



23 November 2018

Mr Michael Kerschbaum  
Executive Director  
Master Builders' Association of Tasmania, Inc.

Dear Mr Kerschbaum

**Re: – Financial reporting – Master Builders' Association of Tasmania, Inc. - for year ending 30 June 2018 (FR2018/44)**

I acknowledge receipt of the financial report of Master Builders' Association of Tasmania, Inc. in respect of the year ending 30 June 2018. The documents were lodged with the Registered Organisations Commission ('the ROC') on 3 October 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 when preparing the next report.

S255(2A) report to be included

A general purpose financial report prepared under section 253 of the RO Act must include the expenditure report required to be prepared under section 255(2A) as prescribed by reporting guideline 22. A section 255(2A) report must be identified by title in the auditor's statement in accordance with paragraph 24(c) of Australian Auditing Standard ASA 700 *Forming an Opinion and Reporting on a Financial Report*. The lodged financial report did not include a s255(2A) expenditure report.

I note the advice received from the organisation today explaining the circumstances of the omission and that the section 255(2A) report will be included in next year's general purpose financial report.

Nil activity disclosures

Item 21 of the reporting guidelines (RGs) states that if any activity described within items 10-20 has not occurred in the reporting period, a statement to this effect<sup>1</sup> must be included either in the financial statements, the notes or in an officer's declaration statement. The notes contained nil activity information for the prescribed RG categories not otherwise reported except in relation to the following:

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<sup>1</sup> Or itemised nil balance, as per the model financial statements

- RG10 - agreement to receive financial support from another reporting unit to continue as a going concern
- RG11 – agreement to provide financial support to another reporting unit to ensure they continue as a going concern
- RG12 – acquisition of 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
- RG14(c) – payment of affiliation fees to another entity
- RG14(k) – payment of penalty imposed under the RO Act or the Fair Work Act 2009
- RG17 – operation of a fund or account for compulsory levies, voluntary contributions or other special purpose fund required under the rules, and transfers to or withdrawals from same
- RG18 - cash flows to or from another reporting unit and/or controlled entity
- RG19 – administration by another entity of the financial affairs of the reporting unit
- RG20 - payment to a former related party of the reporting unit

### 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



Stephen Kellett  
Financial Reporting  
Registered Organisations Commission

**MASTER BUILDERS' ASSOCIATION OF TASMANIA INC**

s.268 *Fair Work (Registered Organisations) Act 2009*

**CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER<sup>1</sup>**

Certificate for the year ended 30<sup>th</sup> June, 2018

I, Lyndon Fenton, being the *President* of Master Builders' Association of Tasmania Inc certify:

- that the documents lodged herewith are copies of the full report for Master Builders' Association of Tasmania Inc for the period ended 30<sup>th</sup> June, 2018, referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the reporting unit on 28<sup>th</sup> August, 2018 and
- that the full report was presented to a General Meeting of Members (Annual General Meeting) of the reporting unit on 21<sup>st</sup> September, 2018 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature of prescribed designated officer:



Name of prescribed designated officer: Lyndon Fenton

Title of prescribed designated officer: President

Dated: 3<sup>rd</sup> October, 2018

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The Master Builders'  
Association of Tasmania  
Inc.  
Financial Statements  
30 June 2018

# The Master Builders' Association of Tasmania Inc.

## OPERATING REPORT

for the period ended 30 June 2018

The officers of management present its report of The Master Builders' Association of Tasmania Inc for the year ended 30 June 2018.

### Principal activities

The principal activities of the Association during the financial year were:

- Providing members services such as, contractual and commercial services, wide range of individual services including advice on industrial disputes, and negotiating with unions at both state and federal levels;
- Keeping members informed on matter relevant and relating to the building industry; and
- The Association promotes all forms of education and training within the building industry to encourage and preserve skills.

It is noted that during the financial year the activities of the Association were suitably carried out. No significant change in the nature of these activities occurred during the year.

The surplus/(deficit) from ordinary activities amounted to \$17,811 for the period ending 30 June 2018 (2017: (\$126,353)). The total comprehensive income of the Association amounted to \$1,363,101 (2017: (\$126,353)) for the period before mentioned.

### Financial Affairs

On the 1<sup>st</sup> of July 2015, The Master Builders Association of Tasmania merged with the Tasmanian Builders' Association. This merger has allowed the Association to become a bigger, stronger and more viable Building Industry Association which is better able to represent the interests of and provide member services to its members across the state.

### Right to Resign

Rule 9 of the Association's Constitution deals with right of members to resign - any Member may resign from membership by written notice via letter, email or facsimile addressed to the Executive Director.

### Superannuation Trustees/Directors

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

### Number of members

The Association had 621 members at the end of the reporting period (2017: 602).

The Master Builders' Association of Tasmania Inc.

OPERATING REPORT

for the period ended 30 June 2018

Number of employees

The Association employed 33 – (12 office based staff & 21 apprentices) as at 30 June 2018 (2017: 28 employees)

Payments to employers

The Association did not make any payments during the financial year to employers as consideration for the employers making payroll deductions of membership subscriptions.

The Master Builders' Association of Tasmania Inc.

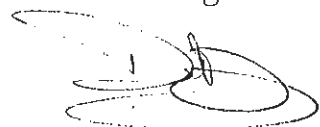
OPERATING REPORT

for the period ended 30 June 2018

Names of Committee of Management members and period positions held during the financial year:

|                          |              |            |                 |
|--------------------------|--------------|------------|-----------------|
| President                | Mr L Fenton  | Councillor | Mr T Streefland |
| Vice President           | Mr D Gates   | Councillor | Mr A Kilpatrick |
| Treasurer                | Mr D Moody   | Councillor | Mr J Faulkner   |
| Immediate Past President | Mr C Edmunds | Councillor | Mr D Reid       |
| Councillor               | Mr W Licht   | Councillor | Mr R Betts      |
| Councillor               | Mr G Barnes  | Councillor | Mrs V Mead      |

Signature of Designated Officer



Name and title of designated officer:

TREASURER

Dated: 20/8/2018

The Master Builders' Association of Tasmania Inc.

