



10 March 2021

Mr David Gates
President
Master Builders' Association of Tasmania Inc.

By e-mail: headoffice@mbatas.org.au
matthew@mbatas.org.au

Dear Mr Gates

Master Builders' Association of Tasmania Inc.
Financial Report for the year ended 30 June 2020 - FR2020/111

I acknowledge receipt of the amended financial report for the year ended 30 June 2020 for the Master Builders' Association of Tasmania Inc. (**the reporting unit**). The financial report was lodged with the Registered Organisations Commission (**ROC**) on 5 March 2021.

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

Whilst the 2020 report has been filed the following should be addressed in the preparation of the next financial report.

1. Committee of management statement

Recovery of wages

The 5th edition of the Reporting Guidelines made under section 255 of the RO Act no longer require a statement regarding recovery of wages activity.

In future please do not include paragraph (f) "no revenue has been derived from undertaking recovery of wages during the reporting period." in the committee of management statement.

2. General Purpose Financial Report (GPFR)

Disclosure of employee provisions for holders of office

The reporting guidelines require either the statement of financial position or the notes to disclose any liability for employee benefits in respect of office holders (item 16(c)). Item 16(c) of the reporting guidelines requires these provisions to be separately disclosed as follows:

- Annual leave;
- Long service leave;
- Separation and redundancies; and
- Other employee provisions.

Item 21 in the reporting guidelines states that if any of the activities identified within items 10-20 of the reporting guidelines have not occurred in the reporting period, a statement to this effect must be included either in the financial statements, the notes or in the officer's declaration statement.

Disclosure requirements - assets measured at fair value

Australian Accounting Standard AASB 13 *Fair Value Measurement* paragraph 93 identifies the disclosure requirements for when assets and liabilities are measured at fair value.

Note 8 to the GPFR discloses the total value of the property at 116 Bathurst St Hobart as \$4,166,920 however the fair value measurement note includes only the investment property component of \$3,237,000.

Please ensure that next year's financial statements include the total of assets measured at fair value.

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

Yours faithfully



KEN MORGAN
Financial Reporting Specialist
Registered Organisations Commission



Master Builders Association of Tasmania Inc

s.268 Fair Work (Registered Organisations) Act 2009

Certificate by prescribed designated officer

Certificate for the year ended 30th June 2020

I David Gates being the President of the Master Builders Association of Tasmania Inc. certify:

- that the documents lodged here with are copies of the full amended report for the Master Builders Association of Tasmania Inc. for the period ended referred to in s.268 of the Fair Work (Registered Organisations) Act 2009; and
- that the full amended report was provided to members of the reporting unit on 4th March 2021; and
- that the full amended report was presented to a committee of management meeting on 26th February 2021 in accordance with s.266 of the Fair Work (Registered Organisations) Act 2009.

Signature of prescribed designated officer:

A handwritten signature in black ink that reads "David Gates".

Name of prescribed designated officer: David Gates

Title of prescribed designated officer: President

Dated: 5/3/2021

Auditor's Independence Declaration to the Committee of Management of the Master Builders' Association of Tasmania Inc.

In relation to our audit of the financial report of the Master Builders Association of Tasmania Inc. for the financial year ended 30 June 2020, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements as set out in the *Fair Work (Registered Organisations) Act 2009*; and any applicable code of professional conduct.



NICK CARTER
Partner
Wise Lord & Ferguson
Chartered Accountants

1/160 Collins Street
HOBART TAS 7000

Dated: 26/2/2021

INDEPENDENT AUDITOR'S REPORT

Members of the Master Builders' Association of Tasmania Inc.

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Master Builders' Association of Tasmania Inc. (the reporting unit), which comprises the statement of financial position as at 30 June 2020, 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 committee of management statement, the subsection 255(2A) report and the officer declaration statement.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of Master Builders' Association of Tasmania Inc. as at 30 June 2020, 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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

The committee of management is responsible for the other information. The other information obtained at the date of this auditor's report is in the operating report accompanying the financial report.

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

In connection with 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 I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Committee of Management for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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 committee of management.
- Conclude on the appropriateness of the committee of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the reporting unit's ability to continue as a going concern. If 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 committee of management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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



NICK CARTER

Partner

Wise Lord & Ferguson

Fellow of Institute of Chartered Accountants Australia & New Zealand CAANZ

Registered Company Auditor: 450133

Registration number (as registered by the Commissioner under the RO Act): AA2017/125

Holder of Public Practice Certificate

1/160 Collins Street

HOBART TAS 7000

Date: 24/2/2021



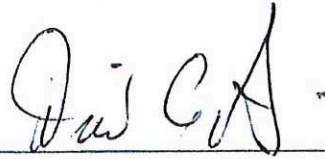
The Master Builders'
Association of Tasmania
Inc.
Financial Statements
30 June 2020

The Master Builders' Association of Tasmania Inc.
REPORT REQUIRED UNDER SUBSECTION 255(2A)
for the year ended 30 June 2020

The committee of management presents the expenditure report as required under subsection 255(2A) on the reporting unit for the year ended 30 June 2020

	2020	2019
	\$	\$
Categories of expenditures		
Remuneration and other employment-related costs and expenses - employees	985,916	895,236
Advertising	37,662	1,785
Operating costs	2,256,787	2,421,708
Donations to political parties	-	-
Legal costs	17,998	28,994

Signature of Designated Officer:



Name and Title of Designated Officer:

DAVID GATES PRESIDENT

Dated.

26th FEBRUARY 2021

The Master Builders' Association of Tasmania Inc.

OPERATING REPORT

for the period ended 30 June 2020

The officers of management presents its operating report on the reporting unit for the year ended 30 June 2020.

Principal activities

The principal activities of the Association during the financial year were:

- Providing members services such as, contractual and commercial services, wide range of individual services including advice on industrial disputes, and negotiating with unions at both state and federal levels;
- Keeping members informed on matter relevant and relating to the building industry; and
- The Association promotes all forms of education and training within the building industry to encourage and preserve skills.

It is noted that during the financial year the activities of the Association were suitably carried out. No significant change in the nature of these activities occurred during the year.

The surplus/(deficit) from ordinary activities amounted to \$506,613 for the period ending 30 June 2020 (2019: \$281,854). The total comprehensive income of the Association amounted to \$506,613 (2019: \$281,854) for the period before mentioned.

Financial Affairs

No significant changes were noted to the financial affairs of the Association during the year.

Right to Resign

Rule 9 of the Association's Constitution deals with right of members to resign - any Member may resign from membership by written notice via letter, email or facsimile addressed to the Executive Director.

Superannuation Trustees/Directors

No officer or member of the reporting unit holds a position as a trustee of director of a superannuation entity or exempt public sector superannuation scheme where the criterion for holding such a position is that they are an officer or member of an organisation.

Number of members

The Association had 616 members at the end of the reporting period (2019: 615).

The Master Builders' Association of Tasmania Inc.

OPERATING REPORT

for the period ended 30 June 2020

Number of employees

The Association employed 31 - (10 office based staff & 21 apprentices) as at 30 June 2020 (2019: 35 employees).

Payments to employers

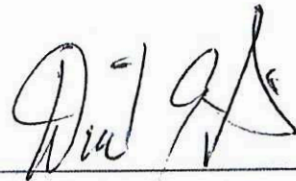
The Association did not make any payments during the financial year to employers as consideration for the employers making payroll deductions of membership subscriptions.

Names of committee of management members and period positions held during the financial year

Names and positions of the Committee of Management for the financial year 1 July 2019 to 30 June 2020 were:

President	Mr D Gates	Councillor	Mr T Streefland
Vice President	Mr J Faulkner	Councillor	Mr A Kilpatrick
Treasurer	Mr L Fenton	Councillor	Mr M Schmidt
Treasurer (resigned 27 th Sept 2020)	Mr D Moody	Councillor	Mr B Nicholls
Immediate Past President	Mr L Fenton	Councillor	Mr D Reid
Extra Ordinary Board Member	Mr C Edmunds	Councillor	Mr R Oakes
Councillor	Mr W Licht	Councillor	Mr T Mead

Signature of Designated Officer:



Name and Title of Designated Officer:

DAVID GATES PRESIDENT

Dated:

26th FEBRUARY 2021

The Master Builders' Association of Tasmania Inc.

COMMITTEE OF MANAGEMENT DECLARATION

MS. for the period ended 30 June 2020

On the 26/02/2021 the Committee of Management of Master Builders' Association of Tasmania Inc passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 30 June 2020:

The Committee of Management declares that in its opinion:

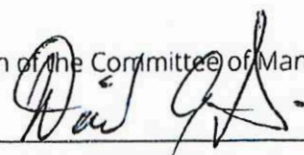
- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act);
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
 - (iv) where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and
 - (v) where information has been sought in any request by a member of the reporting unit or General Manager duly made under section 272 of the RO Act has been provided to the member or General Manager; and
 - (vi) where any order for inspection of financial records has been made by the Registered Organisation Commission under section 273 of the RO Act, there has been compliance.
- (f) no revenue has been derived from undertaking recovery of wages activity during the reporting period.

This declaration is made in accordance with a resolution of the Committee of Management:

Signature of Designated Officer:

Name and Title of Designated Officer:

Dated:



DAVID GATES, PRESIDENT
26th FEBRUARY 2021

The Master Builders' Association of Tasmania Inc.

STATEMENT OF COMPREHENSIVE INCOME

for the period ended 30 June 2020

	Note	2020 \$	2019 \$
REVENUE	3	3,837,180	3,629,577
		<hr/>	<hr/>
TOTAL INCOME		3,837,180	3,629,577
EXPENSES			
Depreciation Expense	4	65,209	52,783
Employee Expenses	4	985,916	895,236
Other Expenses	4	2,279,442	2,399,704
		<hr/>	<hr/>
TOTAL EXPENSES		3,330,567	3,347,723
		<hr/>	<hr/>
SURPLUS FOR THE YEAR		506,613	281,854
OTHER COMPREHENSIVE INCOME			
Other comprehensive income		-	-
		<hr/>	<hr/>
TOTAL COMPREHENSIVE INCOME	13	506,613	281,854
		<hr/>	<hr/>

The accompanying notes form part of the financial statements

The Master Builders' Association of Tasmania Inc.

STATEMENT OF FINANCIAL POSITION

as at 30 June 2020

	Note	2020 \$	2019 \$
CURRENT ASSETS			
Cash & Cash Equivalents	5	2,004,200	600,249
Prepayments		13,750	7,393
Inventories		22,640	22,918
Trade Receivables	6	278,530	270,005
TOTAL CURRENT ASSETS		2,319,120	900,565
NON-CURRENT ASSETS			
Property, Plant & Equipment	7	2,062,980	2,084,990
Investment Property	8	3,254,111	4,403,920
Other Financial Assets	9	120,000	120,000
TOTAL NON-CURRENT ASSETS		5,437,091	6,608,910
TOTAL ASSETS		7,756,211	7,509,475
CURRENT LIABILITIES			
Trade Payables	10(a)	131,893	226,933
Income Received in Advance		70,665	95,632
Employee Entitlements	11	136,266	108,734
Other Liabilities	10(b)	64,849	56,339
Borrowings	12	-	20,556
TOTAL CURRENT LIABILITIES		403,673	508,194
NON-CURRENT LIABILITIES			
Borrowings	12	-	155,356
TOTAL NON-CURRENT LIABILITIES		-	155,356
TOTAL LIABILITIES		403,673	663,550
NET ASSETS		7,352,538	6,845,925
EQUITY			
Accumulated Funds & Reserves	13	7,352,538	6,845,925

The accompanying notes form part of the financial statements

The Master Builders' Association of Tasmania Inc.

