

2017/18 Concise Report

For presentation to the Annual General Meeting of Members

Master Builders Association of Victoria

ACN 004 255 654

(A Company Limited By Guarantee)

THE DIRECTORS OF THE MASTER BUILDERS ASSOCIATION OF VICTORIA HAVE RESOLVED TO ISSUE TO MEMBERS CONCISE ACCOUNTS IN ACCORDANCE WITH SECTION 314 OF THE COMPANY LAW REVIEW ACT 1998. IF YOU DESIRE A FULL REPORT AND AUDITOR'S REPORT PLEASE CONTACT RON JOORDENS AT THE ASSOCIATION AND A COPY WILL BE SENT TO YOU FREE OF CHARGE.

THE CONCISE FINANCIAL REPORT IS DERIVED FROM THE FULL REPORT AND CANNOT BE EXPECTED TO PROVIDE AS FULL AN UNDERSTANDING OF THE FINANCIAL PERFORMANCE, FINANCIAL POSITION AND FINANCIAL AND INVESTING ACTIVITIES OF THE REPORTING UNIT AS THE FULL REPORT.



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Concise Financial Report
for the financial year ended 30 June 2018

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President's Foreword

Master Builders remains a strong and vibrant membership association and the last year has been a fulfilling and challenging one. An extensive suite of products and services supports our member activities but our heart is still very much the professional association for builders who value quality work and professionalism in their business activities.

The Master Builders board set five strategic objectives for the year:

- Knowledge
- Member services
- Advocacy
- Education
- Organisational capability

Master Builders offers diverse services to members, from training and insurance to industry guidance and best practice. Member services remain a critical part of our delivery to the Master Builders' community. We provided 4880 calls through legal services and held 40 member events with over 5318 attendees. We provided 120 OHS consultancies and had extensive involvement in review of WorkSafe Compliance Codes. Our insurance services for members remain strong and MBAIS issued 12000 home warranty certificates in the last year.

We continued to expand our training options for Victorian builders and provided training to 4095 people with our state of the art BLSC seeing 16% growth in those trained. 13 locations around the state provided over 7000 hours of training with course offerings including new topics such as Estimating, SWMS, Waterproofing and Asbestos Awareness for Site Managers. Most importantly, the outcomes of our training services show consistently high satisfaction rates and 98.6 per cent of trainees found employment after studying with us.

Our advocacy and government relations work is important to represent the voice of professional builders to government and regulators. We have a strong economy and growing population in Victoria, but we also face long term challenges such as cladding, housing affordability and excessive red tape.

The introduction of new building regulations in 2018 was a key event in the past year. We continue to work with government on the implementation process. After a decade of lobbying governments on

behalf of our members for mandatory trades registration in Victoria, Master Builders Victoria is cautiously optimistic about the *Building Amendment (Registration of Building Trades and Other Matters) Bill 2018* which was introduced into Parliament in July 2018.

Delivering consistent and high quality member communications is part of our member value add. We published 50,000 copies of Master Builder Magazine and information feeds totaling reaching 1,548,000 people. We are developing our knowledge in the most effective use of social media modes such as Twitter, Instagram and Facebook.

In 2017 we began a rebranding exercise for Master Builders and unveiled a contemporary logo and corporate style to represent our way forward. The new logo reflects our commitment to providing enhanced products and services, including:

- A new website in 2018
- New training programs, like simulation and online training
- Online awards applications
- Enhanced marketing across digital, print and radio platforms
- A graphic identity unified with national and interstate offices.

The consolidated operating surplus for the year is \$985,076 a \$155,378 decrease from the year ended 30 June 2017. Key factors to this result were an increase in employee-related costs of \$332,070, a one-off cost due to the logo change of \$179,080. These increases have been partially offset by savings in marketing of \$282,778 and printing and stationery of \$88,366.

I have often said how much I value our building awards programme throughout Victoria that showcases the quality of our builders. Our gala awards nights with thousands of attendees are highlights throughout the year.

Master Builders is a diverse professional organisation also relies on members who contribute their time and expertise to the organisation at all levels. I also acknowledge a year of hard work from the dedicated and experienced team at Master Builders. Radley de Silva has announced he will step down as CEO after 5 years in the role and a combined service of 17 years. Radley's tenure has provided a rare combination of substantial progress and stability for the organisation. His legacy is a strong foundation for the future.

--Melanie Fasham, President

Council of Management Operating Report

In accordance with section 254 of the Fair Work (Registered Organisations) Act 2009, the Council of Management present the operating report for the year ended 30 June 2018.

Principal Activities

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

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

Financial Results

The consolidated surplus from operating activities for the year was \$985,076 (2017: surplus \$1,140,454). The Association is exempt from paying income tax.

Review of Operations

The result for the year is pleasing given the significant challenges faced by the industry. Some of the key achievements during this period are as follows:

- The contribution made by the Association with the introduction of significant new building regulations across the industry.
- The positive growth of the Building Leadership Simulation Centre's operations and its increase in profitability.
- The extremely pleasing result in the building permit service operations despite significant challenges in the recruitment of relevant personnel.
- Maintaining a satisfactory level of membership in a challenging environment.
- Minimising the significant impact of government announcements affecting our profitable training operations.

