Australian Government
Registered Organisations Commission

15 February 2018

Mr Frank Porreca
Treasurer
Master Builders Association of the Australian Capital Territory
PO Box 1211
Fyshwick ACT 2609

By email: canberra@mba.org.au, gferreira@pfwork.com.au & kcrofts@mba.com.au

CC: Anthony.ewan@au.ey.com

Dear Mr Porreca,

Master Builders Association of the Australian Capital Territory
Financial Report for the year ended 30 June 2017 - [FR2017/181]

I acknowledge receipt of the financial report of the Master Builders Association of the Australian Capital Territory (the reporting unit). The documents were lodged with the Registered Organisations Commission (the ROC) on 19 October 2017. I also acknowledge an amended Operating Report and Committee of Management statement which were lodged on 17 January 2018.

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 2018 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, except for the requirements under the sub-heading *Statement of Loans, Grants and Donations*. The ROC will confirm these concerns have been addressed prior to filing next year's report.

Statement of Loans, Grants and Donations

Difference in figure reporting in LGD statement and financial report

A Loans, Grants and Donations statement for the reporting unit was lodged with the ROC as required under subsection 237(1) of the RO Act on 31 August 2017. An amended Loans, Grants and Donations statement was also lodged with the ROC on 1 February 2018. A figure for donations that exceeded $1,000 was also supplied in the financial report however this figure for donations is different to the figure supplied in the amended Loans, Grants and Donations Statement lodged on 1 February 2018.

Can you please confirm in writing that the figure reported in the amended Loans, Grants and Donations statement is correct, and if not, submit an amended statement.

Statement of comprehensive income

Disclosure of grants and donations

Reporting guideline 16(e) requires that where grants or donations have been paid, the total amount paid is to be disclosed as follows:

(i) grants that were $1,000 or less;

(ii) grants that exceeded $1,000;

(iii) donations that were $1,000 or less;

(iv) donations that exceeded $1,000.

The Statement of Comprehensive Income and Note 5.2 of the Notes to the financial statements in the financial report disclosed amounts paid for grants or donations, but did not distinguish the total amounts as described above. Please ensure that these amounts are disclosed correctly in next year's financial report.

Operating report

Paragraph 33(c) of the Reporting Guidelines requires the operating report to be dated by each officer who has signed the report as at the date on which the officer signs the report. The Operating Report was not dated by the officers who signed the report. I acknowledge an amended operating report which was dated was lodged on 17 January 2018.

Committee of management statement

Paragraph 36(d) of the Reporting Guidelines requires the committee of management statement to be dated as at the date the designated officers signed the statement. The committee of management statement was not dated by the officers who signed the statement. I acknowledge an amended committee of management statement which was dated was lodged on 17 January 2018.

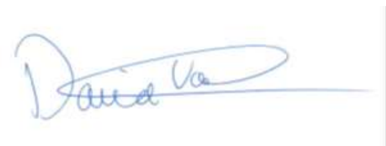
Reporting Requirements

New Reporting Guidelines will apply to organisations and branches with financial years commencing on or after 1 July 2017. Updates and information on the new guidelines will be provided through the ROC website and the subscription service.

On the ROC website is a number of factsheets in relation to the financial reporting process and associated timelines. The most recent copy of the Reporting Guidelines and a model set of financial statements can also be found. The ROC 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.

If you have any queries regarding this letter, please contact me on (02) 8293 4654 or via email at david.vale@roc.gov.au.

Yours faithfully



David Vale
Registered Organisations Commission

GPO Box 2983, Melbourne VIC 3001
Telephone: 1300 341 665 | Email: regorgs@roc.gov.au
Website: www.roc.gov.au

Operating report

For the year ended 30 June 2017

Your Members of the Council of Management present their report on the Master Builders Association of the ACT (the "Parent") and its controlled entity (collectively the "Association") for the financial year ended 30 June 2017.

Members of the council of management

The names of the Members of the Council of Management during the year and to the date of this report are:

Ms Gracie Ferreira	(President)	
Mr Frank Porreca	(Treasurer)	
Mr Valdis Luks		(Resigned: 16 September 2016)
Mr Peter Naylor		(Resigned: 16 September 2016)
Mr Marc Rowland		
Mr Stephen Wise		
Mr Brian Leeming		
Mr Richard Corver		
Mr Peter Middleton		
Mr Martin Boyd		
Mr Simon Butt		
Mr Gerrard Allen		(Appointed: 6 October 2016)
Mr Jack Harris		(Appointed: 4 November 2016)

Members of the Council of Management have been in Council since the start of the financial year to the date of this report unless otherwise stated.

Rights 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 $868,619 (2016: $454,174). The loss of the parent entity amounted to $683,011 (2016: surplus of $195,030).

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

- Lower than anticipated revenues from the management of the Fidelity Fund, Events and Functions, Government Grants relating to training.
- Higher than anticipated costs associated with the delivery of short course training.

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.

Operating report (continued)

For the year ended 30 June 2017

Principal activities - s254(2)(9a) (continued)

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 trades people 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 the 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)

For the year ended 30 June 2017

Number of members

The number of persons who, at the end of the financial year were recorded on the Register of Members was 1,115 (2016:1,064).

Number of employees

The number of persons who were, at the end of the financial year employees of the Association was 15, measured on a full equivalent basis (2016: 17).

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

Ms Gracie Ferreira
Dated: 18 September 2017

Mr Frank Porreca
Dated: 18 September 2017

Statement by Members of the Council of Management

On the 18 September 2017, 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 2017:

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 any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009 (the RO Act);*

(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) Where information has been 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.

Statement by Members of the Council of Management (continued)

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

Ms Gracie Ferreira
Dated: 18 September 2017

Mr Frank Porreca
Dated: 18 September 2017

svc-adlib5

From: Aaron Froud <afroud@mba.org.au>
Sent: Thursday, 19 October 2017 4:16 PM
To: ROC - Registered Org Commission
Cc: Cameron Spence
Subject: FR2017/181 MBAACT Financial Statements
Attachments: MBA signed accounts 2017.pdf; sharp@mba.org.au_20171019_144236.pdf

Please find attached our financial statements and designated officer certificate for the year ended 30 June 2017.