BRANCH EXECUTIVE DECLARATION

for the period ended 30 June 2018

On the *17<sup>th</sup> August*, 2018 the *Committee of Management of Master Builders' Association of Tasmania Inc.* passed the following resolution in relation to the general purpose financial report (GPRF) for the year ended 30 June 2018:

The *Committee of Management* declares that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the General Manager;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year to which the GPRF relates and since the end of that year:
  - (i) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
  - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
  - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
  - (iv) where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and
  - (v) where information has been sought in any request by a member of the reporting unit or General Manager duly made under section 272 of the RO Act has been provided to the member or General Manager; and
  - (vi) where any order for inspection of financial records has been made by the Registered Organisation Commission under section 273 of the RO Act, there has been compliance.
- (f) no revenue has been derived from undertaking recovery of wages activity during the reporting period.

For the Committee of Management:

David Moody

Title of Office Held:

Treasurer

Signature:



Date:

*20/8/2018*



The Master Builders' Association of Tasmania Inc.

STATEMENT OF COMPREHENSIVE INCOME

for the period ended 30 June 2018

|   | Note | 2018<br>\$       | 2017<br>\$       |
|---|------|------------------|------------------|
| REVENUE   | 3    | 3,134,785        | 2,523,072        |
| TOTAL INCOME  |      | <u>3,134,785</u> | <u>2,523,072</u> |
| EXPENSES  |      |                  |                  |
| Depreciation Expense  | 4    | 69,570           | 69,457           |
| Employee Expenses   | 4    | 970,001          | 880,735          |
| Other Expenses  | 4    | <u>2,077,403</u> | <u>1,699,233</u> |
| TOTAL EXPENSES  |      | <u>3,116,974</u> | <u>2,649,425</u> |
| SURPLUS/(DEFICIT) FOR THE YEAR                                      |      | <u>17,811</u>    | <u>(126,353)</u> |
| OTHER COMPREHENSIVE INCOME  |      |                  |                  |
| Items that will be subsequently reclassified to profit or loss:     |      |                  |                  |
| Gain on Revaluation of Investment Properties                        |      | 1,245,040        | -                |
| Items that will not be subsequently reclassified to profit or loss: |      |                  |                  |
| Gain on Revaluation of Land and Buildings                           |      | 100,250          | -                |
| TOTAL COMPREHENSIVE INCOME  | 12   | <u>1,363,101</u> | <u>(126,353)</u> |

The accompanying notes form part of the financial statements.

The Master Builders' Association of Tasmania Inc.

STATEMENT OF FINANCIAL POSITION

as at 30 June 2018

|                                      | Note | 2018<br>\$       | 2017<br>\$       |
|--------------------------------------|------|------------------|------------------|
| <b>CURRENT ASSETS</b>                |      |                  |                  |
| Cash & Cash Equivalents              | 5    | 421,210          | 373,908          |
| Prepayments                          |      | 4,512            | 11,918           |
| Inventories                          |      | 16,584           | 15,713           |
| Trade Receivables                    | 6    | 289,772          | 206,514          |
| <b>TOTAL CURRENT ASSETS</b>          |      | <b>732,078</b>   | <b>608,053</b>   |
| <b>NON-CURRENT ASSETS</b>            |      |                  |                  |
| Investment in MBAS                   | 20   | 120,000          | 120,000          |
| Property, Plant & Equipment          | 7    | 2,077,063        | 1,724,163        |
| Investment Properties                | 8    | 4,387,000        | 3,141,960        |
| <b>TOTAL NON-CURRENT ASSETS</b>      |      | <b>6,584,063</b> | <b>4,986,123</b> |
| <b>TOTAL ASSETS</b>                  |      | <b>7,316,141</b> | <b>5,594,176</b> |
| <b>CURRENT LIABILITIES</b>           |      |                  |                  |
| Trade Payables                       | 9(a) | 290,459          | 185,527          |
| Income Received in Advance           |      | 95,710           | 70,523           |
| Employee Entitlements                | 10   | 92,182           | 127,138          |
| Other Liabilities                    | 9(b) | 47,061           | 10,018           |
| Borrowing                            | 11   | 20,556           | -                |
| <b>TOTAL CURRENT LIABILITIES</b>     |      | <b>545,968</b>   | <b>393,206</b>   |
| <b>NON-CURRENT LIABILITIES</b>       |      |                  |                  |
| Borrowings                           | 11   | 206,102          | -                |
| <b>TOTAL NON-CURRENT LIABILITIES</b> |      | <b>206,102</b>   | <b>-</b>         |
| <b>TOTAL LIABILITIES</b>             |      | <b>752,070</b>   | <b>393,206</b>   |
| <b>NET ASSETS</b>                    |      | <b>6,564,071</b> | <b>5,200,970</b> |
| <b>EQUITY</b>                        |      |                  |                  |
| Accumulated Funds & Reserves         | 12   | 6,564,071        | 5,200,970        |

The accompanying notes form part of the financial statements.

The Master Builders' Association of Tasmania Inc.

