FairWork Commission

30 November 2016

Mr Kirk Coningham
Executive Director
Master Builders Association of the Australian Capital Territory
1 Iron Knob Street
FYSHWICK ACT 2609

via email: canberra@mba.org.au

Dear Mr Coningham

**Master Builders Association of the Australian Capital Territory Financial Report for the year ended 30 June 2016 - [FR2016/233]**

I acknowledge receipt of the financial report for the year ended 30 June 2016 for the Master Builders Association of the Australian Capital Territory (**the reporting unit**). The financial report was lodged with the Fair Work Commission (**FWC**) on 26 October 2016. I also acknowledge receipt of the amended designated officer's certificate on 30 November 2016.

The financial report has now been filed.

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

Please note that the financial report for the year ending 30 June 2017 may be subject to an advanced compliance review.

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

## 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 timeline requirements can be found on the FWC 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 timeline requirements in diagrammatical form.

I note that the following timescale requirement was not met:

<u>Documents must be lodged with the FWC within 14 days of General Meeting</u>

Section 268 of the RO Act, states that the full report and the designated officer's certificate are required to be lodged with the FWC within 14 days of the meeting of the committee of management. The designated officer's certificate indicates that this meeting occurred on 11 October 2016. If this is correct the full report should have been lodged with the FWC by 25 October 2016.

The full report was lodged on 26 October 2016. This issue was also raised with the reporting unit in last year's filing letter.

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Melbourne VIC 3000
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Please note that section 268 is a civil penalty provision and future failure to meet this timeline may result in an inquiry into the organisation and the General Manager of the FWC may apply under s.310(1) of the RO Act to the Federal Court of Australia for a pecuniary penalty order to be imposed on your organisation and, potentially, an officer whose conduct led to the non-compliance.

**Designated Officer's Certificate**

Certificates to be signed and dated by designated officer

Each of the certificates and statements required by the RO Act must be signed and dated by a 'Designated Officer' – see section 243 of the RO Act. In order to be a Designated Officer under section 243, a person will first need to be an 'officer' holding an 'office' as those terms are defined in sections 6 and 9 respectively of the RO Act.

The Designated Officer's Certificate lodged with the FWC on 26 October 2016 was not signed by a Designed Officer. This issue was also raised with the reporting unit in last year's filing letter.

A new Designated Officer's Certificate was lodged with the FWC on 30 November 2016 sign by an appropriate officer. I do note however that the date which indicates when the new certificate was signed is incorrect and had not changed from the original document. Please ensure that in future years the date provided on the certificate is the date that it was actually signed.

**Statement of financial position**

Disclosure of payables in respect of legal costs

Reporting Guideline 20(b) requires a payable in relation to legal costs to be disclosed by litigation and by other legal matters. Reporting Guideline 21 states that if the activities identified in item 20 have not occurred in the reporting period, a statement to this effect must be included in the GPFR. I note that for litigation and other legal matters no such disclosure has been made.

**Reporting Requirements**

On the FWC website a number of factsheets in relation to the financial reporting process and associated timelines are available. The most recent copy of the Reporting Guidelines and a model set of financial statements can also be found. The FWC recommends reporting units use this model as it will assist in ensuring compliance with the RO Act, the s.253 Reporting Guidelines and the Australian Accounting Standards. Access to this information may be obtained via this link.

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) 8656 4681 or by email at joanne.fenwick@fwc.gov.au.

Yours sincerely

Joanne Fenwick
Financial Reporting Specialist
Regulatory Compliance Branch

## CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

Certificate for the period ended *30 June* 2016

I Frank Porreca being the *President* of the *Master Builders Association of the ACT* certify:

- that the documents lodged herewith are copies of the full report for the *Master Builders of the ACT* for the period ended *30 June 2016* 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 21st September 2016 and

- that the full report was presented to *a meeting of the committee of management* of the reporting unit on *11th October 2016* in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature of prescribed designated officer: ............................................................................................

Name of prescribed designated officer: **Frank Porreca**

Title of prescribed designated officer: **Treasurer**

Dated: 20 October 2016



Master Builders Association of the ACT
1 Iron Knob St, Fyshwick ACT 2609 | PO Box 1211, Fyshwick ACT 2609
Tel: (02) 6247 2099 Fax: (02) 6249 8374 Email: canberra@mba.org.au Web: www.mba.org.au
ABN: 52853376568

MASTER BUILDERS
AUSTRALIAN CAPITAL TERRITORY

## CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

Certificate for the period ended *30 June* 2016

I Kirk Coningham being the *Executive Director* of the *Master Builders Association of the ACT* certify:

- that the documents lodged herewith are copies of the full report for the *Master Builders of the ACT* for the period ended *30 June 2016* 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 21st September 2016 and

- that the full report was presented to *a meeting of the committee of management* of the reporting unit on *11th October 2016* in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009.*

Signature of prescribed designated officer: ............................................................

Name of prescribed designated officer: **Kirk Coningham**

Title of prescribed designated officer: **Executive Director**

Dated: 20 October 2016



Master Builders Association of the ACT
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MASTER BUILDERS
AUSTRALIAN CAPITAL TERRITORY

# MASTER BUILDERS ASSOCIATION OF THE ACT AND ITS CONTROLLED ENTITY

ABN 52 853 376 568

**GENERAL PURPOSE FINANCIAL REPORT**
**For the year ended 30 June 2016**

# Contents

# Operating report

Your Members of the Council of Management present this report on the Master Builders Association of the ACT and its controlled entity (the Association) for the financial year ended 30 June 2016.

**MEMBERS OF THE COUNCIL OF MANAGEMENT**
The names of the Members of the Council of Management for the reporting period are as follows:

| | |
|---|---|
| Ms Gracie Ferreira | |
| Mr Frank Porreca (Treasurer) | |
| Mr Valdis Luks (President) | |
| Mr Nigel Forde | (Resigned: 15 February 2016) |
| Mr Andrew Crompton | (Resigned: 7 December 2015) |
| Mr Peter Naylor | |
| Mr Marc Rowland | |
| Mr David Colbertaldo | (Resigned: 20 June 2016) |
| Mr Stephen Wise | |
| Mr Brian Leeming | |
| Mr Richard Corver | |
| Ms Annalisa O'Sullivan | (Resigned: 7 December 2015) |
| Mr Peter Middleton | (Appointed: 15 February 2016) |
| Mr Martin Boyd | (Appointed: 15 February 2016) |
| Mr Simon Butt | |

Members of the Council of Management have been in Council for the entire reporting period.

**RIGHT OF MEMBERS TO RESIGN**
As required to be disclosed by the *Fair Work (Registered Organisations) Act 2009,* and in accordance with Rule 8 of the Association's rule a member may resign from the Association by written notice addressed and delivered to a person designated for the purpose in the rules of Association.

**TRUSTEE OR DIRECTOR OF TRUSTEE COMPANY OF SUPERANNUATION ENTITY OR EXEMPT PUBLIC SECTOR SUPERANNUATION SCHEME - S254(2)(d)**
No officer, or member of the reporting unit, to the best of our knowledge, holds a position as a trustee or director of a superannuation entity or exempt public sector superannuation scheme where the criterion for holding such position is that they are an officer or member of an organisation.

**REVIEW OF OPERATIONS**
The consolidated loss of the Association amounted to $454,174 (2015: $188,374). The surplus of the parent entity amounted to $195,030 (2015: loss of $256,223).

A review of operations of the Association and its controlled entity during the financial year noted that the following were contributing factors to the financial performance:

- Significant decrease in training income as compared to prior years; and
- Redcued apprentice numbers resulting in lower employer reimbursement income

# Operating report (continued)

**PRINCIPAL ACTIVITIES - s254(2)(9a)**
The principal activities of the Association are to promote, protect and advance the interest of its members engaged in any manner of the construction and building industry within the ACT and its surrounding region by being a representative body for the building and construction industry.

The Association provides professional services, information and advice including industrial relations advice, dispute resolution, training (including, but not limited to, business, apprentice and workplace health and safety), changes to acts and legislation, changes to awards rates and work practices to members of the Association throughout Australian Capital Territory.

The Association also represents its members at all levels of Government and holds events and seminars throughout the year to engage and support its membership to connect and network.