Kind Regards
Aaron

Aaron Froud
CHIEF FINANCIAL OFFICER
Master Builders Association of the ACT
1 Iron Knob St, Fyshwick ACT 2609
PO Box 1211, Fyshwick ACT 2609
Tel: (02) 6175 5922
Mob: 0402 893 982
Fax: (02) 6280 9118
afroud@mba.org.au
www.mba.org.au

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

Certificate for the period ended *30 June* 2017

I Frank Porreca being the *Treasurer* 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 2017* 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 19th September 2017 and
- that the full report was presented to *a meeting of the committee of management* of the reporting unit on *10th October 2017* 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: 11 October 2017

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

Master Builders Association of the ACT and its Controlled Entity
ABN 52 853 376 568

Annual financial report for the year ended 30 June 2017

Contents

Operating report

For the year ended 30 June 2017

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Operating report (continued)

For the year ended 30 June 2017

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Operating report (continued)

For the year ended 30 June 2017

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Ms Gracie Ferreira

Mr Frank Porreca

Statement by Members of the Council of Management

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(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 any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009 (the RO Act);*

(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) Where information has been 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.

Statement by Members of the Council of Management (continued)

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

Ms Gracie Ferreira

Mr Frank Porreca

Ernst & Young
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Canberra ACT 2600 Australia
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Independent Auditor's Report to the Members of Master Builders Association ACT

Opinion

We have audited the financial report of Master Builders Association ACT (the Association) and its subsidiaries (collectively the Group), which comprises:

- the Group consolidated and Association statements of financial position as at 30 June 2017;
- the Group consolidated and Association statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended;
- notes to the financial statements, including a summary of significant accounting policies; and
- the Operating Report.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Group and Association as at 30 June 2017, and their financial performance and cash flows for the year ended on that date in accordance with the Australian Accounting Standards and the *Fair Work (Registered Organisations) Act 2009* (the RO Act).

Basis for Opinion

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

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

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

The members of the Council of Management of the Association are responsible for the other information. The other information is the operating report accompanying the financial report.

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

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

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

Responsibilities of the Members of the Council of Management 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 RO Act, and for such internal control as the members determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company or the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Ernst & Young

Ernst & Young

Anthony Ewan
Partner
Canberra
18 September 2017

Registration number (as registered by the RO Commissioner under the RO Act): AA2017/172

Statement of comprehensive income

For the year ended 30 June 2017

		CONSOLIDATED		PARENT	
		2017	2016	2017	2016
	Notes	**$**	**$**	**$**	**$**
Revenue	4.1, 4.2	11,074,591	7,807,578	6,304,329	4,198,500
Other income	4.3	59,216	129,454	48,097	107,992
Finance income		67,949	95,920	42,794	59,416
Total revenue		**11,201,756**	**8,032,952**	**6,395,220**	**4,365,908**
Employee benefits expense	5.1	(5,926,342)	(5,471,973)	(2,199,681)	(2,167,998)
Depreciation expense	8.1	(314,636)	(363,103)	(314,636)	(291,544)
Amortisation expense	10.1	(63,763)	(26,121)	-	(26,121)
Rent expense		(38,790)	(37,714)	(38,790)	(37,714)
Meetings and seminars		(8,902)	(25,063)	(8,902)	(25,063)
Printing, postage and stationary expense		(184,670)	(180,730)	(115,456)	(134,423)
Members subscriptions		(130,344)	(181,771)	(149,668)	(155,443)
Consultant expense		(810,960)	(693,940)	(254,640)	(295,267)
Motor vehicle expense		(71,747)	(75,305)	(47,034)	(44,067)
Grants or donations		(23,899)	(9,418)	(23,899)	(9,418)
Building awards expense		(354,864)	(443,023)	(354,864)	(443,023)
Worker's compensation expense		(219,516)	(114,322)	(14,477)	(14,329)
Insurance expense		(51,438)	(58,351)	(30,282)	(31,487)
Skills centre expenses		-	(167)	-	(167)
Doubtful debts expense		(24,131)	(13,045)	(31,476)	-
Gains on disposal of fixed assets		4,753	20,531	1,823	10,495
Charity house expenses	5.2	(3,025,000)	-	(3,025,000)	-
Other expenses	5.3, 5.4	(826,126)	(813,611)	(471,249)	(505,309)
(Loss)/income for the year		**(868,619)**	**(454,174)**	**(683,011)**	**195,030**
Other comprehensive income		-	-	-	-
Total comprehensive (loss)/income for the year		**(868,619)**	**(454,174)**	**(683,011)**	**195,030**

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

Statement of financial position

As at 30 June 2017

		CONSOLIDATED		PARENT	
		2017	2016	2017	2016
	Notes	$	$	$	$
ASSETS					
Current assets					
Cash and cash equivalents	6	3,506,992	4,025,377	2,373,571	2,637,964
Trade and other receivables	7	867,912	1,096,536	166,691	591,037
Inventories		3,320	2,398	3,320	2,398
Prepayments		93,183	136,272	33,013	55,663
Total current assets		**4,471,407**	**5,260,583**	**2,576,595**	**3,287,062**
Non-current assets					
Property, plant and equipment	8	8,832,187	9,091,865	8,709,558	8,943,064
Intangible assets	10	35,797	58,108	35,797	58,108
Investment in MBA Insurance		120,000	-	120,000	-
Total non-current assets		**8,987,984**	**9,149,973**	**8,865,355**	**9,001,172**
Total assets		**13,459,391**	**14,410,556**	**11,441,950**	**12,288,234**
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	11	872,414	946,413	565,385	678,988
Employee benefit liabilities	12	413,119	391,049	134,366	157,458
Other liabilities	13	43,894	118,605	43,894	118,605
Unearned income - prepaid memberships		233,734	187,835	213,279	170,395
Total current liabilities		**1,563,161**	**1,643,902**	**956,924**	**1,125,446**
Non-current liabilities					
Employee benefit liabilities	12	18,325	20,130	18,325	13,076
Total non-current liabilities		**18,325**	**20,130**	**18,325**	**13,076**
Total liabilities		**1,581,486**	**1,664,032**	**975,249**	**1,138,522**
Equity					
Retained earnings		11,178,271	12,046,890	9,767,067	10,450,078
Asset revaluation reserve		699,634	699,634	699,634	699,634
Total equity		**11,877,905**	**12,746,524**	**10,466,701**	**11,149,712**
Total liabilities and equity		**13,459,391**	**14,410,556**	**11,441,950**	**12,288,234**

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

Statement of changes in equity (continued)

For the year ended 30 June 2017

	Retained earnings	Asset revaluation reserve	Total
	$	**$**	**$**
PARENT			
As at 1 July 2016	**10,450,078**	**699,634**	**11,149,712**
Loss for the year	(683,011)	-	(683,011)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	(683,011)	-	(683,011)
At 30 June 2017	**9,767,067**	**699,634**	**10,466,701**
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
Other comprehensive income	-	-	-
Total comprehensive income/(loss) for the year	(220,685)	25,655	(195,030)
At 30 June 2016	**10,450,078**	**699,634**	**11,149,712**

In 2016, management assessed that due to previously revalued assets no longer being held, the revaluation reserve of $25,655 was transferred to retained earnings. This had no impact on profit or net assets, as it was a correction to the presentation of the statement of changes in equity.

