Master Builders Victoria
2021/2022 Financial Statements

For presentation to the Annual General Meeting of Members

The Master Builders Association of Victoria

ACN 004 255 654

(A Company Limited By Guarantee)

MASTER BUILDERS VICTORIA

332 Albert Street
East Melbourne, VIC 3002
ABN 38 004 255 654 RTO 3935

GPO Box 544
Melbourne, VIC 3001

(03) 9411 4555
www.mbav.com.au

Master Builders Association of Victoria

ACN 004 255 654

Annual Report - 30 June 2022

Master Builders Association of Victoria
Operating report
30 June 2022

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 2022.

Principal activities
During the financial year the principal continuing activities of the consolidated entity consisted of providing a range of services to members in the building and construction industry.

From 1 July 2021, MBA Building Services (MBABS) has ceased to commence new projects, including issuing of new building permits or any consultancy services to its customers. MBABS will continue to provide contracted services on ongoing projects until completion or until alternate arrangements are agreed. MBABS is expected to continue operating until performance obligations under existing contracts are completed and is then intended to exist as a legal entity for a period of time after the completion of the last project in order to meet certain contractual requirements under the insurance arrangements in place.

On 13 July 2022, the Fair Work Commission (FWC) approved a new constitution for the Association. The new constitution changes the governance structure of the Association.

There were no other significant changes to the consolidated entity's principal activities during year.

Financial Results
The consolidated surplus from operating activities for the year was $941,579 (2021: $2,600,030).

Review of operations
The past year has been one of significant change for Master Builders Victoria (MBV). Some of these and other key achievements during this period include:

- MBV has continued to lead the building and construction industry through the COVID-19 pandemic, including implementing key initiatives such as the COVID-19 vaccination campaign to help keep the building and construction industry safe and open.
- COVID-19 continued to impact the revenue of sponsorship and events, with applications and attendees down on previous years for several events. The Excellence in Commercial Construction and Excellence in Housing awards were run in January 2022 during the COVID-19 Omicron wave, which was the first time the awards had been held in person since 2019. MBV's International Women's Day and industry breakfast events continue to see year-on-year increases in attendance.
- After a three-year process, the new constitution was drafted and approved by the MBV Board and submitted to the Fair Work Commission for approval.
- Implementation of a new strategic partnerships sponsorship model with different sponsorship levels based on total investment during each year/12-month period and tailored sponsorship packages.
- Successful transition to a new Auditor following a tender, selection, and handover process. MBV moved from Deloitte to William Buck, this change brought about efficiencies, savings, and a fresh set of eyes.
- Introduction of cyber security insurance and testing.
- Development of a risk and governance project covering risk management framework, risk register, and risk profile
- Continued development of a new eDocs platform that allows for greater functionality and the ability for MBV to expand its online documents beyond contracts, such as OH&S and IR documentation.
- The structure of MBV's Master Builders Training Institute (MBTI) has been realigned to match the student lifecycle more closely. The intention of this realignment is to focus on providing the highest quality information and outreach services, streamlining operations, and an increased focus on high-quality training material development and delivery.
- The point of difference of MBTI is our high-quality industry-informed training materials and our courses being delivered by engaging trainers who have a working knowledge of current industry practices. Participants receive the information they need to succeed in the building and construction sector, not just the minimum required under the nationally accredited system.
- MBV commenced the development of an accreditation framework to underpin all our training offerings. The framework will incorporate Technical and Professional competency areas and related learning outcomes in line with the Continuing Professional Development requirements for Registered Building Practitioners.

- Introduction of a three-year Diversity, Equity, and Inclusion strategy.
- The launch of several new People and Culture initiatives to drive engagement and increase team member retention:
  - Delivery of Leadership Development Program by Melbourne Business School
  - New recruitment system called Hiring Manager
  - New bonus plan
- Continued advocacy by MBV saw the Commissioner for Better Regulation and Red Tape Commissioner appointed to investigate issues regarding supply chain. The subsequent report was provided to the Victorian Government in November 2021, and 9 of the 10 recommendations were adopted.

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

Council of Management*
The following persons were committee members of Master Builders Association of Victoria and its controlled entities during the whole year and up to the date of this report, unless otherwise stated:

Mark Little	
Geoffrey Purcell	
Richard Hansen	
Michael Clemenger	
Ashley Tonkin-Hill	
Lisa Hollingsworth	Appointed 25 November 2021
Stuart Allen	
Mark Phillips	
Paul McMahon	Resigned 25 November 2021
Dale Kennedy	
Ashley Levin	Appointed 25 November 2021
Gregory Cole	
Pasquale Garofalo	
David Rowe	
Neil Grenfell	Appointed 25 November 2021
Graham Cressey	Resigned 25 November 2021

**On 13 July 2022 the Council of Management entered caretaker mode under the transitional MBV Electoral Council until formally appointed at the next AGM.*

Rights of members to resign
Members' right to resign are set out in Item 16 of the constitution. In summary, a member may resign from membership by written notice addressed and delivered to the offices of Master Builders Association of Victoria.

Officers and members who are superannuation fund trustees
No officer or member of the organisation, by virtue of their office or membership of the Master Builders Association of Victoria, is:

- A trustee of a superannuation entity or an exempt public sector superannuation scheme; or
- A director of a company that is a trustee of a superannuation entity or an exempt public section superannuation scheme.

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 is defined under the Fair Work (Registered Organisations) Act 2009.

Number of members
At the end of the financial year, there were 6,538 (2021: 6,517) members of the Master Builders Association of Victoria.

Number of employees
The number of employees of the Master Builders Association of Victoria and its controlled entities at the end of the financial yeas 102 equivalent full-time staff (2021: 104 equivalent full-time staff).

Master Builders Association of Victoria
Operating report
30 June 2022

On behalf of the Council of Management

____
Mark Little
President

25 August 2022

Master Builders Association of Victoria
Directors' report
30 June 2022

The Directors present the financial report on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Master Builders Association of Victoria (referred to hereafter as the 'Association' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2022.

Directors
The names and details of the Directors of Master Builders Association of Victoria in office during the financial year and up to the date of this report, are as follows. Directors were in office for the entire period unless otherwise stated:

Board of Management*

Mark Little - President	
Geoffrey Purcell - Deputy President	
Richard Hansen	
Michael Clemenger	
Ashley Tonkin-Hill	
Lisa Hollingsworth	Appointed 25 November 2021
Stuart Allen	
Mark Phillips	
Paul McMahon	Resigned 25 November 2021

Council of Management*

Mark Little	
Geoffrey Purcell	
Richard Hansen	
Michael Clemenger	
Ashley Tonkin-Hill	
Lisa Hollingsworth	Appointed 25 November 2021
Stuart Allen	
Mark Phillips	
Paul McMahon	Resigned 25 November 2021
Dale Kennedy	
Ashley Levin	Appointed 25 November 2021
Gregory Cole	
Pasquale Garofalo	
David Rowe	
Neil Grenfell	Appointed 25 November 2021
Graham Cressey	Resigned 25 November 2021

******On 13 July 2022, the Board and Council of Management entered caretaker mode under the transitional MBV Electoral Council until formally appointed at the next AGM*

Principal activities
During the financial year the principal continuing activities of the consolidated entity consisted of providing a range of services to members in the building and construction industry.

