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From: ROC - Registered Org Commission
Sent: Thursday, 21 December 2017 10:56 AM
To: 'Angelo Simonetto'; 'mbassist@mbav.com.au'
Cc: 'Collie, Rob (AU - Melbourne)'
Subject: FR2017/43 FRS268 Reporting - FW(RO) Act 2009 - Master Builders Association of Victoria. [SEC=UNCLASSIFIED]
Attachments: MBA VIC_FR2017_43_Filing letter_21122017.pdf

UNCLASSIFIED

Dear Ms Fasham

Please see attached my letter in relation to the above financial report. I have also copied this email to Mr Collie of Deloitte Touche Tohmatsu.

Yours faithfully

DAVID VALE

Principal Adviser
Financial Reporting

Registered Organisations Commission

Tel: (02) 8293 4654
david.vale@roc.gov.au

GPO Box 2983, MELBOURNE VIC 3001 | Street address: Level 13, 175 Liverpool Street Sydney NSW 2000

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www.roc.gov.au



Australian Government
Registered Organisations Commission

Please consider the environment before printing this message

From: Angelo Simonetto [<mailto:ASimonetto@mbav.com.au>]
Sent: Thursday, 7 December 2017 2:29 PM
To: ROC - Registered Org Commission <regorgs@roc.gov.au>
Subject: FR2017/43 FRS268 Reporting - FW(RO) Act 2009 - Master Builders Association of Victoria.

Dear ROC

Find attached the documents pursuant to the requirement of s268 of the Fair Work (Registered Organisations) Act 2009 lodged on behalf of the Master Builders Association of Victoria.

Regards



21 December 2017

Ms Melanie Fasham
President
Master Builders' Association of Victoria
GPO Box 544
Melbourne VIC 3001
mbassist@mbav.com.au

CC: rcollie@deloitte.com.au

Dear Ms Fasham,

**Master Builders' Association of Victoria
Financial Report for the year ended 30 June 2017 - [FR2017/43]**

I acknowledge receipt of the financial report of the Master Builders' Association of Victoria. The documents were lodged with the Registered Organisations Commission (the ROC) on 7 December 2017.

The financial report has now been filed.

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

Please note that the financial report for the year ending 30 June 2018 may be subject to an advanced compliance review.

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

References to legislation and the ROC

It has been noted that within the financial documents that some references are made to old legislation. For example, the Designated Officer's Certificate refers to 'section 279(1) of the *Workplace Relations Act 1996*', Note 5 in the Concise Financial Report refers to 'section 255 of Schedule 1B of the RAO', whilst Note 4 in the Financial Statement refers to the 'Registrar' and the 'General Manager'.

In future years, the organisation is required to change those references to the current legislation, that is, the *Fair Work (Registered Organisations) Act 2009* or the *Fair Work (Registered Organisations) Regulations 2009*. Also, references to the 'Registrar' and the 'General Manager' should now be the 'Commissioner'.

Reporting Requirements

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

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

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

Yours faithfully

A handwritten signature in blue ink that reads "David Vale". The signature is written in a cursive style and is contained within a thin blue rectangular border.

David Vale
Registered Organisations Commission

Master Builders Association of Victoria

S268 Fair Work (Registered Organisations) Act 2009

Certificate by Prescribed Designated Officer

I, Melanie Fasham 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 for the Master Builders Association of Victoria for the period ended 30 June 2017 referred to in S268 Fair Work (Registered Organisations) Act 2009; and
- that the concise report was provided to members of the Master Builders Association of Victoria on 31 October 2017; and
- that the full report was presented to a general meeting of members of the reporting unit on 28 November 2017 in accordance with s266 of the Fair Work (Registered Organisations) Act 2009.

I 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: Melanie Fasham

Name: Melanie Fasham

Title: President

Date: 7 / 12 / 2017



Master Builders Association of Victoria

ACN 004 255 654

(A Company Limited By Guarantee)

2016/2017 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 RON JOORDENS 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 ACTIVITIES OF THE REPORTING UNIT AS THE FULL REPORT.



Concise financial report for the financial year ended 30 June 2017

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Melanie Fasham, President

In my first term as Master Builders Association of Victoria President I've been impressed by our team's depth of support, knowledge and dedication.

Master Builders is forward thinking. We are an innovative organisation always looking out for the best interests of our members, striving for ways to help them continue their quality work, while supporting them through the everyday challenges.

Our sector is the largest employer of trade apprentices in the Australian economy and I'm so proud of the work our ALink team does to support young people in their careers. I had the pleasure of presenting at the Master Builders State Apprentice of the Year Awards this year where a record number of attendees (more than 900) saw our young apprentices recognised. The success of this event was testament to the hard work our team has been doing to support the future of our industry.

Beside the work with our apprentices, the full range of departments at Master Builders have been busy all year. Our MBAssist call centre has taken 107,750 phone calls, working tirelessly to help with a wide range of enquiries every day. Our legal department has taken 4730 phone calls, assisting members with a range of legal enquiries.

We were named Victorian Small Training Provider of the Year 2016 and in this financial year, have opened two new training venues in Ringwood and Rockbank. We have continued to deliver exceptional training with 78,473 hours delivered and more than 4000 students trained. This included special programs at our Building Leadership Simulation Centre for former Toyota employees, as a way to get them job ready. We have refreshed a broad range of our training offerings while expanding the number of training locations to make learning easier and more convenient and we have staff ranging across Victorian and Melbourne who are leaders in our industry.

Master Builders enters its 142nd year with many assets and achievements to boast. Reputation is one of our biggest assets and something our recent marketing campaign highlights. The campaign asks "Is your builder a Master Builder?" reiterating the importance of working with a reputable builder. This is the question we started asking in our advertising 20 years ago and it remains relevant to the Master Builders brand today. It tells people that what we offer is peace of mind. For builders, it provides immediate credibility.

Now, as ever, our goal is to raise industry standards, advocate on behalf of builders and help the public get the best possible building experience.

This year we continued meeting regularly with key government, regulatory and media figures to ensure your voice is heard. Our State Budget submission *Master Builders' Priorities 2017* outlines our



Annual Report foreword



goals for the year ahead. We scored successes and built momentum in lobbying efforts, including: universal trades registration, the re-establishment of the Australian Building and Construction Commission and Domestic Building Insurance, pushed for greater investment and opportunities in building technologies and continued our call for a Minister for Building and Construction.

As Melbourne's population continues to grow and is expected to overtake Sydney within the next decade, Master Builders continues to be a relevant, important and leading industry voice for those who will be building the future of our state.

The past financial year has been challenging, but Master Builders has continued to work hard on the issues that are important to the industry to help your business thrive.

It's great to have your support, and an honour to serve you.

A handwritten signature in black ink that reads "Melanie Fasham". The signature is written in a cursive, flowing style.

Melanie Fasham

President

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 2017.

Principal Activities

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

There were no significant changes to the Association's principal activities during the year.

Financial Results

The consolidated surplus from operating activities for the year was \$1,140,454 (2016: surplus \$1,833,992). The Association is exempt from paying income tax.

Review of Operations

The result for the year is considered satisfactory given the challenges faced by sectors of the business, particularly during the first half of the year.

Some of the highlights are as follows:

- The Association's strong contribution to significant legislative and regulatory changes at both state and federal level
- Continued positive growth of the Building Leadership Simulation Centre's operations
- Strong retention growth in membership after remaining constant in recent years
- The outstanding achievement of our training operations in achieving Victorian Small Training Provider of the year
- The appointment of MBA Insurance Services as a distributor of the State's Home Warranty Insurance product.

The Association is well placed to meet any future challenges.

Significant Changes

No significant changes in the financial affairs of the Association have occurred during the financial year.

Rights of members to resign

- (1) A member may resign from membership by written notice addressed and delivered to the CEO.
- (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.

Council of Management operating report (cont'd)

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 CEO 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 Association 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 June 2017: 9,116 (2016: 8,742)
- (2) Employees of the reporting unit as at 30 June 2017: 109 equivalent full time staff (2016: 119 equivalent full time staff).
- (3) Members of the Council of Management during or since the financial year ended 30 June 2017:

Barber, L (retired 22 November 2016)	King, N
Barron, A	Levin, A
Basel, T (retired 22 November 2016)	Liddle, B
Cameron, M (retired 22 November 2016)	Moyle, D
Clemenger, M	Peluso, S (appointed 22 November 2016)
Cumbo, J	Picking, P
Fasham, M	Purcell, G
Gardiner, P	Robinson, P
Grenfell, N	Rogan, B (retired 14 November 2016)
Hansen, R	Salvatore, C
Hawkey, I	Sanfilippo, J

Council of Management operating report (cont'd)

For and on behalf of Council of Management



Jarrad Sanfilippo
Treasurer

19 September 2017

Directors' report

The directors of Master Builders Association of Victoria submit herewith the annual financial report of the Association for the financial year ended 30 June 2017. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

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

Board of Management (Committee of Directors)

Clemenger, M	Moyle, D
Fasham, M	Peluso, S (appointed 22 November 2016)
Grenfell, N	Picking, P
Hansen, R	Sanfilippo, J
Hawkey, I	

Council of Management (Directors)

Barber, L (retired 22 November 2016)	King, N
Barron, A	Levin, A
Basel, T (retired 22 November 2016)	Liddle, B
Cameron, M (retired 22 November 2016)	Moyle, D
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Cumbo, J	Picking, P
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Hansen, R	Salvatore, C
Hawkey, I	Sanfilippo, J

Principal Activities

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

There were no significant changes to the Association's principal activities during the year.

Financial Results

The consolidated surplus from operating activities for the year was \$1,140,454 (2016: surplus \$1,833,992). The Association is exempt from paying income tax.

Directors' report (cont'd)

Review of Operations

The result for the year is considered satisfactory given the challenges faced by sectors of the business, particularly during the first half of the year.

Some of the highlights are as follows:

- The Association's strong contribution to significant legislative and regulatory changes at both state and federal level
- Continued positive growth of the Building Leadership Simulation Centre's operations
- Strong retention growth in membership after remaining constant in recent years
- The outstanding achievement of our training operations in achieving Victorian Small Training Provider of the year
- The appointment of MBA Insurance Services as a distributor of the State's Home Warranty Insurance product.

The Association is well placed to meet any future challenges.

The key objective of the Association is to be the leader of our industry by representing members' interests through the provision of superior products and services with the support of our staff in achieving a high standard of performance.

In the short term these objectives are as follows:

- Develop acquisition and retention strategies in relation to our membership base
- Continually review the provision of appropriate products and services
- Build strong connections with stakeholders including governments, unions, consumers and other related industry organisations
- Continue to strengthen the financial viability of the Association.

Longer term objectives to be considered include:

- Develop our customer centric business systems and processes through regular review and investment
- Strengthen our appeal to the next generation of customers through the offer of products and services via social media
- Identify and respond to new market opportunities and new customers both nationally and internationally.

The Council of Management has approved the Business Plan for 2017/18 which outlines the key strategies to be implemented over the coming year thereby ensuring the Association meets its key objectives.

These strategies include:

- Development of expansion strategy for Master Builders training
- Evaluate and recommend the implementation of innovative and valued products and services
- Continue to capitalise on our strong brand position
- Continue to develop staff to deliver exceptional service to our members.

Directors' report (cont'd)

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

- Preparation of an annual budget and monthly review of actual performance against budget
- The monthly monitoring of key performance and financial indicators by the Board of Management
- Continually review the provision of appropriate products and services

Preparation of an annual strategic plan and periodic review and implementation of same.

Dividends

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

Significant Changes

No significant changes in the state of affairs of the Association have occurred during the financial year.

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 Association with any Director, or with a firm of which a Director is a member, or with an Association in which a Director has a substantial financial interest.

Environmental Issues

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

Indemnifying Officer or Auditor

During the financial year the Association has paid a total premium of \$15,000 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 Association, other than conduct involving a willful breach of duty in relation to the Association.

Directors' report (cont'd)

Indemnifying Officer or Auditor (cont'd)

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

The Association has not otherwise, during or since the financial year, in respect of any person who is or has been an officer or auditor of the Association 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:

Information on Council of Management Directors

During the year there were 4 Council meetings were held.

Name	Age	Qualifications	Number of meetings eligible to attend	Number of meetings attended
BARBER Lindsay Retired 22 November 2016	55	Director	2	4
BARRON Adam	38	Director	4	4
BASEL Tom Retired 22 November 2016	49	Director	2	1
CAMERON Michael Retired 22 November 2016	40	Director	2	2
CLEMENGER Michael	42	Director	4	3
CUMBO Joseph	68	Director	4	4
FASHAM Melanie	44	Director	4	4
GARDINER Paul	55	Director	4	3
GRENFELL Neil	66	Director	4	3
HANSEN Richard	45	Director	4	4
HAWKEY Ian	64	Director	4	4
KING Natalie	45	Director	4	4
LEVIN Ashley	54	Director	4	3
LIDDLE Brendan	52	Director	4	2
MOYLE David	34	Director	4	2
PELSUO Steven Appointed 2 November 2016	50	Director	3	2
PICKING Peter	61	Director	4	4
PURCELL Geoffrey	45	Director	4	2
ROBINSON Phillip	70	Director	4	4
ROGAN Benjamin Retired 14 November 2017	37	Director	1	-
SALVATORE Claude	51	Director	4	4
SANFILIPPO Jarrod	39	Director	4	2

Directors' report (cont'd)

Information on Board of Management Directors (Committee of Directors)

During the year there were 10 Board of Management meetings were held.

Name	Age	Qualifications	Number of meetings eligible to attend	Number of meetings attended
CLEMENGER Michael	42	Director	10	9
FASHAM Melanie	44	Director	10	10
GRENFELL Neil	66	Director	10	9
HANSEN Richard	45	Director	10	8
HAWKEY Ian	64	Director	10	10
MOYLE David	34	Director	10	5
PELSUO Steven Appointed 2 November 2016	50	Director	5	4
PICKING Peter	61	Director	10	10
SANFILIPPO Jarrod	38	Director	10	8

Information on Association secretary

Name	Age	Qualifications	Number of meetings eligible to attend	Number of meetings attended
DE SILVA Radley	63	CEO	10	10

Leave of Court

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

The Association 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 2017 there were 9,116 members (2016: 8,742).

Auditor's Independence Declaration

The auditor's independence declaration is included on page 12 of the annual report.

Directors' report (cont'd)

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



Melanie Fasham
Director



Jarrod Sanfilippo
Director

East Melbourne, 19 September 2017

Statement by Council of Management

On 19 September 2017 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 2017.

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

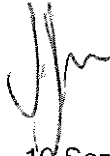
- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the General Manager;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
- (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 RO Act; 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
 - (v) where information has been sought in any request by a member of the reporting unit or General Manager duly made under section 272 of the RO Act has been provided to the member or General Manager; and
 - (vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.
- (f) No revenue has been derived from undertaking recovery of wages activity during the reporting period.

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

For Board of Management: Jarrod Sanfilippo

Title of Office held: Treasurer

Signature:



Date: 19 September 2017

The Council of Management
Master Builders Association of Victoria
332 Albert Street
EAST MELBOURNE VIC 3002

19 September 2017

Dear Council Members,

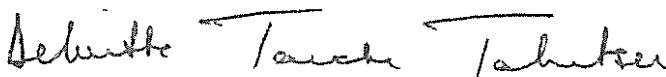
Master Builders Association of Victoria

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 2017, 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

Report of the Independent Auditor on the to the Members of the Master Builders Association of Victoria

Opinion

The Concise Financial Statements, which comprise the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and related notes, are derived from the audited Financial Report of the Master Builders Association of Victoria for the year ended 30 June 2017.

In our opinion, the accompanying Concise Financial Statements are consistent, in all material respects, with the audited Financial Report in accordance with Accounting Standard AASB 1039 Concise Financial Reports.

Concise Financial Statements

The Concise Financial Statements do not contain all the disclosures required by the Australian Accounting Standards. Reading the Concise Financial Statements and the auditor's report thereon, therefore, is not a substitute for reading the audited Financial Report and the auditor's report thereon. The Concise Financial Statements and the audited Financial Report do not reflect the effects of events that occurred subsequent to the date of our report on the audited Financial Report.

Other Information

The Directors are responsible for the other information. The other information comprises the Council of Management Operating Report, the Directors' Report, the Statement by the Council of Management and the discussion and analysis and other disclosures which were not directly derived from the Financial Report or the concise Financial Statements of the year, but does not include the Concise Financial Statements and our auditor's report thereon.

Our opinion on the Concise Financial Statements do not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

The Audited Financial Report and Our Report Thereon

We expressed an unmodified audit opinion on the audited Financial Report in our report dated 19 September 2017.



The Directors Responsibility for the Concise Financial Statements

The Directors are responsible for the preparation of the Concise Financial Statements in accordance with the Accounting Standard AASB 1039 Concise Financial Reports and for such internal control as the Directors determine is necessary to enable the preparation of the Concise Financial Statements consistent in all material respects with the audited Financial Report.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the concise financial statements are consistent, in all material respects, with the audited financial report based on our procedures, which were conducted in accordance with Auditing Standard ASA 810 *Engagements to Report on Summary Financial Statements*.

DELOITTE TOUCHE TOHMATSU

Robert D D Collie, FCA
Partner

Chartered Accountants

Melbourne, 19 September 2017

Registered company auditor: 154585


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



Melanie Fasham
Director



Jarrod Sanfilippo
Director

East Melbourne, 19 September 2017

Statements of profit or loss and other comprehensive income for the year ended 30 June 2017

	Note	Consolidated Entity		Parent Entity	
		2017	2016	2017	2016
		\$	\$	\$	\$
Revenue	4	24,223,385	24,609,493	20,541,188	20,925,593
Employee benefits expenses		(11,779,522)	(11,849,689)	(9,141,514)	(8,981,900)
Depreciation expense		(855,772)	(944,366)	(855,772)	(944,366)
Amortisation expenses		(891,550)	(394,700)	(891,550)	(394,700)
Premises expenses		(971,942)	(898,464)	(828,700)	(755,346)
Travel, accommodation & motor vehicles		(529,074)	(649,990)	(327,309)	(431,643)
Telephone & postage		(311,096)	(341,131)	(240,957)	(269,502)
Administration expenses	5	(6,272,759)	(6,165,835)	(5,930,512)	(6,233,987)
Cost of goods sold-document sales		(574,869)	(650,453)	(360,364)	(419,683)
Finance costs		(41,151)	(126,805)	(39,636)	(125,306)
Impairment reversal		-	-	35,954	195,616
Promotional activity expenses		(855,196)	(704,068)	(851,907)	(698,027)
Profit before tax		1,140,454	1,883,992	1,108,921	1,866,749
Income tax expense		-	-	-	-
Profit for the year		1,140,454	1,883,992	1,108,921	1,866,749
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Movement in value of available for sale investments		110,212	(115,754)	110,212	(115,754)
Total comprehensive income for the year		1,250,666	1,768,240	1,219,133	1,750,995

Statements of financial position at 30 June 2017

	Note	Consolidated Entity		Parent Entity	
		2017	2016	2017	2016
		\$	\$	\$	\$
Current assets					
Cash and cash equivalents		3,862,206	3,780,523	3,675,405	3,657,483
Trade and other receivables	6	2,677,825	2,512,674	2,146,283	2,017,818
Other financial assets		1,054,250	1,074,394	1,054,250	1,074,394
Inventories		188,797	228,647	188,797	228,647
Other assets		440,574	219,140	432,313	219,124
Total current assets		8,223,652	7,815,378	7,497,048	7,197,466
Non-current assets					
Property, plant and equipment		17,104,066	17,867,388	17,104,066	17,867,388
Intangible assets		3,732,112	3,566,200	3,732,112	3,566,200
Other financial assets		1,790,029	1,392,727	1,790,033	1,392,731
Total non-current assets		22,626,207	22,826,315	22,626,211	22,826,319
Total assets		30,849,859	30,641,693	30,123,259	30,023,785
Current liabilities					
Trade and other payables	7	2,368,738	2,825,574	1,970,660	2,458,874
Other liabilities		3,397,002	3,269,883	3,397,002	3,269,883
Borrowings		615,000	-	615,000	-
Provisions	8	1,467,890	1,445,475	1,235,112	1,195,902
Total current liabilities		7,848,630	7,540,932	7,217,774	6,924,659
Non-current liabilities					
Borrowings		-	1,435,000	-	1,435,000
Provisions	8	205,990	121,188	108,498	86,272
Total non-current liabilities		205,990	1,566,188	108,498	1,521,272
Total liabilities		8,054,620	9,097,120	7,326,272	8,445,931
Net assets		22,795,239	21,544,573	22,796,987	21,577,854
Equity					
Retained earnings		22,634,480	21,494,026	22,636,228	21,527,307
Reserves	9	160,759	50,547	160,759	50,547
Total equity		22,795,239	21,544,573	22,796,987	21,577,854

