13 October 2017

Mr Ken Gardner
Secretary
The Master Plumbers' and Mechanical Services Association of Australia

By e-mail: info@plumber.com.au

Dear Mr Gardner

The Master Plumbers' and Mechanical Services Association of Australia
Financial Report for the year ended 30 June 2017 - FR2017/48

I acknowledge receipt of the financial report for the year ended 30 June 2017 for the Master Plumbers' and Mechanical Services Association of Australia. The financial report was lodged with the Registered Organisations Commission on 26 September 2017.

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

Whilst the 2017 report has been filed the following should be addressed in the preparation of the next financial report.

1. General Purpose Financial Report (GPFR)

Fair value measurement disclosures

Australian Accounting Standard *AASB 13 Fair Value Measurement* details the reporting disclosures required for assets and liabilities that are measured at fair value. Note 17 to the GPFR discloses fair value measurement for financial assets. The GPFR should also include fair value measurement disclosures for non-financial assets valued at fair value including land and buildings listed at Note 9.

Intangible non-current assets

The intangible non-current asset of $23,350 in the Statement of Financial Position should be disclosed in the GPFR in accordance with AASB 138.

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

Yours faithfully

KEN MORGAN
Financial Reporting Advisor
Registered Organisations Commission

master plumbers
Expert. Committed. Professional.

26 September 2017

Registered Organisations Commission
GPO Box 2983
MELBOURNE VIC 3001

The Master Plumbers and Mechanical Services Association of Australia
Financial report for the year ended 30 June 2017

<u>Designated Officers Certificate</u>

s268 Fair Work *(Registered Organisations)* Act 2009

I, Ken Gardner, being the Secretary of the Master Plumbers' and Mechanical Services Association of Australia certify:

- that the document lodged herewith is a copy of the full report for the Master Plumbers and Mechanical Services Association of Australia for the period ended referred to in s268 of the Fair Work (Registered Organisations) Act 2009; and
- that the full report was provided to members on 26 September 2017; and
- that the full report was presented to a meeting of the committee of management of the reporting unit on 25 September 2017 in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009.

Yours faithfully

Ken Gardner
Secretary

MASTER PLUMBERS' & MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA

ABN 56 296 473 997

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

MASTER PLUMBERS' & MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA
ABN 56 296 473 997

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MASTER PLUMBERS' & MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA
ABN 56 296 473 997

OPERATING REPORT

Your executive board members submit the financial report of the Master Plumbers' & Mechanical Services Association of Australia and controlled entity for the financial year ended 30 June 2017.

Members of Executive Board

The names of executive board members throughout the year and at the date of this report are:

Scott Dowsett	(President)
Ken Gardner	(Secretary)
Adrian Murphy	(Treasurer)
Norm Anderson	(Vice President)
Kevin Shinners	(Vice President)
Greg Tink	(Board Member)
Grant Donald	(Board Member)
Rob Hansen	(Board Member)
Daniel Smolenaars	(Board Member)
Glenn Howard	(Board Member to 30 March 2017)
Peter Jensen	(Board Member to 30 March 2017)

Officers or Members – Trustee or Director of a Superannuation Entity

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

Number of Members

As at 30 June 2017, the Association had 888 members (2016: 868).

Number of Employees

As at 30 June 2017, the total number of employees of the Association was 239 (2016:218).

Principal Activities

The principal activities of the Association during the financial year were to provide services, training and advice on industrial law to the membership and the Australian plumbing sector. The Association achieved results in the following areas:

- Delivered training to the Australian plumbing sector including Pre-apprenticeship and Apprenticeship training and post qualification training
- Ongoing operation of a Group Training Scheme for plumbing apprentices
- High level Federal and State Government lobbying on plumbing related issues.

No significant change in the nature of these activities occurred during the year.

Significant Changes in Financial Affairs

No significant changes in the Association's financial affairs occurred during the financial year.

Operating Result

The operating profit for the consolidated entity and parent entity for financial year after providing for income tax amounted to $335,818 and $333,168 respectively.

Events Subsequent to the End of the Reporting Period

No other matters or circumstances have arisen since the end of the financial year which may significantly affect the operations of the Association, the results of those operations, or the statement of affairs of the Association in subsequent years.

MASTER PLUMBERS' & MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA
ABN 56 296 473 997

OPERATING REPORT

Manner of Resignation

(1) A member of the Association or an affiliate member may resign from membership by written notice addressed and delivered to the Secretary or Executive Director.

(2) A notice of resignation from membership of the Association takes effect;

(a) where the member ceases to be eligible to become a member of the Association;

(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 14 days after the notice is received by the Association; or

(ii) no the day specified in the notice;

(3) Any dues payable but not paid by a former member of the Association, 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 person mentioned in subsection (1) 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 in-valid because it was not addressed and delivered in accordance with subsection (1).

(6) A resignation from membership of the Association is valid even if it is not effected in accordance with this section if the member is informed in writing by or on behalf of the Association that the resignation has been accepted.

Scott Dowsett

President

Dated in Melbourne on this 25th day of September 2017.