STATEMENT OF CHANGES IN EQUITY

for the period ended 30 June 2018

|                                | RESERVES  | ACCUMULATED FUNDS | TOTAL EQUITY |
|--------------------------------|-----------|-------------------|--------------|
|                                | \$        | \$                | \$           |
| Balance as at 30 June 2016     | 708,083   | 4,619,240         | 5,327,323    |
| Surplus/(Deficit) for the year | -         | (126,353)         | (126,353)    |
| Other Comprehensive Income     | -         | -                 | -            |
| Balance as at 30 June 2017     | 708,083   | 4,492,887         | 5,200,970    |
| Surplus/(Deficit) for the year | -         | 17,811            | 17,811       |
| Other Comprehensive Income     | 1,345,290 | -                 | 1,345,290    |
| Balance as at 30 June 2018     | 2,053,373 | 4,510,698         | 6,564,071    |

The accompanying notes form part of the financial statements.

The Master Builders' Association of Tasmania Inc.

CASH FLOW STATEMENT

for the period ended 30 June 2018

|  | Note  | 2018<br>\$       | 2017<br>\$       |
|--|-------|------------------|------------------|
| <b>OPERATING ACTIVITIES</b>                                      |       |                  |                  |
| Cash received  |       |                  |                  |
| Receipts from trading  |       | 3,064,999        | 2,538,037        |
| Interest received  |       | 3,816            | 7,679            |
| Cash used  |       |                  |                  |
| Payments to suppliers & employees                                |       | (2,935,224)      | (2,532,400)      |
| Net cash from (used by) operating activities                     | 13(b) | <u>133,591</u>   | <u>13,316</u>    |
| <b>INVESTING ACTIVITIES</b>                                      |       |                  |                  |
| Cash received  |       |                  |                  |
| Disposal of equipment  |       | 44,545           | -                |
| Cash used  |       |                  |                  |
| Purchase of equipment and capital upgrades                       |       | (357,492)        | (273,450)        |
| Net cash from (used by) investing activities                     |       | <u>(312,947)</u> | <u>(273,450)</u> |
| <b>FINANCING ACTIVITIES</b>                                      |       |                  |                  |
| Cash received  |       |                  |                  |
| Contributions from borrowings                                    |       | 252,942          | -                |
| Cash used  |       |                  |                  |
| Repayment of borrowings  |       | (26,284)         | -                |
| Net cash from (used by) financing activities                     |       | <u>226,658</u>   | <u>-</u>         |
| Net increase (decrease) in cash held                             |       | <u>47,302</u>    | <u>(260,134)</u> |
| Cash & cash equivalents at the beginning of the reporting period |       | <u>373,908</u>   | <u>634,042</u>   |
| Cash & cash equivalents at the end of the reporting period       | 13(a) | <u>421,210</u>   | <u>373,908</u>   |

The accompanying notes form part of the financial statements.

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.  
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS  
FOR THE PERIOD ENDED 30 JUNE 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of the financial statements

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 Organisations) Act 2009* (the RO Act). For the purpose of preparing the general purpose financial statements, the Master Builders' Association of Tasmania Inc. is a not-for-profit entity.

The financial statements have been prepared on an accrual basis and in accordance with 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.

New Australian Accounting Standards

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to Master Builders. Master Builders has decided not to early adopt any of the new and amended pronouncements. Management have assessed forthcoming standards and determined they will not have a material impact on Master Builders financial statements.

(a) Comparative amounts

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

(b) Trade Receivables

Receivables include amounts where settlement has not yet occurred. Receivables are recognised and carried at original invoice amount less a provision for uncollectible debts. An allowance for doubtful debts is made when there is objective evidence that collection of the debt is no longer probable. Bad debts are written off as incurred.

(c) Inventories

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

(d) Cash and Cash Equivalents

Cash on hand and in banks and short-term deposits are stated at nominal value.

For the purpose of the Statement of Cash Flows, cash includes cash on hand and in banks including deposits held with a bank or financial institution.

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.  
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS  
FOR THE PERIOD ENDED 30 JUNE 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(e) Trade Payables & Other Liabilities

Liabilities for trade creditors and other amounts are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Association.

(f) Property, Plant and Equipment

*Valuation*

All classes of property, plant and equipment are valued at cost, except for the investment properties which are valued under *AASB140 Investment Properties* as noted below.

*Depreciation*

Land is not depreciated. Depreciation of items of Equipment and Motor Vehicles is calculated on the reducing balance method in order to write the assets off over their useful life. Depreciation on Buildings is calculated on a straight line basis at 2%.

| Major depreciation periods are: | 2018           | 2017           |
|---------------------------------|----------------|----------------|
| Motor vehicles                  | 4 – 5 years    | 4 - 5 years    |
| Plant and Equipment             | 2.5 – 11 years | 2.5 - 11 years |
| Buildings                       | 50 years       | 50 years       |

*Impairment*

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date. The recoverable amount of property, plant and equipment is the higher of fair value less costs to sell and value in use. An impairment exists when the carrying value of an asset exceeds its recoverable amount. The asset is then written down to its recoverable amount. Impairment losses are recognised in profit and loss unless the asset is carried at a revalued amount, in which case the impairment loss is treated as a devaluation in accordance with the relevant standard.

(g) Investment Properties

The property purchased during the 2010 year, 116 Bathurst Street Hobart, is considered an investment property and is governed by *AASB140 Investment Properties*. Within *AASB140 Investment Properties*, the cost model was originally adopted. Under the cost model, the asset is valued at cost and is not depreciated. During the 2012 year the fair value model was adopted to replace the cost model. Details regarding the fair value of the asset at balance sheet date are disclosed in the notes to the financial statements. Refer note 8.

During the 2011 year the fair value model of *AASB140 Investment Properties* was adopted for the Canning Street property. Transfers of buildings to investment properties can only occur under the fair value model and not the cost model as used for the purchase of the Bathurst Street property. Under the fair value model the asset is valued at fair value and is not depreciated. Any changes to the fair value of investment properties are recognised in profit and loss in the period in which they occur.