STATEMENT OF CHANGES IN EQUITY

for the period ended 30 June 2020

	RESERVES	ACCUMULATED FUNDS	TOTAL EQUITY
	\$	\$	\$
Balance as at 30 June 2018	2,053,373	4,510,698	6,564,071
Surplus for the year	-	281,854	281,854
Other Comprehensive Income	-	-	-
Balance as at 30 June 2019	2,053,373	4,792,552	6,845,925
Surplus for the year	-	506,613	506,613
Transfer from reserves to accumulated funds	(100,000)	100,000	-
Other Comprehensive Income	-	-	-
Balance as at 30 June 2020	1,953,373	5,399,165	7,352,538

The accompanying notes form part of the financial statements

The Master Builders' Association of Tasmania Inc.

CASH FLOW STATEMENT

for the period ended 30 June 2020

	Note	2020 \$	2019 \$
OPERATING ACTIVITIES			
Cash received			
Receipts from trading		3,684,203	3,654,203
Interest received		11,386	4,212
		<u>3,695,589</u>	<u>3,658,415</u>
Cash used			
Payments to suppliers & employees		(3,352,567)	(3,350,999)
Net cash from (used by) operating activities	14(b)	<u>343,022</u>	<u>307,416</u>
INVESTING ACTIVITIES			
Cash received			
Proceeds from disposal of property		1,292,175	-
Cash used			
Purchase of equipment and capital upgrades		(55,334)	(77,631)
Net cash from (used by) investing activities		<u>1,236,841</u>	<u>(77,631)</u>
FINANCING ACTIVITIES			
Cash received			
Contributions from borrowings		-	-
Cash used			
Repayment of borrowings		(175,912)	(50,746)
Net cash from (used by) financing activities		<u>(175,912)</u>	<u>(50,746)</u>
Net increase (decrease) in cash held		<u>1,403,951</u>	<u>179,039</u>
Cash & cash equivalents at the beginning of the reporting period		600,249	421,210
Cash & cash equivalents at the end of the reporting period	14(a)	<u>2,004,200</u>	<u>600,249</u>

The accompanying notes form part of the financial statements

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS
FOR THE PERIOD ENDED 30 JUNE 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation of the financial statements

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

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

1.2 Comparative Amounts

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

1.3 Accounting judgements and estimates

The preparation of financial statements requires management to make judgements estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is described in note 10 where judgements have been made in relation to the value of employee entitlements.

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

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

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS
FOR THE PERIOD ENDED 30 JUNE 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.4 New Australian Accounting Standards (continued)

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

- AASB 16 Leases
- AASB15 Revenue from contracts with customers

Impact on adoption of AASB 16

(a) Initial application

The Association has adopted AASB 16 Leases retrospectively with the cumulative effect of initially applying AASB 16 recognised at 1 July 2019. In accordance with AASB 16, the comparatives for the 2019 reporting period have not been restated.

The Association has recognised a lease liability and right-of-use asset for all leases (with the exception for short term and low value leases) recognised as operating leases under AASB 117 Leases where the Association is the lessee. The Association has some small low value leases that met the exclusion criteria. Therefore, based on this as at 30 June 2020 there are no right-of-use assets and associated lease liability.

If the Association was to enter into leasing arrangements in the future the right of use assets for property, plant and equipment would be measured at its carrying amount as if AASB 16: Leases had been applied since the commencement date, but discounted using the Association's weighted average incremental borrowing rate. The following practical expedients will be used by the Association in applying AASB 16:

- for a portfolio of leases that have reasonably similar characteristics, a single discount rate has been applied
- leases that have remaining lease term of less than 12 months as at 1 July 2019 have been accounted for in the same way as short-term leases
- the use of hindsight to determine lease terms on contracts that have options to extend or terminate
- applying AASB 16 to leases previously identified as leases under AASB 117: Leases and Interpretation 4: Determining whether an arrangement contains a lease without reassessing whether they are, or contain, a lease at the date of initial application
- not applying AASB 16 to leases previously not identified as containing a lease under AASB 117 and Interpretation 4.

There has been no significant change from prior year treatment for leases where the Association is a lessor.

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS
FOR THE PERIOD ENDED 30 JUNE 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.4 New Australian Accounting Standards (continued)

Initial application of AASB 15 and AASB 1058

The Association has applied AASB 15: Revenue from Contracts with Customers and AASB 1058 - Income of Not-for-Profit Entities using the cumulative effective method of initially applying AASB 15 and AASB 1058 as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be presented under AASB 118 - Revenue and AASB 1004 - Contributions. There has been no change to the accounting treatment of the Associations revenue with the introduction of AAS15 and AASB1058.

1.5 Acquisition of assets and or liabilities that do not constitute a business combination

Master Builders did not acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of the organisation, a determination or revocation by the General Manager of the Fair Work Commission under subsections 245(1) or 249(1) of the RO Act.

1.6 Gains

Sale of assets

Gains and losses from disposal of assets are recognised when control of the asset has passed to the buyer.

1.7 Capitalisation Fees and Levies

Capitation fees and levies are recognised on an accrual basis and recorded as a revenue and/or expense in the year to which it relates.

1.8 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. No recovery of wages has occurred in the reporting period.

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.

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS
FOR THE PERIOD ENDED 30 JUNE 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

1.9 Leases

At inception of a contract, the Association assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Association where the Association is a lessee. However, all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Association uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

fixed lease payments less any lease incentives;

- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Association anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

Concessionary Leases

For leases that have significantly below-market terms and conditions principally to enable the Association to further its objectives (commonly known as peppercorn/concessionary leases), the Association has adopted the temporary relief under AASB 2018-814 and measures the right of use assets at cost on initial recognition.

The Association as lessor

The Association leases some rooms in their building to external parties.

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS
FOR THE PERIOD ENDED 30 JUNE 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.9 Leases (continued)

Upon entering into each contract as a lessor, the Association assesses if the lease is a finance or operating lease.

The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases.

Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (eg legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Rental income due under finance leases are recognised as receivables at the amount of the Association's net investment in the leases.

When a contract is determined to include lease and non-lease components, the Association applies AASB 15 to allocate the consideration under the contract to each component.

The Association currently has not operating leases.

1.10 Borrowing Costs

All borrowing costs are recognised in profit and loss in the period in which they are incurred.

1.11 Cash

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

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS
FOR THE PERIOD ENDED 30 JUNE 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.12 Financial Instruments

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument.

Financial Assets

i) Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Association's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Association initially measures a financial asset at its fair value.

In order for a financial asset to be classified and measured at amortised cost 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.

The Association's 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 the Association commits to purchase or sell the asset.

ii) 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

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NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS
FOR THE PERIOD ENDED 30 JUNE 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.12 Financial Instruments (continued)

Financial assets at amortised cost

The Association 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 rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Association's financial assets at amortised cost includes trade receivables and other financial assets.

iii) Derecognition

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired or
- The Association 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:
 - the Association has transferred substantially all the risks and rewards of the asset, or
 - the Association has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Association 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, the Association continues to recognise the transferred asset to the extent of its continuing involvement together with associated liability.

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS
FOR THE PERIOD ENDED 30 JUNE 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.12 Financial Instruments (continued)

iv) Impairment

Trade receivables

For trade receivables that do not have a significant financing component, the Association 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, the Association does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

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, the Association 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 the Association expects to receive, discounted at an approximation of the original effective interest rate.

The Association considers a financial asset to be in default when internal or external information indicates that the Association 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.

Financial Liabilities

i) 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.

The Association's financial liabilities include trade and other payables and borrowings.

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS
FOR THE PERIOD ENDED 30 JUNE 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.12 Financial Instruments (continued)

ii) Subsequent measurement

Financial liabilities at amortised cost

After initial recognition, trade payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs.

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.

1.13 Land, Buildings, Plant and Equipment

Asset Recognition Threshold

Purchases of land, buildings, plant and equipment are recognised initially at cost in the statement of financial position.

Revaluations—Land and Buildings

Following initial recognition at cost, land and buildings are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient frequency such that the carrying amount of assets do not differ materially from those that would be determined using fair values as at the reporting date.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the profit or loss except to the extent that they reverse a previous revaluation increment for that class. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS
FOR THE PERIOD ENDED 30 JUNE 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.13 Land, Buildings, Plant and Equipment (continued)

Depreciation

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

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2020	2019
Motor vehicles	4 – 5 years	4 - 5 years
Plant and Equipment	2.5 – 11 years	2.5 - 11 years
Buildings	50 years	50 years

Derecognition

An item of land, buildings, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss.

1.14 Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit and loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS
FOR THE PERIOD ENDED 30 JUNE 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.15 Impairment of Non-Financial Assets

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

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

1.16 Taxation

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

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

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

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

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

1.17 Fair Value Measurement

The Association measures non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date.

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS
FOR THE PERIOD ENDED 30 JUNE 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.17 Fair Value Measurement (continued)

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 Association. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Association determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as land and buildings and investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the Association has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS
FOR THE PERIOD ENDED 30 JUNE 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.18 Going Concern

The Association has not agreed to provide financial support to another reporting unit to ensure they can continue on a going concern basis

1.19 Inventories

Inventories are valued at the lower of cost or net realisable value.

1.20 Revenue

Revenue

The Association enters into various arrangements where it receives consideration from another party. These arrangements include consideration in the form of membership subscriptions, capitation fees, insurance sales and commission, apprentice hire and rental income.

The timing of recognition of these amounts as either revenue or income depends on the rights and obligations in those arrangements.

Revenue from contracts with customers

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

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

Membership subscriptions

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

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

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS
FOR THE PERIOD ENDED 30 JUNE 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.20 Revenue (continued)

If there is more than one distinct good or service promised in the membership subscription, the Association allocates the transaction price to each performance obligation based on the relative standalone selling prices of each promised good or service. In performing this allocation, standalone selling prices are estimated if there is no observable evidence of the price that the Association charges for that good or service in a standalone sale. When a performance obligation is satisfied, which is either when the customer obtains control of the good (for example, books or clothing) or as the service transfers to the customer (for example, member services or training course), the Association recognises revenue at the amount of the transaction price that was allocated to that performance obligation.

For member subscriptions paid annually in advance, the Association has elected to apply the practical expedient to not adjust the transaction price for the effects of a significant financing component because the period from when the customer pays and the good or services will transfer to the customer will be one year or less.

When a member subsequently purchases additional goods or services from the Association at their standalone selling price, the Association accounts for those sales as a separate contract with a customer.

Capitation fees

Where the Association's arrangement with a branch or another reporting unit meets the criteria to be a contract with a customer, the Association recognises the capitation fees promised under that arrangement when or as it transfers the goods or services.

In circumstances where the criteria for a contract with a customer are not met, the Association will recognise capitation fees as income upon receipt.

Income recognised from transfers

Where, as part of an enforceable agreement, the Association receives consideration to acquire or construct a non-financial asset such as property, plant and equipment to an identified specification and for the Association's own use, a liability is recognised for the obligation to acquire or construct the asset. Income is recognised as the obligation to acquire or construct the asset is satisfied, which is typically over time. The asset that is being acquired or constructed is recognised in accordance with the policy on property, plant and equipment.

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS
FOR THE PERIOD ENDED 30 JUNE 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.20 Revenue (continued)

Gains from sale of assets

An item of property, plant and equipment is derecognised upon disposal (which is at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

Interest income

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

Rental income

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

Apprentice hire

Apprentice hire income is recognised when the services have been performed.

Insurance sales and commission

Insurance sales and commission income are recognised when the right to receive payment is established.

Revenue received from recovery of wages

The association does not receive any revenue in regard to the recovery of wages on behalf of its members.

Training

Training income is recognised when the member invoice is generated.

