



5 November 2014

Mr John Kennett  
President  
Master Builders Association, South Australia Branch  
GPO Box 10014, Gouger Street  
Adelaide SA 5000

via e-mail: [melliott@mbasa.com.au](mailto:melliott@mbasa.com.au)

Dear Mr Kennett

**Master Builders Association, South Australia Branch  
Financial Report for the year ended 30 June 2013 - FR2013/294**

I acknowledge receipt of the amended financial report for the year ended 30 June 2013 for the Master Builders Association, South Australia Branch. The amended financial report was lodged with the Fair Work Commission (FWC) on 31 October 2014.

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

**Changes to the reporting guidelines and model financial statement**

A fourth edition of the General Manager's s.253 Reporting Guidelines was gazetted on 13 June 2014. These guidelines will apply to all financial reports that end on or after 30 June 2014. A model set of financial statements for the 2013-2014 financial year is also available on the FWC website. The FWC recommends reporting units use this model as it will assist in ensuring compliance with the *Fair Work (Registered Organisations) Act 2009*, the s.253 Reporting Guidelines and the Australian Accounting Standards.

The Reporting Guidelines and Model Financial Statements are available on the FWC website:  
<https://www.fwc.gov.au/registered-organisations/compliance-governance/financial-reporting>

If you have any queries regarding this letter, please contact me on (03) 8661 7675 or via email at [ken.morgan@fwc.gov.au](mailto:ken.morgan@fwc.gov.au)

Yours sincerely

A handwritten signature in black ink, appearing to read 'K. Morgan', with a stylized flourish at the end.

Ken Morgan  
Financial Reporting Advisor  
Regulatory Compliance Branch

MASTER BUILDERS ASSOCIATION SA INC ABN 61 183 783 305 AND CONTROLLED ENTITY

CONSOLIDATED INCOME STATEMENT AS AT 30 JUNE 2013

	Note	Consolidated Entity		Master Builders Association SA Inc	
		2013 \$	2012 \$	2013 \$	2012 \$
Revenues	3	8,615,843	7,846,859	8,520,706	7,693,130
Employee benefits to holders of office	1(m)	(914,936)	(1,077,212)	(914,936)	(1,077,212)
Employee benefits to employees		(2,120,636)	(1,857,970)	(2,120,636)	(1,857,970)
Depreciation expense	10 (b)	(183,800)	(185,129)	(183,800)	(185,129)
Supplies and services	4	<u>(4,065,215)</u>	<u>(3,338,203)</u>	<u>(4,016,440)</u>	<u>(3,273,491)</u>
Profit from operations before Income Tax		<u>1,331,255</u>	<u>1,388,345</u>	<u>1,284,894</u>	<u>1,299,328</u>
Income Tax	1(b)	(28,307)	(26,705)	-	-
Net Profit		<u>1,302,948</u>	<u>1,361,640</u>	<u>1,284,894</u>	<u>1,299,328</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$	2012 \$	2013 \$	2012 \$
Profit for the year	1,302,948	1,361,640	1,284,894	1,299,328
Other comprehensive income for the year:				
Net (loss)/ gain on revaluation of financial assets	259,562	(121,645)	259,562	(121,645)
Total comprehensive income for the year	<u>1,562,510</u>	<u>1,239,995</u>	<u>1,544,456</u>	<u>1,177,683</u>
Total comprehensive income attributable to members of Master Builders Assoc (SA) Inc	<u>1,562,510</u>	<u>1,239,995</u>	<u>1,544,456</u>	<u>1,177,683</u>

The above income statement is to be read in conjunction with the accompanying notes

MASTER BUILDERS ASSOCIATION SA INC ABN 61 183 783 305 AND CONTROLLED ENTITY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

		Consolidated Entity		Master Builders Association SA Inc	
	Note	2013	2012	2013	2012
		\$	\$	\$	\$
<b>CURRENT ASSETS</b>					
<i>Cash and cash equivalents</i>	5	7,577,273	8,171,961	7,446,489	5,343,787
<i>Trade and other receivables</i>	6	1,423,329	1,362,911	1,423,329	4,090,469
<i>Inventories</i>	7	13,968	13,889	13,968	13,889
<i>Other current assets</i>	8	911,494	205,443	911,494	168,054
<b>TOTAL CURRENT ASSETS</b>		<b>9,926,065</b>	<b>9,754,204</b>	<b>9,795,280</b>	<b>9,616,199</b>
<b>NON-CURRENT ASSETS</b>					
<i>Financial assets</i>	9	2,552,953	2,371,272	2,552,953	2,371,272
<i>Property, plant and equipment</i>	10	10,526,125	9,592,263	10,526,125	9,592,263
<i>Investment in Joint Venture</i>	11	2,000	2,000	2,000	2,000
<i>Intangibles</i>	12	102,560	35,283	102,560	35,283
<b>TOTAL NON-CURRENT ASSETS</b>		<b>13,183,638</b>	<b>12,000,818</b>	<b>13,183,638</b>	<b>12,000,818</b>
<b>TOTAL ASSETS</b>		<b>23,109,702</b>	<b>21,755,022</b>	<b>22,978,918</b>	<b>21,617,017</b>
<b>CURRENT LIABILITIES</b>					
<i>Trade and other payables</i>	13	803,212	1,122,367	781,111	1,074,990
<i>Short-term and long-term employee benefits</i>	14	485,029	502,562	485,029	502,562
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,288,241</b>	<b>1,624,929</b>	<b>1,266,140</b>	<b>1,577,552</b>
<b>TOTAL LIABILITIES</b>		<b>1,288,241</b>	<b>1,624,929</b>	<b>1,266,140</b>	<b>1,577,552</b>
<b>NET ASSETS</b>		<b>21,821,462</b>	<b>20,130,093</b>	<b>21,712,778</b>	<b>20,039,465</b>
<b>EQUITY</b>					
<i>Reserves</i>		6,989,357	6,722,582	6,851,441	6,722,582
<i>Retained earnings</i>		14,832,104	13,407,511	14,861,337	13,316,883
<b>TOTAL EQUITY</b>		<b>21,821,462</b>	<b>20,130,093</b>	<b>21,712,778</b>	<b>20,039,465</b>

The above statement of financial position is to be read in conjunction with the accompanying notes