From 1 July 2021, MBA Building Services (MBABS) has ceased to commence new projects, including issuing of new building permits or any consultancy services to its customers. MBABS will continue to provide contracted services on ongoing projects until completion or until alternate arrangements are agreed. MBABS is expected to continue operating until performance obligations under existing contracts are completed and is then intended to exist as a legal entity for a period of time after the completion of the last project in order to meet certain contractual requirements under the insurance arrangements in place.

On 13 July 2022, the Fair Work Commission (FWC) approved a new constitution for the Association. The new constitution changes the governance structure of the Association.

There were no other significant changes to the consolidated entity's principal activities during year.

Financial Results
The consolidated surplus from operating activities for the year was $941,579 (2021: $2,600,030).

Review of operations

The past year has been one of significant change for Master Builders Victoria (MBV). Some of these and other key achievements during this period include:

- 20% increase in team member satisfaction, with 82% reporting that they were satisfied/very satisfied working at MBV and a continued downward trend for team member attrition. Attrition has been at its lowest point since June 2021;
- Implementation of new call strategies to increase member engagement;
- Development of a membership roadmap with quarterly check-ins and face-to-face meetings to drive awareness of MBV's value proposition;
- Revamped MBV's State budget advocacy document to gain greater engagement;
- Introduction of new member communications such as the construction index and economic update;
- The CRM and website projects began during the financial year. Both of these projects will provide significant increases in efficiencies not only for MBV but for our members;
- MBV has produced 91 media releases during the financial year advocating and raising awareness on important issues for our members and industry.

Objectives

The purpose of the Association is empowering people to build a better future. The vision of the organisation is to lead a future ready industry that builds a better world. Our values are:

- To place members first, all the time, every time;
- To be brave enough to be different;
- To do the right thing, even when no one is watching;
- To always find a better way.

The MBV team will:

- Have a positive, can-do problem solving attitude;
- Be bold and brave leaders;
- Be customer centric with a focus on adding value;
- Be authentic and purpose driven.

Information on Directors

Name:	**Mark Little**
Information:	Mark has worked in the construction industry for 28 years. His current role is Director at Little Constructions. Mark holds a current domestic builder registration and has been involved with Master Builders Victoria for 24 years, most recently as the current President.
Special responsibilities:	President
Name:	**Geoffrey Purcell**
Information:	Geoffrey has worked in the commercial construction industry for 29 years. His current role is Director at Kane Constructions. Geoffrey's qualifications include a Bachelor of Planning and Design, Bachelor of Building (University of Melbourne), and Graduate AICD. He holds current domestic/commercial builder registrations and has been involved with Master Builders Victoria for eight years.
Special responsibilities:	Deputy President
Name:	**Richard Hansen**
Information:	Richard has worked in the construction industry for 30 years. His current role is Executive Director at Hansen Yuncken Pty Ltd, a 104 year old private national builder. Richard is Immediate Past President of Master Builders Victoria. His qualifications include a Bachelor of Building from the University of Melbourne and an MBA from Melbourne Business School. He holds a current commercial builder registration and has been a Board member of Master Builders Victoria since 2014.

Name:	**Michael Clemenger**
Information:	Michael has 29 years experience in the construction industry. His current role is Managing Director at Built Environs. Michael has been involved with Master Builders since 2011; he is the Chair of the General Contractors Sector Committee and holds a Bachelor of Planning & Design (Honours) (Building) from the University of Melbourne.
Name:	**Ashley Tonkin-Hill**
Information:	Ashley is a Chartered Professional Engineer, holds a Masters of Foundation Engineering and a Bachelor of Engineering Geology and Geotechnics. Ashley is currently a Director of the Piling and Foundation Specialist Federation and Director of Wagstaff Piling Vic Pty Ltd.
Name:	**Lisa Hollingsworth**
Information:	Lisa is an accomplished business executive with over 20 years experience in the domestic building industry. Lisa manages Latrobe Building Services Pty Ltd, a multigenerational business started in 1973 by her husband's father. Currently, her husband and son, both registered building practitioners are active in the business. Latrobe Building Services Pty Ltd has a long standing membership with Master Builders Victoria, dating back to the late 1970's.
Name:	**Stuart Allen**
Information:	Stuart is a Director of Stuart Allen Building and he is currently in his 32nd year in the construction industry. Stuart holds a domestic building unlimited and commercial limited registration and has been an active member of Master Builders Victoria for 21 years.
Name:	**Mark Phillips**
Information:	Mark is an experienced Sales & Marketing Professional who has worked in the FMCG, building materials, and retail sectors for over 20 years with varied ASX 100 businesses including Orica Limited, DuluxGroup Limited, and currently at Bunnings Group Limited as State Sales Manager Commercial/Builders - Victoria. In addition to his position on the Board of the Master Builders Victoria, Mark is Chairperson of the Materials, Manufactures, & Supplier Committee and sits on the Finance, Audit, & Risk, and Remuneration Committees.
Name:	**Dale Kennedy**
Information:	Dale is the Managing Director of Harris HMC. He has worked in the construction industry for 17 years, 12 of those as Managing Director. Dale holds a current Commercial Builders Licence and has been involved with Master Builders Victoria for over 10 years. Dale is on the General Contracting Sector Committee of Master Builders and is also a director of the Master Builders Foundation.
Name:	**Ashley Levin**
Information:	Ashley has 35 years experience in the construction industry. He holds a Bachelor of Building from The University of Melbourne and is a Registered Building Practitioner - Domestic & Commercial, both unlimited. His current role is Construction Director at Wolf Construction Australia.
Name:	**Gregory Cole**
Information:	Gregory has worked in the construction industry for almost 44 years. His current role is Managing Director at Nuform steel fabrications. Gregory has previously held a domestic/commercial builders registration and has been involved with Master Builders Victoria for over 20 years.
Name:	**Pasquale Garofalo**
Information:	Pasquale has worked in the construction industry for over 20 years. Pasquale is the Director of AHB Group, which includes Royston Homes, Sherridon Homes, Marque Property Group, Soho Living, First Place, Evo Homes, Guilden and Brilley. He holds a current domestic/low rise commercial builder registration and has been involved with Master Builders Victoria for over 10 years.

Name:	**David Rowe**
Information:	David has worked in the construction industry for over 45 years. He has been involved with Master Builders Victoria for over 35 years and holds a domestic unlimited, commercial builder limited registration and an Architectural Draftsman registration. David is currently the Managing Director for Bond Homes and Managing Director for DR Design.
Name:	**Neil Grenfell**
Information:	Neil has worked in the infrastructure sector servicing the construction and building industry for over 30 years. His current role is Business Development Representative at Australian Gas Networks. Neil has been involved with Master Builders Victoria for over 20 years.