The controlled entity of the Association, MBA Group Training Limited, engages in Registered Training Organisation (RTO) and Group Training Organisation (GTO) activities including hiring, placing and training of apprentices. The education and training of apprentices is essential in the continued growth, development and success of the construction and building industry in the ACT through educating the future tradespeople in the ACT and the surrounding region.

MBA Group Training Limited also undertakes short course training for the wider building industry to train and maintain skills for the broader community which engages with the construction and building industry in the ACT.

**RESULTS OF PRINCIPAL ACTIVITIES**
The Association has undertaken more training to the wider building and construction industry than ever before with a current focus on workplace health and safety (WH&S) and asbestos training. The Association continues to undertake all aspects of the services listed above.

**SIGNIFICANT CHANGES IN STATE OF FINANCIAL AFFAIRS - s254(2)(b)**
Apart from the changes listed in the review of operations, no significant changes in the Association's state of financial affairs occurred during the financial year.

**SIGNIFICANT CHANGES IN NATURE OF PRINCIPAL ACTIVITIES - s254(2)(a)**
There were no significant changes in the nature of the Association's principal activities during the financial year.

**SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**
At the time of signing this report, no matter or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the association, the results of those operations, or the state of affairs of the Association in future financial years.

**LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS**
The Association expects to maintain the present status and level of operations. Likely developments in the operations of the Association and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Association.

**ENVIRONMENTAL REGULATION**
The Association's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

# Operating report (continued)

**NUMBER OF MEMBERS**

The number of persons who, at the end of the financial year, were recorded on the Register of Members was 1,064 (2015: 1,035).

**NUMBER OF EMPLOYEES**

The number of persons who were, at the end of the financial year, employees of the Association was 17, measured on a full equivalent basis (2015: 17).

Signed in accordance with a resolution of the Members of the Council of Management.

Gracie Ferreira

Frank Porreca

Dated:19 September 2016

Dated:19 September 2016

# Statement by Members of the Council of Management

On the 19 September 2016, the Members of the Council of Management of the Master Builders Association of the ACT passed the following resolution in relation to the General Purpose Financial Report (GPFR) for the year ended 30 June 2016:

We, G Ferreira and F Porreca, being two members of the Council of Management of the Master Builders Association of the ACT, do state on behalf of the Council that in the opinion of the Council:

(1) The financial statements and notes comply with the Australian Accounting Standards, mandatory professional reporting requirements and other authoritative pronouncement of the Australian Accounting Standard Board;

(2) The financial statements and notes comply with the *Fair Work (Registered Organisations) Act 2009;*

(3) The financial statements and notes give a true and fair value of the financial performance, financial position and cash flows of the Association and its controlled entity for the financial year to which they relate;

(4) There are reasonable grounds to believe that the Association will be able to pay its debts as and when they fall due; and

(5) During the financial year to which the financial report relates and since the end of that year

   (i) Meetings of the Council were held in accordance with rules of the organisation including the rules of the branch concerned;

   (ii) The financial affairs of the Association have been managed in accordance with rules of the organisation including the rules of the branch concerned;

   (iii) The financial records of the Association have been kept and maintained in accordance with the *Fair Work (Registered Organisations) Act 2009;*

   (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;

   (v) The information sought in any request of a member of the Association or a General Manager duly made under the *Fair Work (Registered Organisations) Act 2009* has been furnished to the member or General Manager; and

   (vi) There has been compliance with any order for inspection of financial records made by the Fair Work Commission under *Fair Work (Registered Organisations) Act 2009.*

(6) No revenue has been derived from undertaking recovery of wages activity during the reporting period.

Signed in accordance with the resolution of the Members of the Council of Management.

Gracie Ferreira

Dated: 19 September 2016

Frank Porreca

Dated: 19 September 2016

Building a better working world

Ernst & Young
121 Marcus Clarke Street
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# Independent auditor's report to the members of Master Builders Association of the ACT

## Report on the financial report

We have audited the accompanying financial report of the Master Builders Association of the ACT ("the Association"), which comprises the statements of financial position as at 30 June 2016, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the statement by Members of the Council of Management of the Association and the consolidated entity comprising the Association and the entities it controlled at the year's end or from time to time during the financial year.

### Members of the Council of Management's responsibility for the financial report

The members of the Council of Management of the Association are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Fair Work (Registered Organisations) Act 2009* and for such internal controls as the members of the Council of Management determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the members of the Council of Management, as well as evaluating the overall presentation of the financial report.

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

### Independence

In conducting our audit we have complied with the independence requirements of the Australian professional accounting bodies.

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## Opinion

In our opinion the financial report presents fairly, in all material respects, the financial positions of the Master Builders Association of the ACT and the consolidated entity as of 30 June 2016, and their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards and the *Fair Work (Registered Organisations) Act 2009*.

## Report on Other Legal and Regulatory Requirements

In our opinion the use of the going concern basis of accounting in the preparation of the Master Builders Association of the ACT's financial report is appropriate.

Ernst & Young

Ernst & Young

Anthony Ewan
Partner
Canberra
21 September 2016

Registered Company Auditor with ASIC No: 471861
Member of the Institute of Chartered Accountants in Australia and New Zealand with membership Number: 228983

# Statement of comprehensive income

## For the year ended 30 June 2016

| | | CONSOLIDATED | | PARENT | |
|---|---|---|---|---|---|
| | Note | **2016** | 2015 | **2016** | 2015 |
| | | $ | $ | $ | $ |
| Revenue | 4(c)(d) | **7,781,670** | 8,189,307 | **4,198,500** | 3,526,790 |
| Other income | 4(e) | **155,362** | 136,969 | **107,992** | 70,602 |
| Finance income | | **95,920** | 112,727 | **59,416** | 58,619 |
| **Total revenue** | | **8,032,952** | 8,439,003 | **4,365,908** | 3,656,011 |
| Employee benefits expense | 5(a) | **(5,471,973)** | (5,328,448) | **(2,167,998)** | (1,952,369) |
| Depreciation expense | 8(a) | **(363,103)** | (380,353) | **(291,544)** | (315,534) |
| Amortisation expense | 10(a) | **(26,121)** | (14,076) | **(26,121)** | (14,076) |
| Rent expense | | **(37,714)** | (38,694) | **(37,714)** | (38,694) |
| Meetings and seminars | | **(25,063)** | (18,032) | **(25,063)** | (18,032) |
| Printing, postage and stationary expense | | **(180,730)** | (246,768) | **(134,423)** | (154,048) |
| Members subscriptions | | **(181,771)** | (171,960) | **(155,443)** | (151,777) |
| Consultant expense | | **(693,940)** | (774,536) | **(295,267)** | (314,508) |
| Motor vehicle expense | | **(75,305)** | (69,720) | **(44,067)** | (42,841) |
| Grants or donations | | **(9,418)** | (8,500) | **(9,418)** | (8,500) |
| Building awards expense | | **(443,023)** | (395,444) | **(443,023)** | (395,444) |
| Worker's compensation expense | | **(114,322)** | (192,482) | **(14,329)** | (10,987) |
| Insurance expense | | **(58,351)** | (64,972) | **(31,487)** | (40,186) |
| Skills Centre expenses | | **(167)** | (15,978) | **(167)** | (15,978) |
| Doubtful debts expense | | **(13,045)** | (31,431) | **-** | - |
| Gain/(loss) on disposal of fixed assets | | **20,531** | (4,336) | **10,495** | 4,836 |
| Other expenses | 5(e)(f) | **(813,611)** | (871,647) | **(505,309)** | (444,096) |
| **(Loss)/income for the year** | | **(454,174)** | (188,374) | **195,030** | (256,223) |
| **Other comprehensive income** | | | | | |
| *Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax):* | | | | | |
| Revaluation of land and buildings | | - | 574,108 | - | 574,108 |
| **Total comprehensive (loss)/income for the year** | | (454,174) | 385,734 | 195,030 | 317,885 |