MASTER PLUMBERS' & MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA
ABN 56 296 473 997

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

		Group	Parent	
		2017	**2017**	**2016**
	Notes	**$**	**$**	**$**
Revenue	2	17,704,397	17,549,714	16,823,062
Employee related expenses		(14,531,405)	(14,381,256)	(12,921,346)
Marketing expenses		(211,808)	(211,8080)	(265,911)
Occupancy expenses		(98,091)	(98,091)	(164,942)
Members services expenses		(124,980)	(124,980)	(101,781)
Professional services fees		(290,256)	(290,256)	(282,082)
Insurance expenses		(193,234)	(193,234)	(171,960)
Computer expenses		(99,613)	(99,613)	(195,802)
Motor vehicle expenses		(50,619)	(50,619)	(58,461)
Printing, postage and stationery expenses		(326,386)	(326,386)	(301,368)
Legal expenses		(1,581)	(1,581)	(15,867)
Subscriptions to industrial bodies		(42,992)	(42,992)	(37,678)
Impairment expenses		-	-	(1,000)
Other expenses		(1,397,614)	(1,395,730)	(1,271,283)
Total expenses		(17,368,579)	(17,216,546)	(15,789,481)
Profit before income tax	3	**335,818**	**333,168**	**1,033,581**
Income tax expense	1(c)	-	-	-
Profit from operations		**335,818**	**333,168**	**1,033,581**
Other comprehensive income				
Gain/(loss) on revaluation of financial asset		160,071	160,071	(37,473)
Total comprehensive income for the year		**495,889**	**493,329**	**996,108**

The accompanying notes form part of these financial statements.

MASTER PLUMBERS' & MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA
ABN 56 296 473 997

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Notes	Group 2017 $	Parent 2017 $	Parent 2016 $
CURRENT ASSETS				
Cash and cash equivalents	6	6,930,847	6,912,142	5,741,811
Trade and other receivables	7	1,313,710	1,300,525	3,238,160
Other assets	8	185,091	185,081	39,800
Financial assets	11	209,151	209,151	203,961
TOTAL CURRENT ASSETS		8,638,799	8,606,899	9,223,732
NON-CURRENT ASSETS				
Financial assets	11	4,965,326	4,965,326	4,340,437
Property, plant and equipment	9	1,543,202	1,543,202	1,664,558
Investments	10	4,517,623	4,517,683	4,161,086
Intangibles		23,350	23,350	23,350
TOTAL NON-CURRENT ASSETS		11,049,501	11,049,561	10,189,431
TOTAL ASSETS		19,688,300	19,656,460	19,413,163
CURRENT LIABILITIES				
Trade and other payables	12	1,571,004	1,540,175	1,717,187
Provisions	13	778,172	777,398	755,661
TOTAL CURRENT LIABILITIES		2,349,176	2,317,573	2,472,848
NON-CURRENT LIABILITIES				
Provisions	13	36,283	36,283	130,950
TOTAL NON-CURRENT LIABILITIES		36,283	36,283	130,950
TOTAL LIABILITIES		2,385,459	2,353,856	2,603,798
NET ASSETS		17,302,841	17,302,604	16,809,365
EQUITY				
Retained earnings		17,303,831	17,303,594	16,970,426
Reserves	14	(990)	(990)	(161,061)
TOTAL EQUITY		17,302,841	17,302,604	16,809,365

The accompanying notes form part of these financial statements.

MASTER PLUMBERS' & MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA
ABN 56 296 473 997

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Retained Earnings $	Reserves $	Total $
Group			
Balance at 1 July 2016	16,970,426	(161,061)	16,809,365
Adjustment upon change in accounting policy – Note 1(q)	(2,413)	-	(2,413)
Profit for the year	335,818	-	335,818
Other comprehensive income	-	160,071	160,071
Balance at 30 June 2017	17,303,831	(990)	17,302,841
Parent			
Balance at 1 July 2015	15,936,845	(123,588)	15,813,257
Profit for the year	1,033,581	-	1,033,581
Other comprehensive income	-	(37,473)	(37,473)
Balance at 30 June 2016	16,970,426	(161,061)	16,809,365
Profit for the year	333,168	-	333,168
Other comprehensive income	-	160,071	160,071
Balance at 30 June 2017	17,303,594	(990)	17,302,604

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Group 2017 $	Parent 2017 $	Parent 2016 $
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts from members and customers		21,286,999	21,128,295	16,862,724
Interest received		289,884	289,884	282,065
Payments to suppliers and employees		(19,430,832)	(19,293,186)	(16,353,947)
Net cash provided by operating activities	15	2,146,051	2,124,993	790,842
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment		(100,460)	(100,460)	(214,745)
Proceeds from sale of property, plant and equipment		17,001	17,001	46,591
Purchase of investment property		(418,261)	(418,261)	(1,044,526)
Payment for investment in subsidiary company		-	-	(60)
Proceeds from/ (purchase of) financial assets		(452,942)	(452,942)	612,250
Adjustment upon change in accounting policy	1(q)	(2,413)	-	-
Net cash provided by/ (used in) investing activities		(957,015)	(954,662)	(600,490)
Net increase in cash held		**1,189,036**	**1,170,331**	**190,352**
Cash at beginning of financial year		5,741,811	5,741,811	5,551,459
Cash at end of financial year	6	**6,930,847**	**6,912,142**	**5,741,811**

The accompanying notes form part of these financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statement includes the consolidated financial statements and notes of Master Plumbers' & Mechanical Services Association of Australia (MPMSAA) and Controlled Entity (the "consolidated group or "group"), and the separate financial statements and notes of MPMSAA as an individual parent entity ("parent entity" or "parent"). MPMSAA is an Association registered under the Fair Work (Registered Organisations) Act 2009 ('RO Act"). The Association is not divided into branches and accordingly, the reporting unit is the whole of the organisation

Basis of Preparation

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

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

Accounting Policies

(a) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent entity ("the parent"), MPMSAA, and its subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Details of the subsidiary are provided in Note 16.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

(b) Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

(c) Income Tax

MPMSAA is exempt from income tax in accordance with Section 50-15 of the Income Tax Assessment Act 1997.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers.