No fund or accounts have operated in respect of compulsory levies or voluntary contributions.

No fund or accounts (other than retained earnings) have been operated which is required by the roles of the Association.

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

Statement of cash flows

For the year ended 30 June 2017

		CONSOLIDATED		PARENT	
		2017	2016	2017	2016
	Notes	$	$	$	$
Operating activities					
Receipts from ordinary activities		11,362,431	7,666,094	6,776,772	3,978,338
Payments to employees and suppliers		(11,857,108)	(7,680,514)	(7,004,652)	(3,881,537)
Net interest received		67,949	96,447	42,794	59,416
Net cash flows (used in)/from operating activities	17	**(426,728)**	**82,027**	**(185,086)**	**156,217**
Investing activities					
Proceeds from sale of property, plant and equipment		-	57,273	-	29,091
Purchase of property, plant and equipment		(50,205)	(578,145)	(79,307)	(577,453)
Purchase of intangible assets		(41,452)	(20,699)	-	-
Net cash flows used in investing activities		**(91,657)**	**(541,571)**	**(79,307)**	**(548,362)**
Financing activities					
Repayment of borrowings		-	(500,000)	-	-
Net cash flows used in financing activities		**-**	**(500,000)**	**-**	**-**
Net decrease in cash and cash equivalents		(518,385)	(959,544)	(264,393)	(392,145)
Cash and cash equivalents at 1 July		4,025,377	4,984,921	2,637,964	3,030,109
Cash and cash equivalents at 30 June	6	**3,506,992**	**4,025,377**	**2,373,571**	**2,637,964**

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

Notes to the consolidated financial statements

For the year ended 30 June 2017

1. Corporate information

The consolidated financial statements cover the Master Builders Association of the ACT (the "Parent") and its Controlled Entity (MBA Group Training Limited) (collectively the "Association"), and the separate financial statements cover the Master Builders Association of the ACT as an individual parent entity.

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

2. Summary of significant accounting policies

2.1 Basis of preparation and statement of compliance

The financial report is a general purpose financial report which has 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 is prepared on the historical cost basis, 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 ($).

2.2 Changes in accounting policies, disclosures, standards and interpretations

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

The accounting policies adopted are consistent with those of the previous financial year except for certain new and amended Australian Accounting Standard and AASB Interpretations that apply for the first time in 2016/2017 which have not had a material impact on the annual financial statements of the Association.

A number of Australian Accounting Standards and Interpretations are in issue but are not effective for the current year end. The following future accounting standards will impact existing accounting policies following adoption of these pronouncements:

- *AASB 9: Financial Instruments* - Effective for annual periods beginning on or after 1 January 2018.
  The key change in AASB 9 that will impact the Association is in relation to impairment of financial assets. The impairment requirements are based on an expected credit loss (ECL) model that replaces the AASB 139 incurred loss model. The ECL model applies to debt instruments accounted for at amortised cost or at FVOCI, most loan commitments, financial guarantee contracts, contract assets under IFRS 15 Revenue from Contracts with Customers and lease receivables under IAS 17 Leases or IFRS 16 Leases. Entities are generally required to recognise 12-month ECL on initial recognition (or when the commitment or guarantee was entered into) and thereafter as long as there is no significant deterioration in credit risk. However, if there has been a significant increase in credit risk on an individual or collective basis, then entities are required to recognise lifetime ECL. For trade receivables, a simplified approach may be applied whereby the lifetime ECL are always recognised. The impairment requirements will generally result in earlier recognition of credit losses.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies, disclosures, standards and interpretations (continued)

- *AASB 15: Revenue from Contracts with Customers* - Effective for annual periods beginning on or after 1 January 2018.
  AASB 15 replaces all existing revenue requirements in AAS and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as AASB 117 (or AASB16 Leases, once applied). Its requirements also provide a model for the recognition and measurement of gains and losses on disposal of certain non-financial assets, including property, plant and equipment and intangible assets. The standard outlines the principles an entity must apply to measure and recognise revenue. The core principle is that an entity will recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer. AASB 15 is more prescriptive than the current AASB requirements for revenue recognition and provides more application guidance. The disclosure requirements are also more extensive.

- *AASB 16 Leases* - Effective for annual periods beginning on or after 1 January 2019.
  AASB 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117. The standard includes two recognition exemptions for lessees - leases of ’low-value’ assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The lease expense recognition pattern for lessees will generally be accelerated as compared to today. Key balance sheet metrics such as leverage and finance ratios, debt covenants and income statement metrics, such as earnings before interest, taxes, depreciation and amortisation (EBITDA), could be impacted. Also, the cash flow statement for lessees could be affected as payments for the principal portion of the lease liability will be presented within financing activities.

2.3 Basis of consolidation

The financial statements comprise the financial statements of the Association and its controlled entity as at 30 June 2017. 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(s) 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.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

2. Summary of significant accounting policies (continued)

2.3 Basis of consolidation (continued)

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-entity assets and liabilities, equity, income, expenses and cash flows relating to transactions between the Association and its investees are eliminated in full on consolidation.

a) 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.

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.

b) Income tax

The Association is exempt from income tax under Section 50-15 of the *Income Tax Assessment Act 1997.* As such, no current or deferred income tax has been recorded.

c) 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.

d) 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.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

2. Summary of significant accounting policies (continued)

d) Property, plant and equipment (continued)

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity, except, 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.

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. Land is not depreciated. The depreciation rates are as follows:

Class of fixed asset	Depreciation rate
Building	2.5%
Plant and equipment	6.7 - 33%
Motor vehicles	22.5%

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.

e) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment 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 asset is (or those assets are) not explicitly specified in an arrangement.

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.

A finance lease is capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Finance lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

The Association has not entered into any finance lease arrangements.

f) Financial assets

Initial recognition and measurement

The Association's financial assets are cash and cash equivalents, trade and other receivables (classified as loans and receivables) and the investment in MBA Insurance (classified as an available for sale (AFS) financial assets).

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.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

2. Summary of significant accounting policies (continued)

f) Financial assets (continued)

Subsequent measurement

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.