The Association is well placed to meet the challenges our industry will face into the future.

Significant Changes

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

Rights of members to resign

- (1) A member may resign from membership by written notice addressed and delivered to the CEO.
- (2) A notice of resignation from membership takes effect:
 - (a) Where the member ceases to be eligible to become a member;
 - (i) On the day on which the notice is received by the Association, or
 - (ii) On the day specified in the notice, which is a day not earlier than the day when the member ceases to be eligible to become a member;Whichever is later, or
 - (b) In any other case:
 - (i) At the end of 2 weeks after the notice is received by the Association, or
 - (ii) On the day specified in the notice;Whichever is later.

Council of Management Operating Report (cont'd)

Rights of members to resign (cont'd)

- (3) Any dues payable but not paid by a former member, in relation to a period before the member's resignation from the Association took effect, may be sued for and recovered in the name of the Association in a court of competent jurisdiction, as a debt due to the Association.
- (4) A notice delivered to the CEO shall be taken to have been received by the Association when it was delivered.
- (5) A notice of resignation that has been received by the Association is not invalid because it was not addressed and delivered in accordance with sub-rule (1).
- (6) A resignation from membership is valid even if it is not effected in accordance with this rule if the member is informed in writing by or on behalf of the Association that the resignation has been accepted.

To the best of our knowledge and belief

No officer or member of the organisation, by virtue of their office or membership of the Master Builders Association of Victoria is;

- (i) A trustee of a superannuation entity or an exempt public sector superannuation scheme; or
- (ii) A Director of a Association that is the trustee of a superannuation entity or an exempt public sector superannuation scheme; and where a criterion for the officer or member being the trustee or Director is that the officer or member is an officer or member of a registered organisation.

Prescribed Information

- (1) Number of members of the organisation at 30 June 2018: 8,389 (2017: 9,116)
- (2) Employees of the reporting unit as at 30 June 2018: 110 equivalent full time staff (2017: 109 equivalent full time staff).
- (3) Members of the Council of Management during or since the financial year ended 30 June 2018:

| | |
|---|---|
| Barron, A (retired 28 November 2017) | Liddle, B (retired 28 November 2017) |
| Camino, S (appointed 28 November 2017) | Little, M (appointed 28 November 2017) |
| Clemenger, M | Moyle, D (retired 1 July 2017) |
| Cumbo, J (retired 28 November 2017) | Peluso, S |
| Cunnife, N (appointed 28 November 2017) | Picking, P |
| Fasham, M | Purcell, G |
| Gardiner, S (retired 28 November 2017) | Robinson, P |
| Grenfell, N | Ryan, C (appointed 1 July 2017) |
| Hansen, R | Salvatore, C (retired 28 November 2017) |
| Hawkey, I | Sanfilippo, J (retired 13 October 2017) |
| King, N | Tonkin-Hill, A (appointed 28 November 2017) |
| Levin, A | Wills, S (appointed 28 November 2017) |

Council of Management Operating Report (cont'd)

For and on behalf of Council of Management



Melanie Fasham
President

16 October 2018

Report required under subsection 255(2A)

The Committee of Management presents the expenditure report as required under subsection 255(2A) on the Master Builders Association of Victoria for the year ended 30 June 2018.

| Categories of expenditures | 2018 \$ | 2017 \$ |
|--|------------|------------|
| Remuneration and other employment-related costs and expenses – employees | 12,111,592 | 11,779,522 |
| Advertising | 568,721 | 855,196 |
| Operating costs | 8,712,715 | 8,626,461 |
| Donations to political parties | - | - |
| Legal costs | 32,470 | 30,829 |

Melanie Fasham

Signature of designated officer:

Name and title of designated officer: Melanie Fasham, President

Directors' Report

The Directors of Master Builders Association of Victoria submit herewith the annual financial report of the Association for the financial year ended 30 June 2018. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

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

Board of Management (Committee of Directors)

| | |
|--------------------------------|---|
| Clemenger, M | Peluso, S |
| Fasham, M | Purcell, G (appointed 24 October 2017) |
| Grenfell, N | Picking, P |
| Hansen, R | Ryan, C (appointed 1 July 2017) |
| Hawkey, I | Sanfilippo, J (retired 13 October 2017) |
| Moyle, D (retired 1 July 2017) | |

Council of Management (Directors)

| | |
|--|---|
| Barron, A (retired 28 November 2017) | Liddle, B (retired 28 November 2017) |
| Camino, S (appointed 28 November 2017) | Little, M (appointed 28 November 2017) |
| Clemenger, M | Moyle, D (retired 1 July 2017) |
| Cumbo, J (retired 28 November 2017) | Peluso, S |
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| Hawkey, I | Sanfilippo, J (retired 13 October 2017) |
| King, N | Tonkin-Hill, A (appointed 28 November 2017) |
| Levin, A | Wills, S (appointed 28 November 2017) |

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Directors' Report (cont'd)

Review of Operations

The result for the year is pleasing given the significant challenges faced by the industry. Some of the key achievements during this period are as follows:

- The contribution made by the Association with the introduction of significant new building regulations across the industry.
- The positive growth of the Building Leadership Simulation Centre's operations and its increase in profitability.
- The extremely pleasing result in the building permit service operations despite significant challenges in the recruitment of relevant personnel.
- Maintaining a satisfactory level of membership in a challenging environment.
- Minimising the significant impact of government announcements affecting our profitable training operations.