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

# Statements of financial position

## As at 30 June 2016

| | | CONSOLIDATED | | PARENT | |
|---|---|---|---|---|---|
| | Note | **2016** | 2015 | **2016** | 2015 |
| | | **$** | $ | **$** | $ |
| **ASSETS** | | | | | |
| **Current assets** | | | | | |
| Cash and cash equivalents | 6 | **4,025,377** | 4,984,921 | **2,637,964** | 3,030,109 |
| Trade and other receivables | 7 | **1,096,536** | 825,598 | **591,037** | 262,883 |
| Inventories | | **2,398** | 2,837 | **2,398** | 2,837 |
| Prepayments | | **136,272** | 101,106 | **55,663** | 38,489 |
| **Total current assets** | | **5,260,583** | 5,914,462 | **3,287,062** | 3,334,318 |
| | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 8 | **9,091,865** | 8,913,565 | **8,943,064** | 8,675,751 |
| Intangible assets | 10 | **58,108** | 63,530 | **58,108** | 63,530 |
| **Total non-current assets** | | **9,149,973** | 8,977,095 | **9,001,172** | 8,739,281 |
| **Total assets** | | **14,410,556** | 14,891,557 | **12,288,234** | 12,073,599 |
| | | | | | |
| **LIABILITIES AND EQUITIES** | | | | | |
| **Current liabilities** | | | | | |
| Trade and other payables | 11 | **946,413** | 635,806 | **678,988** | 314,967 |
| Employee benefit liabilities | 12 | **391,049** | 354,833 | **157,458** | 118,564 |
| Other liabilities | 13 | **118,605** | 529,519 | **118,605** | 529,519 |
| Unearned income - prepaid memberships | | **187,835** | 155,543 | **170,395** | 145,274 |
| **Total current liabilities** | | **1,643,902** | 1,675,701 | **1,125,446** | 1,108,324 |
| | | | | | |
| **Non-current liabilities** | | | | | |
| Employee benefit liabilities | 12 | **20,130** | 15,158 | **13,076** | 10,593 |
| **Total non-current liabilities** | | **20,130** | 15,158 | **13,076** | 10,593 |
| **Total liabilities** | | **1,664,032** | 1,690,859 | **1,138,522** | 1,118,917 |
| | | | | | |
| **EQUITY** | | | | | |
| Retained earnings | | **12,046,890** | 12,475,409 | **10,450,078** | 10,229,393 |
| Asset revaluation reserve | | **699,634** | 725,289 | **699,634** | 725,289 |
| **TOTAL EQUITY** | | **12,746,524** | 13,200,698 | **11,149,712** | 10,954,682 |
| | | | | | |
| **TOTAL EQUITY AND LIABILITIES** | | **14,410,556** | 14,891,557 | **12,288,234** | 12,073,599 |

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

# Statements of changes in equity

## For the year ended 30 June 2016

| | *Retained earnings* $ | *Asset revaluation reserve* $ | *Total* $ |
|---|---|---|---|
| *CONSOLIDATED* | | | |
| **At 1 July 2014** | 12,632,482 | 182,482 | 12,814,964 |
| Loss for the year | (188,374) | - | (188,374) |
| Other comprehensive income | - | 574,108 | 574,108 |
| Total comprehensive (loss)/income for the year | (188,374) | 574,108 | 385,734 |
| Transfer of reserve to retained earnings on assets derecognised | 31,301 | (31,301) | - |
| **At 30 June 2015** | 12,475,409 | 725,289 | 13,200,698 |

| | *Retained earnings* $ | *Asset revaluation reserve* $ | *Total* $ |
|---|---|---|---|
| **At 1 July 2015** | **12,475,409** | **725,289** | **13,200,698** |
| Transfer to Retained Earnings | 25,655 | (25,655) | - |
| Loss for the year | (454,174) | - | (454,174) |
| Total comprehensive loss for the year | (428,519) | **(25,655)** | (908,348) |
| **At 30 June 2016** | **12,046,890** | **699,634** | **12,746,524** |

During the year, management has assessed that due to previously revalued assets no longer being held, the revaluation reserve of $25,655 (2015: $31,301) was transferred to retained earnings. This has no impact on profit or net assets, as it is a correction to the presentation of the statement of changes in equity.

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

# Statements of changes in equity (continued)
## For the year ended 30 June 2016

| | *Retained earnings* | *Asset revaluation reserve* | *Total* |
|---|---|---|---|
| | *$* | *$* | *$* |
| *PARENT* | | | |
| **At 1 July 2014** | 10,485,616 | 151,181 | 10,636,797 |
| Loss for the year | (256,223) | - | (256,223) |
| Other comprehensive income | - | 574,108 | 574,108 |
| Total comprehensive (loss)/income for the year | (256,223) | 574,108 | 317,885 |
| **At 30 June 2015** | 10,229,393 | 725,289 | 10,954,682 |

| | *Retained earnings* | *Asset revaluation reserve* | *Total* |
|---|---|---|---|
| | *$* | *$* | *$* |
| **At 1 July 2015** | **10,229,393** | **725,289** | **10,954,682** |
| Transfer to Retained Earnings | 25,655 | (25,655) | - |
| Surplus for the year | 195,030 | - | 195,030 |
| Total comprehensive income for the year | 220,685 | **(25,655)** | 195,030 |
| **At 30 June 2016** | **10,450,078** | **699,634** | **11,149,712** |

During the year, management has assessed that due to previously revalued assets no longer being held, the revaluation reserve of $25,655 (2015: $nil) was transferred to retained earnings. This has no impact on profit or net assets, as it is a correction to the presentation of the statement of changes in equity.

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

# Statements of cash flows

## For the year ended 30 June 2016

| | Note | CONSOLIDATED 2016 $ | CONSOLIDATED 2015 $ | PARENT 2016 $ | PARENT 2015 $ |
|---|---|---|---|---|---|
| **Operating activities** | | | | | |
| Receipts from ordinary activities | | **7,666,094** | 9,255,659 | **3,978,338** | 4,059,792 |
| Net interest received | | **96,447** | 149,122 | **59,416** | 58,619 |
| Payments to employees and suppliers | | **(7,302,059)** | (8,871,365) | **(3,704,524)** | (3,879,315) |
| GST remitted to the ATO | | **(378,455)** | (418,248) | **(177,013)** | (198,892) |
| **Net cash flows from operating activities** | 18 | **82,027** | 115,168 | **156,217** | 40,204 |
| **Investing activities** | | | | | |
| Proceeds from sale of property, plant and equipment | | **57,273** | 95,384 | **29,091** | 76,293 |
| Purchase of property, plant and equipment | | **(578,145)** | (365,710) | **(577,453)** | (219,817) |
| Purchase of intangible assets | | **(20,699)** | (43,232) | **-** | (43,232) |
| **Net cash flows used in investing activities** | | **(541,571)** | (313,558) | **(548,362)** | (186,756) |
| **Financing activities** | | | | | |
| Repayment of borrowings | | **(500,000)** | - | **-** | - |
| **Net cash flows used in financing activities** | | **(500,000)** | - | **-** | - |
| Net decrease in cash and cash equivalents | | **(959,544)** | (198,390) | **(392,145)** | (146,552) |
| Cash and cash equivalents at 1 July | | **4,984,921** | 5,183,311 | **3,030,109** | 3,176,661 |
| **Cash and cash equivalents at 30 June** | 6 | **4,025,377** | 4,984,921 | **2,637,964** | 3,030,109 |

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

# Notes to the financial statements

## For the year ended 30 June 2016

### 1 CORPORATE INFORMATION

The financial report of Master Builders Association of the ACT and its controlled entity (MBA Group Training Limited) for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of the directors on 19 September 2016.

The consolidated financial statements cover the Master Builders Association of the ACT and its controlled entity (MBA Group Training Limited), and the separate financial statements cover the Master Builders Association of the ACT as an individual parent enity.

The nature of the operations and principal activities of the Association are described in the Operating report.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**(a) Basis of preparation**

The financial report are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the *Fair Work (Registered Organisations) Act 2009*. The Association is not-for-profit entity for the purpose of preparing the financial statements.

The financial report are prepared under the historical cost convention, modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The financial report is presented in Australian dollars ($).

**(b) Statement of compliance**

The financial statements of the Association comply with Australian Accounting Standards and other authoritative pronouncements as issued by the Australia Accounting Standards Board (AASB).

**(c) Changes in accounting policy, disclosures, standards and interpretations**

*(i) Changes in accounting policies, new and amended standards and interpretations*

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

*(ii) Accounting standards and interpretations issued but not yet effective*

The following new accounting standards and interpretation are not yet effective but may have an impact on the Association in financial years commencing from 1 July 2016 or later;

- AASB 9 *Financial Instruments* modifies the classification and measurement of certain classes of financial assets and liabilities. The most significant change is to rationalise from four to two primary categories of financial assets.
- AASB 15 *Revenue from Contracts with Customers* which modifies the determination of when to recognise revenue and how much revenue to recognise. The core principle is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.
- AASB 16 *Leases* requires lessees to recognise assets and liabilities for leases with a term of more than 12 months.