Company secretary
Tristan Moseley - Appointed 25 November 2019

Meetings of Directors
The number of meetings of the Association's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2022, and the number of meetings attended by each Director were:

	Full Board		Council of Management		Finance, Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Mark Little	8	9	8	8	-	-
Geoffrey Purcell	7	9	7	8	5	5
Richard Hansen	8	9	7	8	-	-
Michael Clemenger	9	9	7	8	4	5
Ashley Tonkin-Hill	9	9	8	8	4	4
Lisa Hollingsworth	4	4	3	3	-	-
Stuart Allen	9	9	7	8	-	-
Mark Phillips	8	9	6	8	3	4
Paul McMahon	4	5	4	5	-	-
Dale Kennedy	-	-	7	8	-	-
Ashley Levin	-	-	3	3	-	-
Gregory Cole	-	-	8	8	-	-
Pasquale Garofalo	-	-	7	8	-	-
David Rowe	-	-	7	8	-	-
Neil Grenfell	-	-	3	3	-	-
Graham Cressey	-	-	5	5	-	-

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

Rights of members to resign
Members' right to resign are set out in Item 16 of the constitution. In summary, a member may resign from membership by written notice addressed and delivered to the offices of Master Builders Association of Victoria.

Significant changes
No significant changes in the state of affairs of the consolidated entity have occurred during the financial year.

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.

Indemnity and Insurance of Directors and Auditors
During the financial year the Association paid a total premium of $31,667 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 wilful 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.

Officers and members who are superannuation fund trustees
No officer or member of the organisation, by virtue of their office or membership of the Master Builders Association of Victoria, is:

- A trustee of a superannuation entity or an exempt public sector superannuation scheme; or
- A director of a company that is a trustee of a superannuation entity or an exempt public sector superannuation scheme.

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 is defined under the Fair Work (Registered Organisations) Act 2009.

Number of employees
The number of employees of the Master Builders Association of Victoria and its controlled entities at the end of the financial year is 102 equivalent full-time staff (2021: 104 equivalent full-time staff).

Contributions on winding up
The Association is a public company, limited by guarantee, incorporated and operating in Victoria, Australia. In the event of the Association being wound up, ordinary members are required to contribute a maximum of $2 each. As at 30 June 2022 there were 6,538 members (2021: 6,517).

Subsequent events
No matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

Future developments
The consolidated entity will continue to pursue the provision of services to members.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

Mark Little President	Geoffrey Purcell Deputy President

25 August 2022

Master Builders Association of Victoria
Expenditure report
For the year ended 30 June 2022

The Committee of Management presents the expenditure report as required under subsection 255(2A) RO Act of the Master Builders Association of Victoria for the year ended 30 June 2022.

	Consolidated		Parent	
	2022 $	2021 $	2022 $	2021 $
Categories of expenditures				
Remuneration and other employment-related expenses – employees	11,568,926	11,039,686	11,025,305	9,220,725
Advertising	724,183	444,124	724,183	444,124
Operating costs	8,277,418	8,535,939	7,368,033	7,054,655
Donations to political parties	-	-	-	-
Legal costs	57,785	149,818	5,090	92,311
	20,628,312	20,169,567	19,122,611	16,719,504

Mark Little
President

25 August 2022

AUDITOR'S INDEPENDENCE DECLARATION IN ACCORDANCE WITH SECTION 307C CORPORATIONS ACT 2001 TO THE DIRECTORS OF MASTER BUILDERS ASSOCIATION OF VICTORIA

I declare that, to the best of my knowledge and belief during the year ended 30 June 2022 there have been:

— no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck.

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

C. L. Sweeney
Director
Melbourne, 25th August 2022

Contents

Statements of profit or loss and other comprehensive income	12
Statements of financial position	13
Statements of changes in equity	14
Statements of cash flows	15
Notes to the financial statements	16
Directors' declaration	39
Independent auditor's report to the members of Master Builders Association of Victoria	40

General information

The financial statements cover both Master Builders Association of Victoria as an individual entity and the consolidated entity consisting of Master Builders Association of Victoria and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Master Builders Association of Victoria's functional and presentation currency.

Master Builders Association of Victoria is a not-for-profit unlisted public company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

332 Albert Street
EAST MELBOURNE VIC 3002

A description of the nature of the consolidated entity's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 25 August 2022. The Directors have the power to amend and reissue the financial statements.

Master Builders Association of Victoria
Statements of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	Consolidated 2022 $	Consolidated Restated 2021 $	Parent 2022 $	Parent Restated 2021 $
Revenue	5	23,257,657	24,712,560	22,869,033	22,477,650
Expenses					
Employee benefits expense	6	(11,587,343)	(11,039,686)	(11,043,725)	(9,220,725)
Cost of goods sold		(416,393)	(493,023)	(306,609)	(309,666)
Premises expenses		(1,077,617)	(964,553)	(1,023,858)	(847,465)
Administrative expenses		(6,617,452)	(6,744,880)	(5,820,440)	(5,716,942)
Impairment of property, plant & equipment		-	(127,541)	-	(127,541)
Amortisation expense		(75,485)	(212,098)	(75,485)	(212,098)
Depreciation expense	6	(1,285,147)	(1,792,225)	(1,285,147)	(1,792,225)
Finance costs		(39,334)	(65,396)	(39,334)	(65,396)
Impairment (expense)/reversal	6	37,449	45,789	(1,535,773)	(298,382)
Travel, accommodation & motor vehicle expenses		(135,552)	(86,164)	(96,215)	(49,955)
Advertising expenses		(724,183)	(444,124)	(724,183)	(444,124)
Telephone & postage expenses		(135,689)	(188,629)	(126,001)	(164,247)
Unrealised and realised loss on financial assets		(259,332)	-	(259,332)	-
Surplus before income tax expense		941,579	2,600,030	532,931	3,228,884
Income tax expense		-	-	-	-
Surplus after income tax expense for the year attributable to the members of Master Builders Association of Victoria		941,579	2,600,030	532,931	3,228,884
Other comprehensive income for the year, net of tax		-	-	-	-
Total comprehensive income for the year attributable to the members of Master Builders Association of Victoria		941,579	2,600,030	532,931	3,228,884

The above statements of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Master Builders Association of Victoria
Statements of financial position
As at 30 June 2022

	Note	Consolidated 2022 $	Consolidated Restated 2021 $	Parent 2022 $	Parent Restated 2021 $
Assets					
Current assets					
Cash and cash equivalents	7	9,283,810	8,429,221	9,233,377	8,332,437
Trade and other receivables	8	3,820,191	4,025,464	3,818,206	3,948,558
Inventories	9	96,948	149,832	96,948	149,832
Other financial assets	10	-	1,335,716	-	1,335,716
Asset held for sale		-	409,755	-	409,755
Other assets	12	685,259	893,588	538,205	730,586
Total current assets		13,886,208	15,243,576	13,686,736	14,906,884
Non-current assets					
Other financial assets	10	3,635,822	2,531,333	3,635,826	2,531,337
Property, plant and equipment	13	13,467,604	14,190,366	13,467,604	14,190,366
Right-of-use assets	11	90,919	179,826	90,919	179,826
Total non-current assets		17,194,345	16,901,525	17,194,349	16,901,529
Total assets		31,080,553	32,145,101	30,881,085	31,808,413
Liabilities					
Current liabilities					
Trade and other payables	14	1,840,710	2,877,447	1,719,980	2,586,661
Contract liabilities	15	3,123,219	4,053,441	2,956,177	3,541,266
Lease liabilities	16	62,804	96,727	62,804	96,727
Provisions	17	1,097,140	1,086,086	966,858	925,124
Total current liabilities		6,123,873	8,113,701	5,705,819	7,149,778
Non-current liabilities					
Lease liabilities	16	29,939	83,736	29,939	83,736
Provisions	17	88,748	51,250	87,183	49,686
Total non-current liabilities		118,687	134,986	117,122	133,422
Total liabilities		6,242,560	8,248,687	5,822,941	7,283,200
Net assets		24,837,993	23,896,414	25,058,144	24,525,213
Equity					
Retained surpluses		24,837,993	23,896,414	25,058,144	24,525,213
Total equity		24,837,993	23,896,414	25,058,144	24,525,213