The Association is well placed to meet the challenges our industry will face into the future.

The main objective of the Association is to be the leading building and construction industry association in the state.

The mission of the Association is to:

- Provide the representation of our members and our industry's interest with stakeholders.
- Provide superior products and services to our members.
- Empower our employees to provide superior services to our members.
- Continue to ensure the financial viability of the Association.

The Association would be built on our ability to:

1. Be relevant with the products and services that we provide to our members.
2. To represent the interest of our members to other stakeholders including state and federal governments.
3. Identify and engage in new marketing opportunities and new customers locally, nationally and internationally.

The Council of Management has approved the business plan for 2018-19 which outlines the following key strategic objectives to be achieved:

- To communicate, collaborate and engage with members in providing exceptional innovative and valuable advice, products and services.
- To be the leading industry voice, representing member interests and strengthening their reputation as Master Builders.
- To be the leading provider of first class learning and development opportunities for members and the building and construction industry.

To be an employer with the culture that values and motivates its people to high standards of service for members.

Directors' Report (cont'd)

Dividends

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

Significant Changes

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

Subsequent Events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Future Developments

The Association will continue to pursue the provision of services to members.

Contracts with Directors

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration of Directors shown in the accounts) by reason of a contract made by the Association with any Director, or with a firm of which a Director is a member, or with an Association in which a Director has a substantial financial interest.

Environmental Issues

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

Indemnifying Officer or Auditor

During the financial year the Association has paid a total premium of \$19,500 to insure each of the above Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Association, other than conduct involving a willful breach of duty in relation to the Association.

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

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

- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or

- paid or agreed to pay a premium in respect of a contract insuring against liability incurred as an officer for the costs or expenses to defend legal proceedings.

Directors' Report (cont'd)

Information on Council of Management Directors

During the year there were 4 Council meetings were held.

| Name | Age | Qualifications | Number of meetings eligible to attend | Number of meetings attended |
|---|-----|----------------|---------------------------------------|-----------------------------|
| BARRON Adam Retired 28 November 2017 | 39 | Director | 2 | 2 |
| CAMINO, Salvatore Appointed 28 November 2017 | 61 | Director | 2 | 2 |
| CLEMENGER Michael | 46 | Director | 4 | 3 |
| CUMBO Joseph Retired 28 November 2017 | 69 | Director | 2 | 2 |
| CUNNIFE Nigel Appointed 28 November 2017 | 58 | Director | 2 | 1 |
| FASHAM Melanie | 45 | Director | 4 | 4 |
| GARDINER Sidney Retired 28 November 2017 | 55 | Director | 2 | 2 |
| GRENFELL Neil | 67 | Director | 4 | 4 |
| HANSEN Richard | 46 | Director | 4 | 4 |
| HAWKEY Ian | 65 | Director | 4 | 4 |
| KING Natalie | 45 | Director | 4 | 2 |
| LEVIN Ashley | 55 | Director | 4 | 3 |
| LIDDLE Brendan Retired 28 November 2017 | 53 | Director | 2 | 1 |
| LITTLE Mark Appointed 28 November 2017 | 40 | Director | 2 | 2 |
| MOYLE David Retired 1 July 2017 | 35 | Director | 2 | 2 |
| PELSUO Steven | 51 | Director | 4 | 4 |
| PICKING Peter | 62 | Director | 4 | 4 |

Directors' Report (cont'd)

Information on Council of Management Directors (cont'd)

| Name | Age | Qualifications | Number of meetings eligible to attend | Number of meetings attended |
|---|-----|----------------|---------------------------------------|-----------------------------|
| PURCELL Geoffrey | 45 | Director | 4 | 3 |
| ROBINSON Phillip | 71 | Director | 4 | 3 |
| RYAN Christopher Appointed 1 July 2017 | 56 | Director | 4 | 4 |
| SALVATORE Claude Retired 28 November 2017 | 52 | Director | 2 | 1 |
| SANFILIPPO Jarrod Retired 13 October 2017 | 40 | Director | 2 | 2 |
| TONKIN-HILL Asley Appointed 28 November 2017 | 60 | Director | 2 | 2 |
| WILLS Sally Appointed 28 November 2017 | 54 | Director | 2 | 2 |

Information on Board of Management Directors (Committee of Directors)

During the year there were 9 Board of Management meetings were held.

