Master Builders Association of the ACT and its Controlled Entity

ABN 52 853 376 568

Financial Report

For the year ended 30 June 2018

CONTENT

Expenditure report required under subsection 255(2A)
For the year ended 30 June 2018

The Committee of Management presents the expenditure report as required under subsection 255(2A) on the Master Builders Association of the ACT (the "Parent") and its controlled entity (collectively the "Association") for the year ended 30 June 2018.

Categories of expenditures	2018 $	2017 $
Remuneration and other employment-related costs and expenses - employees	5,782,006	5,926,342
Advertising	38,045	110,704
Operating costs	1,912,462	1,585,214
Donations to political parties	-	-
Legal costs	12,094	44,111

Ms Gracie Ferreira

Mr Frank Porreca

Dated: 17 December 2018

Operating report
For the year ended 30 June 2018

Your Members of the Council of Management present their report on the Master Builders Association of the ACT (the "Parent") and its controlled entity (collectively the "Association") for the financial year ended 30 June 2018.

Members of the council of management
The names of the Members of the Council of Management during the year and to the date of this report are:

Ms Graciete Ferreira (President)	
Mr Frank Porreca (Treasurer)	
Ms Rosa Josifoski	
Mr Marc Roland	
Mr Stephen Wise	
Mr Brian Leeming	
Mr Richard Corver	
Mr Peter Middleton	
Mr Martin Boyd	Resigned 20 February 2018
Mr Simon Butt	
Mr Gerard Allen	
Mr Jack Harris	
Mr Rod Mitton	
Ms Anisha Sachdeva	Appointed 31 February 2018
Mr Matthew Rayment	Appointed 21 August 2017

Members of the Council of Management have been in Council since the start of the financial year to the date of this report unless otherwise stated.

Rights of members to resign
As required to be disclosed by the *Fair Work (Registered Organisations) Act 2009,* and in accordance with Rule 8 of the Association's rule a member may resign from the Association by written notice addressed and delivered to a person designated for the purpose in the rules of Association.

Trustee or director of trustee company of superannuation entity or exempt public sector superannuation scheme - S254(2)(d)

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

Review of operations
The consolidated profit of the Association amounted to $176 845 (2017: loss of $868,619). The loss of the parent entity amounted to $70,935 (2017: loss of $683,011).

A review of operations of the Association and its controlled entity during the financial year noted that the following were contributing factor to the financial performance:

- Higher than anticipated revenues from short course training.

- Lower than anticipated salary and related costs due to a restructure of the Association.

Principal activities - s254(2)(9a)

The principal activities of the Association are to promote, protect and advance the interest of its members engaged in any manner of the construction and building industry within the ACT and its surrounding region by being a representative body for the building and construction industry.

Operating report (continued)
For the year ended 30 June 2018

The Association provides professional services, information and advice including industrial relations advice, dispute resolution, training (including, but not limited to, business, apprentice and workplace health and safety), changes to acts and legislation, changes to awards rates and work practices to members of the Association throughout Australian Capital Territory.

Principal activities - s254(2)(9a) (continued)
The Association also represents its members at all levels of Government and holds events and seminars throughout the year to engage and support its membership to connect and network.

The controlled entity of the Association, MBA Group Training Limited, engages in Registered Training Organisation (RTO) and Group Training Organisation (GTO) activities including hiring, placing and training of apprentices. The education and training of apprentices is essential in the continued growth, development and success of the construction and building industry in the ACT through educating the future trades people in the ACT and the surrounding region.

MBA Group Training Limited also undertakes short course training for the wider building industry to train and maintain skills for the broader community which engages with the construction and building industry in the ACT.

Results of principal activities
The Association has expanded short course training this year, including workplace health and safety (WH&S) and asbestos training. The Association continues to undertake all aspects of the services listed above.

Significant changes in the state of financial affairs - s254(2)(b)
Apart from the changes listed in the review of operations, no significant changes in the Association's state of financial affairs occurred during the financial year.

Significant changes in nature of principal activities - s254(2)(a)
There were no significant changes in the nature of the Association's principal activities during the financial year.

Significant events after the reporting period
At the time of signing this report, no matter or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Association, the results of those operations, or the state of affairs of the Association in future financial years.

Likely developments and expected results of operations
The Association expects to maintain the present status and level of operations. Likely developments in the operations of the Association and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Association.

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

Number of members
The number of persons who, at the end of the financial year were recorded on the Register of Members was 1,100 (2017: 1,115).

