections 253, 254, 265(1)(a), 266 and 268 of the RO Act are civil penalty provisions.**

Failure of an organisation to prepare a full report, provide it to members, present it to a meeting and lodge with the ROC within legislative time frames may expose your organisation to Federal Court proceedings with the possibility of a pecuniary penalty being imposed upon an officer and/or the organisation.



2 July 2019

Brian Seidler  
Executive Director  
Master Builders' Association of New South Wales  
Sent via email: bseidler@mbansw.asn.au

Dear Brian Seidler,

**Re: Lodgement of Financial Report - FR2019/170  
*Fair Work (Registered Organisations) Act 2009 (the RO Act)***

The financial year of the Master Builders' Association of New South Wales (the reporting unit) ended on 30 June 2019. This is a courtesy letter to remind you of the reporting unit's obligations regarding financial reporting.

### **Loans Grants and Donations Statement**

The reporting unit is required to lodge a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding \$1,000 for the reporting unit during its financial year. Section 237 of the RO Act requires this statement to be lodged with the Registered Organisations Commission (the ROC) within 90 days of the end of the reporting unit's financial year, that is on or before 28 September 2019.

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

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

### **Financial report**

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

We emphasise that the reporting unit is required to present its audited financial report to a meeting (either of members or of the committee of management, depending on your rules) no later than 31 December 2019 (s.266). The full financial report must be lodged with the ROC within 14 days of that meeting (s.268).

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



You can visit our website for more information regarding [financial reporting](#), and fact sheets regarding [financial reporting processes and requirements](#). A model set of financial statements developed by the ROC is also available on our website. It is not obligatory to use this model but it is a useful resource to ensure compliance with the RO Act, the Reporting Guidelines and the Australian Accounting Standards.

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

### **Auditor's report**

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

## **REMINDER**

### **YOUR AUDITOR MUST BE REGISTERED (s.256)**

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

### **Contact**

Should you require any clarification in relation to the above, please email [regorgs@roc.gov.au](mailto:regorgs@roc.gov.au).