| Name | Age | Qualifications | Number of meetings eligible to attend | Number of meetings attended |
|---|-----|----------------|---------------------------------------|-----------------------------|
| CLEMENGER Michael | 46 | Director | 9 | 9 |
| FASHAM Melanie | 45 | Director | 9 | 9 |
| GRENFELL Neil | 67 | Director | 9 | 8 |
| HANSEN Richard | 46 | Director | 9 | 8 |
| HAWKEY Ian | 65 | Director | 9 | 9 |
| MOYLE David Retired 1 July 2017 | 35 | Director | - | - |
| PELSUO Steven | 51 | Director | 9 | 8 |
| PURCELL Geoffrey Appointed 24 October 2017 | 45 | Director | 6 | 3 |
| PICKING Peter | 62 | Director | 9 | 9 |
| RYAN Christopher Appointed 1 July 2017 | 56 | Director | 9 | 8 |
| SANFILIPPO Jarrod Retired 13 October 2017 | 40 | Director | 3 | 3 |

Information on Association secretary

| Name | Age | Qualifications | Number of meetings eligible to attend | Number of meetings attended |
|-----------------|-----|----------------|---------------------------------------|-----------------------------|
| DE SILVA Radley | 64 | CEO | 9 | 8 |

Directors' Report (cont'd)

Leave of Court

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

The Association was not a party to any such proceedings during the year.

Membership

The Master Builders Association of Victoria is a public company, limited by guarantee, incorporated and operating in Victoria, Australia. The guarantee will not exceed \$2 per member and at 30 June 2018 there were 8,389 members (2017: 9,116).

Auditor's Independence Declaration

The auditor's independence declaration is included on page 13 of the concise report.

This Directors' Report is signed in accordance with a resolution of Directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors



Melanie Fasham
Director



Richard Hansen
Director

East Melbourne, 16 October 2018

Statement by Council of Management

On 16 October 2018 the Board of Management of the Master Builders Association of Victoria, following a circular resolution by the Council of Management, thereby delegating the authority to the Board, passed the following resolution in relation to the General Purpose Financial Report (GPFR) of the reporting unit for the financial year ended 30 June 2018.

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

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with 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);
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
- (e) during the financial year to which the General Purpose Financial Report relates and since the end of that year:
 - (i) meetings of the Council of Management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
 - (iv) where the organisation consists of 2 or more reporting units, the financial records of the reporting unit have been kept, as far practicable, in a consistent manner to each of the other reporting units of the organisation; and
 - (v) where information has been sought in any request by a member of the reporting unit or Commissioner duly made under section 272 of the RO Act has been provided to the member or Commissioner; and
 - (vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

Statement by Council of Management (cont'd)

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

For Board of Management: Melanie Fasham

Title of Office held: President

Signature: 

Date: 16 October 2018

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

16 October 2018

Dear Council Directors,

Master Builders Association of Victoria

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of Master Builders Association of Victoria.

As the lead audit partner for the audit of the financial statements of Master Builders Association of Victoria for the financial year ended 30 June 2018, I declare that to the best of my knowledge and belief that there have been no contraventions of:

- i. the auditor independence requirements of the Corporations Act 2001 in relation to the audit;
and
- ii. any applicable code of professional conduct in relation to the audit.

Yours sincerely



Deloitte Touche Tohmatsu



Sandra Lawson
Partner
Chartered Accountants

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

Opinion

The Concise Financial Statements, which comprise the consolidated statement of financial position as at 30 June 2018, the Consolidated Statement of Profit or Loss and other Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows for the year then ended, and related notes, are derived from the audited Financial Report of the Master Builders Association of Victoria for the year ended 30 June 2018.

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

Concise Financial Statements

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

Other Information

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

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

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

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

The Audited Financial Report and Our Report Thereon

We expressed an unmodified audit opinion on the audited Financial Report in our report dated 16 October 2018.

The Directors Responsibility for the Concise Financial Statements

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

Auditor's Responsibility

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



DELOITTE TOUCHE TOHMATSU



Sandra Lawson
Partner
Chartered Accountants
Melbourne, 16 October 2018

Registered company auditor: 319608

Declaration by Members of the Board

The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the company and the consolidated entity will be able to pay their debts as and when they become due and payable; and
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company and the consolidated entity;

