



14 November 2018

Mr Peter Daly  
Secretary  
The Master Plumbers' and Mechanical Services Association of Australia

cc. Mr Bryan Smith, General Manager

Dear Mr Daly

**Re: – Financial reporting – The Master Plumbers' and Mechanical Services Association of Australia - for year ending 30 June 2018 (FR2018/44)**

I acknowledge receipt of the financial report of The Master Plumbers' and Mechanical Services Association of Australia, in respect of the year ending 30 June 2018. The documents were lodged with the Registered Organisations Commission ('the ROC') on 25 September 2018.

The financial report has been filed. The financial report was filed based on a primary review. This involved confirming whether 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 the report for year ending 30 June 2019 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 preparing the next report.

Officer's declaration statement – to include nil activity disclosures not elsewhere disclosed.

Item 21 of the reporting guidelines states that if any activities identified within items 10-20 have not occurred in the reporting period, a statement to this effect must be included either in the financial statements, the notes or in an officer's declaration statement. I note that the officer's declaration statement includes the following nil activity disclosures for which there was already an equivalent form of disclosure elsewhere in the body of the notes:

- Item 13(b) – receive capitation fees from another reporting unit
- Item 13(c) – receive revenue via compulsory levies
- Item 14(a) – incur fees as consideration for employers making payroll deductions of membership subscriptions
- Item 14(b) – pay capitation fees or any other expense to another reporting unit
- Item 14(d) – pay compulsory levies
- Item 14(e)(i) – pay a grant that was \$1,000 or less
- Item 14(e)(ii) – pay a grant that exceeded \$1,000
- Item 16(j)(i) – pay legal costs relating to litigation
- Item 14(k) – pay a penalty imposed under the RO Act or *Fair Work Act 2009*
- Item 15(b) – have a payable with another reporting unit

- Item 16(a) – have a payable to an employer as consideration for that employer making payroll deductions of membership subscriptions
- Item 16(b)(i) – have a payable in respect of legal costs relating to litigation
- Item 16(b)(ii) - have a payable in respect of legal costs relating to other legal matters

Please note that nil activities only need to be disclosed once.

#### Reporting Requirements

The ROC website provides a number of factsheets in relation to the financial reporting process and associated timelines. The website also contains the s.253 reporting guidelines and a model set of financial statements. The ROC recommends that reporting units use these model financial statements to assist in complying with the RO Act, the s.253 Reporting Guidelines and Australian Accounting Standards. Access to this information is available via [this link](#).

Yours faithfully

A handwritten signature in black ink that reads "Stephen Kellett". The signature is written in a cursive style with a long horizontal stroke extending to the right.

Stephen Kellett  
Financial Reporting  
Registered Organisations Commission

25 September 2018

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 2018**

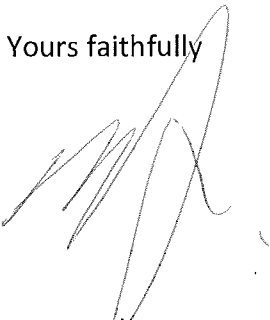
Designated Officers Certificate

s268 Fair Work (*Registered Organisations*) Act 2009

I, Peter Daly, 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 25 September 2018; and
- that the full report was presented to a meeting of the committee of management of the reporting unit on 24 September 2018 in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009.

Yours faithfully



Peter Daly  
Secretary

**MASTER PLUMBERS' & MECHANICAL SERVICES  
ASSOCIATION OF AUSTRALIA**

**ABN 56 296 473 997**

**FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2018**

**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**

The 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 2018.

**Members of Executive Board**

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

Scott Dowsett	(President)
Norm Anderson	(Vice President)
Kevin Shinnars	(Vice President)
Adrian Murphy	(Treasurer, ceased on 22 March 2018)
Grant Donald	(Board Member, Treasurer, appointed on 22 March 2018)
Rob Hansen	(Board Member)
Daniel Smolenaars	(Board Member)
Greg Tink	(Board Member)
Michael Tomlinson	(Board Member, appointed on 22 March 2018)
Ken Gardner	(Secretary, ceased on 22 March 2018)
Peter Daly	(Secretary, appointed on 22 March 2018)

**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 2018, the Association had 897 members (2017: 888).

**Number of Employees**

As at 30 June 2018, the total number of employees of the Association was 180 (2017: 239).

**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 \$186,320 and \$185,431 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) on 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.



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Scott Dowsett

President

Dated in Melbourne on this 24<sup>th</sup> day of September 2018.

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

**REPORT REQUIRED UNDER SUBSECTION 255 (2A)  
FOR THE YEAR ENDED 30 JUNE 2018**

The Executive Board members presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 30 June 2018.

Descriptive form:

<b>Categories of expenditures</b>	<b>2018 \$</b>	<b>2017 \$</b>
Remuneration and other employment-related costs and expenses - employees	11,170,408	14,307,453
Advertising	132,019	173,930
Operating costs	2,588,668	2,733,582
Donations to political parties	-	-
Legal costs	11,159	1,581



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Scott Dowsett  
President

Dated in Melbourne on this 24<sup>th</sup> day of September 2018.