Yours faithfully,

**Kylie Ngo**  
**Registered Organisations Commission**

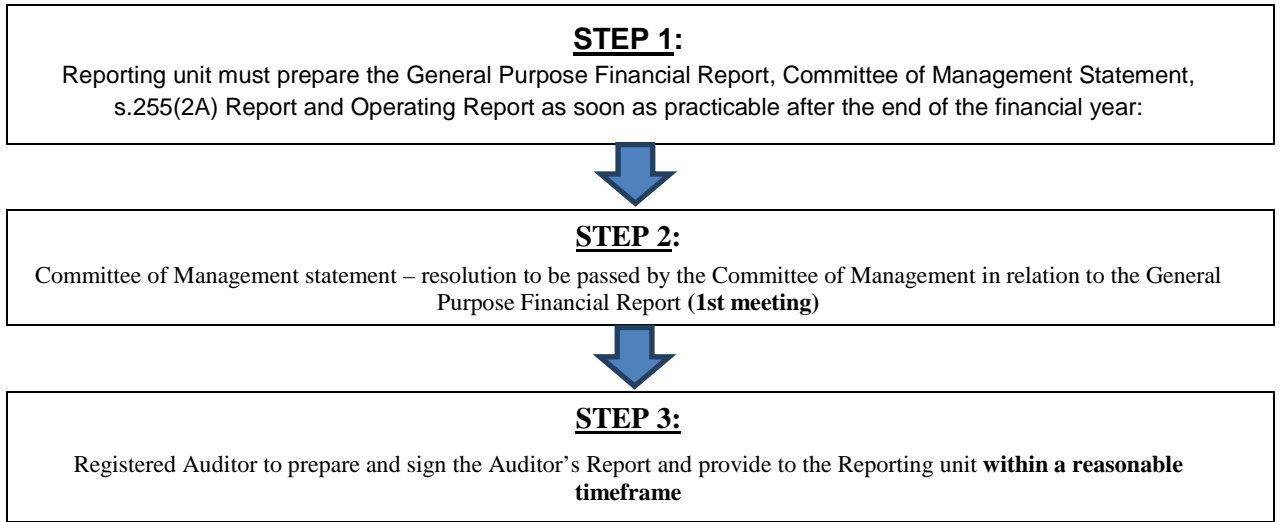


# Fact sheet

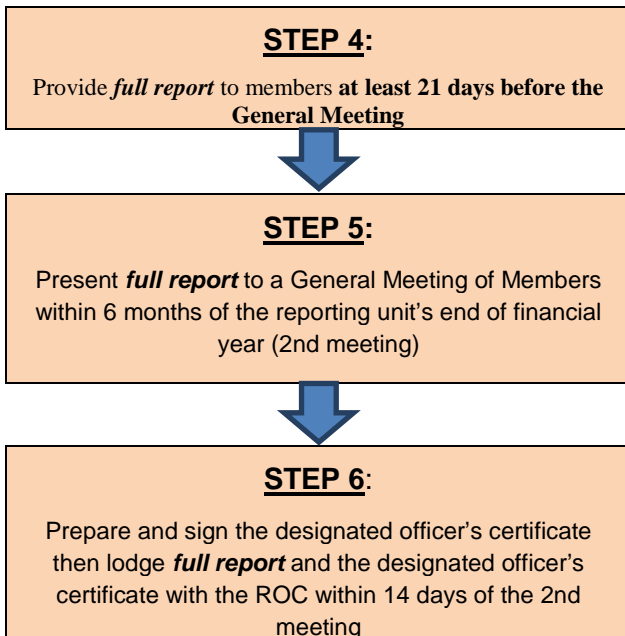
## Summary of financial reporting timelines – s.253 financial reports

### General Information:

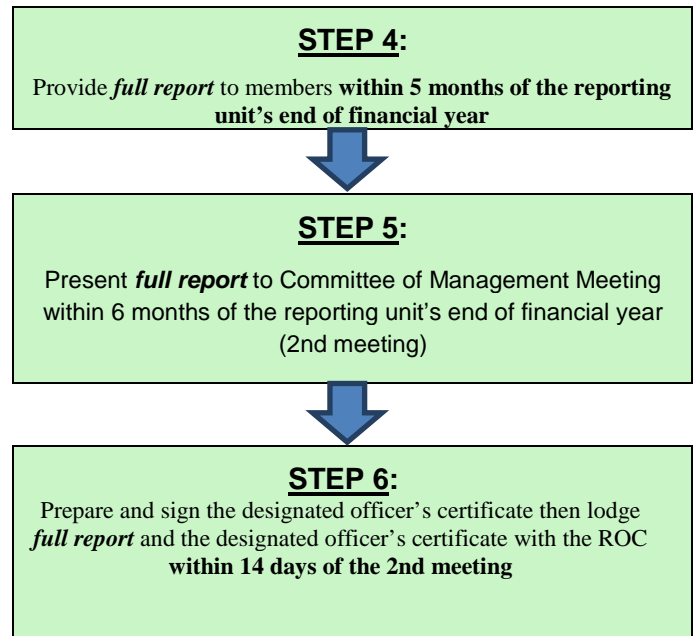
- The **full report** consists of the General Purpose Financial Report, Committee of Management Statement, Operating report, s.255(2A) Report and signed Auditors' Report
- For an explanation of each of the steps below see our [Fact sheet—financial reporting process](#).