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.20 Revenue (continued)

Income of the Association as a Not-for-Profit Entity

Consideration is received by the Association to enable the entity to further its objectives. The Association recognises each of these amounts of consideration as income when the consideration is received (which is when the Association obtains control of the cash) because, based on the rights and obligations in each arrangement:

- the arrangements do not meet the criteria to be contracts with customers because either the arrangement is unenforceable or lacks sufficiently specific promises to transfer goods or services to the customer; and
- the Association's recognition of the cash contribution does not give to any related liabilities.

2. EVENTS AFTER THE REPORTING PERIOD

There were no events that occurred after 30 June 2020, and/or to the signing of the financial statements, that would affect the ongoing structure and financial activities of The Master Builders' Association of Tasmania Inc.

	2020	2019
	\$	\$
3. REVENUE AND CONTRACTS WITH CUSTOMERS		
Apprentice Hire	1,169,946	1,151,905
Associate Specialist Contractor	101,055	103,226
Associate Supplier Exchange	20,995	18,794
Bad Debts Recovered	913	-
MBT Journal	7,330	23,291
Commissions	4,758	6,020
Cash Flow Boost	62,500	-
Documents	14,720	14,932
Excellence Awards Entries	17,284	20,526
Fee for Service	23,250	10,292
Housing Awards/Annual Dinner Income	152,293	162,543
Insurance Sales & Commission	301,833	223,111
Interest Income	11,386	4,242
John Holland Fairbrother Joint Venture Income	-	91,868
Marketing Income	1,579	9,911
Other Functions	13,691	16,219
Pathways Program Income	57,100	56,910

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
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FOR THE PERIOD ENDED 30 JUNE 2020

	2020	2019
	\$	\$
3. REVENUE AND CONTRACTS WITH CUSTOMERS - CONTINUED		
Profit/(Loss) on Sale of Fixed Assets	128,572	(1)
Property Income	474,245	500,939
Subscriptions	454,121	457,554
Sundry Revenue	28,108	20,051
Training	791,501	737,244
Total Revenue	<u>3,837,180</u>	<u>3,629,577</u>
	2020	2019
	\$	\$
4. EXPENSES		
<i>Depreciation of Non-Current Assets</i>		
Plant and Equipment	31,145	20,993
Buildings	25,340	25,340
Capital Upgrade	3,725	-
Motor Vehicles	4,999	6,450
Total Depreciation of Non-Current Assets	<u>65,209</u>	<u>52,783</u>
<i>Employee Expenses</i>		
<i>Holders of office</i>		
Wages and Salaries	-	-
Superannuation	-	-
Leave and Other Entitlements	-	-
Separation and Redundancies	-	-
Other Employee Expenses	-	-
Subtotal employee expenses holders of office	<u>-</u>	<u>-</u>
<i>Employees other than office holders</i>		
Wages and Salaries	813,401	778,992
Superannuation	74,071	78,821
Leave and Other Entitlements	98,444	37,423
Separation and Redundancies	-	-
Other Employee Expenses	-	-
Subtotal employee expenses other than office holders	<u>985,916</u>	<u>895,236</u>
Total Employee Expenses	<u>985,916</u>	<u>895,236</u>

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS
FOR THE PERIOD ENDED 30 JUNE 2020

	2020	2019
	\$	\$
4. EXPENSES - CONTINUED		
<i>Other Expenses</i>		
Accounting & Audit	10,780	9,349
Advertising	37,662	1,785
Apprentice Expenses	1,118,138	1,015,697
Bad Debts	4,567	16,417
Bank Charges	3,596	15,194
Building Journal Expenses	6,601	11,426
Catering & Meeting Costs	52,752	60,955
Commissions	-	20,780
Consultancies	57,424	99,163
Cost of Goods Sold	277	(6,333)
Documents	9,816	4,291
Excellence Awards Expenditure	17,573	16,581
Federal Subscriptions	85,909	106,582
Fees/Allowances -Meeting and Conferences	31,633	57,020
Housing Awards/Annual Dinner Expense	119,314	122,738
Insurances	24,744	28,951
John Holland Fairbrother Joint Venture Expenses	-	14,182
Legal Expenses - Litigation	-	-
Legal Expenses - Other	17,998	28,994
Light & Power	43,233	53,193
Loss on Disposal of Investment	-	25,001
Meeting Expenses	-	2,542
Office Rental	6,417	5,250
Pathways Program Expenditure	18,636	34,117
Postage and Stamps	2,891	1,825
Printing and Photocopying	11,541	15,526
Property Expenses - Rates	68,905	87,747
Property/Office Equipment Maintenance	83,976	80,676
Regional Annual Dinner Expenses	-	-
Sundry Expenses	112,936	102,947
Telephone	27,407	31,095
Training	267,898	300,138
Vehicle Running	36,818	35,875
Total Other Expenses	2,279,442	2,399,704

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS
FOR THE PERIOD ENDED 30 JUNE 2020

	2020	2019
	\$	\$
4. EXPENSES - CONTINUED		
<i>Grants or Donations</i>		
<i>Grants</i>		
Total Paid that were \$1000 or Less	-	-
Total Paid that Exceeded \$1,000	-	-
<i>Donations</i>		
Total Paid that were \$1,000 or Less	-	-
Total Paid that Exceeded \$1,000	-	-
Subtotal Grants or Donations	<u>-</u>	<u>-</u>
5. CASH & CASH EQUIVALENTS		
Cash on Hand	1,500	1,500
Commonwealth Trading Bank	218,080	188,909
Cash Investment	1,011,805	116,542
Commonwealth at Call	223,250	22,956
Group Training Account	549,565	270,342
Total Cash & Cash Equivalents	<u>2,004,200</u>	<u>600,249</u>
6. TRADE RECEIVABLES		
Trade Receivables	(a) 280,587	272,062
Provision for Impairment	(2,057)	(2,057)
Total Trade Receivables	<u>278,530</u>	<u>270,005</u>
(a) Terms and Conditions		
Terms and conditions relating to the above financial instruments:		
(i) Trade debtors are non-interest bearing and generally on 30 day terms.		
7. PROPERTY, PLANT & EQUIPMENT		
Land & Buildings	1,988,000	1,988,000
Less: Accumulated Depreciation	(50,680)	(25,340)
	<u>1,937,320</u>	<u>1,962,660</u>
Plant & Equipment	653,964	614,974
Less: Accumulated Depreciation	(545,524)	(514,863)
	<u>108,440</u>	<u>100,111</u>

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
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	2020	2019
	\$	\$
7. PROPERTY, PLANT & EQUIPMENT - CONTINUED		
Motor Vehicles	94,232	94,232
Less: Accumulated Depreciation	<u>(77,012)</u>	<u>(72,013)</u>
	17,220	22,219
Lift	-	-
Less: Accumulated Depreciation	<u>-</u>	<u>-</u>
	-	-
<i>Work in Progress</i>	-	-
Total Property, Plant & Equipment	<u>2,062,980</u>	<u>2,084,990</u>
(a) Reconciliations		
<i>Land & Buildings</i>		
Opening Written Down Value	1,962,660	1,988,000
Less Depreciation	<u>(25,340)</u>	<u>(25,340)</u>
Closing Written Down Value	<u>1,937,320</u>	<u>1,962,660</u>
<i>Plant & Equipment</i>		
Opening Written Down Value	100,111	60,393
Add Purchases	39,474	60,711
Less Disposals	-	-
Less Depreciation	<u>(31,145)</u>	<u>(20,993)</u>
Closing Written Down Value	<u>108,440</u>	<u>100,111</u>
<i>Motor Vehicles</i>		
Opening Written Down Value	22,219	28,670
Add Purchases	-	-
Less Disposals	-	(1)
Less Depreciation	<u>(4,999)</u>	<u>(6,450)</u>
Closing Written Down Value	<u>17,220</u>	<u>22,219</u>

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
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	2020	2019
	\$	\$
8. INVESTMENT PROPERTY		
Opening balance as at 1 July	4,403,920	4,387,000
Additions	-	16,920
Less disposal	(1,150,000)	-
Other	191	-
Closing balance as at 30 June	3,254,111	4,403,920

(i) 116 Bathurst Street Hobart

A valuation of 116 Bathurst Street was performed as at 30 June 2018 by Opteon property valuers. The value of the property had originally been recorded in the accounts under the cost model of AASB140.

The Master Builders' Association of Tasmania Inc. occupy level 5 of 116 Bathurst Street. Adjustment was therefore required to the classification of the property to ensure only the unoccupied portion is recognised as an investment property. The value of the property has been allocated accordingly based on the valuation obtained as at 30 June 2018, through the floor space occupied by The Master Builders' Association of Tasmania Inc.

	\$	
Occupied Building Value:	517,000	(Depreciable)
Occupied Land Value:	396,000	(Not depreciable)
	913,000	
Investment Property Value:	3,237,000	(Not depreciable)
Investment Capital Improvements:	17,111	(Not depreciable)
	3,254,111	
Total value of 116 Bathurst Street:	4,167,111	

(ii) 55 Canning Street Launceston

A valuation of 55 Canning Street was performed as at 30 June 2018 by Opteon property valuers. The value of the property had originally been recorded in the accounts under the cost model of AASB140.

The fair value at that date was determined to be \$1,150,000 and this is the value recorded on the statement of financial position. This property was sold during the financial year.

Additions

Additions during the year relate to capital improvements at 116 Bathurst Street, on those levels not occupied by The Master Builders' Association of Tasmania Inc.

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
 NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS
 FOR THE PERIOD ENDED 30 JUNE 2020

8. FAIR VALUE MEASUREMENT - CONTINUED

Fair Value Hierarchy

The following tables provide an analysis of financial and non-financial assets and liabilities that are measured at fair value, by fair value hierarchy.

Fair value hierarchy – 30 June 2020

	Date of Valuation	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets measured at fair value					
116 Bathurst Street, Hobart	30/06/2018	-	3,237,000	-	3,237,000
Total		-	3,237,000	-	3,237,000

Fair value hierarchy – 30 June 2019

	Date of Valuation	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets measured at fair value					
116 Bathurst Street, Hobart	30/06/2018	-	3,237,000	-	3,237,000
55 Canning Street, Launceston	30/06/2018	-	1,150,000	-	1,150,000
Total		-	4,387,000	-	4,387,000

	2020 \$	2019 \$
9. OTHER FINANCIAL ASSETS		
Unlisted Investment at cost		
MBA Insurance Services Pty Ltd	120,000	120,000
	<u>120,000</u>	<u>120,000</u>

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS
FOR THE PERIOD ENDED 30 JUNE 2020

	2020	2019
	\$	\$
10. TRADE PAYABLES & OTHER LIABILITIES		
(a) Trade Payables		
Accrued Expenses	-	-
Trade Payables	131,378	106,195
GST Liability/(Receivable)	515	120,738
Legal Costs		
Ligation	-	-
Other Legal Matters	-	-
Consideration to Employers for Payroll Deductions	-	-
Total Trade Payables	131,893	226,933
(b) Other Liabilities		
Sundries	64,849	56,339
Total Other Liabilities	64,849	56,339

(c) Terms and Conditions

Terms and conditions relating to the above financial instruments:

- (i) Trade creditors are non-interest bearing and normally settled on 30 day terms.

11. EMPLOYEE ENTITLEMENTS

The aggregate employee entitlement liability is comprised of:

Provision for Annual Leave	85,718	75,317
Provision for Long Service Leave	50,548	33,417
Total Employee Entitlements	136,266	108,734

There are no other provisions relating to separation and redundancies or other employee provisions.

12. BORROWINGS

Current	-	20,556
Non-Current	-	155,356
Total Borrowings	-	175,912

(a) Terms and Conditions

Borrowings were secured on existing 1st Registered All Monies Mortgage over the property 116 Bathurst St Hobart 7000, being the whole of the land described in Certificate of Title Volume 160449 Folio 2.