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.  
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS  
FOR THE PERIOD ENDED 30 JUNE 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(h) Revenue Recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the Association and the income can be reliably measured. The following specific recognition criteria must also be met before income is recognised:

*Subscriptions*

Subscription income is recognised when the member invoice is generated.

*Apprentice Hire*

Apprentice Hire income is recognised when the apprentice invoice is generated.

*Training*

Training income is recognised when the member invoice is generated.

*Interest*

Interest income is recognised as it accrues.

*Sale of Goods*

Control of the goods has passed to the buyer.

*Property Income*

Property income is recognised as it accrues.

(i) Taxes

A provision for income tax is not necessary as "Employers' Associations" are exempt from income tax under Section 23(f) of the Income Tax Assessment Act.

*Goods and Services Tax (GST)*

Revenues, expenses and assets are recognised net of the amount of GST except:

Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.  
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS  
FOR THE PERIOD ENDED 30 JUNE 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(j) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, long service leave and annual leave expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled.

The amounts expected to be paid to employees for their pro-rata entitlements for long service leave are accrued annually at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. The pro-rata liability for long service leave is recognised after completion of seven years service. The provision for long service leave has not been calculated in accordance with *AASB 119 Employee Benefits* due to the small number of staff members and the consequent impracticality of applying the discounting methodology. The method applied is consistent with prior years.

(k) Borrowing Costs

Borrowing costs are recognised in profit and loss in the period in which they are occurred.

(l) Accounting judgements and estimates

The preparation of financial statements requires management to make judgements estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is described in note 10 where judgements have been made in relation to the value of employee entitlements.

(m) Fair value measurement

The Master Builders Association of Tasmania measures financial instruments, such as, financial asset as at fair value through the profit and loss, available for sale financial assets, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at fair value are disclosed in Note 8.



THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.  
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS  
FOR THE PERIOD ENDED 30 JUNE 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(m) Fair value measurement - continued

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Master Builders Association of Tasmania uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1—Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, Master Builders Association of Tasmania determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as land and buildings and investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, Master Builders Association of Tasmania has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.  
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS  
FOR THE PERIOD ENDED 30 JUNE 2018

2. INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR

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

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

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.  
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS  
FOR THE PERIOD ENDED 30 JUNE 2018

|   | 2018             | 2017             |
|---|------------------|------------------|
|   | \$               | \$               |
| <b>3. REVENUE</b>                                   |                  |                  |
| Apprentice Hire                                     | 895,102          | 657,598          |
| Associate Specialist Contractor                     | 92,718           | 89,720           |
| Associate Supplier Exchange                         | 19,094           | 17,670           |
| Building Journal                                    | 28,462           | 22,009           |
| Commissions   | 11,736           | 18,183           |
| Documents   | 20,938           | 15,610           |
| Excellence Awards Entries                           | 22,925           | 23,400           |
| Fee for Service                                     | 12,485           | 7,134            |
| Finance Income                                      | 5,807            | 27,019           |
| Housing Awards/Annual Dinner Income                 | 128,642          | 144,576          |
| Insurance Sales & Commission                        | 195,756          | 168,552          |
| Interest Income                                     | 3,816            | 7,679            |
| John Holland Fairbrother Joint Venture Income       | 166,034          | 66,639           |
| Marketing Income                                    | 4,665            | 7,038            |
| Other Functions                                     | 16,014           | 9,720            |
| Pathways Program Income                             | 59,243           | 60,028           |
| Profit on Sale of Fixed Assets                      | 9,273            | -                |
| Property Income                                     | 397,149          | 299,817          |
| Subscriptions                                       | 413,137          | 418,003          |
| Sensis Advertising Income                           | -                | (875)            |
| Sundry Revenue                                      | 17,274           | 16,853           |
| Training  | 614,515          | 446,699          |
| <b>Total Revenue</b>                                | <b>3,134,785</b> | <b>2,523,072</b> |
| <b>4. EXPENSES</b>                                  |                  |                  |
| <i>Depreciation of Non-Current Assets</i>           |                  |                  |
| Plant and Equipment                                 | 16,546           | 14,010           |
| Lift  | 8,068            | 6,339            |
| Buildings   | 29,395           | 24,302           |
| Motor Vehicles                                      | 15,561           | 24,806           |
| <b>Total Depreciation of Non-Current Assets</b>     | <b>69,570</b>    | <b>69,457</b>    |
| <i>Employee Expenses</i>                            |                  |                  |
| Holders of office                                   |                  |                  |
| Wages and Salaries                                  | -                | -                |
| Superannuation                                      | -                | -                |
| Leave and Other Entitlements                        | -                | -                |
| Separation and Redundancies                         | -                | -                |
| Other Employee Expenses                             | -                | -                |
| <b>Subtotal employee expenses holders of office</b> | <b>-</b>         | <b>-</b>         |

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.  
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS  
FOR THE PERIOD ENDED 30 JUNE 2018