AFS financial assets

AFS financial assets are equity investments. After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited to the AFS reserve until the investment is derecognised, at which time, the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss in finance costs. The Association evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Association is unable to trade these financial assets due to inactive markets, the Association may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity. For a financial asset reclassified from the AFS category, the fair value at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to the profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a cash-generating unit) is primarily derecognised (i.e. removed from the Association's 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.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

2. Summary of significant accounting policies (continued)

f) Financial assets (continued)

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.

g) 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 cash-generating unit's (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 assets 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.

h) Intangible assets

Computer software

Websites and databases are initially recognised at cost. Website and databases have a finite life and are subsequently 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 consolidated financial statements (continued)

For the year ended 30 June 2017

2. Summary of significant accounting policies (continued)

i) Provisions

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.

Short-term employee benefit liabilities

Liabilities for annual leave and rostered 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.

Other long-term employee benefit obligations

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.

j) 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.

k) 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(f) for further discussion of accounting policies for trade and other receivables.

l) 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.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

2. Summary of significant accounting policies (continued)

l) Revenue recognition (continued)

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

Grants including project income, Office of Training and Education and Industries Training Fund funding

When the grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Donation, bequests, and sponsorship

Revenue is recognised when received.

Rendering of services including employer reimbursements, room hire, training fees, rebates, annual dinner and other events

Revenue is recognised upon the delivery of the service to the customers.

Interest income

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.

Sale of goods

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

Membership subscriptions

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

Commissions

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.

m) 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.

n) 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.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

2. Summary of significant accounting policies (continued)

o) Unearned income

Unearned income relates to amounts received in advance from members for services to be presented in the next financial year.

p) Comparative figures

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

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 he carrying amount of assets or liabilities affected in future periods.

The management evaluates estimates and judgements 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.

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(i), 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 consolidated financial statements (continued)

For the year ended 30 June 2017

4. Revenue

	CONSOLIDATED		PARENT	
	2017	2016	2017	2016
	$	$	$	$
4.1 Grants or donations				
Donations received from MBA Skills Centre Building Fund	**270,909**	**723,148**	**50,909**	**510,583**
4.2 Other revenue				
Employer reimbursements	3,063,740	2,534,494	-	-
Training fees and rebates	1,120,416	936,838	-	-
Subscriptions - affiliation fee to MBA Australia	862,992	805,277	862,992	805,277
Commission and fees	670,022	770,802	670,022	770,802
User choice training fees	598,576	593,096	-	-
Service agreement MBA ACT fee	-	-	500,000	585,000
Sponsorships	329,155	356,818	329,155	356,818
Building awards and other events	239,537	281,680	239,537	281,680
Rent	-	-	220,000	480,000
Journal advertising fees	115,034	85,412	115,034	85,412
Publication sales	37,362	42,674	37,362	42,674
Building centre rent	31,650	34,879	31,650	34,879
TAE funding	-	6,500	-	-
Annual dinner and social events	222,668	245,375	222,668	245,375
Proceeds from Deakin Charity House	3,025,000	-	3,025,000	-
Commonwealth government grants	185,750	148,350	-	-
Industry Training Fund funding	301,780	242,235	-	-
Total other revenue	**10,803,682**	**7,084,430**	**6,253,420**	**3,687,917**
Total grants or donations and other revenue	**11,074,591**	**7,807,578**	**6,304,329**	**4,198,500**
4.3 Other income				
Sundry income	42,411	109,170	48,097	107,992
Worker's compensation insurance reimbursement	16,805	20,284	-	-
Total other income	**59,216**	**129,454**	**48,097**	**107,992**

No capitation fees have been received by the Association.

No compulsory levies have been raised from the members of the Association.

No appeals for voluntary contributions have been raised from the members of the Association.

No financial support has been received from another reporting unit of the Association.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

5. Expenses

	CONSOLIDATED 2017	CONSOLIDATED 2016	PARENT 2017	PARENT 2016
	$	$	$	$
5.1 Employee benefits expense				
Employee expenses				
Employees other than office holders:				
Wages and salaries	5,225,400	4,813,644	1,857,305	1,837,939
Superannuation	459,527	430,264	163,408	169,966
Leave and other entitlements	1,033	60,825	-	33,853
Other employee expenses	260,258	167,240	178,967	126,240
Subtotal employee expenses - employees other than office holders	**5,946,218**	**5,471,973**	**2,199,680**	**2,167,998**
Total employee expenses	**5,946,218**	**5,471,973**	**2,199,680**	**2,167,998**

5.2 Charity house expenses

	CONSOLIDATED 2017	CONSOLIDATED 2016	PARENT 2017	PARENT 2016
Charity house construction costs	740,005	-	740,005	-
Charity house donations made	2,284,995	-	2,284,995	-
	3,025,000	**-**	**3,025,000**	**-**

5.3 Legal costs

	CONSOLIDATED 2017	CONSOLIDATED 2016	PARENT 2017	PARENT 2016
Litigation	-	-	-	-
Other legal matters	44,111	38,993	36,797	36,976
Total legal costs	**44,111**	**38,993**	**36,797**	**36,976**

5.4 Other expenses

	CONSOLIDATED 2017	CONSOLIDATED 2016	PARENT 2017	PARENT 2016
Utilities	131,896	121,611	96,237	93,542
Computer maintenance	102,551	131,166	75,958	94,482
Repairs and maintenance	39,037	68,286	34,737	65,729
Telecommunication expenses	28,578	43,639	18,083	29,518
Catering expenses	33,893	27,351	4,788	823
Advertising expenses	101,074	88,028	98,031	74,264
Compliance expenses	30,000	31,325	-	-
Material expenses	30,605	31,424	-	-
Office expenses	87,958	100,321	24,325	38,923
Other expenses	196,423	131,467	82,293	71,052
Total other expenses	**782,015**	**774,618**	**434,452**	**468,333**

No fees have been incurred as consideration for employers making payroll deductions of membership subscriptions.

No contributions have been made to other reporting units of the Association.

No employee expenses have been incurred for office holders.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

5. Expenses (continued)

5.4 Other expenses (continued)

No compulsory levies have been imposed on the Association.

No fees or allowances have been paid to persons in respect of their attendance as representatives of the Association at conferences or other meetings.

No penalties have been imposed on the Association.