The Association is currently in the process of determining the potential impact of adopting the above standards and interpretations.

The above standards and interpretations are available for early adoption in the 1 July 2016 financial year but have not been applied in the preparation of these financial statements

# Notes to the financial statements (continued)

## For the year ended 30 June 2016

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**(d) Basis of consolidation**

The financial statements comprise the financial statements of the Association and its controlled entity as at 30 June 2016. Control is achieved when the Association is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Association controls an investee if and only if the Association has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Association has less than a majority of the voting or similar rights of an investee, the Association considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Association's voting rights and potential voting rights

The Association re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Association obtains control over the subsidiary and ceases when the Association loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Association gains control until the date the Association ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Association and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Association's accounting policies. All intra-Association assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Association are eliminated in full on consolidation.

**(e) Current versus non-current classification**

The Association presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

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

All other assets are classified as non-current.

# Notes to the financial statements (continued)

## For the year ended 30 June 2016

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**(e) Current versus non-current classification (continued)**

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Association classifies all other liabilities as non-current.

**(f) Income tax**

No provision for income tax is necessary as the Association is exempt under Section 50-15 of the *Income Tax Assessment Act 1997.*

**(g) Inventories**

Inventories held for sale are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

**(h) Property, plant and equipment**

Property, plant and equipment are initially recognised at cost. Following initial recognition, land and buildings are measured at fair value less accumulated depreciation and impairment losses recognised at the date of revaluation. Valuations are performed by external independent valuers with sufficient frequency but at least triennial to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same class of asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of comprehensive income, except to the extent that it offsets an existing surplus on the same class of asset recognised in the asset revaluation reserve.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Land is not depreciated.

Other plant and equipment are subsequently measured at cost less accumulated depreciation and impairment.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The depreciation rates are as follows:

| **Class of fixed asset** | **Depreciation rate** |
|---|---|
| Land and Building | 2.5% |
| Plant and Equipment | 6.7 - 33% |
| Motor vehicles | 22.5% |

# Notes to the financial statements (continued)
## For the year ended 30 June 2016

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(h) Property, plant and equipment (continued)**

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal 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 comprehensive income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

**(i) Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Association is classified as a finance lease.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of comprehensive income on a straight-line basis over the lease term.

**(j) Financial assets**

*Initial recognition and measurement*

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

The Association's financial assets are cash and cash equivalents, term deposits (held-to maturity) and trade and other receivables (loans and receivables).

*Subsequent measurement*

*Held-to-maturity*

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Association has the positive intention and ability to hold them to maturity.

# Notes to the financial statements (continued)

## For the year ended 30 June 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**(j) Financial assets (continued)**

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognised in the statement of comprehensive income in finance costs for loans and in cost of sales or other operating expenses for receivables.

After initial measurement, held to maturity investments and loans and receivables are measured at amortised cost using the effective interest rate (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the statement comprehensive income. The losses arising from impairment are recognised in the statement of comprehensive income as finance costs.

*Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognised (i.e. removed from the Association's consolidated statement of financial position) 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 (a) the Association has transferred substantially all the risks and rewards of the asset, or (b) 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 the Association's continuing involvement. In that case, the Association also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Association has retained.

*Impairment of financial assets*

The Association assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

# Notes to the financial statements (continued)
## For the year ended 30 June 2016

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(k) Impairment of non-financial assets**

The Association assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Association estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Association bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Association's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of comprehensive income in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Association estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

**(l) Intangible assets**

*Computer software*

Websites and Databases are recognised at cost. Website and Databases have a finite life and are carried at cost less any accumulated amortisation and impairment losses. Management have estimated the useful life of websites and databases to be 3 years and perform an assessment annually for impairment.

# Notes to the financial statements (continued)

**For the year ended 30 June 2016**

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (m) Provisions for employee benefit liabilities

*General*

Provisions are recognised when the Association has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Association expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of comprehensive income net of any reimbursement.

*(i) Short-term employee benefit liabilities*

Liabilities for annual leave and registered days off (RDO) expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

*(ii) Other long-term employee benefit liabilities*

The liability for long service and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in provision and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

### (n) Cash and cash equivalents

Cash in the statement of financial position comprises cash at bank and on hand and other short-term highly liquid investments with original maturities of three months or less.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash as defined above.

### (o) Trade and other receivables

Trade and other receivables include amounts due from members as well as amounts receivable from customers for goods sold and services rendered in the ordinary course of business.

Refer to Note 2(j) for further discussion of accounting policies for trade and other receivables.

# Notes to the financial statements (continued)
## For the year ended 30 June 2016

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (p) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Association and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Association has concluded that it is acting as a principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Revenue from the rendering of a service is recognised upon the delivery of the services.

Interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of comprehensive income.

Revenue from the provision of membership subscriptions is recognised on a straight-line basis over the financial year.

Revenue from sponsorship is recognised when it is received.

Revenue from commissions is recognised either at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the good and the cessation of all involvement in those goods for commission on goods, or upon the delivery of the service for commission on services provided.

Revenue from the annual dinner and other events is recognised upon the delivery of the service to the customer.

Revenue from User Choice is recognised when training has been delivered to the customer.

Revenue from training and rebates is recognised upon completion of the training course held.

Revenue from Employer reimbursements is recognised upon the delivery of the service to the

Revenue from Office of Training and Education (TAE) and Industries Training Fund (ITF) funding and grants is recognised when control of the funding is obtained.

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

# Notes to the financial statements (continued)
## For the year ended 30 June 2016

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(q) Goods and services tax (GST)**

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

- When the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable
- When receivables and payables are stated with the amount of GST included

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

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

**(r) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Association prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

**3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the Association's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The management evaluates estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Association.

**Key estimates**

*Fair value*

The land and building assets were independently valued at 30 June 2015 by Knight Frank Valuations Canberra. The valuation was based on fair value with regard to recent sales within Fyshwick, Canberra, ACT. The critical assumptions adopted in determining the valuation included the location and current zoning of the land, the site not being contaminated, the property has structural integrity and the construction costs and plans provided are accurate.

*Provision for impairment of receivables*

Included in trade and other receivables at the end of the reporting period are amounts that senior management considers to be doubtful for collection. These amounts are disclosed as provision for impairment in Note 7.

# Notes to the financial statements (continued)

## For the year ended 30 June 2016

### 3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

**Key estimates (continued)**

*Provisions for employee benefits*

Provisions for employee benefits payable after 12 months from the reporting date are based on future wage and salary levels, experience of employee departures and periods of service, as discussed in note 2(m). The amount of these provisions would change should any of these factors change in the next 12 months.

*Estimation of useful lives of assets*

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment), lease terms (for leased equipment) and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

# Notes to the financial statements (continued)

## For the year ended 30 June 2016

### 4 REVENUE

| | CONSOLIDATED | | PARENT | |
|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 |
| | $ | $ | $ | $ |
| **(a) Capitation fees** | | | | |
| **Total capitation fees** | - | - | - | - |
| **(b) Levies** | | | | |
| **Total levies** | - | - | - | - |
| **(c) Grants or donations** | | | | |
| Grants | - | - | - | - |
| Donations received from MBA Skills Centre Building Fund | **723,148** | 17,400 | **510,583** | 17,400 |
| **Total grants or donations** | **723,148** | **17,400** | **510,583** | **17,400** |
| **(d) Revenue** | | | | |
| Employer reimbursements | **2,534,494** | 2,839,754 | - | - |
| Government grants | **134,250** | 184,500 | - | - |
| Industry training fund | **242,235** | 276,756 | - | - |
| Project income | **14,100** | 36,184 | - | - |
| Publication sales | **42,674** | 44,653 | **42,674** | 44,653 |
| Sponsorships | **356,818** | 327,290 | **356,818** | 327,290 |
| Subscriptions - affiliation fee to MBA Australia | **805,277** | 763,601 | **805,277** | 763,601 |
| TAE funding | **6,500** | 103,350 | - | - |
| Training fees and rebates | **910,930** | 1,609,387 | - | - |
| User choice fees | **593,096** | 590,885 | - | - |
| Construction Apprenticeship Mentoring Scheme funding | - | 73,260 | - | - |
| Commissions and fees | **770,802** | 689,948 | **770,802** | 689,948 |
| Rent | - | - | **480,000** | 477,405 |
| Annual dinner and social events | **527,055** | 477,049 | **527,055** | 477,049 |
| Building centre rent | **34,879** | 98,752 | **34,879** | 98,752 |
| Journal advertising fees | **85,412** | 56,538 | **85,412** | 56,538 |
| Service agreement MBA ACT fee | - | - | **585,000** | 574,154 |
| | **7,058,522** | **8,171,907** | **3,687,917** | **3,509,390** |
| **(e) Other income** | | | | |
| Sundry income | **135,078** | 114,177 | **107,992** | 70,602 |
| Worker's compensation insurance reimbursement | **20,284** | 22,792 | - | - |
| | **155,362** | 136,969 | **107,992** | 70,602 |