In the periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct directors' valuation to ensure the land and buildings' carrying amount is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the statement of profit or loss and other comprehensive income.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the Board to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated on a straight line or reducing balance basis over their useful lives to the Association commencing from the time the asset is held ready for use.

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

Class of fixed asset	Depreciation rates	Method
Buildings	2 %	Prime Cost
Furniture and Fittings	7.5 – 20 %	Reducing Balance
Office Equipment	5 – 66.67 %	Reducing Balance
Motor Vehicles	25 %	Reducing Balance

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.

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

(e) Investment Property

Investment properties, comprising freehold complexes, are held to generate rental yields. All tenant leases are on an arm's length basis. Investment property is carried at cost less accumulated depreciation and impairment losses.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods that they are incurred or on a straight line basis where the lease agreement includes fixed rate increases.

Lease incentives received under operating leases are accounted for on a straight line basis over the life of the lease.

(g) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the association commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified at fair value through statement of profit or loss and other comprehensive income in which case transaction costs are expensed to statement of profit or loss and other comprehensive income immediately.

Classification and subsequent measurement

Finance instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as: (i) the amount at which the financial asset or financial liability is measured at initial recognition; (ii) less principal repayments; (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (iv) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in the statement of profit or loss and other comprehensive income.

The association does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

i. Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through of profit or loss' when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying value being included in statement of profit or loss and other comprehensive income. The association has not held any financial assets at fair value through profit or loss in the current or comparative financial year.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

iii. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the association's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial Instruments (cont'd)

iv. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

v. Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Impairment
At each reporting date, the Association assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

Derecognition
Financial assets are derecognised where the contractual right to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in statement of comprehensive income.

(h) Impairment of Assets

At each reporting date, the Association reviews the carrying values of its tangible and intangible assets to determine whether there is any 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. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Association were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

(i) Employee Benefits

Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Employee Benefits (cont'd)

Long-term employee benefits

The company classifies employees' long service leave and annual leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the company's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss classified under employee benefits expense.

The company's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current liabilities.

(j) Provisions

Provisions are recognised when the Association has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(k) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(l) Revenue

The main sources of income include grants, host trainer, members' subscriptions and related services, training services, royalties and sale of magazines.

Grants revenue is recognised in the statement of profit or loss and other comprehensive income when it is controlled. When there are conditions attached to grant revenue relating to the use of those grants for specific purposes it is recognised in the statement of financial position as a liability until such conditions are met or services provided.

Host trainer and members' subscriptions and related services revenue are recognised on an accrual basis.

Training services, royalties and magazines sales are recognised on an accrual basis.

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

Other revenues are recognised when the right to receive the revenue has been established or when service has been provided.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(n) Comparative Figures

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

(o) Critical Accounting Estimates and Judgments

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

Key estimates — Impairment

The Association assesses impairment at each reporting date by evaluating conditions specific to the Association that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Key Judgments - Available-for-sale investments

The Association maintains a portfolio of securities with a carrying amount of $4,965,326 at the end of the reporting period. Certain individual investments have declined in value since the initial acquisition of those investment. The board members do not believe this decline constitutes a significant or prolonged decline below cost at this stage and hence no impairment has been recognised. Should share values decline to a level which is in excess of 30% below cost or should prices remain at levels below cost for a period in excess of 12 months, the board members have determined that such investments will be considered impaired in the future.

(p) Adoption of New and Revised Accounting Standards

The AASB has issued new, revised and amended Standards and Interpretations that have mandatory applicable dates for future reporting periods and which the association has decided not to early adopt. Due to the nature of the association's activities, it does not expect them to have any material effect in the association's financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Change in Accounting Policy

Consolidation of controlled entity

Plumbing Staff Solutions Pty Ltd started operating in the previous financial year. As the company was not considered material to the group for the year ended 30 June 2016, consolidated financial statements have not been prepared. The Association has now elected to consolidate the fully owned subsidiary in accordance with AASB 10 *Consolidated Financial Statements*.

Accordingly, the retained earnings, assets and liabilities of Plumbing Staff Solutions Pty Ltd as at 30 June 2016 has been brought into account and fully consolidated into the financial statements of the group on 1 July 2016.

The table below provide a summary of the amounts of the adjustment for each consolidated financial statement line item affected by the change for the opening balance of the current financial year. The change in accounting policy had no impact on the parent entity's separate financial statements.

1 July 2016	**Under Previous Accounting Policy**	**AASB 10**	**Opening Balance as Presented**
Consolidated statement of financial position	**$**	**$**	**$**
Total Assets	10,189,431	1,134	10,190,565
Total Liabilities	2,603,798	3,487	2,607,285
Equity: Retained earnings	16,970,426	(2,413)	16,968,013

	Group	Parent	
	2017	2017	2016
	$	$	$
NOTE 2: REVENUE			
Revenue from operating activities			
- Government grants	350,667	350,667	477,174
- Host trainer revenue	13,233,281	13,061,218	12,230,873
- Members' subscriptions and related services	1,115,299	1,115,299	1,021,925
- Training services	1,849,779	1,849,779	1,750,576
- Royalties	317,998	317,998	320,296
- Magazines sales	258,588	258,588	360,179
- Capitation fees	-	-	-
- Compulsory levies/voluntary contributions from members	-	-	-
	17,125,612	16,953,549	16,161,023
Other revenue			
- Rental from properties	110,614	110,614	124,338
- Interest income	290,532	290,532	292,926
- Other revenue	16,222	33,845	43,528
- WorkCover recovery	91,279	91,036	121,478
- Investment income	70,138	70,138	79,769
	578,785	596,165	662,039
Total Revenue	17,704,397	17,549,714	16,823,062