Statements of changes in equity for the year ended 30 June 2017

Consolidated entity

	Retained earnings \$	Investment revaluation reserve \$	Total \$
Balance at 1 July 2015	19,610,034	166,301	19,776,335
Profit for the year	1,883,992	-	1,883,992
Other comprehensive loss	-	(115,754)	(115,754)
Total comprehensive income/(loss) for the year	1,883,992	(115,754)	1,768,238
Balance at 30 June 2016	21,494,026	50,547	21,544,573
Balance at 1 July 2016	21,494,026	50,547	21,544,573
Profit for the year	1,140,454	-	1,140,454
Other comprehensive loss	-	110,212	110,212
Total comprehensive income/(loss) for the year	1,140,454	110,212	1,250,666
Balance at 30 June 2017	22,634,480	160,759	22,795,239

Statements of changes in equity for the year ended 30 June 2017

Parent entity

	Retained earnings \$	Investment revaluation reserve \$	Total \$
Balance at 1 July 2015	19,660,558	166,301	19,826,859
Surplus for the year	1,866,749	-	1,866,749
Other comprehensive loss	-	(115,754)	(115,754)
Total comprehensive income/(loss) for the year	1,866,719	(115,754)	1,750,995
Balance at 30 June 2016	21,527,307	50,547	21,577,854
Balance at 1 July 2016	21,527,307	50,547	21,577,854
Surplus for the year	1,108,921	-	1,108,921
Other comprehensive loss	-	110,212	110,212
Total comprehensive income for the year	1,108,921	110,212	1,219,133
Balance at 30 June 2017	22,636,228	160,759	22,796,987

Statements of cash flows for the year ended 30 June 2017

	Consolidated Entity		Parent Entity	
	2016 \$	2017 \$	2016 \$	2017 \$
Cash flows from operating activities				
Receipts from membership subscriptions	6,449,374	6,302,632	6,449,374	6,302,632
Receipts from other activities	17,168,887	18,564,052	14,011,689	13,738,773
Payments to suppliers and employees	(21,066,105)	(22,159,267)	(16,634,460)	(17,466,972)
Interest and finance costs paid	(41,151)	(126,805)	(39,636)	(8,307)
Interest received	42,456	51,111	41,369	49,578
Net cash provided by operating activities	2,553,461	2,631,723	3,828,336	2,615,705
Cash flows from investing activities				
Net payments for investments	(287,090)	(369,619)	(287,090)	(369,619)
Payments for long term investments	(1,054,250)	-	(1,054,250)	-
Proceeds from sale of property, plant and equipment	3,423	15,978	3,423	15,978
Payments for property, plant and equipment	(246,741)	(333,995)	(246,741)	(333,995)
Payments for intangible assets	(906,594)	(1,198,000)	(906,594)	(1,198,000)
Net (payments to) / receipts from related parties	(234,920)	81,606	(1,573,556)	130,121
Net cash used in investing activities	(2,726,172)	(1,804,030)	(4,064,808)	(1,755,515)
Cash flows from financing activities				
Repayment of borrowings	(820,000)	(936,055)	(820,000)	(936,055)
Net cash used in financing activities	(820,000)	(936,055)	(820,000)	(936,055)
Net decrease in cash and cash equivalents	(992,711)	(108,362)	(1,056,472)	(75,865)
Cash and cash equivalents at the beginning of the financial year	4,854,917	4,963,279	4,731,877	4,807,742
Cash and cash equivalents at the end of the financial year	3,862,206	4,854,917	3,675,405	4,731,877

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 2017 financial report of the Master Builders Association of Victoria.

Statement of comprehensive income

The consolidated operating surplus for the year is \$1,140,454 a \$743,538 decrease from the year ended 30 June 2017.

A key factor to this result was a reduction in training division income of \$464,290 due to increased competition in the market in terms of price and number of training providers.

Statement of financial position

Total consolidated assets have increased by \$208,166 (2016: increased by \$125,064). An increase in the amortisation of intangible assets has been offset by the increase in capital work in progress of intangible assets (software).

Working capital is \$375,022 (2016: \$274,466). This movement is largely the result of increased cash, trade and other receivables and prepayments.

Consolidated liabilities decreased by \$1,042,500 (2016: decreased by \$1,643,174) due to the reduction in borrowings.

Statement of cash flows

Despite inflow from cash generated from operating activities of \$2,553,461 (2016: \$2,631,723), there was a total net cash outflow of \$992,711 (2016: outflow \$108,362) for the year. This was applied to the repayment of long term borrowings, intangible assets and the transfer of cash to long term investments.

Changes in Equity

Retained earnings increased due to the operating surplus. Reserves increased due to the increased level of unrealised profit 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, the Fair Work (Registered Organisation) Act 2009 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 general purpose 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 Amendments to Accounting Standards that are mandatorily effective for the current reporting period

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for an accounting period that begins on or after 1 July 2016.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

- AASB 1057 *Application of Australian Accounting Standards* and AASB 2015-9 *Amendments to Australian Accounting Standards – Scope and Application Paragraphs*
- AASB 2014-4 *Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation*
- AASB 2015-1 *Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle*
- AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101*

The application of these amendments does not have any material impact on the disclosures or the amounts recognised in the financial statements.

2. Adoption of new and revised Accounting Standards (continued)

2.2 New and revised Australian Accounting Standards in issue but not yet effective

At the date of authorisation of the financial statements, the Group has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective:

Standard/amendment	Effective for annual reporting periods beginning on or after
AASB 9 <i>Financial Instruments</i>	1 January 2018
AASB 15 Revenue from Contracts with Customers, 2014-5 <i>Amendments to Australian Accounting Standards arising from AASB 15, 2015-8 Amendments to Australian Accounting Standards – Effective date of AASB 15, 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15</i>	1 January 2018
AASB 16 – <i>Leases</i>	1 January 2019
AASB 2015-10 Amendments to Australian Accounting Standards – <i>Effective Date of Amendments to AASB 10 and AASB 128</i>	1 January 2018
AASB 2017-2 Amendments to Australian Accountant Standards – <i>Further Annual Improvements 2014-2016 Cycle</i>	1 January 2017

The potential effect of the revised standards/interpretations on the Group's financial statements has not yet been determined.

2. 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, which reads as follows:-

1. A member of a reporting unit, or the General Manager, 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).

Master Builders Association of Victoria
Notes to the financial statements

	Consolidated Entity		Parent Entity	
	2017	2016	2017	2016
	\$	\$	\$	\$
4. Revenue				
Operating activities				
Membership subscriptions	6,322,255	6,176,232	6,322,255	6,176,232
Insurance commission	1,527,830	1,382,778	1,543,130	1,382,778
Sale of documents	961,589	1,082,411	961,589	1,082,411
Sundry income	997,835	988,371	926,510	989,614
Rental income	272,993	211,402	524,993	464,758
Gain on sale of fixed assets	-	5,977	-	5,977
Planning and building services	3,395,781	3,497,451	-	-
Training division	3,538,147	4,002,437	3,017,794	3,445,920
Commercial income	139,396	75,415	139,396	75,415
Capitation fees	-	-	-	-
Compulsory levies	-	-	-	-
Grants	7,025,103	7,135,908	7,025,103	7,135,908
Donations	-	-	-	-
	<u>24,180,929</u>	<u>24,558,382</u>	<u>20,460,770</u>	<u>20,759,015</u>
Non-operating activities				
Interest received	42,456	51,111	80,418	166,578
Total revenue	<u>24,223,385</u>	<u>24,609,493</u>	<u>20,541,188</u>	<u>20,925,593</u>

Financial support has not been received from another reporting unit.

	Consolidated Entity		Parent Entity	
	2017	2016	2017	2016
	\$	\$	\$	\$

5. Profit for the year before tax

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

Consideration to employers for payroll deductions	-	-	-	-
Compulsory levies	-	-	-	-
Capitation fees	-	-	-	-
Affiliation fees	-	-	-	-
Fees/allowance – meeting and conferences	-	-	-	-
Penalties – via RO Act or RO Regulations	-	-	-	-
Legal fees (i)	30,829	5,944	30,829	4,977
Affiliation fees Master Builders Association Ltd and other congress organisations	680,712	668,128	680,712	668,128
Other fees and subscriptions	140,726	119,084	93,623	76,338
Grants and donations (ii)	2,450	102,400	2,450	102,400
Conference/meeting expenses	27,815	52,072	27,815	52,072

(i) Legal costs

Litigation	13,295	-	13,295	-
Other legal matters	17,534	5,944	17,534	4,977
Total legal costs	30,829	5,944	30,829	4,977

(ii) Grants or donations

Grants:				
Total paid that were \$1,000 or less	-	-	-	-
Total paid that exceeded \$1,000	-	-	-	-
Donations				
Total paid that were \$1,000 or less	2,450	1,170	2,450	1,170
Total paid that exceeded \$1,000	-	101,230	-	101,230
Total grants or donations	2,450	102,400	2,450	102,400

	Consolidated Entity		Parent Entity	
	2017	2016	2017	2016
	\$	\$	\$	\$
5. Profit for the year before tax (cont'd)				
(iii) Employee expenses:				
Holders of office:				
Wages and salaries	-	-	-	-
Superannuation	-	-	-	-
Leave and other entitlements	-	-	-	-
Separation and redundancies	-	-	-	-
Other employee expenses	-	-	-	-
Subtotal employee expenses holders of office	-	-	-	-
Employees other than office holders:				
Wages and salaries	8,932,025	8,748,725	6,993,198	6,672,115
Superannuation	883,542	940,314	673,775	698,567
Leave and other entitlements	949,197	1,038,211	705,295	776,153
Separation and redundancies	24,945	36,700	23,140	27,595
Other employee expenses	989,813	1,049,739	746,106	807,470
Subtotal employees other than office holders	11,779,522	11,849,689	9,141,514	8,981,900
Total employee expenses	11,779,522	11,849,689	9,141,514	8,981,900
6. Trade and other receivables				
Trade and other receivables include:				
Receivables from other reporting units	-	-	-	-
7. Trade and other payables				
Trade and other payables include:				
Payables to other reporting units	-	-	-	-
Consideration to employers for payroll deductions	-	-	-	-
Legal and litigation costs	-	-	-	-

	Consolidated Entity		Parent Entity	
	2017	2016	2017	2016
	\$	\$	\$	\$
8. Provisions				
Office holders:				
Annual leave	-	-	-	-
Long service leave	-	-	-	-
Separations and redundancies	-	-	-	-
Other	-	-	-	-
Subtotal employee provisions – office holders	-	-	-	-
Employees other than office holders				
Annual leave	855,123	831,306	670,667	642,387
Long service leave	818,757	735,357	672,943	639,787
Separations and redundancies	-	-	-	-
Other	-	-	-	-
Subtotal employee provisions – employees other than office holders	1,673,880	1,566,663	1,343,610	1,282,174
Total employee provisions	1,673,880	1,566,663	1,343,610	1,282,174
Current	1,467,890	1,445,475	1,235,112	1,195,902
Non-current	205,990	121,188	108,498	86,272
Total employee provisions	1,673,880	1,566,663	1,343,610	1,282,174
9. Reserves				
Compulsory levy/voluntary contribution fund	-	-	-	-
Other funds required by RO rules	-	-	-	-
10. Notes to the statement of cash flows				
Cash inflows				
MBA Building Services	-	-	3,563,495	3,102,982
MBA Training Services	-	-	388,841	421,659
Total cash inflows	-	-	3,952,336	3,524,641
Cash outflows				
MBA Building Services	-	-	(2,961,584)	(2,867,798)
MBA Training Services	-	-	(773,237)	(753,970)
Total cash outflows	-	-	(3,734,821)	(3,621,768)

Consolidated Entity		Parent Entity	
2017	2016	2017	2016
\$	\$	\$	\$

11. Segment reporting

The operations are limited to one operating activity (to provide services to raise the standards in the building industry by continually providing assistance to develop skills of members) and geographic segment (Australia).

12. Subsequent events

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

13. Approval of financial statements

The financial statements were approved by the board of directors and authorised for issue on 19 September 2017.

Master Builders Association of Victoria

ACN 004 255 654

(A Company Limited By Guarantee)

2016/2017 Annual Report for presentation to the Annual General Meeting of Members



This is annexure "A" of 53 pages referred to in Form 388 Copy of Financial Statements and Reports.

Melanie Fasham

25/10/2017

General purpose financial report for the financial year ended 30 June 2017

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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 2017.

Principal Activities

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

There were no significant changes to the Association's principal activities during the year.

Financial Results

The consolidated surplus from operating activities for the year was \$1,140,454 (2016: surplus \$1,833,992). The Association is exempt from paying income tax.

Review of Operations

The result for the year is considered satisfactory given the challenges faced by sectors of the business, particularly during the first half of the year.

Some of the highlights are as follows:

- The Association's strong contribution to significant legislative and regulatory changes at both state and federal level
- Continued positive growth of the Building Leadership Simulation Centre's operations
- Strong retention growth in membership after remaining constant in recent years
- The outstanding achievement of our training operations in achieving Victorian Small Training Provider of the year
- The appointment of MBA Insurance Services as a distributor of the State's Home Warranty Insurance product.

The Association is well placed to meet any future challenges.

Significant Changes

No significant changes in the financial affairs of the Association have occurred during the financial year.

Rights of members to resign

- (1) A member may resign from membership by written notice addressed and delivered to the CEO.
- (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.

Council of Management operating report (cont'd)

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 CEO 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 Association 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 June 2017: 9,116 (2016: 8,742)
- (2) Employees of the reporting unit as at 30 June 2017: 109 equivalent full time staff (2016: 119 equivalent full time staff).
- (3) Members of the Council of Management during or since the financial year ended 30 June 2017:

Barber, L (retired 22 November 2016)	King, N
Barron, A	Levin, A
Basel, T (retired 22 November 2016)	Liddle, B
Cameron, M (retired 22 November 2016)	Moyle, D
Clemenger, M	Peluso, S (appointed 22 November 2016)
Cumbo, J	Picking, P
Fasham, M	Purcell, G
Gardiner, S	Robinson, P
Grenfell, N	Rogan, B (retired 14 November 2016)
Hansen, R	Salvatore, C
Hawkey, I	Sanfilippo, J

Council of Management operating report (cont'd)

For and on behalf of Council of Management



Jarrod Sanfilippo
Treasurer

19 September 2017

Directors' report

The directors of Master Builders Association of Victoria submit herewith the annual financial report of the Association for the financial year ended 30 June 2017. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

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

Board of Management (Committee of Directors)

Clemenger, M	Moyle, D
Fasham, M	Peluso, S (appointed 22 November 2016)
Grenfell, N	Picking, P
Hansen, R	Sanfilippo, J
Hawkey, I	

Council of Management (Directors)

Barber, L (retired 22 November 2016)	King, N
Barron, A	Levin, A
Basel, T (retired 22 November 2016)	Liddle, B
Cameron, M (retired 22 November 2016)	Moyle, D
Clemenger, M	Peluso, S (appointed 22 November 2016)
Cumbo, J	Picking, P
Fasham, M	Purcell, G
Gardiner, S	Robinson, P
Grenfell, N	Rogan, B (retired 14 November 2016)
Hansen, R	Salvatore, C
Hawkey, I	Sanfilippo, J

Principal Activities

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

There were no significant changes to the Association's principal activities during the year.

Financial Results

The consolidated surplus from operating activities for the year was \$1,140,454 (2016: surplus \$1,833,992). The Association is exempt from paying income tax.

Directors' report (cont'd)

Review of Operations

The result for the year is considered satisfactory given the challenges faced by sectors of the business, particularly during the first half of the year.

Some of the highlights are as follows:

- The Association's strong contribution to significant legislative and regulatory changes at both state and federal level
- Continued positive growth of the Building Leadership Simulation Centre's operations
- Strong retention growth in membership after remaining constant in recent years
- The outstanding achievement of our training operations in achieving Victorian Small Training Provider of the year
- The appointment of MBA Insurance Services as a distributor of the State's Home Warranty Insurance product.

The Association is well placed to meet any future challenges.

The key objective of the Association is to be the leader of our industry by representing members' interests through the provision of superior products and services with the support of our staff in achieving a high standard of performance.

In the short term these objectives are as follows:

- Develop acquisition and retention strategies in relation to our membership base
- Continually review the provision of appropriate products and services
- Build strong connections with stakeholders including governments, unions, consumers and other related industry organisations
- Continue to strengthen the financial viability of the Association.

Longer term objectives to be considered include:

- Develop our customer centric business systems and processes through regular review and investment
- Strengthen our appeal to the next generation of customers through the offer of products and services via social media
- Identify and respond to new market opportunities and new customers both nationally and internationally.

The Council of Management has approved the Business Plan for 2017/18 which outlines the key strategies to be implemented over the coming year thereby ensuring the Association meets its key objectives.

These strategies include:

- Development of expansion strategy for Master Builders training
- Evaluate and recommend the implementation of innovative and valued products and services
- Continue to capitalise on our strong brand position
- Continue to develop staff to deliver exceptional service to our members.

Directors' report (cont'd)

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

- Preparation of an annual budget and monthly review of actual performance against budget
- The monthly monitoring of key performance and financial indicators by the Board of Management
- Continually review the provision of appropriate products and services

Preparation of an annual strategic plan and periodic review and implementation of same.

Dividends

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

Significant Changes

No significant changes in the state of affairs of the Association have occurred during the financial year.

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 Association with any Director, or with a firm of which a Director is a member, or with a Association in which a Director has a substantial financial interest.

Environmental Issues

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

Indemnifying Officer or Auditor

During the financial year the Association has paid a total premium of \$15,000 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 Association, other than conduct involving a willful breach of duty in relation to the Association.

Directors' report (cont'd)

Indemnifying Officer or Auditor (cont'd)

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

The Association has not otherwise, during or since the financial year, in respect of any person who is or has been an officer or auditor of the Association 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:

Information on Council of Management Directors

During the year there were 4 Council meetings were held.

Name	Age	Qualifications	Number of meetings eligible to attend	Number of meetings attended
BARBER Lindsay Retired 22 November 2016	55	Director	2	4
BARRON Adam	38	Director	4	4
BASEL Tom Retired 22 November 2016	49	Director	2	1
CAMERON Michael Retired 22 November 2016	40	Director	2	2
CLEMENGER Michael	42	Director	4	3
CUMBO Joseph	68	Director	4	4
FASHAM Melanie	44	Director	4	4
GARDINER Sidney	55	Director	4	3
GRENFELL Neil	66	Director	4	3
HANSEN Richard	45	Director	4	4
HAWKEY Ian	64	Director	4	4
KING Natalie	45	Director	4	4
LEVIN Ashley	54	Director	4	3
LIDDLE Brendan	52	Director	4	2
MOYLE David	34	Director	4	2
PELSUO Steven Appointed 2 November 2016	50	Director	3	2
PICKING Peter	61	Director	4	4
PURCELL Geoffrey	45	Director	4	2
ROBINSON Phillip	70	Director	4	4
ROGAN Benjamin Retired 14 November 2017	37	Director	1	-
SALVATORE Claude	51	Director	4	4
SANFILIPPO Jarrod	39	Director	4	2

Directors' report (cont'd)

Information on Board of Management Directors (Committee of Directors)

During the year there were 10 Board of Management meetings were held.

Name	Age	Qualifications	Number of meetings eligible to attend	Number of meetings attended
CLEMENGER Michael	42	Director	10	9
FASHAM Melanie	44	Director	10	10
GRENFELL Neil	66	Director	10	9
HANSEN Richard	45	Director	10	8
HAWKEY Ian	64	Director	10	10
MOYLE David	34	Director	10	5
PELSUO Steven Appointed 2 November 2016	50	Director	5	4
PICKING Peter	61	Director	10	10
SANFILIPPO Jarrod	38	Director	10	8

Information on Association secretary

Name	Age	Qualifications	Number of meetings eligible to attend	Number of meetings attended
DE SILVA Radley	63	CEO	10	10

Leave of Court

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

The Association 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 2017 there were 9,116 members (2016: 8,742).

Auditor's Independence Declaration

The auditor's independence declaration is included on page 12 of the annual report.

Directors' report (cont'd)

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



Melanie Fasham
Director



Jarrod Sanfilippo
Director

East Melbourne, 19 September 2017

Statement by Council of Management

On 19 September 2017 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 2017.

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 General Manager;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
- (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 RO Act; 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
 - (v) where information has been sought in any request by a member of the reporting unit or General Manager duly made under section 272 of the RO Act has been provided to the member or General Manager; and
 - (vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.
- (f) No revenue has been derived from undertaking recovery of wages activity during the reporting period.

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

For Board of Management: Jarrod Sanfilippo

Title of Office held: Treasurer

Signature:



Date: 19 September 2017

The Council of Management
Master Builders Association of Victoria
332 Albert Street
EAST MELBOURNE VIC 3002

19 September 2017

Dear Council 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 2017, 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 The Master Builders Association of Victoria

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of The Master Builders Association of Victoria (the "Entity"), and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors declaration.