Operating report
For the year ended 30 June 2018

Number of employees
The number of persons who were, at the end of the financial year employees of the Association was 18 (2017:15), measured on a fill equivalent basis.

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

Ms Gracie Ferreira

Mr Frank Porreca

Dated: 17 December 2018

Statement by Members of the Council of Management

On the 17 September 2018, the Members of the Council of Management of the Master Builders Association of the ACT passed the following resolution in relation to the General Purpose Financial Report (GPFR) for the year ended 30 June 2018:

We, G Ferreira and F Porreca being two members of the Council of Management of the Master Builders Association of the ACT, do state on behalf of the Council that in the opinion of the Council:

1) The financial statements and notes comply with the Australian Accounting Standards, mandatory professional reporting requirements and other authoritative pronouncement of the Australian Accounting Standard Board;

2) The financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act);

3) The financial statements and notes give a true and fair value of the financial performance, financial position and cash flows of the Association and its controlled entity for the financial year to which they relate;

4) There are reasonable grounds to believe that the Association will be able to pay its debts as and when they fall due; and

5) During the financial year to which the financial report relates and since the end of that year:

    (i) Meetings of the Council were held in accordance with rules of the organisation including the rules of the branch concerned;

    (ii) The financial affairs of the Association have been managed in accordance with rules of the organisation including the rules of the branch concerned;

    (iii) The financial records of the Association have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009;

    (iv) Where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation;

    (v) Where information has been sought in any request of a member of the Association or a Commissioner duly made under the Fair Work (Registered Organisations) Act 2009 has been furnished to the member or Commissioner; and

    (vi) There has been compliance with any order for inspection of financial records made by the Fair Work Commission under Fair Work (Registered Organisations) Act 2009.

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

Ms Gracie Ferreira

Mr Frank Porreca

Dated: 17 December 2018

RSM Australia Pty Ltd

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

MASTER BUILDERS ASSOCIATION OF THE ACT

Opinion

I have audited the financial report of Master Builders Association of the ACT and its subsidiary (the Group) which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 30 June 2018, notes to the financial statements, including a summary of significant accounting policies; and the Council of Management Statement, the subsection 255(2A) report and the Officer Declaration Statement.

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

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

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

Basis for Opinion

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

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

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

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

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

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

Responsibilities of Council of Management for the Financial Report

The Council of Management of the Reporting Unit is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the Council of Management 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 Council of Management is responsible for assessing the Reporting Unit's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council of Management either intend to liquidate the Reporting Unit or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

My objective is to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Reporting Unit's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.

- Conclude on the appropriateness of the Council of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Reporting Unit's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Reporting Unit to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Reporting Unit to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Reporting Unit audit. I remain solely responsible for my audit opinion.

I communicate with the Council of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I declare that I am an approved auditor, a member of Chartered Accountants Australia and New Zealand and hold a current Public Practice Certificate.

RSM Australia Pty Ltd

Rodney Miller
Director

Canberra
17 December 2018

Registration number (as registered by the RO Commissioner under the RO Act): AA2017/144

Master Builders Association of the ACT and its Controlled Entity
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2018

		Consolidation		Parent	
		2018	**2017**	**2018**	**2017**
	Note	**$**	**$**	**$**	**$**
Membership subscription		942,722	862,992	942,722	862,992
Capitation fees and other revenue from another reporting unit	**3.1**	-	-	-	-
Levies	**3.2**	-	-	-	-
Interest	**3.3**	52,500	67,949	37,073	42,794
Rental revenue	**3.4**	55,800	31,650	280,800	251,650
Other revenue	**3.5**	7,973,094	9,968,256	2,279,292	5,186,875
Total revenue		**9,024,116**	**10,930,847**	**3,539,887**	**6,344,311**
Other income					
Grants and/or donations	**3.6**	225,000	270,909	-	50,909
Net gains from sale of assets		46,226	2,858	45,191	1,823
Total other income		**271,226**	**273,767**	**45,191**	**52,732**
Total income		**9,295,342**	**11,204,614**	**3,585,078**	**6,397,043**
Expenses					
Employee benefits expense	**4.1**	(5,782,006)	(5,926,342)	(1,867,345)	(2,199,681)
Capitation fees and other expenses to another reporting unit	**4.2**	-	-	-	-
Affiliation fees	**4.3**	-	-	-	-
Administration expenses	**4.4**	(1,050,480)	(996,508)	(350,885)	(364,207)
Grants and donations	**4.5**	(12,444)	(14,272)	(12,444)	(14,272)
Amortisation and depreciation	**4.6**	(306,936)	(378,399)	(263,027)	(314,636)
Legal fees	**4.7**	(12,094)	(36,797)	(12,094)	(36,797)
Charity house expense	**4.8**	-	(3,025,000)	-	(3,025,000)
Other expenses	**4.9**	(1,954,537)	(1,695,915)	(1,150,218)	(1,125,461)
Deficit for the year		**176,845**	**(868,619)**	**(70,935)**	**(683,011)**
Other comprehensive income		-	-	-	-
Total comprehensive deficit for the year		**176,845**	**(868,619)**	**(70,935)**	**(683,011)**

