



18 December 2013

Mr Greg Zuccala
President
Master Builders Association of Victoria
332 Albert Street
EAST MELBOURNE VIC 3002

Dear Mr Zuccala

Master Builders Association of Victoria Financial Report for the year ended 30 June 2012 - FR2012/292

I acknowledge receipt of the financial report of the Master Builders Association of Victoria for the year ended 30 June 2012. The documents were lodged with Fair Work Commission (then known as Fair Work Australia) on 30 November 2012. I acknowledge receipt of supplementary information on 2 April 2013 addressing the issues raised in the letter from Catherine Bebbington from Fair Work Commission dated 25 February 2013.

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

I apologise for the delay in the processing of this letter and the filing of the return.

Changes to the legislation and reporting guidelines

I note with the change of legislation, references to Fair Work Australia will need to be updated to the Fair Work Commission.

Additionally, a third edition to the General Manager's s.253 reporting guidelines was gazetted on 26 June 2013. These guidelines will apply to all financial reports that end on or after 30 June 2013. Fair Work Commission has also developed a model set of financial statement for the 2012-2013 financial year. There is no requirement to use this model but it may be a useful resource to ensure compliance with the *Fair Work (Registered Organisations) Act 2009*, the s.253 reporting guidelines and the Australian Accounting Standards.

The guidelines and model financial statements are available on the website here:

<http://www.fwc.gov.au/index.cfm?pagename=regorgsfrguidelines#finance>

If you have any queries regarding this letter, please contact me on (03) 8661 7886, or by email at joanne.fenwick@fwc.gov.au.

Yours sincerely

Joanne Fenwick
Financial Reporting Specialist
Regulatory Compliance Branch



MASTERS OF OUR INDUSTRY

Master Builders Association of Victoria
ABN: 38 004 255 654
332 Albert Street
East Melbourne, VIC 3002
GPO Box 544
Melbourne, VIC 3001
Tel: 03 9411 4555
Fax: 03 9411 4591
www.mbav.com.au

21 March, 2013

Fair Work Commission
GPO Box 1994
MELBOURNE VIC 3001

Dear Ms Bebbington

Further to your correspondence of 25 February, 2013 we advise as follows

- 1) The auditors opinion has been revised as required in point 1 of your correspondence.
- 2) The front page of the concise accounts has been revised as required in point 2 of the correspondence.
- 3) The revised concise accounts have been published on our website, www.mbav.com.au, on 21/03/2013 noting the change made to the accounts.
- 4) The loans, grants and donations differ because
 - a) The \$110,000 was accrued in the financial year 30/06/2011 accounts of MBAV under "general expenses" in the ledger and included in administration expenses in the statutory accounts.
 - b) The \$110,000 was paid to the MBAV Foundation in financial year ended 30/06/2012.

Yours faithfully

Greg Zuecala
President
Master Builders Association of Victoria



Master Builders Association of Victoria

ACN 004 255 654

(A Company Limited By Guarantee)

2011/2012 Annual Report for presentation to the Annual General Meeting of Members



**Master
Builders**

ASSOCIATION

General purpose financial report for the financial year ended 30 June 2012

Council of management operating report	1
Directors' report	4
Statement by council of management	10
Auditors' independence declaration	12
Independent audit report	13
Declaration by members of the board	15
Statement of comprehensive income	16
Statement of financial position	17
Statement of changes in equity	18
Statement of cash flows	19
Notes to the financial statements	20

Council of Management operating report

In accordance with section 254 of the Fair Work (Registered Organisations) Act 2009, the Council of Management present the operating report for the year ended 30 June 2012.

Principal Activities

The principal activity of the Association was to provide a range of services to members.

Financial Results

The consolidated surplus from operating activities for the year was \$2,085,683 (2011: \$1,806,041). The company is exempt from paying income tax.

Review of Operations

The favourable result represents a successful year for the Association despite the unstable economic conditions that prevailed in the industry during the year. Some of the highlights were as follows:

- Launch of the Building Leadership Simulation Centre, the biggest investment in the Association's history
- Membership continues at strong levels
- ALink and Master Tradesmen continue to grow
- Establishment of new regional offices.

Significant Changes

No significant changes in the state of affairs of the company have occurred during the financial year with the exception of the Building Leadership Simulation Centre.

Rights of members to resign

- (1) A member may resign from membership by written notice addressed and delivered to the Executive Director.
- (2) A notice of resignation from membership takes effect:
 - (a) Where the member ceases to be eligible to become a member;
 - (i) On the day on which the notice is received by the Association, or
 - (ii) On the day specified in the notice, which is a day not earlier than the day when the member ceases to be eligible to become a member;Whichever is later, or
 - (b) In any other case:
 - (i) At the end of 2 weeks after the notice is received by the Association, or
 - (ii) On the day specified in the notice;Whichever is later.

Rights of members to resign (cont'd)

- (3) Any dues payable but not paid by a former member, in relation to a period before the member's resignation from the Association took effect, may be sued for and recovered in the name of the Association in a court of competent jurisdiction, as a debt due to the Association.
- (4) A notice delivered to the Executive Director shall be taken to have been received by the Association when it was delivered.
- (5) A notice of resignation that has been received by the Association is not invalid because it was not addressed and delivered in accordance with sub-rule (1).
- (6) A resignation from membership is valid even if it is not effected in accordance with this rule if the member is informed in writing by or on behalf of the Association that the resignation has been accepted.

To the best of our knowledge and belief

No officer or member of the organisation, by virtue of their office or membership of the Master Builders Association of Victoria is;

- (i) A trustee of a superannuation entity or an exempt public sector superannuation scheme; or
- (ii) A Director of a company that is the trustee of a superannuation entity or an exempt public sector superannuation scheme; and where a criterion for the officer or member being the trustee or Director is that the officer or member is an officer or member of a registered organisation.

Prescribed Information

- (1) Number of members of the organisation at 30/06/2012: 9,485 (2011: 8,571)
- (2) Employees of the reporting unit as at 30/06/2012: 92 equivalent full time staff (2011: 90 equivalent full time staff).
- (3) Members of the Council of Management during or since the financial year ended 30/06/2012:

Barber, L	Liddle, B
Basel, T (appointed 28/11/11)	Milne, D (retired 22/11/11)
Cameron, M	Newnham, D
Clemenger, M (appointed 22/11/11)	Nixon, D
Davis, H	Picking, P (appointed 22/11/11)
Drummond, L	Raunik, L
Fasham, M	Roberts, D
Garson, S (retired 08/11/11)	Robinson, P
Grenfell, N	Rowe, J
Hawkey, I	Salvatore, C
Healy, P (retired 22/11/11)	Sanfilippo, J (appointed 30/11/11)
Herkess, P	Sweeney, S (resigned 23/8/11)
Johnson, T	Zuccala, G

For and on behalf of Council of Management



Lou Raunik
Treasurer

2 October 2012

Directors' report

The directors of Master Builders Association of Victoria submit herewith the annual financial report of the company for the financial year ended 30 June 2012. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names of the directors of the company during or since the end of the financial year are:

Board of Management (Committee of Directors)

Davis, H	Newnham, D
Drummond, L	Nixon, D
Fasham, M	Raunik, L
Hawkey, I	Sweeney, S (resigned 23/8/11)
Herkess, P	Zuccala, G

Council of Management (Directors)

Barber, L	Liddle, B
Basel, T (appointed 28/11/11)	Milne, D (retired 22/11/11)
Cameron, M	Newnham, D
Clemenger, M (appointed 22/11/11)	Nixon, D
Davis, H	Picking, P (appointed 22/11/11)
Drummond, L	Raunik, L
Fasham, M	Roberts, D
Garson, S (retired 08/11/11)	Robinson, P
Grenfell, N	Rowe, J
Hawkey, I	Salvatore, C
Healy, P (retired 22/11/11)	Sanfilippo, J (appointed 30/11/11)
Herkess, P	Sweeney, S (resigned 23/8/11)
Johnson, T	Zuccala, G

Principal Activities

The principal activity of the Association was to provide a range of services to members in the building and construction industry.

Financial Results

The consolidated surplus from operating activities for the year was \$2,085,683 (2011: \$1,806,041). The company is exempt from paying income tax.

Review of Operations

The favourable result represents a successful year for the Association despite the unstable economic conditions that prevailed in the industry during the year. Some of the highlights were as follows:

- Launch of the Building Leadership Simulation Centre, the biggest investment in the Association's history
- Membership continues at strong levels
- ALink and Master Tradesmen continue to grow
- Establishment of new regional offices.

The Association is well placed to meet any future challenges.

The key objective of the Association is to be the lead provider of a range of products and services to the building and construction industry.

In the short term these objectives include:

- Increasing membership levels through the provision of targeted products and services
- Advocating for and promoting the value of the Association to various stakeholders
- Strengthening the financial viability of the Association.

Longer term objectives to be considered include:

- Opportunities for the development of new partnerships
- Increasing the provision of desired product and services to all participants in the industry
- Enhancement of the services currently provided.

The Council of Management has approved a Business Plan which outlines the key strategies to be implemented over the next three years which will ensure the Association meets its' key objective.

Review of Operations (cont'd)

These strategies include:

- Increasing advocacy of member interests with governments and the media
- Enhance value propositions to meet the needs of various customer segments
- Facilitating career pathways to support the long term growth of the industry
- Being an employer of choice

The Association measures and monitors performance in a variety of ways including:

- Preparation of an annual budget and monthly review of actual performance to budget
- The monthly monitoring of key performance and financial indicators by the Board of Management.

Dividends

The company is a public company limited by guarantee. The company does not have share capital and it is precluded from paying dividends.

Significant Changes

No significant changes in the state of affairs of the company have occurred during the financial year with the exception of the establishment of the Building Leadership Simulation Centre in South Melbourne.

Subsequent Events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Future Developments

The Association will continue to pursue the provision of services to members.

Contracts with Directors

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration of Directors shown in the accounts) by reason of a contract made by the company with any Director, or with a firm of which a Director is a member, or with a company in which a Director has a substantial financial interest.

Environmental Issues

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State.

Indemnifying Officer or Auditor

The company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the company or a related body corporate:

- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against liability incurred as an officer for the costs or expenses to defend legal proceedings, with the exception of the following matter:

During the financial year the company has paid a total premium of \$8,200 to insure each of the above Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the company, other than conduct involving a willful breach of duty in relation to the company.

The terms of the policy preclude disclosure as to the level of the coverage, or the name of the insurer.

Information on Directors

During the year there were 4 Council meetings and 1 Special Council meeting held.

Name:	Barber	Lindsay
Age:		60
Qualifications:		Director
Council Meetings Attended:		4

Name:	Basel	Tom
Age:	(appointed 28/11/11)	44
Qualifications:		Director
Council Meetings Attended:		2

Name:	Cameron	Michael
Age:		35
Qualifications:		Director
Council Meetings Attended:		5

Information on Directors (cont'd)

Name: Clemenger Michael
Age: (appointed 22/11/11) 40
Qualifications: Director
Council Meetings Attended: 2

Name: Davis Hedley
Age: 57
Qualifications: Director
Council Meetings Attended: 5

Name: Drummond Luke
Age: 40
Qualifications: Director
Council Meetings Attended: 3

Name: Fasham Melanie
Age: 39
Qualifications: Director
Council Meetings Attended: 5

Name: Garson Shawn
Age: (retired 8/11/11) 43
Qualifications: Director
Council Meetings Attended: 2

Name: Grenfell Neil
Age: 61
Qualifications: Director
Council Meetings Attended: 4

Name: Hawkey Ian
Age: 56
Qualifications: Director
Council Meetings Attended: 5

Name: Healy Peter
Age: (retired 22/11/11) 60
Qualifications: Director
Council Meetings Attended: 3

Name: Herkess Philip
Age: 54
Qualifications: Director
Council Meetings Attended: 5

Information on Directors (cont'd)

Name:	Johnson	Tony
Age:		41
Qualifications:		Director
Council Meetings Attended:		5
Name:	Liddle	Brendan
Age:		48
Qualifications:		Director
Council Meetings Attended:		5
Name:	Milne	Darren
Age:	(retired 22/11/11)	44
Qualifications:		Director
Council Meetings Attended:		3
Name:	Newnham	David
Age:		63
Qualifications:		Director
Council Meetings Attended:		4
Name:	Nixon	Darren
Age:		45
Qualifications:		Director
Council Meetings Attended:		4
Name:	Picking	Peter
Age:	(appointed 22/11/11)	56
Qualifications:		Director
Council Meetings Attended:		2
Name:	Roberts	Dean
Age:		40
Qualifications:		Director
Council Meetings Attended:		2
Name:	Raunik	Lou
Age:		50
Qualifications:		Director
Council Meetings Attended:		5
Name:	Robinson	Phillip
Age:		65
Qualifications:		Director
Council Meetings Attended:		5

Information on Directors (cont'd)

Name: Rowe John
Age: 66
Qualifications: Director
Council Meetings Attended: 5

Name: Salvatore Claude
Age: 46
Qualifications: Director
Council Meetings Attended: 5

Name: Sanfilippo Jarrod
Age: (appointed 30/11/11) 35
Qualifications: Director
Council Meetings Attended: 1

Name: Sweeney Steven
Age: (resigned 23/8/11) 52
Qualifications: Director
Council Meetings Attended: 0

Name: Zuccala Greg
Age: 57
Qualifications: Director
Council Meetings Attended: 4

Information on company secretary

Name: Welch Brian
Age: 58
Qualifications: Executive Director
Council Meetings Attended: 5

Leave of Court

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Membership


The Master Builders Association of Victoria is a public company, limited by guarantee, incorporated and operating in Victoria, Australia. The guarantee will not exceed \$2 per member and at 30 June 2012 there were 9,485 members (2011: 8,571).

Auditor's Independence Declaration

The auditor's independence declaration is included on page 14 of the annual report.

This directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors



Hedley Davis
Director



Lou Raunik
Director

East Melbourne, 2 October 2012

Statement by Council of Management

On 2 October 2012 the Board of Management of the Master Builders Association of Victoria, following a circular resolution by the Council of Management, thereby delegating the authority to the Board, passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 30 June 2012.

The Board of Management declares in relation to the General Purpose Financial Report that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the Industrial Registrar;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due & payable;
- (e) during the financial year to which the General Purpose Financial Report relates and since the end of that year:
 - (i) meetings of the council of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RAO Schedule to the Fair Work (Registered Organisation) Act 2009 and the Fair Work (Registered Organisation) Regulations, 2009; and
 - (iv) where the organisation consists of 2 or more reporting units, the financial records of the reporting unit have been kept, as far practicable, in a consistent manner to each of the other reporting units of the organisation; and

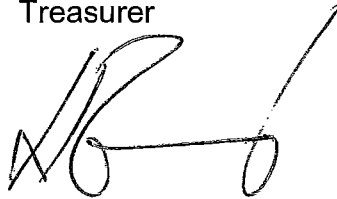
Statement by Council of Management (cont'd)

- (v) the information sought in any request of a member of the reporting unit or a Registrar duly made under section 272 of the RAO Schedule to the Fair Work (Registered Organisation) Act 2009 has been furnished to the member or Registrar; and
- (vi) there has been compliance with any order for inspection of financial records made by the Commission under section 273 of the RAO Schedule to the Fair Work (Registered Organisation) Act 2009.

For Board of Management: Lou Raunik

Title of Office held: Treasurer

Signature:

A handwritten signature in black ink, appearing to be 'Lou Raunik', written over a horizontal line.

Date: 2 October 2012

The Board of Directors
Master Builders Association of Victoria
332 Albert Street
EAST MELBOURNE, VIC 3002

2 October 2012

Dear Board Members,

Master Builders Association of Victoria

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Master Builders Association of Victoria.

As the lead audit partner for the audit of the financial statements of Master Builders Association of Victoria for the financial year ended 30 June 2012, I declare that to the best of my knowledge and belief that there have been no contraventions of:

- i. the auditor independence requirements of the Corporations Act 2001 in relation to the audit;
and
- ii. any applicable code of professional conduct in relation to the audit.

Yours sincerely



Deloitte Touche Tohmatsu



Robert DD Collie
Partner
Chartered Accountants

Independent Auditor's Report to the Members of Master Builders Association of Victoria

We have audited the accompanying financial report of Master Builders Association of Victoria, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, the statement by council of management and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 12 to 13 and 17 to 51.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations), the *Corporations Act 2001* and the requirements of Part 3 of Chapter 8 of the Fair Work (Registered Organizations) Act 2009 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the

reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Master Builders Association of Victoria, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Master Builders Association of Victoria is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company and consolidated entity's financial position as at 30 June 2012 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- (b) The financial report is presented fairly in accordance the requirements of Part 3 of Chapter 8 of the Fair Work (Registered Organizations) Act 2009.
- (c) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 3.



DELOITTE TOUCHE TOHMATSU



Robert DD Collie
Partner
Chartered Accountants
Melbourne, 2 October 2012

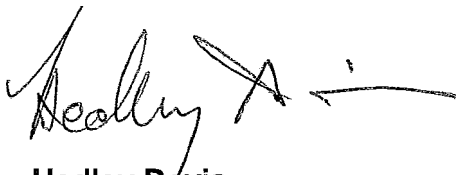
Declaration by members of the Board

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company and the consolidated entity will be able to pay their debts as and when they become due and payable;
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company and the consolidated entity; and
- (c) in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 3 to the financial statements.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors



Hedley Davis
Director



Lou Raunik
Director

East Melbourne, 2 October 2012

Statements of comprehensive income for the financial year ended 30 June 2012

	Note	Consolidated Entity		Parent Entity	
		2012 \$	2011 \$	2012 \$	2011 \$
Revenue	5	20,201,047	20,285,167	17,694,106	17,913,706
Employee benefits expenses		(8,900,477)	(8,334,752)	(7,146,348)	(6,643,721)
Depreciation & amortisation expenses	12(a)	(615,513)	(605,339)	(615,513)	(605,339)
Premises expenses		(530,447)	(523,865)	(492,622)	(490,346)
Travel, accommodation & motor vehicles		(744,666)	(698,059)	(529,339)	(527,943)
Telephone & postage		(514,386)	(498,548)	(399,917)	(381,490)
Administration expenses		(5,327,981)	(6,317,336)	(4,824,476)	(5,968,344)
Cost of goods sold-document sales		(507,421)	(586,809)	(507,421)	(586,809)
Finance costs		(174,893)	(124,353)	(174,893)	(124,353)
Promotional activity expenses		(799,580)	(790,065)	(799,319)	(779,320)
Profit before tax	6	2,085,683	1,806,041	2,204,258	1,806,041
Income tax expense	3(e)	-	-	-	-
Profit for the year		2,085,683	1,806,041	2,204,258	1,806,041
Other comprehensive income					
Movement in value of available for sale investments		(115,845)	99,746	(115,845)	99,746
Total comprehensive income for the year		1,969,838	1,905,787	2,088,413	1,905,787

Statements of financial position as at 30 June 2012

	Note	Consolidated Entity		Parent Entity	
		2012 \$	2011 \$	2012 \$	2011 \$
Current assets					
Cash and cash equivalents	7	1,711,045	6,025,301	1,544,664	5,825,307
Trade and other receivables	8	3,261,343	1,488,158	3,070,436	1,336,646
Other financial assets	9	6,768	2,457,056	6,768	2,381,379
Inventories	10	210,212	178,813	210,212	178,813
Other assets	11	329,103	324,994	327,423	312,312
Total current assets		5,518,471	10,474,322	5,159,503	10,034,457
Non current assets					
Property, plant and equipment	12	21,163,051	11,642,830	21,163,051	11,642,830
Intangible assets	13	3,947,000	-	3,947,000	-
Other financial assets	9	2,190,248	2,138,169	2,190,250	2,138,171
Total non current assets		27,300,299	13,780,999	27,300,301	13,781,001
Total assets		32,818,770	24,255,321	32,459,804	23,815,458
Current liabilities					
Trade and other payables	14	9,140,331	6,716,427	8,828,595	6,427,383
Borrowings	16	668,895	2,000,000	668,895	2,000,000
Provisions	15	1,185,550	990,252	1,064,717	858,353
Total current liabilities		10,994,776	9,706,679	10,562,207	9,285,736
Non current liabilities					
Borrowings	16	5,351,160	-	5,351,160	-
Provisions	15	112,689	158,335	67,717	139,415
Total non current liabilities		5,463,849	158,335	5,418,877	139,415
Total liabilities		16,458,625	9,865,014	15,981,084	9,425,151
Net assets		16,360,145	14,390,307	16,478,720	14,390,307
Equity					
Retained earnings	17	15,858,088	13,772,405	15,976,663	13,772,405
Reserves	18	502,057	617,902	502,057	617,902
Total equity		16,360,145	14,390,307	16,478,720	14,390,307

Notes to the financial statements are included on pages 22 to 51.

Statements of changes in equity for the financial year ended 30 June 2012

Consolidated entity

	Retained earnings \$	Asset revaluation reserve \$	Total \$
Balance at 1 July 2010	11,966,364	518,156	12,484,520
Surplus for the year	1,806,041	-	1,806,041
Other comprehensive income	-	99,746	99,746
Total comprehensive income for the year	1,806,041	99,746	1,905,787
Balance at 30 June 2011	13,772,405	617,902	14,390,307
Surplus for the year	2,085,683	-	2,085,683
Other comprehensive loss	-	(115,845)	(115,845)
Total comprehensive income/(loss) for the year	2,085,683	(115,845)	1,969,838
Balance at 30 June 2012	15,858,088	502,057	16,360,145

Parent entity

	Retained earnings \$	Asset revaluation reserve \$	Total \$
Balance at 1 July 2010	11,966,364	518,156	12,484,520
Surplus for the year	1,806,041	-	1,806,041
Other comprehensive income	-	99,746	99,746
Total comprehensive income for the year	1,806,041	99,746	1,905,787
Balance at 30 June 2011	13,772,405	617,902	14,390,307
Surplus for the year	2,204,258	-	2,204,258
Other comprehensive loss	-	(115,845)	(115,845)
Total comprehensive income/(loss) for the year	2,204,258	(115,845)	2,088,413
Balance at 30 June 2012	15,976,663	502,057	16,478,720

Notes to the financial statements are included on pages 22 to 51.