In our opinion:

- (a) the accompanying financial report of the Master Builders Association of Victoria is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Entity's and Group's financial position as at 30 June 2017 and of their financial performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- (b) the financial report is presented fairly in accordance with the requirements of Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009.
- (c) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 3.
- (d) the preparation of the financial statements on a going concern basis as determined by the directors is appropriate.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Entity, would be in the same terms if given to the directors as at the time of this auditor's report.

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



Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Council of Management Operating Report, the Directors' Report and the Statement by the Council of Management but does not include the financial report and our auditor's report thereon.

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

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

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

The Directors Responsibilities for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

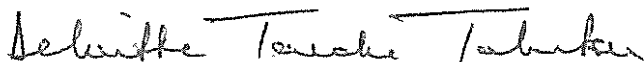
Deloitte

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

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



DELOITTE TOUCHE TOHMATSU



Robert D D Collie, FCA
Partner
Chartered Accountants
Melbourne, 19 September 2017

Registered company auditor: 154585

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



Melanie Fasham
Director



Jarrod Sanfilippo
Director

East Melbourne, 19 September 2017

Statements of profit or loss and other comprehensive income for the year ended 30 June 2017

	Notes	Consolidated Entity		Parent Entity	
		2017	2016	2017	2016
		\$	\$	\$	\$
Revenue	5	24,223,385	24,609,493	20,541,188	20,925,593
Employee benefits expenses		(11,779,522)	(11,849,689)	(9,141,514)	(8,981,900)
Depreciation expense	12(a)	(855,772)	(944,366)	(855,772)	(944,366)
Amortisation expenses	13	(891,550)	(394,700)	(891,550)	(394,700)
Premises expenses		(971,942)	(898,464)	(828,700)	(755,346)
Travel, accommodation & motor vehicles		(529,074)	(649,990)	(327,309)	(431,643)
Telephone & postage		(311,096)	(341,131)	(240,957)	(269,502)
Administration expenses		(6,272,759)	(6,165,835)	(5,930,512)	(6,233,987)
Cost of goods sold-document sales		(574,869)	(650,453)	(360,364)	(419,683)
Finance costs		(41,151)	(126,805)	(39,636)	(125,306)
Impairment reversal		-	-	35,954	195,616
Promotional activity expenses		(855,196)	(704,068)	(851,907)	(698,027)
Profit before tax	6	1,140,454	1,883,992	1,108,921	1,866,749
Income tax expense	3(e)	-	-	-	-
Profit for the year		1,140,454	1,883,992	1,108,921	1,866,749
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Movement in value of available for sale investments	19	110,212	(115,754)	110,212	(115,754)
Total comprehensive income for the year		1,250,666	1,768,240	1,219,133	1,750,995

Statements of financial position at 30 June 2017

	Notes	Consolidated Entity		Parent Entity	
		2017	2016	2017	2016
		\$	\$	\$	\$
Current assets					
Cash and cash equivalents	7, 24	3,862,206	3,780,523	3,675,405	3,657,483
Trade and other receivables	8	2,677,825	2,512,674	2,146,283	2,017,818
Other financial assets	9	1,054,250	1,074,394	1,054,250	1,074,394
Inventories	10	188,797	228,647	188,797	228,647
Other assets	11	440,574	219,140	432,313	219,124
Total current assets		8,223,652	7,815,378	7,497,048	7,197,460
Non-current assets					
Property, plant and equipment	12	17,104,066	17,867,388	17,104,066	17,867,388
Intangible assets	13	3,732,112	3,566,200	3,732,112	3,566,200
Other financial assets	9	1,790,029	1,392,727	1,790,033	1,392,731
Total non-current assets		22,626,207	22,826,315	22,626,211	22,826,319
Total assets		30,849,859	30,641,693	30,123,259	30,023,785
Current liabilities					
Trade and other payables	14	2,368,738	2,825,574	1,970,660	2,458,874
Other liabilities	15	3,397,002	3,269,883	3,397,002	3,269,883
Borrowings	17	615,000	-	615,000	-
Provisions	16	1,467,890	1,445,475	1,235,112	1,195,902
Total current liabilities		7,848,630	7,540,932	7,217,774	6,924,659
Non-current liabilities					
Borrowings	17	-	1,435,000	-	1,435,000
Provisions	16	205,990	121,188	108,498	86,272
Total non-current liabilities		205,990	1,566,188	108,498	1,521,272
Total liabilities		8,054,620	9,097,120	7,326,272	8,445,931
Net assets		22,795,239	21,544,573	22,796,987	21,577,854
Equity					
Retained earnings	18	22,634,480	21,494,026	22,636,228	21,527,307
Reserves	19	160,759	50,547	160,759	50,547
Total equity		22,795,239	21,544,573	22,796,987	21,577,854

The accompanying notes form part of these financial statements.

Statements of changes in equity for the year ended 30 June 2017

Consolidated entity

	Retained earnings \$	Investment revaluation reserve \$	Total \$
Balance at 1 July 2015	19,610,034	166,301	19,776,335
Profit for the year	1,883,992	-	1,883,992
Other comprehensive loss	-	(115,754)	(115,754)
Total comprehensive income/(loss) for the year	1,883,992	(115,754)	1,768,238
Balance at 30 June 2016	21,494,026	50,547	21,544,573
Balance at 1 July 2016	21,494,026	50,547	21,544,573
Profit for the year	1,140,454	-	1,140,454
Other comprehensive gain	-	110,212	110,212
Total comprehensive income for the year	1,140,454	110,212	1,250,666
Balance at 30 June 2017	22,634,480	160,759	22,795,239

Statements of changes in equity for the year ended 30 June 2017

Parent entity

	Retained earnings \$	Investment revaluation reserve \$	Total \$
Balance at 1 July 2015	19,660,558	166,301	19,826,859
Surplus for the year	1,866,749	-	1,866,749
Other comprehensive loss	-	(115,754)	(115,754)
Total comprehensive income/(loss) for the year	1,866,719	(115,754)	1,750,995
Balance at 30 June 2016	21,527,307	50,547	21,577,854
Balance at 1 July 2016	21,527,307	50,547	21,577,854
Surplus for the year	1,108,921	-	1,108,921
Other comprehensive income	-	110,212	110,212
Total comprehensive income for the year	1,108,921	110,212	1,219,133
Balance at 30 June 2017	22,636,228	160,759	22,796,987

Statements of cash flows for the year ended 30 June 2017

Notes	Consolidated Entity		Parent Entity	
	2016 \$	2017 \$	2016 \$	2017 \$
Cash flows from operating activities				
Receipts from membership subscriptions	6,449,374	6,302,632	6,449,374	6,302,632
Receipts from other activities	17,168,887	18,564,052	14,011,689	13,738,773
Payments to suppliers and employees	(21,066,105)	(22,159,267)	(16,634,460)	(17,466,972)
Interest and finance costs paid	(41,151)	(126,805)	(39,636)	(8,307)
Interest received	42,456	51,111	41,369	49,578
Net cash provided by operating activities	24(b) 2,553,461	2,631,723	3,828,336	2,615,705
Cash flows from investing activities				
Net payments for investments	(287,090)	(369,619)	(287,090)	(369,619)
Payments for long term investments	(1,054,250)	-	(1,054,250)	-
Proceeds from sale of property, plant and equipment	3,423	15,978	3,423	15,978
Payments for property, plant and equipment	(246,741)	(333,995)	(246,741)	(333,995)
Payments for intangible assets	(906,594)	(1,198,000)	(906,594)	(1,198,000)
Net (payments to) / receipts from related parties	(234,920)	81,606	(1,573,556)	130,121
Net cash used in investing activities	(2,726,172)	(1,804,030)	(4,064,808)	(1,755,515)
Cash flows from financing activities				
Repayment of borrowings	(820,000)	(936,055)	(820,000)	(936,055)
Net cash used in financing activities	(820,000)	(936,055)	(820,000)	(936,055)
Net decrease in cash and cash equivalents	(992,711)	(108,362)	(1,056,472)	(75,865)
Cash and cash equivalents at the beginning of the financial year	4,854,917	4,963,279	4,731,877	4,807,742
Cash and cash equivalents at the end of the financial year	24(a) 3,862,206	4,854,917	3,675,405	4,731,877

The accompanying notes form part of these financial statements.

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

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

2. Adoption of new and revised Accounting Standards

2.1 Amendments to Accounting Standards that are mandatorily effective for the current reporting period

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for an accounting period that begins on or after 1 July 2016.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

- AASB 1057 *Application of Australian Accounting Standards* and AASB 2015-9 *Amendments to Australian Accounting Standards – Scope and Application Paragraphs*
- AASB 2014-4 *Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation*
- AASB 2015-1 *Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle*
- AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101*

The application of these amendments does not have any material impact on the disclosures or the amounts recognised in the financial statements.

2. Adoption of new and revised Accounting Standards (continued)

2.2 New and revised Australian Accounting Standards in issue but not yet effective

At the date of authorisation of the financial statements, the Group has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective:

Standard/amendment	Effective for annual reporting periods beginning on or after
AASB 9 <i>Financial Instruments</i>	1 January 2018
AASB 15 <i>Revenue from Contracts with Customers, 2014-5 Amendments to Australian Accounting Standards arising from AASB 15, 2015-8 Amendments to Australian Accounting Standards – Effective date of AASB 15, 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15</i>	1 January 2018
AASB 16 – <i>Leases</i>	1 January 2019
AASB 2015-10 <i>Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128</i>	1 January 2018
AASB 2017-2 <i>Amendments to Australian Accountant Standards – Further Annual Improvements 2014-2016 Cycle</i>	1 January 2017

The potential effect of the revised standards/interpretations on the Group's financial statements has not yet been determined.

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, the Fair Work (Registered Organisation) Act 2009, 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 (Registered Organisation) Act 2009. 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 2017 the number of members was 9,116 (2016: 8,742).

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

For the purpose of the financial statements, the Group is a for profit entity.

The financial statements were authorised for issue by the directors on 19 September 2017.

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, except for available for sale investments which are based on fair value, 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.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Association takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of AASB 117.

In addition, for financial reporting purposes fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date;
- Level 2 inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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 recognised 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.

Long service leave

Management judgement is applied in determining the following key assumptions used in the calculation of long service leave at reporting date:

- future increases in salaries and wages;
- future on cost rates; and
- experience of employee departures and period of service.

3. Significant accounting policies (cont'd)

Critical accounting judgments and key sources of estimation uncertainty (cont'd)

Property, plant and equipment

Useful lives and residual value of property, plant and equipment are reviewed annually. Judgement is applied in determining the useful lives of property, plant and equipment. Any reassessment of useful lives and residual value in a particular year will affect depreciation expense (either increasing or decreasing) from the date of reassessment through to the end of the reassessed useful life for both the current and future years.

Intangibles

Useful lives and residual value of intangible assets are reviewed annually. Judgement is applied in determining the useful lives of intangibles. Any reassessment of useful lives and residual value in a particular year will affect amortisation expense (either increasing or decreasing) from the date of reassessment through to the end of the reassessed useful life for both the current and future years. Effective on 1 July 2016, the remaining useful life of the license was reassessed as 4 years (initial useful life effective 30 June 2012 was 10 years).

Provision for obsolete stock

Management's judgement is applied in determining the provision for inventories obsolescence. If the estimated selling price of inventory is lower than the cost to sell, the difference is recognised in the provision for obsolescence.

Provision for doubtful debts

Management's judgement is applied in determining the provision for doubtful debts. If the estimated recoverable amount of the debtor is less than the amount of revenue recognised, the difference is recognised in the provision for doubtful debts.

Significant accounting policies

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) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Master Builders Association of Victoria and entities controlled by the Master Builders Association of Victoria (the "Association"). Control is achieved when the Master Builders Association of Victoria:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

3. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

Master Builders Association of Victoria reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Association's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Association are eliminated in full on consolidation.

A list of the controlled entities is contained in Note 26 of the financial statements.

(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.

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

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

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.

(c) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3. Significant accounting policies (cont'd)

(d) Employee entitlements

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Association in respect of services provided by employees up to reporting date.

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

(e) Income tax

The Group 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 is recognised upon the delivery of goods to members or customers.

Revenue from the rendering of a service is recognised upon the delivery of the service to members or customers.

Revenue from membership subscriptions is accounted for on an accruals basis and is recorded as revenue in the year to which they relate.

Non Government grant revenue is recognised when the Association gains control over the funds.

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.

3. Significant accounting policies (cont'd)

(g) Revenue (cont'd)

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 Association will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Association recognises as expenses the related costs for which the grants are intended to compensate.

Specifically, government grants whose primary condition is that the Association 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 lives of the related assets.

(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 Association has a present obligation (legal or constructive) as a result of a past event, it is probable that the Association will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3. Significant accounting policies (cont'd)

(k) Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

3. Significant accounting policies (cont'd)

(k) Financial instruments (cont'd)

Financial assets (cont'd)

Financial assets at FVTPL (cont'd)

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or
- both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of comprehensive income.

Held-to-maturity investments

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

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.

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.

Dividends on AFS equity instruments are recognised in profit or loss when the Association's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

3. Significant accounting policies (cont'd)

(k) Financial instruments (cont'd)

Financial assets (cont'd)

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. Significant accounting policies (cont'd)

(k) Financial instruments (cont'd)

Financial assets (cont'd)

Impairment of financial assets (cont'd)

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Group retains control), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

3. Significant accounting policies (cont'd)

(l) Leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Association as lessee

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Association's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense 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. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

(m) Impairment of Assets

At each reporting date, the Group 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.

3. Significant accounting policies (cont'd)

(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 and to ensure consistent classification between periods, 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, which reads as follows:

1. A member of a reporting unit, or the General Manager, 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).

Master Builders Association of Victoria
Notes to the financial statements

	Consolidated Entity		Parent Entity	
	2017	2016	2017	2016
	\$	\$	\$	\$
5. Revenue				
Operating activities				
Membership subscriptions	6,322,255	6,176,232	6,322,255	6,176,232
Insurance commission	1,527,830	1,382,778	1,543,130	1,382,778
Sale of documents	961,589	1,082,411	961,589	1,082,411
Sundry income	997,835	988,371	926,510	989,614
Rental income	272,993	211,402	524,993	464,758
Gain on sale of fixed assets	-	5,977	-	5,977
Planning and building services	3,395,781	3,497,451	-	-
Training division	3,538,147	4,002,437	3,017,794	3,445,922
Commercial income	139,396	75,415	139,396	75,415
Capitation fees	-	-	-	-
Compulsory levies	-	-	-	-
Grants	7,025,103	7,135,908	7,025,103	7,135,908
Donations	-	-	-	-
	24,180,929	24,558,382	20,460,770	20,759,015
Non-operating activities				
Interest received	42,456	51,111	80,418	166,578
Total revenue	24,223,385	24,609,493	20,541,188	20,925,593

Financial support has not been received from another reporting unit.

6. Profit for the year before tax

Other expenses

Profit for the year includes the following expenses:

(Decrease)/increase in allowance for doubtful debts provision	3,193	(41,811)	(673)	(30,976)
Bad debt expense/(recovered)	6,932	(36,522)	6,243	(36,522)
Remuneration of auditor				
- audit of the financial statements	57,095	54,465	37,295	35,565
- other audit services (grant acquittal statements)	10,350	9,900	10,350	9,900
- taxation services	5,000	18,000	5,000	18,000
- other services (Deloitte Access Economics)	-	55,000	-	55,000
	72,445	137,365	52,645	118,465

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

Master Builders Association of Victoria
Notes to the financial statements

	Consolidated Entity		Parent Entity	
	2017	2016	2017	2016
	\$	\$	\$	\$

6. Profit for the year before tax (cont'd)

Expenses include the following items for which additional information is required by section 255 of the Fair Work (Registered Organizations) Act 2009:

Consideration to employers for payroll deductions	-	-	-	-
Compulsory levies	-	-	-	-
Capitation fees	-	-	-	-
Affiliation fees	-	-	-	-
Fees/allowance – meeting and conferences	-	-	-	-
Penalties – via RO Act or RO Regulations	-	-	-	-
Legal fees (i)	30,829	5,944	30,829	4,977
Affiliation fees Master Builders Association Ltd and other congress organisations	680,712	668,128	680,712	668,128
Other fees and subscriptions	140,726	119,084	93,623	76,338
Grants and donations (ii)	2,450	102,400	2,450	102,400
Conference/meeting expenses	27,815	52,072	27,815	52,072

(i) Legal costs

Litigation	13,295	-	13,295	-
Other legal matters	17,534	5,944	17,534	4,977
Total legal costs	30,829	5,944	30,829	4,977

(ii) Grants or donations

Grants:

Total paid that were \$1,000 or less	-	-	-	-
Total paid that exceeded \$1,000	-	-	-	-

Donations

Total paid that were \$1,000 or less	2,450	1,170	2,450	1,170
Total paid that exceeded \$1,000	-	101,230	-	101,230

Total grants or donations	2,450	102,400	2,450	102,400
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Master Builders Association of Victoria
Notes to the financial statements

	Consolidated Entity		Parent Entity	
	2017	2016	2017	2016
	\$	\$	\$	\$
6. Profit for the year before tax (cont'd)				
(iii) Employee expenses:				
Holders of office:				
Wages and salaries	-	-	-	-
Superannuation	-	-	-	-
Leave and other entitlements	-	-	-	-
Separation and redundancies	-	-	-	-
Other employee expenses	-	-	-	-
Subtotal employee expenses holders of office	-	-	-	-
Employees other than office holders:				
Wages and salaries	8,932,025	8,748,725	6,993,198	6,672,115
Superannuation	883,542	940,314	673,775	698,567
Leave and other entitlements	949,197	1,038,211	705,295	776,153
Separation and redundancies	24,945	36,700	23,140	27,595
Other employee expenses	989,813	1,049,739	746,106	807,470
Subtotal employees other than office holders	11,779,522	11,849,689	9,141,514	8,981,900
Total employee expenses	11,779,522	11,849,689	9,141,514	8,981,900
7. Cash and cash equivalents				
Cash at bank	3,857,802	3,776,119	3,672,305	3,654,383
Cash on hand	4,404	4,404	3,100	3,100
	3,862,206	3,780,523	3,675,405	3,657,483
8. Trade and other receivables				
Trade debtors	1,473,432	1,490,366	777,069	830,933
Provision for doubtful debts	(9,213)	(6,020)	(1,518)	(2,191)
	1,464,219	1,484,346	775,551	828,742
Other receivables	785,837	835,479	798,212	830,711
Inter-company loan – controlled entity	-	-	1,428,534	1,485,253
Provision for impairment of intercompany loan	-	-	(1,283,783)	(1,319,737)
Inter-company loan – related company	427,769	192,849	427,769	192,849
Receivables from other reporting units	-	-	-	-
	2,677,825	2,512,674	2,146,283	2,017,818

Consolidated Entity		Parent Entity	
2017	2016	2017	2016
\$	\$	\$	\$

8. Trade and other receivables (cont'd)

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	82,021	91,084	49,825	74,245
90+ days	238,330	264,518	149,719	172,537
Total	320,351	355,602	199,544	246,782

Movement in the allowance for doubtful debts

Balance at the beginning of the year	6,020	47,831	2,191	33,167
Provision during the year	3,193	(41,811)	(673)	(30,976)
Balance at the end of the year	9,213	6,020	1,518	2,191

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.

9. Other financial assets

Current

Term deposit	1,054,250	1,074,394	1,054,250	1,074,394
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Non Current

Investments

- Shares in controlled entity – at cost	-	-	4	4
- Shares in related entities – at cost	120,000	120,000	120,000	120,000
- Shares – available for sale*	1,670,029	1,272,727	1,670,029	1,272,727
	1,790,029	1,392,727	1,790,033	1,392,731

*Shares held at fair value are classified as Level 1 and valued as quoted bid prices in an active market.

Master Builders Association of Victoria
Notes to the financial statements

	Consolidated Entity		Parent Entity	
	2017	2016	2017	2016
	\$	\$	\$	\$
<hr/>				
	Consolidated Entity		Parent Entity	
	2017	2016	2017	2016
	\$	\$	\$	\$
<hr/>				
10. Inventories				
Stock on hand	188,797	228,647	188,797	228,647
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11. Other assets				
Prepayments	440,574	219,140	432,313	219,124
<hr/>				
12. Property Plant and Equipment				
Freehold land and buildings				
At cost	19,879,977	19,737,643	19,879,977	19,737,643
Provision for depreciation	(4,199,362)	(3,761,091)	(4,199,362)	(3,761,091)
Written down value	15,680,615	15,976,552	15,680,615	15,976,552
<hr/>				
Capital work in progress	-	150,868	-	150,868
<hr/>				
Plant and equipment				
At cost	6,527,950	6,427,339	6,527,950	6,427,339
Provision for depreciation	(5,104,499)	(4,687,371)	(5,104,499)	(4,687,371)
Written down value	1,423,451	1,739,968	1,423,451	1,739,968
Net Book Value	17,104,066	17,867,388	17,104,066	17,867,388
<hr/>				

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.