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS
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	2020	2019
	\$	\$
13. ACCUMULATED FUNDS & RESERVES		
(a) Accumulated Funds		
Balance at Beginning of Year	4,792,552	4,510,698
Add Surplus for the Year	506,613	281,854
Transfer from reserves	100,000	-
Balance at End of Year	<u>5,399,165</u>	<u>4,792,552</u>
(b) Reserves		
Balance at Beginning of Year	2,053,373	2,053,373
Add Other Comprehensive Income for the Year	-	-
Transfer to retained earnings	(100,000)	-
Balance at End of Year	<u>1,953,373</u>	<u>2,053,373</u>
Total Accumulated Funds & Reserves	<u>7,352,538</u>	<u>6,845,925</u>
14. NOTES TO THE STATEMENT OF CASH FLOWS		
(a) Reconciliation of Cash		
Cash on Hand	1,500	1,500
Cash at Bank	218,080	188,909
Cash Investment Account	1,011,805	116,542
Commonwealth at Call	223,250	22,956
Group Trading Account	549,565	270,342
	<u>2,004,200</u>	<u>600,249</u>
(b) Reconciliation of surplus/(deficit) to net cash from operating activities:		
Net Surplus/(Deficit)	506,613	281,854
Adjustments for non-cash items		
Depreciation and Amortisation	63,472	52,783
(Profit)/Loss on Disposal of Assets	(128,572)	1
Changes in assets/liabilities		
(Increase)/Decrease in Trade & Other Receivables	(8,525)	19,767
(Increase)/Decrease in Prepayments	(6,357)	(2,881)
(Increase)/Decrease in Inventories	277	(6,334)
Increase/(Decrease) in Trade Payables & Other Liabilities	(86,530)	(54,248)
Increase/(Decrease) in Income in Advance	(24,967)	(78)
Increase/(Decrease) in Employee Entitlements	27,611	16,552
Net Cash provided by (used in) Operating Activities	<u>343,022</u>	<u>307,416</u>

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS
FOR THE PERIOD ENDED 30 JUNE 2020

15. RELATED PARTY DISCLOSURES

The names of the officers of The Master Builders' Association of Tasmania Inc., during the financial year were:

President	Mr D Gates	Councillor	Mr T Streefland
Vice President	Mr J Faulkner	Councillor	Mr A Kilpatrick
Treasurer	Mr L Fenton	Councillor	Mr M Schmidt
Treasurer (resigned 27 th Sept 2020)	Mr D Moody	Councillor	Mr B Nicholls
Immediate Past President	Mr L Fenton	Councillor	Mr D Reid
Extra Ordinary Board Member	Mr C Edmunds	Councillor	Mr R Oakes
Councillor	Mr W Licht	Councillor	Mr T Mead

There were no transactions between the office holders and the Association other than those relating to their membership of the Association and the reimbursement by the Association in respect of expenses incurred by them in the performance of their duties. Such transactions have been on conditions no more favourable than those which would have been adopted by parties at arm's length.

Details of loans to officers is Nil.

None of the office holders are employees of The Master Builders' Association of Tasmania Inc. and therefore they do not receive any remuneration or employee entitlements

16. KEY MANAGEMENT PERSONNEL REMUNERATION

	Short-term employee benefits	Post-employment benefits	Long term benefits	Other	Total
2020					
Total income paid or payable to all Key Management personnel	184,321	17,131	-	-	201,452
2019					
Total income paid or payable to all Key Management personnel	206,249	19,594	3,479	-	229,322

17. AUDITORS REMUNERATION

2020	2019
\$	\$

Amounts received or due and receivable by WLF Accounting & Advisory for:

- an audit of the financial report of the Association	6,630	6,500
	<u>6,630</u>	<u>6,500</u>

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS
FOR THE PERIOD ENDED 30 JUNE 2020

18. DESCRIPTION OF OPERATIONS

The principal activities of the Association are to provide benefits to its members.

19. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

20. STATE OF THE INDUSTRY

No matter how you look at it the last 12 months has been a turbulent period. This was perhaps best captured in the swift and significant change in outlook presented between the release of the January (pre-COVID-19) and April (post-COVID-19) Master Builders Building and Construction forecasts.

2020 was shaping up to be the strongest year on record for building activity, with strong growth expected in the value of residential, commercial and civil and engineering construction work, a growing workforce and investment from both the public sector in major infrastructure and from the private sector to support expand capacity in the tourism, education and export sectors boosting confidence and underpinning an outlook for a sustained period of prosperity for the industry.

Then COVID-19 hit, putting a dampener on these prospects, and creating a very real threat that construction sites, like many other parts of the economy, may be shutdown. Some careful negotiation with government supported by an outstanding response from industry participants to keep sites safe meant we stayed open, providing much needed economic stimulus over the months where other large parts of the economy were put into hibernation.

Attention quickly turned to the recovery plan and how we get to the other side of the COVID-19 crisis. This is a period we still find ourselves in and there is still considerable uncertainty in terms of the year ahead. However, a commitment by government to 'Build our way out of the COVID-19 crisis' has put our industry at the centre of the economic recovery strategy.

It was very pleasing to see Master Builders stimulus recommendations, both at a State and National level feature heavily in the governments stimulus announcements. Most notably was the commitment by the State government to match the Federal government by extending the eligibility of the First Home Builder grant to all owner occupiers. This was a key recommendation by Master Builders, offering all new homeowners access to \$45,000 stimulus, and put the residential construction industry at the forefront of the economic recovery strategy.

The industry is not immune to the impacts of COVID-19 and despite government support, the latest bureau of statistics data estimates more than 1,000 job losses in the building and construction industry since the government lock down restrictions were put in place.

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS
FOR THE PERIOD ENDED 30 JUNE 2020

20. STATE OF THE INDUSTRY - CONTINUED

The outlook for the next 12 months is more uncertain than this time last year. A lack in business confidence and the threat of future lock downs are a threat to growth and may impact industries like tourism and education which have been important drivers of construction activity in recent years.

A commitment by the government to bring forward \$1.8 billion in infrastructure spending combined with a strong forward pipeline of private projects does support a case for more positive outlook once we get to the other side of the COVID-19 crisis.

From an organisational perspective, while our business remains robust and membership remains strong, the heightened level of risk and uncertainty as a result of COVID-19 must be addressed carefully. The State Council is committed to the prudent financial management of the business over the next 12 months to ensure the business has the best chance of maintaining its strong financial position.

21. INVESTMENT IN MASTER BUILDERS' AUSTRALIA INSURANCE SERVICES

The Master Builders' Association of Tasmania has shareholders' investment in Master Builders Australia Insurance Services Pty Ltd (MBAIS). The association's investment is measured at cost; as at 30 June 2020 there are no indicators of impairment.

22. REGISTERED OFFICE

116 Bathurst Street
Hobart Tasmania 7000

23. SEGMENT REPORTING

The Master Builders' Association of Tasmania Inc. operates predominantly in the one geographical region being Tasmania. The Master Builders' Association of Tasmania Inc. activities surround the provision of benefits and services to its members.

24. FINANCIAL INSTRUMENTS

(a) Credit risk

Credit risk represents the risk that a counter-party will fail to perform contractual obligations under a contract.

The Association's maximum credit risk exposure at balance date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of Financial Position. Credit risk exposure for receivables reflects the underlying credit risk inherent in the Association.

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS
FOR THE PERIOD ENDED 30 JUNE 2020

24. FINANCIAL INSTRUMENTS - CONTINUED

These risks are managed through the credit policies implemented by the Association. There is no concentration of credit risk in any particular industry or market segment, however all transactions are within the State of Tasmania.

b) Liquidity and cash flow risk

Liquidity risk is the risk that the Association will encounter difficulty in realising assets or otherwise raising funds to meet commitments associated with financial instruments. Cash flow risk is the risk that future cash flows associated with financial instruments will fluctuate in amount.

(c) Interest Rate Risk

Interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates.

An increase / (decrease) in interest rate of 1% will have a corresponding effect on revenue of \$20,043 (2019: \$6,002).

An increase / (decrease) in interest rate of 1% will have a corresponding effect on expenses of nil (2019: \$1,759).

(d) Net fair values

The carrying amounts of all financial assets and financial liabilities of the Association recognised at balance date generally approximated fair value because of the short term to maturity.

25. CAPITATION FEES

There was no capitation paid or received during the year.

26. LEVIES

There was no compulsory or voluntary levies paid or received during the year.

27. GRANTS

There were no grants paid or received during the year.

28. LEGAL FEES

Legal costs incurred throughout the financial year, paid and payable at year end, related to the dispute resolution.

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
 NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS
 FOR THE PERIOD ENDED 30 JUNE 2020

29. OPERATING LEASE COMMITMENTS – AS LESSOR

Future minimum rentals receivable under non-cancellable operating leases as at 30 June are:

	\$
Within one year	347,408
After one year but not more than two years	285,057
After two year but not more than three years	177,859
After three year but not more than four years	64,675
After four year but not more than five years	4,957
After five years	-
	879,956

30. INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR

In accordance with the requirement of the *Fair Work (Registered Organisations) Act 2009* (the RO Act) the attention of members is drawn to the provisions of sub-sections (1), (2) and (3) of section 272 of that Act, which reads as follows:

- (1) A member of a reporting unit, or the Registered Organisations Commission and Commissioner, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.

- (2) A member of a reporting unit, or the Registered Organisations Commission and 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.

- (3) 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.

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

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS
FOR THE PERIOD ENDED 30 JUNE 2020

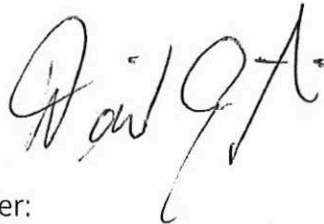
Officer Declaration Statement

I, _____, being the Secretary of The Master Builders Association of Tasmania Inc, declare that the following activities did not occur during the year ending 30 June 2020.

The reporting unit did not:

- Agree to receive financial support from another reporting unit to continue as a going concern (RG 10);
- Receive any other revenue from another reporting unit (RG 13(b));
- Pay affiliation fees to another entity (RG 14(c));
- Pay a penalty imposed under the RO Act or the Fair Work Act 2009 (RG 14(k));
- Have a receivable with another report unit (RG 15(a));
- Have a payable with another reporting unit (RG 15(b));
- Have a fund or account for compulsory levies, voluntary contributions or required by rules of the organisation or branch (RG 17(a));
- Transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity (RG 17(b));
- Provide cash flows to another reporting unit and/or controlled entity (RG 18);
- Receive cash flows from another reporting unit and/or controlled entity (RG 18);
- Have another entity administer the financial affairs of the reporting unit (RG 19); and
- Make a payment to a former related party of the reporting unit (RG 20).
- Incur fees as consideration for employers making payroll deductions of membership subscriptions

Signed by the officer:



Name of prescribed designated officer:

DAVID GATES

Title of prescribed designated officer:

PRESIDENT

Dated:

26/02/21



1st Floor
160 Collins Street
Hobart TAS 7000
GPO Box 1083 Hobart TAS

03 6223 6155
email@wlf.com.au
www.wlf.com.au
Move Forward



11 January 2021

Mr David Gates
President
Master Builders' Association of Tasmania Inc.

By e-mail: headoffice@mbatas.org.au
matthew@mbatas.org.au

Dear Mr Gates

Master Builders' Association of Tasmania Inc.
Financial Report for the year ended 30 June 2020 - FR2020/111

I acknowledge receipt of the financial report for the year ended 30 June 2020 for the Master Builders' Association of Tasmania Inc. (**the reporting unit**). The financial report was lodged with the Registered Organisations Commission (**ROC**) on 3 December 2020.

The financial report has not been filed. I have examined the report and identified a number of matters, the details of which are set out below, that you are required to address before the report can be filed.