Statements of cash flows for the financial year ended 30 June 2012

	Note	Consolidated Entity		Parent Entity	
		2012 \$	2011 \$	2012 \$	2011 \$
Cash flows from operating activities					
Receipts from members		5,876,338	5,882,563	5,876,338	5,882,563
Receipts from other activities		12,132,207	14,345,595	9,680,117	11,849,539
Payments to suppliers and employees		(14,782,801)	(18,248,789)	(12,194,963)	(15,749,563)
Interest and finance costs paid		(174,893)	(124,353)	(174,893)	(124,353)
Interest received		114,682	325,978	110,489	320,930
Net cash provided by operating activities	23(b)	3,165,533	2,180,994	3,297,088	2,179,116
Cash flows from investing activities					
Payments for other financial assets		(167,924)	(1,330,134)	(167,924)	(1,330,134)
Payments for property, plant and equipment		(10,135,734)	(539,287)	(10,135,734)	(539,287)
Payments for intangible assets		(3,947,000)	-	(3,947,000)	-
Net cash used in investing activities		(14,250,658)	(1,869,421)	(14,250,658)	(1,869,421)
Cash flows from financing activities					
Net proceeds from related party borrowings		300,526	-	278,261	-
Net proceeds from borrowings		4,020,055	-	4,020,055	-
Net cash provided by financing activities		4,320,581	-	4,298,316	-
Net (decrease)/increase in cash and cash equivalents		(6,764,544)	311,573	(6,655,254)	309,695
Cash and cash equivalents at the beginning of the financial year		8,482,357	8,170,784	8,206,686	7,896,991
Cash and cash equivalents at the end of the financial year	23(a)	1,717,813	8,482,357	1,551,432	8,206,686

Notes to the financial statements are included on pages 22 to 51.

1. General information

Master Builders Association of Victoria is a company limited by guarantee, incorporated and operating in Australia.

Master Builders Association of Victoria's registered office and its principal place of business are as follows:

Registered office	Principal place of business
332 Albert Street EAST MELBOURNE VIC 3002	332 Albert Street EAST MELBOURNE VIC 3002

2. Adoption of new and revised Accounting Standards

2.1 Standards and Interpretations affecting amounts reported in the current year (and/or prior years)

The following new and revised Standards and Interpretations have been adopted in the current year and have affected the amounts reported in these financial statements. Details of other Standards and Interpretations adopted in these financial statements but that have had no effect on the amounts reported are set out in section 2.2.

Amendments to AASB 101 'Presentation of Financial Statements'	The amendments (part of AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.
Amendments to AASB 7 'Financial Instruments: Disclosure'	The amendments (part of AASB 2010-4 'further Amendments to Australian Accounting Standards arising from the Annual Improvements project') clarify the required level of disclosures about credit risk and collateral held and provide relief from disclosures previously required regarding renegotiated loans.
AASB 124 'Related Party Disclosures' (revised December 2009)	<p>AASB 124 (revised December 2009) has been revised on the following two aspects: (a) AASB 124 (revised December 2009) has changed the definition of a related party and (b) AASB 124 (revised December 2009) introduces a partial exemption from the disclosure requirements for government-related entities.</p> <p>The company and consolidated entity are not Government related entities. The application of the revised definition of a related party as set out in AASB 124 (revised December 2009) in the current year has not revised in the identification of related parties that were not identified as related parties under the previous standard.</p>

2. Adoption of new and revised Accounting Standards (cont'd)

AASB 1054 'Australian Additional Disclosures' and AASB 2011-1 'Amendments to Australian Accounting Standards arising from Trans-Tasman Convergence Project' adopted in IFRSs. AASB 1054 sets out the Australian-specific disclosures for entities that have adopted Australian Accounting Standards. This Standard contains disclosure requirements that are in addition to IFRSs in areas such as compliance with Australian Accounting Standards, the nature of financial statements (general purpose or special purpose), audit fees, imputation (franking) credits and the reconciliation of net operating cash flow to profit (loss).

AASB 2011-1 makes amendments to a range of Australian Accounting Standards and Interpretations for the purpose of closer alignment to IFRSs and harmonisation between Australian and New Zealand Standards. The Standard deletes various Australian-specific guidance and disclosures from other Standards (Australian-specific disclosures retained are now contained in AASB 1054), and aligns the wording used to that adopted in IFRSs.

The application of AASB 1054 and AASB 2011-1 in the current year has resulted in the simplification of disclosures in regards to audit fees, franking credits and capital and other expenditure commitments as well as an additional disclosure on whether the Group is a for-profit or not-for-profit entity.

2.2 Standards and Interpretations adopted with no effect on financial statements

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

AASB 2009-12 'Amendments to Australian Accounting Standards

The Standard also makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, which includes AASB 108. The application of AASB 2009-12 has not had any material effect on amounts reported in the financial statements.

2. Adoption of new and revised Accounting Standards (cont'd)

2.2 Standards and Interpretations adopted with no effect on financial statements (cont'd)

AASB 1048 'Interpretation of Standards' (revised) *Effective: Periods ending 30 June 2012* AASB 1048 identifies the Australian Interpretations and classifies them into two groups: those that correspond to an IASB Interpretation and those that do not. Entities are required to apply each relevant Australian Interpretation in preparing financial statements that are within the scope of the Standard. The revised version of AASB 1048 updates the lists of Interpretations for new and amended Interpretations issued since the June 20120 version of AASB 1048.

AASB 2010-5 'Amendments to Australian Accounting Standards' The Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, which includes AASB 101 and AASB 107. The application of AASB 2010-5 has not had any material effect on amounts reported in the financial statements.

2.3 Standards and Interpretations issued not yet effective

At the date of authorisation of the financial report, a number of Standards and Interpretations were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', AASB 200911 'Amendments to Australian Accounting Standards arising from AASB 9' and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9(December 2010)	1 January 2013	30 June 2014
AASB 10 'Consolidated Financial Statements'	1 January 2013	30 June 2014
AASB 12 'Disclosure of Interests in Other Entities'	1 January 2013	30 June 2014

2. Adoption of new and revised Accounting Standards (cont'd)

2.3 Standards and Interpretations issued not yet effective (cont'd)

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 127 'Separate Financial Statements'(2011)	1 January 2013	30 June 2014
AASB 128 'Investments in Associates and Joint Ventures' (2011)	1 January 2013	30 June 2014
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	1 January 2013	30 June 2014
AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'	1 January 2013	30 June 2014
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1 July 2013	30 June 2014
AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 2011-9 'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income'	1 July 2012	30 June 2013
Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)	1 January 2014	30 June 2015

2. Adoption of new and revised Accounting Standards (cont'd)

2.3 Standards and Interpretations issued not yet effective (cont'd)

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)	1 January 2013	30 June 2014
Mandatory Effective Date of IFRS 9 and Transition Disclosures (Amendments to IFRS 9 and IFRS 7)	1 January 2015	30 June 2016
AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 cycle'	1 January 2013	30 June 2014

3. Significant accounting policies

Statement of compliance

The financial report is a general purpose financial report that has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law.

The financial report covers the economic entity of Master Builders Association of Victoria and controlled entity, and Master Builders Association of Victoria as an individual parent entity. Master Builders Association Victoria is a Member based organisation that operates in accordance with the fair work act. As Master Builders Association of Victoria is a company limited by guarantee it doesn't have a share capital. The contributions of each member to its debts and liabilities in the event of a winding up are restricted to an amount not exceeding \$2. At 30 June 2012 the number of members was 9,485 (2011: 8,571).

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ('IFRS').

The Master Builders Association of Victoria is a member based organization that operates in accordance with the Fair Work act.

The financial statements were authorized for issue by the directors on 2 October 2012

3. Significant accounting policies (cont'd)

Basis of preparation

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money value or, except where stated, current valuations of non-current assets. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The directors have elected under s341(1) of the Corporations Act 2001 to apply ASIC Class Order (CO 10/654) inclusion of parent entity financial statements in the financial report.

Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Details in relation to estimates and judgments made are disclosed in the accounting policy notes below.

Going Concern

The financial statements have been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business.

As at 30 June 2012 there is a consolidated working capital deficiency of \$5,476,305 (2011: surplus \$767,643) and parent entity working capital deficiency of \$5,402,704 (2011: surplus \$748,721). Notwithstanding this, the financial report has been prepared on a going concern basis.

The deficiency includes current liabilities for subscriptions received in advance of \$2,507,680 (2011: \$2,786,608) which will be released into revenue in future years, a long service liability of \$500,563 (2011: \$393,177) of which \$40,000 is anticipated to be paid during 2012/2013 and an annual leave liability of \$684,987 of which \$150,000 is anticipated to be paid during 2012/2013. This results in an adjusted working capital deficiency of \$1,973,075. Further there was an unused commercial bill facility of \$1,979,945 as at 30 June 2012 and cash flows from operations are forecast.

3. Significant accounting policies (cont'd)

While it is not intended to dispose of listed shares valued at \$2,070,246 as at 30 June 2012 (2011: \$2,018,169) and therefore they are held as non current, these shares could be liquidated should the need arise to ensure the entity can pay its debts as and when they fall due.

On the basis of the matters discussed above, the directors believe that the going concern basis of preparation is appropriate.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Principles of consolidation

A controlled entity is an entity controlled by Master Builders Association of Victoria. Control exists where Master Builders Association of Victoria has the capacity to dominate the decision making in relation to the financial and operating policies of another entity so that the other entity operates with Master Builders Association of Victoria to achieve the objectives of Master Builders Association of Victoria. A list of the controlled entities is contained in Note 25 of the financial statements.

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

The company incorporated a subsidiary during the period, MBA Training Services Pty Ltd. This entity has not been consolidated within this financial report. The net assets of MBA Training Services Pty Ltd as at 30 June 2012 was \$2.

(b) Property, Plant and Equipment

Each class of property, plant and equipment are carried at cost less, where applicable, any accumulated depreciation.

Plant and equipment

The depreciable amount of all fixed assets, excluding freehold land, is depreciated over their useful lives commencing from the time the asset is ready for use.

Depreciation is based on the straight-line and reducing balance method of calculation.

3. Significant accounting policies (cont'd)

(b) Property, Plant and Equipment (cont'd)

The depreciation rates used for each class of depreciable assets are:-

Buildings	1.44% - 2.5%	Straight Line
Plant and Equipment:		
Office Furniture	10% - 20%	Straight Line
Computer	20% - 40%	Straight Line
Equipment		
Motor Vehicles	15% - 22.5%	Straight Line
Electrical	20%	Straight Line & Diminishing Value

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Capital grants received are offset against the capital expenditure to which the capital grant income is applied.

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

(c) Inventories

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

(d) Employee entitlements

Provision is made for the Association's liability for employee entitlements arising from services rendered by employees to reporting date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and long service leave which will be settled after one year have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

Contributions are made by the Association to various employee superannuation funds and are charged as expenses when incurred. The funds are accumulation funds.

3. Significant accounting policies (cont'd)

(e) Income tax

The company is exempt from paying income tax under section 50-15 of the Income Tax Assessment Act 1997 and consequently, has not charged any income tax expense.

(f) Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash includes cash on hand, at banks and on deposit. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(g) Revenue

Revenue from the sale of goods or the rendering of services is recognised upon the delivery of goods or services to customers.

Non Government grant revenue is recognised when the economic entity gains control over the funds. Revenue from the rendering of a service is recognised upon the delivery of the service to the residents.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue on sale of a non-current asset is recognised when an unconditional sale contract is signed and the risks and rewards of ownership have transferred to the purchaser.

Dividend revenue is recognised when the Association has established that it has a right to receive a dividend.

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

(h) Government grants

Government grants are not recognised until there is reasonable assurance that the entity will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are

recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful life of the related assets.

3. Significant accounting policies (cont'd)

(i) Intangible assets

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

(j) Provisions

Provisions are recognised when the economic entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(k) Financial instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

AFS financial assets

Listed shares and listed redeemable notes held by the Group that are traded in an active market are classified as AFS and are stated at fair value. The Group also has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value (because the directors consider that fair value can be reliably measured). Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

3. Significant accounting policies (cont'd)

(k) Financial instruments (cont'd)

Held-to-maturity investments

These investments have fixed maturities, and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in profit or loss.

(l) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the economic entity are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the economic entity will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. Significant accounting policies (cont'd)

(m) Impairment of Assets

At each reporting date, the economic entity reviews the carrying values of its tangible assets to determine whether there is an indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value.

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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the statement of cash flows on a net basis. 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 operating cash flows.

(o) Comparative figures

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

4. Information to Be Provided to Members or Registrar

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of the members is drawn to the provisions of the sub-sections (1),(2) and (3) of Section 272 of RAO Schedule to the Fair Work (Registered Organisations) Act 2009, which reads as follows:-

- (1) A member of a reporting unit, or a registrar, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- (2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.
- (3) A reporting unit must comply with an application made under subsection (1).

	Consolidated Entity		Parent Entity	
	2012	2011	2012	2011
	\$	\$	\$	\$
5. Revenue				
Operating activities				
Membership fees	5,876,338	5,882,563	5,876,338	5,882,563
Insurance commission	640,357	415,841	640,357	411,749
Sale of documents	986,906	951,512	986,906	951,012
Sundry income	1,794,472	2,580,532	1,794,472	2,649,629
Rental income	346,754	270,665	346,754	270,665
Planning and building services	2,502,748	2,430,918	-	-
Training division	6,863,300	6,928,913	6,863,300	6,928,913
Commercial income	1,075,490	498,245	1,075,490	498,245
	<u>20,086,365</u>	<u>19,959,189</u>	<u>17,583,617</u>	<u>17,592,776</u>
Non-operating activities				
Interest received	114,682	325,978	110,489	320,930
Total revenue	<u>20,201,047</u>	<u>20,285,167</u>	<u>17,694,106</u>	<u>17,913,706</u>

Consolidated Entity		Parent Entity	
2012	2011	2012	2011
\$	\$	\$	\$

6. Profit for the year before tax

Other expenses

Profit for the year includes the following expenses:

Decrease in allowance for doubtful debts provision	(12,604)	(5,028)	(4,124)	(7,609)
Remuneration of auditor				
- audit services	38,830	32,375	30,660	22,900
- other services (grant acquittal statements)	6,000	5,820	6,000	5,820
- taxation services	26,240	48,025	26,240	33,787
	71,070	86,220	62,900	62,507

The auditor of Master Builders Association of Victoria is Deloitte Touche Tohmatsu

Employee benefits

- wages and salaries	7,994,140	7,507,993	6,410,380	5,964,165
- superannuation	906,337	826,759	735,968	679,556
	8,900,477	8,334,752	7,146,348	6,643,721

Additional information as required by section 255 of Schedule 1B of the RAO to Fair Work (Registered Organizations) Act 2009:

Legal fees	48,176	50,844	48,176	50,326
Affiliation fees Master Builders Association Ltd and other congress organisations	557,744	593,235	557,744	593,285
Other fees and subscriptions	41,601	23,956	18,083	15,845
Grants and donations	3,931	4,750	3,931	4,750
Conference/meeting expenses for Councilors etc	34,444	15,827	34,444	15,827

	Consolidated Entity		Parent Entity	
	2012	2011	2012	2011
	\$	\$	\$	\$
7. Cash and cash equivalents				
Cash at bank	1,705,840	6,021,099	1,541,564	5,822,207
Cash on hand	5,205	4,202	3,100	3,100
	<u>1,711,045</u>	<u>6,025,301</u>	<u>1,544,664</u>	<u>5,825,307</u>

8. Trade and other receivables

Trade debtors	2,944,910	883,803	2,577,194	569,267
Provision for doubtful debts	(21,480)	(34,084)	(9,167)	(13,291)
	<u>2,923,430</u>	<u>849,719</u>	<u>2,568,027</u>	<u>555,976</u>
Inter-company loan – controlled entity	-	-	164,496	142,231
Inter-company loan – related company	337,913	638,439	337,913	638,439
	<u>3,261,343</u>	<u>1,488,158</u>	<u>3,070,436</u>	<u>1,336,646</u>

(i) The average credit period on sales of goods and rendering of services is 30 days. No interest is charged on the trade receivables. An allowance has been made for estimated irrecoverable trade receivable amounts arising from the past sale of goods and rendering of services, determined by reference to past default experience.

Ageing of past due but not impaired

60 - 90 days	50,266	97,088	12,994	69,313
90+ days	72,964	61,962	50,713	39,098
Total	<u>123,230</u>	<u>159,050</u>	<u>63,707</u>	<u>108,411</u>

Movement in the allowance for doubtful debts

Balance at the beginning of the year	34,084	39,112	13,291	20,900
Amounts reversed	(12,604)	(5,028)	(4,124)	(7,609)
Balance at the end of the year	<u>21,480</u>	<u>34,084</u>	<u>9,167</u>	<u>13,291</u>

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

	Consolidated Entity		Parent Entity	
	2012	2011	2012	2011
	\$	\$	\$	\$
9. Other financial assets				
Current				
Term Deposit	6,768	2,457,056	6,768	2,381,379
Non Current				
Investments				
- Shares in controlled entity – at cost	2	-	4	2
- Shares in related entities – at cost	120,000	120,000	120,000	120,000
- Shares – fair value through profit/loss	2,070,246	2,018,169	2,070,246	2,018,169
	<u>2,190,248</u>	<u>2,138,169</u>	<u>2,190,250</u>	<u>2,138,171</u>
10. Inventories				
Stock on hand	<u>210,212</u>	<u>178,813</u>	<u>210,212</u>	<u>178,813</u>
11. Other assets				
Prepayments	<u>329,103</u>	<u>324,994</u>	<u>327,423</u>	<u>312,312</u>
12. Property Plant and Equipment				
Freehold land and buildings				
At Cost	19,577,872	12,039,700	19,577,872	12,039,700
Provision for depreciation	<u>(2,033,878)</u>	<u>(1,794,282)</u>	<u>(2,033,878)</u>	<u>(1,794,282)</u>
Written down value	<u>17,543,994</u>	<u>10,245,418</u>	<u>17,543,994</u>	<u>10,245,418</u>
Plant and equipment				
At Cost	6,079,811	3,482,247	6,079,811	3,482,247
Provision for depreciation	<u>(2,460,754)</u>	<u>(2,084,835)</u>	<u>(2,460,754)</u>	<u>(2,084,835)</u>
Written down value	<u>3,619,057</u>	<u>1,397,412</u>	<u>3,619,057</u>	<u>1,397,412</u>
Net Book Value	<u>21,163,051</u>	<u>11,642,830</u>	<u>21,163,051</u>	<u>11,642,830</u>

12. Property Plant and Equipment (cont'd)

(a) Movement in carrying amount

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

	Freehold land and buildings \$	Plant and equipment \$	Total \$
2012			
Consolidated Entity:			
Balance at the beginning of year	10,245,417	1,397,413	11,642,830
Additions	7,538,172	2,597,562	10,135,734
Depreciation expense	(239,595)	(375,918)	(615,513)
Carrying amount at the end of the year	<u>17,543,994</u>	<u>3,619,057</u>	<u>21,163,051</u>
Parent Entity:			
Balance at the beginning of year	10,245,417	1,397,413	11,642,830
Additions	7,538,172	2,597,562	10,135,734
Depreciation expense	(239,595)	(375,918)	(615,513)
Carrying amount at the end of the year	<u>17,543,994</u>	<u>3,619,057</u>	<u>21,163,051</u>
2011			
Consolidated Entity:			
Balance at the beginning of year	10,326,515	1,382,367	11,708,882
Additions	163,875	375,412	539,287
Depreciation expense	(244,972)	(360,367)	(605,339)
Carrying amount at the end of the year	<u>10,245,418</u>	<u>1,397,412</u>	<u>11,642,830</u>
Parent Entity:			
Balance at the beginning of year	10,326,515	1,382,367	11,708,882
Additions	163,875	375,412	539,287
Depreciation expense	(244,972)	(360,367)	(605,339)
Carrying amount at the end of the year	<u>10,245,418</u>	<u>1,397,412</u>	<u>11,642,830</u>

	Consolidated Entity		Parent Entity	
	2012	2011	2012	2011
	\$	\$	\$	\$
13. Intangible Assets				
Carrying amounts of:				
Licences	3,947,000	-	3,947,000	-
			Licences	Total
Consolidated Entity:				
Cost				
Balance as at 1 July 2011			-	-
Additions			3,947,000	3,947,000
Balance as at 30 June 2012			3,947,000	3,947,000
Accumulated amortisation				
Balance as at 1 July 2011			-	-
Amortisation expense			-	-
Balance as at 30 June 2012			-	-
Parent Entity:				
Cost				
Balance as at 1 July 2011			-	-
Additions			3,947,000	3,947,000
Balance as at 30 June 2012			3,947,000	3,947,000
Accumulated amortisation				
Balance as at 1 July 2011			-	-
Amortisation expense			-	-
Balance as at 30 June 2012			-	-

The licence acquired relates to a licence to use IP related with the Building Leadership Simulation Centre. The simulation centre commenced operations 1 July 2012 and the licence will be amortised from that date over a period of 20 years.