6. Cash

	CONSOLIDATED		PARENT	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Cash on hand	1,050	1,050	450	450
Cash at bank	2,105,942	883,006	973,121	537,514
Industry training fund cash at bank	-	41,321	-	-
Term deposits	1,400,000	3,100,000	1,400,000	2,100,000
	3,506,992	**4,025,377**	**2,373,571**	**2,637,964**

7. Trade and other receivables

	CONSOLIDATED		PARENT	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Current				
Accounts receivable	883,103	808,105	185,981	295,555
Receivables from MBA Group Training Limited	790	-	-	-
Provision for impairment	(23,496)	(13,873)	(22,826)	-
Receivable from Deakin Charity House	-	287,572	-	287,572
Interest receivable	7,515	14,732	3,536	7,910
	867,912	**1,096,536**	**166,691**	**591,037**

Provision for impairment of receivables

	CONSOLIDATED		PARENT	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Movements in the provision for impairment of receivables are as follows:				
At 1 July	13,873	44,677	-	-
Charge/(recovery) for the year	9,623	(30,804)	22,826	-
At 30 June	**23,496**	**13,873**	**22,826**	**-**

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

7. Trade and other receivables (continued)

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

	CONSOLIDATED		PARENT	
	2017	2016	2017	2016
	$	$	$	$
Less than 30 days	496,000	459,539	61,939	108,761
30-60 days	200,465	215,215	70,417	127,663
61-90 days	69,697	39,564	16,316	23,055
More than 90 days	115,712	93,787	36,080	36,076
	881,874	**808,105**	**184,752**	**295,555**

	CONSOLIDATED		PARENT	
	2017	2016	2017	2016
	$	$	$	$
Other receivables				
Deakin Charity House	-	287,572	-	287,572
Interest	7,515	14,732	3,536	7,910
Other	790	880	-	-
Total other receivables	**8,305**	**303,184**	**3,536**	**295,482**

8. Property, plant and equipment

	CONSOLIDATED		PARENT	
	2017	2016	2017	2016
	$	$	$	$
Land and buildings				
At cost	8,927,092	8,885,117	8,927,092	8,885,117
Accumulated depreciation	(362,460)	(178,432)	(362,460)	(178,432)
Net carrying amount	**8,564,632**	**8,706,685**	**8,564,632**	**8,706,685**
Plant and equipment				
At cost	390,027	322,162	234,660	209,501
Accumulated depreciation	(258,918)	(193,666)	(165,473)	(125,466)
Net carrying amount	**131,109**	**128,496**	**69,187**	**84,035**
Motor vehicles				
At cost	421,142	490,462	256,911	302,163
Accumulated depreciation	(284,696)	(233,778)	(181,172)	(149,819)
Net carrying amount	**136,446**	**256,684**	**75,739**	**152,344**
Total property, plant and equipment				
At cost	9,738,261	9,697,741	9,418,663	9,396,781
Accumulated depreciation	(906,074)	(605,876)	(709,105)	(453,717)
Net carrying amount	**8,832,187**	**9,091,865**	**8,709,558**	**8,943,064**

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

8. Property, plant and equipment (continued)

8.1 Reconciliation of carrying amounts at the beginning and the end of the year

	CONSOLIDATED		PARENT	
	2017	2016	2017	2016
	$	$	$	$
Land and buildings				
Balance at the beginning of the year	8,706,685	8,343,641	8,706,685	8,343,641
Additions	41,975	541,476	41,975	541,476
Depreciation charge for the year	(184,028)	(178,432)	(184,028)	(178,432)
Balance at the end of the year - Net carrying amount	**8,564,632**	**8,706,685**	**8,564,632**	**8,706,685**
Plant and equipment				
Balance at the beginning of the year	128,496	152,469	84,035	86,871
Additions	67,866	37,030	25,160	35,971
Depreciation charge for the year	(65,253)	(61,003)	(40,008)	(38,807)
Balance at the end of the year - Net carrying amount	**131,109**	**128,496**	**69,187**	**84,035**
Motor vehicles				
Balance at the beginning of the year	256,684	417,451	152,344	245,239
Disposals	(20,565)	(88,717)	(15,450)	(42,082)
Depreciation charge for the year	(99,673)	(123,662)	(61,155)	(74,299)
Depreciation write back	-	51,612	-	23,486
Balance at the end of the year - Net carrying amount	**136,446**	**256,684**	**75,739**	**152,344**
Total property, plant and equipment				
Balance at the beginning of the year	9,091,865	8,913,561	8,943,064	8,675,751
Additions	109,841	578,506	67,135	577,447
Disposals	(20,565)	(88,717)	(15,450)	(42,082)
Depreciation charge for the year	(348,954)	(363,097)	(285,191)	(291,538)
Depreciation write back	-	51,612	-	23,486
Balance at the end of the year - Net carrying amount	**8,832,187**	**9,091,865**	**8,709,558**	**8,943,064**

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

9. Fair value measurement

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

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

There have been no transfers between levels 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 sales of comparable land in the area. Professional judgment of the value is used to determine the comparability of sales overdue which is unbearable.

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 2017 $	CONSOLIDATED 2016 $	PARENT 2017 $	PARENT 2016 $
Capitalised website development costs				
At cost	97,430	90,295	97,430	90,295
Accumulated amortisation	(81,463)	(52,017)	(81,463)	(52,017)
Net carrying amount	**15,967**	**38,278**	**15,967**	**38,278**

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

10. Intangible assets (continued)

	CONSOLIDATED		PARENT	
	2017	2016	2017	2016
	$	$	$	$
Capitalised database development costs				
At cost	75,483	75,483	75,483	75,483
Impairment	(55,653)	(55,653)	(55,653)	(55,653)
Net carrying amount	**19,830**	**19,830**	**19,830**	**19,830**
Total intangible assets				
At cost	172,913	165,778	172,913	165,778
Accumulated amortisation	(137,116)	(107,670)	(137,116)	(107,670)
Net carrying amount	**35,797**	**58,108**	**35,797**	**58,108**

10.1 Reconciliation of carrying amounts at the beginning and the end of the year

	CONSOLIDATED		PARENT	
	2017	2016	2017	2016
	$	$	$	$
Capitalised website development costs				
Balance at the beginning of the year	38,278	42,415	38,278	42,415
Additions	7,135	12,300	7,135	12,300
Amortisation charge	(29,446)	(16,437)	(29,446)	(16,437)
Balance at the end of the year - Net carrying amount	**15,967**	**38,278**	**15,967**	**38,278**
Capitalised database development costs				
Balance at the beginning of the year	19,830	21,114	19,830	21,114
Additions	-	8,400	-	8,400
Amortisation charge	-	(9,684)	-	(9,684)
Balance at the end of the year - Net carrying amount	**19,830**	**19,830**	**19,830**	**19,830**
Total intangible assets				
Balance at the beginning of the year	58,108	63,529	58,108	63,529
Additions	7,135	20,700	7,135	20,700
Amortisation charge	(29,446)	(26,121)	(29,446)	(26,121)
Balance at the end of the year - Net carrying amount	**35,797**	**58,108**	**35,797**	**58,108**

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

11. Trade and other payables

	CONSOLIDATED		PARENT	
	2017	2016	2017	2016
Current	**$**	**$**	**$**	**$**
Trade payables	62,406	376,316	29,056	324,529
Goods and services tax payable	277,037	197,268	144,007	114,110
PAYG - Tax payable	73,698	75,865	36,524	39,198
Accrued expenses	459,273	296,964	355,798	201,151
	872,414	**946,413**	**565,385**	**678,988**

There were no payables to other reporting units.