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors



Melanie Fasham
Director



Richard Hansen
Director

East Melbourne, 16 October 2018

Statements of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2018

| | Note | Consolidated Entity | | Parent Entity | |
|---|------|---------------------|------------------|------------------|------------------|
| | | 2018 | 2017 | 2018 | 2017 |
| | | \$ | \$ | \$ | \$ |
| Revenue | 4 | 24,196,626 | 24,223,385 | 20,047,134 | 20,541,188 |
| Employee benefits expenses | | (12,111,592) | (11,779,522) | (9,292,282) | (9,141,514) |
| Depreciation expense | | (791,749) | (855,772) | (791,749) | (855,772) |
| Amortisation expenses | | (924,883) | (891,550) | (924,883) | (891,550) |
| Premises expenses | | (959,075) | (971,942) | (841,858) | (828,700) |
| Travel, accommodation & motor vehicles | | (499,477) | (529,074) | (295,297) | (327,309) |
| Telephone & postage | | (317,313) | (311,096) | (249,168) | (240,957) |
| Administration expenses | 5 | (6,417,495) | (6,272,759) | (6,008,473) | (5,930,512) |
| Cost of goods sold-document sales | | (609,430) | (574,869) | (331,282) | (360,364) |
| Finance costs | | (11,815) | (41,151) | (10,314) | (39,636) |
| Impairment reversal | | - | - | 408,562 | 35,954 |
| Promotional activity expenses | | (568,721) | (855,196) | (567,657) | (851,907) |
| Surplus before tax | | 985,076 | 1,140,454 | 1,142,733 | 1,108,921 |
| Income tax expense | | - | - | - | - |
| Surplus for the year | | 985,076 | 1,140,454 | 1,142,733 | 1,108,921 |
| Other comprehensive income | | | | | |
| Items that may be reclassified subsequently to profit or loss: | | | | | |
| Movement in value of available for sale investments | | 190,623 | 110,212 | 190,623 | 110,212 |
| Total comprehensive income for the year | | 1,175,699 | 1,250,666 | 1,333,356 | 1,219,133 |

Statements of Financial Position at 30 June 2018

| | Notes | Consolidated Entity | | Parent Entity | |
|--------------------------------------|-------|---------------------|-------------------|-------------------|-------------------|
| | | 2018 \$ | 2017 \$ | 2018 \$ | 2017 \$ |
| Current assets | | | | | |
| Cash and cash equivalents | | 4,656,768 | 3,862,206 | 4,543,473 | 3,675,405 |
| Trade and other receivables | 6 | 2,532,948 | 2,677,825 | 1,842,624 | 2,146,283 |
| Other financial assets | | 1,063,442 | 1,054,250 | 1,063,442 | 1,054,250 |
| Inventories | | 203,975 | 188,797 | 203,975 | 188,797 |
| Other assets | | 322,539 | 440,574 | 316,528 | 432,313 |
| Asset held for sale | | 409,755 | - | 409,755 | - |
| Total current assets | | 9,189,427 | 8,223,652 | 8,379,797 | 7,497,048 |
| Non-current assets | | | | | |
| Property, plant and equipment | | 16,253,666 | 17,104,066 | 16,253,666 | 17,104,066 |
| Intangible assets | | 3,502,477 | 3,732,112 | 3,502,477 | 3,732,112 |
| Other financial assets | | 2,481,524 | 1,790,029 | 2,481,528 | 1,790,033 |
| Total non-current assets | | 22,237,667 | 22,626,207 | 22,237,671 | 22,626,211 |
| Total assets | | 31,427,094 | 30,849,859 | 30,617,468 | 30,123,259 |
| Current liabilities | | | | | |
| Trade and other payables | 7 | 2,603,329 | 2,368,738 | 2,009,436 | 1,970,660 |
| Other liabilities | | 3,075,643 | 3,397,002 | 3,075,643 | 3,397,002 |
| Borrowings | | - | 615,000 | - | 615,000 |
| Provisions | 8 | 1,515,609 | 1,467,890 | 1,272,780 | 1,235,112 |
| Total current liabilities | | 7,194,581 | 7,848,630 | 6,357,859 | 7,217,774 |
| Non-current liabilities | | | | | |
| Provisions | 8 | 261,575 | 205,990 | 129,266 | 108,498 |
| Total non-current liabilities | | 261,575 | 205,990 | 129,266 | 108,498 |
| Total liabilities | | 7,456,156 | 8,054,620 | 6,487,125 | 7,326,272 |
| Net assets | | 23,970,938 | 22,795,239 | 24,130,343 | 22,796,987 |
| Equity | | | | | |
| Retained earnings | | 23,619,566 | 22,634,480 | 23,778,961 | 22,636,228 |
| Reserves | 9 | 351,382 | 160,759 | 351,382 | 160,759 |
| Total equity | | 23,970,938 | 22,795,239 | 24,130,343 | 22,796,987 |

The accompanying notes form part of these financial statements.

Statements of Changes in Equity for the year ended 30 June 2018

Consolidated entity

| | Retained earnings \$ | Investment revaluation reserve \$ | Total \$ |
|---|----------------------------|--|-------------------|
| Balance at 1 July 2016 | 21,494,026 | 50,547 | 21,544,573 |
| Surplus for the year | 1,140,454 | - | 1,140,454 |
| Other comprehensive income | - | 110,212 | 110,212 |
| Total comprehensive income for the year | 1,140,454 | 110,212 | 1,250,666 |
| Balance at 30 June 2017 | 22,634,480 | 160,759 | 22,795,239 |
| Balance at 1 July 2017 | 22,634,480 | 160,759 | 22,795,239 |
| Surplus for the year | 985,076 | - | 985,076 |
| Other comprehensive income | - | 190,623 | 190,623 |
| Total comprehensive income for the year | 985,076 | 190,623 | 1,175,699 |
| Balance at 30 June 2018 | 23,619,556 | 351,382 | 23,970,938 |