**MASTER BUILDERS ASSOCIATION SA INC ABN 61 183 783 305 AND CONTROLLED ENTITY**

**CONSOLIDATED CASH FLOW STATEMENT AS AT 30 JUNE 2013**

		Consolidated Entity		Master Builders Association SA Inc	
	<i>Note</i>	2013	2012	2013	2012
		\$	\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from members, trade and other debtors		<b>7,287,226</b>	7,069,162	<b>7,248,056</b>	7,072,832
Payments to suppliers and employees		<b>(7,079,904)</b>	(5,673,949)	<b>(6,978,005)</b>	(5,592,399)
Dividends received		<b>132,423</b>	67,976	<b>132,423</b>	67,976
Interest received		<b>304,173</b>	408,668	<b>209,036</b>	254,939
Net cash provided by operating activities	<b>17b</b>	<b>643,918</b>	1,871,857	<b>611,510</b>	1,803,348
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Receipts from controlled entity		-	-	<b>2,729,796</b>	-
Payments for property plant and equipment		<b>(1,117,663)</b>	(109,433)	<b>(1,117,662)</b>	(109,433)
Proceeds from sales of property, plant and equipment		-	-	-	-
Proceeds from sales of shares		-	(27,164)	-	(27,164)
Redemption of property, plant and equipment		-	-	-	-
Movement in Joint Venture		-	(2,000)	-	(2,000)
Movement in intangible assets		<b>(67,277)</b>	(22,442)	<b>(67,277)</b>	(22,442)
Payments for portfolio		<b>(414,945)</b>	(1,708,750)	<b>(414,945)</b>	(1,708,750)
Proceeds from sales in portfolio		<b>361,282</b>	401,827	<b>361,280</b>	401,827
Net cash provided (used) by investing activities		<b>(1,238,603)</b>	(1,467,962)	<b>1,491,192</b>	(1,467,962)
Net increase/decrease in cash held		<b>(594,685)</b>	403,895	<b>2,102,702</b>	335,386
Cash at the beginning of the financial year		<b>8,171,961</b>	7,768,066	<b>5,343,787</b>	5,008,401
Cash at the end of the financial year	<b>5</b>	<b>7,577,276</b>	8,171,961	<b>7,446,489</b>	5,343,787

The above cash flow statement is to be read in conjunction with the accompanying notes

MASTER BUILDERS ASSOCIATION SA INC ABN 61 183 783 305 AND CONTROLLED ENTITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 30 JUNE 2013

Reserves	Note	Consolidated Entity		Master Builders Association SA Inc	
		2013	2012	2013	2012
		\$	\$	\$	\$
<b>Asset Revaluation Reserve</b>					
Balance at start of period		3,059,360	3,181,005	3,059,360	3,181,005
Net (loss)/gain on revaluation of financial assets		259,562	(121,645)	259,562	(121,645)
Balance at end of period		<u>3,318,921</u>	<u>3,059,360</u>	<u>3,318,921</u>	<u>3,059,360</u>
<b>Training Foundation Reserve</b>					
Balance at start of period		2,657,306	2,657,306	2,657,306	2,657,306
Balance at end of period		<u>2,657,306</u>	<u>2,657,306</u>	<u>2,657,306</u>	<u>2,657,306</u>
<b>BIRST Training Reserve</b>					
Balance at start of period		884,271	725,877	884,271	725,877
BIRST distributions for the year unexpended transferred to reserve	1(i)	128,859	158,394	128,859	158,394
Balance at end of period		<u>1,013,130</u>	<u>884,271</u>	<u>1,013,130</u>	<u>884,271</u>
<b>Total Reserves</b>		<u>6,989,357</u>	<u>6,600,937</u>	<u>6,989,357</u>	<u>6,600,937</u>

MASTER BUILDERS ASSOCIATION SA INC ABN 61 183 783 305 AND CONTROLLED ENTITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 30 JUNE 2013

Retained Earnings

	<i>Note</i>	Consolidated Entity		Master Builders Association SA Inc	
		2013 \$	2012 \$	2013 \$	2012 \$
<i>Retained earnings at start of period</i>		13,529,156	12,167,516	13,438,528	12,139,200
<i>Profit attributable to the association</i>		1,302,948	1,361,640	1,284,894	1,299,328
<i>Retained earnings at end of period</i>		<u>14,832,104</u>	<u>13,529,156</u>	<u>14,723,422</u>	<u>13,438,528</u>
<b>Total Equity</b>		<u>21,821,462</u>	<u>20,130,093</u>	<u>21,712,778</u>	<u>20,039,465</u>

The above statement of changes in equity is to be read in conjunction with the accompanying notes

**Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Preparation**

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Associations Incorporation Act 1985 (SA). The Association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

**Reporting Basis and Conventions**

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 11th September 2013 by the members of the committee.

**Accounting Policies**

**(a) Principles of Consolidation**

The consolidated financial statements comprise the financial statements of Master Builders Association SA Inc and its controlled entity as at 30th of June 2013. A controlled entity is any entity controlled by Master Builders Association SA Inc. Control exists where Master Builders Association SA Inc has the capacity to dominate the decision making in relation to the financial and operating policies of another entity so that the other entity operates with Master Builders Association SA Inc to achieve the objectives of Master Builders Association SA Inc. A list of controlled entities is contained in Note 15 (b) to the financial statements.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

The acquisition of subsidiaries has been accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition. Accordingly, the consolidated financial statements include the results of subsidiaries for the period from their acquisition.

**(b) Income Tax**

Master Builders Association SA Inc activities are exempt from income tax under Section 50-15 of the Income Tax Assessment Act 1997. Member income is excluded from tax under the principle of mutuality. Master Builders Training Foundation Pty Ltd under current conditions can not be considered as a tax exempt entity, thus submits an income tax return.



**MASTER BUILDERS ASSOCIATION SA INC ABN 61 183 783 305 AND CONTROLLED ENTITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**(c) Property, Plant and Equipment**

Land and buildings class of assets is stated at independent valuation.

Plant and equipment are measured on the cost basis.

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment exists when the carrying value of an asset exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the income statement in the cost of sales line item. However, because land and buildings are measured at revalued amounts, impairment losses on land and buildings are treated as a revaluation decrement.

**(d) Depreciation**

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives commencing from the time the asset is held ready to use.