The committee of management statement and general purpose financial report (GPFR) will require amendments. The amended report will need to be submitted and approved by a meeting of the committee of management, provided to members, republished on the reporting unit's website and lodged with the ROC.

The matters identified should be read in conjunction with the *Fair Work (Registered Organisations) Act 2009* (the RO Act), *Fair Work (Registered Organisations) Regulations 2009* (the RO Regs), the 5th edition of the reporting guidelines (RG) made under section 255 of the RO Act and Australian Accounting Standards.

1. Timescale requirements

As you are aware, an organisation is required under the RO Act to undertake certain steps in accordance with specified timelines. Information about these timelines can be found on the ROC website. In particular, I draw your attention to the fact sheet titled 'Financial reporting process' which explains the timeline requirements, and the fact sheet titled 'Summary of financial reporting timelines' which sets out the timelines in diagrammatical format.

I note that the following timescale requirements were not met:

Auditor's statement must be signed before full report provided to members

The designated officer's certificate states that the full report was provided to members on 17 September 2020. However the auditor's statement was signed on 28 October 2020.

If the date on the auditor's statement is correct, it would appear that either the auditor's statement was not provided to members or that an unsigned report was provided. It is therefore necessary for the Branch to re-circulate the full report to members, including the signed version of the auditor's statement and represent to a committee of management meeting. When this has taken place a fresh designated officer's certificate and the full report need to be lodged with the ROC within 14 days of the meeting.

Auditor's statement must be signed before presentation to general meeting of members

The designated officer's certificate states that the full report was presented to a general meeting of members on 25 September 2020. However, the auditor's statement was not signed until 28 October 2020.

If the date on the designated officer's certificate is correct, it would appear that the financial report was presented to the general meeting before it was audited. It is therefore necessary for the Branch to represent the financial report, including the signed version of the auditor's statement, to a committee of management meeting. Once this has taken place a fresh designated officer's certificate and the full report need to be lodged with the ROC within 14 days of the meeting.

Reports must be provided to members at least 21 days before general meeting

Under section 265(5)(a) of the RO Act, where the report is presented to a general meeting of members, the report must be provided to members at least 21 days before that meeting. The designated officer's certificate states that the financial report was provided to members on 17 September 2020, and presented to a general meeting of members on 25 September 2020.

If these dates are correct, the reporting unit only provided members with the financial report 8 days before the general meeting.

Please note that subsection 265(5)(a) is a civil penalty provision.

Documents must be lodged with ROC within 14 days after general meeting or meeting of the committee of management

Section 268 of the RO Act requires a copy of the full report and the designated officer's certificate to be lodged with the ROC within 14 days after the general meeting of members or meeting of the committee of management referred to in section 266.

The designated officer's certificate indicates that this meeting occurred on 25 September 2020. If this is correct the documents should have been lodged with the ROC by 9 October 2020.

The full report was not lodged until 3 December 2020.

If this date is correct, the organisation/branch should have applied to the Commissioner for an extension of time to allow a longer period to lodge the required documents.

Please note that section 268 is a civil penalty provision.

2. Committee of management statement

Date of resolution

Item 27 of the reporting guidelines requires that the committee of management statement be made in accordance with such resolution as is passed by the committee of management. Such statement must also specify the date of passage of the resolution. I note that the date of the resolution was not provided. Please amend the committee of management statement to include this date and resubmit to the ROC.

3. General Purpose Financial Report (GPFR)

Disclosure of recovery of wages

Please note that under the 5th edition of the Reporting Guidelines (RG) made under section 255 of the RO Act issued 4 May 2018 a statement in regard to recovery of wages activity in the committee of management statement is no longer required.

In place of the former requirements, item 13(e) of the 5th edition RGs requires the disclosure of any revenue derived from undertaking recovery of wages activity in either the statement of comprehensive income or the notes to the financial statements. RG 21 states that if any activity described within items 10-20 of the RGs have not occurred in the reporting period, a statement to this effect must be included in the financial statements, the notes or in an officer's declaration statement.

Revenue received from recovery of wages refers to revenue received by a reporting unit as part of revenue received from recovering wages on behalf of its members. Therefore, the statement in Note 1.8 Employee Benefits "No recovery of wages has occurred ..." is not considered to address RG 21.

Please amend the GPFR accordingly.

Disclosure of employee provisions for holders of office

The reporting guidelines require either the statement of financial position or the notes to disclose any liability for employee benefits in respect of office holders (item 16(c)). Item 16(c) of the reporting guidelines requires these provisions to be separately disclosed as follows:

- Annual leave;
- Long service leave;
- Separation and redundancies; and
- Other employee provisions.

Item 21 in the reporting guidelines states that if any of the activities identified within items 10-20 of the reporting guidelines have not occurred in the reporting period, a statement to this effect must be included either in the financial statements, the notes or in the officer's declaration statement.

Disclosure of accounting policies

Australian Accounting Standard AASB 101 *Presentation of Financial Statements* paragraph 117 states:

An entity shall disclose in the summary of significant accounting policies:

- (a) the measurement basis (or bases) used in preparing the financial statements; and
- (b) the other accounting policies used that are relevant to an understanding of the financial statements.

Revenue is considered to be a significant item for members of the reporting unit, in particular membership subscriptions, apprentice hire, insurance sales and commission, property income and training.

Therefore, in accordance with AASB 101, the accounting policy in respect to revenue should be reflected in Note 1 'Summary of Significant Accounting Policies'.

Disclosure requirements - assets measured at fair value

Australian Accounting Standard AASB 13 *Fair Value Measurement* paragraph 93 identifies the disclosure requirements for when assets and liabilities are measured at fair value.

Note 8 to the GPFR discloses the total value of the property at 116 Bathurst St Hobart as \$4,166,920 however the fair value measurement note includes only the investment property component of \$3,237,000.

Please amend the fair value measurement note to include the full amount of \$4,166,920 or provide an explanation as to why the full amount was not included.

AASB 16 Operating leases

Australian Accounting Standard AASB 16 *Leases* paragraph 97 states:

A lessor shall disclose a maturity analysis of lease payments, showing the undiscounted lease payments to be received on an annual basis for a minimum of each of the first five years and a total of the amounts for the remaining years.

No such disclosure has been made.

Please amend the GPFR accordingly.

AASB 15 - Revenue from contracts with customers disclosures

Australian Accounting Standard AASB 15 *Revenue from Contracts with Customers* paragraph 110 requires an entity to make specific disclosures in regard to contracts with customers.

It appears that these disclosures have not been made.

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

AASB 1058 - Disclosure of income of not-for-profit entities

Note 1.4 to the GPFR states that AASB 1058 *Income of Not-for-Profit Entities* has been adopted by the reporting unit for the current financial year. However, it is unclear from the GPFR if the disclosures required by AASB 1058 paragraph 23 have been made.

Please note that in future years the reporting unit's GPFR must include all relevant and required financial disclosures in accordance with AASB 1058.

Reporting guideline activity – not disclosed

Item 21 of the reporting guidelines states that if any activity described within items 10-20 of the reporting guidelines has not occurred in the reporting period, a statement to this effect must be included in the GPFR or in an officer's declaration statement.

The notes/officer's declaration statement contained nil activity information for all prescribed reporting guideline categories except the following:

- Item 14(a) – incur fees as consideration for employers making payroll deductions of membership subscriptions (it is noted that this was disclosed in the Operating Statement but not in the GPFR as required by the reporting guidelines)

Nil disclosures disclosed more than once

The **officer's declaration statement (ODS)** provides reporting units with an option to disclose nil activities not reported elsewhere within the financial report.

Reporting guideline 21 states that if any activity described within items 10-20 of the reporting guidelines has not occurred in the reporting period, a statement to this effect must be included in the financial statements, the notes **or** in an ODS. Nil activities should be disclosed only **once**.

I note that the reporting unit's ODS included the following item for which there was already a disclosure at Note 1.5.

- Item 12 - 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

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

Yours faithfully



KEN MORGAN
Financial Reporting Specialist
Registered Organisations Commission



Master Builders Association of Tasmania Inc

s.268 Fair Work (Registered Organisations) Act 2009

Certificate by prescribed designated officer

Certificate for the year ended June 2020

I David Gates being the President of the Master Builders Association of Tasmania Inc. certify:

- that the documents lodged herewith are copies of the full report for the Master Builders Association of Tasmania Inc. for the period ended referred to in s.268 of the Fair Work (Registered Organisations) Act 2009; and
- that the full report was provided to members of the reporting unit on 17th September 2020; and
- that the full report was presented to a general meeting of the reporting unit on 25th September 2020 in accordance with s.266 of the Fair Work (Registered Organisations) Act 2009.

Signature of prescribed designated officer:

A handwritten signature in black ink that reads "David Gates".

Name of prescribed designated officer: David Gates

Title of prescribed designated officer: President

Dated: 3/12/2020

INDEPENDENT AUDITOR'S REPORT

Members of the Master Builders' Association of Tasmania Inc.

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Master Builders' Association of Tasmania Inc. (the reporting unit), which comprises the statement of financial position as at 30 June 2020, 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 committee of management statement, the subsection 255(2A) report and the officer declaration statement.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of Master Builders' Association of Tasmania Inc. as at 30 June 2020, 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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

The committee of management is responsible for the other information. The other information obtained at the date of this auditor's report is in the operating report accompanying the financial report.

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

In connection with 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 I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Committee of Management for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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 committee of management.
- Conclude on the appropriateness of the committee of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the reporting unit's ability to continue as a going concern. If 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 committee of management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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



NICK CARTER

Partner

Wise Lord & Ferguson

Fellow of Institute of Chartered Accountants Australia & New Zealand CAANZ

Registered Company Auditor: 450133

Registration number (as registered by the Commissioner under the RO Act): AA2017/125

Holder of Public Practice Certificate

1/160 Collins Street

HOBART TAS 7000

Date: 28/10/2020

A decorative graphic consisting of two thick, dark grey L-shaped bars. One bar is positioned on the left side, extending horizontally to the right and then vertically downwards. The other bar is positioned on the right side, extending vertically upwards and then horizontally to the left. They meet at a central point, framing the text.


The Master Builders'
Association of Tasmania
Inc.
Financial Statements
30 June 2020

The Master Builders' Association of Tasmania Inc.
REPORT REQUIRED UNDER SUBSECTION 255(2A)
for the year ended 30 June 2020

The committee of management presents the expenditure report as required under subsection 255(2A) on the reporting unit for the year ended 30 June 2020

	2020	2019
	\$	\$
Categories of expenditures		
Remuneration and other employment-related costs and expenses - employees	985,916	895,236
Advertising	37,662	1,785
Operating costs	2,256,787	2,421,708
Donations to political parties	-	-
Legal costs	17,998	28,994

Signature of Designated Officer:



Name and Title of Designated Officer:

LYNDON FENTON - TREASURER

Dated:

27/10/20

The Master Builders' Association of Tasmania Inc.

COMMITTEE OF MANAGEMENT DECLARATION

for the period ended 30 June 2020

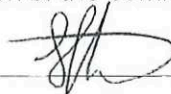
On the / / 2020 the Committee of Management of Master Builders' Association of Tasmania Inc. passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 30 June 2020:

The Committee 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 reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
 - (iv) where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and
 - (v) where information has been sought in any request by a member of the reporting unit or General Manager duly made under section 272 of the RO Act has been provided to the member or General Manager; and
 - (vi) where any order for inspection of financial records has been made by the Registered Organisation Commission under section 273 of the RO Act, there has been compliance.
- (f) no revenue has been derived from undertaking recovery of wages activity during the reporting period.

This declaration is made in accordance with a resolution of the Committee of Management:

Signature of Designated Officer:



Name and Title of Designated Officer:

LYNDON FENTON - TREASURER

Dated:

27/10/20

The Master Builders' Association of Tasmania Inc.