Parent entity

| | Retained earnings \$ | Investment revaluation reserve \$ | Total \$ |
|---|----------------------------|--|-------------------|
| Balance at 1 July 2016 | 21,527,307 | 50,547 | 21,577,854 |
| Surplus for the year | 1,108,921 | - | 1,108,921 |
| Other comprehensive income | - | 110,212 | 110,212 |
| Total comprehensive income for the year | 1,108,921 | 110,212 | 1,219,133 |
| Balance at 30 June 2017 | 22,636,228 | 160,759 | 22,796,987 |
| Balance at 1 July 2017 | 22,636,228 | 160,759 | 22,796,987 |
| Surplus for the year | 1,142,733 | - | 1,142,733 |
| Other comprehensive income | - | 190,623 | 190,623 |
| Total comprehensive income for the year | 1,142,733 | 190,623 | 1,333,356 |
| Balance at 30 June 2018 | 23,778,961 | 351,382 | 24,130,343 |

Statements of Cash Flows for the year ended 30 June 2018

| | Consolidated Entity | | Parent Entity | |
|---|---------------------|--------------|---------------|--------------|
| | 2018 \$ | 2017 \$ | 2018 \$ | 2017 \$ |
| Cash flows from operating activities | | | | |
| Receipts from membership subscriptions | 5,967,853 | 6,449,374 | 5,967,852 | 6,449,374 |
| Receipts from other activities | 18,001,651 | 17,168,887 | 13,848,040 | 14,011,689 |
| Payments to suppliers and employees | (21,168,923) | (21,066,105) | (16,052,636) | (16,634,460) |
| Interest and finance costs paid | (11,815) | (41,151) | - | (39,636) |
| Interest received | 54,926 | 42,456 | 63,808 | 41,369 |
| Net cash provided by operating activities | 2,843,692 | 2,553,461 | 3,827,065 | 3,828,336 |
| Cash flows from investing activities | | | | |
| Net payments for investments | (500,872) | (287,090) | (500,872) | (287,090) |
| Payments for long term investments | (9,192) | (1,054,250) | (9,192) | (1,054,250) |
| Proceeds from sale of property, plant and equipment | - | 3,423 | - | 3,423 |
| Payments for property, plant and equipment | (351,104) | (246,741) | (351,104) | (246,741) |
| Payments for intangible assets | (695,248) | (906,594) | (695,248) | (906,594) |
| Net payments from/(to) related parties | 122,287 | (234,920) | (787,581) | (1,573,556) |
| Net cash used in investing activities | (1,434,129) | (2,726,172) | (2,343,997) | (4,064,808) |
| Cash flows from financing activities | | | | |
| Repayment of borrowings | (615,000) | (820,000) | (615,000) | (820,000) |
| Net cash used in financing activities | (615,000) | (820,000) | (615,000) | (820,000) |
| Net increase/(decrease) in cash and cash equivalents | 794,563 | (992,711) | 868,068 | (1,056,472) |
| Cash and cash equivalents at the beginning of the financial year | 3,862,206 | 4,854,917 | 3,675,405 | 4,731,877 |
| Cash and cash equivalents at the end of the financial year | 4,656,769 | 3,862,206 | 4,543,473 | 3,675,405 |

Discussion and analysis of the financial statements

Information on Master Builders Association of Victoria Concise Financial Report

The concise financial report of Master Builders Association of Victoria is an extract from the financial report. The financial statements and specific disclosures included in the concise financial report have been derived from the financial report.

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the entity as the financial report.

A copy of the full financial report and auditors report will be sent to any member, free of charge, upon request.

The discussion and analysis is provided to assist members in understanding the concise financial report. The discussion and analysis is based on the Master Builders Association of Victoria financial statements and the information contained in the concise financial report has been derived from the full 2018 financial report of the Master Builders Association of Victoria.

Statement of Comprehensive Income

The consolidated operating surplus for the year is \$985,076 a \$155,378 decrease from the year ended 30 June 2017.

Key factors to this result were an increase in employee related costs of \$332,070, a one off cost due to the logo change of \$179,080. These increases have been partially offset by savings in Marketing of \$282,778 and Printing and Stationery of \$88,366.

Statement of Financial Position

Total consolidated assets have increased by \$577,235 (2017: increase \$208,166). An increase in the amortisation of intangible assets has been offset by the increase in capital work in progress of intangible assets (software).

Working capital is \$1,994,846 (2017: \$375,022). This movement is largely the result of increased cash, a reclassification of the Ballarat office from a non-current asset to a current asset and a decrease in Borrowings at year end.

Consolidated liabilities decreased by \$598,464 (2017: decrease \$1,042,500) due to the reduction in borrowings.

Statement of Cash Flows

There was a total net cash inflow of \$794,563 (2017: outflow \$992,711) for the year. This was due to reduced cash out flow for long term investments during the financial year, a reduction in the amounts repayable on borrowings and an increase in receipts from other activities.