# Notes to the financial statements (continued)

## For the year ended 30 June 2016

### 5 EXPENSES

| | CONSOLIDATED | | PARENT | |
|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 |
| | $ | $ | $ | $ |
| **(a) Employee expenses** | | | | |
| *Holders of office:* | | | | |
| Wages and salaries | - | - | - | - |
| Superannuation | - | - | - | - |
| Leave and other entitlements | - | - | - | - |
| Separation and redundancies | - | - | - | - |
| Other employee expenses | - | - | - | - |
| **Subtotal employee expenses holder of office** | - | - | - | - |
| *Employees other than office holders:* | | | | |
| Wages and salaries | **4,813,644** | 4,515,859 | **1,837,939** | 1,421,318 |
| Superannuation | **430,264** | 427,224 | **169,966** | 161,177 |
| Leave and other entitlements | **60,825** | 235,812 | **33,853** | 263,729 |
| Separation and redundancies | - | - | - | - |
| Other employee expenses | **167,240** | 149,553 | **126,240** | 106,145 |
| **Subtotal employee expenses employees other than office holders** | **5,471,973** | 5,328,448 | **2,167,998** | 1,952,369 |
| Total employee expenses | **5,471,973** | 5,328,448 | **2,167,998** | 1,952,369 |
| **(b) Capitation fees** | | | | |
| **Total capitation fees** | - | - | - | - |
| **(c) Affiliation fees** | | | | |
| **Total affiliation fees/subscriptions** | - | - | - | - |
| **(d) Grants or donations** | | | | |
| **Total grants or donations** | - | - | - | - |
| **(e) Legal costs** | | | | |
| Litigation | | | | |
| Other legal matters | **38,993** | 28,494 | **36,976** | 16,979 |
| **Total legal costs** | **38,993** | **28,494** | **36,976** | **16,979** |

# Notes to the financial statements (continued)

## For the year ended 30 June 2016

### 5 EXPENSES (continued)

**(f) Other expenses**

| | | | | |
|---|---|---|---|---|
| Utilities | **121,611** | 112,352 | **93,542** | 82,870 |
| Computer maintenance | **131,166** | 104,030 | **94,482** | 84,626 |
| Repairs and maintenance | **68,286** | 60,735 | **65,729** | 59,897 |
| Telecommunications expenses | **43,639** | 42,635 | **29,518** | 27,633 |
| Catering expenses | **27,351** | 35,880 | **823** | - |
| Advertising expenses | **88,028** | 58,583 | **74,264** | 44,704 |
| Audit expenses | **44,500** | 46,407 | **21,676** | 22,807 |
| Compliance expenses | **31,325** | 7,500 | **-** | - |
| Material expenses | **31,424** | 34,264 | **-** | - |
| Office expenses | **100,321** | 107,785 | **38,923** | 30,398 |
| Construction Apprenticeship Mentoring Scheme Expenses | **-** | 77,634 | **-** | - |
| Other expenses | **86,967** | 155,348 | **49,376** | 74,182 |
| **Total other expenses** | **774,618** | 843,153 | **468,333** | 427,117 |

### 6 CASH

| | *CONSOLIDATED* | | *PARENT* | |
|---|---|---|---|---|
| | ***2016*** | *2015* | ***2016*** | *2015* |
| | ***$*** | *$* | ***$*** | *$* |
| Cash on hand | **1,050** | 1,050 | **450** | 450 |
| Cash at bank | **883,006** | 3,010,505 | **537,514** | 2,252,570 |
| Industry Training Fund Cash at Bank | **41,321** | 13,445 | **-** | - |
| Held-to-maturity investments - term deposits | **3,100,000** | 1,959,921 | **2,100,000** | 777,089 |
| | **4,025,377** | 4,984,921 | **2,637,964** | 3,030,109 |

### 7 TRADE AND OTHER RECEIVABLES

| | *CONSOLIDATED* | | *PARENT* | |
|---|---|---|---|---|
| | ***2016*** | *2015* | ***2016*** | *2015* |
| | ***$*** | *$* | ***$*** | *$* |
| **Current** | | | | |
| Accounts receivable | **808,105** | 855,016 | **295,555** | 256,392 |
| Provision for impairment | **(13,873)** | (44,677) | **-** | - |
| Receivable from Deakin Charity House | **287,572** | - | **287,572** | - |
| Interest receivable | **14,732** | 15,259 | **7,910** | 6,491 |
| | **1,096,536** | 825,598 | **591,037** | 262,883 |

**Provision for impairment of receivables**

| | *CONSOLIDATED* | | *PARENT* | |
|---|---|---|---|---|
| Movements in the provision for impairment of receivables are as follows: | ***2016*** ***$*** | *2015* *$* | ***2016*** ***$*** | *2015* *$* |
| At 1 July | **44,677** | 13,245 | **-** | - |
| (Recovery)/charge for the year | **(30,804)** | 31,432 | **-** | - |
| At 30 June | **13,873** | 44,677 | **-** | - |

# Notes to the financial statements (continued)

## For the year ended 30 June 2016

### 7 TRADE AND OTHER RECEIVABLES (continued)

As at June 30, the ageing analysis of accounts receivables is as follows:

| | *CONSOLIDATED* | | *PARENT* | |
|---|---|---|---|---|
| | ***2016*** | *2015* | ***2016*** | *2015* |
| | *$* | *$* | *$* | *$* |
| Less than 30 days | **459,539** | 551,291 | **108,761** | 153,524 |
| 30-60 days | **215,215** | 197,313 | **127,663** | 60,987 |
| 61-90 days | **39,564** | 21,132 | **23,055** | 15,765 |
| More than 90 days | **93,787** | 85,280 | **36,076** | 26,116 |
| | **808,105** | 855,016 | **295,555** | 256,392 |

### 8 PROPERTY, PLANT AND EQUIPMENT

| | *CONSOLIDATED* | | *PARENT* | |
|---|---|---|---|---|
| | ***2016*** | *2015* | ***2016*** | *2015* |
| | *$* | *$* | *$* | *$* |
| *Land and buildings* | | | | |
| At cost | **8,885,117** | 8,343,641 | **8,885,117** | 8,343,641 |
| Accumulated depreciation | **(178,432)** | - | **(178,432)** | - |
| Net carrying amount | **8,706,685** | 8,343,641 | **8,706,685** | 8,343,641 |
| *Plant and equipment* | | | | |
| At cost | **322,162** | 308,348 | **209,501** | 196,742 |
| Accumulated depreciation | **(193,666)** | (155,875) | **(125,466)** | (109,871) |
| Net carrying amount | **128,496** | 152,473 | **84,035** | 86,871 |
| *Motor vehicles* | | | | |
| At cost | **490,462** | 579,179 | **302,163** | 344,245 |
| Accumulated depreciation | **(233,778)** | (161,728) | **(149,819)** | (99,006) |
| Net carrying amount | **256,684** | 417,451 | **152,344** | 245,239 |
| Total property, plant and equipment | | | | |
| At cost or fair value | **9,697,741** | 9,231,168 | **9,396,781** | 8,884,628 |
| Accumulated depreciation | **(605,876)** | (317,603) | **(453,717)** | (208,877) |
| Net carrying amount | **9,091,865** | 8,913,565 | **8,943,064** | 8,675,751 |