There were no payables to employers payroll deductions of membership subscriptions.

There were no payables in respect of legal costs/litigation matters.

12. Employee benefit liabilities

	CONSOLIDATED		PARENT	
	2017	2016	2017	2016
	$	**$**	**$**	**$**
Current				
Annual leave	304,733	259,859	101,557	88,623
Long service leave	108,386	151,320	32,809	81,911
Total current employee benefit liabilities	**413,119**	**411,179**	**134,366**	**170,534**
Non-current				
Long service leave	18,325	20,130	18,325	13,076
Total non-current employee benefit liabilities	**18,325**	**20,130**	**18,325**	**13,076**

Short-term employee benefits

Short-term employee benefits represents amounts accrued for annual leave and Rostered Days Off (RDO). 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.

There were no employee provisions for office holders.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

13. Other liabilities

	CONSOLIDATED		PARENT	
	2017	2016	2017	2016
	$	$	$	$
Current				
Work in progress - Charity house	43,894	116,605	43,894	116,605
Funds held for third parties	-	2,000	-	2,000
	43,894	**118,605**	**43,894**	**118,605**

14. Commitments and contingencies

14.1 Operating lease commitments

Non-cancellable operating leases

	CONSOLIDATED		PARENT	
	2017	2016	2017	2016
	$	$	$	$
Within one year	25,619	26,494	21,508	22,384
After one year but not more than five years	35,401	61,020	28,551	72,443
	61,020	**87,514**	**50,059**	**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.

14.2 Contingencies

There are no contingent liabilities or assets as at the date of this report (2016: nil).

15. Related party transactions

15.1 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.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

15. Related party transactions (continued)

15.1 Transactions with key management personnel (continued)

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	
		2017	**2016**	**2017**	**2016**
Executive Member	**Revenue received from**	**$**	**$**	**$**	$
Bryan Lemming	The Village Building Company	21,320	36,040	21,320	36,040
Gracie Ferreira	Pacific Formwork	19,829	5,021	19,829	5,021
Franc Porreca	Benchmark Projects	9,800	1,425	9,800	1,425
Valdis Luks	Hindmarsh	-	15,705	-	15,705
Peter Middleton	Woden Contractors	219,296	115,830	219,296	-
Richard Corver	ABC Construction	1,200	5,390	1,200	5,390
Annalisa O'Sullivan	CTR Construction	-	2,035	-	2,035
Martin Boyd	Huon	12,195	17,096	12,195	-
Nigel Forde	Cord Civil	-	12,461	-	$10,445.00
Andrew Crompton	Chincivil Pty Limited	-	11,841	-	9,825
Peter Naylor	IQON	33,323	16,753	33,323	14,737
Marc Rowland	Elevated Constructions	1,760	6,692	1,760	4,676
David Colbertaldo	Hindmarsh	-	34,243	-	32,227
Stephen Wise	Wise Choice Projects	650	2,606	650	590
Simon Butt	Manteena Pty Limited	28,161	43,913	28,161	-
Jack Harris	Shaw Building Group	9,800	20,780	9,800	20,780
Gerrard Allen	Skilled Plumbing	3,943	34,793	3,943	34,793
Total		**351,477**	**327,051**	**351,477**	**138,116**

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 (2016: 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 consolidated financial statements (continued)

For the year ended 30 June 2017

15. Related party transactions (continued)

15.2 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	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Key management personnel compensation				
Short-term employee benefits				
Salary (including annual leave taken)	811,068	841,073	672,580	714,454
Annual leave accrued	13,529	23,398	11,025	18,323
Reportable fringe benefit	104,232	83,688	85,687	65,143
Total short-term employee benefits	**928,829**	**948,159**	**769,292**	**797,920**
Post-employment benefits				
Superannuation	78,182	91,325	65,201	68,517
Total post-employment benefits	**78,182**	**91,325**	**65,201**	**68,517**
Other long-term benefits				
Long service leave	8,858	10,629	6,364	7,725
Total other long-term benefits	**8,858**	**10,629**	**6,364**	**7,725**
Termination benefits	45,042	-	45,042	-
Total	**1,060,911**	**1,050,113**	**885,899**	**874,162**

16. Events after the 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 consolidated financial statements (continued)

For the year ended 30 June 2017

17. Statement of cash flows reconciliation

	CONSOLIDATED		PARENT	
	2017	2016	2017	2016
	$	$	$	$
Reconciliation of (loss)/income for the year after tax to net cash flows from operations				
(Loss)/income for the year	(868,619)	(454,174)	(683,011)	195,030
Adjustments for:				
Depreciation and amortisation	378,399	389,224	314,636	317,665
Net gain on sale of non-current assets	(4,753)	(20,531)	(1,823)	(10,495)
Changes in assets and liabilities:				
(Increase)/decrease in trade and other receivables	228,624	(270,938)	446,996	(328,154)
(Increase)/decrease in inventories	(922)	439	(922)	439
(Increase)/decrease in other assets	(76,911)	(35,166)	(120,000)	(17,174)
Decrease/(increase) in trade and other payables	(73,999)	310,607	(114,384)	343,322
Increase/(decrease) in employee benefit liabilities	(74,711)	41,188	-	41,377
Increase/(decrease) in other liabilities	20,265	89,086	48,133	(410,914)
Increase/(decrease) in unearned income	45,899	32,292	(74,711)	25,121
Net cash flows (used in)/from operating activities	**(426,728)**	**82,027**	**(185,086)**	**156,217**

18. 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	
	2017	2016	2017	2016
	$	$	$	$
Amounts received or due and receivable by Ernst & Young (Australia)				
Audit and other assurance services				
- Audit of financial statements	37,000	34,400	18,500	17,100
- Compilation of financial statements	9,000	8,780	4,500	4,350
	46,000	**43,180**	**23,000**	**21,450**

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

19. 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.

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

Certificate for the period ended *30 June* 2017

I Frank Porreca being the *Treasurer* 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 2017* 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 19th September 2017 and

- that the full report was presented to *a meeting of the committee of management* of the reporting unit on *10th October 2017* 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: 11 October 2017

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

Australian Government
Registered Organisations Commission

9 August 2017

Mr Kirk Coningham
Executive Director
Master Builders Association of the Australian Capital Territory
By Email: canberra@mba.org.au

Dear Mr Coningham,

Re: Lodgement of Financial Report - [FR2017/181]
***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 2017. This is a courtesy letter to remind you of the reporting unit's obligations regarding financial reporting.