**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 2018**

	Notes	Group		Parent	
		2018 \$	2017 \$	2018 \$	2017 \$
Revenue	2	14,357,466	17,704,397	14,087,685	17,549,714
Employee related expenses		(11,417,172)	(14,448,397)	(11,170,408)	(14,307,452)
Marketing and advertising expenses		(154,383)	(211,808)	(154,383)	(211,808)
Occupancy expenses		(118,857)	(98,091)	(118,857)	(98,091)
Members services expenses		(116,208)	(124,980)	(116,208)	(124,980)
Professional services fees		(474,730)	(290,256)	(474,730)	(290,256)
Insurance expenses		(149,620)	(193,234)	(149,620)	(193,234)
Computer expenses		(75,108)	(99,613)	(75,108)	(99,613)
Motor vehicle expenses		(46,468)	(50,619)	(46,468)	(50,619)
Printing, postage and stationery expenses		(291,990)	(326,386)	(291,990)	(326,386)
Legal expenses		(11,159)	(1,581)	(11,159)	(1,581)
Subscriptions to industrial bodies		(41,342)	(42,992)	(41,342)	(42,992)
Other expenses		(1,273,857)	(1,480,622)	(1,251,981)	(1,469,534)
<b>Total expenses</b>		<b>(14,170,894)</b>	<b>(17,368,579)</b>	<b>(13,902,254)</b>	<b>(17,216,546)</b>
<b>Profit before income tax</b>	3	<b>186,572</b>	<b>335,818</b>	<b>185,431</b>	<b>333,168</b>
Income tax expense	1(c)	(252)	-	-	-
<b>Profit from operations</b>		<b>186,320</b>	<b>335,818</b>	<b>185,431</b>	<b>333,168</b>
<b>Other comprehensive income</b>					
Gain on revaluation of financial asset		3,857	160,071	3,857	160,071
<b>Total comprehensive income for the year</b>		<b>190,177</b>	<b>495,889</b>	<b>189,288</b>	<b>493,329</b>

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 2018**

	Notes	Group		Parent	
		2018 \$	2017 \$	2018 \$	2017 \$
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	6	3,059,587	6,930,847	2,994,319	6,912,142
Trade and other receivables	7	1,768,189	1,313,710	1,781,560	1,300,525
Other assets	8	24,707	185,091	24,707	185,081
Financial assets	11	218,216	209,151	218,216	209,151
<b>TOTAL CURRENT ASSETS</b>		<b>5,070,699</b>	<b>8,638,799</b>	<b>5,018,802</b>	<b>8,606,899</b>
<b>NON-CURRENT ASSETS</b>					
Financial assets	11	3,933,525	4,965,326	3,933,525	4,965,326
Property, plant and equipment	9	1,319,703	1,543,202	1,319,703	1,543,202
Investments	10	9,410,058	4,517,623	9,410,118	4,517,683
Intangibles	12	23,350	23,350	23,350	23,350
<b>TOTAL NON-CURRENT ASSETS</b>		<b>14,686,636</b>	<b>11,049,501</b>	<b>14,686,696</b>	<b>11,049,561</b>
<b>TOTAL ASSETS</b>		<b>19,757,335</b>	<b>19,688,300</b>	<b>19,705,498</b>	<b>19,656,460</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	13	1,408,616	1,571,004	1,360,392	1,540,175
Provisions	14	809,404	778,172	806,917	777,398
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,218,020</b>	<b>2,349,176</b>	<b>2,167,309</b>	<b>2,317,573</b>
<b>NON-CURRENT LIABILITIES</b>					
Provisions	14	46,297	36,283	46,297	36,283
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>46,297</b>	<b>36,283</b>	<b>46,297</b>	<b>36,283</b>
<b>TOTAL LIABILITIES</b>		<b>2,264,317</b>	<b>2,385,459</b>	<b>2,213,606</b>	<b>2,353,856</b>
<b>NET ASSETS</b>		<b>17,493,018</b>	<b>17,302,841</b>	<b>17,491,892</b>	<b>17,302,604</b>
<b>EQUITY</b>					
Retained earnings		17,490,151	17,303,831	17,489,025	17,303,594
Reserves	15	2,867	(990)	2,867	(990)
<b>TOTAL EQUITY</b>		<b>17,493,018</b>	<b>17,302,841</b>	<b>17,491,892</b>	<b>17,302,604</b>

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 2018**

	Retained Earnings \$	Reserves \$	Total \$
<b>Group</b>			
Balance at 1 July 2016	16,968,013	(161,061)	16,806,952
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
Profit for the year	186,320	-	186,320
Other comprehensive income	-	3,857	3,858
<b>Balance at 30 June 2018</b>	<b>17,490,151</b>	<b>2,867</b>	<b>17,493,018</b>
<b>Parent</b>			
Balance at 1 July 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
Profit for the year	185,431	-	185,431
Other comprehensive income	-	3,857	3,857
<b>Balance at 30 June 2018</b>	<b>17,489,025</b>	<b>2,867</b>	<b>17,491,892</b>

The accompanying notes form part of these financial statements.