	Group 2017 $	Parent 2017 $	Parent 2016 $
NOTE 3: PROFIT FOR THE YEAR			
Expenses			
Depreciation – property, plant and equipment	208,234	208,234	154,164
Depreciation – investment property	61,664	61,664	27,266
Total depreciation expense	269,898	269,898	181,430
Provision for impairment of trade and other receivables	22,549	22,549	74,240
Bad debts expenses/(recovered)	(10,379)	(10,379)	33,142
Loss/(gain) on sale of plant and equipment	(3,419)	(3,419)	1,189
Loss on sale of financial assets	17,066	17,066	68,808
Impairment of investments in Green Investments Ltd	-	-	1,000
Compulsory levies and Capitation costs	-	-	-
Penalties - via RO Act or RO Regulations	-	-	-
Legal costs			
- Litigation	-	-	2,677
- Other legal matters	1,581	1,581	13,190
Grants paid	-	-	-
Donations			
- paid that were $1,000 or less	909	909	-
- paid that exceeded $1,000 or more	18,668	18,668	2,000

	Group	Parent	
	2017	2017	2016
	$	$	$
NOTE 3: PROFIT FOR THE YEAR (Cont'd)			
Expenses (cont'd)			
Employees benefits – other employees:			
Wages and salaries	11,827,090	11,714,889	10,261,290
Superannuation	1,056,706	1,047,334	969,548
Leave and other entitlements	1,031,872	1,024,963	987,531
Separation and redundancies	-	-	57,370
Other employee expenses	30,095	30,095	12,122
Employees benefits – holders of office:			
Wages and salaries	253,498	253,498	244,971
Superannuation	35,831	35,831	35,831
Leave and other entitlements	62,242	62,242	53,024
Separation and redundancies	-	-	-
Other employee expenses	8,346	8,346	8,844
Consideration to employers for payroll deductions	-	-	-
Fees/allowances for attending meeting and conferences	-	-	-
Conference and meeting expenses	29,086	29,086	50,503
Affiliation fees/ subscriptions paid:			
- Australian Chamber of Commerce and Industry	30,121	30,121	29,456

NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION

Group and parent	Short-Term Benefits	Post-employment benefit		
		Non-Cash Benefits	Superannuation	Total
	$	$	$	$
2017				
Total compensation	**615,516**	**-**	**63,351**	**678,867**
2016				
Total compensation	**611,213**	**-**	**62,760**	**673,973**

	Group	Parent	
	2017	2017	2016
NOTE 5: AUDITORS REMUNERATION	$	$	$
Remuneration of the auditor of the Group for:			
- auditing or reviewing the financial report	20,000	20,000	18,500
- other services	-	-	-
	20,000	20,000	18,500

NOTE 6: CASH AND CASH EQUIVALENTS

Cash at bank and on hand	2,424,917	2,406,212	1,778,332
Short-term bank deposits	4,505,930	4,505,930	3,963,479
	6,930,847	6,912,142	5,741,811

The effective interest rate on short-term bank deposits was 2.56% (2016: 2.66%).
Included in cash and cash equivalents is a balance of $3,934 (2016: $4,054) held in trust for the Wylie Scholarship Fund. The corresponding liability is disclosed in Note 12.

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	6,930,847	6,912,142	5,741,811

NOTE 7: TRADE AND OTHER RECEIVABLES

CURRENT			
Trade debtors	866,643	821,304	2,954,283
Provision for impairment	(100,000)	(100,000)	(200,000)
Trade debtors, net	766,643	721,304	2,754,283
Other receivables	535,558	527,712	463,016
Loan to subsidiary company - Plumbing Staff Solutions Pty Ltd	-	40,000	10,000
Interest receivable	11,509	11,509	10,861
	1,313,710	1,300,525	3,238,160

Current trade debtors are non-interest bearing and generally are receivable within 30 days. A provision for impairment is recognised against subscriptions where there is subjective evidence that an individual trade receivable is impaired.

There are no balances within trade debtors that contain assets that are not impaired and are past due. It is expected these balances will be received when due. Impaired assets are provided for in full where applicable.

Loan to subsidiary company - Plumbing Staff Solutions Pty Ltd is interest free.

NOTE 7: TRADE AND OTHER RECEIVABLES (CONT'D)

Credit risk

The Association has no significant concentration of credit risk with respect to any single counterparty or Association of counterparties other than those trade debtors specifically provided for and mentioned within Note 7. The main source of credit risk to the Association is considered to relate to the class of assets described as trade debtors.

The following table details the group and parent's trade debtors exposed to credit risk with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the Association and the member or counterparty to the transaction. Trade debtors that are past due are assessed for impairment by ascertaining their willingness to pay and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Association.

The balances of trade debtors that remain within initial terms (as detailed in the table) are considered to be of high credit quality.