	Consolidated Entity		Parent Entity	
	2012	2011	2012	2011
	\$	\$	\$	\$
14. Trade and other payables				
Arbitration deposit account	14,151	12,815	14,151	12,815
Trade creditors	1,268,395	1,214,214	1,225,906	1,165,554
Sundry creditors and accrued expenses	7,857,785	5,489,398	7,588,538	5,249,014
	<u>9,140,331</u>	<u>6,716,427</u>	<u>8,828,595</u>	<u>6,427,383</u>
The average credit period on purchases of goods is 30 days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. No interest is paid on overdue amounts.				
15. Provisions				
Current				
Employee entitlements:				
Long service leave	500,563	393,177	500,563	368,873
Annual leave	684,987	597,075	564,154	489,480
	<u>1,185,550</u>	<u>990,252</u>	<u>1,064,717</u>	<u>858,353</u>
Non current				
Employee entitlements:				
Long service leave	112,689	158,335	67,717	139,415
Aggregate employee entitlement liability	<u>1,298,239</u>	<u>1,148,587</u>	<u>1,132,434</u>	<u>997,768</u>
Number of employees at year end	<u>100</u>	<u>98</u>	<u>73</u>	<u>75</u>

	Consolidated Entity		Parent Entity	
	2012	2011	2012	2011
	\$	\$	\$	\$
16. Borrowings				
Commercial bill - current	668,895	2,000,000	668,895	2,000,000
Commercial bill – non current	5,351,160	-	5,351,160	-
Commercial bill (i)	6,020,055	2,000,000	6,020,055	2,000,000

Summary of borrowing arrangements:

- (i) Bills of exchange as at 30 June 2012, with a variable interest rate were issued in September 2011. The current weighted average interest rate on the bills is 6.6%p.a. (2011: 6.7%p.a.). The bills of exchange provide a facility of \$8,000,000 of which \$6,020,055 was used at 30 June 2012.

17. Retained earnings

Retained earnings at the beginning of the financial year	13,772,405	11,966,364	13,772,405	11,966,364
Net profit attributable to members of the association	2,085,683	1,806,041	2,204,258	1,806,041
Transfer to reserves	-	-	-	-
Retained earnings as at the end of the financial year	15,858,088	13,772,405	15,976,663	13,772,405

18. Reserves

Asset revaluation reserve	502,057	617,902	502,057	617,902
---------------------------	---------	---------	---------	---------

The asset revaluation reserve records revaluations of non-current assets and investments. There has been a fair value decrease in investments during the year of \$115,845 (2011: increase of \$99,746).

19. Commitments for expenditure

(a) Operating leases of plant and equipment

The consolidated and parent entity have operating leases for premises, photocopiers, computers and motor vehicles.

Not longer than 1 year	627,419	621,019	627,419	621,019
Longer than 1 but not later than 5 Years	1,239,971	274,900	1,239,971	274,900
	1,867,390	895,919	1,867,390	895,919

20. Segment Reporting

The operations are limited to one operating activity and geographic segment.

21. Related Party Transactions

(i) Directors

The following people held office of Director during the year ended 30 June 2012

Board of Management (Committee of Directors)

Davis, H	Newnham, D
Drummond, L	Nixon, D
Fasham, M	Raunik, L
Hawkey, I	Sweeney, S (resigned 23/8/11)
Herkess, P	Zuccala, G

Council of Management (Directors)

Barber, L	Liddle, B
Basel, T (appointed 28/11/11)	Milne, D (retired 22/11/11)
Cameron, M	Newnham, D
Clemenger, M (appointed 22/11/11)	Nixon, D
Davis, H	Picking, P (appointed 22/11/11)
Drummond, L	Raunik, L
Fasham, M	Roberts, D
Garson, S (retired 08/11/11)	Robinson, P
Grenfell, N	Rowe, J
Hawkey, I	Salvatore, C
Healy, P (retired 22/11/11)	Samfilippo, J (appointed 30/11/11)
Herkess, P	Sweeney, S (resigned 23/8/11)
Johnson, T	Zuccala, G

21. Related Party Transactions (cont'd) **2012** **2011**

(ii) Remuneration of Directors

Amounts received or due and receivable by Directors of Master Builders Association Of Victoria \$ Nil \$ Nil

Number of Directors whose remuneration was within the following bands:

\$ 0 - \$ 9,999 22 21

The services of the Directors are provided on a voluntary basis only.

(iii) Transactions	Consolidated Entity 2012 \$	Consolidated Entity 2011 \$	Parent Entity 2012 \$	Parent Entity 2011 \$
Rental income from MBA Insurance Services Pty Ltd	81,536	80,280	81,536	80,280
Accounting Services provided to MBA Insurance Services Pty Ltd	52,000	55,000	52,000	55,000
Commissions received from MBA Insurance Services Pty Ltd	643,619	428,111	643,619	428,111
HR services provided to MBA Insurance Services Pty Ltd	40,000	20,000	40,000	20,000
	Consolidated Entity 2012 \$	Consolidated Entity 2011 \$	Parent Entity 2012 \$	Parent Entity 2011 \$
22. Superannuation expense	906,337	826,759	735,968	679,556

The Association contributes to superannuation plans to provide benefits to employees on retirement, death or disability. The Association has no liability for any unfunded benefits which may exist within these plans.

Consolidated Entity		Parent Entity	
2012	2011	2012	2011
\$	\$	\$	\$

23. Notes to the statement of cash flows

(a) Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash at bank and on hand	1,711,045	6,025,301	1,544,664	5,825,307
Cash deposits	6,768	2,457,056	6,768	2,381,379
	<u>1,717,813</u>	<u>8,482,357</u>	<u>1,551,432</u>	<u>8,206,686</u>

(b) Reconciliation of profit for the period to net cash flows from operating activities

Operating profit after income tax	2,085,683	1,806,041	2,204,258	1,806,041
Non-cash flows in operating profit				
Movement in doubtful debts	(12,604)	(5,028)	(4,124)	(7,609)
Depreciation	615,513	605,339	615,513	605,339
Changes in assets and liabilities				
(Increase)\decrease in assets:				
Trade and other receivables	(2,061,107)	175,967	(2,007,927)	48,905
Inventories	(31,399)	2,626	(31,399)	2,626
Other assets	(4,109)	(99,266)	(15,111)	(103,886)
Increase/(decrease) in liabilities				
Trade and other payables	2,423,904	(465,383)	2,401,212	(329,613)
Provisions	149,652	160,698	134,666	157,313
Net cash from operating activities	<u>3,165,533</u>	<u>2,180,994</u>	<u>3,297,088</u>	<u>2,179,116</u>

23. Notes to the statement of cash flows (cont'd)

(c) Financing Facilities

Master Builders Association of Victoria has a commercial bill facility for \$8,000,000 as at 30 June 2012 of which \$1,979,945 was unused.

This commercial bill facility has been secured by the following:

Registered mortgage held by the Bank of Melbourne over commercial property located at 332 Albert St, East Melbourne, VIC 3002 and over commercial property located at 49-51 Brady Street, South Melbourne, VIC 3205. The amounts secured by the securities include the sum of the total amount for all facilities listed in this facility.

(d) Non Cash Financing and Investing Activities

There were no material non cash financing or investing activities undertaken during the year.

24. Financial Instruments

(a) The economic entity's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at reporting date, are as follows:

Recognised Financial Instruments	Statement of Financial Position Note	Accounting Policy	Terms and Conditions
i) Financial Assets			
Loans & Receivables	8	Trade receivables are carried at nominal amounts due. An allowance for doubtful debts is recognised when collection is no longer probable.	Credit terms are 30 days unless otherwise allowed.
Cash & Cash equivalents	7	Represents funds on term deposit with a financial institution	Interest of 4.3% is earned on an average term of 30 days.
ii) Financial Liabilities			
Trade & other payables	14	Liabilities are recognised for amounts to be paid in the future for goods and services received.	10 years from drawdown date

24. Financial Instruments (cont'd)

(b) Interest rate risk

The economic entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates. The economic entity's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk section of this note.

The consolidated and parent entity's sensitivity to interest rates has decreased during the current period mainly due to the decrease of variable rate borrowings and of cash held in term deposits.

An increase or decrease of 50 interest basis points would increase or decrease consolidated cash and profit by \$8,529 or the parent entity cash and profit by \$7,708.

(c) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets is the carrying amount, as disclosed in the statement of financial position and notes to the financial statements.

The economic entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the economic entity.

24. Financial Instruments (cont'd)

(d) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors. The economic entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 22(c) is a listing of additional undrawn facilities that the economic entity has at its disposal to further reduce liquidity risk.

Liquidity and interest table

Prudent liquidity risk management is carried out by maintaining sufficient cash including working capital and unused bank debt.

The following tables detail the economic entity's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the economic entity can be required to pay. The table includes both interest and principal cash flows.

Consolidated	Weighted Average Effective Interest Rate	Less than 1 month	1 - 3 months	3 months - 1 year	1-5 years	Total
2012						
Non-interest bearing	-	-	-	-	-	9,140,331
Variable interest rate instruments	6.6%	-	668,895	-	5,351,160	6,020,055
Fixed interest rate instruments	-	-	-	-	-	-
2011						
Non-interest bearing	-	-	-	-	-	6,716,427
Variable interest rate instruments	-	-	-	-	-	-
Fixed interest rate instruments	6.7%	2,000,000	-	-	-	2,000,000

24. Financial Instruments (cont'd)

Parent	Weighted Average Effective Interest Rate	Less than 1 month	1 - 3 months	3 months - 1 year	1-5 years	Total
2012						
Non-interest bearing	-	-	-	-	-	8,828,595
Variable interest rate instruments	6.6%	-	-	-	6,020,055	6,020,055
Fixed interest rate instruments	-	-	-	-	-	-
2011						
Non-interest bearing	-	-	-	-	-	6,427,383
Variable interest rate instruments	-	-	-	-	-	-
Fixed interest rate instruments	6.7%	2,000,000	-	-	-	2,000,000

(d) Liquidity risk

The following tables detail the company's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the economic entity anticipates that the cash flow will occur in different period.

Consolidated	Weighted Average Effective Interest Rate	Less than 1 month	1 - 3 months	3 months - 1 year	1-5 years	Total
2012						
Non-interest bearing	-	2,444,511	427,435	72,964	-	2,944,910
Variable interest rate instruments	3%	1,711,045	-	-	-	1,711,045
Fixed interest rate instruments	5%	6,768	-	-	-	6,768
2011						
Non-interest bearing	-	613,706	191,347	78,750	-	883,803
Variable interest rate instruments	3%	6,025,301	-	-	-	6,025,301
Fixed interest rate instruments	5%	1,957,056	-	500,000	-	2,457,056

24. Financial Instruments (cont'd)

Parent	Weighted Average Effective Interest Rate	Less than 1 month	1 - 3 months	3 months – 1 year	1-5 years	Total
2012						
Non-interest bearing	-	2,214,160	312,321	50,713	-	2,577,194
Variable interest rate instruments	3%	1,544,664	-	-	-	1,544,664
Fixed interest rate instruments	5%	6,768	-	-	-	6,768
2011						
Non-interest bearing	-	433,807	96,363	39,097	-	569,267
Variable interest rate instruments	3%	5,825,387	-	-	-	5,825,387
Fixed interest rate instruments	5%	1,881,739	-	500,000	-	2,381,739

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

The Group has access to financing facilities as described in note 23 c above. The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

(e) Fair Value

Assets and liabilities, fair values approximates their carrying value. No financial assets and financial liabilities are readily traded on organized markets in a standardized form. Financial assets where carrying amounts exceeds net fair values have not been written down as the company intends to hold these to maturity.

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

(f) Capital Risk Management

The economic entity manages its capital to ensure that the economic entity will be able to continue as a going concern while maximizing the return to stakeholders through the optimisation of the debt and equity balance. The economic entity's overall strategy remains unchanged from 2011. The economic entity is not exposed to any externally imposed capital requirements.

24. Financial Instruments (cont'd)

(g) Market Risk

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

(h) Foreign Currency Risk Management

The economic entity does not undertake transactions denominated in foreign currencies, and consequently exposures to exchange rate fluctuation will not arise.

25. Controlled Entities

	Country of Incorporation	Percentage Owned (%)	
		2012	2011
Parent Entity:			
Master Builders Association of Victoria	Australia	-	-
Subsidiaries of Master Builders Association of Victoria:-			
MBA Building Services Pty Ltd	Australia	100%	100%
Atf MBA Building Services Trust	Australia	100%	100%
MBA Training Services Pty Ltd	Australia	100%	-
Related Companies:			
MBA Insurance Services Pty Ltd	Australia	17.5%	17.5%
		Consolidated Entity	
		2012	2011
		\$	\$
		Parent Entity	
		2012	2011
		\$	\$

26. Key Management Personnel Compensation

Short-term employee benefits	1,783,330	1,794,676	1,632,892	1,654,942
Post-employment benefits	236,639	219,170	225,530	208,754
	<u>2,019,969</u>	<u>2,013,846</u>	<u>1,858,422</u>	<u>1,863,696</u>

27. Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial year.

Master Builders Association of Victoria

ACN 004 255 654

(A Company Limited By Guarantee)

2011/2012 Concise Report for presentation to the Annual General Meeting of Members

THE DIRECTORS OF THE MASTER BUILDERS ASSOCIATION OF VICTORIA
HAVE RESOLVED TO ISSUE TO MEMBERS CONCISE ACCOUNTS IN
ACCORDANCE WITH SECTION 314 OF THE COMPANY LAW REVIEW ACT 1998.
IF YOU DESIRE A FULL REPORT AND AUDITOR'S REPORT PLEASE CONTACT
ROD COLE AT THE ASSOCIATION AND A COPY WILL BE SENT TO YOU FREE
OF CHARGE.

THE CONCISE FINANCIAL REPORT IS DERIVED FROM THE FULL REPORT AND
CANNOT BE EXPECTED TO PROVIDE AS FULL AN UNDERSTANDING OF THE
FINANCIAL PERFORMANCE, FINANCIAL POSITION AND FINANCIAL AND
INVESTING ACTIIVITES OF THE REPORTING UNIT AS THE FULL REPORT.



**Master
Builders**

ASSOCIATION

Concise financial report for the financial year ended 30 June 2012

Council of management operating report	1
Directors' report	4
Statement by council of management	12
Auditors' independence declaration	14
Independent audit report	15
Declaration by members of the Board	17
Statement of comprehensive income	18
Statement of financial position	19
Statement of changes in equity	20
Statement of cash flows	21
Notes to the financial statements	22

Council of Management operating report

In accordance with section 254 of the Fair Work (Registered Organisations) Act 2009, the Council of Management present the operating report for the year ended 30 June 2012.

Principal Activities

The principal activity of the Association was to provide a range of services to members.

Financial Results

The consolidated surplus from operating activities for the year was \$2,085,683 (2011: \$1,806,041). The company is exempt from paying income tax.

Review of Operations

The favourable result represents a successful year for the Association despite the unstable economic conditions that prevailed in the industry during the year. Some of the highlights were as follows:

- Launch of the Building Leadership Simulation Centre, the biggest investment in the Association's history
- Membership continues at strong levels
- ALink and Master Tradesmen continue to grow
- Establishment of new regional offices.

Significant Changes

No significant changes in the state of affairs of the company have occurred during the financial year with the exception of the Building Leadership Simulation Centre.

Rights of members to resign

- (1) A member may resign from membership by written notice addressed and delivered to the Executive Director.
- (2) A notice of resignation from membership takes effect:
 - (a) Where the member ceases to be eligible to become a member;
 - (i) On the day on which the notice is received by the Association, or
 - (ii) On the day specified in the notice, which is a day not earlier than the day when the member ceases to be eligible to become a member;Whichever is later, or
 - (b) In any other case:
 - (i) At the end of 2 weeks after the notice is received by the Association, or
 - (ii) On the day specified in the notice;Whichever is later.
- (3) Any dues payable but not paid by a former member, in relation to a period before the member's resignation from the Association took effect, may be sued for and recovered in the name of the Association in a court of competent jurisdiction, as a debt due to the Association.

Rights of members to resign (cont'd)

- (4) A notice delivered to the Executive Director shall be taken to have been received by the Association when it was delivered.
- (5) A notice of resignation that has been received by the Association is not invalid because it was not addressed and delivered in accordance with sub-rule (1).
- (6) A resignation from membership is valid even if it is not effected in accordance with this rule if the member is informed in writing by or on behalf of the Association that the resignation has been accepted.

To the best of our knowledge and belief

No officer or member of the organisation, by virtue of their office or membership of the Master Builders Association of Victoria is;

- (i) A trustee of a superannuation entity or an exempt public sector superannuation scheme; or
- (ii) A Director of a company that is the trustee of a superannuation entity or an exempt public sector superannuation scheme; and where a criterion for the officer or member being the trustee or Director is that the officer or member is an officer or member of a registered organisation.

Prescribed Information

- (1) Number of members of the organisation at 30/06/2012: 9,485 (2011: 8,571)
- (2) Employees of the reporting unit as at 30/06/2012: 92 equivalent full time staff (2011: 90 equivalent full time staff).
- (3) Members of the Council of Management during or since the financial year ended 30/06/2012:

Barber, L	Liddle, B
Basel, T (appointed 28/11/11)	Milne, D (retired 22/11/11)
Cameron, M	Newnham, D
Clemenger, M (appointed 22/11/11)	Nixon, D
Davis, H	Picking, P (appointed 22/11/11)
Drummond, L	Raunik, L
Fasham, M	Roberts, D
Garson, S (retired 08/11/11)	Robinson, P
Grenfell, N	Rowe, J
Hawkey, I	Salvatore, C
Healy, P (retired 22/11/11)	Sanfilippo, J (appointed 30/11/11)
Herkess, P	Sweeney, S (resigned 23/8/11)
Johnson, T	Zuccala, G

For and on behalf of Council of Management

A handwritten signature in black ink, appearing to be 'LR', with a long horizontal stroke extending to the right and a loop at the end.

Lou Raunik
Treasurer

2 October 2012

Directors' report

The directors of Master Builders Association of Victoria submit herewith the annual financial report of the company for the financial year ended 30 June 2012. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names of the directors of the company during or since the end of the financial year are:

Board of Management (Committee of Directors)

Davis, H	Newnham, D
Drummond, L	Nixon, D
Fasham, M	Raunik, L
Hawkey, I	Sweeney, S (resigned 23/8/11)
Herkess, P	Zuccala, G

Council of Management (Directors)

Barber, L	Liddle, B
Basel, T (appointed 28/11/11)	Milne, D (retired 22/11/11)
Cameron, M	Newnham, D
Clemenger, M (appointed 22/11/11)	Nixon, D
Davis, H	Picking, P (appointed 22/11/11)
Drummond, L	Raunik, L
Fasham, M	Roberts, D
Garson, S (retired 08/11/11)	Robinson, P
Grenfell, N	Rowe, J
Hawkey, I	Salvatore, C
Healy, P (retired 22/11/11)	Sanfilippo, J (appointed 30/11/11)
Herkess, P	Sweeney, S (resigned 23/8/11)
Johnson, T	Zuccala, G

Principal Activities

The principal activity of the Association was to provide a range of services to members in the building and construction industry.

Financial Results

The consolidated surplus from operating activities for the year was \$2,085,683 (2011: \$1,806,041). The company is exempt from paying income tax.

Review of Operations

The favourable result represents a successful year for the Association despite the unstable economic conditions that prevailed in the industry during the year. Some of the highlights were as follows:

- Launch of the Building Leadership Simulation Centre, the biggest investment in the Association's history
- Membership continues at strong levels
- ALink and Master Tradesmen continue to grow
- Establishment of new regional offices.

The Association is well placed to meet any future challenges.

The key objective of the Association is to be the lead provider of products and services to the building and construction industry.

In the short term these objectives include:

- Increasing membership levels through the provision of targeted products and services
- Advocating for and promoting the value of the Association to various stakeholders
- Strengthening the financial viability of the Association.

Longer term objectives to be considered include:

- Opportunities for the development of new partnerships
- Increasing the provision of desired product and services to all participants in the industry
- Enhancement of the services currently provided.

The Council of Management has approved a Business Plan which outlines the key strategies to be implemented over the next three years which will ensure the Association meets its' key objective.

Review of Operations (cont'd)

These strategies include:

- Increasing advocacy of member interests with governments and the media
- Enhance value propositions to meet the needs of various customer segments
- Facilitating career pathways to support the long term growth of the industry
- Being an employer of choice

The Association measures and monitors performance in a variety of ways including:

- Preparation of an annual budget and monthly review of actual performance to budget
- The monthly monitoring of key performance and financial indicators by the Board of Management.

Dividends

The company is a public company limited by guarantee. The company does not have share capital and it is precluded from paying dividends.

Significant Changes

No significant changes in the state of affairs of the company have occurred during the financial year with the exception of the establishment of the Building Leadership Simulation Centre in South Melbourne.

Subsequent Events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Future Developments

The Association will continue to pursue the provision of services to members.

Contracts with Directors

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration of Directors shown in the accounts) by reason of a contract made by the company with any Director, or with a firm of which a Director is a member, or with a company in which a Director has a substantial financial interest.

Indemnifying Officer or Auditor

The company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the company or a related body corporate:

- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against liability incurred as an officer for the costs or expenses to defend legal proceedings, with the exception of the following matter:

During the financial year the company has paid a total premium of \$8,200 to insure each of the above Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the company, other than conduct involving a willful breach of duty in relation to the company.

The terms of the policy preclude disclosure as to the level of the coverage, or the name of the insurer.

Information on Directors

During the year there were 4 Council meetings and 1 Special Council meeting held.