Loans Grants and Donations Statement

The reporting unit is required to lodge a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding $1,000 for the reporting unit during its financial year. Section 237 of the RO act requires this statement to be lodged with Registered Organisations Commission (the ROC) within 90 days of the end of the reporting unit's financial year, that is on or before 28 September 2017.

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

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

Financial report

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

We emphasise that the reporting unit is required to present its audited financial report to a meeting (either of members or of the committee of management, depending on your rules) no later than 31 December 2017 (s.266). The full financial report must be lodged with the ROC within 14 days of that meeting (s.268).

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

You can visit our website for more information regarding financial reporting, and fact sheets regarding financial reporting processes and requirements. A model set of financial statements developed by the

ROC is also available on our website. It is not obligatory to use this model but it is a useful resource to ensure compliance with the RO Act, the Reporting Guidelines and the Australian Accounting Standards.

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

Auditor's report

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

REMINDER

YOUR AUDITOR MUST BE REGISTERED (s.256)

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

Contact

Should you require any clarification in relation to the above, please email regorgs@roc.gov.au.

Yours faithfully,

Carolyn Moloney
Registered Organisations Commission

Fact sheet

Summary of financial reporting timelines – s.253 financial reports

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

During Financial Year

Reporting unit must keep proper financial records
s.252
(see Fact sheet—Records to be kept by organisations)

As soon as practicable after end of financial year

STEP 1: Reporting unit to prepare:

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

Within a reasonable time

STEP 2: Auditor's Report
Auditor to prepare and provide to Reporting unit

Subject to rules of organisation

At least 21 days before the General Meeting

STEP 3: provide to members at least 21 days before General Meeting

Within 6 months of end of financial year

STEP 4: Present to a General Meeting of Members

Within 5 months of end of financial year

STEP 3: provide to members within 5 months of end of financial year

Within 6 months of end of financial year

STEP 4: Present to Committee of Management Meeting
(if the rules allow)

Within 14 days of General Meeting

Within 14 days of Committee of Management Meeting

STEP 5: Lodge with the Registered Organisations Commission
Lodge all Reports and Designated Officers Certificate with the Registered Organisations Commission within 14 days of the meeting at which financial reports are presented

Australian Government
Registered Organisations Commission

FS 009
(19 June 2017)

Fact sheet

Loans, Grants & Donations

The Loans, Grants & Donations Requirements

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

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

The Loans, Grants & Donations Statement

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

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

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

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

Common misconceptions

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

Misconception		Requirement	
✘	Only reporting units must lodge the Statement.	✔	All branches and organisations, regardless of whether they lodge a financial report, must lodge the statement within 90 days of the end of the financial year. An organisation cannot lodge a single statement to cover all of its branches.
✘	Employees can sign the Statement.	✔	The statement must be signed by an elected officer of the relevant branch.

✘	Statements can be lodged with the financial report.	✓	The deadline for the statement is much shorter (90 days) and if it is lodged with the financial report it is likely to be late.

Grants & Donations within the Financial Report

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

As such, the note in the financial report relating to grants and donations will have four lines. In the ROC's Model Statements the note appears as follows:

Note 4E: Grants or donations*

	[Current year]	[Previous year]
Grants:		
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	-	-

The Commissioner'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 financial report staff of the ROC may confirm that the figures in the financial report match the disclosures made in the statement. Any inconsistencies in these figures will be raised with the organisation or branch for explanation and action.
This may involve lodging an amended loans, grants or donations statement. Any failure to lodge a loans, grants or donations statement or lodging a statement that is false or misleading can attract civil penalties under the RO Act.
If a reporting unit did not fully comply with these requirements in their last financial report, its filing letter will have included a statement reminding the reporting unit of its obligations.

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

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

Further information

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

Australian Government
Registered Organisations Commission

GN 004
(4 August 2017)

Guidance Note

Illustrative Auditor's Report under section 257 of the *Fair Work (Registered Organisations) Act 2009*

Prepared and issued by the Registered Organisations Commission

Version	Date published
1	4 August 2017

1. Introduction

The purpose of this guidance note is to provide Registered Organisations with guidance on the revised Australian Auditing Standard ASA 700 *Forming an Opinion and Reporting on a Financial Report* (ASA 700), as issued by the Auditing and Assurance Standards Board ('AUASB').

An 'Illustrative Auditor's Report' is included to assist Registered Organisations to understand the new auditing requirements.

2. Background to the revised Auditing Standard

From 15 December 2016, the structure of the Auditor's Report changed as a result of revisions made to the Australian Auditing Standards (ASAs). The changes impact all auditors' reports prepared in accordance with the ASAs.
The purpose of the change is to:

- enhance the communicative value of the Auditor's Report;
- give prominence to the most important matters by re-ordering the content;
- enhance reporting on going concern matters (if applicable), and provide enhanced descriptions of the respective responsibilities of management and the auditor, in relation to going concern;
- provide an affirmative statement on auditor's independence and fulfilment of relevant ethical responsibilities;
- provide more information to users on the auditor's responsibilities, and the key features of an audit and;
- provide details of other information the auditor has received at the date of the Auditor's Report, and is expected to receive after the date of the Auditor's Report[1].

3. Key changes included in the illustrative Auditor's Report

Description	Auditing standard ref.	Comments
Structure of the auditor's report	ASA 700.21-52	The form and structure of the audit report have been reorganised due to changes in the Australian Auditing Standards.
Basis for opinion	ASA 700.28c	Requires references in the audit report to the applicable ethical standards e.g. APES 110 *Code of Ethics for Professional Accountants*.
Other information	ASA 700.32 ASA 720	ASA 720 now requires that the auditor 'read and consider' if the Other Information (including but not limited to the Operating Report) is materially inconsistent with the financial statements, or the auditor's knowledge obtained in the audit.
Committee of Management's responsibilities for the preparation of the financial report	ASA 700.33-36	ASA 700.34b has been added to reflect changes made in ASA 570. The changes emphasise that it is management's responsibility for assessing whether the use of the going concern assumption is appropriate. The auditors' roles and responsibilities related to going concern have not changed.
Auditor's responsibilities for the audit of the financial report	ASA 700.37-40	These paragraphs have been expanded to clarify the detailed nature and scope of the auditor's existing responsibilities and procedures, and to make an explicit relationship of material misstatements to fraud or error.
Report on other legal and	ASA 700.43-45	This section is only applicable if there are other matters to report as required by other legislation.