Consolidated & Parent entity:

	Freehold land and buildings \$	Plant and equipment \$	Work in progress \$	Total \$
2016				
Balance at the beginning of year	16,146,492	2,230,290	110,978	18,487,760
Additions	154,106	29,021	150,868	333,995
Disposals	-	(10,001)	-	(10,001)
Transfers	110,978	-	(110,978)	-
Depreciation expense	(435,024)	(509,342)	-	(944,366)
Carrying amount at the end of the year	15,976,552	1,739,968	150,868	17,867,388
2017				
Balance at the beginning of year	15,976,552	1,739,968	150,868	17,867,388
Additions	142,334	104,407	-	246,741
Disposals	-	(3,423)	-	(3,423)
Reclassification to Capital work in progress in intangibles	-	-	(150,868)	(150,868)
Depreciation expense	(438,271)	(417,501)	-	(855,772)
Carrying amount at the end of the year	15,680,615	1,423,451	-	17,104,066

	Consolidated Entity		Parent Entity	
	2017	2016	2017	2016
	\$	\$	\$	\$

13. Intangible Assets

Licence at cost	5,145,000	5,145,000	5,145,000	5,145,000
Accumulated amortisation	(2,470,350)	(1,578,800)	(2,470,350)	(1,578,800)
	2,674,650	3,566,200	2,674,650	3,566,200
Capital work in progress	1,057,462	-	1,057,462	-
Net book value	3,732,112	3,566,200	3,732,112	3,566,200

13. Intangible Assets (cont'd)

(a) Movement in carrying amount

Movement in the carrying amounts for each class of intangible asset between the beginning and the end at the current financial year.

	Licence \$	Work in progress \$	Total \$
2016			
Balance at the beginning of year	2,762,900	-	2,762,900
Additions	1,198,000	-	1,198,000
Amortisation expense	(394,700)	-	(394,700)
Carrying amount at the end of the year	<u>3,566,200</u>	<u>-</u>	<u>3,566,200</u>
2017			
Balance at the beginning of year	3,566,200	-	3,566,200
Additions	-	906,594	906,594
Reclassification from Capital work in progress in PPE	-	150,868	150,868
Amortisation expense	(891,500)	-	(891,500)
Carrying amount at the end of the year	<u>2,674,700</u>	<u>-</u>	<u>3,732,162</u>

The work in progress relates to software and website development costs.

	Consolidated Entity		Parent Entity	
	2017	2016	2017	2016
	\$	\$	\$	\$
14. Trade and other payables				
Arbitration deposit account	10,992	10,537	10,992	10,537
Trade creditors	929,449	1,130,544	835,411	1,023,755
Sundry creditors and accrued expenses	1,428,297	1,684,493	1,124,257	1,424,582
Payables to other reporting units	-	-	-	-
Consideration to employers for payroll deductions	-	-	-	-
Legal and litigation costs	-	-	-	-
	<u>2,368,738</u>	<u>2,825,574</u>	<u>1,970,660</u>	<u>2,458,874</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.

	Consolidated Entity		Parent Entity	
	2017	2016	2017	2016
	\$	\$	\$	\$
15. Other liabilities				
Current				
Deferred revenue	3,397,002	3,269,883	3,397,002	3,269,883
16. Provisions				
Office holders:				
Annual leave	-	-	-	-
Long service leave	-	-	-	-
Separations and redundancies	-	-	-	-
Other	-	-	-	-
Subtotal employee provisions – office holders	-	-	-	-
Employees other than office holders				
Annual leave	855,123	831,306	670,667	642,387
Long service leave	818,757	735,357	672,943	639,787
Separations and redundancies	-	-	-	-
Other	-	-	-	-
Subtotal employee provisions – employees other than office holders	1,673,880	1,566,663	1,343,610	1,282,174
Total employee provisions	1,673,880	1,566,663	1,343,610	1,282,174
Current	1,467,890	1,445,475	1,235,112	1,195,902
Non-current	205,990	121,188	108,498	86,272
Total employee provisions	1,673,880	1,566,663	1,343,610	1,282,174
Number of employees at year end	109	119	80	86
17. Borrowings				
Commercial bill – current	615,000	-	615,000	-
Commercial bill – non current	-	1,435,000	-	1,435,000
Commercial bill (i)	615,000	1,435,000	615,000	1,435,000

Summary of borrowing arrangements:

- (i) Bills of exchange as at 30 June 2017, with a variable interest rate were issued in September 2011. The current weighted average interest rate on the bills is 3.5% p.a. (2016: 3.51%p.a.).

	Consolidated Entity		Parent Entity	
	2017	2016	2017	2016
	\$	\$	\$	\$
18. Retained earnings				
Retained earnings at the beginning of the financial year	21,494,026	19,610,034	21,527,307	19,660,558
Net profit attributable to members of the association	1,140,454	1,883,992	1,108,921	1,866,749
Transfer from reserve	-	-	-	-
Retained earnings as at the end of the financial year	<u>22,634,480</u>	<u>21,494,026</u>	<u>22,636,228</u>	<u>21,527,307</u>

19. Reserves

Investment revaluation reserve	<u>160,759</u>	<u>50,547</u>	<u>160,759</u>	<u>50,547</u>
--------------------------------	----------------	---------------	----------------	---------------

The investment revaluation reserve records revaluations of non-current assets and investments. There has been a fair value increase in investments during the year of \$110,212 (2016: decrease of \$115,754).

Compulsory levy/voluntary contribution fund	-	-	-	-
Other funds required by RO rules	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

20. 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	349,808	492,889	349,808	492,889
Longer than 1 but not later than 5 Years	<u>331,176</u>	<u>222,745</u>	<u>331,176</u>	<u>222,745</u>
	<u>680,984</u>	<u>715,634</u>	<u>680,984</u>	<u>715,634</u>

(b) Other commitments

Master Builders Association of Victoria has committed to support its subsidiaries MBA Building Services Pty Ltd, trustee of MBA Building Services Trust and MBA Training Services Pty Ltd, trustee of MBA Unit Trust over the next 12 months to ensure the subsidiaries can pay their debt as and when they fall due.

21. Segment Reporting

The operations are limited to one operating activity (to provide services to raise the standards in the building industry by continually providing assistance to develop skills of members) and geographic segment (Australia).

22. Related Party Transactions

(i) Directors

The following people held office of Director during the year ended 30 June 2017.

Board of Management (Committee of Directors)

Clemenger, M	Moyle, D
Fasham, M	Peluso, S (appointed 22 November 2016)
Grenfell, N	Picking, P
Hansen, R	Sanfilippo, J
Hawkey, I	

Council of Management (Directors)

Barber, L (retired 22 November 2016)	King, N
Barron, A	Levin, A
Basel, T (retired 22 November 2016)	Liddle, B
Cameron, M (retired 22 November 2016)	Moyle, D
Clemenger, M	Peluso, S (appointed 22 November 2016)
Cumbo, J	Picking, P
Fasham, M	Purcell, G
Gardiner, P	Robinson, P
Grenfell, N	Rogan, B (retired 14 November 2016)
Hansen, R	Salvatore, C
Hawkey, I	Sanfilippo, J

	<u>2017</u>	<u>2016</u>
22. Related Party Transactions		
(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	<u>22</u>	<u>25</u>
The services of the Directors are provided on a voluntary basis only.		

	Consolidated Entity		Parent Entity	
	2017	2016	2017	2016
	\$	\$	\$	\$
(iii) Transactions				
Rental income from MBA Insurance Services Pty Ltd	198,355	191,440	198,355	191,440
Accounting Services charged to MBA Insurance Services Pty Ltd	(78,000)	(78,000)	(78,000)	(78,000)
Commissions received from MBA Insurance Services Pty Ltd	1,447,150	1,296,097	1,447,150	1,296,097
Training expenditure paid to MBA Unit Trust	-	-	1,434,404	1,068,893
Interest income from MBA Unit Trust	-	-	39,019	117,000

Transactions are arms length, non interest bearing.

23. Superannuation expense	<u>883,542</u>	<u>940,314</u>	<u>673,775</u>	<u>698,567</u>
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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	
2017	2016	2017	2016
\$	\$	\$	\$

24. 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	3,862,206	3,780,523	3,675,405	3,657,483
Cash deposits	-	1,074,394	-	1,074,394
	<u>3,862,206</u>	<u>4,854,917</u>	<u>3,675,405</u>	<u>4,731,877</u>

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

Operating profit after income tax	1,140,454	1,883,992	1,108,921	1,866,749
Gain on sale of fixed assets	-	(5,977)	-	(5,977)
Bad debt expense	-	-	-	-
Revenue recognised in profit or loss	-	-	(39,049)	-
Expenses recognised in profit or loss	-	-	1,434,404	-
Movement in doubtful debts	3,193	(41,811)	(673)	(30,976)
Depreciation	855,772	944,366	855,772	944,366
Amortisation	891,550	394,700	891,550	394,700
Impairment reversal of intercompany loans	-	-	(35,954)	(195,616)

Changes in assets and liabilities

(Increase)/decrease in assets:

Trade and other receivables	66,576	138,058	86,363	188,852
Inventories	39,850	(24,307)	39,850	(24,314)
Other assets	(221,434)	49,821	(213,189)	42,008

(Decrease)/increase in liabilities

Trade and other payables	(456,836)	(862,663)	(488,214)	(800,484)
Other liabilities	127,119	126,400	127,119	126,400
Provisions	107,217	29,144	61,436	109,997
Net cash provided by operating activities	<u>2,553,461</u>	<u>2,631,723</u>	<u>3,828,336</u>	<u>2,615,705</u>

Consolidated Entity		Parent Entity	
2017	2016	2017	2016
\$	\$	\$	\$

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

(c) Cash flow information:

Cash inflows

MBA Building Services	-	-	3,563,495	3,102,982
MBA Training Services	-	-	388,841	421,659
Total cash inflows	-	-	3,952,336	3,524,641

Cash outflows

MBA Building Services	-	-	(2,961,584)	(2,867,798)
MBA Training Services	-	-	(773,237)	(753,970)
Total cash outflows	-	-	(3,734,821)	(3,621,768)

(d) Financing Facilities

Master Builders Association of Victoria has a commercial bill facility for \$615,000 as at 30 June 2017 (2016: \$1,435,000).

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 include the sum of the total amount for all facilities listed in this facility.

(e) Non Cash Financing and Investing Activities

The parent entity cash flow included non cash transactions of \$1,434,404 (2016: \$1,068,893) for training expenditure recharges from a subsidiary and income of \$39,049 (2016: \$117,000) of interest to a subsidiary.

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

25. Financial Instruments

(a) The Association's financial instruments are disclosed as follows:

Recognised Financial Instruments	Statement of Financial Position Note
i) Financial Assets	
Loans & Receivables	8
Cash & Cash equivalents	7
Other financial assets – shares (available for sale)	9
ii) Financial Liabilities	
Trade & other payables	14
Borrowings	17

(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 \$24,582 or the parent entity cash and profit by \$23,648.

(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.

(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 24(d) is a listing of facilities that the Association 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.

25. Financial Instruments (cont'd)

(d) Liquidity risk (cont'd)

Consolidated	Weighted Average Effective Interest Rate	Less than 1 month	1 - 3 months	3 months - 1 year	1-5 years	Total
2016						
Non-interest bearing		2,289,827	276,578	256,466	184,022	3,006,893
Variable interest rate instruments	3.51%	-	225,492	656,178	625,389	1,507,058
Fixed interest rate instruments	-	-	-	-	-	-
2017						
Non-interest bearing		2,083,458	131,800	451,355	143,113	2,809,815
Variable interest rate instruments	3.50%	-	208,718	411,899	-	620,617
Fixed interest rate instruments	-	-	-	-	-	-

Parent	Weighted Average Effective Interest Rate	Less than 1 month	1 - 3 months	3 months - 1 year	1-5 years	Total
2016						
Non-interest bearing		1,995,399	262,509	212,791	184,022	2,654,721
Variable interest rate instruments	3.51%	-	225,492	656,178	625,389	1,507,058
Fixed interest rate instruments	-	-	-	-	-	-
2017						
Non-interest bearing		1,735,991	113,150	407,108	143,113	2,399,362
Variable interest rate instruments	3.50%	-	208,718	411,899	-	620,617
Fixed interest rate instruments	-	-	-	-	-	-

The following tables detail the Association'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.

25. Financial Instruments (cont'd)

(d) Liquidity risk (cont'd)

Consolidated	Weighted Average Effective Interest Rate	Less than 1 month	1 - 3 months	3 months - 1 year	1-5 years	Total
2016						
Non-interest bearing		692,394	1,572,135	274,329	-	2,538,858
Variable interest rate instruments	0.88%	3,780,523	-	-	-	3,780,523
Fixed interest rate instruments	2.72%	266,550	807,844	-	-	1,074,394
2017						
Non-interest bearing		653,581	1,364,747	278,905	-	2,297,233
Variable interest rate instruments	0.91%	3,862,206	-	-	-	3,862,206
Fixed interest rate instruments	2.40%	252,378	550,478	251,394	-	1,054,250

Parent	Weighted Average Effective Interest Rate	Less than 1 month	1 - 3 months	3 months - 1 year	1-5 years	Total
2016						
Non-interest bearing		363,397	1,223,601	267,495	165,616	2,020,109
Variable interest rate instruments	0.88%	3,657,483	-	-	-	3,657,483
Fixed interest rate instruments	2.72%	266,550	807,444	-	-	1,074,394
2017						
Non-interest bearing		324,877	1,011,705	271,982	-	1,608,565
Variable interest rate instruments	0.89%	3,657,405	-	-	-	3,657,405
Fixed interest rate instruments	2.40%	252,378	550,478	251,394	-	1,054,250

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 24 (d) above. The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

25. Financial Instruments (cont'd)

(e) Fair Value of financial assets and financial liabilities

Assets and liabilities, fair values approximates their carrying value. Financial assets where carrying amounts exceeds net fair values have not been written down as the Association 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 2016. The economic entity is not exposed to any externally imposed capital requirements.

(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.

An increase or decrease equity prices by 5% would increase or decrease equity investments by \$83,501.

(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.

26. Controlled Entities

	Principal activity	Country of Incorporation	Percentage Owned (%)	
			2017	2016
Parent Entity:				
Master Builders Association of Victoria		Australia	-	-
Subsidiaries of Master Builders Association of Victoria:-				
MBA Building Services Pty Ltd (trustee of MBA Building Services Trust)	Provide supporting services to the building and construction industry	Australia	100%	100%
MBA Training Services Pty Ltd (trustee of MBA Unit Trust)	Provide training for the Victorian building and construction industry	Australia	100%	100%
Related Companies:				
MBA Insurance Services Pty Ltd	Provision of insurance brokerage services.	Australia	17.5%	17.5%

Information about subsidiaries

Year ended 30 June 2017	MBA Building Services Trust	MBA Unit Trust	MBA Building Services Pty Ltd	MBA Training Services Pty Ltd
Revenue	3,396,257	2,384,967	-	-
Expenses	(3,314,234)	(2,412,253)	-	-
Profit/(loss)	82,023	(27,286)	-	-
Total comprehensive income/(loss)	82,023	(27,286)	-	-
As at 30 June 2017				
Current assets	601,104	283,646	-	-
Non current assets	-	-	-	-
Current liabilities	(947,392)	(1,138,141)	-	-
Non current liabilities	(63,201)	(34,288)	-	-

	Consolidated Entity		Parent Entity	
	2017	2016	2017	2016
	\$	\$	\$	\$
27. Key Management Personnel Compensation				
Short-term employee benefits	1,214,958	1,133,752	1,133,143	1,051,182
Long-term employee benefits	27,238	21,053	25,252	20,718
Post-employment benefits	105,865	101,562	98,184	94,294
	<u>1,348,061</u>	<u>1,256,367</u>	<u>1,256,579</u>	<u>1,166,194</u>
Short-term employee benefits				
Salary (including annual leave taken)	1,097,884	1,027,972	1,019,409	952,314
Annual leave accrued	28,252	25,780	27,287	22,868
Performance bonus	88,822	80,000	86,447	76,000
Total short-term employee benefits	<u>1,214,958</u>	<u>1,133,752</u>	<u>1,133,143</u>	<u>1,051,182</u>
Post-employment benefits:				
Superannuation	105,865	101,562	98,184	94,294
Total post-employment benefits	<u>105,865</u>	<u>101,562</u>	<u>98,184</u>	<u>94,294</u>
Other long-term benefits:				
Long-service leave	27,238	21,053	25,252	20,718
Total other long-term benefits	<u>27,238</u>	<u>21,053</u>	<u>25,252</u>	<u>20,718</u>
Termination benefits				
Total	<u>1,348,061</u>	<u>1,256,367</u>	<u>1,259,010</u>	<u>1,166,194</u>
Transactions with key management personnel and their close family members				
Loans to/from key management personnel	-	-	-	-
Other transactions with key management personnel	-	-	-	-

28. Subsequent events

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

svc-adlib5

From: Angelo Simonetto <ASimonetto@mbav.com.au>
Sent: Thursday, 7 December 2017 2:29 PM
To: ROC - Registered Org Commission
Subject: FRS268 Reporting - FW(RO) Act 2009 - Master Builders Association of Victoria.
Attachments: 07122017142242.pdf

Dear ROC

Find attached the documents pursuant to the requirement of s268 of the Fair Work (Registered Organisations) Act 2009 lodged on behalf of the Master Builders Association of Victoria.

Regards

Angelo Simonetto | General Counsel/Head of Legal
Master Builders Association Of Victoria
P:(03) 9411 4593 | F:(03) 9419 8607 | M:0402 970 309
332 Albert Street, East Melbourne Victoria 3002
<http://www.mbav.com.au>

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Master Builders Association of Victoria

S268 Fair Work (Registered Organisations) Act 2009

Certificate by Prescribed Designated Officer


I, Melanie Fasham 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 for the Master Builders Association of Victoria for the period ended 30 June 2017 referred to in S268 Fair Work (Registered Organisations) Act 2009; and
- that the concise report was provided to members of the Master Builders Association of Victoria on 31 October 2017; and
- that the full report was presented to a general meeting of members of the reporting unit on 28 November 2017 in accordance with s266 of the Fair Work (Registered Organisations) Act 2009.

I 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: 

Name: Melanie Fasham

Title: President

Date: 7 / 12 / 2017



Master Builders Association of Victoria

ACN 004 255 654

(A Company Limited By Guarantee)

2016/2017 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 RON JOORDENS 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 ACTIVITIES OF THE REPORTING UNIT AS THE FULL REPORT.



Concise financial report for the financial year ended 30 June 2017

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Melanie Fasham, President

In my first term as Master Builders Association of Victoria President I've been impressed by our team's depth of support, knowledge and dedication.

Master Builders is forward thinking. We are an innovative organisation always looking out for the best interests of our members, striving for ways to help them continue their quality work, while supporting them through the everyday challenges.

Our sector is the largest employer of trade apprentices in the Australian economy and I'm so proud of the work our ALink team does to support young people in their careers. I had the pleasure of presenting at the Master Builders State Apprentice of the Year Awards this year where a record number of attendees (more than 900) saw our young apprentices recognised. The success of this event was testament to the hard work our team has been doing to support the future of our industry.

Beside the work with our apprentices, the full range of departments at Master Builders have been busy all year. Our MBAssist call centre has taken 107,750 phone calls, working tirelessly to help with a wide range of enquiries every day. Our legal department has taken 4730 phone calls, assisting members with a range of legal enquiries.

We were named Victorian Small Training Provider of the Year 2016 and in this financial year, have opened two new training venues in Ringwood and Rockbank. We have continued to deliver exceptional training with 78,473 hours delivered and more than 4000 students trained. This included special programs at our Building Leadership Simulation Centre for former Toyota employees, as a way to get them job ready. We have refreshed a broad range of our training offerings while expanding the number of training locations to make learning easier and more convenient and we have staff ranging across Victorian and Melbourne who are leaders in our industry.

Master Builders enters its 142nd year with many assets and achievements to boast. Reputation is one of our biggest assets and something our recent marketing campaign highlights. The campaign asks "Is your builder a Master Builder?" reiterating the importance of working with a reputable builder. This is the question we started asking in our advertising 20 years ago and it remains relevant to the Master Builders brand today. It tells people that what we offer is peace of mind. For builders, it provides immediate credibility.

Now, as ever, our goal is to raise industry standards, advocate on behalf of builders and help the public get the best possible building experience.