Changes in Equity

Retained earnings increased due to the operating surplus. Reserves increased due to the increased level of unrealised profit in the value of shares held at year end.

1. Basis of preparation

The concise financial report has been prepared in accordance with the Corporations Act 2001, the Fair Work (Registered Organisation) Act 2009 and Accounting Standards AASB 1039 'Concise Financial Reports'. The concise financial report, including the financial statements and specific disclosures included in the concise financial report, has been derived from the full General Purpose Financial Report of Master Builders Association of Victoria.

A full description of the accounting policies adopted by the Group is provided in the notes to the financial statements which form part of the full financial report.

2. Adoption of new and revised Accounting Standards

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

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for an accounting period that begins on or after 1 July 2017.

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

- AASB 1048 Interpretation of Standards
- AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107
- AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016
- AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for Profit Entities

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

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

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

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

| Standard/amendment | Effective for annual reporting periods beginning on or after | Expected to be initially applied in the financial year ending |
|---|--|---|
| AASB 9 Financial Instruments | 1 January 2018 | 30 June 2019 |
| AASB 15 Revenue from Contracts with Customers, AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 as applicable to not for profit entities | 1 January 2019 | 30 June 2020 |
| AASB 16 Leases | 1 January 2019 | 30 June 2020 |
| AASB 1058 Income of Not-for-Profit Entities, and AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities | 1 January 2019 | 30 June 2020 |
| AASB 2008-1 Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle | 1 January 2019 | 30 June 2020 |

AASB 9 Financial Instruments

AASB 9 was issued in December 2014 to replace AASB 39 Financial Instruments: Recognition and Measurement and introduced new requirements for the:

- Classification and measurement of financial assets and financial liabilities
- General hedge accounting and
- Impairment requirements for financial assets.

All recognised financial assets that are within the scope of AASB 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL). The entity may make an irrevocable election at initial recognition under AASB 9 paragraph 4.1.4 for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income.

With some exceptions, financial liabilities are generally subsequently measured at amortised cost.

In relation to the impairment of financial assets, AASB 9 requires an expected credit loss model, as opposed to an incurred credit loss model under AASB 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words it is no longer necessary for a credit event to have occurred before credit losses are recognised.

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

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

3. Information to Be Provided to Members or Commissioner

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

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

Master Builders Association of Victoria

| | Consolidated Entity | | Parent Entity | |
|---|---------------------|-------------------|-------------------|-------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | \$ | \$ | \$ | \$ |
| 4. Revenue | | | | |
| Operating activities | | | | |
| Membership subscriptions | 6,289,211 | 6,322,255 | 6,289,211 | 6,322,255 |
| Insurance commission | 1,389,072 | 1,527,830 | 1,389,072 | 1,543,130 |
| Sale of documents | 892,741 | 961,589 | 892,741 | 961,589 |
| Sundry income | 1,299,418 | 997,835 | 1,236,254 | 926,510 |
| Rental income | 278,248 | 272,993 | 523,048 | 524,993 |
| Planning and building services | 3,711,370 | 3,395,781 | - | - |
| Training division | 3,368,071 | 3,538,147 | 2,739,431 | 3,017,794 |
| Commercial income | 133,785 | 139,396 | 133,785 | 139,396 |
| Capitation fees and other revenue from another operating unit | - | - | - | - |
| Compulsory levies | - | - | - | - |
| Grants | 6,779,784 | 7,025,103 | 6,779,784 | 7,025,103 |
| Donations | - | - | - | - |
| Revenue from recovery of wages activity | - | - | - | - |
| | <u>24,141,700</u> | <u>24,180,929</u> | <u>19,983,326</u> | <u>20,460,770</u> |
| Non-operating activities | | | | |
| Interest received | 54,926 | 42,456 | 63,808 | 80,418 |
| Total revenue | <u>24,196,626</u> | <u>24,223,385</u> | <u>20,047,134</u> | <u>20,541,188</u> |

Financial support has not been received from another reporting unit.

| | Consolidated Entity | | Parent Entity | |
|--|---------------------|------|---------------|------|
| | 2018 | 2017 | 2018 | 2017 |
| | \$ | \$ | \$ | \$ |

5. Surplus for the year before tax

Additional information as required by Fair Work (Registered Organisations) Regulations 2009 to Fair Work (Registered Organizations) Act 2009:

| | | | | |
|---|---------|---------|---------|---------|
| Consideration to employers for payroll deductions | - | - | - | - |
| Compulsory levies | - | - | - | - |
| Capitation fees and other expense to another reporting unit | - | - | - | - |
| Affiliation fees | - | - | - | - |
| Fees/allowance – meeting and conferences | - | - | - | - |
| Penalties – via RO Act or Fair Work Act 2009 | - | - | - | - |
| Legal fees (i) | 32,470 | 30,829 | 12,216 | 30,829 |
| Affiliation fees Master Builders Association Ltd and other congress organisations | 688,502 | 680,712 | 688,502 | 680,712 |
| Other fees and subscriptions | 118,816 | 140,726 | 72,002 | 93,623 |
| Grants and donations (ii) | 57,604 | 2,450 | 57,604 | 2,450 |
| Conference/meeting expenses | 32,607 | 27,815 | 32,607 | 27,815 |