[1] Adapted from 'Auditor Reporting FAQs' – Auditing and Assurance Standards Board - http://www.auasb.gov.au/Publications/Auditor-Reporting-FAQs.aspx

Description	Auditing standard ref.	Comments
regulatory requirements		Under sections 257(6) and (7) of the *Fair Work (Registered Organisations) Act 2009* ('RO Act'), the auditor is required to report on any instances of non-compliance or deficiency or shortcoming with respect to financial record-keeping, and section 257(2) of the RO Act requires auditors to report on access restrictions to the financial records of the organisation. This section is not required if there are no matters to report.

4. Key changes not reflected in the illustrative Auditor's Report

Description	Auditing standard ref.	Comments
Key Audit Matters	ASA 700.30-31, A41 ASA 701	ASA 701 provides additional disclosures for entities listed on a securities exchange to communicate key audit matters ('KAMs') in the auditor's report. KAMs are those matters that, in the auditor's judgement, are of most significance to the audit of the financial statements of the current financial period. At this point in time, the ROC does not require the inclusion of KAMs.

The numbered references in the Illustrative Auditor's Report refer to the explanatory paragraphs in section 5 of this Guidance Note 'Illustrative Auditor's Notes. The Illustrative Auditor's Report is also included in the 'Model Financial Statements' published on the Registered Organisations Commission's website.

<To be printed on Auditor letterhead>

Independent Audit Report to the Members of <name of Reporting Unit>

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of <name of Reporting Unit> (the Reporting Unit), which comprises the statement of financial position[2] as at <balance date>, the statement of comprehensive income[3], statement of changes in equity[4] and statement of cash flows[5] for the year ended <date>, notes to the financial statements, including a summary of significant accounting policies; and the Committee of Management[6] Statement.

In my opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of <name of Reporting Unit> as at <balance date>, and its financial performance and its cash flows for the year ended on that date in accordance with:

a) the Australian Accounting Standards; and

b) any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act).

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

Basis for Opinion

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Information Other than the Financial Report and Auditor's Report Thereon[7]

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

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

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

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[2] Refer to paragraph 9 in Section 5 Illustrative Auditor's Report Notes in this Guidance Note
[3] Ibid paragraph 9
[4] Ibid paragraph 9
[5] Ibid paragraph 9
[6] Ibid paragraph 10; note if this is changed to another descriptor all other references in the Report should be changed to the other descriptor
[7] Ibid paragraph 7

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

Responsibilities of Committee of Management for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Reporting Unit's internal control.

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

- Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Reporting Unit's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Reporting Unit to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Reporting Unit to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Reporting Unit audit. I remain solely responsible for my audit opinion.

I communicate with the Committee of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I declare that I am an approved auditor, a member of [name of appropriate professional accounting body] and hold a current Public Practice Certificate.

[Report on Other Legal and Regulatory Requirements][8]

[In accordance with the requirements of section 257(7) of the RO Act, I am required to describe any deficiency, failure or shortcoming in respect of the matters referred to in section 252 and 257(2) of the RO Act.
My opinion on the financial report is not modified in respect of the following matter(s) because, in my opinion, it has been appropriately addressed by [Reporting Unit] and is not considered material in the context of the audit of the financial report as a whole:
[Example:
a) [Reporting Unit] failed to keep [name of other record] as required by section 252 of the RO Act for the period 1 July 20XX to 4 July 20XX inclusive.]]

[Report on the Recovery of Wages Activity financial report][9]

Opinion on the recovery of wages activity financial report

The scope of my work extended to the recovery of wages activity and I have audited the recovery of wages activity financial report for the year ended <date>.

In my opinion, the financial statements and notes and recovery of wages activity financial report properly and fairly report all information required by the reporting guidelines of the General Manager, including:

(a) any fees charged to, or reimbursements of expenses claimed from, members and others for recovery of wages activity; and

(b) any donations or other contributions deducted from recovered money.

Responsibilities

The Committee of Management is responsible for the preparation and presentation of the recovery of wages activity financial report in accordance with the reporting guidelines of the General Manager. My responsibility is to express an opinion on the recovery of wages activity financial report, based on my audit conducted in accordance with Australian Auditing Standards.

<Audit Firm Name>

<Name>
Partner

[8] Ibid paragraph 11
[9] Ibid paragraph 11

<City>
<Date>

Registration number (as registered by the RO Commissioner under the RO Act)[10]: <insert number>

[10] Ibid paragraph 12

5. Illustrative Auditor's Report Notes

For the purpose of this illustrative Auditor's Report, the following circumstances are assumed:

1. The financial report is prepared by management of the Reporting Unit in accordance with Australian Accounting Standards and the RO Act.

2. The terms of the audit engagement reflect the description of management's responsibility for the financial report in ASA 210 *Agreeing the Terms of Audit Engagements*.

3. The auditor has concluded an unmodified opinion is appropriate based on the audit evidence obtained.

4. The relevant ethical requirements that apply to the audit are the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants.*

5. Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern in accordance with ASA 570 *Going Concern*.

6. The auditor is not required, and has otherwise not decided, to communicate key audit matters in accordance with ASA 701 *Communicating Key Audit Matters in the Independent Auditor's Report*.

7. The section on 'Information Other than the Financial Report and Auditor's Report Thereon' is customised depending on the nature of the Other Information received and when this information was received. The template provided assumes that the nature of the Other Information is the Operating Report and that it was received on or before the date of the audit report. If there is Other Information that accompanies the financial report in addition to the Operating Report, or if the Operating Report or any additional Other Information was not received on or before the date of the audit report, please refer to the requirements stated in ASA 720 *The Auditor's Responsibilities Relating to Other Information* for example wording.

8. The subheading 'Report on Other Legal and Regulatory Requirements' is only applicable where the auditor includes 'Other reporting responsibilities' in accordance with ASA 700 *Forming an Opinion and Reporting on a Financial Report*. Please delete the 'Report on Other Legal and Regulatory Requirements' section if there is no deficiency, failure or shortcoming to report.

9. Please ensure that the financial statement descriptions used in the Auditor's Report agree with those used in the financial report, for example, 'balance sheet' or 'statement of financial position'.

10. Use of 'Committee of Management' in the model auditor's report represents those charged with governance for the registered organisation, and can be replaced with other descriptors as appropriate for the organisation, for example, 'Council of Management', 'Executive Committee', etc.

11. If the Registered Organisation has not undertaken any recovery of wages activity during the reporting period the auditor's report should state that fact with reference

to the Committee of Management Statement, and no opinion can be provided in relation to recovery of wages activity.

12. Auditors must be registered by the Registered Organisations Commissioner. Your registration number under the RO Act will commence with the letters ‘AA’.