The above statements of financial position should be read in conjunction with the accompanying notes

Master Builders Association of Victoria
Statements of changes in equity
For the year ended 30 June 2022

Consolidated	Retained surpluses $	Total equity $
Balance at 1 July 2020	21,296,384	21,296,384
Surplus after income tax expense for the year	2,600,030	2,600,030
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	2,600,030	2,600,030
Balance at 30 June 2021	23,896,414	23,896,414

Consolidated	Retained surpluses $	Total equity $
Balance at 1 July 2021	23,896,414	23,896,414
Surplus after income tax expense for the year	941,579	941,579
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	941,579	941,579
Balance at 30 June 2022	24,837,993	24,837,993

Parent	Retained surpluses $	Total equity $
Balance at 1 July 2020	21,296,329	21,296,329
Surplus after income tax expense for the year	3,228,884	3,228,884
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	3,228,884	3,228,884
Balance at 30 June 2021	24,525,213	24,525,213

Parent	Retained surpluses $	Total equity $
Balance at 1 July 2021	24,525,213	24,525,213
Surplus after income tax expense for the year	532,931	532,931
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	532,931	532,931
Balance at 30 June 2022	25,058,144	25,058,144

The above statements of changes in equity should be read in conjunction with the accompanying notes

Master Builders Association of Victoria
Statements of cash flows
For the year ended 30 June 2022

	Note	Consolidated		Parent	
		2022	2021	2022	2021
		$	$	$	$
Cash flows from operating activities					
Receipts from customers (inclusive of GST)		24,551,808	24,879,485	24,400,381	22,027,788
Payments to suppliers and employees (inclusive of GST)		(23,397,267)	(22,140,208)	(21,643,230)	(18,880,843)
		1,154,541	2,739,277	2,757,151	3,146,945
Interest received		48,925	60,847	48,672	60,197
Government COVID assistance - jobkeeper		-	292,200	-	-
Interest and other finance costs paid		(39,334)	(65,396)	(39,334)	(65,396)
Net cash from operating activities	27	1,164,132	3,026,928	2,766,489	3,141,746
Cash flows from investing activities					
Payments for property, plant and equipment	13	(562,385)	(75,429)	(562,385)	(75,429)
Net proceeds from/(payments) for investments		(28,105)	(28,754)	(28,105)	(28,754)
Proceeds from disposal of property, plant and equipment		409,755	1,090	409,755	1,090
Net payments to related parties		(54,510)	(121,875)	(1,610,516)	(149,389)
Net cash used in investing activities		(235,245)	(224,968)	(1,791,251)	(252,482)
Cash flows from financing activities					
Repayment of lease liabilities		(74,298)	(216,820)	(74,298)	(216,820)
Net cash used in financing activities		(74,298)	(216,820)	(74,298)	(216,820)
Net increase in cash and cash equivalents		854,589	2,585,140	900,940	2,672,444
Cash and cash equivalents at the beginning of the financial year		8,429,221	5,844,081	8,332,437	5,659,993
Cash and cash equivalents at the end of the financial year	7	9,283,810	8,429,221	9,233,377	8,332,437

The above statements of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

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

Historical cost convention

The financial statements, except for cash flow information, have been prepared on an accrual basis and in accordance with the historical cost, except for certain assets and liabilities measured at value, as explained in the accounting policies below. The financial statements are presented in Australian dollars.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's and company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Going concern

The consolidated is not reliant on the agreed financial support of another reporting unit to continue on a going concern basis. The consolidated entity has agreed to provide MBA Building Services Pty Ltd (trustee of MBA Building Services Trust) with financial support to ensure they can continue on a going concern basis. This agreed support is to continue for at least 12 months from the time of signing the controlled entity's financial statements to ensure that they are able to pay their debts as and when they fall due.

Acquisition of assets and or liabilities that do not constitute a business combination

The consolidated entity did not acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of the organisation, a determination or revocation by the General Manager of the Fair Work Commission under subsections 245(1) or 249(1) of the RO Act.

Parent entity information

These financial statements include the results of both the parent entity and the consolidated entity in accordance with Class Order 10/654, issued by the Australian Securities and Investments Commission.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Master Builders Association of Victoria ('company' or 'parent entity') as at 30 June 2022 and the results of all subsidiaries for the year then ended. Master Builders Association of Victoria and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Note 1. Significant accounting policies (continued)

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

A list of controlled entities is contained in note 25.

Revenue recognition
The consolidated entity enters into various arrangements where it receives consideration from another party. These arrangements include consideration in the form of contracts with customers, membership subscriptions and grants.

Revenue from contracts with customers
When the consolidated entity has a contract with a customer, the consolidated entity recognises revenue when or as it transfer control of goods or services to the customer. The consolidated entity accounts for an arrangement as a contract with a customer if the following criteria are met:

- the arrangement is enforceable; and
- the arrangement contains promises (that are also known as performance obligations) to transfer goods or services to the customer (or to other parties on behalf of the customer) that are sufficiently specific so that it can be determined when the performance obligation has been satisfied.

Membership subscriptions
For membership subscription arrangements that meet the criteria to be contracts with customers, revenue is recognised when the promised goods or services transfer to the customer as a member of the consolidated entity.

The consolidated entity recognises revenue as the membership service is provided, which is typically based on the passage of time over the subscription period to reflect the consolidated entity's promise to provide assistance and support to the member as required.

Revenue from government grants
Revenue from government grants that are enforceable and with sufficiently specific performance obligations are accounted for under AASB 15 as revenue from contracts with customers, with revenue recognised as these performance obligations are met. Where there is a difference between the timing of the receipt of the grant and the satisfaction of the performance obligations, it will result in the recognition of a receivable, contract asset or contract liability.

AASB 1058 requires that where there are no contracted performance obligations, revenue is recognised when received.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividend revenue
Dividend revenue is recognised when the right to receive a dividend has been established.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
As the consolidated entity is a charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

Note 1. Significant accounting policies (continued)

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Inventories
Stock on hand is stated at the lower of cost and net realisable value. Costs are assigned on a first-in first-out basis and include purchase costs only.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Non-current assets or disposal groups classified as held for sale
Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

Financial instruments
Financial assets and financial liabilities are recognised when the consolidated entity becomes a party to the contractual provisions of the instrument.