Name:	Barber	Lindsay
Age:		60
Qualifications:		Director
Council Meetings Attended:		4

Name:	Basel	Tom
Age:	(appointed 28/11/11)	44
Qualifications:		Director
Council Meetings Attended:		2

Name:	Cameron	Michael
Age:		35
Qualifications:		Director
Council Meetings Attended:		5

Name:	Clemenger	Michael
Age:	(appointed 22/11/11)	40
Qualifications:		Director
Council Meetings Attended:		2

Name:	Davis	Hedley
Age:		57
Qualifications:		Director
Council Meetings Attended:		5

Name:	Drummond	Luke
Age:		40
Qualifications:		Director
Council Meetings Attended:		3

Information on Directors (cont'd)

Name:	Fasham	Melanie
Age:		39
Qualifications:		Director
Council Meetings Attended:		5
Name:	Garson	Shawn
Age:	(retired 8/11/11)	43
Qualifications:		Director
Council Meetings Attended:		2
Name:	Brenfell	Neil
Age:		61
Qualifications:		Director
Council Meetings Attended:		4
Name:	Hawkey	Ian
Age:		56
Qualifications:		Director
Council Meetings Attended:		5
Name:	Healy	Peter
Age:	(retired 22/11/11)	60
Qualifications:		Director
Council Meetings Attended:		3
Name:	Herkess	Philip
Age:		54
Qualifications:		Director
Council Meetings Attended:		5
Name:	Johnson	Tony
Age:		41
Qualifications:		Director
Council Meetings Attended:		5
Name:	Liddle	Brendan
Age:		48
Qualifications:		Director
Council Meetings Attended:		5
Name:	Milne	Darren
Age:	(retired 22/11/11)	44
Qualifications:		Director
Council Meetings Attended:		3
Name:	Newnham	David
Age:		63
Qualifications:		Director
Council Meetings Attended:		4

Information on Directors (cont'd)

Name:	Nixon	Darren
Age:		45
Qualifications:		Director
Council Meetings Attended:		4
Name:	Picking	Peter
Age:	(appointed 22/11/11)	56
Qualifications:		Director
Council Meetings Attended:		2
Name:	Roberts	Dean
Age:		40
Qualifications:		Director
Council Meetings Attended:		2
Name:	Raunik	Lou
Age:		50
Qualifications:		Director
Council Meetings Attended:		5
Name:	Robinson	Phillip
Age:		65
Qualifications:		Director
Council Meetings Attended:		5
Name:	Rowe	John
Age:		66
Qualifications:		Director
Council Meetings Attended:		5
Name:	Salvatore	Claude
Age:		46
Qualifications:		Director
Council Meetings Attended:		5
Name:	Sanfilippo	Jarrold
Age:	(appointed 30/11/11)	35
Qualifications:		Director
Council Meetings Attended:		1
Name:	Sweeney	Steven
Age:	(resigned 23/8/11)	52
Qualifications:		Director
Council Meetings Attended:		0
Name:	Zuccala	Greg
Age:		57
Qualifications:		Director
Council Meetings Attended:		4

Information on company secretary

Name:	Welch	Brian
Age:		58
Qualifications:		Executive Director
Council Meetings Attended:		5

Leave of Court

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Membership

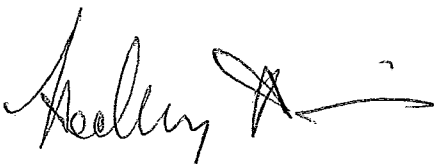
The Master Builders Association of Victoria is a public company, limited by guarantee, incorporated and operating in Victoria, Australia. The guarantee will not exceed \$2 per member and at 30 June 2012 there were 9,485 members (2011: 8,571).

Auditor's Independence Declaration

The auditor's independence declaration is included on page 14 of the annual report.

This directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors



Hedley Davis
Director



Lou Raunik
Director

East Melbourne, 2 October 2012

Statement by Council of Management

On 2 October 2012 the Board of Management of the Master Builders Association of Victoria, following a circular resolution by the Council of Management, thereby delegating the authority to the Board, passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 30 June 2012.

The Board of Management declares in relation to the General Purpose Financial Report that in its opinion:

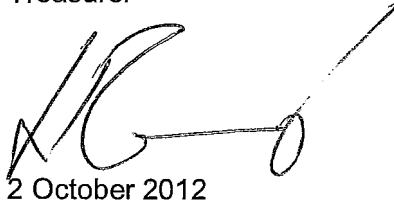
- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the Industrial Registrar;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due & payable;
- (e) during the financial year to which the General Purpose Financial Report relates and since the end of that year:
 - (i) meetings of the council of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RAO Schedule to the Fair Work (Registered Organisation) Act 2009 and the Fair Work (Registered Organisation) Regulations, 2009; and
 - (iv) where the organisation consists of 2 or more reporting units, the financial records of the reporting unit have been kept, as far practicable, in a consistent manner to each of the other reporting units of the organisation; and
 - (i) the information sought in any request of a member of the reporting unit or a Registrar duly made under section 272 of the RAO Schedule to the Fair Work (Registered Organisation) Act 2009 has been furnished to the member or Registrar; and
 - (ii) there has been compliance with any order for inspection of financial records made by the Commission under section 273 of the RAO Schedule to the Fair Work (Registered Organisation) Act 2009.

Statement by Council of Management (cont'd)

For Board of Management: Lou Raunik

Title of Office held: Treasurer

Signature:

A handwritten signature in black ink, appearing to be 'LR', with a long horizontal stroke extending to the right and a small loop at the end.

Date:

2 October 2012

The Board of Directors
Master Builders Association of Victoria
332 Albert Street
EAST MELBOURNE, VIC 3002

2 October 2012

Dear Board Members,

Master Builders Association of Victoria

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Master Builders Association of Victoria.

As the lead audit partner for the audit of the financial statements of Master Builders Association of Victoria for the financial year ended 30 June 2012, I declare that to the best of my knowledge and belief that there have been no contraventions of:

- i. the auditor independence requirements of the Corporations Act 2001 in relation to the audit;
- and
- ii. any applicable code of professional conduct in relation to the audit.

Yours sincerely



Deloitte Touche Tohmatsu



Robert DD Collie
Partner
Chartered Accountants

Independent Auditor's Report to the Members of Master Builders Association of Victoria

We have audited the accompanying concise financial report of The Master Builders Association of Victoria which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended and related notes, derived from the audited financial report of the Master Builders Association of Victoria for the year ended 30 June 2012, the statement by council of management and the discussion and analysis as set out on pages 11 to 12 and 16 to 26. The concise financial report does not contain all the disclosures required by the Australian Accounting Standards and accordingly, reading the concise financial report is not a substitute for reading the audited financial report.

Directors' Responsibility for the Concise Financial Report

The Directors are responsible for the preparation of the concise financial report in accordance with Accounting Standard AASB 1039 *Concise Financial Reports* and the *Corporations Act 2001*, and for such internal control as the Directors determine is necessary to enable the preparation of the concise financial report.

Auditor's Responsibility

Our responsibility is to express an opinion on the concise financial report based on our procedures which were conducted in accordance with Auditing Standard ASA 810 *Engagements to Report on Summary Financial Statements*. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of The Master Builders Association of Victoria for the year ended 30 June 2012. We expressed an unmodified audit opinion on that financial report in our report dated 25 September 2012. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the concise financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the concise financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the concise financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Our procedures included testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of audit evidence

Deloitte

the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with Accounting Standard AASB 1039 *Concise Financial Reports* and whether the discussion and analysis complies with the requirements laid down in AASB 1039 *Concise Financial Reports*.

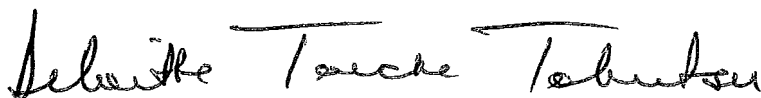
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

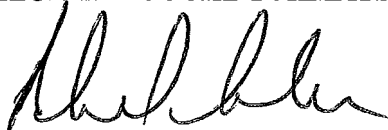
In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of The Master Builders Association of Victoria would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion, the concise financial report, of Master Builders Association of Victoria for the year ended 30 June 2012 complies with Accounting Standard AASB 1039 *Concise Financial Reports*.



DELOITTE TOUCHE TOHMATSU



Robert DD Collie

Partner

Chartered Accountants

Melbourne, 2 October 2012


Declaration by members of the Board

The directors declare that:

- (a) in the directors' opinion, the attached financial statements and note thereto comply with Accounting Standard AASB 1039 'Concise Financial Reports' and
- (b) the attached financial statements and notes thereto have been derived from the full financial report of the company.

Signed in accordance with a resolution of the directors.

On behalf of the Directors



Hedley Davis
Director



Lou Raunik
Director

East Melbourne, 2 October 2012

Statements of comprehensive income for the financial year ended 30 June 2012

	Note	Consolidated Entity		Parent Entity	
		2012 \$	2011 \$	2012 \$	2011 \$
Revenue	4	20,201,047	20,285,167	17,694,106	17,913,706
Employee benefits expenses		(8,900,477)	(8,334,752)	(7,146,348)	(6,643,721)
Depreciation & amortisation expenses		(615,513)	(605,339)	(615,513)	(605,339)
Premises expenses		(530,447)	(523,865)	(492,622)	(490,346)
Travel, accommodation & motor vehicles		(744,666)	(698,059)	(529,339)	(527,943)
Telephone & postage		(514,386)	(498,548)	(399,917)	(381,490)
Administration expenses		(5,327,981)	(6,317,336)	(4,824,476)	(5,968,344)
Cost of goods sold-document sales		(507,421)	(586,809)	(507,421)	(586,809)
Finance costs		(174,893)	(124,353)	(174,893)	(124,353)
Promotional activity expenses		(799,580)	(790,065)	(799,319)	(779,320)
Profit before tax		2,085,683	1,806,041	2,204,258	1,806,041
Income tax expense		-	-	-	-
Profit for the year		2,085,683	1,806,041	2,204,258	1,806,041
Other comprehensive income					
Movement in value of available for sale investments		(115,845)	99,746	(115,845)	99,746
Total comprehensive income for the year		1,969,838	1,905,787	2,088,413	1,905,787

Statements of financial position as at 30 June 2012

	Consolidated Entity		Parent Entity	
	2012	2011	2012	2011
	\$	\$	\$	\$
Current assets				
Cash and cash equivalents	1,711,045	6,025,301	1,544,664	5,825,307
Trade and other receivables	3,261,343	1,488,158	3,070,436	1,336,646
Other financial assets	6,768	2,457,056	6,768	2,381,379
Inventories	210,212	178,813	210,212	178,813
Other assets	329,103	324,994	327,423	312,312
Total current assets	5,518,471	10,474,322	5,159,503	10,034,457
Non current assets				
Property, plant and equipment	21,163,051	11,642,830	21,163,051	11,642,830
Intangible assets	3,947,000	-	3,947,000	-
Other financial assets	2,190,248	2,138,169	2,190,250	2,138,171
Total non current assets	27,300,299	13,780,999	27,300,301	13,781,001
Total assets	32,818,770	24,255,321	32,459,804	23,815,458
Current liabilities				
Trade and other payables	9,140,331	6,716,427	8,828,595	6,427,383
Borrowings	668,895	2,000,000	668,895	2,000,000
Provisions	1,185,550	990,252	1,064,717	858,353
Total current liabilities	10,994,776	9,706,679	10,562,207	9,285,736
Non current liabilities				
Borrowings	5,351,160	-	5,351,160	-
Provisions	112,689	158,335	67,717	139,415
Total non current liabilities	5,463,849	158,335	5,418,877	139,415
Total liabilities	16,458,625	9,865,014	15,981,084	9,425,151
Net assets	16,360,145	14,390,307	16,478,720	14,390,307
Equity				
Retained earnings	15,858,088	13,772,405	15,976,663	13,772,405
Reserves	502,057	617,902	502,057	617,902
Total equity	16,360,145	14,390,307	16,478,720	14,390,307

Statements of changes in equity for the financial year ended 30 June 2012

Consolidated entity

	Retained earnings \$	Asset revaluation reserve \$	Total \$
Balance at 1 July 2010	11,966,364	518,156	12,484,520
Surplus for the year	1,806,041	-	1,806,041
Other comprehensive income	-	99,746	99,746
Total comprehensive income for the year	1,806,041	99,746	1,905,787
Balance at 30 June 2011	13,772,405	617,902	14,390,307
Surplus for the year	2,085,683	-	2,085,683
Other comprehensive loss	-	(115,845)	(115,845)
Total comprehensive income/(loss) for the year	2,085,683	(115,845)	1,969,838
Balance at 30 June 2012	15,858,088	502,057	16,360,145

Parent entity

	Retained earnings \$	Asset revaluation reserve \$	Total \$
Balance at 1 July 2010	11,966,364	518,156	12,484,520
Surplus for the year	1,806,041	-	1,806,041
Other comprehensive income	-	99,746	99,746
Total comprehensive income for the year	1,806,041	99,746	1,905,787
Balance at 30 June 2011	13,772,405	617,902	14,390,307
Surplus for the year	2,204,258	-	2,204,258
Other comprehensive loss	-	(115,845)	(115,845)
Total comprehensive income/(loss) for the year	2,204,258	(115,845)	2,088,413
Balance at 30 June 2012	15,976,663	502,057	16,478,720

Statements of cash flows for the financial year ended 30 June 2012

	Consolidated Entity		Parent Entity	
	2012 \$	2011 \$	2012 \$	2011 \$
Cash flows from operating activities				
Receipts from members	5,876,338	5,882,563	5,876,338	5,882,563
Receipts from other activities	12,132,207	14,345,595	9,680,117	11,849,539
Payments to suppliers and employees	(14,782,801)	(18,248,789)	(12,194,963)	(15,749,563)
Interest and finance costs paid	(174,893)	(124,353)	(174,893)	(124,353)
Interest received	114,682	325,978	110,489	320,930
Net cash provided by operating activities	3,165,533	2,180,994	3,297,088	2,179,116
Cash flows from investing activities				
Payments for other financial assets	(167,924)	(1,330,134)	(167,924)	(1,330,134)
Payments for property, plant and equipment	(10,135,734)	(539,287)	(10,135,734)	(539,287)
Payments for intangible assets	(3,947,000)	-	(3,947,000)	-
Net cash used in investing activities	(14,250,658)	(1,869,421)	(14,250,658)	(1,869,421)
Cash flows from financing activities				
Net proceeds from related party borrowings	300,526	-	278,261	-
Net proceeds from borrowings	4,020,055	-	4,020,055	-
Net cash provided by financing activities	4,320,581	-	4,298,316	-
Net (decrease)/increase in cash and cash equivalents	(6,764,544)	311,573	(6,655,254)	309,695
Cash and cash equivalents at the beginning of the financial year	8,482,357	8,170,784	8,206,686	7,896,991
Cash and cash equivalents at the end of the financial year	1,717,813	8,482,357	1,551,432	8,206,686

Discussion and analysis of the financial statements

Information on Master Builders Association of Victoria Concise Financial Report

The concise financial report of Master Builders Association of Victoria is an extract from the financial report. The financial statements and specific disclosures included in the concise financial report have been derived from the financial report.

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the entity as the financial report.

A copy of the full financial report and auditors report will be sent to any member, free of charge, upon request.

The discussion and analysis is provided to assist members in understanding the concise financial report. The discussion and analysis is based on the Master Builders Association of Victoria financial statements and the information contained in the concise financial report has been derived from the full 2012 financial report of the Master Builders Association of Victoria.

Statement of comprehensive income

The consolidated operating surplus for the year is \$2,085,683, a \$279,642 increase from the year ended 30 June 2011.

Training income and associated training expenditure decreased compared to the prior year, however this was offset by higher revenue from insurance commissions and commercial operations than the previous period.

Statement of financial position

Total consolidated assets have increased by \$8,563,449. The increase was due to the purchase of the building and associated equipment to house the Brady Street Building Leadership Simulation Centre combined with the licence fee purchased for the operation of the Centre.

Consolidated liabilities increased by \$6,593,611 due to borrowings of \$6,020,055 to establish the Building Leadership Simulation Centre.

Statement of cash flows

Despite an inflow in cash generated from operating activities of \$3,165,533, there was a total net cash outflow of \$6,764,544 for the year. This was applied to establishment of the Building Leadership Simulation Centre.

Changes in Equity

Retained earnings increased due to the operating surplus. Reserves decreased due to the unrealised loss in the value of shares held at year end.

1. Basis of preparation

The concise financial report has been prepared in accordance with the Corporations Act 2001 and Accounting Standards AASB 1039 'Concise Financial Reports'. The concise financial report, including the financial statements and specific disclosures included in the concise financial report, has been derived from the full financial report of Master Builders Association of Victoria.

A full description of the accounting policies adopted by the Group is provided in the notes to the financial statements which form part of the full financial report.

2. Adoption of new and revised Accounting Standards

2.1 Standards and Interpretations affecting amounts reported in the current year (and/or prior years)

The following new and revised Standards and Interpretations have been adopted in the current year and have affected the amounts reported in these financial statements. Details of other Standards and Interpretations adopted in these financial statements but that have had no effect on the amounts reported are set out in section 2.2.

Amendments to AASB 101 'Presentation of Financial Statements'	The amendments (part of AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.
Amendments to AASB 7 'Financial Instruments: Disclosure'	The amendments (part of AASB 2010-4 'further Amendments to Australian Accounting Standards arising from the Annual Improvements project') clarify the required level of disclosures about credit risk and collateral held and provide relief from disclosures previously required regarding renegotiated loans.
AASB 124 'Related Party Disclosures' (revised December 2009)	<p>AASB 124 (revised December 2009) has been revised on the following two aspects: (a) AASB 124 (revised December 2009) has changed the definition of a related party and (b) AASB 124 (revised December 2009) introduces a partial exemption from the disclosure requirements for government-related entities.</p> <p>The company and consolidated entity are not Government related entities. The application of the revised definition of a related party as set out in AASB 124 (revised December 2009) in the current year has not revised in the identification of related parties that were not identified as related parties under the previous standard.</p>

2. Adoption of new and revised Accounting Standards (cont'd)

AASB 1054 'Australian Additional Disclosures' and AASB 2011-1 'Amendments to Australian Accounting Standards arising from Trans-Tasman Convergence Project' adopted in IFRSs.

AASB 1054 sets out the Australian-specific disclosures for entities that have adopted Australian Accounting Standards. This Standard contains disclosure requirements that are in addition to IFRSs in areas such as compliance with Australian Accounting Standards, the nature of financial statements (general purpose or special purpose), audit fees, imputation (franking) credits and the reconciliation of net operating cash flow to profit (loss).

AASB 2011-1 makes amendments to a range of Australian Accounting Standards and Interpretations for the purpose of closer alignment to IFRSs and harmonisation between Australian and New Zealand Standards. The Standard deletes various Australian-specific guidance and disclosures from other Standards (Australian-specific disclosures retained are now contained in AASB 1054), and aligns the wording used to that adopted in IFRSs.

The application of AASB 1054 and AASB 2011-1 in the current year has resulted in the simplification of disclosures in regards to audit fees, franking credits and capital and other expenditure commitments as well as an additional disclosure on whether the Group is a for-profit or not-for-profit entity.

2.2 Standards and Interpretations adopted with no effect on financial statements

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

AASB 2009-12 'Amendments to Australian Accounting Standards'

The Standard also makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, which includes AASB 108. The application of AASB 2009-12 has not had any material effect on amounts reported in the financial statements.

AASB 1048 'Interpretation of Standards' (revised)
Effective: Periods ending 30 June 2012

AASB 1048 identifies the Australian Interpretations and classifies them into two groups: those that correspond to an IASB Interpretation and those that do not. Entities are required to apply each relevant Australian Interpretation in preparing financial statements that are within the scope of the Standard. The revised version of AASB 1048 updates the lists of Interpretations for new and amended Interpretations issued since the June 20120 version of AASB 1048.

AASB 2010-5 'Amendments to Australian Accounting Standards'

The Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, which includes AASB 101 and AASB 107. The application of AASB 2010-5 has not had any material effect on amounts reported in the financial statements.

2.3 Standards and Interpretations issued not yet effective

At the date of authorisation of the financial report, a number of Standards and Interpretations were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', AASB 200911 'Amendments to Australian Accounting Standards arising from AASB 9' and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9(December 2010)	1 January 2013	30 June 2014
AASB 10 'Consolidated Financial Statements'	1 January 2013	30 June 2014
AASB 12 'Disclosure of Interests in Other Entities'	1 January 2013	30 June 2014
AASB 127 'Separate Financial Statements'(2011)	1 January 2013	30 June 2014
AASB 128 'Investments in Associates and Joint Ventures' (2011)	1 January 2013	30 June 2014
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	1 January 2013	30 June 2014
AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'	1 January 2013	30 June 2014
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1 July 2013	30 June 2014
AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014

2. Adoption of new and revised Accounting Standards (cont'd)

2.3 Standards and Interpretations issued not yet effective (cont'd)

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2011-9 'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income'	1 July 2012	30 June 2013
Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)	1 January 2014	30 June 2015
Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)	1 January 2013	30 June 2014
Mandatory Effective Date of IFRS 9 and Transition Disclosures (Amendments to IFRS 9 and IFRS 7)	1 January 2015	30 June 2016
AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 cycle'	1 January 2013	30 June 2014

3. Information to Be Provided to Members or Registrar

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of the members is drawn to the provisions of the sub-sections (1),(2) and (3) of Section 272 of RAO Schedule to the Fair Work (Registered Organisations) Act 2009, which reads as follows:-

- (1) A member of a reporting unit, or a registrar, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- (2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.
- (3) A reporting unit must comply with an application made under subsection (1)

	Consolidated Entity		Parent Entity	
	2012	2011	2012	2011
	\$	\$	\$	\$
4. Revenue				
Operating activities				
Membership fees	5,876,338	5,882,563	5,876,338	5,882,563
Insurance commission	640,357	415,841	640,357	411,749
Sale of documents	986,906	951,512	986,906	951,012
Sundry income	1,794,472	2,580,532	1,794,472	2,649,629
Rental income	346,754	270,665	346,754	270,665
Planning and building services	2,502,748	2,430,918	-	-
Training division	6,863,300	6,928,913	6,863,300	6,928,913
Commercial income	1,075,490	498,245	1,075,490	498,245
	<u>20,086,365</u>	<u>19,959,189</u>	<u>17,583,617</u>	<u>17,592,776</u>
Non-operating activities				
Interest received	114,682	325,978	110,489	320,930
Total revenue	<u>20,201,047</u>	<u>20,285,167</u>	<u>17,694,106</u>	<u>17,913,706</u>

5. Segment reporting

The operations are limited to one operating activity and geographic segment.



FAIR WORK
COMMISSION

25 February 2013

Mr Hedley Davis
President
Master Builders Association of Victoria
GPO Box 544
Melbourne VIC 3001

CC: Deloitte Touche Tohmatsu ATTN: Robert DD Collie by post GPO Box 78, Melbourne Vic 3000

Dear Mr Davis,

Re: Financial Report of the Master Builders' Association of Victoria for the year ending 30 June 2012 (FR2012/292)

I acknowledge receipt of the financial report of the Master Builders' Association of Victoria for the year ending 30 June 2012. The documents were lodged with Fair Work Australia on 23 November 2012.

The statement of Loans, Grants and Donations was lodged with Fair Work Australia on 17 August 2012.