STATEMENT OF COMPREHENSIVE INCOME

for the period ended 30 June 2020

	Note	2020 \$	2019 \$
REVENUE	3	3,837,180	3,629,577
TOTAL INCOME		<u>3,837,180</u>	<u>3,629,577</u>
EXPENSES			
Depreciation Expense	4	65,209	52,783
Employee Expenses	4	985,916	895,236
Other Expenses	4	<u>2,279,442</u>	<u>2,399,704</u>
TOTAL EXPENSES		3,330,567	3,347,723
SURPLUS FOR THE YEAR		<u>506,613</u>	<u>281,854</u>
OTHER COMPREHENSIVE INCOME			
Other comprehensive income			
TOTAL COMPREHENSIVE INCOME	13	<u>506,613</u>	<u>281,854</u>

The accompanying notes form part of the financial statements

The Master Builders' Association of Tasmania Inc.

OPERATING REPORT

for the period ended 30 June 2020

The officers of management presents its operating report on the reporting unit for the year ended 30 June 2020.

Principal activities

The principal activities of the Association during the financial year were:

- Providing members services such as, contractual and commercial services, wide range of individual services including advice on industrial disputes, and negotiating with unions at both state and federal levels;
- Keeping members informed on matter relevant and relating to the building industry; and
- The Association promotes all forms of education and training within the building industry to encourage and preserve skills.

It is noted that during the financial year the activities of the Association were suitably carried out. No significant change in the nature of these activities occurred during the year.

The surplus/(deficit) from ordinary activities amounted to \$506,613 for the period ending 30 June 2020 (2019: \$281,854). The total comprehensive income of the Association amounted to \$506,613 (2019: \$281,854) for the period before mentioned.

Financial Affairs

No significant changes were noted to the financial affairs of the Association during the year.

Right to Resign

Rule 9 of the Association's Constitution deals with right of members to resign - any Member may resign from membership by written notice via letter, email or facsimile addressed to the Executive Director.

Superannuation Trustees/Directors

No officer or member of the reporting unit holds a position as a trustee of director of a superannuation entity or exempt public sector superannuation scheme where the criterion for holding such a position is that they are an officer or member of an organisation.

Number of members

The Association had 616 members at the end of the reporting period (2019: 615).

The Master Builders' Association of Tasmania Inc.

OPERATING REPORT

for the period ended 30 June 2020

Number of employees

The Association employed 31 – (10 office based staff & 21 apprentices) as at 30 June 2020 (2019: 35 employees).

Payments to employers

The Association did not make any payments during the financial year to employers as consideration for the employers making payroll deductions of membership subscriptions.

Names of committee of management members and period positions held during the financial year
Names and positions of the Committee of Management for the financial year 1 July 2019 to 30 June 2020 were:

President	Mr D Gates	Councillor	Mr T Streefland
Vice President	Mr J Faulkner	Councillor	Mr A Kilpatrick
Treasurer	Mr L Fenton	Councillor	Mr M Schmidt
Treasurer (resigned 27 th Sept 2020)	Mr D Moody	Councillor	Mr B Nicholls
Immediate Past President	Mr L Fenton	Councillor	Mr D Reid
Extra Ordinary Board Member	Mr C Edmunds	Councillor	Mr R Oakes
Councillor	Mr W Licht	Councillor	Mr T Mead

Signature of Designated Officer:



Name and Title of Designated Officer:

LYNDON FENTON - TREASURER

Dated:

27/10/20

The Master Builders' Association of Tasmania Inc.

STATEMENT OF FINANCIAL POSITION

as at 30 June 2020

	Note	2020 \$	2019 \$
CURRENT ASSETS			
Cash & Cash Equivalents	5	2,004,200	600,249
Prepayments		13,750	7,393
Inventories		22,640	22,918
Trade Receivables	6	278,530	270,005
TOTAL CURRENT ASSETS		2,319,120	900,565
NON-CURRENT ASSETS			
Property, Plant & Equipment	7	2,062,980	2,084,990
Investment Property	8	3,254,111	4,403,920
Other Financial Assets	9	120,000	120,000
TOTAL NON-CURRENT ASSETS		5,437,091	6,608,910
TOTAL ASSETS		7,756,211	7,509,475
CURRENT LIABILITIES			
Trade Payables	10(a)	131,893	226,933
Income Received in Advance		70,665	95,632
Employee Entitlements	11	136,266	108,734
Other Liabilities	10(b)	64,849	56,339
Borrowings	12	-	20,556
TOTAL CURRENT LIABILITIES		403,673	508,194
NON-CURRENT LIABILITIES			
Borrowings	12	-	155,356
TOTAL NON-CURRENT LIABILITIES		-	155,356
TOTAL LIABILITIES		403,673	663,550
NET ASSETS		7,352,538	6,845,925
EQUITY			
Accumulated Funds & Reserves	13	7,352,538	6,845,925

The accompanying notes form part of the financial statements

The Master Builders' Association of Tasmania Inc.

STATEMENT OF CHANGES IN EQUITY

for the period ended 30 June 2020

	RESERVES	ACCUMULATED FUNDS	TOTAL EQUITY
	\$	\$	\$
Balance as at 30 June 2018	2,053,373	4,510,698	6,564,071
Surplus for the year	-	281,854	281,854
Other Comprehensive Income	-	-	-
Balance as at 30 June 2019	2,053,373	4,792,552	6,845,925
Surplus for the year	-	506,613	506,613
Transfer from reserves to accumulated funds	(100,000)	100,000	-
Other Comprehensive Income	-	-	-
Balance as at 30 June 2020	1,953,373	5,399,165	7,352,538

The accompanying notes form part of the financial statements

The Master Builders' Association of Tasmania Inc.

CASH FLOW STATEMENT

for the period ended 30 June 2020

	Note	2020 \$	2019 \$
OPERATING ACTIVITIES			
Cash received			
Receipts from trading		3,684,203	3,654,203
Interest received		11,386	4,212
		<u>3,695,589</u>	<u>3,658,415</u>
Cash used			
Payments to suppliers & employees		(3,352,567)	(3,350,999)
Net cash from (used by) operating activities	14(b)	<u>343,022</u>	<u>307,416</u>
INVESTING ACTIVITIES			
Cash received			
Proceeds from disposal of property		1,292,175	-
Cash used			
Purchase of equipment and capital upgrades		(55,334)	(77,631)
Net cash from (used by) investing activities		<u>1,236,841</u>	<u>(77,631)</u>
FINANCING ACTIVITIES			
Cash received			
Contributions from borrowings		-	-
Cash used			
Repayment of borrowings		(175,912)	(50,746)
Net cash from (used by) financing activities		<u>(175,912)</u>	<u>(50,746)</u>
Net increase (decrease) in cash held		<u>1,403,951</u>	<u>179,039</u>
Cash & cash equivalents at the beginning of the reporting period		600,249	421,210
Cash & cash equivalents at the end of the reporting period	14(a)	<u>2,004,200</u>	<u>600,249</u>

The accompanying notes form part of the financial statements

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS
FOR THE PERIOD ENDED 30 JUNE 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation of the financial statements

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

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

1.2 Comparative Amounts

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

1.3 Accounting judgements and estimates

The preparation of financial statements requires management to make judgements estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is described in note 10 where judgements have been made in relation to the value of employee entitlements.

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

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

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS
FOR THE PERIOD ENDED 30 JUNE 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.4 New Australian Accounting Standards (continued)

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

- AASB 16 Leases
- AASB15 Revenue from contracts with customers

Impact on adoption of AASB 16

(a) Initial application

The Association has adopted AASB 16 Leases retrospectively with the cumulative effect of initially applying AASB 16 recognised at 1 July 2019. In accordance with AASB 16, the comparatives for the 2019 reporting period have not been restated.

The Association has recognised a lease liability and right-of-use asset for all leases (with the exception for short term and low value leases) recognised as operating leases under AASB 117 Leases where the Association is the lessee. The Association has some small low value leases that met the exclusion criteria. Therefore, based on this as at 30 June 2020 there are no right-of-use assets and associated lease liability.

If the Association was to enter into leasing arrangements in the future the right of use assets for property, plant and equipment would be measured at its carrying amount as if AASB 16: Leases had been applied since the commencement date, but discounted using the Association's weighted average incremental borrowing rate. The following practical expedients will be used by the Association in applying AASB 16:

- for a portfolio of leases that have reasonably similar characteristics, a single discount rate has been applied
- leases that have remaining lease term of less than 12 months as at 1 July 2019 have been accounted for in the same way as short-term leases
- the use of hindsight to determine lease terms on contracts that have options to extend or terminate
- applying AASB 16 to leases previously identified as leases under AASB 117: Leases and Interpretation 4: Determining whether an arrangement contains a lease without reassessing whether they are, or contain, a lease at the date of initial application
- not applying AASB 16 to leases previously not identified as containing a lease under AASB 117 and Interpretation 4.

There has been no significant change from prior year treatment for leases where the Association is a lessor.

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS
FOR THE PERIOD ENDED 30 JUNE 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.4 New Australian Accounting Standards (continued)

Initial application of AASB 15 and AASB 1058

The Association has applied AASB 15: Revenue from Contracts with Customers and AASB 1058 - Income of Not-for-Profit Entities using the cumulative effective method of initially applying AASB 15 and AASB 1058 as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be presented under AASB 118 - Revenue and AASB 1004 - Contributions. There has been no change to the accounting treatment of the Associations revenue with the introduction of AAS15 and AASB1058.

1.5 Acquisition of assets and or liabilities that do not constitute a business combination

Master Builders did not acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of the organisation, a determination or revocation by the General Manager of the Fair Work Commission under subsections 245(1) or 249(1) of the RO Act.

1.6 Gains

Sale of assets

Gains and losses from disposal of assets are recognised when control of the asset has passed to the buyer.

1.7 Capitalisation Fees and Levies

Capitation fees and levies are recognised on an accrual basis and recorded as a revenue and/or expense in the year to which it relates.

1.8 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. No recovery of wages has occurred in the reporting period.

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.

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS
FOR THE PERIOD ENDED 30 JUNE 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

1.9 Leases

At inception of a contract, the Association assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Association where the Association is a lessee. However, all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Association uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

fixed lease payments less any lease incentives;

- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Association anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

Concessionary Leases

For leases that have significantly below-market terms and conditions principally to enable the Association to further its objectives (commonly known as peppercorn/concessionary leases), the Association has adopted the temporary relief under AASB 2018-814 and measures the right of use assets at cost on initial recognition.

The Association as lessor

The Association leases some rooms in their building to external parties.

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS
FOR THE PERIOD ENDED 30 JUNE 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Upon entering into each contract as a lessor, the Association assesses if the lease is a finance or operating lease

The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases.

Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (eg legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Rental income due under finance leases are recognised as receivables at the amount of the Association's net investment in the leases.

When a contract is determined to include lease and non-lease components, the Association applies AASB 15 to allocate the consideration under the contract to each component.

1.10 Borrowing Costs

All borrowing costs are recognised in profit and loss in the period in which they are incurred.

1.11 Cash

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

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS
FOR THE PERIOD ENDED 30 JUNE 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.12 Financial Instruments

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument.

Financial Assets

i) Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Association's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Association initially measures a financial asset at its fair value.

In order for a financial asset to be classified and measured at amortised cost 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.

The Association's 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 the Association commits to purchase or sell the asset.

ii) 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

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS
FOR THE PERIOD ENDED 30 JUNE 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.13 Financial Instruments (continued)

Financial assets at amortised cost

The Association 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 rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Association's financial assets at amortised cost includes trade receivables and other financial assets.

iii) Derecognition

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired or
- The Association 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:
 - the Association has transferred substantially all the risks and rewards of the asset, or
 - the Association has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Association 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, the Association continues to recognise the transferred asset to the extent of its continuing involvement together with associated liability.