# Notes to the financial statements (continued)

## For the year ended 30 June 2016

### 8 PROPERTY, PLANT AND EQUIPMENT (continued)

### (a) Reconciliation of carrying amounts at the beginning and end of the year

| | *CONSOLIDATED* *2016* *$* | *PARENT* *2016* *$* |
|---|---|---|
| *Land and buildings* | | |
| Balance at the beginning of the year | **8,343,641** | **8,343,641** |
| Additions | **541,476** | **541,476** |
| Depreciation charge for the year | **(178,432)** | **(178,432)** |
| Balance at the end of the year - Net carrying amount | **8,706,685** | **8,706,685** |
| *Plant and equipment* | | |
| Balance at the beginning of the year | **152,473** | **86,871** |
| Additions | **37,030** | **35,971** |
| Depreciation charge for the year | **(61,003)** | **(38,807)** |
| Balance at the end of the year - Net carrying amount | **128,500** | **84,035** |
| *Motor vehicles* | | |
| Balance at the beginning of the year | **417,451** | **245,239** |
| Additions | **-** | **-** |
| Disposals | **(88,717)** | **(42,082)** |
| Depreciation charge for the year | **(123,662)** | **(74,299)** |
| Depreciation write back | **51,612** | **23,486** |
| Balance at the end of the year - Net carrying amount | **256,684** | **152,344** |
| *Total property, plant and equipment* | | |
| Balance at the beginning of the year | **8,913,565** | **8,675,751** |
| Additions | **578,506** | **577,447** |
| Disposals | **(88,717)** | **(42,082)** |
| Depreciation charge for the year | **(363,097)** | **(291,538)** |
| Depreciation write back | **51,612** | **23,486** |
| Balance at the end of the year - Net carrying amount | **9,091,869** | **8,943,064** |

# Notes to the financial statements (continued)

## For the year ended 30 June 2016

### 8 PROPERTY, PLANT AND EQUIPMENT (continued)

### (a) Reconciliation of carrying amounts at the beginning and end of the year (continued)

| | *CONSOLIDATED* | *PARENT* |
|---|---|---|
| | *2015* | *2015* |
| | *$* | *$* |
| *Land and buildings* | | |
| Balance at the beginning of the year | 7,915,038 | 7,915,038 |
| Additions | 33,627 | 33,627 |
| Disposals | - | - |
| Revaluation adjustment | 574,108 | 574,108 |
| Depreciation charge for the year | (179,132) | (179,132) |
| Balance at the end of the year - Net carrying amount | 8,343,641 | 8,343,641 |
| *Plant and equipment* | | |
| Balance at the beginning of the year | 167,775 | 104,744 |
| Additions | 58,829 | 36,823 |
| Depreciation charge for the year | (74,131) | (54,696) |
| Balance at the end of the year - Net carrying amount | 152,473 | 86,871 |
| *Motor vehicles* | | |
| Balance at the beginning of the year | 371,007 | 249,035 |
| Additions | 273,254 | 149,367 |
| Disposals | (211,392) | (141,392) |
| Depreciation charge for the year | (127,090) | (81,706) |
| Depreciation write back | 111,672 | 69,935 |
| Balance at the end of the year - Net carrying amount | 417,451 | 245,239 |
| *Total property, plant and equipment* | | |
| Balance at the beginning of the year | 8,453,820 | 8,268,817 |
| Additions | 365,710 | 219,817 |
| Disposals | (211,392) | (141,392) |
| Revaluation adjustment | 574,108 | 574,108 |
| Depreciation charge for the year | (380,353) | (315,534) |
| Depreciation write back | 111,672 | 69,935 |
| Balance at the end of the year - Net carrying amount | 8,913,565 | 8,675,751 |

# Notes to the financial statements (continued)

## For the year ended 30 June 2016

### 9 FAIR VALUE MEASUREMENT

The following table provides the fair value measurement hierarchy of the consolidated group's assets.

| | | Fair value measurement using | | |
|---|---|---|---|---|
| | | **Quoted prices in active markets** | **Significant observable inputs** | **Significant unobservable inputs** |
| | **Total** | **(Level 1)** | **(Level 2)** | **(Level 3)** |
| | | **$** | **$** | **$** |
| Land and buildings | 8,706,685 | - | - | 8,706,685 |

There have been no transfers between during the year.

The Association's assets are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation.

Further information is set out below.

**Land (Level 3)**
The fair value of the land was determined using the sales comparison approach. The key inputs under this approach are the price per square metre from the current financial year sales of comparable land sales in the area.

**Buildings (Level 3)**
The fair value of the buildings was determined using the depreciated replacement cost approach. The key input under this approach is the estimated gross current replacement cost which is based on the expected useful lives and any adjustment for deterioration and obsolescence.

### 10 INTANGIBLE ASSETS

| | *CONSOLIDATED* | | *PARENT* | |
|---|---|---|---|---|
| | ***2016*** | *2015* | ***2016*** | *2015* |
| | *$* | *$* | *$* | *$* |
| *Capitalised website development costs* | | | | |
| Cost (gross carrying amount) | **90,295** | 77,995 | **90,295** | 77,995 |
| Accumulated amortisation | **(52,017)** | (35,579) | **(52,017)** | (35,579) |
| Net carrying amount | **38,278** | 42,416 | **38,278** | 42,416 |
| *Capitalised database development costs* | | | | |
| Cost (gross carrying amount) | **75,483** | 67,083 | **75,483** | 67,083 |
| Impairment | **(55,653)** | (45,969) | **(55,653)** | (45,969) |
| Net carrying amount | **19,830** | 21,114 | **19,830** | 21,114 |
| *Total intangible assets* | | | | |
| Cost (gross carrying amount) | **165,778** | 145,078 | **165,778** | 145,078 |
| Accumulated amortisation and impairment | **(107,670)** | (81,548) | **(107,670)** | (81,548) |
| Net carrying amount | **58,108** | 63,530 | **58,108** | 63,530 |

# Notes to the financial statements (continued)
## For the year ended 30 June 2016

### 10 INTANGIBLE ASSETS (continued)

#### (a) Reconciliation of carrying amounts at the beginning and end of the year

| | *CONSOLIDATED* *2016* *$* | *PARENT* *2016* *$* |
|---|---|---|
| Reconciliation of carrying amount at beginning and end of the year | | |
| Capitalised website development costs | | |
| Balance at the beginning of the year | **42,416** | **42,416** |
| Additions | **12,300** | **12,300** |
| Amortisation charge | **(16,437)** | **(16,437)** |
| Balance at the end of the year - Net carrying | **38,279** | **38,279** |
| Capitalised database development costs | | |
| Balance at the beginning of the year | **21,114** | **21,114** |
| Additions | **8,400** | **8,400** |
| Amortisation charge | **(9,684)** | **(9,684)** |
| Balance at the end of the year - Net carrying | **19,830** | **19,830** |
| Total intangible assets | | |
| Balance at the beginning of the year | **63,530** | **63,530** |
| Additions | **20,700** | **20,700** |
| Amortisation charge | **(26,121)** | **(26,121)** |
| Balance at the end of the year - Net carrying | **58,108** | **58,108** |

| | *CONSOLIDATED* *2015* *$* | *PARENT* *2015* *$* |
|---|---|---|
| Reconciliation of carrying amount at beginning and end of the year | | |
| Capitalised website development costs | | |
| Balance at the beginning of the year | 5,744 | 5,744 |
| Additions | 43,232 | 43,232 |
| Amortisation charge | (6,560) | (6,560) |
| Balance at the end of the year - Net carrying | 42,416 | 42,416 |
| Capitalised database development costs | | |
| Balance at the beginning of the year | 28,630 | 28,630 |
| Additions | - | - |
| Amortisation charge | (7,516) | (7,516) |
| Balance at the end of the year - Net carrying | 21,114 | 21,114 |
| Total intangible assets | | |
| Balance at the beginning of the year | 34,374 | 34,374 |
| Additions | 43,232 | 43,232 |
| Amortisation charge | (14,076) | (14,076) |
| Balance at the end of the year - Net carrying | 63,530 | 63,530 |