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

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	Notes	Group		Parent	
		2018 \$	2017	2018 \$	2017 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Receipts from members and customers		14,739,697	21,286,999	14,399,942	21,158,295
Interest received		249,625	289,884	249,625	289,884
Payments to suppliers and employees		(15,041,720)	(19,430,832)	(14,759,145)	(19,293,186)
Income taxes paid		(252)	-	-	-
Receipts from controlled entity	16(b)	-	-	20,365	-
Payments to controlled entity	16(b)	-	-	(10,000)	(30,000)
Net cash (used in)/provided by operating activities	16(a)	(52,650)	2,146,051	(99,213)	2,124,993
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Purchase of property, plant and equipment		(63,327)	(100,460)	(63,327)	(100,460)
Proceeds from sale of property, plant and equipment		222,651	17,001	222,651	17,001
Purchase of investment property		(4,969,775)	(418,261)	(4,969,775)	(418,261)
Proceeds from/ (purchase of) financial assets		991,841	(452,942)	991,841	(452,942)
Adjustment upon change in accounting policy		-	(2,413)	-	-
Net cash used in investing activities		(3,818,610)	(957,075)	(3,818,610)	(954,662)
<b>Net (decrease)/increase in cash held</b>		<b>(3,871,260)</b>	<b>1,189,036</b>	<b>(3,917,823)</b>	<b>1,170,331</b>
Cash at beginning of financial year		6,930,847	5,741,811	6,912,142	5,741,811
Cash at end of financial year	6	<u>3,059,587</u>	<u>6,930,847</u>	<u>2,994,319</u>	<u>6,912,142</u>

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**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 17.

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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

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:

<b>Class of fixed asset</b>	<b>Depreciation rates</b>	<b>Method</b>
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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

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.



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

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 \$3,933,525 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) New Australian Accounting Standards**

**Adoption of New Australian Accounting Standards**

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

**Future Australian Accounting Standards Requirements Accounting Standards**

The Executive Board has considered new standards, amendments to standards or interpretations that were issued prior to the sign-off date and are applicable to the future reporting period. Due to the nature of the Association's activities, it does not expect them to have any significant effect on the Association's financial statements.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	Group		Parent	
	2018 \$	2017 \$	2018 \$	2017 \$
<b>NOTE 2: REVENUE</b>				
Revenue from operating activities				
- Government grants	274,020	350,667	274,020	350,667
- Host trainer revenue	9,815,140	13,233,281	9,504,968	13,061,218
- Members' subscriptions and related services	1,195,580	1,115,299	1,195,580	1,115,299
- Training services	1,948,102	1,849,779	1,948,102	1,849,779
- Royalties	266,589	317,998	266,589	317,998
- Magazines sales	215,904	258,588	215,904	258,588
- Capitation fees	-	-	-	-
- Compulsory or voluntary levies/appeal	-	-	-	-
	13,715,333	17,125,612	13,405,163	16,953,549
Other revenue				
- Rental from properties	141,769	110,614	141,769	110,614
- Interest income	239,908	290,532	239,908	290,532
- Other revenue	41,031	16,222	81,420	33,845
- WorkCover recovery	145,346	91,279	145,346	91,036
- Investment income	74,079	70,138	74,079	70,138
	642,133	578,785	682,522	596,165
<b>Total Revenue</b>	<b>14,357,466</b>	<b>17,704,397</b>	<b>14,087,685</b>	<b>17,549,714</b>

**NOTE 3: PROFIT FOR THE YEAR**

**Expenses**

Depreciation – property, plant and equipment	161,564	208,234	161,564	208,234
Depreciation – investment property	77,340	92,392	77,340	61,664
Total depreciation expense	238,904	238,429	238,904	269,898
Provision for impairment of trade and other receivables	-	22,549	-	22,549
Bad debts expenses/(recovered)	6,949	(10,379)	6,949	(10,379)
Loss/(gain) on sale of plant and equipment	(97,389)	(3,419)	(97,389)	(3,419)
Loss on sale of financial assets	34,745	17,066	34,745	17,066
Compulsory levies and Capitation costs	-	-	-	-
Penalties - via RO Act or RO Regulations	-	-	-	-
Legal costs				
- Litigation	-	-	-	-
- Other legal matters	11,159	1,581	11,159	1,581
Grants paid	-	-	-	-
Donations				
- paid that were \$1,000 or less	-	909	-	909
- paid that exceeded \$1,000 or more	4,000	18,668	4,000	18,668

**MASTER PLUMBERS' & MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	Group		Parent	
	2018 \$	2017 \$	2018 \$	2017 \$
<b>NOTE 3: PROFIT FOR THE YEAR (Cont'd)</b>				
<b>Expenses (cont'd)</b>				
Employees benefits – other employees:				
Wages and salaries	9,070,415	11,744,151	8,866,778	11,629,311
Superannuation	829,468	1,056,707	811,851	1,047,334
Leave and other entitlements	834,817	1,031,872	821,952	1,024,963
Separation and redundancies	9,707	4,123	-	-
Other employee expenses	288,294	251,626	285,356	245,927
Employees benefits – holders of office:				
Wages and salaries	317,868	253,498	317,868	253,498
Superannuation	34,666	35,832	34,666	35,831
Leave and other entitlements	23,647	62,242	23,647	62,242
Separation and redundancies	-	-	-	-
Other employee expenses	8,290	8,346	8,290	8,346
Consideration to employers for payroll deductions	-	-	-	-
Fees/allowances for attending meeting and conferences	-	-	-	-
Conference and meeting expenses	28,423	29,086	28,423	29,086
Affiliation fees/ subscriptions paid:				
- Australian Chamber of Commerce and Industry	30,880	30,121	30,880	30,121

**NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION**

Group and parent	Short-Term Benefits	Post-employment benefit		Total \$
	\$	Non-Cash Benefits \$	Superannuation \$	
<b>2018</b>				
Total compensation	751,466	-	72,463	823,929
<b>2017</b>				
Total compensation	615,516	-	63,351	678,867

**MASTER PLUMBERS' & MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	Group		Parent	
	2018 \$	2017 \$	2018 \$	2017 \$
<b>NOTE 5: AUDITORS REMUNERATION</b>				
Remuneration of the auditor of the Group for:				
- auditing or reviewing the financial report	27,739	20,000	27,739	20,000
- other services	-	-	-	-
	<u>27,739</u>	<u>20,000</u>	<u>27,739</u>	<u>20,000</u>

**NOTE 6: CASH AND CASH EQUIVALENTS**

Cash at bank and on hand	2,251,328	2,424,917	2,186,060	2,406,212
Short-term bank deposits	808,259	4,505,930	808,259	4,505,930
	<u>3,059,587</u>	<u>6,930,847</u>	<u>2,994,319</u>	<u>6,912,142</u>

The effective interest rate on short-term bank deposits was 2.38% (2017: 2.56%).  
 Included in cash and cash equivalents is a balance of \$Nil (2017: \$3,934) held in trust for the Wylie Scholarship Fund.  
 The corresponding liability is disclosed in Note 13.

**(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	<u>3,059,587</u>	<u>6,930,847</u>	<u>2,994,319</u>	<u>6,912,142</u>
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**NOTE 7: TRADE AND OTHER RECEIVABLES**

**CURRENT**

Trade debtors	1,250,220	866,643	1,226,191	821,304
Provision for impairment	(100,000)	(100,000)	(100,000)	(100,000)
Trade debtors, net	1,150,220	766,643	1,126,191	721,304
Other receivables	616,177	535,558	603,577	527,712
Loan to subsidiary company - Plumbing Staff Solutions Pty Ltd	-	-	50,000	40,000
Interest receivable	1,792	11,509	1,792	11,509
	<u>1,768,189</u>	<u>1,313,710</u>	<u>1,781,560</u>	<u>1,300,525</u>

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.

**MASTER PLUMBERS' & MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**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			Within initial trade terms
			Days (overdue)			
			31-60	61-90	> 90	
Group	\$	\$	\$	\$	\$	\$
<b>2018</b>						
Trade receivables	1,250,220	100,000	381,850	94,602	-	673,768
Other receivables	617,969	-	-	-	-	617,969
<b>Total</b>	<b>1,868,189</b>	<b>100,000</b>	<b>381,850</b>	<b>94,602</b>	<b>-</b>	<b>1,291,737</b>
<b>2017</b>						
Trade receivables	866,643	100,000	116,001	24,933	22,402	603,307
Other receivables	547,067	-	-	-	-	547,067
<b>Total</b>	<b>1,413,710</b>	<b>100,000</b>	<b>116,001</b>	<b>24,933</b>	<b>22,402</b>	<b>1,150,375</b>
<b>Parent</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2018</b>						
Trade receivables	1,226,191	100,000	381,850	94,602	-	649,739
Other receivables	655,369	-	-	-	-	655,369
<b>Total</b>	<b>1,881,560</b>	<b>100,000</b>	<b>381,850</b>	<b>94,602</b>	<b>-</b>	<b>1,305,108</b>
<b>2017</b>						
Trade receivables	821,304	100,000	100,582	16,917	22,402	577,403
Other receivables	579,221	-	-	-	-	579,221
<b>Total</b>	<b>1,400,525</b>	<b>100,000</b>	<b>100,582</b>	<b>16,917</b>	<b>22,402</b>	<b>1,156,624</b>