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS
FOR THE PERIOD ENDED 30 JUNE 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.14 Financial Instruments (continued)

iv) Impairment

Trade receivables

For trade receivables that do not have a significant financing component, the Association 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, the Association does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

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, the Association 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 the Association expects to receive, discounted at an approximation of the original effective interest rate.

The Association considers a financial asset to be in default when internal or external information indicates that the Association 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.

Financial Liabilities

i) 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.

The Association's financial liabilities include trade and other payables and borrowings.

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS
FOR THE PERIOD ENDED 30 JUNE 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.14 Financial Instruments (continued)

ii) Subsequent measurement

Financial liabilities at amortised cost

After initial recognition, trade payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs.

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.

1.15 Land, Buildings, Plant and Equipment

Asset Recognition Threshold

Purchases of land, buildings, plant and equipment are recognised initially at cost in the statement of financial position.

Revaluations—Land and Buildings

Following initial recognition at cost, land and buildings are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient frequency such that the carrying amount of assets do not differ materially from those that would be determined using fair values as at the reporting date.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the profit or loss except to the extent that they reverse a previous revaluation increment for that class. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS
FOR THE PERIOD ENDED 30 JUNE 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.15 Land, Buildings, Plant and Equipment (continued)

Depreciation

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

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2020	2019
Motor vehicles	4 – 5 years	4 - 5 years
Plant and Equipment	2.5 – 11 years	2.5 - 11 years
Buildings	50 years	50 years

Derecognition

An item of land, buildings, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss.

1.16 Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit and loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS
FOR THE PERIOD ENDED 30 JUNE 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.17 Impairment of Non-Financial Assets

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

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

1.18 Taxation

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

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

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

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

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

1.19 Fair Value Measurement

The Association measures non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date.

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS
FOR THE PERIOD ENDED 30 JUNE 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.19 Fair Value Measurement (continued)

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 Association. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Association determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as land and buildings and investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the Association has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS
FOR THE PERIOD ENDED 30 JUNE 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.20 Going Concern

The Association has not agreed to provide financial support to another reporting unit to ensure they can continue on a going concern basis

1.21 Inventories

Inventories are valued at the lower of cost or net realisable value.

2. EVENTS AFTER THE REPORTING PERIOD

There were no events that occurred after 30 June 2020, and/or to the signing of the financial statements, that would affect the ongoing structure and financial activities of The Master Builders' Association of Tasmania Inc.

	2020	2019
	\$	\$
3. REVENUE		
Apprentice Hire	1,169,946	1,151,905
Associate Specialist Contractor	101,055	103,226
Associate Supplier Exchange	20,995	18,794
Bad Debts Recovered	913	-
MBT Journal	7,330	23,291
Commissions	4,758	6,020
Cash Flow Boost	62,500	-
Documents	14,720	14,932
Excellence Awards Entries	17,284	20,526
Fee for Service	23,250	10,292
Housing Awards/Annual Dinner Income	152,293	162,543
Insurance Sales & Commission	301,833	223,111
Interest Income	11,386	4,242
John Holland Fairbrother Joint Venture Income	-	91,868
Marketing Income	1,579	9,911
Other Functions	13,691	16,219
Pathways Program Income	57,100	56,910
Profit/(Loss) on Sale of Fixed Assets	128,572	(1)
Property Income	474,245	500,939
Subscriptions	454,121	457,554
Sundry Revenue	28,108	20,051
Training	791,501	737,244
Total Revenue	<u>3,837,180</u>	<u>3,629,577</u>

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS
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	2020	2019
	\$	\$
4. EXPENSES		
<i>Depreciation of Non-Current Assets</i>		
Plant and Equipment	31,145	20,993
Buildings	25,340	25,340
Capital Upgrade	3,725	-
Motor Vehicles	4,999	6,450
Total Depreciation of Non-Current Assets	<u>65,209</u>	<u>52,783</u>
<i>Employee Expenses</i>		
<i>Holders of office</i>		
Wages and Salaries	-	-
Superannuation	-	-
Leave and Other Entitlements	-	-
Separation and Redundancies	-	-
Other Employee Expenses	-	-
Subtotal employee expenses holders of office	<u>-</u>	<u>-</u>
<i>Employees other than office holders</i>		
Wages and Salaries	813,401	778,992
Superannuation	74,071	78,821
Leave and Other Entitlements	98,444	37,423
Separation and Redundancies	-	-
Other Employee Expenses	-	-
Subtotal employee expenses other than office holders	<u>985,916</u>	<u>895,236</u>
Total Employee Expenses	<u>985,916</u>	<u>895,236</u>
<i>Other Expenses</i>		
Accounting & Audit	10,780	9,349
Advertising	37,662	1,785
Apprentice Expenses	1,118,138	1,015,697
Bad Debts	4,567	16,417
Bank Charges	3,596	15,194
Building Journal Expenses	6,601	11,426
Catering & Meeting Costs	52,752	60,955
Commissions	-	20,780
Consultancies	57,424	99,163
Cost of Goods Sold	277	(6,333)
Documents	9,816	4,291
Excellence Awards Expenditure	17,573	16,581
Federal Subscriptions	85,909	106,582

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS
FOR THE PERIOD ENDED 30 JUNE 2020

	2020	2019
	\$	\$
4. EXPENSES – CONTINUED		
Fees/Allowances -Meeting and Conferences	31,633	57,020
Housing Awards/Annual Dinner Expense	119,314	122,738
Insurances	24,744	28,951
John Holland Fairbrother Joint Venture Expenses	-	14,182
Legal Expenses - Litigation	-	-
Legal Expenses – Other	17,998	28,994
Light & Power	43,233	53,193
Loss on Disposal of Investment	-	25,001
Meeting Expenses	-	2,542
Office Rental	6,417	5,250
Pathways Program Expenditure	18,636	34,117
Postage and Stamps	2,891	1,825
Printing and Photocopying	11,541	15,526
Property Expenses - Rates	68,905	87,747
Property/Office Equipment Maintenance	83,976	80,676
Regional Annual Dinner Expenses	-	-
Sundry Expenses	112,936	102,947
Telephone	27,407	31,095
Training	267,898	300,138
Vehicle Running	36,818	35,875
Total Other Expenses	<u>2,279,442</u>	<u>2,399,704</u>
<i>Grants or Donations</i>		
Grants		
Total Paid that were \$1000 or Less	-	-
Total Paid that Exceeded \$1,000	-	-
Donations		
Total Paid that were \$1,000 or Less	-	-
Total Paid that Exceeded \$1,000	-	-
Subtotal Grants or Donations	<u>-</u>	<u>-</u>
5. CASH & CASH EQUIVALENTS		
Cash on Hand	1,500	1,500
Commonwealth Trading Bank	218,080	188,909
Cash Investment	1,011,805	116,542
Commonwealth at Call	223,250	22,956
Group Training Account	549,565	270,342
Total Cash & Cash Equivalents	<u>2,004,200</u>	<u>600,249</u>

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
 NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS
 FOR THE PERIOD ENDED 30 JUNE 2020

	2020	2019
	\$	\$
6. TRADE RECEIVABLES		
Trade Receivables	(a) 280,587	272,062
Provision for Impairment	(2,057)	(2,057)
Total Trade Receivables	<u>278,530</u>	<u>270,005</u>

(a) Terms and Conditions

Terms and conditions relating to the above financial instruments:

- (i) Trade debtors are non-interest bearing and generally on 30 day terms.

7. PROPERTY, PLANT & EQUIPMENT

Land & Buildings	1,988,000	1,988,000
Less: Accumulated Depreciation	<u>(50,680)</u>	<u>(25,340)</u>
	1,937,320	1,962,660
Plant & Equipment	653,964	614,974
Less: Accumulated Depreciation	<u>(545,524)</u>	<u>(514,863)</u>
	108,440	100,111
Motor Vehicles	94,232	94,232
Less: Accumulated Depreciation	<u>(77,012)</u>	<u>(72,013)</u>
	17,220	22,219
Lift	-	-
Less: Accumulated Depreciation	<u>-</u>	<u>-</u>
	-	-
<i>Work in Progress</i>	-	-
Total Property, Plant & Equipment	<u>2,062,980</u>	<u>2,084,990</u>

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS
FOR THE PERIOD ENDED 30 JUNE 2020

	2020	2019
	\$	\$
7. PROPERTY, PLANT & EQUIPMENT - CONTINUED		
(a) Reconciliations		
<i>Land & Buildings</i>		
Opening Written Down Value	1,962,660	1,988,000
Less Depreciation	(25,340)	(25,340)
Closing Written Down Value	<u>1,937,320</u>	<u>1,962,660</u>
 <i>Plant & Equipment</i>		
Opening Written Down Value	100,111	60,393
Add Purchases	39,474	60,711
Less Disposals	-	-
Less Depreciation	(31,145)	(20,993)
Closing Written Down Value	<u>108,440</u>	<u>100,111</u>
 <i>Motor Vehicles</i>		
Opening Written Down Value	22,219	28,670
Add Purchases	-	-
Less Disposals	-	(1)
Less Depreciation	(4,999)	(6,450)
Closing Written Down Value	<u>17,220</u>	<u>22,219</u>

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
 NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS
 FOR THE PERIOD ENDED 30 JUNE 2020

	2020	2019
	\$	\$
8. INVESTMENT PROPERTY		
Opening balance as at 1 July	4,403,920	4,387,000
Additions	-	16,920
Less disposal	(1,150,000)	-
Other	191	-
Closing balance as at 30 June	3,254,111	4,403,920

(i) 116 Bathurst Street Hobart

A valuation of 116 Bathurst Street was performed as at 30 June 2018 by Opteon property valuers. The value of the property had originally been recorded in the accounts under the cost model of AASB140.

The Master Builders' Association of Tasmania Inc. occupy level 5 of 116 Bathurst Street. Adjustment was therefore required to the classification of the property to ensure only the unoccupied portion is recognised as an investment property. The value of the property has been allocated accordingly based on the valuation obtained as at 30 June 2018, through the floor space occupied by The Master Builders' Association of Tasmania Inc.

	\$
Total value of 116 Bathurst Street:	<u>4,166,920</u>
Occupied Building Value:	517,000 (Depreciable)
Occupied Land Value:	396,000 (Not depreciable)
Investment Property Value:	3,237,000 (Not depreciable)
Investment Capital Improvements:	16,920 (Not depreciable)

(ii) 55 Canning Street Launceston

A valuation of 55 Canning Street was performed as at 30 June 2018 by Opteon property valuers. The value of the property had originally been recorded in the accounts under the cost model of AASB140.

The fair value at that date was determined to be \$1,150,000 and this is the value recorded on the statement of financial position. This property was sold during the financial year.

Additions

Additions during the year relate to capital improvements at 116 Bathurst Street, on those levels not occupied by The Master Builders' Association of Tasmania Inc.

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
 NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS
 FOR THE PERIOD ENDED 30 JUNE 2020

8. FAIR VALUE MEASUREMENT - CONTINUED

Fair Value Hierarchy

The following tables provide an analysis of financial and non-financial assets and liabilities that are measured at fair value, by fair value hierarchy.