The report has not been filed.

I write to request clarification of a number of issues prior to the filing of the General Purpose Financial Report.

1. The Auditor's Opinion

Section 257 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act) requires that the auditor audit the entire General Purpose Financial Report.

This includes the Council of Management Statement located on pages 12-13 of the full report and pages 11-12 of the Concise Report. It would not appear that the Auditor's report included the Council of Management Statement within its scope in either report.

Please have the auditor revise its report to include the Council of Management Statement within the scope of the document. The revised Auditor's Report will need to be provided to members and to the Fair Work Commission.

2. Concise Report

When issuing a concise report to members, section 265 of the RO Act in conjunction with regulation 161 requires that the front page of the report contain the following information:

1. That it is a concise report.
2. That the full report is available for free on request.
3. That the concise financial report is derived from the full report and cannot be expected to provide as full an understanding of the financial performance, financial position and financial and investing activities of the reporting unit as the full report.

The concise report as provided satisfies the first two of these requirements. Please insert the warning contained within the third point on the front page of the Concise Report prior to re-providing it to the members with the revised Auditor's Report.

Please provide a copy to the Commission when this has occurred.

3. Loans, Grants and Donations

The General Purpose Financial Report at note 6 discloses '*Grants and donations*' in the amount of \$3,931. The Loans, Grants and Donations Statement lodged with Fair Work Australia on 17 August 2012 discloses grants and donations in excess of \$100,000.

Please provide a written explanation for this discrepancy.

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on 03 8661 7974 or by email at catherine.bebbington@fwc.gov.au

Kind regards



CATHERINE BEBBINGTON

Regulatory Compliance Branch

FAIR WORK COMMISSION

Tel: 03 8661 7974

Fax: 03 9655 0410

catherine.bebbington@fwc.gov.au

11 Exhibition Street, Melbourne Victoria 3000

GPO Box 1994, Melbourne Victoria 3001

www.fwc.gov.au



**Master
Builders™**

ASSOCIATION

MASTERS OF OUR INDUSTRY

Master Builders Association of Victoria
ABN: 38 004 255 654

332 Albert Street
East Melbourne, VIC 3002

GPO Box 544
Melbourne, VIC 3001

Tel: 03 9411 4555

Fax: 03 9411 4591

www.mbav.com.au

Designated Officer's Certificate

S268 Fair Work (Registered Organisations) Act 2009

I, Hedley Davis being the President of the Master Builders Association of Victoria certify:

That the documents lodged herewith are copies of the full report, and the concise report referred to in S268 Fair Work (Registered Organisations) Act 2009

That members were notified of the date of the Annual General Meeting and advising that the concise report would be published on the MBAV website as follows

1. In writing in the Sept/Oct Master Builder Magazine sent to members on 26/09/2012.
2. By email to members on 25/10/2012.
3. By fax to members on 25/10/2012
4. The concise report was provided to members by placing the report in a prominent position on the MBAV website www.mbav.com.au on the 24/10/2012.

That the full report was presented to a general meeting of members of the reporting unit on 27/11/2012; in accordance with S266 Fair Work (Registered Organisations) Act 2009.

I, Hedley Davis also certify that in respect to the presentation of summary accounts to the members the following motion was duly passed at a Council of Management Meeting of the Association held at 332 Albert Street East Melbourne on the 25th day of August 1998.

(that) 'The Master Builders Association of Victoria may provide to its members from this year forward a summary of the requirements of section 279 (1) of the Workplace Relations Act 1996 instead of a full report.

Signature

Date: 21st November 2012



Master Builders Association of Victoria

ACN 004 255 654

(A Company Limited By Guarantee)

2011/2012 Annual Report for presentation to the Annual General Meeting of Members



**Master
Builders**

ASSOCIATION

General purpose financial report for the financial year ended 30 June 2012

Council of management operating report	1
Directors' report	4
Statement by council of management	10
Auditors' independence declaration	12
Independent audit report	13
Declaration by members of the board	15
Statement of comprehensive income	16
Statement of financial position	17
Statement of changes in equity	18
Statement of cash flows	19
Notes to the financial statements	20

Council of Management operating report

In accordance with section 254 of the Fair Work (Registered Organisations) Act 2009, the Council of Management present the operating report for the year ended 30 June 2012.

Principal Activities

The principal activity of the Association was to provide a range of services to members.

Financial Results

The consolidated surplus from operating activities for the year was \$2,085,683 (2011: \$1,806,041). The company is exempt from paying income tax.

Review of Operations

The favourable result represents a successful year for the Association despite the unstable economic conditions that prevailed in the industry during the year. Some of the highlights were as follows:

- Launch of the Building Leadership Simulation Centre, the biggest investment in the Association's history
- Membership continues at strong levels
- ALink and Master Tradesmen continue to grow
- Establishment of new regional offices.

Significant Changes

No significant changes in the state of affairs of the company have occurred during the financial year with the exception of the Building Leadership Simulation Centre.

Rights of members to resign

- (1) A member may resign from membership by written notice addressed and delivered to the Executive Director.
- (2) A notice of resignation from membership takes effect:
 - (a) Where the member ceases to be eligible to become a member;
 - (i) On the day on which the notice is received by the Association, or
 - (ii) On the day specified in the notice, which is a day not earlier than the day when the member ceases to be eligible to become a member;Whichever is later, or
 - (b) In any other case:
 - (i) At the end of 2 weeks after the notice is received by the Association, or
 - (ii) On the day specified in the notice;Whichever is later.

Rights of members to resign (cont'd)

- (3) Any dues payable but not paid by a former member, in relation to a period before the member's resignation from the Association took effect, may be sued for and recovered in the name of the Association in a court of competent jurisdiction, as a debt due to the Association.
- (4) A notice delivered to the Executive Director shall be taken to have been received by the Association when it was delivered.
- (5) A notice of resignation that has been received by the Association is not invalid because it was not addressed and delivered in accordance with sub-rule (1).
- (6) A resignation from membership is valid even if it is not effected in accordance with this rule if the member is informed in writing by or on behalf of the Association that the resignation has been accepted.

To the best of our knowledge and belief

No officer or member of the organisation, by virtue of their office or membership of the Master Builders Association of Victoria is;

- (i) A trustee of a superannuation entity or an exempt public sector superannuation scheme; or
- (ii) A Director of a company that is the trustee of a superannuation entity or an exempt public sector superannuation scheme; and where a criterion for the officer or member being the trustee or Director is that the officer or member is an officer or member of a registered organisation.

Prescribed Information

- (1) Number of members of the organisation at 30/06/2012: 9,485 (2011: 8,571)
- (2) Employees of the reporting unit as at 30/06/2012: 92 equivalent full time staff (2011: 90 equivalent full time staff).
- (3) Members of the Council of Management during or since the financial year ended 30/06/2012:

Barber, L	Liddle, B
Basel, T (appointed 28/11/11)	Milne, D (retired 22/11/11)
Cameron, M	Newnham, D
Clemenger, M (appointed 22/11/11)	Nixon, D
Davis, H	Picking, P (appointed 22/11/11)
Drummond, L	Raunik, L
Fasham, M	Roberts, D
Garson, S (retired 08/11/11)	Robinson, P
Grenfell, N	Rowe, J
Hawkey, I	Salvatore, C
Healy, P (retired 22/11/11)	Sanfilippo, J (appointed 30/11/11)
Herkess, P	Sweeney, S (resigned 23/8/11)
Johnson, T	Zuccala, G

For and on behalf of Council of Management



Lou Raunik
Treasurer

2 October 2012

Directors' report

The directors of Master Builders Association of Victoria submit herewith the annual financial report of the company for the financial year ended 30 June 2012. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names of the directors of the company during or since the end of the financial year are:

Board of Management (Committee of Directors)

Davis, H	Newnham, D
Drummond, L	Nixon, D
Fasham, M	Raunik, L
Hawkey, I	Sweeney, S (resigned 23/8/11)
Herkess, P	Zuccala, G

Council of Management (Directors)

Barber, L	Liddle, B
Basel, T (appointed 28/11/11)	Milne, D (retired 22/11/11)
Cameron, M	Newnham, D
Clemenger, M (appointed 22/11/11)	Nixon, D
Davis, H	Picking, P (appointed 22/11/11)
Drummond, L	Raunik, L
Fasham, M	Roberts, D
Garson, S (retired 08/11/11)	Robinson, P
Grenfell, N	Rowe, J
Hawkey, I	Salvatore, C
Healy, P (retired 22/11/11)	Sanfilippo, J (appointed 30/11/11)
Herkess, P	Sweeney, S (resigned 23/8/11)
Johnson, T	Zuccala, G

Principal Activities

The principal activity of the Association was to provide a range of services to members in the building and construction industry.

Financial Results

The consolidated surplus from operating activities for the year was \$2,085,683 (2011: \$1,806,041). The company is exempt from paying income tax.

Review of Operations

The favourable result represents a successful year for the Association despite the unstable economic conditions that prevailed in the industry during the year. Some of the highlights were as follows:

- Launch of the Building Leadership Simulation Centre, the biggest investment in the Association's history
- Membership continues at strong levels
- ALink and Master Tradesmen continue to grow
- Establishment of new regional offices.

The Association is well placed to meet any future challenges.

The key objective of the Association is to be the lead provider of a range of products and services to the building and construction industry.

In the short term these objectives include:

- Increasing membership levels through the provision of targeted products and services
- Advocating for and promoting the value of the Association to various stakeholders
- Strengthening the financial viability of the Association.

Longer term objectives to be considered include:

- Opportunities for the development of new partnerships
- Increasing the provision of desired product and services to all participants in the industry
- Enhancement of the services currently provided.

The Council of Management has approved a Business Plan which outlines the key strategies to be implemented over the next three years which will ensure the Association meets its' key objective.

Review of Operations (cont'd)

These strategies include:

- Increasing advocacy of member interests with governments and the media
- Enhance value propositions to meet the needs of various customer segments
- Facilitating career pathways to support the long term growth of the industry
- Being an employer of choice

The Association measures and monitors performance in a variety of ways including:

- Preparation of an annual budget and monthly review of actual performance to budget
- The monthly monitoring of key performance and financial indicators by the Board of Management.

Dividends

The company is a public company limited by guarantee. The company does not have share capital and it is precluded from paying dividends.

Significant Changes

No significant changes in the state of affairs of the company have occurred during the financial year with the exception of the establishment of the Building Leadership Simulation Centre in South Melbourne.

Subsequent Events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Future Developments

The Association will continue to pursue the provision of services to members.

Contracts with Directors

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration of Directors shown in the accounts) by reason of a contract made by the company with any Director, or with a firm of which a Director is a member, or with a company in which a Director has a substantial financial interest.

Environmental Issues

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State.

Indemnifying Officer or Auditor

The company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the company or a related body corporate:

- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against liability incurred as an officer for the costs or expenses to defend legal proceedings, with the exception of the following matter:

During the financial year the company has paid a total premium of \$8,200 to insure each of the above Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the company, other than conduct involving a willful breach of duty in relation to the company.

The terms of the policy preclude disclosure as to the level of the coverage, or the name of the insurer.

Information on Directors

During the year there were 4 Council meetings and 1 Special Council meeting held.

Name:	Barber	Lindsay
Age:		60
Qualifications:		Director
Council Meetings Attended:		4

Name:	Basel	Tom
Age:	(appointed 28/11/11)	44
Qualifications:		Director
Council Meetings Attended:		2

Name:	Cameron	Michael
Age:		35
Qualifications:		Director
Council Meetings Attended:		5

Information on Directors (cont'd)

Name: Clemenger Michael
Age: (appointed 22/11/11) 40
Qualifications: Director
Council Meetings Attended: 2

Name: Davis Hedley
Age: 57
Qualifications: Director
Council Meetings Attended: 5

Name: Drummond Luke
Age: 40
Qualifications: Director
Council Meetings Attended: 3

Name: Fasham Melanie
Age: 39
Qualifications: Director
Council Meetings Attended: 5

Name: Garson Shawn
Age: (retired 8/11/11) 43
Qualifications: Director
Council Meetings Attended: 2

Name: Grenfell Neil
Age: 61
Qualifications: Director
Council Meetings Attended: 4

Name: Hawkey Ian
Age: 56
Qualifications: Director
Council Meetings Attended: 5

Name: Healy Peter
Age: (retired 22/11/11) 60
Qualifications: Director
Council Meetings Attended: 3

Name: Herkess Philip
Age: 54
Qualifications: Director
Council Meetings Attended: 5

Information on Directors (cont'd)

Name:	Johnson	Tony
Age:		41
Qualifications:		Director
Council Meetings Attended:		5
Name:	Liddle	Brendan
Age:		48
Qualifications:		Director
Council Meetings Attended:		5
Name:	Milne	Darren
Age:	(retired 22/11/11)	44
Qualifications:		Director
Council Meetings Attended:		3
Name:	Newnham	David
Age:		63
Qualifications:		Director
Council Meetings Attended:		4
Name:	Nixon	Darren
Age:		45
Qualifications:		Director
Council Meetings Attended:		4
Name:	Picking	Peter
Age:	(appointed 22/11/11)	56
Qualifications:		Director
Council Meetings Attended:		2
Name:	Roberts	Dean
Age:		40
Qualifications:		Director
Council Meetings Attended:		2
Name:	Raunik	Lou
Age:		50
Qualifications:		Director
Council Meetings Attended:		5
Name:	Robinson	Phillip
Age:		65
Qualifications:		Director
Council Meetings Attended:		5

Information on Directors (cont'd)

Name: Rowe John
Age: 66
Qualifications: Director
Council Meetings Attended: 5

Name: Salvatore Claude
Age: 46
Qualifications: Director
Council Meetings Attended: 5

Name: Sanfilippo Jarrod
Age: (appointed 30/11/11) 35
Qualifications: Director
Council Meetings Attended: 1

Name: Sweeney Steven
Age: (resigned 23/8/11) 52
Qualifications: Director
Council Meetings Attended: 0

Name: Zuccala Greg
Age: 57
Qualifications: Director
Council Meetings Attended: 4

Information on company secretary

Name: Welch Brian
Age: 58
Qualifications: Executive Director
Council Meetings Attended: 5

Leave of Court

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Membership


The Master Builders Association of Victoria is a public company, limited by guarantee, incorporated and operating in Victoria, Australia. The guarantee will not exceed \$2 per member and at 30 June 2012 there were 9,485 members (2011: 8,571).

Auditor's Independence Declaration

The auditor's independence declaration is included on page 14 of the annual report.

This directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors



Hedley Davis
Director



Lou Raunik
Director

East Melbourne, 2 October 2012

Statement by Council of Management

On 2 October 2012 the Board of Management of the Master Builders Association of Victoria, following a circular resolution by the Council of Management, thereby delegating the authority to the Board, passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 30 June 2012.

The Board of Management declares in relation to the General Purpose Financial Report that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the Industrial Registrar;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due & payable;
- (e) during the financial year to which the General Purpose Financial Report relates and since the end of that year:
 - (i) meetings of the council of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RAO Schedule to the Fair Work (Registered Organisation) Act 2009 and the Fair Work (Registered Organisation) Regulations, 2009; and
 - (iv) where the organisation consists of 2 or more reporting units, the financial records of the reporting unit have been kept, as far practicable, in a consistent manner to each of the other reporting units of the organisation; and

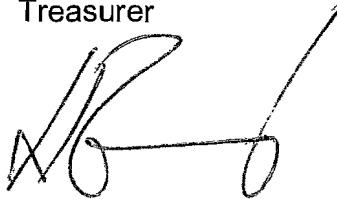
Statement by Council of Management (cont'd)

- (v) the information sought in any request of a member of the reporting unit or a Registrar duly made under section 272 of the RAO Schedule to the Fair Work (Registered Organisation) Act 2009 has been furnished to the member or Registrar; and
- (vi) there has been compliance with any order for inspection of financial records made by the Commission under section 273 of the RAO Schedule to the Fair Work (Registered Organisation) Act 2009.

For Board of Management: Lou Raunik

Title of Office held: Treasurer

Signature:

A handwritten signature in black ink, appearing to be 'Lou Raunik', written over a horizontal line.

Date: 2 October 2012

The Board of Directors
Master Builders Association of Victoria
332 Albert Street
EAST MELBOURNE, VIC 3002

2 October 2012

Dear Board Members,

Master Builders Association of Victoria

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Master Builders Association of Victoria.

As the lead audit partner for the audit of the financial statements of Master Builders Association of Victoria for the financial year ended 30 June 2012, I declare that to the best of my knowledge and belief that there have been no contraventions of:

- i. the auditor independence requirements of the Corporations Act 2001 in relation to the audit;
- and
- ii. any applicable code of professional conduct in relation to the audit.

Yours sincerely



Deloitte Touche Tohmatsu



Robert DD Collie
Partner
Chartered Accountants

Independent Auditor's Report to the Members of Master Builders Association of Victoria

We have audited the accompanying financial report of Master Builders Association of Victoria, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 17 to 51.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations), the *Corporations Act 2001* and the requirements of Part 3 of Chapter 8 of the Fair Work (Registered Organizations) Act 2009 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the

Deloitte

reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

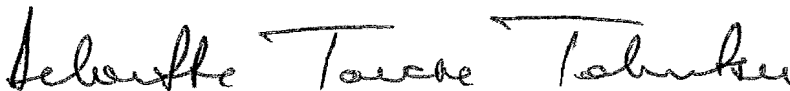
Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Master Builders Association of Victoria, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Master Builders Association of Victoria is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company and consolidated entity's financial position as at 30 June 2012 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- (b) The financial report is presented fairly in accordance the requirements of Part 3 of Chapter 8 of the Fair Work (Registered Organizations) Act 2009.
- (c) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 3.



DELOITTE TOUCHE TOHMATSU



Robert DD Collie
Partner
Chartered Accountants
Melbourne, 2 October 2012

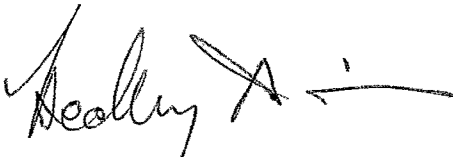
Declaration by members of the Board

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company and the consolidated entity will be able to pay their debts as and when they become due and payable;
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company and the consolidated entity; and
- (c) in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 3 to the financial statements.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors



Hedley Davis
Director



Lou Raunik
Director

East Melbourne, 2 October 2012

Statements of comprehensive income for the financial year ended 30 June 2012

	Note	Consolidated Entity		Parent Entity	
		2012 \$	2011 \$	2012 \$	2011 \$
Revenue	5	20,201,047	20,285,167	17,694,106	17,913,706
Employee benefits expenses		(8,900,477)	(8,334,752)	(7,146,348)	(6,643,721)
Depreciation & amortisation expenses	12(a)	(615,513)	(605,339)	(615,513)	(605,339)
Premises expenses		(530,447)	(523,865)	(492,622)	(490,346)
Travel, accommodation & motor vehicles		(744,666)	(698,059)	(529,339)	(527,943)
Telephone & postage		(514,386)	(498,548)	(399,917)	(381,490)
Administration expenses		(5,327,981)	(6,317,336)	(4,824,476)	(5,968,344)
Cost of goods sold-document sales		(507,421)	(586,809)	(507,421)	(586,809)
Finance costs		(174,893)	(124,353)	(174,893)	(124,353)
Promotional activity expenses		(799,580)	(790,065)	(799,319)	(779,320)
Profit before tax	6	2,085,683	1,806,041	2,204,258	1,806,041
Income tax expense	3(e)	-	-	-	-
Profit for the year		2,085,683	1,806,041	2,204,258	1,806,041
Other comprehensive income					
Movement in value of available for sale investments		(115,845)	99,746	(115,845)	99,746
Total comprehensive income for the year		1,969,838	1,905,787	2,088,413	1,905,787

Statements of financial position as at 30 June 2012

	Note	Consolidated Entity		Parent Entity	
		2012 \$	2011 \$	2012 \$	2011 \$
Current assets					
Cash and cash equivalents	7	1,711,045	6,025,301	1,544,664	5,825,307
Trade and other receivables	8	3,261,343	1,488,158	3,070,436	1,336,646
Other financial assets	9	6,768	2,457,056	6,768	2,381,379
Inventories	10	210,212	178,813	210,212	178,813
Other assets	11	329,103	324,994	327,423	312,312
Total current assets		5,518,471	10,474,322	5,159,503	10,034,457
Non current assets					
Property, plant and equipment	12	21,163,051	11,642,830	21,163,051	11,642,830
Intangible assets	13	3,947,000	-	3,947,000	-
Other financial assets	9	2,190,248	2,138,169	2,190,250	2,138,171
Total non current assets		27,300,299	13,780,999	27,300,301	13,781,001
Total assets		32,818,770	24,255,321	32,459,804	23,815,458
Current liabilities					
Trade and other payables	14	9,140,331	6,716,427	8,828,595	6,427,383
Borrowings	16	668,895	2,000,000	668,895	2,000,000
Provisions	15	1,185,550	990,252	1,064,717	858,353
Total current liabilities		10,994,776	9,706,679	10,562,207	9,285,736
Non current liabilities					
Borrowings	16	5,351,160	-	5,351,160	-
Provisions	15	112,689	158,335	67,717	139,415
Total non current liabilities		5,463,849	158,335	5,418,877	139,415
Total liabilities		16,458,625	9,865,014	15,981,084	9,425,151
Net assets		16,360,145	14,390,307	16,478,720	14,390,307
Equity					
Retained earnings	17	15,858,088	13,772,405	15,976,663	13,772,405
Reserves	18	502,057	617,902	502,057	617,902
Total equity		16,360,145	14,390,307	16,478,720	14,390,307

Notes to the financial statements are included on pages 22 to 51.