The depreciation rates for each class of depreciable assets are:

Buildings	2.50%
Building Improvements	10%
Computer Software	33%
Computer Hardware	20% - 33%
Furniture & Equipment	5% - 20%
Plant & Equipment	5% - 33%
Motor Vehicles	25%

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and any subsequent accumulated impairment losses.

Fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Any revaluation increment is credited to the asset revaluation reserve included in the equity section of the balance sheet, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. Any revaluation decrease is recognised in profit or loss, except that a decrease offsetting a previous revaluation increase for the same asset is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset. Additionally, any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets. Independent valuations are performed with sufficient regularity to ensure that the carrying amounts do not differ materially from the assets' fair values at the balance sheet date.

**(e) Provision for Doubtful Debts**

The collectability of debts is assessed annually and a provision is made for any doubtful debts.

Current trade receivables are non-interest bearing loans and are generally receivable within 60 days. A provision for impairment is recognised against subscriptions where there is objective evidence that an individual trade receivable is impaired. No impairment was required at 30 June 2013 (2012: Nil).

**(f) Cash and Cash Equivalents**

For the purpose of cash flow statement, cash includes cash on hand, deposits held at-call with banks or financial institutions, and investment in money market instruments net of bank overdrafts.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**(g) Employee Benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from long service leave which will be settled after one year, are stated at their current value in respect of the services provided.

**Revenue**

**(h) 1. TV Programme Building Ideas**

Income from the Television Programme "Building Ideas" is recognised using the percentage of completion method. Expenses incurred are prorated according to the number of episodes which have been completed during the financial year.

**2. Training Course Fees**

The Federal Government pays the MBA for course fees once a student has completed their course. The MBA brings to account 100% of the revenue earned at the time that the subject is delivered as an accrual. At the same time the MBA provides for 24.2% accrual to allow for any expected student cancellations.

**(i) 2. Other Revenue**

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

The Association is entitled to distributions from South Australian Building Industry Redundancy Scheme Trust (BIRST) which are for the purposes of undertaking programs solely for the training of persons engaged in the industry. Distributions are recognised on an accruals basis. Distributions received for the year which are unexpended are transferred to a training reserve.

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

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

**(j) 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 Tax 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 balance sheet 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.

**(k) Comparative Figures**

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

**(l) Market Value of Managed Investment Portfolio**

After their initial recognition, the Association measures financial assets at fair value, without deduction for transaction costs it may incur on sale.

**(m) Holders of office**

Holders of the Office are Employees of the Association that fulfil the function of the management of the affairs of the organisation, determine policies for the organisation, are responsible for the making, alteration or rescission of rules of the organisation or enforce the rules of the organisation or branch, or the performance of functions in relation to the enforcement of such rules.

**(n) Inventory**

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**(o) Trade and Other Payables**

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Association during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

**(p) 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 (i.e. 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 profit or loss' in which case transaction costs are expensed to profit or loss immediately.

**Classification and subsequent measurement**

Financial instruments are subsequently measured at 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:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- 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;
- 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 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 profit or loss' when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

*(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.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

*(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 Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period, which will be classified as current assets.

If during the period the Association sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire category of held-to-maturity investments would be tainted and would be reclassified as available-for-sale.

*(iv) Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

*(v) 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.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after the end of the reporting period, which will be classified as current assets.

**Fair value**

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

**Impairment**

At the end of each reporting period, 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 comprehensive income.

**Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expire 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 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 the statement of comprehensive income.

**(q)**

**Adoption of New and Revised Accounting Standards**

The Australian Accounting Standards and interpretations that have been recently issued or amended but are not yet effective have not been adopted by Master Builders Association SA Inc and controlled entities for the year ended 30 June 2013. Master Builders Association SA Inc and controlled entities have assessed the effect of the new and amended standards and interpretations and considers there will be no effect on the accounting policies or the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**Note 2:**

**272 Information to be provided to Members or General Manager**

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of Sections 272 (1), (2) and (3) regarding the reporting unit (the Association) requirements, which details are set out below:

1. A member of a reporting unit, or a 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).

Note: This subsection is a civil penalty provision (see section 305)

**265 Copies of full report or concise report to be provided to members**

1. The Association must provide free of charge to its members either:
    - (a) a full report consisting of: copy of the report of the auditor in relation to the inspection and audit of the financial records of the Association in relation to a financial year; and a copy of the general purpose financial report to which the report relates; and a copy of the operating report to which the report relates; or
    - (b) a concise report for the financial year that complies with subsection (3).
  2. A concise report may only be provided if, under the rules of the Association, the committee of management of the Association resolves that a concise report is to be provided.
  3. A concise report for a financial year consists of:
    - (a) a concise financial report for the year drawn up in accordance with the regulations; and
    - (b) the operating report for the year; and
    - (c) a statement by the auditor:
      - (i) that the concise financial report has been audited; and
      - (ii) whether, in the auditor's opinion, the concise financial report complies with the relevant Australian Accounting Standards; and
    - (d) a copy of anything included under subsection 257(5), (6) or (7) in the auditor's report on the full report; and
    - (e) a statement that the report is a concise report and that a copy of the full report and auditor's report will be sent to the member free of charge if the member asks for them.
  4. If a member requests a copy of the full report and auditor's report, as mentioned in paragraph (3)(e), the Association must send those reports to the person within 28 days of the request being made.
  5. The copies referred to in subsection (1) must be provided within:
    - (a) if a general meeting of members of the Association to consider the reports is held within 6 months after the end of the financial year—the period starting at the end of the financial year and ending 21 days before that meeting; or
    - (b) in any other case—the period of 5 months starting at the end of the financial year.
- A Registrar may, upon application by the Association, extend the period during which the meeting referred to in paragraph (a) may be held, or the period set out in paragraph (b), by no more than one month.
6. Where Association publishes a journal that is available to the members of the Association free of charge, Association may comply with subsection (1):
    - (a) by publishing in the journal the full report; or
    - (b) by preparing a concise report as described in subsection (3) and publishing the concise report in the journal.