Financial assets

Recognition and derecognition
Financial assets and financial liabilities are recognised when the consolidated entity becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

Initial measurement of financial assets
Financial assets are classified according to their business model and the characteristics of their contractual cash flows. Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transaction costs.

Note 1. Significant accounting policies (continued)

Subsequent measurement of financial assets
For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following four categories:
- Financial assets at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Equity instruments at FVTOCI
- Financial assets at fair value through profit or loss (FVTPL)

Classification of financial assets
The consolidated entity classifies its financial assets subsequently at amortised cost if the following conditions are met:
- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):
- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

The relevant categories for the consolidated entity are:

Financial assets at amortised cost and effective interest method
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. Given the settlement terms of financial assets at amortised cost, amortised cost approximates fair value.

Financial assets at fair value through profit or loss (FVTPL)
Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line.

Impairment of financial assets
The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Property, plant and equipment
Property, Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Note 1. Significant accounting policies (continued)

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	2.5%
Plant and equipment - office furniture	10% - 20%
Plant and equipment - computer equipment	20% - 40%
Plant and equipment - electrical	20%
Motor Vehicles	15% - 22.5%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Contract liabilities

Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

Note 1. Significant accounting policies (continued)

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Contributions
Contributions are made by the consolidated entity to various employee superannuation funds and are charged as expenses when incurred. The funds are accumulation funds.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 1. Significant accounting policies (continued)

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2022.

AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
This Standard amends AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. For example, the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. This Standard applies to annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

AASB 2020-3 Amendments to AASs – Annual Improvements 2018–2020 and Other Amendments
This Standard provides amendments to other accounting standards, including AASB 116 to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset. AASB 137 to specify the costs that an entity includes when assessing whether a contract will be loss-making.

The consolidated entity does not expect the adoption of these amendments to have an impact on its financial statements.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Revenue from contracts with customers involving the sale of services and goods
When recognising revenue in relation to the sale of services to customers, the key performance obligation of the consolidated entity is considered to be the point of delivery of the service to the customer, as this is deemed to be the time that the performance obligations are met. Amounts received in advance represent unfulfilled performance obligations and are recognised as contract liabilities at the reporting date.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Provision for impairment of inventories
The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Fair value measurement hierarchy
The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Employee benefits provision
As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 3. Restatement of comparatives

Correction of error
The comparative balances for the year ended 30 June 2021 have been restated following a review which determined the grant funding received to purchase assets was not being recognised by the Association in the financial statements. It was determined that since the Association controls and directs the use of these assets they are required to be accounted for as a depreciating asset and related grant revenue recognised. There is a nil net impact on the statement of profit or loss.
The error has been corrected by restating each of the affected financial statement line items for the prior year as follows:

	Consolidated Previous amount	2021 Adjustment	Restated amount	Parent Previous amount	2021 Adjustment	Restated amount
Statement of profit or loss and other comprehensive income (extract)						
Grant revenue	6,153,826	953,603	7,107,429	6,153,826	953,603	7,107,429
Depreciation expense	(838,622)	(953,603)	(1,792,225)	(838,622)	(953,603)	(1,792,225)
Surplus/(deficit) for the year	2,600,030	-	2,600,030	3,228,884	-	3,228,884

Note 3. Restatement of comparatives (continued)

Statements of financial position at the beginning of the earliest comparative period
When there is a restatement of comparatives, it is mandatory to provide a third statement of financial position at the beginning of the earliest comparative period, being 1 July 2020. However, as the adjustment results in an asset that is fully written down and as such no net impact, there were no adjustments made as at 1 July 2020, the consolidated entity has elected not to show the 1 July 2020 statement of financial position.

Note 4. Operating segments

The consolidated entity operated predominantly in one operating activity and geographical segment being to provide services to raise the standards in the building industry by continually providing assistance to develop skills of members.

Note 5. Revenue

Revenue	**Consolidated 2022 $**	**Consolidated 2021 $**	**Parent 2022 $**	**Parent 2021 $**
Revenue from contracts with customers				
Membership subscriptions	6,008,551	5,958,113	6,008,551	5,958,113
Insurance commission	1,921,191	1,843,306	1,921,191	1,843,306
Sale of documents	769,438	1,001,867	769,438	1,001,867
Event income	1,032,850	529,063	1,032,850	529,063
Sundry income	2,056,257	1,313,484	2,113,757	1,501,025
Rental income	231,622	248,255	231,622	248,255
Planning and building services	445,871	2,129,601	-	-
Training division	1,215,897	1,689,593	1,215,897	1,689,593
Commercial income	193,686	133,138	193,686	133,138
Dividend income	85,896	136,992	85,896	136,992
Grants	9,247,473	9,032,900	9,247,473	9,032,900
Unrealised and realised gain on financial assets	-	343,201	-	343,201
	23,208,732	24,359,513	22,820,361	22,417,453
Other revenue				
Interest	48,925	60,847	48,672	60,197
Government COVID assistance - Jobkeeper	-	292,200	-	-
	23,257,657	24,712,560	22,869,033	22,477,650

Financial support has not been received from another reporting unit.

Note 6. Surplus for the year

Surplus from ordinary activities has been determined after the following expenses/(income):

	Consolidated		**Parent**	
	2022 $	**2021 $**	**2022 $**	**2021 $**
Revenue from recovery of wages activity				
Amounts recovered from employers in respect of wages	-	-	-	-
Interest received on recovered money	-	-	-	-
	-	-	-	-

Note 6. Surplus for the year (continued)

	Consolidated 2022 $	Consolidated 2021 $	Parent 2022 $	Parent 2021 $
Bad and doubtful debts				
Bad debt expense/(reversals)	(37,449)	(45,789)	(22,410)	(3,249)

	Consolidated 2022	Consolidated 2021	Parent 2022	Parent 2021
Depreciation of non-current assets				
Buildings	373,063	441,780	373,063	441,780
Plant and equipment	397,919	396,841	397,919	396,841
Grant funded assets	514,165	953,603	514,165	953,603
	1,285,147	1,792,224	1,285,147	1,792,224

	Consolidated 2022 $	Consolidated 2021 $	Parent 2022 $	Parent 2021 $
Grants and/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	-	50	-	50
Total paid that exceeded $1,000	-	-	-	-
	-	50	-	50

	Consolidated 2022	Consolidated 2021	Parent 2022	Parent 2021
Legal costs				
Litigation	52,695	51,294	-	-
Other legal matters	5,090	98,524	5,090	92,311
	57,785	149,818	5,090	92,311

Note 6. Surplus for the year (continued)

	Consolidated 2022 $	Consolidated 2021 $	Parent 2022 $	Parent 2021 $
Revenue and expenses include the following items for which additional information is required by section 255 of the Fair Work (Registered Organisation Act 2009:				
Capitation fees	-	-	-	-
Levies	-	-	-	-
Consideration to employers for payroll deductions of membership subscriptions	-	-	-	-
Compulsory levies	-	-	-	-
Capitation fees and other expense to another reporting unit	-	-	-	-
Fees/allowance - meeting and conferences	-	-	-	-
Penalties - via RO Act or Fair Work	-	-	-	-
Affiliation fees - Master Builders Australia and other congress organisations	464,428	642,638	464,428	642,638
Other fees and subscriptions	140,595	157,251	124,739	123,441
Conference/meeting expenses	731	1,418	731	1,418