# Notes to the financial statements (continued)
## For the year ended 30 June 2016

### 11 TRADE AND OTHER PAYABLES

| | *CONSOLIDATED* | | *PARENT* | |
|---|---|---|---|---|
| | ***2016*** | *2015* | ***2016*** | *2015* |
| | *$* | *$* | *$* | *$* |
| **Current** | | | | |
| Trade payables | **376,316** | 78,233 | **324,529** | 38,917 |
| Goods and services tax payable | **197,268** | 177,474 | **114,110** | 71,027 |
| PAYG - Tax payable | **75,865** | 72,295 | **39,198** | 37,780 |
| Accrued expenses | **296,964** | 307,804 | **201,151** | 167,243 |
| Payables to other reporting unit | - | - | - | - |
| | **946,413** | 635,806 | **678,988** | 314,967 |

### 12 EMPLOYEE BENEFIT LIABILITIES

| | *CONSOLIDATED* | | *PARENT* | |
|---|---|---|---|---|
| | ***2016*** | *2015* | ***2016*** | *2015* |
| | *$* | *$* | *$* | *$* |
| **Office holders** | | | | |
| Annual leave | - | - | - | - |
| Long service leave | - | - | - | - |
| Separations and redundancies | - | - | - | - |
| Other | - | - | - | - |
| ***Subtotal employee provisions - office*** | - | - | - | - |
| **Employees other than office holders:** | | | | |
| Annual leave | **259,859** | 217,835 | **88,623** | 61,328 |
| Long service leave | **151,320** | 152,156 | **81,911** | 67,829 |
| Separations and redundancies | - | - | - | - |
| Other | - | - | - | - |
| ***Subtotal employee provisions - other than office holders*** | **411,179** | 369,991 | **170,534** | 129,157 |
| **Total employee benefit liabilities** | **411,179** | 369,991 | **170,534** | 129,157 |
| Current | **391,049** | 354,833 | **157,458** | 118,564 |
| Non-current | **20,130** | 15,158 | **13,076** | 10,593 |
| **Total employee benefit liabilities** | **411,179** | 369,991 | **170,534** | 129,157 |

*Short-term employee benefits*

Short-term employee benefits represents amounts accrued for annual leave. The current portion for this payable includes the total amount accrued for annual leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Association does not expect the full amount of annual leave classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Association does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

# Notes to the financial statements (continued)

## For the year ended 30 June 2016

### 13 OTHER LIABILITIES

| | CONSOLIDATED | | PARENT | |
|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 |
| | $ | $ | $ | $ |
| **Current** | | | | |
| Work in progress - Charity house | **116,605** | 28,519 | **116,605** | 28,519 |
| Funds held for third parties | **2,000** | 1,000 | **2,000** | 1,000 |
| Loan – ACT Community Services | - | 500,000 | - | 500,000 |
| | **118,605** | 529,519 | **118,605** | 529,519 |

In November 2003, Master Builders Association of the ACT was provided a $500,000 loan. Under the terms of the loan there is no interest payable. This loan was fully repaid in January 2016.

### 14 EQUITY

| | CONSOLIDATED | | PARENT | |
|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 |
| | $ | $ | $ | $ |
| **Other specific disclosures - fund** | | | | |
| Compulsory levy/voluntary contribution fund - if invested in assets | - | - | - | - |
| | | | | |
| **Other fund required by rules** | | | | |
| **Balance as at start of year** | | | | |
| Transferred to reserve | - | - | - | - |
| Transferred out of reserve | - | - | - | - |
| **Balance as at end of year** | - | - | - | - |

### 15 COMMITMENTS AND CONTINGENCIES

**(a) Operating lease commitments**

*Non-cancellable operating leases*

| | CONSOLIDATED | | PARENT | |
|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 |
| | $ | $ | $ | $ |
| Within one year | **26,494** | 26,494 | **22,384** | 22,384 |
| After one year but not more than five years | **61,020** | 87,514 | **50,059** | 72,443 |
| | **87,514** | 114,008 | **72,443** | 94,827 |

The lease commitments relate to various leases for office equipment (photocopiers and mail machines). The remaining terms on these leases range from 22 to 44 months.

**(b) Contingencies**

There are no contingent liabilities or assets as at the date of this report (2015: nil).

# Notes to the Financial Statements (continued)

## For the year ended 30 June 2016

### 16 RELATED PARTY TRANSACTIONS

**(a) Transactions with key management personnel**

The following Members of the Council and their related companies have had financial transactions with the Association during the financial year. All monies received from the Members of Council or their related companies related to subscriptions or normal trading operations of the Association.

Revenue received from Members of the Council and their related entities including events, subscriptions, sponsorships, training and other fees and sales is shown below:

| | | Consolidated | | Parent | |
|---|---|---|---|---|---|
| | | 2016 | 2015 | 2016 | 2015 |
| **Executive Member** | **Revenue received from** | **$** | **$** | **$** | **$** |
| Bryan Lemming | The Village Building Company | 36,040 | 64,092 | 36,040 | 55,280 |
| Gracie Ferreira | Pacific Formwork | 5,021 | 11,625 | 5,021 | 11,625 |
| Franc Porreca | Benchmark Projects | 1,425 | 1,220 | 1,425 | 1,220 |
| Valdis Luks | Shaw Building Company | 15,705 | 17,318 | 15,705 | 17,318 |
| Peter Middleton | Woden Contractors | 115,830 | - | - | - |
| Richard Corver | ABC Construction | 5,390 | 900 | 5,390 | 900 |
| Annalisa O'Sullivan | CTR Construction | 2,035 | 3,715 | 2,035 | 3,715 |
| Martin Boyd | Huon | 17,096 | 2,015 | - | - |
| Nigel Forde | Cord Civil | 12,461 | 6,845 | 10,445 | 4,830 |
| Andrew Crompton | Chincivil Pty Limited | 11,841 | 12,275 | 9,825 | 10,260 |
| Peter Naylor | IQON | 16,753 | 26,520 | 14,737 | 24,505 |
| Marc Rowland | Elevated Constructions | 6,692 | 4,902 | 4,676 | 2,887 |
| David Colbertaldo | Hindmarsh | 34,243 | 46,480 | 32,227 | 44,465 |
| Stephen Wise | Wise Choice Projects | 2,606 | 3,000 | 590 | 985 |
| Simon Butt | Manteena Pty Limited | 43,913 | 2,015 | - | - |
| **Total** | | **327,051** | **202,922** | **138,116** | **177,990** |

There were no expenses paid to related parties, amounts owed by related parties, amounts owed to or loans from or to related parties or assets transferred from or to related parties in the current financial year (2015: nil).

**Terms and conditions of transactions with related parties**

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions.

# Notes to the financial statements (continued)

## For the year ended 30 June 2016

### 16 RELATED PARTY TRANSACTIONS (continued)

### (b) Compensation of key management personnel

Any person having authority and responsibility for planning, directing and controlling the activities of association, directly or indirectly, including its council members, is considered key management personnel.

| | *CONSOLIDATED* | | *PARENT* | |
|---|---|---|---|---|
| | ***2016*** | *2015* | ***2016*** | *2015* |
| | *$* | *$* | *$* | *$* |
| **Key management personnel compensation:** | | | | |
| **Short-term employee benefits** | | | | |
| Salary (including annual leave taken) | **841,073** | 725,454 | **714,454** | 595,929 |
| Annual leave accrued | **23,398** | 16,088 | **18,323** | 7,810 |
| Reportable fringe benefit | **83,688** | 93,033 | **65,143** | 76,325 |
| **Total short-term employee benefits** | **948,159** | 834,575 | **797,920** | 680,064 |
| **Post-employment benefits** | | | | |
| Superannuation | **91,325** | 118,245 | **68,517** | 97,419 |
| **Total post-employment benefits** | **91,325** | 118,245 | **68,517** | 97,419 |
| **Other long-term benefits:** | | | | |
| Long-service leave | **10,629** | - | **7,725** | - |
| **Total other long-term benefits** | **10,629** | - | **7,725** | - |
| **Termination benefits** | - | - | - | - |
| **Total** | **1,050,113** | 952,820 | **874,162** | 777,483 |