MASTER BUILDERS ASSOCIATION SA INC ABN 61 183 783 305 AND CONTROLLED ENTITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		Consolidated Entity		Master Builders Association SA Inc	
	Note	2013	2012	2013	2012
		\$	\$	\$	\$
<b>Note 3: Revenue</b>					
<i>Members Subscriptions</i>		<b>1,834,848</b>	1,985,441	<b>1,834,848</b>	1,985,441
<i>Training</i>	<b>2(h)</b>	<b>3,853,788</b>	3,237,949	<b>3,853,788</b>	3,237,949
<i>Insurance Commissions</i>		<b>102,224</b>	155,158	<b>102,224</b>	155,158
<i>Document Sales</i>		<b>177,070</b>	131,585	<b>177,070</b>	131,585
<i>TV Programme - Building Ideas</i>	<b>1(h)</b>	<b>251,552</b>	156,205	<b>251,552</b>	156,205
<i>Building Awards</i>		<b>378,834</b>	271,361	<b>378,834</b>	271,361
<i>Other</i>		<b>1,028,410</b>	917,737	<b>1,028,410</b>	917,737
<i>Interest received</i>	<b>1(i)</b>	<b>304,173</b>	408,668	<b>209,036</b>	254,939
<i>Dividends received</i>	<b>1(i)</b>	<b>132,423</b>	67,976	<b>132,423</b>	67,976
<i>Property</i>		<b>585,076</b>	541,943	<b>585,076</b>	541,943
<i>Gain/(Loss) on disposal of assets/investments</i>		<b>(32,555)</b>	(27,164)	<b>(32,555)</b>	(27,164)
<b>Total Revenue</b>		<b>8,615,843</b>	7,846,859	<b>8,520,706</b>	7,693,130

MASTER BUILDERS ASSOCIATION SA INC ABN 61 183 783 305 AND CONTROLLED ENTITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		Consolidated Entity		Master Builders Association SA Inc	
	Note	2013	2012	2013	2012
		\$	\$	\$	\$
<b>Note 4: Supplies and services</b>					
<i>TV Programme - Building Ideas</i>	<b>1(h)</b>	<b>165,880</b>	132,688	<b>165,880</b>	132,688
<i>Building Awards</i>		<b>225,895</b>	215,375	<b>225,895</b>	215,375
<i>Training</i>		<b>2,066,465</b>	1,509,065	<b>2,020,124</b>	1,464,810
<i>Remuneration of Auditor for auditing financial report</i>		<b>32,193</b>	33,400	<b>30,293</b>	29,400
<i>Electricity</i>		<b>122,226</b>	113,028	<b>122,226</b>	113,028
<i>Rates and taxes</i>		<b>105,297</b>	69,568	<b>105,297</b>	69,568
<i>Maintenance</i>		<b>99,121</b>	56,382	<b>99,121</b>	56,382
<i>Other property expenses</i>		<b>69,116</b>	15,268	<b>69,116</b>	15,268
<i>Subscriptions</i>		<b>25,787</b>	24,391	<b>25,787</b>	24,391
<i>Subscriptions National Association</i>		<b>231,657</b>	225,780	<b>231,657</b>	225,780
<i>Legal Expenses</i>		<b>99,567</b>	72,615	<b>99,567</b>	72,615
<i>Insurance</i>		<b>41,522</b>	58,158	<b>41,522</b>	58,158
<i>Communication Expenses</i>		<b>103,532</b>	102,965	<b>103,532</b>	102,965
<i>Travel and Accommodation</i>		<b>22,265</b>	12,773	<b>22,265</b>	12,773
<i>Consultants</i>		<b>1,183</b>	22,772	<b>1,183</b>	6,722
<i>Other</i>		<b>653,509</b>	673,975	<b>652,975</b>	673,568
<b>Total supplies and services</b>		<b>4,065,215</b>	<b>3,338,203</b>	<b>4,016,440</b>	<b>3,273,491</b>

MASTER BUILDERS ASSOCIATION SA INC ABN 61 183 783 305 AND CONTROLLED ENTITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	<i>Note</i>	Consolidated Entity		Master Builders Association SA Inc	
		2013 \$	2012 \$	2013 \$	2012 \$
<b>Note 5: Cash and Cash Equivalents</b>					
Cash on hand		1,704	1,671	1,704	1,671
Cash at bank		3,112,013	1,038,329	2,981,229	972,958
Cash on Deposit		4,302,368	7,068,647	4,302,368	4,305,844
Cash with Funds Manager		128,218	27,283	128,218	27,283
Arbitration Trust Fund		32,970	36,031	32,970	36,031
<b>Total Cash and Cash Equivalents</b>		<b>7,577,273</b>	<b>8,171,961</b>	<b>7,446,489</b>	<b>5,343,787</b>

The effective interest rate on short-term bank deposits was 4.2% (2012: 5.59%); these deposits have an average maturity of 90 days.

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	<b>7,577,273</b>	8,171,961	<b>7,446,489</b>	5,343,787
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MASTER BUILDERS ASSOCIATION SA INC ABN 61 183 783 305 AND CONTROLLED ENTITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	Note	Consolidated Entity		Master Builders Association SA Inc	
		2013 \$	2012 \$	2013 \$	2012 \$
<b>Note 6: Trade and Other Receivables</b>					
Trade debtors	1(e)	410,200	478,640	410,200	476,402
BIRST Trust Distributions Receivable	1(i)	1,013,129	884,271	1,013,129	884,271
Amount receivable from controlled entity		-	-	-	2,729,796
<b>Total Trade and Other Receivables</b>		<b>1,423,329</b>	<b>1,362,911</b>	<b>1,423,329</b>	<b>4,090,469</b>
<b>Note 7: Inventories</b>					
<b>CURRENT</b>					
Stock of publications, at cost	1(n)	13,968	13,889	13,968	13,889
<b>Note 8: Other Current Assets</b>					
Prepayments		143,610	145,142	143,610	145,142
Revenue Accruals		767,884	60,301	767,884	22,912
<b>Total Other Current Assets</b>		<b>911,494</b>	<b>205,443</b>	<b>911,494</b>	<b>168,054</b>
<b>Note 9: Financial Assets</b>					
<b>Financial Assets at Fair Value through Profit or Loss</b>					
<b>Market Value of Managed Investments</b>					
in listed corporations	1(l)	2,552,953	2,371,272	2,552,953	2,371,272
<b>Total Financial Assets</b>		<b>2,552,953</b>	<b>2,371,272</b>	<b>2,552,953</b>	<b>2,371,272</b>