Statements of changes in equity for the financial year ended 30 June 2012

Consolidated entity

	Retained earnings \$	Asset revaluation reserve \$	Total \$
Balance at 1 July 2010	11,966,364	518,156	12,484,520
Surplus for the year	1,806,041	-	1,806,041
Other comprehensive income	-	99,746	99,746
Total comprehensive income for the year	1,806,041	99,746	1,905,787
Balance at 30 June 2011	13,772,405	617,902	14,390,307
Surplus for the year	2,085,683	-	2,085,683
Other comprehensive loss	-	(115,845)	(115,845)
Total comprehensive income/(loss) for the year	2,085,683	(115,845)	1,969,838
Balance at 30 June 2012	15,858,088	502,057	16,360,145

Parent entity

	Retained earnings \$	Asset revaluation reserve \$	Total \$
Balance at 1 July 2010	11,966,364	518,156	12,484,520
Surplus for the year	1,806,041	-	1,806,041
Other comprehensive income	-	99,746	99,746
Total comprehensive income for the year	1,806,041	99,746	1,905,787
Balance at 30 June 2011	13,772,405	617,902	14,390,307
Surplus for the year	2,204,258	-	2,204,258
Other comprehensive loss	-	(115,845)	(115,845)
Total comprehensive income/(loss) for the year	2,204,258	(115,845)	2,088,413
Balance at 30 June 2012	15,976,663	502,057	16,478,720

Notes to the financial statements are included on pages 22 to 51.

Statements of cash flows for the financial year ended 30 June 2012

	Note	Consolidated Entity		Parent Entity	
		2012 \$	2011 \$	2012 \$	2011 \$
Cash flows from operating activities					
Receipts from members		5,876,338	5,882,563	5,876,338	5,882,563
Receipts from other activities		12,132,207	14,345,595	9,680,117	11,849,539
Payments to suppliers and employees		(14,782,801)	(18,248,789)	(12,194,963)	(15,749,563)
Interest and finance costs paid		(174,893)	(124,353)	(174,893)	(124,353)
Interest received		114,682	325,978	110,489	320,930
Net cash provided by operating activities	23(b)	3,165,533	2,180,994	3,297,088	2,179,116
Cash flows from investing activities					
Payments for other financial assets		(167,924)	(1,330,134)	(167,924)	(1,330,134)
Payments for property, plant and equipment		(10,135,734)	(539,287)	(10,135,734)	(539,287)
Payments for intangible assets		(3,947,000)	-	(3,947,000)	-
Net cash used in investing activities		(14,250,658)	(1,869,421)	(14,250,658)	(1,869,421)
Cash flows from financing activities					
Net proceeds from related party borrowings		300,526	-	278,261	-
Net proceeds from borrowings		4,020,055	-	4,020,055	-
Net cash provided by financing activities		4,320,581	-	4,298,316	-
Net (decrease)/increase in cash and cash equivalents		(6,764,544)	311,573	(6,655,254)	309,695
Cash and cash equivalents at the beginning of the financial year		8,482,357	8,170,784	8,206,686	7,896,991
Cash and cash equivalents at the end of the financial year	23(a)	1,717,813	8,482,357	1,551,432	8,206,686

Notes to the financial statements are included on pages 22 to 51.

1. General information

Master Builders Association of Victoria is a company limited by guarantee, incorporated and operating in Australia.

Master Builders Association of Victoria's registered office and its principal place of business are as follows:

Registered office	Principal place of business
332 Albert Street EAST MELBOURNE VIC 3002	332 Albert Street EAST MELBOURNE VIC 3002

2. Adoption of new and revised Accounting Standards

2.1 *Standards and Interpretations affecting amounts reported in the current year (and/or prior years)*

The following new and revised Standards and Interpretations have been adopted in the current year and have affected the amounts reported in these financial statements. Details of other Standards and Interpretations adopted in these financial statements but that have had no effect on the amounts reported are set out in section 2.2.

Amendments to AASB 101 'Presentation of Financial Statements'	The amendments (part of AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.
Amendments to AASB 7 'Financial Instruments: Disclosure'	The amendments (part of AASB 2010-4 'further Amendments to Australian Accounting Standards arising from the Annual Improvements project') clarify the required level of disclosures about credit risk and collateral held and provide relief from disclosures previously required regarding renegotiated loans.
AASB 124 'Related Party Disclosures' (revised December 2009)	<p>AASB 124 (revised December 2009) has been revised on the following two aspects: (a) AASB 124 (revised December 2009) has changed the definition of a related party and (b) AASB 124 (revised December 2009) introduces a partial exemption from the disclosure requirements for government-related entities.</p> <p>The company and consolidated entity are not Government related entities. The application of the revised definition of a related party as set out in AASB 124 (revised December 2009) in the current year has not revised in the identification of related parties that were not identified as related parties under the previous standard.</p>

2. Adoption of new and revised Accounting Standards (cont'd)

AASB 1054 'Australian Additional Disclosures' and AASB 2011-1 'Amendments to Australian Accounting Standards arising from Trans-Tasman Convergence Project' adopted in IFRSs. AASB 1054 sets out the Australian-specific disclosures for entities that have adopted Australian Accounting Standards. This Standard contains disclosure requirements that are in addition to IFRSs in areas such as compliance with Australian Accounting Standards, the nature of financial statements (general purpose or special purpose), audit fees, imputation (franking) credits and the reconciliation of net operating cash flow to profit (loss).

AASB 2011-1 makes amendments to a range of Australian Accounting Standards and Interpretations for the purpose of closer alignment to IFRSs and harmonisation between Australian and New Zealand Standards. The Standard deletes various Australian-specific guidance and disclosures from other Standards (Australian-specific disclosures retained are now contained in AASB 1054), and aligns the wording used to that adopted in IFRSs.

The application of AASB 1054 and AASB 2011-1 in the current year has resulted in the simplification of disclosures in regards to audit fees, franking credits and capital and other expenditure commitments as well as an additional disclosure on whether the Group is a for-profit or not-for-profit entity.

2.2 Standards and Interpretations adopted with no effect on financial statements

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

AASB 2009-12 'Amendments to Australian Accounting Standards' The Standard also makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, which includes AASB 108. The application of AASB 2009-12 has not had any material effect on amounts reported in the financial statements.

2. Adoption of new and revised Accounting Standards (cont'd)

2.2 Standards and Interpretations adopted with no effect on financial statements (cont'd)

<p>AASB 1048 'Interpretation of Standards' (revised) <i>Effective: Periods ending 30 June 2012</i></p>	<p>AASB 1048 identifies the Australian Interpretations and classifies them into two groups: those that correspond to an IASB Interpretation and those that do not. Entities are required to apply each relevant Australian Interpretation in preparing financial statements that are within the scope of the Standard. The revised version of AASB 1048 updates the lists of Interpretations for new and amended Interpretations issued since the June 20120 version of AASB 1048.</p>
<p>AASB 2010-5 'Amendments to Australian Accounting Standards'</p>	<p>The Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, which includes AASB 101 and AASB 107. The application of AASB 2010-5 has not had any material effect on amounts reported in the financial statements.</p>

2.3 Standards and Interpretations issued not yet effective

At the date of authorisation of the financial report, a number of Standards and Interpretations were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', AASB 200911 'Amendments to Australian Accounting Standards arising from AASB 9' and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9(December 2010)	1 January 2013	30 June 2014
AASB 10 'Consolidated Financial Statements'	1 January 2013	30 June 2014
AASB 12 'Disclosure of Interests in Other Entities'	1 January 2013	30 June 2014

2. Adoption of new and revised Accounting Standards (cont'd)

2.3 Standards and Interpretations issued not yet effective (cont'd)

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 127 'Separate Financial Statements'(2011)	1 January 2013	30 June 2014
AASB 128 'Investments in Associates and Joint Ventures' (2011)	1 January 2013	30 June 2014
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	1 January 2013	30 June 2014
AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'	1 January 2013	30 June 2014
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1 July 2013	30 June 2014
AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 2011-9 'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income'	1 July 2012	30 June 2013
Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)	1 January 2014	30 June 2015

2. Adoption of new and revised Accounting Standards (cont'd)

2.3 Standards and Interpretations issued not yet effective (cont'd)

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)	1 January 2013	30 June 2014
Mandatory Effective Date of IFRS 9 and Transition Disclosures (Amendments to IFRS 9 and IFRS 7)	1 January 2015	30 June 2016
AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 cycle'	1 January 2013	30 June 2014

3. Significant accounting policies

Statement of compliance

The financial report is a general purpose financial report that has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law.

The financial report covers the economic entity of Master Builders Association of Victoria and controlled entity, and Master Builders Association of Victoria as an individual parent entity. Master Builders Association Victoria is a Member based organisation that operates in accordance with the fair work act. As Master Builders Association of Victoria is a company limited by guarantee it doesn't have a share capital. The contributions of each member to its debts and liabilities in the event of a winding up are restricted to an amount not exceeding \$2. At 30 June 2012 the number of members was 9,485 (2011: 8,571).

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ('IFRS').

The Master Builders Association of Victoria is a member based organization that operates in accordance with the Fair Work act.

The financial statements were authorized for issue by the directors on 2 October 2012

3. Significant accounting policies (cont'd)

Basis of preparation

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money value or, except where stated, current valuations of non-current assets. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The directors have elected under s341(1) of the Corporations Act 2001 to apply ASIC Class Order (CO 10/654) inclusion of parent entity financial statements in the financial report.

Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Details in relation to estimates and judgments made are disclosed in the accounting policy notes below.

Going Concern

The financial statements have been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business.

As at 30 June 2012 there is a consolidated working capital deficiency of \$5,476,305 (2011: surplus \$767,643) and parent entity working capital deficiency of \$5,402,704 (2011: surplus \$748,721). Notwithstanding this, the financial report has been prepared on a going concern basis.

The deficiency includes current liabilities for subscriptions received in advance of \$2,507,680 (2011: \$2,786,608) which will be released into revenue in future years, a long service liability of \$500,563 (2011: \$393,177) of which \$40,000 is anticipated to be paid during 2012/2013 and an annual leave liability of \$684,987 of which \$150,000 is anticipated to be paid during 2012/2013. This results in an adjusted working capital deficiency of \$1,973,075. Further there was an unused commercial bill facility of \$1,979,945 as at 30 June 2012 and cash flows from operations are forecast.

3. Significant accounting policies (cont'd)

While it is not intended to dispose of listed shares valued at \$2,070,246 as at 30 June 2012 (2011: \$2,018,169) and therefore they are held as non current, these shares could be liquidated should the need arise to ensure the entity can pay its debts as and when they fall due.

On the basis of the matters discussed above, the directors believe that the going concern basis of preparation is appropriate.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Principles of consolidation

A controlled entity is an entity controlled by Master Builders Association of Victoria. Control exists where Master Builders Association of Victoria has the capacity to dominate the decision making in relation to the financial and operating policies of another entity so that the other entity operates with Master Builders Association of Victoria to achieve the objectives of Master Builders Association of Victoria. A list of the controlled entities is contained in Note 25 of the financial statements.

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

The company incorporated a subsidiary during the period, MBA Training Services Pty Ltd. This entity has not been consolidated within this financial report. The net assets of MBA Training Services Pty Ltd as at 30 June 2012 was \$2.

(b) Property, Plant and Equipment

Each class of property, plant and equipment are carried at cost less, where applicable, any accumulated depreciation.

Plant and equipment

The depreciable amount of all fixed assets, excluding freehold land, is depreciated over their useful lives commencing from the time the asset is ready for use.

Depreciation is based on the straight-line and reducing balance method of calculation.

3. Significant accounting policies (cont'd)
(b) Property, Plant and Equipment (cont'd)

The depreciation rates used for each class of depreciable assets are:-

Buildings	1.44% - 2.5%	Straight Line
Plant and Equipment:		
Office Furniture	10% - 20%	Straight Line
Computer	20% - 40%	Straight Line
Equipment		
Motor Vehicles	15% - 22.5%	Straight Line
Electrical	20%	Straight Line & Diminishing Value

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Capital grants received are offset against the capital expenditure to which the capital grant income is applied.

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

(c) Inventories

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

(d) Employee entitlements

Provision is made for the Association's liability for employee entitlements arising from services rendered by employees to reporting date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and long service leave which will be settled after one year have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

Contributions are made by the Association to various employee superannuation funds and are charged as expenses when incurred. The funds are accumulation funds.

3. Significant accounting policies (cont'd)

(e) Income tax

The company is exempt from paying income tax under section 50-15 of the Income Tax Assessment Act 1997 and consequently, has not charged any income tax expense.

(f) Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash includes cash on hand, at banks and on deposit. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(g) Revenue

Revenue from the sale of goods or the rendering of services is recognised upon the delivery of goods or services to customers.

Non Government grant revenue is recognised when the economic entity gains control over the funds. Revenue from the rendering of a service is recognised upon the delivery of the service to the residents.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue on sale of a non-current asset is recognised when an unconditional sale contract is signed and the risks and rewards of ownership have transferred to the purchaser.

Dividend revenue is recognised when the Association has established that it has a right to receive a dividend.

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

(h) Government grants

Government grants are not recognised until there is reasonable assurance that the entity will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are

recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful life of the related assets.

3. Significant accounting policies (cont'd)

(i) Intangible assets

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

(j) Provisions

Provisions are recognised when the economic entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(k) Financial instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

AFS financial assets

Listed shares and listed redeemable notes held by the Group that are traded in an active market are classified as AFS and are stated at fair value. The Group also has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value (because the directors consider that fair value can be reliably measured). Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

3. Significant accounting policies (cont'd)

(k) Financial instruments (cont'd)

Held-to-maturity investments

These investments have fixed maturities, and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in profit or loss.

(l) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the economic entity are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the economic entity will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. Significant accounting policies (cont'd)

(m) Impairment of Assets

At each reporting date, the economic entity reviews the carrying values of its tangible assets to determine whether there is an indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value.

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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the statement of cash flows on a net basis. 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 operating cash flows.

(o) Comparative figures

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

4. Information to Be Provided to Members or Registrar

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of the members is drawn to the provisions of the sub-sections (1),(2) and (3) of Section 272 of RAO Schedule to the Fair Work (Registered Organisations) Act 2009, which reads as follows:-

- (1) A member of a reporting unit, or a registrar, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- (2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.
- (3) A reporting unit must comply with an application made under subsection (1).

	Consolidated Entity		Parent Entity	
	2012	2011	2012	2011
	\$	\$	\$	\$
5. Revenue				
Operating activities				
Membership fees	5,876,338	5,882,563	5,876,338	5,882,563
Insurance commission	640,357	415,841	640,357	411,749
Sale of documents	986,906	951,512	986,906	951,012
Sundry income	1,794,472	2,580,532	1,794,472	2,649,629
Rental income	346,754	270,665	346,754	270,665
Planning and building services	2,502,748	2,430,918	-	-
Training division	6,863,300	6,928,913	6,863,300	6,928,913
Commercial income	1,075,490	498,245	1,075,490	498,245
	20,086,365	19,959,189	17,583,617	17,592,776
Non-operating activities				
Interest received	114,682	325,978	110,489	320,930
Total revenue	20,201,047	20,285,167	17,694,106	17,913,706

Consolidated Entity		Parent Entity	
2012	2011	2012	2011
\$	\$	\$	\$

6. Profit for the year before tax

Other expenses

Profit for the year includes the following expenses:

Decrease in allowance for doubtful debts provision	(12,604)	(5,028)	(4,124)	(7,609)
--	----------	---------	---------	---------

Remuneration of auditor

- audit services	38,830	32,375	30,660	22,900
- other services (grant acquittal statements)	6,000	5,820	6,000	5,820
- taxation services	26,240	48,025	26,240	33,787
	71,070	86,220	62,900	62,507

The auditor of Master Builders Association of Victoria is Deloitte Touche Tohmatsu

Employee benefits

- wages and salaries	7,994,140	7,507,993	6,410,380	5,964,165
- superannuation	906,337	826,759	735,968	679,556
	8,900,477	8,334,752	7,146,348	6,643,721

Additional information as required by section 255 of Schedule 1B of the RAO to Fair Work (Registered Organizations) Act 2009:

Legal fees	48,176	50,844	48,176	50,326
Affiliation fees Master Builders Association Ltd and other congress organisations	557,744	593,235	557,744	593,285
Other fees and subscriptions	41,601	23,956	18,083	15,845
Grants and donations	3,931	4,750	3,931	4,750
Conference/meeting expenses for Councilors etc	34,444	15,827	34,444	15,827

	Consolidated Entity		Parent Entity	
	2012	2011	2012	2011
	\$	\$	\$	\$
7. Cash and cash equivalents				
Cash at bank	1,705,840	6,021,099	1,541,564	5,822,207
Cash on hand	5,205	4,202	3,100	3,100
	<u>1,711,045</u>	<u>6,025,301</u>	<u>1,544,664</u>	<u>5,825,307</u>
8. Trade and other receivables				
Trade debtors	2,944,910	883,803	2,577,194	569,267
Provision for doubtful debts	(21,480)	(34,084)	(9,167)	(13,291)
	<u>2,923,430</u>	<u>849,719</u>	<u>2,568,027</u>	<u>555,976</u>
Inter-company loan – controlled entity	-	-	164,496	142,231
Inter-company loan – related company	337,913	638,439	337,913	638,439
	<u>3,261,343</u>	<u>1,488,158</u>	<u>3,070,436</u>	<u>1,336,646</u>

- (i) The average credit period on sales of goods and rendering of services is 30 days. No interest is charged on the trade receivables. An allowance has been made for estimated irrecoverable trade receivable amounts arising from the past sale of goods and rendering of services, determined by reference to past default experience.

Ageing of past due but not impaired

60 - 90 days	50,266	97,088	12,994	69,313
90+ days	72,964	61,962	50,713	39,098
Total	<u>123,230</u>	<u>159,050</u>	<u>63,707</u>	<u>108,411</u>

Movement in the allowance for doubtful debts

Balance at the beginning of the year	34,084	39,112	13,291	20,900
Amounts reversed	(12,604)	(5,028)	(4,124)	(7,609)
Balance at the end of the year	<u>21,480</u>	<u>34,084</u>	<u>9,167</u>	<u>13,291</u>

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

	Consolidated Entity		Parent Entity	
	2012	2011	2012	2011
	\$	\$	\$	\$
9. Other financial assets				
Current				
Term Deposit	6,768	2,457,056	6,768	2,381,379
Non Current				
Investments				
- Shares in controlled entity – at cost	2	-	4	2
- Shares in related entities – at cost	120,000	120,000	120,000	120,000
- Shares – fair value through profit/loss	2,070,246	2,018,169	2,070,246	2,018,169
	<u>2,190,248</u>	<u>2,138,169</u>	<u>2,190,250</u>	<u>2,138,171</u>
10. Inventories				
Stock on hand	210,212	178,813	210,212	178,813
11. Other assets				
Prepayments	329,103	324,994	327,423	312,312
12. Property Plant and Equipment				
Freehold land and buildings				
At Cost	19,577,872	12,039,700	19,577,872	12,039,700
Provision for depreciation	(2,033,878)	(1,794,282)	(2,033,878)	(1,794,282)
Written down value	<u>17,543,994</u>	<u>10,245,418</u>	<u>17,543,994</u>	<u>10,245,418</u>
Plant and equipment				
At Cost	6,079,811	3,482,247	6,079,811	3,482,247
Provision for depreciation	(2,460,754)	(2,084,835)	(2,460,754)	(2,084,835)
Written down value	<u>3,619,057</u>	<u>1,397,412</u>	<u>3,619,057</u>	<u>1,397,412</u>
Net Book Value	<u>21,163,051</u>	<u>11,642,830</u>	<u>21,163,051</u>	<u>11,642,830</u>

12. Property Plant and Equipment (cont'd)

(a) Movement in carrying amount

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

	Freehold land and buildings \$	Plant and equipment \$	Total \$
2012			
Consolidated Entity:			
Balance at the beginning of year	10,245,417	1,397,413	11,642,830
Additions	7,538,172	2,597,562	10,135,734
Depreciation expense	(239,595)	(375,918)	(615,513)
Carrying amount at the end of the year	<u>17,543,994</u>	<u>3,619,057</u>	<u>21,163,051</u>
Parent Entity:			
Balance at the beginning of year	10,245,417	1,397,413	11,642,830
Additions	7,538,172	2,597,562	10,135,734
Depreciation expense	(239,595)	(375,918)	(615,513)
Carrying amount at the end of the year	<u>17,543,994</u>	<u>3,619,057</u>	<u>21,163,051</u>
	Freehold land and buildings \$	Plant and equipment \$	Total \$
2011			
Consolidated Entity:			
Balance at the beginning of year	10,326,515	1,382,367	11,708,882
Additions	163,875	375,412	539,287
Depreciation expense	(244,972)	(360,367)	(605,339)
Carrying amount at the end of the year	<u>10,245,418</u>	<u>1,397,412</u>	<u>11,642,830</u>
Parent Entity:			
Balance at the beginning of year	10,326,515	1,382,367	11,708,882
Additions	163,875	375,412	539,287
Depreciation expense	(244,972)	(360,367)	(605,339)
Carrying amount at the end of the year	<u>10,245,418</u>	<u>1,397,412</u>	<u>11,642,830</u>

	Consolidated Entity		Parent Entity	
	2012	2011	2012	2011
	\$	\$	\$	\$
13. Intangible Assets				
Carrying amounts of:				
Licences	3,947,000	-	3,947,000	-
			Licences	Total
Consolidated Entity:				
Cost				
Balance as at 1 July 2011			-	-
Additions			3,947,000	3,947,000
Balance as at 30 June 2012			3,947,000	3,947,000
Accumulated amortisation				
Balance as at 1 July 2011			-	-
Amortisation expense			-	-
Balance as at 30 June 2012			-	-
Parent Entity:				
Cost				
Balance as at 1 July 2011			-	-
Additions			3,947,000	3,947,000
Balance as at 30 June 2012			3,947,000	3,947,000
Accumulated amortisation				
Balance as at 1 July 2011			-	-
Amortisation expense			-	-
Balance as at 30 June 2012			-	-

The licence acquired relates to a licence to use IP related with the Building Leadership Simulation Centre. The simulation centre commenced operations 1 July 2012 and the licence will be amortised from that date over a period of 20 years.