	Gross amount	Past due and impaired	Past due but not impaired Days (overdue)			Within initial trade terms
			31–60	61–90	> 90	
Group	$	$	$	$	$	$
2017						
Trade receivables	866,643	100,000	116,001	24,933	22,402	603,307
Other receivables	547,067	-	-	-	-	547,067
Total	1,413,710	100,000	116,001	24,933	22,402	1,150,375
2016						
Trade receivables	2,954,283	200,000	804,056	463,876	32,601	1,453,750
Other receivables	483,877	-	-	-	-	483,877
Total	3,438,160	200,000	804,056	463,876	32,601	1,937,627
Parent	$	$	$	$	$	$
2017						
Trade receivables	821,304	100,000	100,582	16,917	22,402	577,403
Other receivables	579,221	-	-	-	-	579,221
Total	1,400,525	100,000	100,582	16,917	22,402	1,156,624
2016						
Trade receivables	2,954,283	200,000	804,056	463,876	32,601	1,453,750
Other receivables	483,877	-	-	-	-	483,877
Total	3,438,160	200,000	804,056	463,876	32,601	1,937,627

	Note	Consolidated 2017 $	Parent 2017 $	Parent 2016 $

NOTE 7: TRADE AND OTHER RECEIVABLES (CONT'D)

Financial assets classified as trade and other receivables

	Note	Consolidated 2017 $	Parent 2017 $	Parent 2016 $
Trade and other receivables:				
- total current	17	1,313,710	1,300,525	3,238,160

Collateral Pledged or Held as Security

No collateral has been pledged or held as security for any of the trade and other receivable balances.

NOTE 8: OTHER ASSETS

	Consolidated 2017 $	Parent 2017 $	Parent 2016 $
CURRENT			
Prepayments	185,080	185,080	39,800

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

	Consolidated 2017 $	Parent 2017 $	Parent 2016 $
Freehold land - at independent valuation	227,000	227,000	227,000
BUILDINGS			
At independent valuation	748,000	748,000	748,000
Less accumulated amortisation	(30,102)	(30,102)	(15,051)
	717,898	717,898	732,949
At directors valuation	200,000	200,000	200,000
Less accumulated amortisation	(65,415)	(65,415)	(49,215)
	134,585	134,585	150,785
Total buildings	852,483	852,483	883,734
Plant and equipment - at cost	659,732	659,732	883,641
Less accumulated depreciation	(356,830)	(356,830)	(489,358)
	302,902	302,902	394,283
Motor Vehicles - at cost	245,538	245,538	213,119
Less accumulated depreciation	(84,721)	(84,721)	(53,578)
	160,817	160,817	159,541
Total property, plant and equipment	1,543,202	1,543,202	1,664,558

NOTE 9: PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment

	Land	Buildings	Plant and Equipment	Motor Vehicles	Total
	$	$	$	$	$
Group and parent					
Balance at 1 July 2015	227,000	916,785	368,053	139,919	1,651,757
Additions	-	-	106,141	108,604	214,745
Disposals	-	-	-	(47,780)	(47,780)
Depreciation expense	-	(33,051)	(79,911)	(41,202)	(154,164)
Balance at 30 June 2016	227,000	883,734	394,283	159,541	1,664,558
Additions	-	-	39,750	60,710	100,460
Disposals	-	-	(1,250)	(12,332)	(13,582)
Depreciation expense	-	(31,251)	(129,881)	(47,102)	(208,234)
Balance at 30 June 2017	227,000	852,483	302,902	160,817	1,543,202

An independent valuation of the Association's land and buildings was performed by a Certified Practising Valuer in 2015. The valuations, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transactions. The valuation was based on independent assessments.

	Group	Parent	
	2017	2017	2016
	$	$	$
NOTE 10: INVESTMENTS			
Investment in subsidiary company - Plumbing Staff Solutions Pty Ltd	-	60	60
Freehold land – at cost	1,529,836	1,529,836	1,396,636
Buildings – at cost	3,197,244	3,197,244	2,912,183
Less accumulated amortisation	(209,457)	(209,457)	(147,793)
	2,987,787	2,987,787	2,764,390
Total investment properties	4,517,623	4,517,623	4,161,026
Total investments	4,517,623	4,517,683	4,161,086

NOTE 10: INVESTMENTS (CONT'D)

Movements in Carrying Amounts

Movement in the carrying amounts for each class of investment properties between the beginning and the end of the current financial year

	Freehold Land	Buildings	Work in progress - Buildings	Total
	$	$	$	$
Group and parent				
Balance at the 1 July 2015	1,396,636	730,249	1,016,881	3,143,766
Additions	-	-	1,044,526	1,044,526
Transfers	-	2,061,407	(2,061,407)	-
Depreciation expense	-	(27,266)	-	(27,266)
Balance at the 30 June 2016	1,396,636	2,764,390	-	4,161,026
Additions	133,200	285,061	-	418,261
Depreciation expense	-	(61,664)	-	(61,664)
Balance at the 30 June 2017	1,529,836	2,987,787	-	4,517,623

		Group	Parent	
		2017	2017	2016
	Note	$	$	$
NOTE 11: FINANCIAL ASSETS				
CURRENT				
Held-to-maturity investments				
- deposits in financial institution	17	209,151	209,151	203,961
NON-CURRENT				
Available-for-sale financial assets				
- shares in listed corporations at fair value	17	4,965,326	4,965,326	4,340,437
		4,965,326	4,965,326	4,340,437

Included in current financial assets is a balance of $185,888 (2016: $180,800) held in trust for the Wylie Scholarship Fund. The corresponding liability is disclosed in Note 12.