	Consolidated 2022 $	Consolidated 2021 $	Parent 2022 $	Parent 2021 $
Employee expenses - Holders of office				
Wages and salaries	-	-	-	-
Superannuation	-	-	-	-
Leave and other entitlements	-	-	-	-
Separation and redundancies	-	-	-	-
Other employee expenses	-	-	-	-
	-	-	-	-

	Consolidated 2022	Consolidated 2021	Parent 2022	Parent 2021
Employee expenses - Employees other than office holders				
Wages and salaries	8,778,957	8,430,770	8,400,054	7,104,158
Superannuation	906,671	839,420	861,231	692,439
Leave and other entitlements	800,010	759,101	743,879	534,196
Separation and redundancies	37,244	411,218	14,517	411,218
Other employee expenses	1,064,461	599,177	1,024,044	478,714
	11,587,343	11,039,686	11,043,725	9,220,725

Note 7. Cash and cash equivalents

	Consolidated 2022 $	Consolidated 2021 $	Parent 2022 $	Parent 2021 $
Current assets				
Cash on hand	4	2	-	-
Cash at bank	9,283,806	8,429,219	9,233,377	8,332,437
	9,283,810	8,429,221	9,233,377	8,332,437

Note 8. Trade and other receivables

	Consolidated		Parent	
	2022	2021	2022	2021
	$	$	$	$
Current assets				
Trade receivables	838,483	1,201,485	835,179	1,100,836
Less: Provision for expected credit loss	(13,963)	(43,283)	(12,643)	(19,540)
	824,520	1,158,202	822,536	1,081,296
Other receivables	2,434,577	2,362,855	2,434,576	2,362,855
Commissions receivables	558,070	495,562	558,070	495,562
	2,992,647	2,858,417	2,992,646	2,858,417
Intercompany loan - controlled entity	-	-	3,983,929	2,425,745
Intercompany loan - related company	3,024	8,845	3,024	8,845
Provision for impairment of intercompany loan	-	-	(3,983,929)	(2,425,745)
Receivables from other reporting units	-	-	-	-
	3,820,191	4,025,464	3,818,206	3,948,558

Allowance for expected credit losses
The average credit period on sales of goods and rendering of services is 30 days. No interest is charged on the trade receivables. An allowance has been made for estimated irrecoverable trade receivable amounts arising from the past sale of goods and rendering of services, determined by reference to past default experience.

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Consolidated		Parent	
	2022	2021	2022	2021
	$	$	$	$
60-90 days	43,224	73,486	43,224	69,666
90+ days	332,334	349,853	330,972	348,853
	375,558	423,339	374,196	418,519

Movements in the allowance for expected credit losses are as follows:

	Consolidated		Parent	
	2022	2021	2022	2021
	$	$	$	$
Opening balance	43,283	135,804	19,540	43,977
Provision (used)/increased during the year	(29,320)	(92,521)	(6,897)	(24,437)
Closing balance	13,963	43,283	12,643	19,540

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

Note 9. Inventories

	Consolidated		Parent	
	2022	2021	2022	2021
	$	$	$	$
Current assets				
Stock on hand - at cost	120,599	149,832	120,599	149,832
Less: Provision for impairment	(23,651)	-	(23,651)	-
	96,948	149,832	96,948	149,832

Note 10. Other financial assets

	Consolidated		Parent	
	2022	2021	2022	2021
	$	$	$	$
Current assets				
Term deposit	-	1,335,716	-	1,335,716
Non-current assets				
Shares in controlled entities - at cost	-	-	4	4
Shares in related entities - at cost	120,000	120,000	120,000	120,000
Financial assets	3,515,822	2,411,333	3,515,822	2,411,333
	3,635,822	2,531,333	3,635,826	2,531,337
	3,635,822	3,867,049	3,635,826	3,867,053

Equities securities of $1,305,192 (2021: $1,327,433) held at fair value are classified as Level 1 and valued as quoted bid prices in an active market. Other fair value through profit or loss investments are classified as Level 2 and valued using valuation techniques which maximise the use of observable market data.

Note 11. Right-of-use assets

	Consolidated		Parent	
	2022	2021	2022	2021
	$	$	$	$
Non-current assets				
Vehicles - right-of-use	134,378	290,769	134,378	290,769
Less: Accumulated amortisation	(53,539)	(143,516)	(53,539)	(143,516)
	80,839	147,253	80,839	147,253
Copiers - right-of-use	12,960	41,145	12,960	41,145
Less: Accumulated amortisation	(2,880)	(8,572)	(2,880)	(8,572)
	10,080	32,573	10,080	32,573
	90,919	179,826	90,919	179,826

The consolidated entity leases motor vehicles and office equipment under agreements of between 2 to 5 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Note 11. Right-of-use assets (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Right of use assets Vehicles $	Right of use assets Copiers $	Total $
Balance at 1 July 2021	147,253	32,573	179,826
Additions	21,523	12,960	34,483
Disposals	(32,516)	(15,389)	(47,905)
Depreciation expense	(55,421)	(20,064)	(75,485)
Balance at 30 June 2022	80,839	10,080	90,919

Note 12. Other assets

	Consolidated		Parent	
	2022 $	2021 $	2022 $	2021 $
Current assets				
Prepayments	685,259	893,588	538,205	730,586

Note 13. Property, plant and equipment

	Consolidated		Parent	
	2022 $	2021 $	2022 $	2021 $
Non-current assets				
Freehold land and buildings - at cost	19,236,649	19,365,239	19,236,649	19,365,239
Less: Accumulated depreciation	(6,234,564)	(5,726,875)	(6,234,564)	(5,726,875)
Less: Impairment	-	(127,541)	-	(127,541)
	13,002,085	13,510,823	13,002,085	13,510,823
Plant and equipment - at cost	7,379,094	7,330,615	7,379,094	7,330,615
Less: Accumulated depreciation	(6,913,575)	(6,651,072)	(6,913,575)	(6,651,072)
	465,519	679,543	465,519	679,543
Grant funded assets - at cost	514,165	953,603	514,165	953,603
Less: Accumulated depreciation	(514,165)	(953,603)	(514,165)	(953,603)
	-	-	-	-
	13,467,604	14,190,366	13,467,604	14,190,366

Note 13. Property, plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Freehold land and buildings $	Plant and equipment $	Grant funded assets $	Total $
Balance at 1 July 2021	13,376,197	814,169	-	14,190,366
Additions	-	49,269	514,165	563,434
Disposals	(1,049)	-	-	(1,049)
Depreciation expense	(373,063)	(397,919)	(514,165)	(1,285,147)
Balance at 30 June 2022	13,002,085	465,519	-	13,467,604

Valuations of land and buildings
The basis of the valuation of land and buildings is historical cost. The consolidated entity's land and buildings were last revalued in July 2019 based on independent valuers, Jones Lang Lasalle Inc. The purpose of the valuation was to test the value of the land and buildings for impairment. The valuation has not been reflected in these financial statements however no impairment was required.