Fair value hierarchy – 30 June 2020

	Date of Valuation	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets measured at fair value					
116 Bathurst Street, Hobart	30/06/2018	-	3,237,000	-	3,237,000
Total		-	3,237,000	-	3,237,000

Fair value hierarchy – 30 June 2019

	Date of Valuation	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets measured at fair value					
116 Bathurst Street, Hobart	30/06/2018	-	3,237,000	-	3,237,000
55 Canning Street, Launceston	30/06/2018	-	1,150,000	-	1,150,000
Total		-	4,387,000	-	4,387,000

2020	2019
\$	\$

9. OTHER FINANCIAL ASSETS

Unlisted Investment at cost	120,000	120,000
MBA Insurance Services Pty Ltd	120,000	120,000
	120,000	120,000

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 NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS
 FOR THE PERIOD ENDED 30 JUNE 2020

	2020	2019
	\$	\$
10. TRADE PAYABLES & OTHER LIABILITIES		
(a) Trade Payables		
Accrued Expenses	-	-
Trade Payables	131,378	106,195
GST Liability/(Receivable)	515	120,738
Legal Costs		
Ligation	-	-
Other Legal Matters	-	-
Consideration to Employers for Payroll Deductions	-	-
Total Trade Payables	131,893	226,933
(b) Other Liabilities		
Sundries	64,849	56,339
Total Other Liabilities	64,849	56,339

(c) Terms and Conditions

Terms and conditions relating to the above financial instruments:

- (i) Trade creditors are non-interest bearing and normally settled on 30 day terms.

11. EMPLOYEE ENTITLEMENTS

The aggregate employee entitlement liability is comprised of:

Provision for Annual Leave	85,718	75,317
Provision for Long Service Leave	50,548	33,417
Total Employee Entitlements	136,266	108,734

There are no other provisions relating to redundancies or other liabilities for employees of the Association.

12. BORROWINGS

Current	-	20,556
Non-Current	-	155,356
Total Borrowings	-	175,912

(a) Terms and Conditions

Borrowings were secured on existing 1st Registered All Monies Mortgage over the property 116 Bathurst St Hobart 7000, being the whole of the land described in Certificate of Title Volume 160449 Folio 2.

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	2020	2019
	\$	\$
13. ACCUMULATED FUNDS & RESERVES		
(a) Accumulated Funds		
Balance at Beginning of Year	4,792,552	4,510,698
Add Surplus for the Year	506,613	281,854
Transfer from reserves	100,000	-
Balance at End of Year	<u>5,399,165</u>	<u>4,792,552</u>
(b) Reserves		
Balance at Beginning of Year	2,053,373	2,053,373
Add Other Comprehensive Income for the Year	-	-
Transfer to retained earnings	(100,000)	-
Balance at End of Year	<u>1,953,373</u>	<u>2,053,373</u>
Total Accumulated Funds & Reserves	<u>7,352,538</u>	<u>6,845,925</u>
14. NOTES TO THE STATEMENT OF CASH FLOWS		
(a) Reconciliation of Cash		
Cash on Hand	1,500	1,500
Cash at Bank	218,080	188,909
Cash Investment Account	1,011,805	116,542
Commonwealth at Call	223,250	22,956
Group Trading Account	549,565	270,342
	<u>2,004,200</u>	<u>600,249</u>
(b) Reconciliation of surplus/(deficit) to net cash from operating activities:		
Net Surplus/(Deficit)	506,613	281,854
Adjustments for non-cash items		
Depreciation and Amortisation	63,472	52,783
(Profit)/Loss on Disposal of Assets	(128,572)	1
Changes in assets/liabilities		
(Increase)/Decrease in Trade & Other Receivables	(8,525)	19,767
(Increase)/Decrease in Prepayments	(6,357)	(2,881)
(Increase)/Decrease in Inventories	277	(6,334)
Increase/(Decrease) in Trade Payables & Other Liabilities	(86,530)	(54,248)
Increase/(Decrease) in Income in Advance	(24,967)	(78)
Increase/(Decrease) in Employee Entitlements	27,611	16,552
Net Cash provided by (used in) Operating Activities	<u>343,022</u>	<u>307,416</u>

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
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 FOR THE PERIOD ENDED 30 JUNE 2020

15. RELATED PARTY DISCLOSURES

The names of the officers of The Master Builders' Association of Tasmania Inc., during the financial year were:

President	Mr D Gates	Councillor	Mr T Streefland
Vice President	Mr J Faulkner	Councillor	Mr A Kilpatrick
Treasurer	Mr L Fenton	Councillor	Mr M Schmidt
Treasurer (resigned 27 th Sept 2020)	Mr D Moody	Councillor	Mr B Nicholls
Immediate Past President	Mr L Fenton	Councillor	Mr D Reid
Extra Ordinary Board Member	Mr C Edmunds	Councillor	Mr R Oakes
Councillor	Mr W Licht	Councillor	Mr T Mead

There were no transactions between the office holders and the Association other than those relating to their membership of the Association and the reimbursement by the Association in respect of expenses incurred by them in the performance of their duties. Such transactions have been on conditions no more favourable than those which would have been adopted by parties at arm's length.

Details of loans to officers is Nil.

None of the office holders are employees of The Master Builders' Association of Tasmania Inc. and therefore they do not receive any remuneration or employee entitlements

16. KEY MANAGEMENT PERSONNEL REMUNERATION

	Short-term employee benefits	Post- employment benefits	Long term benefits	Other	Total
2020					
Total income paid or payable to all Key Management personnel	184,321	17,131	-	-	201,452
2019					
Total income paid or payable to all Key Management personnel	206,249	19,594	3,479	-	229,322

17. AUDITORS REMUNERATION

	2020	2019
	\$	\$

Amounts received or due and receivable by WLF Accounting & Advisory for:

- an audit of the financial report of the Association	6,630	6,500
	<u>6,630</u>	<u>6,500</u>

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18. DESCRIPTION OF OPERATIONS

The principal activities of the Association are to provide benefits to its members.

19. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

20. STATE OF THE INDUSTRY

No matter how you look at it the last 12 months has been a turbulent period. This was perhaps best captured in the swift and significant change in outlook presented between the release of the January (pre-COVID-19) and April (post-COVID-19) Master Builders Building and Construction forecasts.

2020 was shaping up to be the strongest year on record for building activity, with strong growth expected in the value of residential, commercial and civil and engineering construction work, a growing workforce and investment from both the public sector in major infrastructure and from the private sector to support expand capacity in the tourism, education and export sectors boosting confidence and underpinning an outlook for a sustained period of prosperity for the industry.

Then COVID-19 hit, putting a dampener on these prospects, and creating a very real threat that construction sites, like many other parts of the economy, may be shutdown. Some careful negotiation with government supported by an outstanding response from industry participants to keep sites safe meant we stayed open, providing much needed economic stimulus over the months where other large parts of the economy were put into hibernation.

Attention quickly turned to the recovery plan and how we get to the other side of the COVID-19 crisis. This is a period we still find ourselves in and there is still considerable uncertainty in terms of the year ahead. However, a commitment by government to 'Build our way out of the COVID-19 crisis' has put our industry at the centre of the economic recovery strategy.

It was very pleasing to see Master Builders stimulus recommendations, both at a State and National level feature heavily in the governments stimulus announcements. Most notably was the commitment by the State government to match the Federal government by extending the eligibility of the First Home Builder grant to all owner occupiers. This was a key recommendation by Master Builders, offering all new homeowners access to \$45,000 stimulus, and put the residential construction industry at the forefront of the economic recovery strategy.

The industry is not immune to the impacts of COVID-19 and despite government support, the latest bureau of statistics data estimates more than 1,000 job losses in the building and construction industry since the government lock down restrictions were put in place.

The outlook for the next 12 months is more uncertain than this time last year. A lack in business confidence and the threat of future lock downs are a threat to growth and may impact industries

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like tourism and education which have been important drivers of construction activity in recent years.

20. STATE OF THE INDUSTRY - CONTINUED

A commitment by the government to bring forward \$1.8 billion in infrastructure spending combined with a strong forward pipeline of private projects does support a case for more positive outlook once we get to the other side of the COVID-19 crisis.

From an organisational perspective, while our business remains robust and membership remains strong, the heightened level of risk and uncertainty as a result of COVID-19 must be addressed carefully. The State Council is committed to the prudent financial management of the business over the next 12 months to ensure the business has the best chance of maintaining its strong financial position.

21. INVESTMENT IN MASTER BUILDERS' AUSTRALIA INSURANCE SERVICES

The Master Builders' Association of Tasmania has shareholders' investment in Master Builders Australia Insurance Services Pty Ltd (MBAIS). The association's investment is measured at cost; as at 30 June 2020 there are no indicators of impairment.

22. REGISTERED OFFICE

116 Bathurst Street
Hobart Tasmania 7000

23. SEGMENT REPORTING

The Master Builders' Association of Tasmania Inc. operates predominantly in the one geographical region being Tasmania. The Master Builders' Association of Tasmania Inc. activities surround the provision of benefits and services to its members.

24. FINANCIAL INSTRUMENTS

(a) Credit risk

Credit risk represents the risk that a counter-party will fail to perform contractual obligations under a contract.

The Association's maximum credit risk exposure at balance date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of Financial Position. Credit risk exposure for receivables reflects the underlying credit risk inherent in the Association.

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These risks are managed through the credit policies implemented by the Association. There is no concentration of credit risk in any particular industry or market segment, however all transactions are within the State of Tasmania.

24. FINANCIAL INSTRUMENTS - CONTINUED

b) Liquidity and cash flow risk

Liquidity risk is the risk that the Association will encounter difficulty in realising assets or otherwise raising funds to meet commitments associated with financial instruments. Cash flow risk is the risk that future cash flows associated with financial instruments will fluctuate in amount.

(c) Interest Rate Risk

Interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates.

An increase / (decrease) in interest rate of 1% will have a corresponding effect on revenue of \$20,043 (2019: \$6,002).

An increase / (decrease) in interest rate of 1% will have a corresponding effect on expenses of nil (2019: \$1,759).

(d) Net fair values

The carrying amounts of all financial assets and financial liabilities of the Association recognised at balance date generally approximated fair value because of the short term to maturity.

25. CAPITATION FEES

There was no capitation paid or received during the year.

26. LEVIES

There was no compulsory or voluntary levies paid or received during the year.

27. GRANTS

There were no grants paid or received during the year.

28. LEGAL FEES

Legal costs incurred throughout the financial year, paid and payable at year end, related to the dispute resolution.

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS
FOR THE PERIOD ENDED 30 JUNE 2020

29. INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR

In accordance with the requirement of the *Fair Work (Registered Organisations) Act 2009* (the RO Act) the attention of members is drawn to the provisions of sub-sections (1), (2) and (3) of section 272 of that Act, which reads as follows:

- (1) A member of a reporting unit, or the Registered Organisations Commission and Commissioner, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- (2) A member of a reporting unit, or the Registered Organisations Commission and 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.
- (3) 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.
- (4) A reporting unit must comply with an application made under subsection (1).

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FOR THE PERIOD ENDED 30 JUNE 2020

Officer Declaration Statement

I, _____, being the Secretary of The Master Builders Association of Tasmania Inc, declare that the following activities did not occur during the year ending 30 June 2020.

The reporting unit did not:

- Agree to receive financial support from another reporting unit to continue as a going concern (RG 10);
- 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 (RG 12);
- Receive any other revenue from another reporting unit (RG 13(b));
- Pay affiliation fees to another entity (RG 14(c));
- Pay a penalty imposed under the RO Act or the Fair Work Act 2009 (RG 14(k));
- Have a receivable with another report unit (RG 15(a));
- Have a payable with another reporting unit (RG 15(b));
- Have a fund or account for compulsory levies, voluntary contributions or required by rules of the organisation or branch (RG 17(a));
- Transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity (RG 17(b));
- Provide cash flows to another reporting unit and/or controlled entity (RG 18);
- Receive cash flows from another reporting unit and/or controlled entity (RG 18);
- Have another entity administer the financial affairs of the reporting unit (RG 19); and
- Make a payment to a former related party of the reporting unit (RG 20).

Signed by the officer:



Name of prescribed designated officer: LYNDON FENTON

Title of prescribed designated officer: TREASURER

Dated:

27/10/20



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More Forward