**MASTER PLUMBERS' & MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	Note	Group		Parent	
		2018	2017	2018	2017
		\$	\$	\$	\$
<b>NOTE 7: TRADE AND OTHER RECEIVABLES (CONT'D)</b>					
<b>Financial assets classified as trade and other receivables</b>					
Trade and other receivables:					
- total current	18	<u>1,768,189</u>	<u>1,313,710</u>	<u>1,781,560</u>	<u>1,300,525</u>
<b>Collateral Pledged or Held as Security</b>					
No collateral has been pledged or held as security for any of the trade and other receivable balances.					
<b>NOTE 8: OTHER ASSETS</b>					
Current					
Prepayments		<u>24,707</u>	<u>185,091</u>	<u>24,707</u>	<u>185,081</u>
<b>NOTE 9: PROPERTY, PLANT AND EQUIPMENT</b>					
Freehold land - at independent valuation		<u>227,000</u>	<u>227,000</u>	<u>227,000</u>	<u>227,000</u>
Buildings - at independent valuation		748,000	748,000	748,000	748,000
Less accumulated amortisation		<u>(45,154)</u>	<u>(30,102)</u>	<u>(45,154)</u>	<u>(30,102)</u>
		<u>702,846</u>	<u>717,898</u>	<u>702,846</u>	<u>717,898</u>
Buildings - at directors valuation		200,000	200,000	200,000	200,000
Less accumulated amortisation		<u>(79,995)</u>	<u>(65,415)</u>	<u>(79,995)</u>	<u>(65,415)</u>
		<u>120,005</u>	<u>134,585</u>	<u>120,005</u>	<u>134,585</u>
Total buildings		<u>822,851</u>	<u>852,483</u>	<u>822,851</u>	<u>852,483</u>
Plant and equipment - at cost		502,280	659,732	502,280	659,732
Less accumulated depreciation		<u>(361,795)</u>	<u>(356,830)</u>	<u>(361,795)</u>	<u>(356,830)</u>
		<u>140,485</u>	<u>302,902</u>	<u>140,485</u>	<u>302,902</u>
Motor Vehicles - at cost		208,176	245,538	208,176	245,538
Less accumulated depreciation		<u>(78,809)</u>	<u>(84,721)</u>	<u>(78,809)</u>	<u>(84,721)</u>
		<u>129,367</u>	<u>160,817</u>	<u>129,367</u>	<u>160,817</u>
Total property, plant and equipment		<u>1,319,703</u>	<u>1,543,202</u>	<u>1,319,703</u>	<u>1,543,202</u>

**MASTER PLUMBERS' & MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**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
	\$	\$	\$	\$	\$
<b>Group and parent</b>					
Balance at 1 July 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
Additions	-	-	24,464	38,863	63,327
Disposals	-	-	(95,055)	(30,207)	(125,262)
Depreciation expense	-	(29,632)	(91,826)	(40,106)	(161,564)
Balance at 30 June 2018	227,000	822,851	140,485	129,367	1,319,703

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.

Refer to Note 18 for the analysis of non-financial assets (land and buildings) measured at fair value, by fair value hierarchy.

	Group		Parent	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>NOTE 10: INVESTMENTS</b>				
Investment in subsidiary company - Plumbing Staff Solutions Pty Ltd	-	-	60	60
Freehold land – at cost	2,812,285	1,529,836	2,812,285	1,529,836
Buildings – at cost	4,884,571	3,197,244	4,884,571	3,197,244
Less accumulated amortisation	(286,798)	(209,457)	(286,798)	(209,457)
	4,597,773	2,987,787	4,597,773	2,987,787
Work in progress building	2,000,000	-	2,000,000	-
Total investment properties	9,410,058	4,517,623	9,410,058	4,517,623
Total investments	9,410,058	4,517,623	9,410,118	4,517,683



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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**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
	\$	\$	\$	\$
<b>Group and parent</b>				
Balance at the 1 July 2016	1,396,636	2,764,390	-	4,161,026
Additions				
Transfers	133,200	285,061	-	418,261
Depreciation expense	-	(61,664)	-	(61,664)
Balance at the 30 June 2017	<u>1,529,836</u>	<u>2,987,787</u>	-	<u>4,517,623</u>
Additions	1,282,449	1,687,326	2,000,000	4,969,775
Depreciation expense	-	(77,340)	-	(77,340)
Balance at the 30 June 2018	<u>2,812,285</u>	<u>4,597,773</u>	<u>2,000,000</u>	<u>9,410,058</u>

Note	Group		Parent	
	2018	2017	2018	2017
	\$	\$	\$	\$

**NOTE 11: FINANCIAL ASSETS**

**CURRENT**

Held-to-maturity investments

- deposits in financial institution	18	<u>218,216</u>	<u>209,151</u>	<u>218,216</u>	<u>209,151</u>
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**NON-CURRENT**

Available-for-sale financial assets

- shares in listed corporations at fair value	18	<u>3,933,525</u>	<u>4,965,326</u>	<u>3,933,525</u>	<u>4,965,326</u>
		<u>3,933,525</u>	<u>4,965,326</u>	<u>3,933,525</u>	<u>4,965,326</u>

**NOTE 12: INTANGIBLE ASSETS**

**NON-CURRENT**

Website domain – at cost

	<u>23,350</u>	<u>23,350</u>	<u>23,350</u>	<u>23,350</u>
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Website domain are recognised at cost of acquisition. They have an infinite life and are carried at cost less any impairment losses. The Executive Board have undertaken a review of the carrying value of the intangible assets at the end of the reporting period and noted that there are no impairment losses.