|  | 2018    | 2017    |
|--|---------|---------|
|  | \$      | \$      |
| 4. EXPENSES – CONTINUED                              |         |         |
| Employees other than office holders                  |         |         |
| Wages and Salaries                                   | 796,617 | 687,330 |
| Superannuation                                       | 83,752  | 69,347  |
| Leave and Other Entitlements                         | 89,632  | 124,058 |
| Separation and Redundancies                          | -       | -       |
| Other Employee Expenses                              | -       | -       |
| Subtotal employee expenses other than office holders | 970,001 | 880,735 |
| Total Employee Expenses                              | 970,001 | 880,735 |
| <i>Other Expenses</i>                                |         |         |
| Accounting & Audit                                   | 14,214  | 6,724   |
| Advertising  | 8,205   | 4,810   |
| Apprentice Expenses                                  | 798,948 | 519,242 |
| Bad Debts  | 1,092   | 7,095   |
| Bank Charges   | 10,451  | 2,593   |
| Building Journal Expenses                            | 13,948  | 11,594  |
| Catering & Meeting Costs                             | 38,870  | 39,184  |
| Commissions  | 13,056  | 8,976   |
| Consideration to Employers for Payroll Deductions    | -       | -       |
| Consultancies  | 109,755 | 8,467   |
| Cost of Goods Sold                                   | (871)   | 3,448   |
| Documents  | 10,210  | 12,066  |
| Excellence Awards Expenditure                        | 21,181  | 19,604  |
| Federal Subscriptions                                | 95,556  | 94,140  |
| Fees/Allowances -Meeting and Conferences             | 27,154  | 35,342  |
| Housing Awards/Annual Dinner Expense                 | 103,675 | 94,407  |
| Insurances   | 24,733  | 35,071  |
| John Holland Fairbrother Joint Venture Expenses      | 45,080  | 36,529  |
| Legal Expenses                                       | 1,478   | 14,096  |
| Light & Power  | 59,220  | 39,320  |
| Meeting Expenses                                     | 1,409   | 2,411   |
| Office Rental  | 3,000   | 3,000   |
| Pathways Program Expenditure                         | 25,362  | 35,780  |
| Postage and Stamps                                   | 3,299   | 3,308   |
| Printing and Photocopying                            | 16,172  | 12,515  |
| Property Expenses - Rates                            | 85,648  | 81,039  |
| Property/Office Equipment Maintenance                | 66,569  | 57,388  |
| Regional Annual Dinner Expenses                      | 19,619  | 10,913  |
| Sensis Expenses                                      | -       | 9,997   |
| Sundry Expenses                                      | 117,879 | 77,760  |

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.  
 NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS  
 FOR THE PERIOD ENDED 30 JUNE 2018

|                                      | 2018             | 2017             |
|--------------------------------------|------------------|------------------|
|                                      | \$               | \$               |
| 4. EXPENSES – CONTINUED              |                  |                  |
| Telephone                            | 37,636           | 34,264           |
| Training                             | 269,659          | 351,848          |
| Vehicle Running                      | 35,196           | 26,302           |
| Total Other Expenses                 | <u>2,077,403</u> | <u>1,699,233</u> |
| <i>Grants or Donations</i>           |                  |                  |
| Grants                               |                  |                  |
| Total Paid that were \$1000 or Less  | -                | -                |
| Total Paid that Exceeded \$1,000     | -                | -                |
| Donations                            |                  |                  |
| Total Paid that were \$1,000 or Less | -                | -                |
| Total Paid that Exceeded \$1,000     | -                | -                |
| Subtotal Grants or Donations         | <u>-</u>         | <u>-</u>         |
| 5. CASH & CASH EQUIVALENTS           |                  |                  |
| Cash on Hand                         | 1,500            | 1,500            |
| Commonwealth Trading Bank            | 164,668          | 170,001          |
| Cash Investment                      | 112,492          | 108,680          |
| Commonwealth at Call                 | 23,582           | 1                |
| Group Training Account               | 93,967           | 68,725           |
| MBA Finance                          | 25,001           | 25,001           |
| Total Cash & Cash Equivalents        | <u>421,210</u>   | <u>373,908</u>   |
| 6. TRADE RECEIVABLES                 |                  |                  |
| Trade Receivables (a)                | 300,977          | 219,093          |
| Provision for Doubtful Debts         | (11,205)         | (12,579)         |
| Total Trade Receivables              | <u>289,772</u>   | <u>206,514</u>   |

(a) Terms and Conditions

Terms and conditions relating to the above financial instruments:

- (i) Trade debtors are non-interest bearing and generally on 30 day terms.

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.  
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS  
FOR THE PERIOD ENDED 30 JUNE 2018

|                                   | 2018                    | 2017                    |
|-----------------------------------|-------------------------|-------------------------|
|                                   | \$                      | \$                      |
| 7. PROPERTY, PLANT & EQUIPMENT    |                         |                         |
| Land & Buildings                  | 1,988,000               | 1,550,272               |
| Less: Accumulated Depreciation    | -                       | (209,208)               |
|                                   | <u>1,988,000</u>        | <u>1,341,064</u>        |
| Plant & Equipment                 | 554,263                 | 523,914                 |
| Less: Accumulated Depreciation    | (493,870)               | (477,324)               |
|                                   | <u>60,393</u>           | <u>46,590</u>           |
| Motor Vehicles                    | 94,232                  | 178,168                 |
| Less: Accumulated Depreciation    | (65,562)                | (98,665)                |
|                                   | <u>28,670</u>           | <u>79,503</u>           |
| Lift                              | -                       | 209,186                 |
| Less: Accumulated Depreciation    | -                       | (6,339)                 |
|                                   | <u>-</u>                | <u>202,847</u>          |
| <i>Work in Progress</i>           | -                       | 54,159                  |
| Total Property, Plant & Equipment | <u><u>2,077,063</u></u> | <u><u>1,724,163</u></u> |