MASTER BUILDERS ASSOCIATION SA INC ABN 61 183 783 305 AND CONTROLLED ENTITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	Note	Consolidated Entity		Master Builders Association SA Inc	
		2013 \$	2012 \$	2013 \$	2012 \$
<b>Note 10: Property, Plant and Equipment</b>					
<b>(a) Details of Property Plant and Equipment</b>					
Land and Buildings at Fair Value	10(c)	9,499,830	9,499,830	9,499,830	9,499,830
less Accumulated Depreciation		(362,500)	(312,500)	(362,500)	(312,500)
		<b>9,137,330</b>	<b>9,187,330</b>	<b>9,137,330</b>	<b>9,187,330</b>
Computer Software at Cost		371,628	369,329	350,173	347,874
less Accumulated Depreciation		(358,392)	(351,433)	(336,937)	(329,978)
		<b>13,236</b>	<b>17,896</b>	<b>13,236</b>	<b>17,896</b>
Computer Hardware at Cost		608,073	549,023	583,576	524,526
less Accumulated Depreciation		(461,285)	(414,614)	(436,788)	(390,117)
		<b>146,788</b>	<b>134,409</b>	<b>146,788</b>	<b>134,409</b>
Furniture & Equipment at Cost		410,329	346,286	410,329	346,286
less Accumulated Depreciation		(321,408)	(304,949)	(321,408)	(304,949)
		<b>88,921</b>	<b>41,337</b>	<b>88,921</b>	<b>41,337</b>
Plant & Equipment at Cost		523,834	418,086	523,834	418,086
less Accumulated Depreciation		(327,200)	(308,920)	(327,200)	(308,920)
		<b>196,635</b>	<b>109,166</b>	<b>196,635</b>	<b>109,166</b>
Motor Vehicles at Cost		87,648	87,648	87,648	87,648
less Accumulated Depreciation		(77,337)	(55,425)	(77,337)	(55,425)
		<b>10,311</b>	<b>32,223</b>	<b>10,311</b>	<b>32,223</b>
Building Improvements at Cost		1,023,758	137,236	1,023,758	137,236
less Accumulated Depreciation		(90,853)	(67,334)	(90,853)	(67,334)
		<b>932,905</b>	<b>69,902</b>	<b>932,905</b>	<b>69,902</b>
<b>Total Property, Plant and Equipment</b>		<b>10,526,125</b>	<b>9,592,263</b>	<b>10,526,125</b>	<b>9,592,263</b>

MASTER BUILDERS ASSOCIATION SA INC ABN 61 183 783 305 AND CONTROLLED ENTITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

(b) Movements In Carrying Amounts

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

	<u>Land and Buildings</u>	<u>Building Improvements</u>	<u>Software</u>	<u>Hardware</u>	<u>Furniture &amp; Equipment</u>	<u>Plant</u>	<u>Motor Vehicles</u>	<b>TOTAL</b>
<b>2013 Consolidated Entity</b>								
Balance at the beginning of year	9,187,330	69,902	17,896	134,409	41,337	109,166	32,223	<b>9,592,263</b>
Additions (inc Revaluation)	-	886,522	2,299	59,050	64,043	105,748	-	<b>1,117,663</b>
Disposals	-	-	-	-	-	-	-	-
Depreciation written back	-	-	-	-	-	-	-	-
Depreciation Expense	(50,000)	(23,519)	(6,959)	(46,671)	(16,459)	(18,280)	(21,912)	<b>(183,800)</b>
Carrying amount at the end of the year	9,137,330	932,905	13,237	146,790	88,922	196,635	10,311	<b>10,526,126</b>
<b>2012 Consolidated Entity</b>								
Balance at the beginning of year	9,237,330	83,626	24,801	117,878	43,754	106,435	54,135	<b>9,667,959</b>
Additions (inc Revaluation)	-	-	4,516	39,135	9,502	56,280	-	<b>109,433</b>
Disposals	-	-	-	-	-	-	-	-
Depreciation written back	-	-	-	-	-	-	-	-
Depreciation Expense	(50,000)	(13,724)	(11,421)	(22,604)	(11,919)	(53,549)	(21,912)	<b>(185,129)</b>
Carrying amount at the end of the year	9,187,330	69,902	17,896	134,409	41,337	109,166	32,223	<b>9,592,263</b>
<b>2013 Master Builders Association SA Inc</b>								
Balance at the beginning of year	9,187,330	69,902	17,896	134,409	41,337	109,166	32,223	<b>9,592,263</b>
Additions (inc Revaluation)	-	886,522	2,299	59,050	64,043	105,748	-	<b>1,117,663</b>
Disposals	-	-	-	-	-	-	-	-
Depreciation written back	-	-	-	-	-	-	-	-
Depreciation Expense	(50,000)	(23,519)	(6,959)	(46,671)	(16,459)	(18,280)	(21,912)	<b>(183,800)</b>
Carrying amount at the end of the year	9,137,330	932,905	13,236	146,788	88,922	196,635	10,311	<b>10,526,125</b>
<b>2012 Master Builders Association SA Inc</b>								
Balance at the beginning of year	9,237,330	83,626	24,801	117,878	43,754	106,435	54,135	<b>9,667,959</b>
Additions (inc Revaluation)	-	-	4,516	39,135	9,502	56,280	-	<b>109,433</b>
Disposals	-	-	-	-	-	-	-	-
Revaluation Increment	-	-	-	-	-	-	-	-
Depreciation Expense	(50,000)	(13,724)	(11,421)	(22,604)	(11,919)	(53,549)	(21,912)	<b>(185,129)</b>
Carrying amount at the end of the year	9,187,330	69,902	17,896	134,409	41,337	109,166	32,223	<b>9,592,263</b>

**MASTER BUILDERS ASSOCIATION SA INC ABN 61 183 783 305 AND CONTROLLED ENTITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

(c)

**Valuation of Land & Building by Independent Valuer - Details**

**Valuation Amount:** \$6,100,000

**Basis of Valuation:** Market Value of the property as defined by The International Assets Valuations Standards Committee.