This year we continued meeting regularly with key government, regulatory and media figures to ensure your voice is heard. Our State Budget submission *Master Builders' Priorities 2017* outlines our



Annual Report foreword



goals for the year ahead. We scored successes and built momentum in lobbying efforts, including: universal trades registration, the re-establishment of the Australian Building and Construction Commission and Domestic Building Insurance, pushed for greater investment and opportunities in building technologies and continued our call for a Minister for Building and Construction.

As Melbourne's population continues to grow and is expected to overtake Sydney within the next decade, Master Builders continues to be a relevant, important and leading industry voice for those who will be building the future of our state.

The past financial year has been challenging, but Master Builders has continued to work hard on the issues that are important to the industry to help your business thrive.

It's great to have your support, and an honour to serve you.

A handwritten signature in black ink that reads "Melanie Fasham". The signature is written in a cursive, flowing style.

Melanie Fasham

President

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 2017.

Principal Activities

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

There were no significant changes to the Association's principal activities during the year.

Financial Results

The consolidated surplus from operating activities for the year was \$1,140,454 (2016: surplus \$1,833,992). The Association is exempt from paying income tax.

Review of Operations

The result for the year is considered satisfactory given the challenges faced by sectors of the business, particularly during the first half of the year.

Some of the highlights are as follows:

- The Association's strong contribution to significant legislative and regulatory changes at both state and federal level
- Continued positive growth of the Building Leadership Simulation Centre's operations
- Strong retention growth in membership after remaining constant in recent years
- The outstanding achievement of our training operations in achieving Victorian Small Training Provider of the year
- The appointment of MBA Insurance Services as a distributor of the State's Home Warranty Insurance product.

The Association is well placed to meet any future challenges.

Significant Changes

No significant changes in the financial affairs of the Association have occurred during the financial year.

Rights of members to resign

- (1) A member may resign from membership by written notice addressed and delivered to the CEO.
- (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.

Council of Management operating report (cont'd)

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 CEO 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 Association 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 June 2017: 9,116 (2016: 8,742)
- (2) Employees of the reporting unit as at 30 June 2017: 109 equivalent full time staff (2016: 119 equivalent full time staff).
- (3) Members of the Council of Management during or since the financial year ended 30 June 2017:

Barber, L (retired 22 November 2016)	King, N
Barron, A	Levin, A
Basel, T (retired 22 November 2016)	Liddle, B
Cameron, M (retired 22 November 2016)	Moyle, D
Clemenger, M	Peluso, S (appointed 22 November 2016)
Cumbo, J	Picking, P
Fasham, M	Purcell, G
Gardiner, P	Robinson, P
Grenfell, N	Rogan, B (retired 14 November 2016)
Hansen, R	Salvatore, C
Hawkey, I	Sanfilippo, J

Council of Management operating report (cont'd)

For and on behalf of Council of Management



Jarrad Sanfilippo
Treasurer

19 September 2017

Directors' report

The directors of Master Builders Association of Victoria submit herewith the annual financial report of the Association for the financial year ended 30 June 2017. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

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

Board of Management (Committee of Directors)

Clemenger, M	Moyle, D
Fasham, M	Peluso, S (appointed 22 November 2016)
Grenfell, N	Picking, P
Hansen, R	Sanfilippo, J
Hawkey, I	

Council of Management (Directors)

Barber, L (retired 22 November 2016)	King, N
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Basel, T (retired 22 November 2016)	Liddle, B
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Principal Activities

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

There were no significant changes to the Association's principal activities during the year.

Financial Results

The consolidated surplus from operating activities for the year was \$1,140,454 (2016: surplus \$1,833,992). The Association is exempt from paying income tax.

Directors' report (cont'd)

Review of Operations

The result for the year is considered satisfactory given the challenges faced by sectors of the business, particularly during the first half of the year.

Some of the highlights are as follows:

- The Association's strong contribution to significant legislative and regulatory changes at both state and federal level
- Continued positive growth of the Building Leadership Simulation Centre's operations
- Strong retention growth in membership after remaining constant in recent years
- The outstanding achievement of our training operations in achieving Victorian Small Training Provider of the year
- The appointment of MBA Insurance Services as a distributor of the State's Home Warranty Insurance product.

The Association is well placed to meet any future challenges.

The key objective of the Association is to be the leader of our industry by representing members' interests through the provision of superior products and services with the support of our staff in achieving a high standard of performance.

In the short term these objectives are as follows:

- Develop acquisition and retention strategies in relation to our membership base
- Continually review the provision of appropriate products and services
- Build strong connections with stakeholders including governments, unions, consumers and other related industry organisations
- Continue to strengthen the financial viability of the Association.

Longer term objectives to be considered include:

- Develop our customer centric business systems and processes through regular review and investment
- Strengthen our appeal to the next generation of customers through the offer of products and services via social media
- Identify and respond to new market opportunities and new customers both nationally and internationally.

The Council of Management has approved the Business Plan for 2017/18 which outlines the key strategies to be implemented over the coming year thereby ensuring the Association meets its key objectives.

These strategies include:

- Development of expansion strategy for Master Builders training
- Evaluate and recommend the implementation of innovative and valued products and services
- Continue to capitalise on our strong brand position
- Continue to develop staff to deliver exceptional service to our members.

Directors' report (cont'd)

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

- Preparation of an annual budget and monthly review of actual performance against budget
- The monthly monitoring of key performance and financial indicators by the Board of Management
- Continually review the provision of appropriate products and services

Preparation of an annual strategic plan and periodic review and implementation of same.

Dividends

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

Significant Changes

No significant changes in the state of affairs of the Association have occurred during the financial year.

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 Association with any Director, or with a firm of which a Director is a member, or with an Association in which a Director has a substantial financial interest.

Environmental Issues

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

Indemnifying Officer or Auditor

During the financial year the Association has paid a total premium of \$15,000 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 Association, other than conduct involving a willful breach of duty in relation to the Association.

Directors' report (cont'd)

Indemnifying Officer or Auditor (cont'd)

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

The Association has not otherwise, during or since the financial year, in respect of any person who is or has been an officer or auditor of the Association 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:

Information on Council of Management Directors

During the year there were 4 Council meetings were held.

Name	Age	Qualifications	Number of meetings eligible to attend	Number of meetings attended
BARBER Lindsay Retired 22 November 2016	55	Director	2	4
BARRON Adam	38	Director	4	4
BASEL Tom Retired 22 November 2016	49	Director	2	1
CAMERON Michael Retired 22 November 2016	40	Director	2	2
CLEMENGER Michael	42	Director	4	3
CUMBO Joseph	68	Director	4	4
FASHAM Melanie	44	Director	4	4
GARDINER Paul	55	Director	4	3
GRENFELL Neil	66	Director	4	3
HANSEN Richard	45	Director	4	4
HAWKEY Ian	64	Director	4	4
KING Natalie	45	Director	4	4
LEVIN Ashley	54	Director	4	3
LIDDLE Brendan	52	Director	4	2
MOYLE David	34	Director	4	2
PELSUO Steven Appointed 2 November 2016	50	Director	3	2
PICKING Peter	61	Director	4	4
PURCELL Geoffrey	45	Director	4	2
ROBINSON Phillip	70	Director	4	4
ROGAN Benjamin Retired 14 November 2017	37	Director	1	-
SALVATORE Claude	51	Director	4	4
SANFILIPPO Jarrod	39	Director	4	2

Directors' report (cont'd)

Information on Board of Management Directors (Committee of Directors)

During the year there were 10 Board of Management meetings were held.

Name	Age	Qualifications	Number of meetings eligible to attend	Number of meetings attended
CLEMENGER Michael	42	Director	10	9
FASHAM Melanie	44	Director	10	10
GRENFELL Neil	66	Director	10	9
HANSEN Richard	45	Director	10	8
HAWKEY Ian	64	Director	10	10
MOYLE David	34	Director	10	5
PELSUO Steven Appointed 2 November 2016	50	Director	5	4
PICKING Peter	61	Director	10	10
SANFILIPPO Jarrod	38	Director	10	8

Information on Association secretary

Name	Age	Qualifications	Number of meetings eligible to attend	Number of meetings attended
DE SILVA Radley	63	CEO	10	10

Leave of Court

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

The Association 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 2017 there were 9,116 members (2016: 8,742).

Auditor's Independence Declaration

The auditor's independence declaration is included on page 12 of the annual report.

Directors' report (cont'd)

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


Melanie Fasham
Director


Jarrod Sanfilippo
Director

East Melbourne, 19 September 2017

Statement by Council of Management

On 19 September 2017 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 2017.

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 General Manager;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
- (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 RO Act; 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
 - (v) where information has been sought in any request by a member of the reporting unit or General Manager duly made under section 272 of the RO Act has been provided to the member or General Manager; and
 - (vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.
- (f) No revenue has been derived from undertaking recovery of wages activity during the reporting period.

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

For Board of Management: Jarrod Sanfilippo

Title of Office held: Treasurer

Signature:



Date: 19 September 2017

The Council of Management
Master Builders Association of Victoria
332 Albert Street
EAST MELBOURNE VIC 3002

19 September 2017

Dear Council Members,

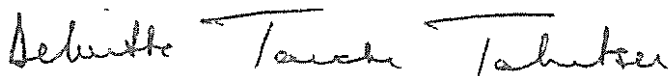
Master Builders Association of Victoria

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 2017, 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

Report of the Independent Auditor on the to the Members of the Master Builders Association of Victoria

Opinion

The Concise Financial Statements, which comprise the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and related notes, are derived from the audited Financial Report of the Master Builders Association of Victoria for the year ended 30 June 2017.

In our opinion, the accompanying Concise Financial Statements are consistent, in all material respects, with the audited Financial Report in accordance with Accounting Standard AASB 1039 Concise Financial Reports.

Concise Financial Statements

The Concise Financial Statements do not contain all the disclosures required by the Australian Accounting Standards. Reading the Concise Financial Statements and the auditor's report thereon, therefore, is not a substitute for reading the audited Financial Report and the auditor's report thereon. The Concise Financial Statements and the audited Financial Report do not reflect the effects of events that occurred subsequent to the date of our report on the audited Financial Report.

Other Information

The Directors are responsible for the other information. The other information comprises the Council of Management Operating Report, the Directors' Report, the Statement by the Council of Management and the discussion and analysis and other disclosures which were not directly derived from the Financial Report or the concise Financial Statements of the year, but does not include the Concise Financial Statements and our auditor's report thereon.

Our opinion on the Concise Financial Statements do not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

The Audited Financial Report and Our Report Thereon

We expressed an unmodified audit opinion on the audited Financial Report in our report dated 19 September 2017.



The Directors Responsibility for the Concise Financial Statements

The Directors are responsible for the preparation of the Concise Financial Statements in accordance with the Accounting Standard AASB 1039 Concise Financial Reports and for such internal control as the Directors determine is necessary to enable the preparation of the Concise Financial Statements consistent in all material respects with the audited Financial Report.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the concise financial statements are consistent, in all material respects, with the audited financial report based on our procedures, which were conducted in accordance with Auditing Standard ASA 810 *Engagements to Report on Summary Financial Statements*.

DELOITTE TOUCHE TOHMATSU

Robert D D Collie, FCA

Partner

Chartered Accountants

Melbourne, 19 September 2017

Registered company auditor: 154585

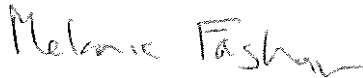
Declaration by members of the Board

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



Melanie Fasham
Director



Jarrod Sanfilippo
Director

East Melbourne, 19 September 2017

Statements of profit or loss and other comprehensive income for the year ended 30 June 2017

	Note	Consolidated Entity		Parent Entity	
		2017	2016	2017	2016
		\$	\$	\$	\$
Revenue	4	24,223,385	24,609,493	20,541,188	20,925,593
Employee benefits expenses		(11,779,522)	(11,849,689)	(9,141,514)	(8,981,900)
Depreciation expense		(855,772)	(944,366)	(855,772)	(944,366)
Amortisation expenses		(891,550)	(394,700)	(891,550)	(394,700)
Premises expenses		(971,942)	(898,464)	(828,700)	(755,346)
Travel, accommodation & motor vehicles		(529,074)	(649,990)	(327,309)	(431,643)
Telephone & postage		(311,096)	(341,131)	(240,957)	(269,502)
Administration expenses	5	(6,272,759)	(6,165,835)	(5,930,512)	(6,233,987)
Cost of goods sold-document sales		(574,869)	(650,453)	(360,364)	(419,683)
Finance costs		(41,151)	(126,805)	(39,636)	(125,306)
Impairment reversal		-	-	35,954	195,616
Promotional activity expenses		(855,196)	(704,068)	(851,907)	(698,027)
Profit before tax		1,140,454	1,883,992	1,108,921	1,866,749
Income tax expense		-	-	-	-
Profit for the year		1,140,454	1,883,992	1,108,921	1,866,749
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Movement in value of available for sale investments		110,212	(115,754)	110,212	(115,754)
Total comprehensive income for the year		1,250,666	1,768,240	1,219,133	1,750,995

Statements of financial position at 30 June 2017

	Note	Consolidated Entity		Parent Entity	
		2017	2016	2017	2016
		\$	\$	\$	\$
Current assets					
Cash and cash equivalents		3,862,206	3,780,523	3,675,405	3,657,483
Trade and other receivables	6	2,677,825	2,512,674	2,146,283	2,017,818
Other financial assets		1,054,250	1,074,394	1,054,250	1,074,394
Inventories		188,797	228,647	188,797	228,647
Other assets		440,574	219,140	432,313	219,124
Total current assets		8,223,652	7,815,378	7,497,048	7,197,466
Non-current assets					
Property, plant and equipment		17,104,066	17,867,388	17,104,066	17,867,388
Intangible assets		3,732,112	3,566,200	3,732,112	3,566,200
Other financial assets		1,790,029	1,392,727	1,790,033	1,392,731
Total non-current assets		22,626,207	22,826,315	22,626,211	22,826,319
Total assets		30,849,859	30,641,693	30,123,259	30,023,785
Current liabilities					
Trade and other payables	7	2,368,738	2,825,574	1,970,660	2,458,874
Other liabilities		3,397,002	3,269,883	3,397,002	3,269,883
Borrowings		615,000	-	615,000	-
Provisions	8	1,467,890	1,445,475	1,235,112	1,195,902
Total current liabilities		7,848,630	7,540,932	7,217,774	6,924,659
Non-current liabilities					
Borrowings		-	1,435,000	-	1,435,000
Provisions	8	205,990	121,188	108,498	86,272
Total non-current liabilities		205,990	1,566,188	108,498	1,521,272
Total liabilities		8,054,620	9,097,120	7,326,272	8,445,931
Net assets		22,795,239	21,544,573	22,796,987	21,577,854
Equity					
Retained earnings		22,634,480	21,494,026	22,636,228	21,527,307
Reserves	9	160,759	50,547	160,759	50,547
Total equity		22,795,239	21,544,573	22,796,987	21,577,854

Statements of changes in equity for the year ended 30 June 2017

Consolidated entity

	Retained earnings \$	Investment revaluation reserve \$	Total \$
Balance at 1 July 2015	19,610,034	166,301	19,776,335
Profit for the year	1,883,992	-	1,883,992
Other comprehensive loss	-	(115,754)	(115,754)
Total comprehensive income/(loss) for the year	1,883,992	(115,754)	1,768,238
Balance at 30 June 2016	21,494,026	50,547	21,544,573
Balance at 1 July 2016	21,494,026	50,547	21,544,573
Profit for the year	1,140,454	-	1,140,454
Other comprehensive loss	-	110,212	110,212
Total comprehensive income/(loss) for the year	1,140,454	110,212	1,250,666
Balance at 30 June 2017	22,634,480	160,759	22,795,239

Statements of changes in equity for the year ended 30 June 2017

Parent entity

	Retained earnings \$	Investment revaluation reserve \$	Total \$
Balance at 1 July 2015	19,660,558	166,301	19,826,859
Surplus for the year	1,866,749	-	1,866,749
Other comprehensive loss	-	(115,754)	(115,754)
Total comprehensive income/(loss) for the year	1,866,719	(115,754)	1,750,995
Balance at 30 June 2016	21,527,307	50,547	21,577,854
Balance at 1 July 2016	21,527,307	50,547	21,577,854
Surplus for the year	1,108,921	-	1,108,921
Other comprehensive loss	-	110,212	110,212
Total comprehensive income for the year	1,108,921	110,212	1,219,133
Balance at 30 June 2017	22,636,228	160,759	22,796,987

Statements of cash flows for the year ended 30 June 2017

	Consolidated Entity		Parent Entity	
	2016 \$	2017 \$	2016 \$	2017 \$
Cash flows from operating activities				
Receipts from membership subscriptions	6,449,374	6,302,632	6,449,374	6,302,632
Receipts from other activities	17,168,887	18,564,052	14,011,689	13,738,773
Payments to suppliers and employees	(21,066,105)	(22,159,267)	(16,634,460)	(17,466,972)
Interest and finance costs paid	(41,151)	(126,805)	(39,636)	(8,307)
Interest received	42,456	51,111	41,369	49,578
Net cash provided by operating activities	2,553,461	2,631,723	3,828,336	2,615,705
Cash flows from investing activities				
Net payments for investments	(287,090)	(369,619)	(287,090)	(369,619)
Payments for long term investments	(1,054,250)	-	(1,054,250)	-
Proceeds from sale of property, plant and equipment	3,423	15,978	3,423	15,978
Payments for property, plant and equipment	(246,741)	(333,995)	(246,741)	(333,995)
Payments for intangible assets	(906,594)	(1,198,000)	(906,594)	(1,198,000)
Net (payments to) / receipts from related parties	(234,920)	81,606	(1,573,556)	130,121
Net cash used in investing activities	(2,726,172)	(1,804,030)	(4,064,808)	(1,755,515)
Cash flows from financing activities				
Repayment of borrowings	(820,000)	(936,055)	(820,000)	(936,055)
Net cash used in financing activities	(820,000)	(936,055)	(820,000)	(936,055)
Net decrease in cash and cash equivalents	(992,711)	(108,362)	(1,056,472)	(75,865)
Cash and cash equivalents at the beginning of the financial year	4,854,917	4,963,279	4,731,877	4,807,742
Cash and cash equivalents at the end of the financial year	3,862,206	4,854,917	3,675,405	4,731,877

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 2017 financial report of the Master Builders Association of Victoria.

Statement of comprehensive income

The consolidated operating surplus for the year is \$1,140,454 a \$743,538 decrease from the year ended 30 June 2017.

A key factor to this result was a reduction in training division income of \$464,290 due to increased competition in the market in terms of price and number of training providers.

Statement of financial position

Total consolidated assets have increased by \$208,166 (2016: increased by \$125,064). An increase in the amortisation of intangible assets has been offset by the increase in capital work in progress of intangible assets (software).

Working capital is \$375,022 (2016: \$274,466). This movement is largely the result of increased cash, trade and other receivables and prepayments.

Consolidated liabilities decreased by \$1,042,500 (2016: decreased by \$1,643,174) due to the reduction in borrowings.

Statement of cash flows

Despite inflow from cash generated from operating activities of \$2,553,461 (2016: \$2,631,723), there was a total net cash outflow of \$992,711 (2016: outflow \$108,362) for the year. This was applied to the repayment of long term borrowings, intangible assets and the transfer of cash to long term investments.

Changes in Equity

Retained earnings increased due to the operating surplus. Reserves increased due to the increased level of unrealised profit 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, the Fair Work (Registered Organisation) Act 2009 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 general purpose 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 Amendments to Accounting Standards that are mandatorily effective for the current reporting period

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for an accounting period that begins on or after 1 July 2016.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

- AASB 1057 *Application of Australian Accounting Standards* and AASB 2015-9 *Amendments to Australian Accounting Standards – Scope and Application Paragraphs*
- AASB 2014-4 *Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation*
- AASB 2015-1 *Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle*
- AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101*

The application of these amendments does not have any material impact on the disclosures or the amounts recognised in the financial statements.

2. Adoption of new and revised Accounting Standards (continued)

2.2 New and revised Australian Accounting Standards in issue but not yet effective

At the date of authorisation of the financial statements, the Group has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective:

Standard/amendment	Effective for annual reporting periods beginning on or after
AASB 9 <i>Financial Instruments</i>	1 January 2018
AASB 15 Revenue from Contracts with Customers, 2014-5 <i>Amendments to Australian Accounting Standards arising from AASB 15, 2015-8 Amendments to Australian Accounting Standards – Effective date of AASB 15, 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15</i>	1 January 2018
AASB 16 – <i>Leases</i>	1 January 2019
AASB 2015-10 Amendments to Australian Accounting Standards – <i>Effective Date of Amendments to AASB 10 and AASB 128</i>	1 January 2018
AASB 2017-2 Amendments to Australian Accountant Standards – <i>Further Annual Improvements 2014-2016 Cycle</i>	1 January 2017

The potential effect of the revised standards/interpretations on the Group's financial statements has not yet been determined.