**MASTER PLUMBERS' & MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
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	Note	Group		Parent	
		2018 \$	2017 \$	2018 \$	2017 \$
<b>NOTE 13: TRADE AND OTHER PAYABLES</b>					
<b>CURRENT</b>					
Trade and other payables		916,515	798,032	868,291	767,203
Income received in advance		297,952	583,150	297,952	583,150
Funds held in trust	6,11	194,149	189,822	194,149	189,822
Legal costs payable - litigation		-	-	-	-
Legal costs payable - other legal matters		-	-	-	-
Consideration to employers for payroll deductions		-	-	-	-
Payable to other reporting units		-	-	-	-
		<u>1,408,616</u>	<u>1,571,004</u>	<u>1,360,392</u>	<u>1,540,175</u>
Financial liabilities at amortised cost classified as trade and other payables					
Trade and other payables:		1,408,616	1,571,004	1,360,392	1,540,175
Less: Income received in advance		(297,952)	(583,150)	(297,952)	(583,150)
Financial liabilities as trade and other payables	18	<u>1,110,664</u>	<u>987,854</u>	<u>1,062,440</u>	<u>957,025</u>
<b>NOTE 14: PROVISIONS</b>					
<b>CURRENT</b>					
Employee benefits		<u>809,404</u>	<u>778,172</u>	<u>806,917</u>	<u>777,398</u>
<b>NON-CURRENT</b>					
Employee benefits		<u>46,297</u>	<u>36,283</u>	<u>46,297</u>	<u>36,283</u>
Total employee benefits		<u>855,701</u>	<u>814,455</u>	<u>853,214</u>	<u>813,681</u>
<b>Analysis of employee benefits</b>					
Employee benefits – other employees					
Annual leave		455,337	444,376	453,442	444,029
Long service leave		158,715	150,881	158,715	150,881
Separations and redundancies		-	-	-	-
Other – RDO's		92,592	84,400	92,000	83,973
Employee benefits – holders of office					
Annual leave		84,020	66,168	84,020	66,168
Long service leave		65,037	68,630	65,037	68,630
Separations and redundancies		-	-	-	-
Other		-	-	-	-
Total employee benefits		<u>855,701</u>	<u>814,455</u>	<u>853,214</u>	<u>813,681</u>

**MASTER PLUMBERS' & MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA**  
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	Group	Parent	2017	2017
Note	2018	2017	2018	2017
	\$	\$	\$	\$
<b>NOTE 15: RESERVES</b>				
Financial asset revaluation reserve	2,867	(990)	2,867	(990)
Balance at beginning of financial year	(990)	(161,061)	(990)	(161,061)
Movement for the year	3,857	160,071	3,857	160,071
Balance at end of financial year	2,867	(990)	2,867	(990)

The financial assets reserve records revaluation increments and decrements (that do not represent impairment write-downs) that relate to financial assets that are classified as available-for-sale.

There were no compulsory levy/voluntary contribution fund balance as at the beginning or end of the financial year.

**NOTE 16: NOTES TO STATEMENT OF CASH FLOWS**

**(a) Reconciliation of cash flow from operations with profit after income tax**

Profit after income tax	186,320	335,818	185,431	333,168
Non-cash flows in profit:				
Depreciation and amortisation	238,904	269,898	238,904	269,898
(Gain)/loss on sale of plant and equipment	(97,389)	(3,419)	(97,389)	(3,419)
Provision for impairment of trade and other receivables	-	(100,000)	-	(100,000)
(Gain)/loss on sale of financial assets	34,752	(17,066)	34,752	(17,066)
Changes in assets and liabilities:				
(Increase) / decrease in trade and other receivables	(454,479)	2,024,450	(481,035)	2,037,635
(Increase) / decrease in other assets	160,384	(145,291)	160,374	(145,281)
Increase / (decrease) in trade and other payables	(162,418)	(146,153)	(179,783)	(177,012)
Increase / (decrease) in provisions	41,276	(72,186)	39,533	(72,930)
Net cash (used in)/provided by operating activities	(52,650)	2,146,051	(99,213)	2,124,993

**(b) Cash flow information**

Cash inflows – from controlled entity:

Plumbing Staff Solutions Pty Ltd	-	-	20,365	-
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Cash outflows – to controlled entity:

Plumbing Staff Solutions Pty Ltd	-	-	(10,000)	(30,000)
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**NOTE 17: 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:

<u>Entity</u>	<u>Percentage Controlled</u>	
	<u>2018</u>	<u>2017</u>
	<u>(%)</u>	<u>(%)</u>
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 \$254 (2017: \$249) and held cash at bank of \$767 (2017: \$1,020) as at 30 June 2018.

\* 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 2018. As these companies are not considered material to the group, they have not been consolidated into the group's financial statement.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 18: 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:

	Note	Group		Parent	
		2018	2017	2018	2017
		\$	\$	\$	\$
<b>Financial assets</b>					
Cash and cash equivalents	6	3,059,587	6,930,847	2,994,319	6,912,142
Trade and other receivables	7	1,768,189	1,313,710	1,781,560	1,300,525
Available-for-sale financial assets:					
- shares in listed corporations at fair value	11	3,933,525	4,965,326	3,933,525	4,965,326
Held-to-maturity investments:					
- deposits in financial institution	11	218,216	209,151	218,216	209,151
		<u>8,979,517</u>	<u>13,419,034</u>	<u>8,927,620</u>	<u>13,387,144</u>
<b>Financial liabilities</b>					
Financial liabilities at amortised cost:					
- trade and other payables	13	1,110,664	987,854	1,062,440	957,025
		<u>1,110,664</u>	<u>987,854</u>	<u>1,062,440</u>	<u>957,025</u>

**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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 18: 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*