IF RULES PROVIDE FOR PRESENTATION OF FULL REPORT AT GENERAL MEETING OF MEMBERS  
(this is the default process in the RO Act)





















IF RULES PROVIDE FOR PRESENTATION OF FULL REPORT AT COMMITTEE OF MANAGEMENT MEETING  
(Special rules must be in the rulebook to use this process)



## Misconceptions

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

Misconception	Requirement
<p> The Committee of Management statement is just copied from the Reporting Guidelines</p>	<p> The Committee of Management statement must have the date of the Committee of Management resolution recorded upon it and it must be signed and dated BEFORE the auditor signs their report</p> <p>Further, if any of the statements within it need to be modified to suit the reporting unit (for instance not holding meetings) these changes must also be made</p>
<p> The Auditor's Report does not need to be signed until just before it is lodged with the ROC</p>	<p> The Auditor's Report must be signed and dated BEFORE the full report (including the Auditor's Report) is sent to members and presented to the second meeting</p>
<p> The Designated Officer's Certificate must be signed before the report is sent to members</p>	<p> The Designated Officer's Certificate declares what the reporting unit HAS ALREADY DONE to provide the report to members and present it to the meeting. It must be signed and dated AFTER sending the report to members and the second meeting</p>
<p> Documents can be dated when they should have been signed or when the events in the document occurred</p>	<p> Documents must always be dated at the date they are actually signed by an officer or auditor</p>
<p> Any auditor can audit a financial report</p>	<p> Only registered auditors can audit the financial report</p>
<p> The Committee of Management statement can be signed at any time</p>	<p> The resolution passing the Committee of Management Statement must occur and the statement signed and dated BEFORE the auditor's report is signed and dated</p>
<p> Any reporting unit can present the Full Report to a second COM meeting</p>	<p> Only reporting units with a 5% rule in their rulebook are able to present their report to a second Committee of Management Meeting. Otherwise, it must be presented to a General Meeting of members</p>
<p> Everything can be done at one Committee of Management meeting</p>	<p> If the rules allow for presenting the report to the Committee of Management, there must still be <u>two meetings</u>. The first meeting resolves the Committee of Management statement (including signing and dating it). Between the two meetings the Auditor's report is signed and dated. Only then can the full report be presented to the second Committee of Management meeting (if the rules allow)</p>
<p> The reporting unit has 6 months and 14 days to lodge their financial report with the ROC</p>	<p> The reporting unit must lodge the financial report within 14 days of the second meeting</p>

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This fact sheet is not intended to be comprehensive. It is designed to assist in gaining an understanding of the Registered Organisations Commission and its work. The Registered Organisations Commission does not provide legal advice.



## Fact sheet

### Loans, Grants & Donations

#### **The Loans, Grants & Donations Requirements**

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

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

#### **The Loans, Grants & Donations Statement**

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

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

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

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

## Common misconceptions

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

Misconception	Requirement
✘ Only reporting units must lodge the Statement.	✔ All branches and organisations, regardless of whether they lodge a financial report, must lodge the statement within 90 days of the end of the financial year. An organisation cannot lodge a single statement to cover all of its branches.
✘ Employees can sign the Statement.	✔ The statement must be signed by an elected officer of the relevant branch.
✘ Statements can be lodged with the financial report.	✔ The deadline for the statement is much shorter (90 days) and if it is lodged with the financial report it is likely to be late.

## Grants & Donations within the Financial Report

Item 14(e) of the Commissioner's Reporting Guidelines requires the reporting unit to separate the line items relating to grants and donations into grants or donations that were \$1000 or less and those that exceeded \$1000.

As such, the note in the financial report relating to grants and donations will have four lines.

In the [ROC's Model Statements](#) the note appears as follows:

### Note 4E: Grants or donations\*

Grants:	<b>2017</b>	2016
Total expensed that were \$1,000 or less	-	-
Total expensed that exceeded \$1,000	-	-
Donations:		
Total expensed that were \$1,000 or less	-	-
Total expensed that exceeded \$1,000	-	-
<b>Total grants or donations</b>	<b>-</b>	<b>-</b>

The Commissioner's Reporting Guidelines requires that these line items appear in the financial statements, the notes or in the officer's declaration statement, even if the figures are NIL.

## Implications for filing the Financial Report

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

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

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

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

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

### Further information

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