2. 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, which reads as follows:-

1. A member of a reporting unit, or the General Manager, 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	
	2017	2016	2017	2016
	\$	\$	\$	\$
4. Revenue				
Operating activities				
Membership subscriptions	6,322,255	6,176,232	6,322,255	6,176,232
Insurance commission	1,527,830	1,382,778	1,543,130	1,382,778
Sale of documents	961,589	1,082,411	961,589	1,082,411
Sundry income	997,835	988,371	926,510	989,614
Rental income	272,993	211,402	524,993	464,758
Gain on sale of fixed assets	-	5,977	-	5,977
Planning and building services	3,395,781	3,497,451	-	-
Training division	3,538,147	4,002,437	3,017,794	3,445,920
Commercial income	139,396	75,415	139,396	75,415
Capitation fees	-	-	-	-
Compulsory levies	-	-	-	-
Grants	7,025,103	7,135,908	7,025,103	7,135,908
Donations	-	-	-	-
	24,180,929	24,558,382	20,460,770	20,759,015
Non-operating activities				
Interest received	42,456	51,111	80,418	166,578
Total revenue	24,223,385	24,609,493	20,541,188	20,925,593

Financial support has not been received from another reporting unit.

Consolidated Entity		Parent Entity	
2017	2016	2017	2016
\$	\$	\$	\$

5. Profit for the year before tax

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

Consideration to employers for payroll deductions	-	-	-	-
Compulsory levies	-	-	-	-
Capitation fees	-	-	-	-
Affiliation fees	-	-	-	-
Fees/allowance – meeting and conferences	-	-	-	-
Penalties – via RO Act or RO Regulations	-	-	-	-
Legal fees (i)	30,829	5,944	30,829	4,977
Affiliation fees Master Builders Association Ltd and other congress organisations	680,712	668,128	680,712	668,128
Other fees and subscriptions	140,726	119,084	93,623	76,338
Grants and donations (ii)	2,450	102,400	2,450	102,400
Conference/meeting expenses	27,815	52,072	27,815	52,072

(i) Legal costs

Litigation	13,295	-	13,295	-
Other legal matters	17,534	5,944	17,534	4,977
Total legal costs	30,829	5,944	30,829	4,977

(ii) Grants or donations

Grants:

Total paid that were \$1,000 or less	-	-	-	-
Total paid that exceeded \$1,000	-	-	-	-

Donations

Total paid that were \$1,000 or less	2,450	1,170	2,450	1,170
Total paid that exceeded \$1,000	-	101,230	-	101,230

Total grants or donations	2,450	102,400	2,450	102,400
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	Consolidated Entity		Parent Entity	
	2017	2016	2017	2016
	\$	\$	\$	\$
5. Profit for the year before tax (cont'd)				
(iii) Employee expenses:				
Holders of office:				
Wages and salaries	-	-	-	-
Superannuation	-	-	-	-
Leave and other entitlements	-	-	-	-
Separation and redundancies	-	-	-	-
Other employee expenses	-	-	-	-
Subtotal employee expenses holders of office	-	-	-	-
Employees other than office holders:				
Wages and salaries	8,932,025	8,748,725	6,993,198	6,672,115
Superannuation	883,542	940,314	673,775	698,567
Leave and other entitlements	949,197	1,038,211	705,295	776,153
Separation and redundancies	24,945	36,700	23,140	27,595
Other employee expenses	989,813	1,049,739	746,106	807,470
Subtotal employees other than office holders	11,779,522	11,849,689	9,141,514	8,981,900
Total employee expenses	11,779,522	11,849,689	9,141,514	8,981,900
6. Trade and other receivables				
Trade and other receivables include:				
Receivables from other reporting units	-	-	-	-
7. Trade and other payables				
Trade and other payables include:				
Payables to other reporting units	-	-	-	-
Consideration to employers for payroll deductions	-	-	-	-
Legal and litigation costs	-	-	-	-

	Consolidated Entity		Parent Entity	
	2017	2016	2017	2016
	\$	\$	\$	\$
8. Provisions				
Office holders:				
Annual leave	-	-	-	-
Long service leave	-	-	-	-
Separations and redundancies	-	-	-	-
Other	-	-	-	-
Subtotal employee provisions – office holders	-	-	-	-
Employees other than office holders				
Annual leave	855,123	831,306	670,667	642,387
Long service leave	818,757	735,357	672,943	639,787
Separations and redundancies	-	-	-	-
Other	-	-	-	-
Subtotal employee provisions – employees other than office holders	1,673,880	1,566,663	1,343,610	1,282,174
Total employee provisions	1,673,880	1,566,663	1,343,610	1,282,174
Current	1,467,890	1,445,475	1,235,112	1,195,902
Non-current	205,990	121,188	108,498	86,272
Total employee provisions	1,673,880	1,566,663	1,343,610	1,282,174
9. Reserves				
Compulsory levy/voluntary contribution fund	-	-	-	-
Other funds required by RO rules	-	-	-	-
10. Notes to the statement of cash flows				
Cash inflows				
MBA Building Services	-	-	3,563,495	3,102,982
MBA Training Services	-	-	388,841	421,659
Total cash inflows	-	-	3,952,336	3,524,641
Cash outflows				
MBA Building Services	-	-	(2,961,584)	(2,867,798)
MBA Training Services	-	-	(773,237)	(753,970)
Total cash outflows	-	-	(3,734,821)	(3,621,768)

Consolidated Entity		Parent Entity	
2017	2016	2017	2016
\$	\$	\$	\$

11. Segment reporting

The operations are limited to one operating activity (to provide services to raise the standards in the building industry by continually providing assistance to develop skills of members) and geographic segment (Australia).

12. Subsequent events

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

13. Approval of financial statements

The financial statements were approved by the board of directors and authorised for issue on 19 September 2017.

Master Builders Association of Victoria

ACN 004 255 654

(A Company Limited By Guarantee)

2016/2017 Annual Report for presentation to the Annual General Meeting of Members



This is annexure "A" of 53 pages referred to in Form 388 Copy of Financial Statements and Reports.

Melanie Fashan

25/10/2017

General purpose financial report for the financial year ended 30 June 2017

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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 2017.

Principal Activities

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

There were no significant changes to the Association's principal activities during the year.

Financial Results

The consolidated surplus from operating activities for the year was \$1,140,454 (2016: surplus \$1,833,992). The Association is exempt from paying income tax.

Review of Operations

The result for the year is considered satisfactory given the challenges faced by sectors of the business, particularly during the first half of the year.

Some of the highlights are as follows:

- The Association's strong contribution to significant legislative and regulatory changes at both state and federal level
- Continued positive growth of the Building Leadership Simulation Centre's operations
- Strong retention growth in membership after remaining constant in recent years
- The outstanding achievement of our training operations in achieving Victorian Small Training Provider of the year
- The appointment of MBA Insurance Services as a distributor of the State's Home Warranty Insurance product.

The Association is well placed to meet any future challenges.

Significant Changes

No significant changes in the financial affairs of the Association have occurred during the financial year.

Rights of members to resign

- (1) A member may resign from membership by written notice addressed and delivered to the CEO.
- (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.

Council of Management operating report (cont'd)

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 CEO 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 Association 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 June 2017: 9,116 (2016: 8,742)
- (2) Employees of the reporting unit as at 30 June 2017: 109 equivalent full time staff (2016: 119 equivalent full time staff).
- (3) Members of the Council of Management during or since the financial year ended 30 June 2017:

Barber, L (retired 22 November 2016)	King, N
Barron, A	Levin, A
Basel, T (retired 22 November 2016)	Liddle, B
Cameron, M (retired 22 November 2016)	Moyle, D
Clemenger, M	Peluso, S (appointed 22 November 2016)
Cumbo, J	Picking, P
Fasham, M	Purcell, G
Gardiner, S	Robinson, P
Grenfell, N	Rogan, B (retired 14 November 2016)
Hansen, R	Salvatore, C
Hawkey, I	Sanfilippo, J

Council of Management operating report (cont'd)

For and on behalf of Council of Management



Jarrod Sanfilippo
Treasurer

19 September 2017

Directors' report

The directors of Master Builders Association of Victoria submit herewith the annual financial report of the Association for the financial year ended 30 June 2017. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

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

Board of Management (Committee of Directors)

Clemenger, M	Moyle, D
Fasham, M	Peluso, S (appointed 22 November 2016)
Grenfell, N	Picking, P
Hansen, R	Sanfilippo, J
Hawkey, I	

Council of Management (Directors)

Barber, L (retired 22 November 2016)	King, N
Barron, A	Levin, A
Basel, T (retired 22 November 2016)	Liddle, B
Cameron, M (retired 22 November 2016)	Moyle, D
Clemenger, M	Peluso, S (appointed 22 November 2016)
Cumbo, J	Picking, P
Fasham, M	Purcell, G
Gardiner, S	Robinson, P
Grenfell, N	Rogan, B (retired 14 November 2016)
Hansen, R	Salvatore, C
Hawkey, I	Sanfilippo, J

Principal Activities

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

There were no significant changes to the Association's principal activities during the year.

Financial Results

The consolidated surplus from operating activities for the year was \$1,140,454 (2016: surplus \$1,833,992). The Association is exempt from paying income tax.

Directors' report (cont'd)

Review of Operations

The result for the year is considered satisfactory given the challenges faced by sectors of the business, particularly during the first half of the year.

Some of the highlights are as follows:

- The Association's strong contribution to significant legislative and regulatory changes at both state and federal level
- Continued positive growth of the Building Leadership Simulation Centre's operations
- Strong retention growth in membership after remaining constant in recent years
- The outstanding achievement of our training operations in achieving Victorian Small Training Provider of the year
- The appointment of MBA Insurance Services as a distributor of the State's Home Warranty Insurance product.

The Association is well placed to meet any future challenges.

The key objective of the Association is to be the leader of our industry by representing members' interests through the provision of superior products and services with the support of our staff in achieving a high standard of performance.

In the short term these objectives are as follows:

- Develop acquisition and retention strategies in relation to our membership base
- Continually review the provision of appropriate products and services
- Build strong connections with stakeholders including governments, unions, consumers and other related industry organisations
- Continue to strengthen the financial viability of the Association.

Longer term objectives to be considered include:

- Develop our customer centric business systems and processes through regular review and investment
- Strengthen our appeal to the next generation of customers through the offer of products and services via social media
- Identify and respond to new market opportunities and new customers both nationally and internationally.

The Council of Management has approved the Business Plan for 2017/18 which outlines the key strategies to be implemented over the coming year thereby ensuring the Association meets its key objectives.

These strategies include:

- Development of expansion strategy for Master Builders training
- Evaluate and recommend the implementation of innovative and valued products and services
- Continue to capitalise on our strong brand position
- Continue to develop staff to deliver exceptional service to our members.

Directors' report (cont'd)

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

- Preparation of an annual budget and monthly review of actual performance against budget
- The monthly monitoring of key performance and financial indicators by the Board of Management
- Continually review the provision of appropriate products and services

Preparation of an annual strategic plan and periodic review and implementation of same.

Dividends

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

Significant Changes

No significant changes in the state of affairs of the Association have occurred during the financial year.

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 Association with any Director, or with a firm of which a Director is a member, or with a Association in which a Director has a substantial financial interest.

Environmental Issues

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

Indemnifying Officer or Auditor

During the financial year the Association has paid a total premium of \$15,000 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 Association, other than conduct involving a willful breach of duty in relation to the Association.

Directors' report (cont'd)

Indemnifying Officer or Auditor (cont'd)

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

The Association has not otherwise, during or since the financial year, in respect of any person who is or has been an officer or auditor of the Association 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:

Information on Council of Management Directors

During the year there were 4 Council meetings were held.

Name	Age	Qualifications	Number of meetings eligible to attend	Number of meetings attended
BARBER Lindsay Retired 22 November 2016	55	Director	2	4
BARRON Adam	38	Director	4	4
BASEL Tom Retired 22 November 2016	49	Director	2	1
CAMERON Michael Retired 22 November 2016	40	Director	2	2
CLEMENGER Michael	42	Director	4	3
CUMBO Joseph	68	Director	4	4
FASHAM Melanie	44	Director	4	4
GARDINER Sidney	55	Director	4	3
GRENFELL Neil	66	Director	4	3
HANSEN Richard	45	Director	4	4
HAWKEY Ian	64	Director	4	4
KING Natalie	45	Director	4	4
LEVIN Ashley	54	Director	4	3
LIDDLE Brendan	52	Director	4	2
MOYLE David	34	Director	4	2
PELSUO Steven Appointed 2 November 2016	50	Director	3	2
PICKING Peter	61	Director	4	4
PURCELL Geoffrey	45	Director	4	2
ROBINSON Phillip	70	Director	4	4
ROGAN Benjamin Retired 14 November 2017	37	Director	1	-
SALVATORE Claude	51	Director	4	4
SANFILIPPO Jarrod	39	Director	4	2

Directors' report (cont'd)

Information on Board of Management Directors (Committee of Directors)

During the year there were 10 Board of Management meetings were held.

Name	Age	Qualifications	Number of meetings eligible to attend	Number of meetings attended
CLEMENGER Michael	42	Director	10	9
FASHAM Melanie	44	Director	10	10
GRENFELL Neil	66	Director	10	9
HANSEN Richard	45	Director	10	8
HAWKEY Ian	64	Director	10	10
MOYLE David	34	Director	10	5
PELSUO Steven Appointed 2 November 2016	50	Director	5	4
PICKING Peter	61	Director	10	10
SANFILIPPO Jarrod	38	Director	10	8

Information on Association secretary

Name	Age	Qualifications	Number of meetings eligible to attend	Number of meetings attended
DE SILVA Radley	63	CEO	10	10

Leave of Court

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

The Association 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 2017 there were 9,116 members (2016: 8,742).

Auditor's Independence Declaration

The auditor's independence declaration is included on page 12 of the annual report.

Directors' report (cont'd)

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



Melanie Fasham
Director



Jarrod Sanfilippo
Director

East Melbourne, 19 September 2017

Statement by Council of Management

On 19 September 2017 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 2017.

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 General Manager;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
- (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 RO Act; 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
 - (v) where information has been sought in any request by a member of the reporting unit or General Manager duly made under section 272 of the RO Act has been provided to the member or General Manager; and
 - (vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.
- (f) No revenue has been derived from undertaking recovery of wages activity during the reporting period.

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

For Board of Management: Jarrod Sanfilippo

Title of Office held: Treasurer

Signature:



Date: 19 September 2017

The Council of Management
Master Builders Association of Victoria
332 Albert Street
EAST MELBOURNE VIC 3002

19 September 2017

Dear Council 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.

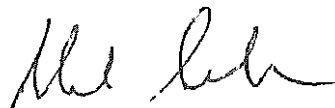
As the lead audit partner for the audit of the financial statements of Master Builders Association of Victoria for the financial year ended 30 June 2017, I declare that to the best of my knowledge and belief that there have been no contraventions of:

- 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 The Master Builders Association of Victoria

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of The Master Builders Association of Victoria (the "Entity"), and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors declaration.

In our opinion:

- (a) the accompanying financial report of the Master Builders Association of Victoria is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Entity's and Group's financial position as at 30 June 2017 and of their financial performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- (b) the financial report is presented fairly in accordance with the requirements of Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009.
- (c) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 3.
- (d) the preparation of the financial statements on a going concern basis as determined by the directors is appropriate.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Entity, would be in the same terms if given to the directors as at the time of this auditor's report.

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



Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Council of Management Operating Report, the Directors' Report and the Statement by the Council of Management but does not include the financial report and our auditor's report thereon.

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

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

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

The Directors Responsibilities for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

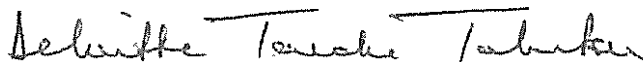
Deloitte

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

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



DELOITTE TOUCHE TOHMATSU



Robert D D Collie, FCA
Partner
Chartered Accountants
Melbourne, 19 September 2017

Registered company auditor: 154585

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



Melanie Fasham
Director



Jarrod Sanfilippo
Director

East Melbourne, 19 September 2017

Statements of profit or loss and other comprehensive income for the year ended 30 June 2017

	Notes	Consolidated Entity		Parent Entity	
		2017 \$	2016 \$	2017 \$	2016 \$
Revenue	5	24,223,385	24,609,493	20,541,188	20,925,593
Employee benefits expenses		(11,779,522)	(11,849,689)	(9,141,514)	(8,981,900)
Depreciation expense	12(a)	(855,772)	(944,366)	(855,772)	(944,366)
Amortisation expenses	13	(891,550)	(394,700)	(891,550)	(394,700)
Premises expenses		(971,942)	(898,464)	(828,700)	(755,346)
Travel, accommodation & motor vehicles		(529,074)	(649,990)	(327,309)	(431,643)
Telephone & postage		(311,096)	(341,131)	(240,957)	(269,502)
Administration expenses		(6,272,759)	(6,165,835)	(5,930,512)	(6,233,987)
Cost of goods sold-document sales		(574,869)	(650,453)	(360,364)	(419,683)
Finance costs		(41,151)	(126,805)	(39,636)	(125,306)
Impairment reversal		-	-	35,954	195,616
Promotional activity expenses		(855,196)	(704,068)	(851,907)	(698,027)
Profit before tax	6	1,140,454	1,883,992	1,108,921	1,866,749
Income tax expense	3(e)	-	-	-	-
Profit for the year		1,140,454	1,883,992	1,108,921	1,866,749
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Movement in value of available for sale investments	19	110,212	(115,754)	110,212	(115,754)
Total comprehensive income for the year		1,250,666	1,768,240	1,219,133	1,750,995

The accompanying notes form part of these financial statements.

Statements of financial position at 30 June 2017

	Notes	Consolidated Entity		Parent Entity	
		2017 \$	2016 \$	2017 \$	2016 \$
Current assets					
Cash and cash equivalents	7, 24	3,862,206	3,780,523	3,675,405	3,657,483
Trade and other receivables	8	2,677,825	2,512,674	2,146,283	2,017,818
Other financial assets	9	1,054,250	1,074,394	1,054,250	1,074,394
Inventories	10	188,797	228,647	188,797	228,647
Other assets	11	440,574	219,140	432,313	219,124
Total current assets		8,223,652	7,815,378	7,497,048	7,197,460
Non-current assets					
Property, plant and equipment	12	17,104,066	17,867,388	17,104,066	17,867,388
Intangible assets	13	3,732,112	3,566,200	3,732,112	3,566,200
Other financial assets	9	1,790,029	1,392,727	1,790,033	1,392,731
Total non-current assets		22,626,207	22,826,315	22,626,211	22,826,319
Total assets		30,849,859	30,641,693	30,123,259	30,023,785
Current liabilities					
Trade and other payables	14	2,368,738	2,825,574	1,970,660	2,458,874
Other liabilities	15	3,397,002	3,269,883	3,397,002	3,269,883
Borrowings	17	615,000	-	615,000	-
Provisions	16	1,467,890	1,445,475	1,235,112	1,195,902
Total current liabilities		7,848,630	7,540,932	7,217,774	6,924,659
Non-current liabilities					
Borrowings	17	-	1,435,000	-	1,435,000
Provisions	16	205,990	121,188	108,498	86,272
Total non-current liabilities		205,990	1,566,188	108,498	1,521,272
Total liabilities		8,054,620	9,097,120	7,326,272	8,445,931
Net assets		22,795,239	21,544,573	22,796,987	21,577,854
Equity					
Retained earnings	18	22,634,480	21,494,026	22,636,228	21,527,307
Reserves	19	160,759	50,547	160,759	50,547
Total equity		22,795,239	21,544,573	22,796,987	21,577,854

The accompanying notes form part of these financial statements.