**Valuation Date:** Basis of valuation adopted by Executive Council and brought to account to 30 June 2011

**Date of Valuation Report on which majority of valuation in financial report has been based:** 30th day of June 2010

	<b>Consolidated Entity</b>		<b>Master Builders Association SA Inc</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	\$	\$	\$	\$
<b>Note 11: Investment in Joint Venture</b>				
The Association has a 16.67% interest in the Master Builders Training Services Joint Venture	<b>2,000</b>	2,000	<b>2,000</b>	2,000
	<u><b>2,000</b></u>	<u>2,000</u>	<u><b>2,000</b></u>	<u>2,000</u>
 <b>Note 12: Intangibles</b>				
<b>Trademarks</b>	<b>1,010</b>	410	1,010	410
<b>Website formation</b>	<b>22,641</b>	16,691	22,641	16,691
<b>Work in Progress</b>	<b>78,909</b>	18,182	78,909	18,182
	<u><b>102,560</b></u>	<u>35,283</u>	<u><b>102,560</b></u>	<u>35,283</u>

MASTER BUILDERS ASSOCIATION SA INC ABN 61 183 783 305 AND CONTROLLED ENTITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	<i>Note</i>	Consolidated Entity		Master Builders Association SA Inc	
		2013 \$	2012 \$	2013 \$	2012 \$
<b>Note 13: Trade and Other Payables</b>					
Trade Creditors	<i>1(o)</i>	<b>401,068</b>	333,297	<b>378,510</b>	285,920
Arbitration Accounts		<b>18,394</b>	20,894	<b>18,394</b>	20,894
Income received in advance		<b>379,219</b>	699,480	<b>379,219</b>	699,480
GST Net liability	<i>1(j)</i>	<b>4,531</b>	68,696	<b>4,988</b>	68,696
<b>Total Payables</b>		<b>803,212</b>	1,122,367	<b>781,111</b>	1,074,990
<b>Note 14: Short-term and long-term employee benefits</b>					
<b>Current</b>					
Annual Leave - Office Holders	<i>1(m)</i>	<b>44,648</b>	59,312	<b>44,648</b>	59,312
Annual Leave - Other		<b>100,826</b>	80,157	<b>100,826</b>	80,157
Employee entitlements (payroll)		<b>99,565</b>	77,405	<b>99,565</b>	77,405
<b>Total Short-term Employee Benefits</b>		<b>245,039</b>	216,874	<b>245,039</b>	216,874
Long Service Leave - Office Holders	<i>1(m)</i>	<b>230,162</b>	201,141	<b>230,162</b>	201,141
Long Service Leave - Other		<b>9,828</b>	84,547	<b>9,828</b>	84,547
<b>Total Long-term Employee Benefits</b>		<b>239,990</b>	285,688	<b>239,990</b>	285,688
<b>Total Employee Benefits</b>		<b>485,029</b>	502,562	<b>485,029</b>	502,562
<b>Number of employees at year end</b>		<b>41</b>	37	<b>41</b>	37

**MASTER BUILDERS ASSOCIATION SA INC ABN 61 183 783 305 AND CONTROLLED ENTITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**Note 15: Related Parties**

**(a) Council Members**

The Council members who each held office as a Council member of the association during the year ended 30 June 2013 were as follows: N Abley, M Beaton, R Bianco, R Bryant, G Dann, S Janssen, J Kennett, C Leopold, I Markos, D McMahon, N O'Neill, S Penhall, M Romaldi, P Salvesson, C Schutze, M Smeaton, T Tagliaferri, E Zito

**Chief Executive:** Robert Stewart

**(b) Other related party - entity controlled by the Master Builders Association SA Inc**

Master Builders Training Foundation Pty Ltd

**(c) Related Party Transactions**

**(1) Service Charge**

The amount charged by the Master Builders Association SA Inc to the Master Builders Group Training Scheme for the provision of reception, administration, financial, industrial relations, OH&S, legal, training and secretarial support for the year ended 30 June 2013 was as follows:

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
	<b><u>130,425</u></b>	<b><u>119,629</u></b>
	<b><u>130,425</u></b>	<b><u>119,629</u></b>

**MASTER BUILDERS ASSOCIATION SA INC ABN 61 183 783 305 AND CONTROLLED ENTITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**(2) Rent charge**

Amount charged by the Master Builders Association SA Inc to the Master Builders Group Training Scheme for rent, security recharge, common cleaning, parking and electricity for the period of July 2012 - June 2013 is \$34,258 (2012: \$33,756).

**(3) Master Builders Training Foundation Pty Ltd**

The Master Builders Training Foundation Pty Ltd, registered in Australia, established as an initiative of the Master Builders Association SA Inc to meet continuous training demand of the industry. The Association exercises substantial financial control over this entity by way of common directorship and has funded the establishment of the Foundation by means of a loan. Above conditions resulted in consolidation of the financial result of the Foundation with that of the Master Builders Association SA Inc.

**Note 16: Segment reporting**

The Association operates in the building and construction industry providing advice, support and benefits to members and operates within the state of South Australia.

MASTER BUILDERS ASSOCIATION SA INC ABN 61 183 783 305 AND CONTROLLED ENTITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Note 17: Cash Flow Information

	Note	Consolidated Entity		Master Builders Association SA Inc	
		2013 \$	2012 \$	2013 \$	2012 \$
<b>(a) Reconciliation of Cash</b>					
Cash and Cash Equivalents	5	<u>7,577,273</u>	<u>8,171,961</u>	<u>7,446,489</u>	<u>5,343,787</u>
<b>(b) Reconciliation of net cash provided by operating activities</b>					
Profit from operations		<b>1,302,948</b>	1,239,995	<b>1,284,894</b>	1,177,683
<b><u>Non-cash flows in profit from operations</u></b>					
Depreciation		<b>183,800</b>	185,129	<b>183,800</b>	185,129
(Gain) / Loss on disposal of vehicles		-	-	-	-
Loss/ (Profit) on disposal/settlement of shares		<b>131,546</b>	27,164	<b>131,546</b>	27,164
Realisation of Market Value of Share Portfolio		-	121,645	-	121,645
(Increase)/Decrease in revenue accrual		-	46,444	-	47,890
<b>Changes in Assets</b>					
(Increase)/Decrease in receivables		<b>(60,418)</b>	(225,852)	<b>(62,657)</b>	(223,628)
(Increase) / Decrease in inventories		<b>(79)</b>	816	<b>(79)</b>	816
(Increase)/ Decrease in prepayments		<b>1,532</b>	17,770	<b>1,532</b>	17,770
(Increase)/ Decrease in revenue accrual		<b>(707,583)</b>	-	<b>(744,972)</b>	-
<b>Changes in Liabilities</b>					
Increase / (Decrease) in trade and other payables		<b>(379,155)</b>	197,935	<b>(293,879)</b>	188,068
Increase / (Decrease) in employee entitlements		<b>42,467</b>	102,417	<b>(17,534)</b>	102,417
<b>Changes in Reserves</b>					
		<b>128,859</b>	158,394	<b>128,859</b>	158,394
<b><u>Net cash provided by operating activities</u></b>		<u><b>643,918</b></u>	<u>1,871,857</u>	<u><b>611,510</b></u>	<u>1,803,348</u>