	Note	Group 2017 $	Parent 2017 $	Parent 2016 $
NOTE 12: TRADE AND OTHER PAYABLES				
CURRENT				
Trade and other payables		798,032	767,203	1,084,658
Income received in advance		583,150	583,150	447,675
Funds held in trust	6,11	189,822	189,822	184,854
Legal costs payable - litigation		-	-	-
Legal costs payable - other legal matters		-	-	-
Consideration to employers for payroll deductions		-	-	-
Payable to other reporting units		-	-	-
		1,571,004	1,540,175	1,717,187
Financial liabilities at amortised cost classified as trade and other payables				
Trade and other payables:		1,571,004	1,540,175	1,717,187
Less: Income received in advance		(583,150)	(583,150)	(447,675)
Financial liabilities as trade and other payables	17	987,854	957,025	1,269,512
NOTE 13: PROVISIONS				
CURRENT				
Employee benefits		778,172	777,398	755,661
NON-CURRENT				
Employee benefits		36,283	36,283	130,950
Total employee benefits		814,455	813,681	886,611
Analysis of employee benefits				
Employee benefits – other employees				
Annual leave		444,376	444,029	591,063
Long service leave		150,881	150,881	97,775
Separations and redundancies		-	-	-
Other – RDO's		84,400	83,973	78,394
Employee benefits – holders of office				
Annual leave		66,168	66,168	66,744
Long service leave		68,630	68,630	52,635
Separations and redundancies		-	-	-
Other		-	-	-
Total employee benefits		814,455	813,681	886,611

	Note	Group 2017 $	Parent 2017 $	Parent 2016 $

NOTE 14: RESERVES

	Note	Group 2017 $	Parent 2017 $	Parent 2016 $
Financial asset revaluation reserve		(990)	(990)	(161,061)
Balance at beginning of financial year		(161,061)	(161,061)	(123,588)
Movement for the year		160,071	160,071	(37,473)
Balance at end of financial year		(990)	(990)	(161,061)

NOTE 15: CASH FLOW INFORMATION

Reconciliation of cash flow from operations with profit after income tax

	Note	Group 2017 $	Parent 2017 $	Parent 2016 $
Profit after income tax		335,818	333,168	1,033,581
Non-cash flows in profit:				
Depreciation and amortisation		269,898	269,898	181,430
(Gain)/loss on sale of plant and equipment		(3,419)	(3,419)	1,189
Impairment		-	-	1,000
Provision for impairment of trade and other receivables		(100,000)	(100,000)	74,240
(Gain)/loss on sale of financial assets		(17,066)	(17,066)	68,808
Changes in assets and liabilities:				
(Increase) / decrease in trade and other receivables		2,024,450	2,037,635	(1,294,375)
(Increase) / decrease in other assets		(145,291)	(145,281)	10,917
Increase / (decrease) in trade and other payables		(146,153)	(177,012)	384,815
Increase / (decrease) in provisions		(72,186)	(72,930)	329,237
Net cash provided by operating activities		2,146,051	2,124,993	790,842

NOTE 16: RELATED PARTY TRANSACTIONS AND INFORMATION ABOUT SUBSIDIARIES

There were no related party transactions between members of the Board and the Association for the year except for:

- reimbursement of expenses;
- payment of membership fees and provision of membership services on the same basis as other members;
- use of Group Training Scheme on a normal commercial basis; and
- provision of plumbing services on a normal commercial basis.

As at the end of the financial year, the Association has shareholding, or is a member, in the following entities:

	Percentage Controlled	
Entity	**2017 (%)**	**2016 (%)**
Australian Plumbing Industries Educational Foundation Holdings Pty Ltd	100%	100%
Master Plumbers Victoria Pty Ltd	100%	100%
Master Plumbers Insurance Brokers Pty Ltd	100%	100%
Australian Master Plumbers Pty Ltd	100%	100%
Master Plumbers and Mechanical Services Association of Victoria Limited	100%	100%
Plumbing Staff Solutions Pty Ltd *	100%	100%
Plumbing Industry Training Pty Ltd	50%	50%

All entities listed above are incorporated in Australia.

Australian Plumbing Industries Educational Foundation Holdings Pty Ltd had transactions for the financial year which totalled $249 (2016: $246) and held cash at bank of $1,020 (2016: $1,269) as at 30 June 2017.

* The assets, liabilities, income and expenses has been consolidated on a line-by-line basis in the consolidated financial statements of the group. Refer to Note 1(q).

Except for Plumbing Staff Solutions Pty Ltd, all other entities did not have any transactions during the financial year and had no assets or liabilities as at 30 June 2017. As these companies are not considered material to the group, they have not been consolidated into the group's financial statement.

NOTE 17: FINANCIAL RISK MANAGEMENT

Financial Risk Management Policies

The Association's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, and leases.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

		Group	Parent	
		2017	2017	2016
	Note	$	$	$
Financial assets				
Cash and cash equivalents	6	6,930,847	6,912,142	5,741,811
Trade and other receivables	7	1,313,710	1,300,525	3,238,160
Available-for-sale financial assets:				
- shares in listed corporations at fair value	11	4,965,326	4,965,326	4,340,437
Held-to-maturity investments:				
- deposits in financial institution	11	209,151	209,151	203,961
		13,419,034	13,387,144	13,524,369
Financial liabilities				
Financial liabilities at amortised cost:				
- trade and other payables	12	987,854	957,025	1,269,512
		987,854	957,025	1,269,512

Financial Risk Management Policies

The Association's treasurer is responsible for, among other issues, monitoring and managing financial risk exposures of the Association. The treasurer monitors the Association's transactions and reviews the effectiveness of controls relating to credit risk, financial risk, and interest rate risk. Discussions on monitoring and managing financial risk exposures are held monthly and minuted by the executive board.

The treasurer's overall risk management strategy seeks to ensure that the Association meets its financial targets, while minimising potential adverse effects of cash flow shortfalls.

NOTE 17: FINANCIAL RISK MANAGEMENT (CONT'D)

Specific Financial Risk Exposures and Management

The main risks the Association is exposed to through its financial instruments are interest rate risk, liquidity risk, credit risk and equity price risk.

a. **Interest rate risk**
The Association is not exposed to any significant interest rate risk since cash balances are maintained at variable rates and borrowings of the Association are not considered significant.

b. **Liquidity risk**
Liquidity risk arises from the possibility that the Association might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Association manages this risk through the following mechanisms:
- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities;
- only investing surplus cash with major financial institutions; and
- proactively monitoring the recovery of unpaid subscriptions.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle finance leases reflect the earliest contractual settlement dates.