(i) Legal costs

| | | | | |
|--------------------------|---------------|---------------|---------------|---------------|
| Litigation | 20,000 | 13,295 | - | 13,295 |
| Other legal matters | 12,470 | 17,534 | 12,216 | 17,534 |
| Total legal costs | 32,470 | 30,829 | 12,216 | 30,829 |

(ii) Grants or donations

Grants:

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

Donations

| | | | | |
|--------------------------------------|--------|-------|--------|-------|
| Total paid that were \$1,000 or less | 2,604 | 2,450 | 2,604 | 2,450 |
| Total paid that exceeded \$1,000 | 55,000 | - | 55,000 | - |

| | | | | |
|----------------------------------|---------------|--------------|---------------|--------------|
| Total grants or donations | 57,604 | 2,450 | 57,604 | 2,450 |
|----------------------------------|---------------|--------------|---------------|--------------|

| | Consolidated Entity | | Parent Entity | |
|---|---------------------|-------------------|------------------|------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | \$ | \$ | \$ | \$ |
| 5. Surplus for the year before tax (cont'd) | | | | |
| (iii) Employee expenses: | | | | |
| Holders of office: | | | | |
| Wages and salaries | - | - | - | - |
| Superannuation | - | - | - | - |
| Leave and other entitlements | - | - | - | - |
| Separation and redundancies | - | - | - | - |
| Other employee expenses | - | - | - | - |
| Subtotal employee expenses holders of office | - | - | - | - |
| Employees other than office holders: | | | | |
| Wages and salaries | 9,050,007 | 8,932,025 | 6,960,920 | 6,993,198 |
| Superannuation | 961,149 | 883,542 | 714,475 | 673,775 |
| Leave and other entitlements | 943,131 | 949,197 | 695,790 | 705,295 |
| Separation and redundancies | 34,369 | 24,945 | 33,020 | 23,140 |
| Other employee expenses | 1,122,936 | 989,813 | 888,077 | 746,106 |
| Subtotal employees other than office holders | 12,111,592 | 11,779,522 | 9,292,282 | 9,141,514 |
| Total employee expenses | 12,111,592 | 11,779,522 | 9,292,282 | 9,141,514 |
| 6. Trade and other receivables | | | | |
| Trade and other receivables include: | | | | |
| Receivables from other reporting units | - | - | - | - |
| 7. Trade and other payables | | | | |
| Trade and other payables include: | | | | |
| Payables to other reporting units | - | - | - | - |
| Consideration to employers for payroll deductions | - | - | - | - |
| Legal and litigation costs | - | - | - | - |

Master Builders Association of Victoria

| | Consolidated Entity | | Parent Entity | |
|---|---------------------|-----------|---------------|-------------|
| | 2018 | 2017 | 2018 | 2017 |
| | \$ | \$ | \$ | \$ |
| 8. Provisions | | | | |
| Office holders: | | | | |
| Annual leave | - | - | - | - |
| Long service leave | - | - | - | - |
| Separations and redundancies | - | - | - | - |
| Other | - | - | - | - |
| Subtotal employee provisions – office holders | - | - | - | - |
| Employees other than office holders | | | | |
| Annual leave | 860,037 | 855,123 | 664,434 | 670,667 |
| Long service leave | 917,147 | 818,757 | 737,612 | 672,943 |
| Separations and redundancies | - | - | - | - |
| Other | - | - | - | - |
| Subtotal employee provisions – employees other than office holders | 1,777,184 | 1,673,880 | 1,402,046 | 1,343,610 |
| Total employee provisions | 1,777,184 | 1,673,880 | 1,402,046 | 1,343,610 |
| Current | 1,515,609 | 1,467,890 | 1,272,780 | 1,235,112 |
| Non-current | 261,575 | 205,990 | 129,266 | 108,498 |
| Total employee provisions | 1,777,184 | 1,673,880 | 1,402,046 | 1,343,610 |
| 9. Reserves | | | | |
| Compulsory levy/voluntary contribution fund | - | - | - | - |
| Other funds required by RO rules | - | - | - | - |
| 10. Notes to the Statement of Cash Flows | | | | |
| Cash inflows | | | | |
| MBA Building Services | - | - | 3,218,240 | 3,563,495 |
| MBA Training Services | - | - | 381,437 | 388,841 |
| Total cash inflows | - | - | 3,599,677 | 3,952,336 |
| Cash outflows | | | | |
| MBA Building Services | - | - | (2,749,535) | (2,961,584) |
| MBA Training Services | - | - | (858,322) | (773,237) |
| Total cash outflows | - | - | (3,607,857) | (3,734,821) |

11. Segment reporting

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

12. Subsequent events

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

13. Approval of financial statements

The financial statements were approved by the board of Directors and authorised for issue on 16 October 2018.