There is currently a mortgage held by the Bank of Melbourne over the property at Albert St East Melbourne. While there are no amounts outstanding to the bank, the mortgage secures the credit card facility amounting to $150,000 along with a merchant prepayment facility for $1.035m.

Note 14. Trade and other payables

	Consolidated		**Parent**	
	2022 $	**2021 $**	**2022 $**	**2021 $**
Current liabilities				
Trade payables	848,759	1,365,269	805,306	1,251,944
Sundry creditors and accrued expenses	960,573	1,450,539	883,296	1,273,078
Arbitration deposit account	-	12,265	-	12,265
Payables to other reporting units	-	424	-	424
Legal and litigation costs	29,200	48,950	29,200	48,950
Intercompany loan - related company	2,178	-	2,178	-
Payables to employers for making payroll deductions of membership subscriptions	-	-	-	-
	1,840,710	2,877,447	1,719,980	2,586,661

The average credit period on purchases of goods is 30 days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. No interest is paid on overdue amounts.

Note 15. Contract liabilities

	Consolidated		**Parent**	
	2022 $	**2021 $**	**2022 $**	**2021 $**
Current liabilities				
Contract liabilities	3,123,219	4,053,441	2,956,177	3,541,266

Note 16. Lease liabilities

	Consolidated 2022 $	Consolidated 2021 $	Parent 2022 $	Parent 2021 $
Current liabilities				
Lease liability	62,804	96,727	62,804	96,727
Non-current liabilities				
Lease liability	29,939	83,736	29,939	83,736
	92,743	180,463	92,743	180,463

Refer to note 19 for further information on financial instruments.

	Consolidated 2022 $	Consolidated 2021 $	Parent 2022 $	Parent 2021 $
Future lease payments				
Future lease payments are due as follows:				
Within one year	65,149	104,327	65,149	104,327
One to five years	30,261	83,938	30,261	83,938
Less future finance charges	(2,667)	(7,802)	(2,667)	(7,802)
	92,743	180,463	92,743	180,463

Note 17. Provisions

	Consolidated 2022 $	Consolidated 2021 $	Parent 2022 $	Parent 2021 $
Office holders:				
Annual leave	-	-	-	-
Long service leave	-	-	-	-
Separations and redundancies	-	-	-	-
Other	-	-	-	-
Subtotal employee provisions - office holders	-	-	-	-
Employees other than office holders:				
Annual leave	702,713	624,816	655,542	547,716
Long service leave	483,175	512,520	398,399	427,094
Separations and redundancies	-	-	-	-
Other	-	-	-	-
Subtotal employee provision - employees other than office holders	1,185,888	1,137,336	1,053,941	974,810

	Consolidated 2022 $	Consolidated 2021 $	Parent 2022 $	Parent 2021 $
Current	1,097,140	1,086,086	966,858	925,124
Non-current	88,748	51,250	87,183	49,686
Total employee provisions	1,185,888	1,137,336	1,054,041	974,810

Note 17. Provisions (continued)

	Consolidated 2022 $	Consolidated 2021 $	Parent 2022 $	Parent 2021 $
Number of employees at year end	102	104	97	90

Note 18. Other funds

	Consolidated		Parent	
	2022 $	2021 $	2022 $	2021 $
Compulsory levy/voluntary contribution fund	-	-	-	-
Other funds required by rules	-	-	-	-
	-	-	-	-

Note 19. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

	Consolidated		Parent	
	2022 $	2021 $	2022 $	2021 $
Financial assets				
Cash and cash equivalents	9,283,810	8,429,222	9,233,377	8,332,437
Trade and other receivables	3,607,558	4,025,464	3,605,573	3,948,556
Other financial assets - investments	3,515,822	2,411,333	3,515,822	2,411,333
Other financial assets - term deposit	-	1,335,716	-	1,335,716
	16,407,190	16,201,735	16,354,772	16,028,042
Financial liabilities				
Trade and other payables	1,528,709	2,390,798	1,455,481	2,100,010
Leases	90,919	96,727	90,919	96,727
	1,619,628	2,487,525	1,546,400	2,196,737

Market risk

The consolidated entity is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The consolidated entity does not actively trade these investments. There have been no change to the consolidated entity's exposure to market risks or the manner in which these risks are managed and measured. An increase or decrease in equity prices by 5% would increase or decrease equity investments by $175,791 (2021: $66,372)

Note 19. Financial instruments (continued)

Interest rate risk
Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The financial instruments that primarily expose the entity to interest rate risk are term deposits and cash and cash equivalents.

An increase of decrease of 50 interest basis points would increase or decrease consolidated surplus and cash by $46,419 (2021 $42,146 and for the parent entity surplus and cash by $46,167 (2021: $41,662).

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the consolidated entity.

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities
The following tables detail the consolidated entity's and company's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2022	Weighted average interest rate %	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives					
Non-interest bearing					
Trade payables	-	1,523,856	4,853	-	1,528,709
Interest-bearing					
Lease liability	4.25%	65,149	30,261	-	95,410
Total non-derivatives		1,589,005	35,114	-	1,624,119

Consolidated - 2021	Weighted average interest rate %	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives					
Non-interest bearing					
Trade payables	-	2,385,945	4,853	-	2,390,798
Interest-bearing					
Lease liability	4.25%	104,327	83,938	-	188,265
Total non-derivatives		2,490,272	88,791	-	2,579,063

Note 19. Financial instruments (continued)

Parent - 2022	Weighted average interest rate %	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives					
Non-interest bearing					
Trade payables	-	1,450,628	4,853	-	1,455,481
Interest-bearing					
Lease liability	4.25%	65,149	30,261	-	95,410
Total non-derivatives		1,515,777	35,114	-	1,550,891

Parent - 2021	Weighted average interest rate %	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives					
Non-interest bearing					
Trade payables	-	2,095,157	4,853	-	2,100,010
Interest-bearing					
Lease liability	4.25%	104,327	83,938	-	188,265
Total non-derivatives		2,199,484	88,791	-	2,288,275

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. Financial assets where carrying amounts exceed net fair values have not been written down as the consolidated entity intends to hold these to maturity. The aggregate fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

Note 20. Key management personnel disclosures

	Consolidated 2022 $	**Consolidated 2021 $**	**Parent 2022 $**	**Parent 2021 $**
Short-term employee benefits	1,257,806	1,890,215	1,257,806	1,890,215
Long-term employee benefits	14,425	(30,725)	14,425	(30,725)
Post-employment benefits	97,807	116,622	97,807	116,622
	1,370,038	1,976,112	1,370,038	1,976,112

	Consolidated 2022 $	**Consolidated 2021 $**	**Parent 2022 $**	**Parent 2021 $**
Short-term employee benefits:				
Salary (including annual leave taken)	1,154,746	1,671,207	1,154,746	1,671,207
Annual leave accrued	103,060	127,912	103,060	127,912
Performance bonus	-	91,096	-	91,096
	1,257,806	1,890,215	1,257,806	1,890,215

Note 20. Key management personnel disclosures (continued)

Post-employment benefits:				
Superannuation	97,807	116,622	97,807	116,622
Other long-term benefits:				
Long service leave	14,425	(30,725)	14,425	(30,725)
Termination benefits	25,914	-	25,914	-
Total	1,395,952	1,976,112	1,395,952	1,976,112

	Consolidated 2022 $	Consolidated 2021 $	Parent 2022 $	Parent 2021 $
Transactions with key management personnel and their close family members				
Loans to/from key management personnel	-	-	-	-
Other transactions with key management personnel	1,373	2,838	1,373	2,838

Note 21. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by , the auditor of the company:

	Consolidated		Parent	
	2022 $	2021 $	2022 $	2021 $
Audit services -				
Audit of the financial statements	45,500	74,100	39,500	55,250
Other services -				
Other audit services - grant acquittals	7,300	11,600	7,300	11,600
	52,800	85,700	46,800	66,850

The auditor of the Master Builders Association of Victoria Foundation is William Buck. The prior year auditor was Deloitte Touche Tohmatsu.