Statements of changes in equity for the year ended 30 June 2017

Consolidated entity

	Retained earnings \$	Investment revaluation reserve \$	Total \$
Balance at 1 July 2015	19,610,034	166,301	19,776,335
Profit for the year	1,883,992	-	1,883,992
Other comprehensive loss	-	(115,754)	(115,754)
Total comprehensive income/(loss) for the year	1,883,992	(115,754)	1,768,238
Balance at 30 June 2016	21,494,026	50,547	21,544,573
Balance at 1 July 2016	21,494,026	50,547	21,544,573
Profit for the year	1,140,454	-	1,140,454
Other comprehensive gain	-	110,212	110,212
Total comprehensive income for the year	1,140,454	110,212	1,250,666
Balance at 30 June 2017	22,634,480	160,759	22,795,239

Statements of changes in equity for the year ended 30 June 2017

Parent entity

	Retained earnings \$	Investment revaluation reserve \$	Total \$
Balance at 1 July 2015	19,660,558	166,301	19,826,859
Surplus for the year	1,866,749	-	1,866,749
Other comprehensive loss	-	(115,754)	(115,754)
Total comprehensive income/(loss) for the year	1,866,719	(115,754)	1,750,995
Balance at 30 June 2016	21,527,307	50,547	21,577,854
Balance at 1 July 2016	21,527,307	50,547	21,577,854
Surplus for the year	1,108,921	-	1,108,921
Other comprehensive income	-	110,212	110,212
Total comprehensive income for the year	1,108,921	110,212	1,219,133
Balance at 30 June 2017	22,636,228	160,759	22,796,987

Statements of cash flows for the year ended 30 June 2017

	Notes	Consolidated Entity		Parent Entity	
		2016 \$	2017 \$	2016 \$	2017 \$
Cash flows from operating activities					
Receipts from membership subscriptions		6,449,374	6,302,632	6,449,374	6,302,632
Receipts from other activities		17,168,887	18,564,052	14,011,689	13,738,773
Payments to suppliers and employees		(21,066,105)	(22,159,267)	(16,634,460)	(17,466,972)
Interest and finance costs paid		(41,151)	(126,805)	(39,636)	(8,307)
Interest received		42,456	51,111	41,369	49,578
Net cash provided by operating activities	24(b)	2,553,461	2,631,723	3,828,336	2,615,705
Cash flows from investing activities					
Net payments for investments		(287,090)	(369,619)	(287,090)	(369,619)
Payments for long term investments		(1,054,250)	-	(1,054,250)	-
Proceeds from sale of property, plant and equipment		3,423	15,978	3,423	15,978
Payments for property, plant and equipment		(246,741)	(333,995)	(246,741)	(333,995)
Payments for intangible assets		(906,594)	(1,198,000)	(906,594)	(1,198,000)
Net (payments to) / receipts from related parties		(234,920)	81,606	(1,573,556)	130,121
Net cash used in investing activities		(2,726,172)	(1,804,030)	(4,064,808)	(1,755,515)
Cash flows from financing activities					
Repayment of borrowings		(820,000)	(936,055)	(820,000)	(936,055)
Net cash used in financing activities		(820,000)	(936,055)	(820,000)	(936,055)
Net decrease in cash and cash equivalents		(992,711)	(108,362)	(1,056,472)	(75,865)
Cash and cash equivalents at the beginning of the financial year		4,854,917	4,963,279	4,731,877	4,807,742
Cash and cash equivalents at the end of the financial year	24(a)	3,862,206	4,854,917	3,675,405	4,731,877

The accompanying notes form part of these financial statements.

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

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

2. Adoption of new and revised Accounting Standards

2.1 Amendments to Accounting Standards that are mandatorily effective for the current reporting period

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for an accounting period that begins on or after 1 July 2016.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

- *AASB 1057 Application of Australian Accounting Standards and AASB 2015-9 Amendments to Australian Accounting Standards – Scope and Application Paragraphs*
- *AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation*
- *AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle*
- *AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101*

The application of these amendments does not have any material impact on the disclosures or the amounts recognised in the financial statements.

2. Adoption of new and revised Accounting Standards (continued)

2.2 New and revised Australian Accounting Standards in issue but not yet effective

At the date of authorisation of the financial statements, the Group has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective:

Standard/amendment	Effective for annual reporting periods beginning on or after
AASB 9 <i>Financial Instruments</i>	1 January 2018
AASB 15 <i>Revenue from Contracts with Customers</i> , 2014-5 <i>Amendments to Australian Accounting Standards arising from AASB 15</i> , 2015-8 <i>Amendments to Australian Accounting Standards – Effective date of AASB 15</i> , 2016-3 <i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i>	1 January 2018
AASB 16 – <i>Leases</i>	1 January 2019
AASB 2015-10 <i>Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128</i>	1 January 2018
AASB 2017-2 <i>Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle</i>	1 January 2017

The potential effect of the revised standards/interpretations on the Group's financial statements has not yet been determined.

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, the Fair Work (Registered Organisation) Act 2009, 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 (Registered Organisation) Act 2009. 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 2017 the number of members was 9,116 (2016: 8,742).

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

For the purpose of the financial statements, the Group is a for profit entity.

The financial statements were authorised for issue by the directors on 19 September 2017.

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, except for available for sale investments which are based on fair value, 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.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Association takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of AASB 117.

In addition, for financial reporting purposes fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date;
- Level 2 inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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 recognised 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.

Long service leave

Management judgement is applied in determining the following key assumptions used in the calculation of long service leave at reporting date:

- future increases in salaries and wages;
- future on cost rates; and
- experience of employee departures and period of service.

3. Significant accounting policies (cont'd)

Critical accounting judgments and key sources of estimation uncertainty (cont'd)

Property, plant and equipment

Useful lives and residual value of property, plant and equipment are reviewed annually. Judgement is applied in determining the useful lives of property, plant and equipment. Any reassessment of useful lives and residual value in a particular year will affect depreciation expense (either increasing or decreasing) from the date of reassessment through to the end of the reassessed useful life for both the current and future years.

Intangibles

Useful lives and residual value of intangible assets are reviewed annually. Judgement is applied in determining the useful lives of intangibles. Any reassessment of useful lives and residual value in a particular year will affect amortisation expense (either increasing or decreasing) from the date of reassessment through to the end of the reassessed useful life for both the current and future years. Effective on 1 July 2016, the remaining useful life of the license was reassessed as 4 years (initial useful life effective 30 June 2012 was 10 years).

Provision for obsolete stock

Management's judgement is applied in determining the provision for inventories obsolescence. If the estimated selling price of inventory is lower than the cost to sell, the difference is recognised in the provision for obsolescence.

Provision for doubtful debts

Management's judgement is applied in determining the provision for doubtful debts. If the estimated recoverable amount of the debtor is less than the amount of revenue recognised, the difference is recognised in the provision for doubtful debts.

Significant accounting policies

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) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Master Builders Association of Victoria and entities controlled by the Master Builders Association of Victoria (the "Association"). Control is achieved when the Master Builders Association of Victoria:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

3. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

Master Builders Association of Victoria reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Association's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Association are eliminated in full on consolidation.

A list of the controlled entities is contained in Note 26 of the financial statements.

(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.

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

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

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.

(c) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3. Significant accounting policies (cont'd)

(d) Employee entitlements

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Association in respect of services provided by employees up to reporting date.

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

(e) Income tax

The Group 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 is recognised upon the delivery of goods to members or customers.

Revenue from the rendering of a service is recognised upon the delivery of the service to members or customers.

Revenue from membership subscriptions is accounted for on an accruals basis and is recorded as revenue in the year to which they relate.

Non Government grant revenue is recognised when the Association gains control over the funds.

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.

3. Significant accounting policies (cont'd)

(g) Revenue (cont'd)

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 Association will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Association recognises as expenses the related costs for which the grants are intended to compensate.

Specifically, government grants whose primary condition is that the Association 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 lives of the related assets.

(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 Association has a present obligation (legal or constructive) as a result of a past event, it is probable that the Association will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3. Significant accounting policies (cont'd)

(k) Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

3. Significant accounting policies (cont'd)

(k) Financial instruments (cont'd)

Financial assets (cont'd)

Financial assets at FVTPL (cont'd)

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or
- both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of comprehensive income.

Held-to-maturity investments

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

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.

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.

Dividends on AFS equity instruments are recognised in profit or loss when the Association's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

3. Significant accounting policies (cont'd)

(k) Financial instruments (cont'd)

Financial assets (cont'd)

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. Significant accounting policies (cont'd)

(k) Financial instruments (cont'd)

Financial assets (cont'd)

Impairment of financial assets (cont'd)

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Group retains control), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

3. Significant accounting policies (cont'd)

(l) Leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Association as lessee

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Association's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense 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. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

(m) Impairment of Assets

At each reporting date, the Group 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.

3. Significant accounting policies (cont'd)

(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 and to ensure consistent classification between periods, 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, which reads as follows:

1. A member of a reporting unit, or the General Manager, 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).

Master Builders Association of Victoria
Notes to the financial statements

	Consolidated Entity		Parent Entity	
	2017	2016	2017	2016
	\$	\$	\$	\$
5. Revenue				
Operating activities				
Membership subscriptions	6,322,255	6,176,232	6,322,255	6,176,232
Insurance commission	1,527,830	1,382,778	1,543,130	1,382,778
Sale of documents	961,589	1,082,411	961,589	1,082,411
Sundry income	997,835	988,371	926,510	989,614
Rental income	272,993	211,402	524,993	464,758
Gain on sale of fixed assets	-	5,977	-	5,977
Planning and building services	3,395,781	3,497,451	-	-
Training division	3,538,147	4,002,437	3,017,794	3,445,922
Commercial income	139,396	75,415	139,396	75,415
Capitation fees	-	-	-	-
Compulsory levies	-	-	-	-
Grants	7,025,103	7,135,908	7,025,103	7,135,908
Donations	-	-	-	-
	<u>24,180,929</u>	<u>24,558,382</u>	<u>20,460,770</u>	<u>20,759,015</u>
Non-operating activities				
Interest received	42,456	51,111	80,418	166,578
Total revenue	<u>24,223,385</u>	<u>24,609,493</u>	<u>20,541,188</u>	<u>20,925,593</u>

Financial support has not been received from another reporting unit.

6. Profit for the year before tax

Other expenses

Profit for the year includes the following expenses:

(Decrease)/increase in allowance for doubtful debts provision	3,193	(41,811)	(673)	(30,976)
Bad debt expense/(recovered)	6,932	(36,522)	6,243	(36,522)
Remuneration of auditor				
- audit of the financial statements	57,095	54,465	37,295	35,565
- other audit services (grant acquittal statements)	10,350	9,900	10,350	9,900
- taxation services	5,000	18,000	5,000	18,000
- other services (Deloitte Access Economics)	-	55,000	-	55,000
	<u>72,445</u>	<u>137,365</u>	<u>52,645</u>	<u>118,465</u>

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

Master Builders Association of Victoria
Notes to the financial statements

	Consolidated Entity		Parent Entity	
	2017	2016	2017	2016
	\$	\$	\$	\$
6. Profit for the year before tax (cont'd)				
Expenses include the following items for which additional information is required by section 255 of the Fair Work (Registered Organizations) Act 2009:				
Consideration to employers for payroll deductions	-	-	-	-
Compulsory levies	-	-	-	-
Capitation fees	-	-	-	-
Affiliation fees	-	-	-	-
Fees/allowance – meeting and conferences	-	-	-	-
Penalties – via RO Act or RO Regulations	-	-	-	-
Legal fees (i)	30,829	5,944	30,829	4,977
Affiliation fees Master Builders Association Ltd and other congress organisations	680,712	668,128	680,712	668,128
Other fees and subscriptions	140,726	119,084	93,623	76,338
Grants and donations (ii)	2,450	102,400	2,450	102,400
Conference/meeting expenses	27,815	52,072	27,815	52,072
(i) Legal costs				
Litigation	13,295	-	13,295	-
Other legal matters	17,534	5,944	17,534	4,977
Total legal costs	30,829	5,944	30,829	4,977
(ii) Grants or donations				
Grants:				
Total paid that were \$1,000 or less	-	-	-	-
Total paid that exceeded \$1,000	-	-	-	-
Donations				
Total paid that were \$1,000 or less	2,450	1,170	2,450	1,170
Total paid that exceeded \$1,000	-	101,230	-	101,230
Total grants or donations	2,450	102,400	2,450	102,400

Master Builders Association of Victoria
Notes to the financial statements

	Consolidated Entity		Parent Entity	
	2017	2016	2017	2016
	\$	\$	\$	\$
6. Profit for the year before tax (cont'd)				
(iii) Employee expenses:				
Holders of office:				
Wages and salaries	-	-	-	-
Superannuation	-	-	-	-
Leave and other entitlements	-	-	-	-
Separation and redundancies	-	-	-	-
Other employee expenses	-	-	-	-
Subtotal employee expenses holders of office	-	-	-	-
Employees other than office holders:				
Wages and salaries	8,932,025	8,748,725	6,993,198	6,672,115
Superannuation	883,542	940,314	673,775	698,567
Leave and other entitlements	949,197	1,038,211	705,295	776,153
Separation and redundancies	24,945	36,700	23,140	27,595
Other employee expenses	989,813	1,049,739	746,106	807,470
Subtotal employees other than office holders	11,779,522	11,849,689	9,141,514	8,981,900
Total employee expenses	11,779,522	11,849,689	9,141,514	8,981,900
7. Cash and cash equivalents				
Cash at bank	3,857,802	3,776,119	3,672,305	3,654,383
Cash on hand	4,404	4,404	3,100	3,100
	3,862,206	3,780,523	3,675,405	3,657,483
8. Trade and other receivables				
Trade debtors	1,473,432	1,490,366	777,069	830,933
Provision for doubtful debts	(9,213)	(6,020)	(1,518)	(2,191)
	1,464,219	1,484,346	775,551	828,742
Other receivables	785,837	835,479	798,212	830,711
Inter-company loan – controlled entity	-	-	1,428,534	1,485,253
Provision for impairment of intercompany loan	-	-	(1,283,783)	(1,319,737)
Inter-company loan – related company	427,769	192,849	427,769	192,849
Receivables from other reporting units	-	-	-	-
	2,677,825	2,512,674	2,146,283	2,017,818

Consolidated Entity		Parent Entity	
2017	2016	2017	2016
\$	\$	\$	\$

8. Trade and other receivables (cont'd)

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	82,021	91,084	49,825	74,245
90+ days	238,330	264,518	149,719	172,537
Total	320,351	355,602	199,544	246,782

Movement in the allowance for doubtful debts

Balance at the beginning of the year	6,020	47,831	2,191	33,167
Provision during the year	3,193	(41,811)	(673)	(30,976)
Balance at the end of the year	9,213	6,020	1,518	2,191

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.

9. Other financial assets

Current

Term deposit	1,054,250	1,074,394	1,054,250	1,074,394
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Non Current

Investments

- Shares in controlled entity – at cost	-	-	4	4
- Shares in related entities – at cost	120,000	120,000	120,000	120,000
- Shares – available for sale*	1,670,029	1,272,727	1,670,029	1,272,727
	1,790,029	1,392,727	1,790,033	1,392,731

*Shares held at fair value are classified as Level 1 and valued as quoted bid prices in an active market.

Master Builders Association of Victoria
Notes to the financial statements

	Consolidated Entity		Parent Entity	
	2017	2016	2017	2016
	\$	\$	\$	\$
10. Inventories				
Stock on hand	188,797	228,647	188,797	228,647
11. Other assets				
Prepayments	440,574	219,140	432,313	219,124
12. Property Plant and Equipment				
Freehold land and buildings				
At cost	19,879,977	19,737,643	19,879,977	19,737,643
Provision for depreciation	(4,199,362)	(3,761,091)	(4,199,362)	(3,761,091)
Written down value	15,680,615	15,976,552	15,680,615	15,976,552
Capital work in progress	-	150,868	-	150,868
Plant and equipment				
At cost	6,527,950	6,427,339	6,527,950	6,427,339
Provision for depreciation	(5,104,499)	(4,687,371)	(5,104,499)	(4,687,371)
Written down value	1,423,451	1,739,968	1,423,451	1,739,968
Net Book Value	17,104,066	17,867,388	17,104,066	17,867,388

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.

Consolidated & Parent entity:

	Freehold land and buildings \$	Plant and equipment \$	Work in progress \$	Total \$
2016				
Balance at the beginning of year	16,146,492	2,230,290	110,978	18,487,760
Additions	154,106	29,021	150,868	333,995
Disposals	-	(10,001)	-	(10,001)
Transfers	110,978	-	(110,978)	-
Depreciation expense	(435,024)	(509,342)	-	(944,366)
Carrying amount at the end of the year	15,976,552	1,739,968	150,868	17,867,388
2017				
Balance at the beginning of year	15,976,552	1,739,968	150,868	17,867,388
Additions	142,334	104,407	-	246,741
Disposals	-	(3,423)	-	(3,423)
Reclassification to Capital work in progress in intangibles	-	-	(150,868)	(150,868)
Depreciation expense	(438,271)	(417,501)	-	(855,772)
Carrying amount at the end of the year	15,680,615	1,423,451	-	17,104,066

	Consolidated Entity		Parent Entity	
	2017 \$	2016 \$	2017 \$	2016 \$
13. Intangible Assets				
Licence at cost	5,145,000	5,145,000	5,145,000	5,145,000
Accumulated amortisation	(2,470,350)	(1,578,800)	(2,470,350)	(1,578,800)
	2,674,650	3,566,200	2,674,650	3,566,200
Capital work in progress	1,057,462	-	1,057,462	-
Net book value	3,732,112	3,566,200	3,732,112	3,566,200

13. Intangible Assets (cont'd)

(a) Movement in carrying amount

Movement in the carrying amounts for each class of intangible asset between the beginning and the end at the current financial year.

	Licence \$	Work in progress \$	Total \$
2016			
Balance at the beginning of year	2,762,900	-	2,762,900
Additions	1,198,000	-	1,198,000
Amortisation expense	(394,700)	-	(394,700)
Carrying amount at the end of the year	<u>3,566,200</u>	<u>-</u>	<u>3,566,200</u>
2017			
Balance at the beginning of year	3,566,200	-	3,566,200
Additions	-	906,594	906,594
Reclassification from Capital work in progress in PPE	-	150,868	150,868
Amortisation expense	(891,500)	-	(891,500)
Carrying amount at the end of the year	<u>2,674,700</u>	<u>-</u>	<u>3,732,162</u>

The work in progress relates to software and website development costs.

	Consolidated Entity		Parent Entity	
	2017	2016	2017	2016
	\$	\$	\$	\$
14. Trade and other payables				
Arbitration deposit account	10,992	10,537	10,992	10,537
Trade creditors	929,449	1,130,544	835,411	1,023,755
Sundry creditors and accrued expenses	1,428,297	1,684,493	1,124,257	1,424,582
Payables to other reporting units	-	-	-	-
Consideration to employers for payroll deductions	-	-	-	-
Legal and litigation costs	-	-	-	-
	<u>2,368,738</u>	<u>2,825,574</u>	<u>1,970,660</u>	<u>2,458,874</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.

	Consolidated Entity		Parent Entity	
	2017	2016	2017	2016
	\$	\$	\$	\$
15. Other liabilities				
Current				
Deferred revenue	3,397,002	3,269,883	3,397,002	3,269,883
16. Provisions				
Office holders:				
Annual leave	-	-	-	-
Long service leave	-	-	-	-
Separations and redundancies	-	-	-	-
Other	-	-	-	-
Subtotal employee provisions – office holders	-	-	-	-
Employees other than office holders				
Annual leave	855,123	831,306	670,667	642,387
Long service leave	818,757	735,357	672,943	639,787
Separations and redundancies	-	-	-	-
Other	-	-	-	-
Subtotal employee provisions – employees other than office holders	1,673,880	1,566,663	1,343,610	1,282,174
Total employee provisions	1,673,880	1,566,663	1,343,610	1,282,174
Current	1,467,890	1,445,475	1,235,112	1,195,902
Non-current	205,990	121,188	108,498	86,272
Total employee provisions	1,673,880	1,566,663	1,343,610	1,282,174
Number of employees at year end	109	119	80	86
17. Borrowings				
Commercial bill – current	615,000	-	615,000	-
Commercial bill – non current	-	1,435,000	-	1,435,000
Commercial bill (i)	615,000	1,435,000	615,000	1,435,000

Summary of borrowing arrangements:

- (i) Bills of exchange as at 30 June 2017, with a variable interest rate were issued in September 2011. The current weighted average interest rate on the bills is 3.5% p.a. (2016: 3.51%p.a.).

	Consolidated Entity		Parent Entity	
	2017	2016	2017	2016
	\$	\$	\$	\$
18. Retained earnings				
Retained earnings at the beginning of the financial year	21,494,026	19,610,034	21,527,307	19,660,558
Net profit attributable to members of the association	1,140,454	1,883,992	1,108,921	1,866,749
Transfer from reserve	-	-	-	-
Retained earnings as at the end of the financial year	22,634,480	21,494,026	22,636,228	21,527,307

19. Reserves

Investment revaluation reserve	160,759	50,547	160,759	50,547
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The investment revaluation reserve records revaluations of non-current assets and investments. There has been a fair value increase in investments during the year of \$110,212 (2016: decrease of \$115,754).

Compulsory levy/voluntary contribution fund	-	-	-	-
Other funds required by RO rules	-	-	-	-

20. 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	349,808	492,889	349,808	492,889
Longer than 1 but not later than 5 Years	331,176	222,745	331,176	222,745
	680,984	715,634	680,984	715,634

(b) Other commitments

Master Builders Association of Victoria has committed to support its subsidiaries MBA Building Services Pty Ltd, trustee of MBA Building Services Trust and MBA Training Services Pty Ltd, trustee of MBA Unit Trust over the next 12 months to ensure the subsidiaries can pay their debt as and when they fall due.

21. Segment Reporting

The operations are limited to one operating activity (to provide services to raise the standards in the building industry by continually providing assistance to develop skills of members) and geographic segment (Australia).