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.  
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS  
FOR THE PERIOD ENDED 30 JUNE 2018

|   | 2018             | 2017             |
|---|------------------|------------------|
|   | \$               | \$               |
| 7. PROPERTY, PLANT & EQUIPMENT - CONTINUED  |                  |                  |
| (a) Reconciliations                         |                  |                  |
| <i>Land &amp; Buildings</i>                 |                  |                  |
| Opening Written Down Value                  | 1,341,064        | 1,365,366        |
| Less Depreciation                           | (29,395)         | (24,302)         |
| Add Transfer from Lift and Work in Progress | 576,081          | -                |
| Revaluation Gain                            | 100,250          | -                |
| Closing Written Down Value                  | <u>1,988,000</u> | <u>1,341,064</u> |
| <br><i>Plant &amp; Equipment</i>            |                  |                  |
| Opening Written Down Value                  | 46,590           | 50,496           |
| Add Purchases                               | 30,349           | 10,104           |
| Less Disposals                              | -                | -                |
| Less Depreciation                           | (16,546)         | (14,010)         |
| Closing Written Down Value                  | <u>60,393</u>    | <u>46,590</u>    |
| <br><i>Motor Vehicles</i>                   |                  |                  |
| Opening Written Down Value                  | 79,503           | 104,309          |
| Add Purchases                               | -                | -                |
| Less Disposals                              | (35,272)         | -                |
| Less Depreciation                           | (15,561)         | (24,806)         |
| Closing Written Down Value                  | <u>28,670</u>    | <u>79,503</u>    |
| <br><i>Lift</i>                             |                  |                  |
| Opening Written Down Value                  | 202,847          | -                |
| Add Purchases                               | 22,822           | 209,186          |
| Less Depreciation                           | (8,068)          | (6,339)          |
| Less Transfer to Land & Buildings           | (217,601)        | -                |
| Closing Written Down Value                  | <u>-</u>         | <u>202,847</u>   |
| <br><i>Work in Progress</i>                 |                  |                  |
| Opening Written Down Value                  | 54,159           | -                |
| Add Purchases                               | 304,321          | 54,159           |
| Less Transfer to Land & Buildings           | (358,480)        | -                |
| Closing Written Down Value                  | <u>-</u>         | <u>54,159</u>    |

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.  
 NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS  
 FOR THE PERIOD ENDED 30 JUNE 2018

|  | Carrying<br>Amount<br>2018<br>\$ | Fair Value<br>2018<br>\$ | Carrying<br>Amount<br>2017<br>\$ | Fair Value<br>2017<br>\$ |
|--|----------------------------------|--------------------------|----------------------------------|--------------------------|
|--|----------------------------------|--------------------------|----------------------------------|--------------------------|

8. FAIR VALUE MEASUREMENT

a) Financial Assets and Liabilities

|                                       |           |           |           |           |
|---------------------------------------|-----------|-----------|-----------|-----------|
| Financial Assets                      |           |           |           |           |
| 116 Bathurst Street, Hobart<br>(i)    | 3,237,000 | 3,237,000 | 2,091,960 | 2,091,960 |
| 55 Canning Street, Launceston<br>(ii) | 1,150,000 | 1,150,000 | 1,050,000 | 1,050,000 |
| Total                                 | 4,387,000 | 4,387,000 | 3,141,960 | 3,141,960 |

|                              |            |            |
|------------------------------|------------|------------|
| (iii) Reconciliation         | 2018<br>\$ | 2017<br>\$ |
| <i>Investment Properties</i> |            |            |
| Opening Fair Value           | 3,141,960  | 3,141,960  |
| Revaluation Gain             | 1,245,040  | -          |
| Closing Fair Value           | 4,387,000  | 3,141,960  |

*(i) 116 Bathurst Street Hobart*

A valuation of 116 Bathurst Street was performed as at 30 June 2018 by Opteon property valuers. The value of the property had originally been recorded in the accounts under the cost model of AASB140 as per policy in note 1(g).

The Master Builders' Association of Tasmania Inc. occupy level 5 of 116 Bathurst Street. Adjustment was therefore required to the classification of the property to ensure only the unoccupied portion is recognised as an investment property. The value of the property has been allocated accordingly based on the valuation obtained as at 30 June 2018, through the floor space occupied by The Master Builders' Association of Tasmania Inc.

|                                     |                             |
|-------------------------------------|-----------------------------|
|                                     | \$                          |
| Total value of 116 Bathurst Street: | <u>4,150,000</u>            |
| Occupied Building Value:            | 517,000 (Depreciable)       |
| Occupied Land Value:                | 396,000 (Not depreciable)   |
| Investment Property Value:          | 3,237,000 (Not depreciable) |



THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.  
 NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS  
 FOR THE PERIOD ENDED 30 JUNE 2018

8. FAIR VALUE MEASUREMENT - CONTINUED

*(ii) 55 Canning Street Launceston*

A valuation of 55 Canning Street was performed as at 30 June 2018 by Opteon property valuers. The value of the property had originally been recorded in the accounts under the cost model of AASB140 as per policy in note 1(g).

The fair value at that date was determined to be \$1,150,000 and this is the value recorded on the statement of financial position.

b) Fair Value Hierarchy

The following tables provide an analysis of financial and non financial assets and liabilities that are measured at fair value, by fair value hierarchy.

Fair value hierarchy – 30 June 2018

|                               | Date of Valuation | Level 1<br>\$ | Level 2<br>\$    | Level 3<br>\$ | Total<br>\$      |
|-------------------------------|-------------------|---------------|------------------|---------------|------------------|
| Assets measured at fair value |                   |               |                  |               |                  |
| 116 Bathurst Street, Hobart   | 30/06/2018        | -             | 3,237,000        | -             | 3,237,000        |
| 55 Canning Street, Launceston | 30/06/2018        | -             | 1,150,000        | -             | 1,150,000        |
| <b>Total</b>                  |                   | -             | <b>4,387,000</b> | -             | <b>4,387,000</b> |

Fair value hierarchy – 30 June 2017

|                               | Date of Valuation | Level 1<br>\$ | Level 2<br>\$    | Level 3<br>\$ | Total<br>\$      |
|-------------------------------|-------------------|---------------|------------------|---------------|------------------|
| Assets measured at fair value |                   |               |                  |               |                  |
| 116 Bathurst Street, Hobart   | 12/12/2011        | -             | 2,091,960        | -             | 2,091,960        |
| 55 Canning Street, Launceston | 29/09/2010        | -             | 1,050,000        | -             | 1,050,000        |
| <b>Total</b>                  |                   | -             | <b>3,141,960</b> | -             | <b>3,141,960</b> |