Group	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial liabilities due for payment</b>								
Trade and other payables (excluding employee benefits and income received in advance)	1,110,664	987,854	-	-	-	-	1,110,664	987,854
<b>Total expected outflows</b>	<b>1,110,664</b>	<b>987,854</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,110,664</b>	<b>987,854</b>
<b>Financial assets — cash flows realisable</b>								
Cash and cash equivalents	3,059,587	6,930,847	-	-	-	-	3,059,587	6,930,847
Trade and other receivables	1,768,189	1,313,710	-	-	-	-	1,768,189	3,313,710
Available-for-sale financial assets	-	-	3,933,525	4,965,326	-	-	3,933,525	4,965,326
Held-to-maturity investments	218,216	209,151	-	-	-	-	218,216	209,151
<b>Total anticipated inflows</b>	<b>5,045,992</b>	<b>8,453,708</b>	<b>3,933,525</b>	<b>4,965,326</b>	<b>-</b>	<b>-</b>	<b>8,979,517</b>	<b>15,419,034</b>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 18: FINANCIAL RISK MANAGEMENT (CONT'D)**

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
<b>Parent</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial liabilities due for payment</b>								
Trade and other payables (excluding employee benefits and income received in advance)	1,062,440	957,025	-	-	-	-	1,062,440	957,025
<b>Total expected outflows</b>	<b>1,062,440</b>	<b>957,025</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,062,440</b>	<b>957,025</b>
<b>Financial assets — cash flows realisable</b>								
Cash and cash equivalents	2,994,319	6,912,142	-	-	-	-	2,994,319	6,912,142
Trade and other receivables	1,781,560	1,300,525	-	-	-	-	1,781,560	1,300,525
Available-for-sale financial assets	-	-	3,933,525	4,965,326	-	-	3,933,525	4,965,326
Held-to-maturity investments	218,216	209,151	-	-	-	-	218,216	209,151
<b>Total anticipated inflows</b>	<b>4,994,095</b>	<b>8,421,818</b>	<b>3,933,525</b>	<b>4,965,326</b>	<b>-</b>	<b>-</b>	<b>8,927,620</b>	<b>13,387,144</b>

*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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 18: FINANCIAL RISK MANAGEMENT (CONT'D)**

	Group		Parent	
	2018	2017	2018	2017
	\$	\$	\$	\$
Cash and cash equivalents				
- AA- rated	3,059,587	6,930,847	2,994,319	6,912,142
	3,059,587	6,930,847	2,994,319	6,912,142

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	+/- 65,556	+/- 142,800	+/- 64,251	+/- 142,426
Change in equity				
+/- 2% in interest rates	+/- 65,556	+/- 142,800	+/- 64,251	+/- 142,426

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.



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**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 18: FINANCIAL RISK MANAGEMENT (CONT'D)**

Group	Footnote	2018		2017	
		Net Carrying Value	Net Fair Value	Net Carrying Value	Net Fair Value
		\$	\$	\$	\$
<b>Financial assets</b>					
Cash and cash equivalents	(i)	3,059,587	3,059,319	6,930,847	6,930,847
Trade and other receivables	(i)	1,768,189	1,768,189	1,313,710	1,313,710
Financial assets — available for sale	(ii)	3,933,525	3,933,525	4,965,326	4,965,326
Financial assets — held-to-maturity	(iii)	218,216	218,216	209,151	209,151
<b>Total financial assets</b>		<b>8,979,517</b>	<b>8,979,249</b>	<b>13,419,034</b>	<b>13,419,034</b>
<b>Financial liabilities</b>					
Trade and other payables	(i)	1,110,664	1,110,664	987,854	987,854
<b>Total financial liabilities</b>		<b>1,110,664</b>	<b>1,110,664</b>	<b>987,854</b>	<b>987,854</b>
<b>Parent</b>					
<b>Financial assets</b>					
<b>Financial assets</b>					
Cash and cash equivalents	(i)	2,994,319	2,994,319	6,912,142	6,912,142
Trade and other receivables	(i)	1,781,560	1,781,560	1,300,525	1,300,525
Financial assets — available for sale	(ii)	3,933,525	3,933,525	4,965,326	4,965,326
Financial assets — held-to-maturity	(iii)	218,216	218,216	209,151	209,151
<b>Total financial assets</b>		<b>8,927,620</b>	<b>8,927,620</b>	<b>13,387,144</b>	<b>13,387,144</b>
<b>Financial liabilities</b>					
Trade and other payables	(i)	1,062,440	1,062,440	957,025	957,025
<b>Total financial liabilities</b>		<b>1,062,440</b>	<b>1,062,440</b>	<b>957,025</b>	<b>957,025</b>

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.

**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 18: 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).

The following tables provide an analysis of financial instrument assets that are measured fair value, by fair value hierarchy:

**Group and parent**

2018	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Financial assets:</b>				
Available-for-sale financial assets	3,933,525	-	-	3,933,525
Held-to-maturity financial assets	218,216	-	-	218,216
	<u>4,151,741</u>	<u>-</u>	<u>-</u>	<u>4,151,741</u>
<b>2017</b>				
<b>Financial assets:</b>				
Available-for-sale financial assets	4,965,326	-	-	4,965,326
Held-to-maturity financial assets	209,151	-	-	209,151
	<u>5,174,477</u>	<u>-</u>	<u>-</u>	<u>5,174,477</u>

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.