### 17 EVENT AFTER REPORTING PERIOD

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

# Notes to the financial statements (continued)

## For the year ended 30 June 2016

### 18 STATEMENT OF CASH FLOWS RECONCILIATION

| | *CONSOLIDATED* | | *PARENT* | |
|---|---|---|---|---|
| | ***2016*** | *2015* | ***2016*** | *2015* |
| | *$* | *$* | *$* | *$* |
| **(a) Reconciliation of (deficit)/income for the year after tax to net cash flows from operations** | | | | |
| (Deficit)/income for the year | **(454,174)** | (188,374) | **195,030** | (256,223) |
| *Adjustments for:* | | | | |
| Depreciation and amortisation | **389,224** | 394,429 | **317,665** | 329,610 |
| Net (gain)/loss on disposal of fixed asset | **(20,531)** | 4,336 | **(10,495)** | (4,836) |
| *Changes in assets and liabilities* | | | | |
| (Increase)/Decrease in trade and other receivable | **(270,938)** | 101,381 | **(328,154)** | 76,853 |
| (Increase)/Decrease in inventories | **439** | (623) | **439** | (623) |
| (Increase)/Decrease in other assets | **(35,166)** | 47,444 | **(17,174)** | (7,594) |
| (Decrease)/Increase in trade and other payable | **310,607** | (38,019) | **343,322** | (18,430) |
| (Decrease)/Increase in employee benefit liabilities | **41,188** | (101,588) | **41,377** | (85,756) |
| (Decrease)/Increase in other liabilities | **89,086** | (21,548) | **(410,914)** | (21,548) |
| (Decrease)/Increase in unearned income | **32,292** | (82,270) | **25,121** | 28,751 |
| Net cash flows from operating activities | **82,027** | 115,168 | **156,217** | 40,204 |

### 19 AUDITORS' REMUNERATION

During the period the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

| | *CONSOLIDATED* | | *PARENT* | |
|---|---|---|---|---|
| | ***2016*** | *2015* | ***2016*** | *2015* |
| | *$* | *$* | *$* | *$* |
| Amounts received or due and receivable by Ernst & Young(Australia) | | | | |
| *Audit and other assurance services* | | | | |
| - Audit of financial statements | **34,400** | 33,300 | **17,100** | 16,600 |
| - Compilation of financial statements | **8,780** | 8,500 | **4,350** | 4,200 |
| | **43,180** | 41,800 | **21,450** | 20,800 |

# Notes to the financial statements (continued)

## For the year ended 30 June 2016

### 20 FINANCIAL RISK MANAGEMENT

**Financial risk management objectives**
The main risk arising from the Association's financial instruments is the liquidity risk.

*Financial risk management objectives*
The Association manages its exposure to the liquidity risk in accordance with the Association's policies. The objective of the policy is to support the delivery of the Association's services whilst protecting financial security. The liquidity risk is mainly monitored through the development of cash flow forecasts and maintaining adequate cash reserves.

**Market risk**
*Foreign currency risk*
The Association is not exposed to any foreign currency risk. The Association does not have any foreign currency dealings or transactions.

*Price risk*
The Association is not exposed to any significant price risk. The Association's revenues and expenses are not significantly impacted by market prices.

*Interest rate risk*
The Association is not exposed to any significant interest rate risk. The Association has very limited exposure to interest rate risk as there is no debt with interest component.

**Credit risk**
The Association is not exposed to any significant credit risk. Credit risk is managed through close management of all debtors. Historically, the Association has had very few issues with the collection of debts.

**Liquidity risk**
Vigilant liquidity risk management requires the Association to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The Association manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching maturity profiles of financial assets and liabilities.

FairWork Commission

15 July 2016

Mr John Miller
Executive Director
Master Builders Association of the Australian Capital Territory
By email: canberra@mba.org.au

Dear Mr Luks,

**Re: Lodgement of Financial Report - [FR2016/233]**
***Fair Work (Registered Organisations) Act 2009* (the RO Act)**

The financial year of the Master Builders Association of the Australian Capital Territory (the reporting unit) ended on 30 June 2016.

This is a courtesy letter to remind you of the obligation to prepare and lodge the financial report for the reporting unit by the due date under s.268 of the RO Act, that being within 14 days after the meeting referred to in s.266 of the RO Act.

**Timelines**

The RO Act sets out a particular chronological order in which financial documents and statements must be prepared, audited, provided to members and presented to a meeting. For your assistance, the attached *Timeline/Planner* summarises these requirements.

**Fact sheets, guidance notes and model statements**

Fact sheets and guidance notes in relation to financial reporting under the RO Act are provided on the Fair Work Commission website. This includes a model set of financial statements which have been developed by the FWC. It is not obligatory to use this model but it is a useful resource to ensure compliance with the RO Act, the Reporting Guidelines and the Australian Accounting Standards. The model statement, Reporting Guidelines and other resources can be accessed through our website under Financial Reporting in the Compliance and Governance section.

**Loans, grants and donations: our focus this year**

Also you are reminded of the obligation to prepare and lodge a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding $1,000 for the reporting unit during its financial year. Section 237 requires this statement to be lodged with the FWC within 90 days of the end of the reporting unit's financial year, that is on or before 28 September 2016. A sample statement of loans, grants or donations is available at sample documents.

Over the past year we have noted issues in organisations' financial reports relating to timelines and how loans, grants and donations are reported. We will be focusing closely on these areas this year. Please find attached below fact sheets relating to these requirements or alternatively visit our website for information regarding financial reporting timelines and loans, grants and donations.

It is requested that the financial report and any Statement of Loans, Grant or Donations be lodged electronically by emailing orgs@fwc.gov.au.

**Civil penalties may apply**

**It should be noted that s.268 is a civil penalty provision.** Failure to lodge a financial report may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to $54,000 for a body corporate and $10,800 for an individual per contravention) being imposed upon your organisation and/or an officer whose conduct led to the contravention.

**Contact**

Should you wish to seek any clarification in relation to the above, email orgs@fwc.gov.au.

Yours sincerely,

Annastasia Kyriakidis
Adviser
Regulatory Compliance Branch

11 Exhibition Street
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# Financial reporting timelines

Financial reports are to be lodged with the Fair Work Commission (the Commission) within 14 days of the meeting at which the financial reports have been presented, by completing the steps as outlined below.

See Fact sheet—Financial reporting for an explanation of each of these steps.

**Reporting unit must keep proper financial records**

**STEP 1: Reporting unit to prepare:**

General Purpose Financial Report,
Committee of Management Statement, and
Operating Report

**STEP 2: Auditor's Report**

Auditor to prepare and provide to Reporting unit

**Subject to rules of organisation**

| | |
|---|---|
| **STEP 3: provide to members at least 21 days before General Meeting** | **STEP 3: provide to members within 5 months of end of financial year** |
| **STEP 4: Present to a General Meeting of Members** | **STEP 4: Present to Committee of Management Meeting** |

**STEP 5: Lodge with the Fair Work Commission**

Lodge all Reports and Designated Officers Certificate with the Commission within 14 days of the meeting at which financial reports are presented

# Fact Sheet - Loans, Grants & Donations

## The Loans, Grants & Donations Requirements

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

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

## The Loans, Grants & Donations Statement

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

the amount,

the purpose,

the security (if it is a loan),

the name and address of the person to whom it was made,* and

the arrangements for repaying the loan.*

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

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

### Common misconceptions

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

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

## Grants & Donations within the Financial Report

Item 16(e) of the General Manager's Reporting Guidelines requires the reporting unit to separate the line items relating to grants and donations into grants or donations that were $1000 or less and those that exceeded $1000.

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

In the Commission's Model Statements the note appears as follows:

### Note 4E: Grants or donations*

| Grants: | **2016** | 2015 |
|---|---|---|
| Total paid that were $1,000 or less | **-** | - |
| Total paid that exceeded $1,000 | **-** | - |
| Donations: | | |
| Total paid that were $1,000 or less | **-** | - |
| Total paid that exceeded $1,000 | **-** | - |
| **Total grants or donations** | **-** | - |

Item 17 of the General Manager's Reporting Guidelines requires that these line items appear in the financial report even if the figures are NIL.

### Implications for filing the Financial Report

During their review of the 2016 financial report staff of the Commission will confirm that the figures in the financial report match the disclosures made in the statement. Any inconsistencies in these figures will be raised with the organisation or branch for explanation and action.

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

If a reporting unit did not fully comply with these requirements in their 2015 financial report, its filing letter will have included a statement reminding the reporting unit of its obligations.

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

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

## Further information

If you have any further questions relating to the loan, grant and donation disclosure requirements in the statement or the financial report, please contact the Regulatory Compliance Branch on orgs@fwc.gov.au