	Consolidated Entity		Parent Entity	
	2012	2011	2012	2011
	\$	\$	\$	\$
14. Trade and other payables				
Arbitration deposit account	14,151	12,815	14,151	12,815
Trade creditors	1,268,395	1,214,214	1,225,906	1,165,554
Sundry creditors and accrued expenses	7,857,785	5,489,398	7,588,538	5,249,014
	<u>9,140,331</u>	<u>6,716,427</u>	<u>8,828,595</u>	<u>6,427,383</u>

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

15. Provisions

Current

Employee entitlements:

Long service leave	500,563	393,177	500,563	368,873
Annual leave	684,987	597,075	564,154	489,480
	<u>1,185,550</u>	<u>990,252</u>	<u>1,064,717</u>	<u>858,353</u>

Non current

Employee entitlements:

Long service leave	112,689	158,335	67,717	139,415
Aggregate employee entitlement liability	<u>1,298,239</u>	<u>1,148,587</u>	<u>1,132,434</u>	<u>997,768</u>

Number of employees at year end	<u>100</u>	<u>98</u>	<u>73</u>	<u>75</u>
--	------------	-----------	-----------	-----------

	Consolidated Entity		Parent Entity	
	2012	2011	2012	2011
	\$	\$	\$	\$
16. Borrowings				
Commercial bill - current	668,895	2,000,000	668,895	2,000,000
Commercial bill – non current	5,351,160	-	5,351,160	-
Commercial bill (i)	6,020,055	2,000,000	6,020,055	2,000,000

Summary of borrowing arrangements:

- (i) Bills of exchange as at 30 June 2012, with a variable interest rate were issued in September 2011. The current weighted average interest rate on the bills is 6.6%p.a. (2011: 6.7%p.a.). The bills of exchange provide a facility of \$8,000,000 of which \$6,020,055 was used at 30 June 2012.

17. Retained earnings

Retained earnings at the beginning of the financial year	13,772,405	11,966,364	13,772,405	11,966,364
Net profit attributable to members of the association	2,085,683	1,806,041	2,204,258	1,806,041
Transfer to reserves	-	-	-	-
Retained earnings as at the end of the financial year	15,858,088	13,772,405	15,976,663	13,772,405

18. Reserves

Asset revaluation reserve	502,057	617,902	502,057	617,902
---------------------------	---------	---------	---------	---------

The asset revaluation reserve records revaluations of non-current assets and investments. There has been a fair value decrease in investments during the year of \$115,845 (2011: increase of \$99,746).

19. Commitments for expenditure

(a) Operating leases of plant and equipment

The consolidated and parent entity have operating leases for premises, photocopiers, computers and motor vehicles.

Not longer than 1 year	627,419	621,019	627,419	621,019
Longer than 1 but not later than 5 Years	1,239,971	274,900	1,239,971	274,900
	1,867,390	895,919	1,867,390	895,919

20. Segment Reporting

The operations are limited to one operating activity and geographic segment.

21. Related Party Transactions

(i) Directors

The following people held office of Director during the year ended 30 June 2012

Board of Management (Committee of Directors)

Davis, H	Newnham, D
Drummond, L	Nixon, D
Fasham, M	Raunik, L
Hawkey, I	Sweeney, S (resigned 23/8/11)
Herkess, P	Zuccala, G

Council of Management (Directors)

Barber, L	Liddle, B
Basel, T (appointed 28/11/11)	Milne, D (retired 22/11/11)
Cameron, M	Newnham, D
Clemenger, M (appointed 22/11/11)	Nixon, D
Davis, H	Picking, P (appointed 22/11/11)
Drummond, L	Raunik, L
Fasham, M	Roberts, D
Garson, S (retired 08/11/11)	Robinson, P
Grenfell, N	Rowe, J
Hawkey, I	Salvatore, C
Healy, P (retired 22/11/11)	Samfilippo, J (appointed 30/11/11)
Herkess, P	Sweeney, S (resigned 23/8/11)
Johnson, T	Zuccala, G

21. Related Party Transactions (cont'd) **2012** **2011**

(ii) Remuneration of Directors

Amounts received or due and receivable by Directors of Master Builders Association Of Victoria \$ Nil \$ Nil

Number of Directors whose remuneration was within the following bands:

\$ 0 - \$ 9,999 22 21

The services of the Directors are provided on a voluntary basis only.

(iii) Transactions	Consolidated Entity 2012 \$	Consolidated Entity 2011 \$	Parent Entity 2012 \$	Parent Entity 2011 \$
Rental income from MBA Insurance Services Pty Ltd	81,536	80,280	81,536	80,280
Accounting Services provided to MBA Insurance Services Pty Ltd	52,000	55,000	52,000	55,000
Commissions received from MBA Insurance Services Pty Ltd	643,619	428,111	643,619	428,111
HR services provided to MBA Insurance Services Pty Ltd	40,000	20,000	40,000	20,000
	Consolidated Entity 2012 \$	Consolidated Entity 2011 \$	Parent Entity 2012 \$	Parent Entity 2011 \$
22. Superannuation expense	906,337	826,759	735,968	679,556

The Association contributes to superannuation plans to provide benefits to employees on retirement, death or disability. The Association has no liability for any unfunded benefits which may exist within these plans.

Consolidated Entity		Parent Entity	
2012	2011	2012	2011
\$	\$	\$	\$

23. Notes to the statement of cash flows

(a) Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash at bank and on hand	1,711,045	6,025,301	1,544,664	5,825,307
Cash deposits	6,768	2,457,056	6,768	2,381,379
	<u>1,717,813</u>	<u>8,482,357</u>	<u>1,551,432</u>	<u>8,206,686</u>

(b) Reconciliation of profit for the period to net cash flows from operating activities

Operating profit after income tax	2,085,683	1,806,041	2,204,258	1,806,041
Non-cash flows in operating profit				
Movement in doubtful debts	(12,604)	(5,028)	(4,124)	(7,609)
Depreciation	615,513	605,339	615,513	605,339
Changes in assets and liabilities				
(Increase)\decrease in assets:				
Trade and other receivables	(2,061,107)	175,967	(2,007,927)	48,905
Inventories	(31,399)	2,626	(31,399)	2,626
Other assets	(4,109)	(99,266)	(15,111)	(103,886)
Increase/(decrease) in liabilities				
Trade and other payables	2,423,904	(465,383)	2,401,212	(329,613)
Provisions	149,652	160,698	134,666	157,313
Net cash from operating activities	<u>3,165,533</u>	<u>2,180,994</u>	<u>3,297,088</u>	<u>2,179,116</u>

23. Notes to the statement of cash flows (cont'd)

(c) Financing Facilities

Master Builders Association of Victoria has a commercial bill facility for \$8,000,000 as at 30 June 2012 of which \$1,979,945 was unused.

This commercial bill facility has been secured by the following:

Registered mortgage held by the Bank of Melbourne over commercial property located at 332 Albert St, East Melbourne, VIC 3002 and over commercial property located at 49-51 Brady Street, South Melbourne, VIC 3205. The amounts secured by the securities include the sum of the total amount for all facilities listed in this facility.

(d) Non Cash Financing and Investing Activities

There were no material non cash financing or investing activities undertaken during the year.

24. Financial Instruments

(a) The economic entity's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at reporting date, are as follows:

Recognised Financial Instruments	Statement of Financial Position Note	Accounting Policy	Terms and Conditions
i) Financial Assets			
Loans & Receivables	8	Trade receivables are carried at nominal amounts due. An allowance for doubtful debts is recognised when collection is no longer probable.	Credit terms are 30 days unless otherwise allowed.
Cash & Cash equivalents	7	Represents funds on term deposit with a financial institution	Interest of 4.3% is earned on an average term of 30 days.
ii) Financial Liabilities			
Trade & other payables	14	Liabilities are recognised for amounts to be paid in the future for goods and services received.	10 years from drawdown date

24. Financial Instruments (cont'd)

(b) Interest rate risk

The economic entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates. The economic entity's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk section of this note.

The consolidated and parent entity's sensitivity to interest rates has decreased during the current period mainly due to the decrease of variable rate borrowings and of cash held in term deposits.

An increase or decrease of 50 interest basis points would increase or decrease consolidated cash and profit by \$8,529 or the parent entity cash and profit by \$7,708.

(c) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets is the carrying amount, as disclosed in the statement of financial position and notes to the financial statements.

The economic entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the economic entity.

24. Financial Instruments (cont'd)

(d) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors. The economic entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 22(c) is a listing of additional undrawn facilities that the economic entity has at its disposal to further reduce liquidity risk.

Liquidity and interest table

Prudent liquidity risk management is carried out by maintaining sufficient cash including working capital and unused bank debt.

The following tables detail the economic entity's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the economic entity can be required to pay. The table includes both interest and principal cash flows.

Consolidated	Weighted Average Effective Interest Rate	Less than 1 month	1 - 3 months	3 months - 1 year	1-5 years	Total
2012						
Non-interest bearing	-	-	-	-	-	9,140,331
Variable interest rate instruments	6.6%	-	668,895	-	5,351,160	6,020,055
Fixed interest rate instruments	-	-	-	-	-	-
2011						
Non-interest bearing	-	-	-	-	-	6,716,427
Variable interest rate instruments	-	-	-	-	-	-
Fixed interest rate instruments	6.7%	2,000,000	-	-	-	2,000,000

24. Financial Instruments (cont'd)

Parent	Weighted Average Effective Interest Rate	Less than 1 month	1 - 3 months	3 months - 1 year	1-5 years	Total
2012						
Non-interest bearing	-	-	-	-	-	8,828,595
Variable interest rate instruments	6.6%	-	-	-	6,020,055	6,020,055
Fixed interest rate instruments	-	-	-	-	-	-
2011						
Non-interest bearing	-	-	-	-	-	6,427,383
Variable interest rate instruments	-	-	-	-	-	-
Fixed interest rate instruments	6.7%	2,000,000	-	-	-	2,000,000

(d) Liquidity risk

The following tables detail the company's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the economic entity anticipates that the cash flow will occur in different period.

Consolidated	Weighted Average Effective Interest Rate	Less than 1 month	1 - 3 months	3 months - 1 year	1-5 years	Total
2012						
Non-interest bearing	-	2,444,511	427,435	72,964	-	2,944,910
Variable interest rate instruments	3%	1,711,045	-	-	-	1,711,045
Fixed interest rate instruments	5%	6,768	-	-	-	6,768
2011						
Non-interest bearing	-	613,706	191,347	78,750	-	883,803
Variable interest rate instruments	3%	6,025,301	-	-	-	6,025,301
Fixed interest rate instruments	5%	1,957,056	-	500,000	-	2,457,056

24. Financial Instruments (cont'd)

Parent	Weighted Average Effective Interest Rate	Less than 1 month	1 - 3 months	3 months – 1 year	1-5 years	Total
2012						
Non-interest bearing	-	2,214,160	312,321	50,713	-	2,577,194
Variable interest rate instruments	3%	1,544,664	-	-	-	1,544,664
Fixed interest rate instruments	5%	6,768	-	-	-	6,768
2011						
Non-interest bearing	-	433,807	96,363	39,097	-	569,267
Variable interest rate instruments	3%	5,825,387	-	-	-	5,825,387
Fixed interest rate instruments	5%	1,881,739	-	500,000	-	2,381,739

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

The Group has access to financing facilities as described in note 23 c above. The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

(e) Fair Value

Assets and liabilities, fair values approximates their carrying value. No financial assets and financial liabilities are readily traded on organized markets in a standardized form. Financial assets where carrying amounts exceeds net fair values have not been written down as the company intends to hold these to maturity.

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

(f) Capital Risk Management

The economic entity manages its capital to ensure that the economic entity will be able to continue as a going concern while maximizing the return to stakeholders through the optimisation of the debt and equity balance. The economic entity's overall strategy remains unchanged from 2011. The economic entity is not exposed to any externally imposed capital requirements.

24. Financial Instruments (cont'd)

(g) Market Risk

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

(h) Foreign Currency Risk Management

The economic entity does not undertake transactions denominated in foreign currencies, and consequently exposures to exchange rate fluctuation will not arise.

25. Controlled Entities

	Country of Incorporation	Percentage Owned (%)	
		2012	2011
Parent Entity:			
Master Builders Association of Victoria	Australia	-	-
Subsidiaries of Master Builders Association of Victoria:-			
MBA Building Services Pty Ltd	Australia	100%	100%
Atf MBA Building Services Trust	Australia	100%	100%
MBA Training Services Pty Ltd	Australia	100%	-
Related Companies:			
MBA Insurance Services Pty Ltd	Australia	17.5%	17.5%
		Consolidated Entity	
		2012	2011
		\$	\$
		Parent Entity	
		2012	2011
		\$	\$

26. Key Management Personnel Compensation

Short-term employee benefits	1,783,330	1,794,676	1,632,892	1,654,942
Post-employment benefits	236,639	219,170	225,530	208,754
	<u>2,019,969</u>	<u>2,013,846</u>	<u>1,858,422</u>	<u>1,863,696</u>

27. Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial year.

Master Builders Association of Victoria

ACN 004 255 654

(A Company Limited By Guarantee)

2011/2012 Concise Report for presentation to the Annual General Meeting of Members

THE DIRECTORS OF THE MASTER BUILDERS ASSOCIATION OF VICTORIA
HAVE RESOLVED TO ISSUE TO MEMBERS CONCISE ACCOUNTS IN
ACCORDANCE WITH SECTION 314 OF THE COMPANY LAW REVIEW ACT 1998.
IF YOU DESIRE A FULL REPORT AND AUDITOR'S REPORT PLEASE CONTACT
ROD COLE AT THE ASSOCIATION AND A COPY WILL BE SENT TO YOU FREE
OF CHARGE.



**Master
Builders**

ASSOCIATION

Concise financial report for the financial year ended 30 June 2012

Council of management operating report	1
Directors' report	4
Statement by council of management	12
Auditors' independence declaration	14
Independent audit report	15
Declaration by members of the Board	17
Statement of comprehensive income	18
Statement of financial position	19
Statement of changes in equity	20
Statement of cash flows	21
Notes to the financial statements	22

Council of Management operating report

In accordance with section 254 of the Fair Work (Registered Organisations) Act 2009, the Council of Management present the operating report for the year ended 30 June 2012.

Principal Activities

The principal activity of the Association was to provide a range of services to members.

Financial Results

The consolidated surplus from operating activities for the year was \$2,085,683 (2011: \$1,806,041). The company is exempt from paying income tax.

Review of Operations

The favourable result represents a successful year for the Association despite the unstable economic conditions that prevailed in the industry during the year. Some of the highlights were as follows:

- Launch of the Building Leadership Simulation Centre, the biggest investment in the Association's history
- Membership continues at strong levels
- ALink and Master Tradesmen continue to grow
- Establishment of new regional offices.

Significant Changes

No significant changes in the state of affairs of the company have occurred during the financial year with the exception of the Building Leadership Simulation Centre.

Rights of members to resign

- (1) A member may resign from membership by written notice addressed and delivered to the Executive Director.
- (2) A notice of resignation from membership takes effect:
 - (a) Where the member ceases to be eligible to become a member;
 - (i) On the day on which the notice is received by the Association, or
 - (ii) On the day specified in the notice, which is a day not earlier than the day when the member ceases to be eligible to become a member;Whichever is later, or
 - (b) In any other case:
 - (i) At the end of 2 weeks after the notice is received by the Association, or
 - (ii) On the day specified in the notice;Whichever is later.
- (3) Any dues payable but not paid by a former member, in relation to a period before the member's resignation from the Association took effect, may be sued for and recovered in the name of the Association in a court of competent jurisdiction, as a debt due to the Association.

Rights of members to resign (cont'd)

- (4) A notice delivered to the Executive Director shall be taken to have been received by the Association when it was delivered.
- (5) A notice of resignation that has been received by the Association is not invalid because it was not addressed and delivered in accordance with sub-rule (1).
- (6) A resignation from membership is valid even if it is not effected in accordance with this rule if the member is informed in writing by or on behalf of the Association that the resignation has been accepted.

To the best of our knowledge and belief

No officer or member of the organisation, by virtue of their office or membership of the Master Builders Association of Victoria is;

- (i) A trustee of a superannuation entity or an exempt public sector superannuation scheme; or
- (ii) A Director of a company that is the trustee of a superannuation entity or an exempt public sector superannuation scheme; and where a criterion for the officer or member being the trustee or Director is that the officer or member is an officer or member of a registered organisation.

Prescribed Information

- (1) Number of members of the organisation at 30/06/2012: 9,485 (2011: 8,571)
- (2) Employees of the reporting unit as at 30/06/2012: 92 equivalent full time staff (2011: 90 equivalent full time staff).
- (3) Members of the Council of Management during or since the financial year ended 30/06/2012:

Barber, L	Liddle, B
Basel, T (appointed 28/11/11)	Milne, D (retired 22/11/11)
Cameron, M	Newnham, D
Clemenger, M (appointed 22/11/11)	Nixon, D
Davis, H	Picking, P (appointed 22/11/11)
Drummond, L	Raunik, L
Fasham, M	Roberts, D
Garson, S (retired 08/11/11)	Robinson, P
Grenfell, N	Rowe, J
Hawkey, I	Salvatore, C
Healy, P (retired 22/11/11)	Sanfilippo, J (appointed 30/11/11)
Herkess, P	Sweeney, S (resigned 23/8/11)
Johnson, T	Zuccala, G

For and on behalf of Council of Management

A handwritten signature in black ink, appearing to be 'L. Raunik', written over a horizontal line.

Lou Raunik
Treasurer

2 October 2012

Directors' report

The directors of Master Builders Association of Victoria submit herewith the annual financial report of the company for the financial year ended 30 June 2012. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names of the directors of the company during or since the end of the financial year are:

Board of Management (Committee of Directors)

Davis, H	Newnham, D
Drummond, L	Nixon, D
Fasham, M	Raunik, L
Hawkey, I	Sweeney, S (resigned 23/8/11)
Herkess, P	Zuccala, G

Council of Management (Directors)

Barber, L	Liddle, B
Basel, T (appointed 28/11/11)	Milne, D (retired 22/11/11)
Cameron, M	Newnham, D
Clemenger, M (appointed 22/11/11)	Nixon, D
Davis, H	Picking, P (appointed 22/11/11)
Drummond, L	Raunik, L
Fasham, M	Roberts, D
Garson, S (retired 08/11/11)	Robinson, P
Grenfell, N	Rowe, J
Hawkey, I	Salvatore, C
Healy, P (retired 22/11/11)	Sanfilippo, J (appointed 30/11/11)
Herkess, P	Sweeney, S (resigned 23/8/11)
Johnson, T	Zuccala, G

Principal Activities

The principal activity of the Association was to provide a range of services to members in the building and construction industry.

Financial Results

The consolidated surplus from operating activities for the year was \$2,085,683 (2011: \$1,806,041). The company is exempt from paying income tax.

Review of Operations

The favourable result represents a successful year for the Association despite the unstable economic conditions that prevailed in the industry during the year. Some of the highlights were as follows:

- Launch of the Building Leadership Simulation Centre, the biggest investment in the Association's history
- Membership continues at strong levels
- ALink and Master Tradesmen continue to grow
- Establishment of new regional offices.

The Association is well placed to meet any future challenges.

The key objective of the Association is to be the lead provider of products and services to the building and construction industry.

In the short term these objectives include:

- Increasing membership levels through the provision of targeted products and services
- Advocating for and promoting the value of the Association to various stakeholders
- Strengthening the financial viability of the Association.

Longer term objectives to be considered include:

- Opportunities for the development of new partnerships
- Increasing the provision of desired product and services to all participants in the industry
- Enhancement of the services currently provided.

The Council of Management has approved a Business Plan which outlines the key strategies to be implemented over the next three years which will ensure the Association meets its' key objective.

Review of Operations (cont'd)

These strategies include:

- Increasing advocacy of member interests with governments and the media
- Enhance value propositions to meet the needs of various customer segments
- Facilitating career pathways to support the long term growth of the industry
- Being an employer of choice

The Association measures and monitors performance in a variety of ways including:

- Preparation of an annual budget and monthly review of actual performance to budget
- The monthly monitoring of key performance and financial indicators by the Board of Management.

Dividends

The company is a public company limited by guarantee. The company does not have share capital and it is precluded from paying dividends.

Significant Changes

No significant changes in the state of affairs of the company have occurred during the financial year with the exception of the establishment of the Building Leadership Simulation Centre in South Melbourne.

Subsequent Events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Future Developments

The Association will continue to pursue the provision of services to members.

Contracts with Directors

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration of Directors shown in the accounts) by reason of a contract made by the company with any Director, or with a firm of which a Director is a member, or with a company in which a Director has a substantial financial interest.

Indemnifying Officer or Auditor

The company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the company or a related body corporate:

- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against liability incurred as an officer for the costs or expenses to defend legal proceedings, with the exception of the following matter:

During the financial year the company has paid a total premium of \$8,200 to insure each of the above Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the company, other than conduct involving a willful breach of duty in relation to the company.

The terms of the policy preclude disclosure as to the level of the coverage, or the name of the insurer.

Information on Directors

During the year there were 4 Council meetings and 1 Special Council meeting held.