Financial liability and financial assets maturity analysis

	Within 1 Year	**1 to 5 Years**	**Over 5 Years**	**Total**
	2017	**2017**	**2017**	**2017**
Group	**$**	**$**	**$**	**$**
Financial liabilities due for payment				
Trade and other payables (excluding employee benefits and income received in advance)	987,854	-	-	987,854
Total expected outflows	987,854	-	-	987,854
Financial assets — cash flows realisable				
Cash and cash equivalents	6,930,847	-	-	6,930,847
Trade and other receivables	1,313,710	-	-	1,313,710
Available-for-sale financial assets	-	4,965,326	-	4,965,326
Held-to-maturity investments	209,151	-	-	209,151
Total anticipated inflows	8,453,708	4,965,326	-	13,419,034

NOTE 17: FINANCIAL RISK MANAGEMENT (CONT'D)

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Parent	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Financial liabilities due for payment								
Trade and other payables (excluding employee benefits and income received in advance)	957,025	1,269,512	-	-	-	-	957,025	1,269,512
Total expected outflows	957,025	1,269,512	-	-	-	-	957,025	1,269,512
Financial assets — cash flows realisable								
Cash and cash equivalents	6,912,142	5,741,811	-	-	-	-	6,912,142	5,741,811
Trade and other receivables	1,300,525	3,238,160	-	-	-	-	1,300,525	3,238,160
Available-for-sale financial assets	-	-	4,965,326	4,340,437	-	-	4,965,326	4,340,437
Held-to-maturity investments	209,151	203,961	-	-	-	-	209,151	203,961
Total anticipated inflows	8,421,818	9,183,932	4,965,326	4,340,437	-	-	13,387,144	13,524,369

Financial assets pledged as collateral
No financial assets have been pledged as security for any financial liability.

c. **Foreign exchange risk**
The Association is not exposed to fluctuations in foreign currencies.

d. **Credit risk**
The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at Note 7.

The Association has no significant concentration of credit risk exposure to any single counterparty or group of counterparties. Details with respect to credit risk of Trade and Other Receivables are provided in Note 7.

Credit risk related to balances with banks and other financial institutions is managed by the finance committee in accordance with approved Board policy. Surplus funds are only invested with counterparties with a Standard & Poor's rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard & Poor's counterparty credit ratings.

NOTE 17: FINANCIAL RISK MANAGEMENT (CONT'D)

	Group	Parent	
	2017	2017	2016
	$	$	$
Cash and cash equivalents			
- AA rated	6,930,847	6,912,142	5,741,811
	6,930,847	6,912,142	5,741,811

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the committee has otherwise cleared as being financially sound.

e. **Price risk**
The Association is not exposed to any material commodity price risk.

Sensitivity analysis

The following table illustrates sensitivities to the Association's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

Change in profit			
+/- 2% in interest rates	+/- 142,426	+/- 142,426	+/- 118,915
Change in equity			
+/- 2% in interest rates	+/- 142,426	+/- 142,426	+/- 118,915

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

Net Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Areas of judgment and the assumptions used have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded.

NOTE 17: FINANCIAL RISK MANAGEMENT (CONT'D)

		2017		2016	
		Net Carrying Value	Net Fair Value	Net Carrying Value	Net Fair Value
Group	**Footnote**	**$**	**$**	**$**	**$**
Financial assets					
Cash and cash equivalents	(i)	6,930,847	6,930,847	n/a	n/a
Trade and other receivables	(i)	1,313,710	1,313,710	n/a	n/a
Financial assets — available for sale	(ii)	4,965,326	4,965,326	n/a	n/a
Financial assets — held-to-maturity	(iii)	209,151	209,151	n/a	n/a
Total financial assets		13,419,034	13,419,034	n/a	n/a
Financial liabilities					
Trade and other payables	(i)	987,854	987,854	n/a	n/a
Total financial liabilities		987,854	987,854	n/a	n/a

Parent	**Footnote**	**$**	**$**	**$**	**$**
Financial assets					
Financial assets					
Cash and cash equivalents	(i)	6,912,142	6,912,142	5,741,811	5,741,811
Trade and other receivables	(i)	1,300,525	1,300,525	3,238,160	3,238,160
Financial assets — available for sale	(ii)	4,965,326	4,965,326	4,340,437	4,340,437
Financial assets — held-to-maturity	(iii)	209,151	209,151	203,961	203,961
Total financial assets		13,387,144	13,387,144	13,524,369	13,524,369
Financial liabilities					
Trade and other payables	(i)	957,025	957,025	1,269,512	1,269,512
Total financial liabilities		957,025	957,025	1,269,512	1,269,512

The fair values disclosed in the above table have been determined based on the following methodologies:

(i) Cash and cash equivalents, trade and other receivables and trade and other payables are short term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for relating to annual leave which is not considered a financial instrument.
(ii) For listed available-for-sale financial assets, closing quoted bid prices at reporting date are used.
(iii) Fair values of held-to-maturity investments are based on quoted market prices at the end of the reporting period.