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.  
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS  
FOR THE PERIOD ENDED 30 JUNE 2018

|   | 2018           | 2017           |
|---|----------------|----------------|
|   | \$             | \$             |
| <b>9. TRADE PAYABLES &amp; OTHER LIABILITIES</b>                                    |                |                |
| <b>(a) Trade Payables</b>   |                |                |
| Accrued Expenses  | 11,492         | -              |
| Trade Payables  | 139,459        | 131,396        |
| GST Liability   | 138,086        | 54,131         |
| Legal Costs   |                |                |
| Ligation  | -              | -              |
| Other Legal Matters   | 1,422          | -              |
| Consideration to Employers for Payroll Deductions                                   | -              | -              |
| <b>Total Trade Payables</b>   | <b>290,459</b> | <b>185,527</b> |
| <b>(b) Other Liabilities</b>  |                |                |
| Sundries  | 47,061         | 10,018         |
| <b>Total Other Liabilities</b>  | <b>47,061</b>  | <b>10,018</b>  |
| <b>(c) Terms and Conditions</b>   |                |                |
| Terms and conditions relating to the above financial instruments:                   |                |                |
| (ii) Trade creditors are non-interest bearing and normally settled on 30 day terms. |                |                |

**10. EMPLOYEE ENTITLEMENTS**

The aggregate employee entitlement liability is comprised of:

|                                    |               |                |
|------------------------------------|---------------|----------------|
| Provision for Annual Leave         | 61,896        | 69,994         |
| Provision for Long Service Leave   | 30,286        | 57,144         |
| <b>Total Employee Entitlements</b> | <b>92,182</b> | <b>127,138</b> |

There are no other provisions relating to redundancies or other liabilities for employees of the Association.

**11. BORROWINGS**

|                         |                |          |
|-------------------------|----------------|----------|
| Current                 | 20,556         | -        |
| Non-Current             | 206,102        | -        |
| <b>Total Borrowings</b> | <b>226,658</b> | <b>-</b> |

**(a) Terms and Conditions**

Borrowings are secured on existing 1<sup>st</sup> Registered All Monies Mortgage over the property 116 Bathurst St Hobart 7000, being the whole of the land described in Certificate of Title Volume 160449 Folio 2.

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.  
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS  
FOR THE PERIOD ENDED 30 JUNE 2018

|  | 2018             | 2017             |
|--|------------------|------------------|
|  | \$               | \$               |
| 12. ACCUMULATED FUNDS & RESERVES   |                  |                  |
| (a) Accumulated Funds  |                  |                  |
| Balance at Beginning of Year   | 4,492,887        | 4,619,240        |
| Add Surplus/(Deficit) for the Year   | 17,811           | (126,353)        |
| Balance at End of Year   | <u>4,510,698</u> | <u>4,492,887</u> |
| (b) Reserves   |                  |                  |
| Balance at Beginning of Year   | 708,083          | 708,083          |
| Add Other Comprehensive Income for the Year                                    | 1,345,290        | -                |
| Balance at End of Year   | <u>2,053,373</u> | <u>708,083</u>   |
| Total Accumulated Funds & Reserves   | <u>6,564,071</u> | <u>5,200,970</u> |
| 13. NOTES TO THE STATEMENT OF CASH FLOWS                                       |                  |                  |
| (a) Reconciliation of Cash   |                  |                  |
| Cash on Hand   | 1,500            | 1,500            |
| Cash at Bank   | 164,668          | 170,001          |
| Cash Investment Account  | 112,492          | 108,680          |
| Commonwealth at Call   | 23,582           | 1                |
| Group Trading Account  | 93,967           | 68,725           |
| MBA Finance  | 25,001           | 25,001           |
|  | <u>421,210</u>   | <u>373,908</u>   |
| (b) Reconciliation of surplus/(deficit) to net cash from operating activities: |                  |                  |
| Net Surplus/(Deficit)  | 17,811           | (126,353)        |
| Adjustments for non-cash items   |                  |                  |
| Depreciation and Amortisation  | 69,570           | 69,458           |
| Gain on Disposal of Assets   | (9,273)          | -                |
| Changes in assets/liabilities  |                  |                  |
| (Increase)/Decrease in Trade & Other Receivables                               | (83,258)         | (35,807)         |
| (Increase)/Decrease in Prepayments   | 7,406            | 8,435            |
| (Increase)/Decrease in Inventories   | (871)            | 3,449            |
| Increase/(Decrease) in Trade Payables & Other Liabilities                      | 141,975          | 23,236           |
| Increase/(Decrease) in Income in Advance                                       | 25,187           | 55,002           |
| Increase/(Decrease) in Employee Entitlements                                   | (34,956)         | 15,896           |
| Net Cash provided by (used in) Operating Activities                            | <u>133,591</u>   | <u>13,316</u>    |

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.  
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS  
FOR THE PERIOD ENDED 30 JUNE 2018

14. RELATED PARTY DISCLOSURES

The names of the officers of The Master Builders' Association of Tasmania Inc., during the financial year were:

|                          |              |            |                 |
|--------------------------|--------------|------------|-----------------|
| President                | Mr L Fenton  | Councillor | Mr T Streefland |
| Vice President           | Mr D Gates   | Councillor | Mr A Kilpatrick |
| Treasurer                | Mr D Moody   | Councillor | Mr J Faulkner   |
| Immediate Past President | Mr C Edmunds | Councillor | Mr D Reid       |
| Councillor               | Mr W Licht   | Councillor | Mr R Betts      |
| Councillor               | Mr G Barnes  | Councillor | Mrs V Mead      |

There were no transactions between the office holders and the Association other than those relating to their membership of the Association and the reimbursement by the Association in respect of expenses incurred by them in the performance of their duties. Such transactions have been on conditions no more favourable than those which would have been adopted by parties at arm's length.