Name:	Barber	Lindsay
Age:		60
Qualifications:		Director
Council Meetings Attended:		4

Name:	Basel	Tom
Age:	(appointed 28/11/11)	44
Qualifications:		Director
Council Meetings Attended:		2

Name:	Cameron	Michael
Age:		35
Qualifications:		Director
Council Meetings Attended:		5

Name:	Clemenger	Michael
Age:	(appointed 22/11/11)	40
Qualifications:		Director
Council Meetings Attended:		2

Name:	Davis	Hedley
Age:		57
Qualifications:		Director
Council Meetings Attended:		5

Name:	Drummond	Luke
Age:		40
Qualifications:		Director
Council Meetings Attended:		3

Information on Directors (cont'd)

Name:	Fasham	Melanie
Age:		39
Qualifications:		Director
Council Meetings Attended:		5
Name:	Garson	Shawn
Age:	(retired 8/11/11)	43
Qualifications:		Director
Council Meetings Attended:		2
Name:	Greenfell	Neil
Age:		61
Qualifications:		Director
Council Meetings Attended:		4
Name:	Hawkey	Ian
Age:		56
Qualifications:		Director
Council Meetings Attended:		5
Name:	Healy	Peter
Age:	(retired 22/11/11)	60
Qualifications:		Director
Council Meetings Attended:		3
Name:	Herkess	Philip
Age:		54
Qualifications:		Director
Council Meetings Attended:		5
Name:	Johnson	Tony
Age:		41
Qualifications:		Director
Council Meetings Attended:		5
Name:	Liddle	Brendan
Age:		48
Qualifications:		Director
Council Meetings Attended:		5
Name:	Milne	Darren
Age:	(retired 22/11/11)	44
Qualifications:		Director
Council Meetings Attended:		3
Name:	Newnham	David
Age:		63
Qualifications:		Director
Council Meetings Attended:		4

Information on Directors (cont'd)

Name:	Nixon	Darren
Age:		45
Qualifications:		Director
Council Meetings Attended:		4
Name:	Picking	Peter
Age:	(appointed 22/11/11)	56
Qualifications:		Director
Council Meetings Attended:		2
Name:	Roberts	Dean
Age:		40
Qualifications:		Director
Council Meetings Attended:		2
Name:	Raunik	Lou
Age:		50
Qualifications:		Director
Council Meetings Attended:		5
Name:	Robinson	Phillip
Age:		65
Qualifications:		Director
Council Meetings Attended:		5
Name:	Rowe	John
Age:		66
Qualifications:		Director
Council Meetings Attended:		5
Name:	Salvatore	Claude
Age:		46
Qualifications:		Director
Council Meetings Attended:		5
Name:	Sanfilippo	Jarrold
Age:	(appointed 30/11/11)	35
Qualifications:		Director
Council Meetings Attended:		1
Name:	Sweeney	Steven
Age:	(resigned 23/8/11)	52
Qualifications:		Director
Council Meetings Attended:		0
Name:	Zuccala	Greg
Age:		57
Qualifications:		Director
Council Meetings Attended:		4

Information on company secretary

Name:	Welch	Brian
Age:		58
Qualifications:		Executive Director
Council Meetings Attended:		5

Leave of Court

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Membership

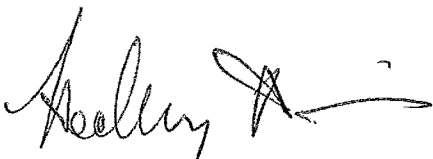
The Master Builders Association of Victoria is a public company, limited by guarantee, incorporated and operating in Victoria, Australia. The guarantee will not exceed \$2 per member and at 30 June 2012 there were 9,485 members (2011: 8,571).

Auditor's Independence Declaration

The auditor's independence declaration is included on page 14 of the annual report.

This directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors



Hedley Davis
Director



Lou Raunik
Director

East Melbourne, 2 October 2012

Statement by Council of Management

On 2 October 2012 the Board of Management of the Master Builders Association of Victoria, following a circular resolution by the Council of Management, thereby delegating the authority to the Board, passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 30 June 2012.

The Board of Management declares in relation to the General Purpose Financial Report that in its opinion:

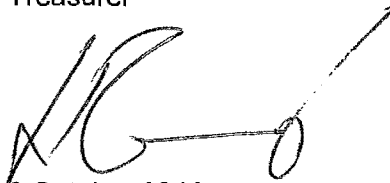
- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the Industrial Registrar;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due & payable;
- (e) during the financial year to which the General Purpose Financial Report relates and since the end of that year:
 - (i) meetings of the council of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RAO Schedule to the Fair Work (Registered Organisation) Act 2009 and the Fair Work (Registered Organisation) Regulations, 2009; and
 - (iv) where the organisation consists of 2 or more reporting units, the financial records of the reporting unit have been kept, as far practicable, in a consistent manner to each of the other reporting units of the organisation; and
- (i) the information sought in any request of a member of the reporting unit or a Registrar duly made under section 272 of the RAO Schedule to the Fair Work (Registered Organisation) Act 2009 has been furnished to the member or Registrar; and
- (ii) there has been compliance with any order for inspection of financial records made by the Commission under section 273 of the RAO Schedule to the Fair Work (Registered Organisation) Act 2009.

Statement by Council of Management (cont'd)

For Board of Management: Lou Raunik

Title of Office held: Treasurer

Signature:

A handwritten signature in black ink, appearing to be 'LR', with a long horizontal stroke extending to the right and a vertical stroke at the end.

Date: 2 October 2012

The Board of Directors
Master Builders Association of Victoria
332 Albert Street
EAST MELBOURNE, VIC 3002

2 October 2012

Dear Board Members,

Master Builders Association of Victoria

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Master Builders Association of Victoria.

As the lead audit partner for the audit of the financial statements of Master Builders Association of Victoria for the financial year ended 30 June 2012, I declare that to the best of my knowledge and belief that there have been no contraventions of:

- i. the auditor independence requirements of the Corporations Act 2001 in relation to the audit;
- and
- ii. any applicable code of professional conduct in relation to the audit.

Yours sincerely



Deloitte Touche Tohmatsu



Robert DD Collie
Partner
Chartered Accountants

Independent Auditor's Report to the Members of Master Builders Association of Victoria

We have audited the accompanying concise financial report of The Master Builders Association of Victoria which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and related notes, derived from the audited financial report of the Master Builders Association of Victoria for the year ended 30 June 2012 and the discussion and analysis as set out on pages 16 to 26. The concise financial report does not contain all the disclosures required by the Australian Accounting Standards and accordingly, reading the concise financial report is not a substitute for reading the audited financial report.

Directors' Responsibility for the Concise Financial Report

The Directors are responsible for the preparation of the concise financial report in accordance with Accounting Standard AASB 1039 *Concise Financial Reports* and the *Corporations Act 2001*, and for such internal control as the Directors determine is necessary to enable the preparation of the concise financial report.

Auditor's Responsibility

Our responsibility is to express an opinion on the concise financial report based on our procedures which were conducted in accordance with Auditing Standard ASA 810 *Engagements to Report on Summary Financial Statements*. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of The Master Builders Association of Victoria for the year ended 30 June 2012. We expressed an unmodified audit opinion on that financial report in our report dated 25 September 2012. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the concise financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the concise financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the concise financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Our procedures included testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of audit evidence supporting the amounts discussion and analysis and other disclosures which were not directly derived from

the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with Accounting Standard AASB 1039 *Concise Financial Reports* and whether the discussion and analysis complies with the requirements laid down in AASB 1039 *Concise Financial Reports*.

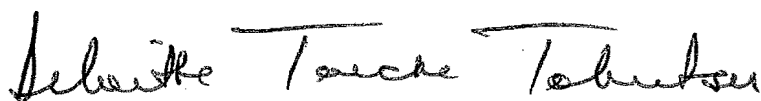
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

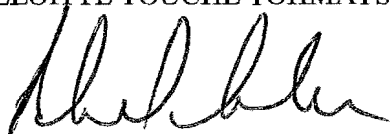
In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of The Master Builders Association of Victoria would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion, the concise financial report, of Master Builders Association of Victoria for the year ended 30 June 2012 complies with Accounting Standard AASB 1039 *Concise Financial Reports*.



DELOITTE TOUCHE TOHMATSU



Robert DD Collie

Partner

Chartered Accountants

Melbourne, 2 October 2012

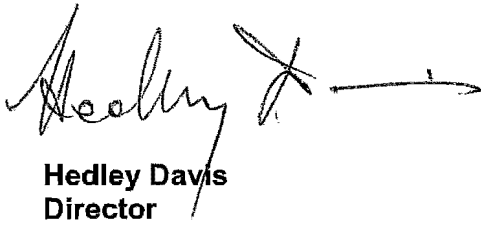
Declaration by members of the Board

The directors declare that:

- (a) in the directors' opinion, the attached financial statements and note thereto comply with Accounting Standard AASB 1039 'Concise Financial Reports' and
- (b) the attached financial statements and notes thereto have been derived from the full financial report of the company.

Signed in accordance with a resolution of the directors.

On behalf of the Directors



Hedley Davis
Director



Lou Raunik
Director

East Melbourne, 2 October 2012

Statements of comprehensive income for the financial year ended 30 June 2012

	Note	Consolidated Entity		Parent Entity	
		2012 \$	2011 \$	2012 \$	2011 \$
Revenue	4	20,201,047	20,285,167	17,694,106	17,913,706
Employee benefits expenses		(8,900,477)	(8,334,752)	(7,146,348)	(6,643,721)
Depreciation & amortisation expenses		(615,513)	(605,339)	(615,513)	(605,339)
Premises expenses		(530,447)	(523,865)	(492,622)	(490,346)
Travel, accommodation & motor vehicles		(744,666)	(698,059)	(529,339)	(527,943)
Telephone & postage		(514,386)	(498,548)	(399,917)	(381,490)
Administration expenses		(5,327,981)	(6,317,336)	(4,824,476)	(5,968,344)
Cost of goods sold-document sales		(507,421)	(586,809)	(507,421)	(586,809)
Finance costs		(174,893)	(124,353)	(174,893)	(124,353)
Promotional activity expenses		(799,580)	(790,065)	(799,319)	(779,320)
Profit before tax		2,085,683	1,806,041	2,204,258	1,806,041
Income tax expense		-	-	-	-
Profit for the year		2,085,683	1,806,041	2,204,258	1,806,041
Other comprehensive income					
Movement in value of available for sale investments		(115,845)	99,746	(115,845)	99,746
Total comprehensive income for the year		1,969,838	1,905,787	2,088,413	1,905,787

Statements of financial position as at 30 June 2012

	Consolidated Entity		Parent Entity	
	2012	2011	2012	2011
	\$	\$	\$	\$
Current assets				
Cash and cash equivalents	1,711,045	6,025,301	1,544,664	5,825,307
Trade and other receivables	3,261,343	1,488,158	3,070,436	1,336,646
Other financial assets	6,768	2,457,056	6,768	2,381,379
Inventories	210,212	178,813	210,212	178,813
Other assets	329,103	324,994	327,423	312,312
Total current assets	5,518,471	10,474,322	5,159,503	10,034,457
Non current assets				
Property, plant and equipment	21,163,051	11,642,830	21,163,051	11,642,830
Intangible assets	3,947,000	-	3,947,000	-
Other financial assets	2,190,248	2,138,169	2,190,250	2,138,171
Total non current assets	27,300,299	13,780,999	27,300,301	13,781,001
Total assets	32,818,770	24,255,321	32,459,804	23,815,458
Current liabilities				
Trade and other payables	9,140,331	6,716,427	8,828,595	6,427,383
Borrowings	668,895	2,000,000	668,895	2,000,000
Provisions	1,185,550	990,252	1,064,717	858,353
Total current liabilities	10,994,776	9,706,679	10,562,207	9,285,736
Non current liabilities				
Borrowings	5,351,160	-	5,351,160	-
Provisions	112,689	158,335	67,717	139,415
Total non current liabilities	5,463,849	158,335	5,418,877	139,415
Total liabilities	16,458,625	9,865,014	15,981,084	9,425,151
Net assets	16,360,145	14,390,307	16,478,720	14,390,307
Equity				
Retained earnings	15,858,088	13,772,405	15,976,663	13,772,405
Reserves	502,057	617,902	502,057	617,902
Total equity	16,360,145	14,390,307	16,478,720	14,390,307

Statements of changes in equity for the financial year ended 30 June 2012

Consolidated entity

	Retained earnings \$	Asset revaluation reserve \$	Total \$
Balance at 1 July 2010	11,966,364	518,156	12,484,520
Surplus for the year	1,806,041	-	1,806,041
Other comprehensive income	-	99,746	99,746
Total comprehensive income for the year	1,806,041	99,746	1,905,787
Balance at 30 June 2011	13,772,405	617,902	14,390,307
Surplus for the year	2,085,683	-	2,085,683
Other comprehensive loss	-	(115,845)	(115,845)
Total comprehensive income/(loss) for the year	2,085,683	(115,845)	1,969,838
Balance at 30 June 2012	15,858,088	502,057	16,360,145

Parent entity

	Retained earnings \$	Asset revaluation reserve \$	Total \$
Balance at 1 July 2010	11,966,364	518,156	12,484,520
Surplus for the year	1,806,041	-	1,806,041
Other comprehensive income	-	99,746	99,746
Total comprehensive income for the year	1,806,041	99,746	1,905,787
Balance at 30 June 2011	13,772,405	617,902	14,390,307
Surplus for the year	2,204,258	-	2,204,258
Other comprehensive loss	-	(115,845)	(115,845)
Total comprehensive income/(loss) for the year	2,204,258	(115,845)	2,088,413
Balance at 30 June 2012	15,976,663	502,057	16,478,720

Statements of cash flows for the financial year ended 30 June 2012

	Consolidated Entity		Parent Entity	
	2012 \$	2011 \$	2012 \$	2011 \$
Cash flows from operating activities				
Receipts from members	5,876,338	5,882,563	5,876,338	5,882,563
Receipts from other activities	12,132,207	14,345,595	9,680,117	11,849,539
Payments to suppliers and employees	(14,782,801)	(18,248,789)	(12,194,963)	(15,749,563)
Interest and finance costs paid	(174,893)	(124,353)	(174,893)	(124,353)
Interest received	114,682	325,978	110,489	320,930
Net cash provided by operating activities	3,165,533	2,180,994	3,297,088	2,179,116
Cash flows from investing activities				
Payments for other financial assets	(167,924)	(1,330,134)	(167,924)	(1,330,134)
Payments for property, plant and equipment	(10,135,734)	(539,287)	(10,135,734)	(539,287)
Payments for intangible assets	(3,947,000)	-	(3,947,000)	-
Net cash used in investing activities	(14,250,658)	(1,869,421)	(14,250,658)	(1,869,421)
Cash flows from financing activities				
Net proceeds from related party borrowings	300,526	-	278,261	-
Net proceeds from borrowings	4,020,055	-	4,020,055	-
Net cash provided by financing activities	4,320,581	-	4,298,316	-
Net (decrease)/increase in cash and cash equivalents	(6,764,544)	311,573	(6,655,254)	309,695
Cash and cash equivalents at the beginning of the financial year	8,482,357	8,170,784	8,206,686	7,896,991
Cash and cash equivalents at the end of the financial year	1,717,813	8,482,357	1,551,432	8,206,686

Discussion and analysis of the financial statements

Information on Master Builders Association of Victoria Concise Financial Report

The concise financial report of Master Builders Association of Victoria is an extract from the financial report. The financial statements and specific disclosures included in the concise financial report have been derived from the financial report.

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the entity as the financial report.

A copy of the full financial report and auditors report will be sent to any member, free of charge, upon request.

The discussion and analysis is provided to assist members in understanding the concise financial report. The discussion and analysis is based on the Master Builders Association of Victoria financial statements and the information contained in the concise financial report has been derived from the full 2012 financial report of the Master Builders Association of Victoria.

Statement of comprehensive income

The consolidated operating surplus for the year is \$2,085,683, a \$279,642 increase from the year ended 30 June 2011.

Training income and associated training expenditure decreased compared to the prior year, however this was offset by higher revenue from insurance commissions and commercial operations than the previous period.

Statement of financial position

Total consolidated assets have increased by \$8,563,449. The increase was due to the purchase of the building and associated equipment to house the Brady Street Building Leadership Simulation Centre combined with the licence fee purchased for the operation of the Centre.

Consolidated liabilities increased by \$6,593,611 due to borrowings of \$6,020,055 to establish the Building Leadership Simulation Centre.

Statement of cash flows

Despite an inflow in cash generated from operating activities of \$3,165,533, there was a total net cash outflow of \$6,764,544 for the year. This was applied to establishment of the Building Leadership Simulation Centre.

Changes in Equity

Retained earnings increased due to the operating surplus. Reserves decreased due to the unrealised loss in the value of shares held at year end.

1. Basis of preparation

The concise financial report has been prepared in accordance with the Corporations Act 2001 and Accounting Standards AASB 1039 'Concise Financial Reports'. The concise financial report, including the financial statements and specific disclosures included in the concise financial report, has been derived from the full financial report of Master Builders Association of Victoria.

A full description of the accounting policies adopted by the Group is provided in the notes to the financial statements which form part of the full financial report.

2. Adoption of new and revised Accounting Standards

2.1 Standards and Interpretations affecting amounts reported in the current year (and/or prior years)

The following new and revised Standards and Interpretations have been adopted in the current year and have affected the amounts reported in these financial statements. Details of other Standards and Interpretations adopted in these financial statements but that have had no effect on the amounts reported are set out in section 2.2.

Amendments to AASB 101 'Presentation of Financial Statements'	The amendments (part of AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.
Amendments to AASB 7 'Financial Instruments: Disclosure'	The amendments (part of AASB 2010-4 'further Amendments to Australian Accounting Standards arising from the Annual Improvements project') clarify the required level of disclosures about credit risk and collateral held and provide relief from disclosures previously required regarding renegotiated loans.
AASB 124 'Related Party Disclosures' (revised December 2009)	<p>AASB 124 (revised December 2009) has been revised on the following two aspects: (a) AASB 124 (revised December 2009) has changed the definition of a related party and (b) AASB 124 (revised December 2009) introduces a partial exemption from the disclosure requirements for government-related entities.</p> <p>The company and consolidated entity are not Government related entities. The application of the revised definition of a related party as set out in AASB 124 (revised December 2009) in the current year has not revised in the identification of related parties that were not identified as related parties under the previous standard.</p>

2. Adoption of new and revised Accounting Standards (cont'd)

AASB 1054 'Australian Additional Disclosures' and AASB 2011-1 'Amendments to Australian Accounting Standards arising from Trans-Tasman Convergence Project' adopted in IFRSs.

AASB 1054 sets out the Australian-specific disclosures for entities that have adopted Australian Accounting Standards. This Standard contains disclosure requirements that are in addition to IFRSs in areas such as compliance with Australian Accounting Standards, the nature of financial statements (general purpose or special purpose), audit fees, imputation (franking) credits and the reconciliation of net operating cash flow to profit (loss).

AASB 2011-1 makes amendments to a range of Australian Accounting Standards and Interpretations for the purpose of closer alignment to IFRSs and harmonisation between Australian and New Zealand Standards. The Standard deletes various Australian-specific guidance and disclosures from other Standards (Australian-specific disclosures retained are now contained in AASB 1054), and aligns the wording used to that adopted in IFRSs.

The application of AASB 1054 and AASB 2011-1 in the current year has resulted in the simplification of disclosures in regards to audit fees, franking credits and capital and other expenditure commitments as well as an additional disclosure on whether the Group is a for-profit or not-for-profit entity.

2.2 Standards and Interpretations adopted with no effect on financial statements

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

AASB 2009-12 'Amendments to Australian Accounting Standards

The Standard also makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, which includes AASB 108. The application of AASB 2009-12 has not had any material effect on amounts reported in the financial statements.

AASB 1048 'Interpretation of Standards' (revised)
Effective: Periods ending 30 June 2012

AASB 1048 identifies the Australian Interpretations and classifies them into two groups: those that correspond to an IASB Interpretation and those that do not. Entities are required to apply each relevant Australian Interpretation in preparing financial statements that are within the scope of the Standard. The revised version of AASB 1048 updates the lists of Interpretations for new and amended Interpretations issued since the June 20120 version of AASB 1048.

AASB 2010-5 'Amendments to Australian Accounting Standards'

The Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, which includes AASB 101 and AASB 107. The application of AASB 2010-5 has not had any material effect on amounts reported in the financial statements.

2.3 Standards and Interpretations issued not yet effective

At the date of authorisation of the financial report, a number of Standards and Interpretations were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', AASB 200911 'Amendments to Australian Accounting Standards arising from AASB 9' and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9(December 2010)	1 January 2013	30 June 2014
AASB 10 'Consolidated Financial Statements'	1 January 2013	30 June 2014
AASB 12 'Disclosure of Interests in Other Entities'	1 January 2013	30 June 2014
AASB 127 'Separate Financial Statements'(2011)	1 January 2013	30 June 2014
AASB 128 'Investments in Associates and Joint Ventures' (2011)	1 January 2013	30 June 2014
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	1 January 2013	30 June 2014
AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'	1 January 2013	30 June 2014
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1 July 2013	30 June 2014
AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014

2. Adoption of new and revised Accounting Standards (cont'd)

2.3 Standards and Interpretations issued not yet effective (cont'd)

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2011-9 'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income'	1 July 2012	30 June 2013
Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)	1 January 2014	30 June 2015
Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)	1 January 2013	30 June 2014
Mandatory Effective Date of IFRS 9 and Transition Disclosures (Amendments to IFRS 9 and IFRS 7)	1 January 2015	30 June 2016
AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 cycle'	1 January 2013	30 June 2014

3. Information to Be Provided to Members or Registrar

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of the members is drawn to the provisions of the sub-sections (1),(2) and (3) of Section 272 of RAO Schedule to the Fair Work (Registered Organisations) Act 2009, which reads as follows:-

- (1) A member of a reporting unit, or a registrar, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- (2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.
- (3) A reporting unit must comply with an application made under subsection (1)

	Consolidated Entity		Parent Entity	
	2012	2011	2012	2011
	\$	\$	\$	\$
4. Revenue				
Operating activities				
Membership fees	5,876,338	5,882,563	5,876,338	5,882,563
Insurance commission	640,357	415,841	640,357	411,749
Sale of documents	986,906	951,512	986,906	951,012
Sundry income	1,794,472	2,580,532	1,794,472	2,649,629
Rental income	346,754	270,665	346,754	270,665
Planning and building services	2,502,748	2,430,918	-	-
Training division	6,863,300	6,928,913	6,863,300	6,928,913
Commercial income	1,075,490	498,245	1,075,490	498,245
	<u>20,086,365</u>	<u>19,959,189</u>	<u>17,583,617</u>	<u>17,592,776</u>
Non-operating activities				
Interest received	114,682	325,978	110,489	320,930
Total revenue	<u>20,201,047</u>	<u>20,285,167</u>	<u>17,694,106</u>	<u>17,913,706</u>

5. Segment reporting

The operations are limited to one operating activity and geographic segment.