NOTE 17: FINANCIAL RISK MANAGEMENT (CONT'D)

Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

— quoted prices in active markets for identical assets or liabilities (Level 1);

— inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and

— inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Group and parent

2017	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Financial assets:				
Available-for-sale financial assets	4,965,326	-	-	4,965,326
Held-to-maturity financial assets	209,151	-	-	209,151
	5,174,477	-	-	5,174,477
2016				
Financial assets:				
Available-for-sale financial assets	4,340,437	-	-	4,340,437
Held-to-maturity financial assets	203,961	-	-	203,961
	4,544,388	-	-	4,544,388

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets have been based on the closing quoted bid prices at the end of the reporting period, excluding transaction costs.

NOTE 18: CAPITAL MANAGEMENT

The Board members control the capital of the Association in order to maintain a good debt-to-equity ratio and to ensure that the Association can fund its operations and continue as a going concern. The Association's debt and capital includes financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

The Board members effectively manage the Association's capital by assessing the Association's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels.

There have been no changes in the strategy adopted by management to control the capital of the Association since the prior year. This strategy is to ensure that there is sufficient cash to meet trade and other payables and borrowings.

	Consolidated	**Parent**	
	2017 $	**2017 $**	**2016 $**
Trade and other payables	(987,854)	(957,025)	(1,269,512)
Less cash and cash equivalents	6,930,847	6,912,142	5,741,811
Net (debt)/ equity	5,942,993	5,955,117	4,472,299
Total equity	17,302,841	17,302,604	16,809,365
Total capital	23,245,834	23,257,721	21,281,664

NOTE 19: OPERATING LEASE COMMITMENTS

There were no operating lease commitments as at 30 June 2017.

NOTE 20: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or contingent assets as at 30 June 2017.

NOTE 21: EVENTS SUBSEQUENT TO REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of the Association.

NOTE 22: ASSOCIATION DETAILS

The registered office and principal place of business of the Association is:

Unit 15, 306 Albert Street
Brunswick VIC 3056
AUSTRALIA

NOTE 23: SECTION 272 FAIR WORK (REGISTERED ORGANISATIONS) ACT 2009

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

Information to be provided to members or Commissioner:

(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 PLUMBERS' & MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA
ABN 56 296 473 997

EXECUTIVE BOARD'S CERTIFICATE

On 25 September 2017, the Executive Board of the Master Plumbers' & Mechanical Services Association of Australia ("reporting unit") passed the following resolution in relation to the general purpose financial report of the reporting unit for the financial year ended 30 June 2017.

The Executive Board declares that in its opinion:

1. the financial statements and notes comply with the Australian Accounting Standards;
2. the financial statements and notes comply with the reporting guidelines of the General Manager;
3. 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;
4. there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and
5. during the financial year to which this general purpose financial report relates and since the end of the year:
   - i) meetings of the Executive Board were held in accordance with the rules of the organisation; and
   - ii) the financial affairs of the reporting unit have been managed in accordance with rules of the organisation; and
   - iii) the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
   - iv) no 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; and
   - v) no orders have been made for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act;
6. 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 Executive Board.

For and on behalf of the Executive Board by:

Scott Dowsett

President

Dated in Melbourne on this 25th day of September 2017.

McLean Delmo Bentleys
THINKING AHEAD

McLean Delmo Bentleys
Audit Pty Ltd
Level 3, 302 Burwood Rd
Hawthorn Vic 3122
PO Box 582 Hawthorn Vic 3122
ABN 54 113 655 584
T +61 3 9018 4666
F +61 3 9018 4799
info@mcdb.com.au
mcleandelmobentleys.com.au

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MASTER PLUMBERS' AND MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA ("MPMSAA")

Opinion
We have audited the financial report of Master Plumbers' and Mechanical Services Association of Australia ("MPMSAA"), which comprises the consolidated and parent entity statement of financial position as at 30 June 2017 and the consolidated and parent entity statement of profit or loss and other comprehensive income, consolidated and parent entity statement of changes in equity and consolidated and parent entity statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Executive Boards' certification of the economic entity comprising the association and the entities it controlled at years end or from time to time during the financial year.

In our opinion the accompanying financial report of MPMSAA presents fairly, in all material respects, the consolidated and parent entity's financial position as at 30 June 2017 and their financial performance and their cash flows for the year then ended in accordance with:

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

We declare that Executive Board's use of the going concern basis in the preparation of the financial statements of the Reporting Unit is appropriate.

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

In conducting our audit, we have complied with the independence requirements of the Australian professional ethical pronouncements.

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

Information Other than the Financial Report and Auditor's Report Thereon
The Executive Board of the MPMSAA is responsible for the other information. The other information obtained at the date of this auditor's report is in the Operating Report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly 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 my 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.

McLean Delmo Bentleys
THINKING AHEAD

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MASTER PLUMBERS' AND MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA ("MPMSAA") (CONTINUED)

Responsibilities of the Executive Board for the Financial Report
The Executive Board of the MPMSAA is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the Executive Board determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Executive Board is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Executive Board either intends to liquidate the Entity or to cease operations, or has 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 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 Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

McLean Delmo Bentleys
THINKING AHEAD

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MASTER PLUMBERS' AND MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA ("MPMSAA") (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Report (Continued)
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

I declare that I am an approved auditor, a member of Chartered Accountants ANZ and hold a current Public Practice Certificate.

Report on Other Legal and Regulatory Requirements
In accordance with the requirements of section 257(7) of the RO Act, we are 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.

We did not identify any matters to report in this regard.

Report on the Recovery of Wages Activity Financial Report
No revenue has been derived from undertaking recovery of wages activity during the reporting period and accordingly, no opinion is expressed in this regard.

McLean Delmo Bentleys Audit Pty Ltd

Martin Fensome
Partner

Hawthorn
25 September 2017

Registration number (as registered by the RO Commissioner under the RO Act): AA2017/143