22. Related Party Transactions

(i) Directors

The following people held office of Director during the year ended 30 June 2017.

Board of Management (Committee of Directors)

Clemenger, M	Moyle, D
Fasham, M	Peluso, S (appointed 22 November 2016)
Grenfell, N	Picking, P
Hansen, R	Sanfilippo, J
Hawkey, I	

Council of Management (Directors)

Barber, L (retired 22 November 2016)	King, N
Barron, A	Levin, A
Basel, T (retired 22 November 2016)	Liddle, B
Cameron, M (retired 22 November 2016)	Moyle, D
Clemenger, M	Peluso, S (appointed 22 November 2016)
Cumbo, J	Picking, P
Fasham, M	Purcell, G
Gardiner, P	Robinson, P
Grenfell, N	Rogan, B (retired 14 November 2016)
Hansen, R	Salvatore, C
Hawkey, I	Sanfilippo, J

	<u>2017</u>	<u>2016</u>
22. Related Party Transactions		
(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	<u>22</u>	<u>25</u>
The services of the Directors are provided on a voluntary basis only.		

	Consolidated Entity		Parent Entity	
	2017	2016	2017	2016
	\$	\$	\$	\$
(iii) Transactions				
Rental income from MBA Insurance Services Pty Ltd	198,355	191,440	198,355	191,440
Accounting Services charged to MBA Insurance Services Pty Ltd	(78,000)	(78,000)	(78,000)	(78,000)
Commissions received from MBA Insurance Services Pty Ltd	1,447,150	1,296,097	1,447,150	1,296,097
Training expenditure paid to MBA Unit Trust	-	-	1,434,404	1,068,893
Interest income from MBA Unit Trust	-	-	<u>39,019</u>	<u>117,000</u>

Transactions are arms length, non interest bearing.

23. Superannuation expense	<u>883,542</u>	<u>940,314</u>	<u>673,775</u>	<u>698,567</u>
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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	
2017	2016	2017	2016
\$	\$	\$	\$

24. 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	3,862,206	3,780,523	3,675,405	3,657,483
Cash deposits	-	1,074,394	-	1,074,394
	3,862,206	4,854,917	3,675,405	4,731,877

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

Operating profit after income tax	1,140,454	1,883,992	1,108,921	1,866,749
Gain on sale of fixed assets	-	(5,977)	-	(5,977)
Bad debt expense	-	-	-	-
Revenue recognised in profit or loss	-	-	(39,049)	-
Expenses recognised in profit or loss	-	-	1,434,404	-
Movement in doubtful debts	3,193	(41,811)	(673)	(30,976)
Depreciation	855,772	944,366	855,772	944,366
Amortisation	891,550	394,700	891,550	394,700
Impairment reversal of intercompany loans	-	-	(35,954)	(195,616)

Changes in assets and liabilities

(Increase)/decrease in assets:

Trade and other receivables	66,576	138,058	86,363	188,852
Inventories	39,850	(24,307)	39,850	(24,314)
Other assets	(221,434)	49,821	(213,189)	42,008

(Decrease)/increase in liabilities

Trade and other payables	(456,836)	(862,663)	(488,214)	(800,484)
Other liabilities	127,119	126,400	127,119	126,400
Provisions	107,217	29,144	61,436	109,997
Net cash provided by operating activities	2,553,461	2,631,723	3,828,336	2,615,705

Consolidated Entity		Parent Entity	
2017	2016	2017	2016
\$	\$	\$	\$

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

(c) Cash flow information:

Cash inflows

MBA Building Services	-	-	3,563,495	3,102,982
MBA Training Services	-	-	388,841	421,659
Total cash inflows	-	-	3,952,336	3,524,641

Cash outflows

MBA Building Services	-	-	(2,961,584)	(2,867,798)
MBA Training Services	-	-	(773,237)	(753,970)
Total cash outflows	-	-	(3,734,821)	(3,621,768)

(d) **Financing Facilities**

Master Builders Association of Victoria has a commercial bill facility for \$615,000 as at 30 June 2017 (2016: \$1,435,000).

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 include the sum of the total amount for all facilities listed in this facility.

(e) **Non Cash Financing and Investing Activities**

The parent entity cash flow included non cash transactions of \$1,434,404 (2016: \$1,068,893) for training expenditure recharges from a subsidiary and income of \$39,049 (2016: \$117,000) of interest to a subsidiary.

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

25. Financial Instruments

(a) The Association's financial instruments are disclosed as follows:

Recognised Financial Instruments	Statement of Financial Position Note
i) Financial Assets	
Loans & Receivables	8
Cash & Cash equivalents	7
Other financial assets – shares (available for sale)	9
ii) Financial Liabilities	
Trade & other payables	14
Borrowings	17

(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 \$24,582 or the parent entity cash and profit by \$23,648.

(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.

(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 24(d) is a listing of facilities that the Association 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.

25. Financial Instruments (cont'd)

(d) Liquidity risk (cont'd)

Consolidated	Weighted Average Effective Interest Rate	Less than 1 month	1 - 3 months	3 months – 1 year	1-5 years	Total
2016						
Non-interest bearing		2,289,827	276,578	256,466	184,022	3,006,893
Variable interest rate instruments	3.51%	-	225,492	656,178	625,389	1,507,058
Fixed interest rate instruments	-	-	-	-	-	-
2017						
Non-interest bearing		2,083,458	131,800	451,355	143,113	2,809,815
Variable interest rate instruments	3.50%	-	208,718	411,899	-	620,617
Fixed interest rate instruments	-	-	-	-	-	-

Parent	Weighted Average Effective Interest Rate	Less than 1 month	1 - 3 months	3 months – 1 year	1-5 years	Total
2016						
Non-interest bearing		1,995,399	262,509	212,791	184,022	2,654,721
Variable interest rate instruments	3.51%	-	225,492	656,178	625,389	1,507,058
Fixed interest rate instruments	-	-	-	-	-	-
2017						
Non-interest bearing		1,735,991	113,150	407,108	143,113	2,399,362
Variable interest rate instruments	3.50%	-	208,718	411,899	-	620,617
Fixed interest rate instruments	-	-	-	-	-	-

The following tables detail the Association'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.

25. Financial Instruments (cont'd)

(d) Liquidity risk (cont'd)

Consolidated	Weighted Average Effective Interest Rate	Less than 1 month	1 - 3 months	3 months – 1 year	1-5 years	Total
2016						
Non-interest bearing		692,394	1,572,135	274,329	-	2,538,858
Variable interest rate instruments	0.88%	3,780,523	-	-	-	3,780,523
Fixed interest rate instruments	2.72%	266,550	807,844	-	-	1,074,394
2017						
Non-interest bearing		653,581	1,364,747	278,905	-	2,297,233
Variable interest rate instruments	0.91%	3,862,206	-	-	-	3,862,206
Fixed interest rate instruments	2.40%	252,378	550,478	251,394	-	1,054,250

Parent	Weighted Average Effective Interest Rate	Less than 1 month	1 - 3 months	3 months – 1 year	1-5 years	Total
2016						
Non-interest bearing		363,397	1,223,601	267,495	165,616	2,020,109
Variable interest rate instruments	0.88%	3,657,483	-	-	-	3,657,483
Fixed interest rate instruments	2.72%	266,550	807,444	-	-	1,074,394
2017						
Non-interest bearing		324,877	1,011,705	271,982	-	1,608,565
Variable interest rate instruments	0.89%	3,657,405	-	-	-	3,657,405
Fixed interest rate instruments	2.40%	252,378	550,478	251,394	-	1,054,250

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 24 (d) above. The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

25. Financial Instruments (cont'd)

(e) Fair Value of financial assets and financial liabilities

Assets and liabilities, fair values approximates their carrying value. Financial assets where carrying amounts exceeds net fair values have not been written down as the Association 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 2016. The economic entity is not exposed to any externally imposed capital requirements.

(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.

An increase or decrease equity prices by 5% would increase or decrease equity investments by \$83,501.

(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.

26. Controlled Entities

	Principal activity	Country of Incorporation	Percentage Owned (%)	
			2017	2016
Parent Entity:				
Master Builders Association of Victoria		Australia	-	-
Subsidiaries of Master Builders Association of Victoria:-				
MBA Building Services Pty Ltd (trustee of MBA Building Services Trust)	Provide supporting services to the building and construction industry	Australia	100%	100%
MBA Training Services Pty Ltd (trustee of MBA Unit Trust)	Provide training for the Victorian building and construction industry	Australia	100%	100%
Related Companies:				
MBA Insurance Services Pty Ltd	Provision of insurance brokerage services.	Australia	17.5%	17.5%

Information about subsidiaries

Year ended 30 June 2017	MBA Building Services Trust	MBA Unit Trust	MBA Building Services Pty Ltd	MBA Training Services Pty Ltd
Revenue	3,396,257	2,384,967	-	-
Expenses	(3,314,234)	(2,412,253)	-	-
Profit/(loss)	82,023	(27,286)	-	-
Total comprehensive income/(loss)	82,023	(27,286)	-	-
As at 30 June 2017				
Current assets	601,104	283,646	-	-
Non current assets	-	-	-	-
Current liabilities	(947,392)	(1,138,141)	-	-
Non current liabilities	(63,201)	(34,288)	-	-

	Consolidated Entity		Parent Entity	
	2017	2016	2017	2016
	\$	\$	\$	\$
27. Key Management Personnel Compensation				
Short-term employee benefits	1,214,958	1,133,752	1,133,143	1,051,182
Long-term employee benefits	27,238	21,053	25,252	20,718
Post-employment benefits	105,865	101,562	98,184	94,294
	<u>1,348,061</u>	<u>1,256,367</u>	<u>1,256,579</u>	<u>1,166,194</u>
Short-term employee benefits				
Salary (including annual leave taken)	1,097,884	1,027,972	1,019,409	952,314
Annual leave accrued	28,252	25,780	27,287	22,868
Performance bonus	88,822	80,000	86,447	76,000
Total short-term employee benefits	<u>1,214,958</u>	<u>1,133,752</u>	<u>1,133,143</u>	<u>1,051,182</u>
Post-employment benefits:				
Superannuation	105,865	101,562	98,184	94,294
Total post-employment benefits	<u>105,865</u>	<u>101,562</u>	<u>98,184</u>	<u>94,294</u>
Other long-term benefits:				
Long-service leave	27,238	21,053	25,252	20,718
Total other long-term benefits	<u>27,238</u>	<u>21,053</u>	<u>25,252</u>	<u>20,718</u>
Termination benefits	-	-	-	-
Total	<u>1,348,061</u>	<u>1,256,367</u>	<u>1,259,010</u>	<u>1,166,194</u>
Transactions with key management personnel and their close family members				
Loans to/from key management personnel	-	-	-	-
Other transactions with key management personnel	-	-	-	-

28. Subsequent events

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

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8 August 2017

Ms Melanie Fasham
President
Master Builders' Association of Victoria
By Email: mbassist@mbav.com.au

Dear Ms Fasham,

**Re: Lodgement of Financial Report - [FR2017/43]
*Fair Work (Registered Organisations) Act 2009 (the RO Act)***

The financial year of the Master Builders' Association of Victoria (the reporting unit) ended on 30 June 2017. This is a courtesy letter to remind you of the reporting unit's obligations regarding financial reporting.

Loans Grants and Donations Statement

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

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

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

Financial report

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

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

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

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

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

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

Auditor's report

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

REMINDER

YOUR AUDITOR MUST BE REGISTERED (s.256)

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

Contact

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

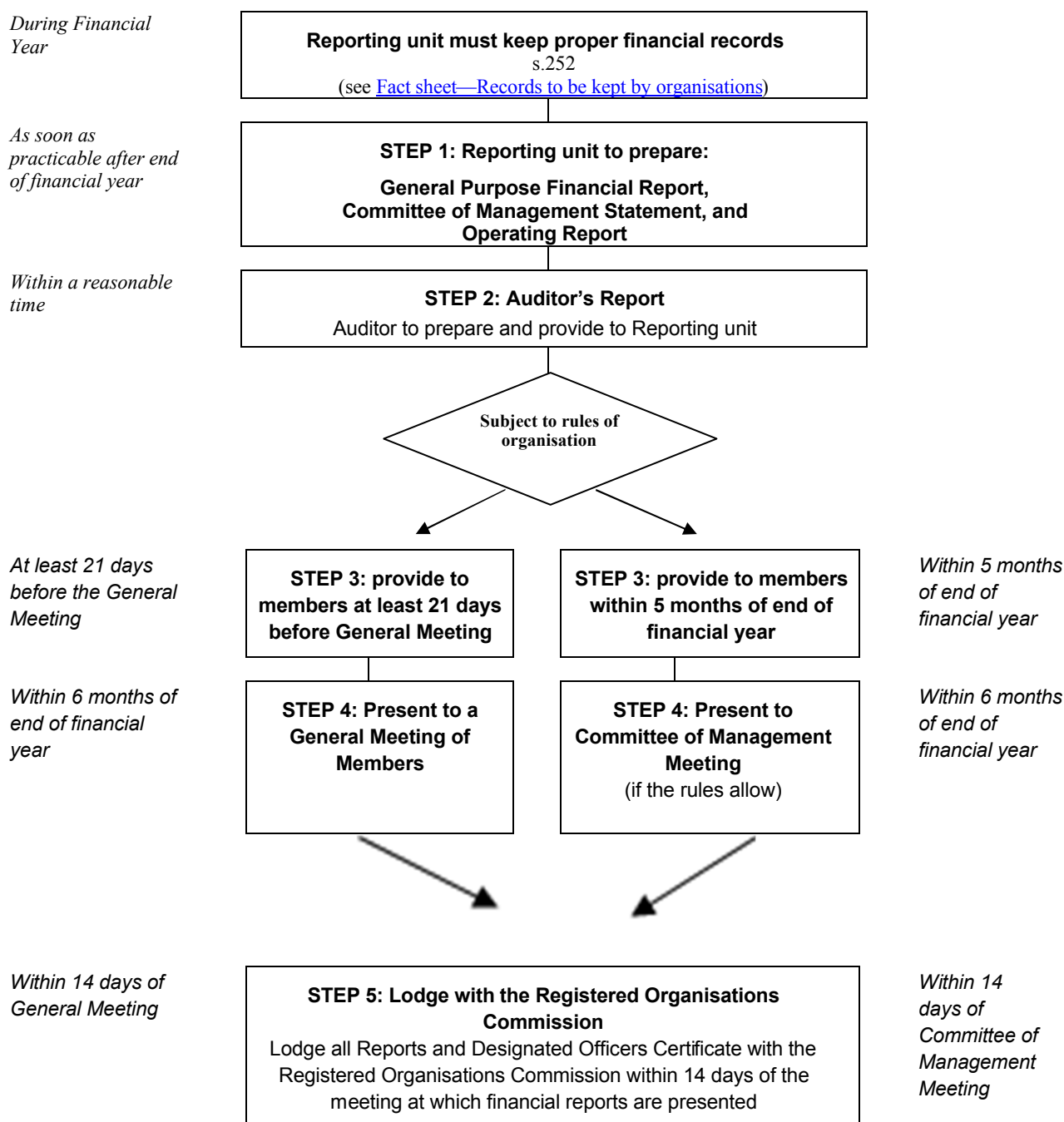
Yours faithfully,
Michael Moutevelis
Registered Organisations Commission



Fact sheet

Summary of financial reporting timelines – s.253 financial reports

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





Fact sheet

Loans, Grants & Donations

The Loans, Grants & Donations Requirements

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

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

The Loans, Grants & Donations Statement

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

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



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

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

Common misconceptions

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

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

	Statements can be lodged with the financial report.		The deadline for the statement is much shorter (90 days) and if it is lodged with the financial report it is likely to be late.
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Grants & Donations within the Financial Report

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

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

Note 4E: Grants ~~OR~~ donations*

Grants:	[Current year]	[Previous year]
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Donations:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Total grants or donations	-	-

The Commissioner's Reporting Guidelines requires that these line items appear in the financial report even if the figures are NIL.

Implications for filing the Financial Report

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

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

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

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

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

Further information

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



Guidance Note

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

Prepared and issued by the Registered Organisations Commission

Version	Date published
1	4 August 2017

1. Introduction

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

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

2. Background to the revised Auditing Standard

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

The purpose of the change is to:

- enhance the communicative value of the Auditor's Report;
- give prominence to the most important matters by re-ordering the content;
- enhance reporting on going concern matters (if applicable), and provide enhanced descriptions of the respective responsibilities of management and the auditor, in relation to going concern;
- provide an affirmative statement on auditor's independence and fulfilment of relevant ethical responsibilities;
- provide more information to users on the auditor's responsibilities, and the key features of an audit and;
- provide details of other information the auditor has received at the date of the Auditor's Report, and is expected to receive after the date of the Auditor's Report¹.

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

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

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

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

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

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

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

<To be printed on Auditor letterhead>

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

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of <name of Reporting Unit> (the Reporting Unit), which comprises the statement of financial position² as at <balance date>, the statement of comprehensive income³, statement of changes in equity⁴ and statement of cash flows⁵ for the year ended <date>, notes to the financial statements, including a summary of significant accounting policies; and the Committee of Management⁶ Statement.

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

- a) the Australian Accounting Standards; and
- b) any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act).

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

Basis for Opinion

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

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

Information Other than the Financial Report and Auditor's Report Thereon⁷

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

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

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

² Refer to paragraph 9 in Section 5 Illustrative Auditor's Report Notes in this Guidance Note

³ Ibid paragraph 9

⁴ Ibid paragraph 9

⁵ Ibid paragraph 9

⁶ Ibid paragraph 10; note if this is changed to another descriptor all other references in the Report should be changed to the other descriptor

⁷ Ibid paragraph 7

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

Responsibilities of Committee of Management for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Reporting Unit's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Reporting Unit's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Reporting Unit to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

[Report on Other Legal and Regulatory Requirements]⁸

[In accordance with the requirements of section 257(7) of the RO Act, I am required to describe any deficiency, failure or shortcoming in respect of the matters referred to in section 252 and 257(2) of the RO Act.

My opinion on the financial report is not modified in respect of the following matter(s) because, in my opinion, it has been appropriately addressed by [Reporting Unit] and is not considered material in the context of the audit of the financial report as a whole:

[Example:

a) [Reporting Unit] failed to keep [name of other record] as required by section 252 of the RO Act for the period 1 July 20XX to 4 July 20XX inclusive.]]

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

Opinion on the recovery of wages activity financial report

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

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

- (a) any fees charged to, or reimbursements of expenses claimed from, members and others for recovery of wages activity; and
- (b) any donations or other contributions deducted from recovered money.

Responsibilities

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

<Audit Firm Name>

<Name>

Partner

⁸ Ibid paragraph 11

⁹ Ibid paragraph 11

<City>
<Date>

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

¹⁰ Ibid paragraph 12

5. Illustrative Auditor's Report Notes

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

1. The financial report is prepared by management of the Reporting Unit in accordance with Australian Accounting Standards and the RO Act.
2. The terms of the audit engagement reflect the description of management's responsibility for the financial report in *ASA 210 Agreeing the Terms of Audit Engagements*.
3. The auditor has concluded an unmodified opinion is appropriate based on the audit evidence obtained.
4. The relevant ethical requirements that apply to the audit are the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants*.
5. Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern in accordance with *ASA 570 Going Concern*.
6. The auditor is not required, and has otherwise not decided, to communicate key audit matters in accordance with *ASA 701 Communicating Key Audit Matters in the Independent Auditor's Report*.
7. The section on 'Information Other than the Financial Report and Auditor's Report Thereon' is customised depending on the nature of the Other Information received and when this information was received. The template provided assumes that the nature of the Other Information is the Operating Report and that it was received on or before the date of the audit report. If there is Other Information that accompanies the financial report in addition to the Operating Report, or if the Operating Report or any additional Other Information was not received on or before the date of the audit report, please refer to the requirements stated in *ASA 720 The Auditor's Responsibilities Relating to Other Information* for example wording.
8. The subheading 'Report on Other Legal and Regulatory Requirements' is only applicable where the auditor includes 'Other reporting responsibilities' in accordance with *ASA 700 Forming an Opinion and Reporting on a Financial Report*. Please delete the 'Report on Other Legal and Regulatory Requirements' section if there is no deficiency, failure or shortcoming to report.
9. Please ensure that the financial statement descriptions used in the Auditor's Report agree with those used in the financial report, for example, 'balance sheet' or 'statement of financial position'.
10. Use of 'Committee of Management' in the model auditor's report represents those charged with governance for the registered organisation, and can be replaced with other descriptors as appropriate for the organisation, for example, 'Council of Management', 'Executive Committee', etc.
11. If the Registered Organisation has not undertaken any recovery of wages activity during the reporting period the auditor's report should state that fact with reference

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

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

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This guidance note is not intended to be comprehensive. It is designed to assist with making an application to the Registered Organisations Commission and its work. The Registered Organisations Commission does not provide legal advice.