**Note 17: Cash Flow Information - Continued**

<b>(c) Total Shares and Managed Funds Sold</b>	<b>393,837</b>	401,827	<b>393,837</b>	401,827
<b>(d) Realisation of Market Value of the Share Portfolio</b>	-	(121,645)	-	(121,645)
<b>(e) Total Shares Acquired</b>	<b>417,955</b>	1,708,750	<b>417,955</b>	1,708,750
<b>(f) Total Managed Funds Acquired</b>	-	-	-	-
<b>Total Acquisitions</b>	<b>417,955</b>	1,708,750	<b>417,955</b>	1,708,750

**MASTER BUILDERS ASSOCIATION SA INC ABN 61 183 783 305 AND CONTROLLED ENTITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**Note 18: Financial Instruments**

**Financial Risk Management**

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

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:

	<i>Note</i>	<b>Consolidated Entity</b>		<b>Master Builders Association SA Inc</b>	
		<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial assets</b>					
Cash and cash equivalents	<b>5</b>	<b>7,577,273</b>	8,171,961	<b>7,446,489</b>	5,343,787
Loans and receivables	<b>6</b>	<b>1,423,329</b>	1,362,911	<b>1,423,329</b>	4,090,469
Investments in listed Corporations:	<b>9</b>	<b>2,552,953</b>	2,371,272	<b>2,552,953</b>	2,371,272
<b>Total financial assets</b>		<b>11,553,555</b>	11,906,144	<b>11,422,771</b>	11,805,528
<b>Financial liabilities</b>					
Financial liabilities at amortised cost:					
Trade and other payables	<b>13</b>	<b>405,599</b>	401,993	<b>383,498</b>	354,616
Employee benefits	<b>14</b>	<b>485,029</b>	502,562	<b>485,029</b>	502,562
Arbitration Trust Funds	<b>13</b>	<b>18,394</b>	20,894	<b>18,394</b>	20,894
<b>Total financial liabilities</b>		<b>909,021</b>	925,449	<b>886,921</b>	878,072

### **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, liquidity risk and market risk. Discussions on monitoring and managing financial risk exposures are held monthly and minuted by the committee of management.

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.

### **Specific Financial Risk Exposures and Management**

The main risks the Association is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk and other price risk. There have been no substantive changes in the types of risks the Association is exposed to, how these risks arise, or the Committee's objectives, policies and processes for managing or measuring the risks from the previous period.

#### **a. Credit risk**

Exposure to credit risk relating to financial assets arises from potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Association.

Credit risk is managed through maintaining procedures (such as the utilisation of systems for the approval, granting and removal of credit limits, regular monitoring of exposure against such limits and monitoring of the financial stability of significant customers and counterparties) ensuring, to the extent possible, that members and counterparties to transactions are of sound credit worthiness.

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

#### Credit risk exposures

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

There is no collateral held by the Association securing trade or other receivables.

Accounts receivable and other debtors that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed in Notes 6 and 8.

**MASTER BUILDERS ASSOCIATION SA INC ABN 61 183 783 305 AND CONTROLLED ENTITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

The Association has no significant concentrations of credit risk with any single counterparty or group of counterparties. Details with respect to credit risk of trade and other receivables are provided in Note 6 and 8.

**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 table below reflects an undiscounted contractual maturity analysis for non-derivative financial liabilities. The Association does not hold directly any derivative financial liabilities.

Cash flows 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 financial liabilities reflects the earliest contractual settlement dates.

*Financial liability and financial asset maturity analysis*

	Within 1 year		1 to 5 years		Over 5 years		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Consolidated Entity</b>								
<b>Financial liabilities due for payment</b>								
Accounts payable and other payables (excluding annual leave and subscriptions received in advance)	423,992	422,887	-	-	-	-	423,992	422,887
Total contractual outflows	<u>423,992</u>	<u>422,887</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>423,992</u>	<u>422,887</u>
Total expected outflows	<u>423,992</u>	<u>422,887</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>423,992</u>	<u>422,887</u>

**MASTER BUILDERS ASSOCIATION SA INC ABN 61 183 783 305 AND CONTROLLED ENTITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	Within 1 year		1 to 5 years		Over 5 years		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Consolidated Entity</b>								
<b>Financial assets - cash flows realisable</b>								
Cash and cash equivalents	7,577,273	8,171,961					7,577,273	8,171,961
Accounts receivable and other debtors	1,423,329	1,362,911					1,423,329	1,362,911
Available-for-sale investments	2,552,953	2,371,272					2,552,953	2,371,272
Total anticipated inflows	11,553,555	11,021,873	-	-	-	-	11,553,555	11,906,144
Net (outflows) / inflows on financial instruments	11,129,563	10,598,986	-	-	-	-	11,129,563	11,483,257

*Financial assets pledged as collateral*

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

**c. Material risk**

i. Interest rate risk

Exposure to interest risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The Association is exposed to earnings volatility on floating rate instruments. The financial instruments that expose the Association to interest rate risk that are limited to lease liabilities, listed shares, cash and cash equivalents.

Interest rate risk is managed using a mix of fixed and floating rate debt. At 30 June 2013, approximately 100% of the Association's debt is fixed. It is the policy of the Association to keep between 65% and 100% of debt on fixed interest rates.

ii. Other price risk

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) of securities held.

The Association is exposed to other price risk on available-for-sale investments. Such risk is managed through diversification of investments across industries and geographical locations.

The Association's investments are held in a diversified management fund portfolio.

**MASTER BUILDERS ASSOCIATION SA INC ABN 61 183 783 305 AND CONTROLLED ENTITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

*Sensitivity analysis*

The following table illustrates sensitivities to the Association's exposure to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period 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.