Note 22. Contingent assets and liabilities

The consolidated entity has given a bank guarantee as at 30 June 2022 of $300,000 (2021: $300,000) as part of their requirements to be a Registered Training Organisation.

The consolidated entity does not have any other contingent assets or liabilities as at 30 June 2022.

Note 23. Commitments

Master Builders Association of Victoria has committed to support its subsidiaries MBA Building Services Pty Ltd, trustee of MBA Building Services Trust and MBA Training Services Pty Ltd, trustee of MBA Unit Trust for at least 12 months from the signing of the controlled entity's financial statements to ensure the subsidiary can pay their debts as and when they fall due.

Note 24. Related party transactions

Parent entity
Master Builders Association of Victoria is the parent entity.

Note 24. Related party transactions (continued)

Subsidiaries
Interests in subsidiaries are set out in note 25.

Key management personnel
Disclosures relating to key management personnel are set out in note 20.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated		Parent	
	2022 $	2021 $	2022 $	2021 $
Sale of goods and services:				
Rental income from MBA Building Services Trust	-	-	57,500	60,000
Rental income from MBA Insurance Services Pty Ltd	205,806	205,806	205,806	205,806
Commissions received from MBA Insurance Services Pty Ltd	2,113,312	1,809,627	2,113,312	1,809,627
Accounting and other expenses charged to MBA Insurance Services Pty Ltd	416,487	196,746	416,487	196,746
Payment to a former related party of the reporting unit	-	-	-	-

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated		Parent	
	2022 $	2021 $	2022 $	2021 $
Current receivables:				
Trade receivables from other related party	567,427	555,162	567,427	555,162

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated		Parent	
	2022 $	2021 $	2022 $	2021 $
Current receivables:				
Loan to subsidiaries	-	-	3,983,929	2,425,745
Loan to other related party	3,024	8,845	3,024	8,845
Current borrowings:				
Loan from other related party	2,178	-	2,178	-

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates. Outstanding balances at year end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.
Expected credit losses of $3,983,929 have been raised in relation to loans to subsidiaries and an expense of $1,558,184 has been recognised in respect of expected credit losses due from loan to subsidiaries.

Note 25. Controlled and related entities

Parent entity
Master Builders Association of Victoria is the parent entity

Note 25. Controlled and related entities (continued)

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Subsidiaries of Master Builders Association of Victoria:		**Ownership interest 2022**	**2021**
Name & Purpose	**Country of incorporation**	**%**	**%**
MBA Building Services Pty Ltd (trustee of MBA Building Services Trust) - To provide supporting services to the building and construction industry	Australia	100.00%	100.00%
MBA Training Services Pty Ltd (trustee of MBA Unit Trust) - To provide training for the Victorian building and construction industry	Australia	100.00%	100.00%
Related Companies:			
MBA Insurance Services Pty Ltd - The provision of insurance brokerage services	Australia	17.50%	17.50%
Master Builders Association of Victoria Foundation Trust (Trustee - Master Builders Association of Victoria Foundation Ltd) - To provide scholarships and support for training within the building and construction industry	Australia	-	-

Note 26. Events after the reporting period

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 27. Reconciliation of surplus after income tax to net cash from operating activities

	Consolidated		**Parent**	
	2022 $	**2021 $**	**2022 $**	**2021 $**
Surplus after income tax expense for the year	941,579	2,600,030	532,931	3,228,884
Adjustments for:				
Depreciation and amortisation	1,360,632	1,050,720	1,360,632	1,050,720
Impairment of intercompany loans	-	-	1,558,184	301,632
Impairment of property, plant and equipment	-	127,541	-	127,541
Net loss on disposal of property, plant and equipment	-	17,260	-	17,260
Loss/(Gain) on fair value through profit or loss investments	259,332	(343,201)	259,332	(343,201)
Movement in doubtful debts	(29,320)	(45,788)	(6,897)	(3,249)
Related party expense transactions	-	-	-	(184,364)
Change in operating assets and liabilities:				
Decrease/(increase) in trade and other receivables	289,103	(1,255,451)	191,759	(1,617,597)
Decrease in inventories	52,884	36,307	52,884	19,760
Decrease/(increase) in prepayments	208,329	(402,978)	192,381	(384,306)
Increase/(decrease) in trade and other payables	(1,036,737)	520,439	(868,859)	358,273
Increase/(decrease) in contract liabilities	(930,222)	765,956	(585,089)	540,212
Increase/(decrease) in employee benefits	48,552	(43,907)	79,231	30,181
Net cash from operating activities	1,164,132	3,026,928	2,766,489	3,141,746

Note 28. Section 272 Fair Work (Registered Organisations) Act 2009

In accordance with the requirements of the *Fair Work (Registered Organisations) Act 2009,* the attention of members is drawn to the provisions of subsections (1) to (3) of section 272, which reads as follows:

Information to be provided to members or Commissioner:
(a) 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.
(b) 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.
(c) A reporting unit must comply with an application made under subsection (1).

Master Builders Association of Victoria
Directors' declaration
30 June 2022

The Board of Management declares that in its opinion:

- the attached financial statements and notes comply with the Australian Accounting Standards, the *Corporations Act 2001*, Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 and other mandatory professional reporting requirements;

- 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;

- 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

During the financial year to which the General Purpose Financial Report relates and since the end of that year:
(i) meetings of the Board and 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 costs 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 the Commissioner duly made under section 272 of the RO 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.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001

On behalf of the Directors

Mark Little President	Geoffrey Purcell Deputy President

25 August 2022

Master Builders Association of Victoria
Independent auditor's report to members

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Master Builders Association of Victoria (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, the subsection 255(2A) report, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and

ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

iii. 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).

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 Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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.

William Buck
ACCOUNTANTS & ADVISORS

Other Matters

The financial report of Master Builders Association of Victoria for the year ended 30 June 2021 was audited by another auditor – Deloitte Touche Tohmatsu, who expressed an unmodified opinion to that report.
The comparative balance for the year ended 30 June 2021 has been restated for a correction of an error. Refer to Note 3 for further details regarding the restatement of comparatives.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.
In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or 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 Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the RO Act and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the 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 this financial report.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:
http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our independent auditor's report.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

I declare that I am an auditor registered under the RO Act.

William Buck.

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

CSweeney

C. L. Sweeney
Director
Melbourne, 25th August 2022