**Non-financial Assets Fair Value Hierarchy**

The following tables provide an analysis of non-financial assets that are measured at fair value, by fair value hierarchy:

**Group and parent**

2018	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Non-financial assets:</b>				
Land	-	227,000	-	227,000
Buildings	-	702,846	-	702,846
	<u>-</u>	<u>909,846</u>	<u>-</u>	<u>909,846</u>
<b>2017</b>				
<b>Non-financial assets:</b>				
Land	-	227,000	-	227,000
Buildings	-	717,898	-	717,898
	<u>-</u>	<u>944,898</u>	<u>-</u>	<u>944,898</u>

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**NOTE 18: FINANCIAL RISK MANAGEMENT (CONT'D)**

**Non-financial Assets Fair Value Hierarchy (Cont'd)**

There have been no transfers between levels during the reporting period (2017: no transfer).

The fair value of land and buildings is determined at least every three years based on valuations by an independent valuer. At the end of each intervening period, the directors review the independent valuation and, when appropriate, update the fair value measurement to reflect current market conditions using a range of valuation techniques, including recent observable market data and discounted cash flow methodologies.

**NOTE 19: 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.

	<b>Consolidated</b>		<b>Parent</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Trade and other payables	(1,110,664)	(987,854)	(1,062,440)	(957,025)
Less cash and cash equivalents	3,059,587	6,930,847	2,994,319	6,912,142
Net (debt)/equity	1,948,923	5,942,993	1,931,879	5,955,117
Total equity	17,493,018	17,302,841	17,491,892	17,302,604
Total capital	19,441,941	23,245,834	19,423,771	23,257,721

**NOTE 20: OPERATING LEASE COMMITMENTS**

There were no operating lease commitments as at 30 June 2018.

**NOTE 21: CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There were no contingent liabilities or contingent assets as at 30 June 2018.

**NOTE 22: 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 ongoing structure and financial activities of the Association.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

**NOTE 23: ASSOCIATION DETAILS**

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

Unit 15, 306 Albert Street  
Brunswick VIC 3056  
AUSTRALIA

**NOTE 24: 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) to (3), of Section 272, which reads as follows:

Information to be provided to members or Commissioner:

- (1) A member of a reporting unit, or the Commissioner, 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).

EXECUTIVE BOARD'S STATEMENT

On 24 September 2018, the Executive Board of Master Plumbers' & Mechanical Services Association of Australia ("reporting unit") passed the following resolution in relation to the general purpose financial report (GPFR) for the financial year ended 30 June 2018.

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 any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act);
3. the financial statements and notes give a true and fair 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 the GPFR 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 24<sup>th</sup> day of September 2018.

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**OFFICER DECLARATION STATEMENT**

I, Scott Dowsett, being the President of the Executive Board of Master Plumbers' & Mechanical Services Association of Australia, declare that the following activities did not occur during the reporting period ending 30 June 2018.

The reporting unit did not:

- agree to receive financial support from another reporting unit to continue as a going concern (refers to agreement regarding financial support not dollar amount)
- agree to provide financial support to another reporting unit to ensure they continue as a going concern (refers to agreement regarding financial support not dollar amount)
- acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission
- receive capitation fees from another reporting unit
- receive any other revenue from another reporting unit
- receive revenue via compulsory levies
- receive donations or grants
- receive revenue from undertaking recovery of wages activity
- incur fees as consideration for employers making payroll deductions of membership subscriptions
- pay capitation fees to another reporting unit
- pay any other expense to another reporting unit
- pay compulsory levies
- pay a grant that was \$1,000 or less
- pay a grant that exceeded \$1,000
- pay to a person fees or allowances to attend conferences or meetings as a representative of the reporting unit
- pay legal costs relating to litigation
- pay a penalty imposed under the RO Act or the Fair Work Act 2009
- have a receivable with other reporting unit(s)
- have a payable with other reporting unit(s)
- have a payable to an employer for that employer making payroll deductions of membership subscriptions
- have a payable in respect of legal costs relating to litigation
- have a payable in respect of legal costs relating to other legal matters
- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity
- have a balance within the general fund
- provide cash flows to another reporting unit
- receive cash flows from another reporting unit
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit



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Scott Dowsett  
President

Dated in Melbourne on this 24<sup>th</sup> day of September 2018.

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

**Opinion**

I 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 2018 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, the Executive Boards' certification and the subsection 255(2A) report and the Officer Declaration Statement 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 my 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 2018 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).

I 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**

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

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

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

The Executive Board of 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.

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. 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.

**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 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 Reporting Unit'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 Reporting Unit or to cease operations, or has 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 Australian Auditing Standards, I exercise professional judgment 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 Executive Board.
- Conclude on the appropriateness of the Executive Board'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's audit. I remain solely responsible for my audit opinion.



**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)**

I communicate with the Executive Board 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 auditor registered under the RO Act.


**Report on Other Legal and Regulatory Requirements**

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.

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



McLean Delmo Bentleys Audit Pty Ltd



Martin Fensome  
Partner

Hawthorn  
24 September 2018

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