Details of loans to officers is Nil.

None of the office holders are employees of The Master Builders' Association of Tasmania Inc. and therefore they do not receive any remuneration or employee entitlements

15. KEY MANAGEMENT PERSONNEL REMUNERATION

|   | Short-term<br>employee<br>benefits | Post-<br>employment<br>benefits | Long term<br>benefits | Other | Total   |
|---|------------------------------------|---------------------------------|-----------------------|-------|---------|
| 2018  |                                    |                                 |                       |       |         |
| Total income paid or payable to all<br>Key Management personnel | 157,452                            | 12,436                          | 22,636                | -     | 192,524 |
| 2017  |                                    |                                 |                       |       |         |
| Total income paid or payable to all<br>Key Management personnel | 137,525                            | 13,065                          | 18,227                | -     | 168,817 |

16. AUDITORS REMUNERATION

|  | 2018 | 2017 |
|--|------|------|
|  | \$   | \$   |

Amounts received or due and receivable by WLF Accounting & Advisory for:

|   |              |              |
|---|--------------|--------------|
| - an audit of the financial report of the Association | 6,300        | 6,000        |
|   | <u>6,300</u> | <u>6,000</u> |

17. DESCRIPTION OF OPERATIONS

The principal activities of the Association are to provide benefits to its members.

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.  
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS  
FOR THE PERIOD ENDED 30 JUNE 2018

18. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the financial affairs of the Association.

19. SIGNIFICANT EVENTS AFTER BALANCE DATE

There were no significant events after balance date.

20. INVESTMENT IN MASTER BUILDERS' AUSTRALIA INSURANCE SERVICES

The Master Builders' Association of Tasmania has shareholders' investment in Master Builders Australia Insurance Services Pty Ltd (MBAIS). The association's investment is measured at cost; as at 30 June 2018 there are no indicators of impairment.

21. REGISTERED OFFICE

116 Bathurst Street  
Hobart Tasmania 7000

22. SEGMENT REPORTING

The Master Builders' Association of Tasmania Inc. operates predominantly in the one geographical region being Tasmania. The Master Builders' Association of Tasmania Inc. activities surround the provision of benefits and services to its members.

23. FINANCIAL INSTRUMENTS

(a) Credit risk

Credit risk represents the risk that a counter-party will fail to perform contractual obligations under a contract.

The Association's maximum credit risk exposure at balance date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of Financial Position. Credit risk exposure for receivables reflects the underlying credit risk inherent in the Association.

These risks are managed through the credit policies implemented by the Association. There is no concentration of credit risk in any particular industry or market segment, however all transactions are within the State of Tasmania.

(b) Liquidity and cash flow risk

Liquidity risk is the risk that the Association will encounter difficulty in realising assets or otherwise raising funds to meet commitments associated with financial instruments. Cash flow risk is the risk that future cash flows associated with financial instruments will fluctuate in amount.

THE MASTER BUILDERS' ASSOCIATION OF TASMANIA INC.  
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS  
FOR THE PERIOD ENDED 30 JUNE 2018

23. FINANCIAL INSTRUMENTS - CONTINUED

(c) Interest Rate Risk

Interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates.

An increase / (decrease) in interest rate of 1% will have a corresponding effect on revenue of \$4,212 (2017: \$3,739).

An increase / (decrease) in interest rate of 1% will have a corresponding effect on expenses of \$2,267 (2017: nil).

(d) Net fair values

The carrying amounts of all financial assets and financial liabilities of the Association recognised at balance date generally approximated fair value because of the short term to maturity.

24. CAPITATION FEES

There was no capitation paid or received during the year.

25. LEVIES

There was no compulsory or voluntary levies paid or received during the year.

26. GRANTS

There were no grants paid or received during the year.

27. LEGAL FEES

Legal costs incurred throughout the financial year, paid and payable at year end, related to the deregistration of authorised representative of MBAIS.



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## INDEPENDENT AUDITOR'S REPORT

Members of the Master Builders' Association of Tasmania Inc.

Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of Master Builders' Association of Tasmania Inc., which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and Branch Executive declaration and operating report.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Master Builders' Association of Tasmania Inc. as at 30 June 2018, and its financial performance and cash flows for the year ended on that date in accordance with:

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

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

### Basis for Opinion

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

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

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

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

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

Liability limited by a scheme approved under Professional Standards Legislation.



In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of the Committee of Management for the Financial Report**

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

#### **Auditor's Responsibilities for the Audit of the Financial Report**

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Reporting Unit's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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. We are responsible for the direction, supervision and performance of the Reporting Unit audit. We remain solely responsible for our audit opinion.

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



NICK CARTER

Partner

Wise Lord & Ferguson

Fellow of Institute of Chartered Accountants Australia & New Zealand CAANZ

Registered Company Auditor: 450133

Registered Auditor no. AA2017/125

Holder of Public Practice Certificate

1/160 Collins Street

HOBART TAS 7000

Date: 20/6/2018

Auditor's Independence Declaration to the Committee of Management of the Master Builders' Association of Tasmania Inc.

In relation to our audit of the financial report of the Master Builders Association of Tasmania Inc. for the financial year ended 30 June 2018, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements as set out in the *Fair Work (Registered Organisations) Act 2009*; and any applicable code of professional conduct.



NICK CARTER  
Partner  
Wise Lord & Ferguson  
Chartered Accountants

1/160 Collins Street  
HOBART TAS 7000

Dated: 26/8/2018