	<b>Profit</b>	<b>Equity</b>
	\$	\$
<b>Year ended 30 June 2013</b>		
+/- 2% in interest rates	+/- 151,545	+/- 151,545
+/- 10% in available-for-sale investments	+/- nil	+/- 255,295
	<b>Profit</b>	<b>Equity</b>
	\$	\$
<b>Year ended 30 June 2012</b>		
+/- 2% in interest rates	+/- 163,439	+/- 163,439
+/-10% in available-for-sale investments	+/- nil	+/- 237,127

No sensitivity analysis has been performed on foreign exchange risk as the Association has no significant exposure to currency risk.

There have been no changes in any of the assumptions used to prepare the above sensitivity analysis from the prior year.

**Note 19: Events after the Reporting Period**

The committee is not aware of any significant events since the end of the reporting period.

**Note 20: Association Details**

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

**Master Builders Association, Level 1/47 South Terrace, Adelaide SA 5000**

**MASTER BUILDERS ASSOCIATION SA INC ABN 61 183 783 305 AND CONTROLLED  
ENTITY**

**Operating Report**

In accordance with Fair Work (Registered Organisations) Act 2009 , the Council of Management presents the operating report for the year ended 30 June 2013.

**Principal Activities**

The principal activity of the Association was to provide a range of services to members. The members are from the building and construction industry within South Australia. The result of providing these services was to further enhance the reputation of the members in providing quality services to their customers. There was no impairment to the Association in providing these services during the year.

**Financial Results**

The consolidated surplus from operating activities for the year 2013 for the Master Builders Association SA Inc and for the Master Builders Training Foundation Pty Ltd was \$1,302,948.

**Review of Operations**

There was a decrease in operating profit of \$58,692 in comparison to the last year. The result for the year was considered good in the economic circumstances. The Associations ability to provide a range of services to the members was not affected during the year.

**Significant Changes**

There were no significant changes over the financial year 2012-2013 in the operations of the Association. The Association was able to fulfil its principal activities and as a result generated a strong financial performance.

**Prescribed Information**

Number of members of the organisation at 30 June 2013 - 2,160 (30 June 2012 - 2,393)  
Employees of the reporting unit as at 30 June 2013 - 41 full time or equivalent staff (30 June 2012 - 37 staff)

Members of the Council of Management during the financial year ended 30 June 2013 and period held position:

N Abley (20 months), M Beatton (20 months), R Bianco (24 months), R Bryant (24 months), G Dann (24 months), S Janssen (24 months), J Kennett (20 months), C Leopold (24 months), I Markos (20 months), D McMahon (20 months), N O'Neill (20 months), S Penhall (20 months), M Romaldi (20 months), P Salvesson (20 months), C Schutze (24 months), M Smeaton (24 months), T Tagliaferri (20 months), E Zito (15 months)

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



**John Kennett**

President

Master Builders Association SA Inc.

Dated this 11th September 2013

**MASTER BUILDERS ASSOCIATION SA INC ABN 61 183 783 305 AND CONTROLLED ENTITY**

**Committee of Management Statement**

In the opinion of the Committee of Management:

- a) the Financial Statements and Notes comply with Australian Accounting Standards;
- b) the financial statements and notes comply with the reporting guidelines of the General Manager, Fairwork Australia;
- c) the financial statements and notes give a true and fair view of the financial performance, financial position, changes in equity, cash flows and state of affairs of the Association and controlled entity for the year ended 30th June 2013;
- d) at the date of this statement, for the year ended 30th June 2013 there are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable;
- e) during the financial year to which the General Purpose Financial Report relates and since the end of that year
  - (i) meetings of the council of management were held in accordance with the rules of the organisation;
  - (ii) the financial affairs of the Association have been managed in accordance with the rules of the organisation;
  - (iii) the financial records of the Association and controlled entity have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009 (the RO Regulations);
  - (iv) the information sought in any request of a member of the Association and controlled entity or a Registrar duly made under section 272 of the Fair Work (Registered Organisations) Act 2009 (the RO Regulations), has been furnished to the member or Registrar;
  - (v) there has been no order for inspection of financial records made by the Commission under section 273 of the Fair Work (Registered Organisations) Act 2009 (The RO Regulations) .
- f) During the financial year to 30th June, 2013,
  - (i) no officer of the Association;
  - (ii) no firm of which an officer is a member; or
  - (iii) no body corporate in which any officer has a substantial financial interest, has received or become entitled to receive a benefit as a result of a contract between the officer, firm or body corporate and the Association or has received directly or indirectly from the Association any payment or other benefit of a pecuniary value, not inclusive of remuneration under employment contract.

This statement is made in accordance with a resolution of the Committee of Management passed on 11th of September 2013 and is signed for and behalf of the Committee of Management by:



**John Kennett**  
PRESIDENT



**Tullio Tagliaferri**  
VICE PRESIDENT

Dated this 11th September 2013



**MASTER BUILDERS ASSOCIATION SA INC  
ABN 61 183 783 305 AND CONTROLLED ENTITIES****INDEPENDENT AUDITOR'S REPORT**

To the members of the Master Builders Association SA Inc:

We have audited the accompanying financial report of the Master Builders Association SA Inc (the "Association"), which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flows statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information for both the Association and the consolidated entity, the Operating Report and Committee of Management Statement. The consolidated entity comprises the Association and the entity it controlled at year's end or from time to time during the financial year.

***The Committee of Management's Responsibility for the Financial Report***

The Committee of Management of the Association are responsible for the preparation and fair presentation of the financial report in accordance with the Associations Incorporation Act 1985 (SA), Schedule 1B – Regulations and Accountability of Organisations, Fair Work (Registered Organisations) Act 2009 and Australian Accounting Standards and for such internal control as Committee of Management determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

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

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


Our audit did not involve an analysis of the prudence of business decisions made by the Committee of Management

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

**HLB Mann Judd (SA Partnership) ABN: 22 640 925 071**

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**MASTER BUILDERS ASSOCIATION SA INC  
ABN 61 183 783 305 AND CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REPORT (CONT.)**

***Independence***

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

***Opinion***

In our opinion the financial report presents fairly, in all material respects the financial position of the Master Builders Association SA Inc. and the consolidated entity as at 30 June 2013 and of their performance and their cash flows for the year then ended in accordance with the Associations Incorporation Act 1985 (SA), Schedule 1B – Regulations and Accountability of Organisations, Fair Work (Registered Organisations) Act 2009 and Australian Accounting Standards.

*HLB Mann Judd*

**HLB Mann Judd  
Chartered Accountants**



**Corey McGowan  
Partner**

**Adelaide, South Australia  
11 September 2013**