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

Master Builders Association of the ACT and its Controlled Entity
Statement of financial position
For the year ended 30 June 2018

		Consolidation		Parent	
		2018	2017	2018	2017
	Note	$	$	$	$
Assets					
Current assets					
Cash and cash equivalents	5	3,980,027	3,506,992	2,488,472	2,373,571
Trade and other receivables	6	963,077	867,912	289,930	166,691
Inventories		2,225	3,320	2,225	3,320
Prepayments		32,518	93,183	20,348	33,013
Total current assets		**4,977,847**	**4,471,407**	**2,800,975**	**2,576,595**
Non-current assets					
Property, plant and equipment	7	8,618,849	8,832,187	8,532,429	8,709,558
Intangibles assets	8	12,465	35,797	12,465	35,797
Investments		120,000	120,000	120,000	120,000
Total non-current assets		**8,751,314**	**8,987,984**	**8,664,894**	**8,865,355**
Total assets		**13,729,161**	**13,459,391**	**11,465,869**	**11,441,950**
Liabilities					
Current liabilities					
Trade and other payables	9	1,200,060	872,414	827,545	565,385
Employee benefits	10	288,392	413,119	67,779	134,366
Unearned income		160,919	233,734	160,419	213,279
Other liabilities		-	43,894	-	43,894
Total current liabilities		**1,649,371**	**1,563,161**	**1,055,743**	**956,924**
Non- current liabilities					
Employee benefits	10	25,040	18,325	14,360	18,325
Total non-current liabilities		**25,040**	**18,325**	**14,360**	**18,325**
Total liabilities		**1,674,411**	**1,581,486**	**1,070,103**	**975,249**
Net assets		**12,054,750**	**11,877,905**	**10,395,766**	**10,466,701**
Equity					
Retained earnings		11,355,116	11,178,271	9,696,132	9,767,067
Asset revaluation reserve		699,634	699,634	699,634	699,634
Total equity		**12,054,750**	**11,877,905**	**10,395,766**	**10,466,701**

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

Master Builders Association of the ACT and its Controlled Entity
Statement of changes in equity
For the year ended 30 June 2018

	Asset revaluation reserve $	Retained earnings $	Total equity $
Consolidated			
Balance as at 1 July 2016	**699,634**	**12,046,890**	**12,746,524**
Deficit for the year	-	(868,619)	(868,619)
Balance as at 30 June 2017	**699,634**	**11,178,271**	**11,877,905**
Surplus for the year	-	176,845	176,845
Balance as at 30 June 2018	**699,634**	**11,355,116**	**12,054,750**
Parent			
Balance as at 1 July 2016	**699,634**	**10,450,078**	**11,149,712**
Deficit for the year	-	(683,011)	(683,011)
Balance as at 30 June 2017	**699,634**	**9,767,067**	**10,466,701**
Deficit for the year	-	(70,935)	(70,935)
Balance as at 30 June 2018	**699,634**	**9,696,132**	**10,395,766**

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

Master Builders Association of the ACT and its Controlled Entity
Statement of cash flows
For the year ended 30 June 2018

		Consolidation		Parent	
		2018	2017	2018	2017
	Note	$	$	$	$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		9,973,564	11,362,431	3,263,209	6,776,772
Payments to suppliers and employees		(9,535,704)	(11,857,108)	(3,164,041)	(7,004,652)
Interest received		52,500	67,949	37,073	42,794
Net cash from/(used in) operating activities	17	**490,360**	**(426,728)**	**136,241**	**(185,086)**
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(128,209)	(50,205)	(114,224)	(79,307)
Proceeds from sale of property, plant and equipment		110,884	-	92,884	-
Purchase of intangible assets		-	(41,452)	-	-
Net cash from/(used in) investing activities		**(17,325)**	**(91,657)**	**(21,340)**	**(79,307)**
Net increase/(decrease) in cash held		473,035	(518,385)	114,901	(264,393)
Cash at the beginning of the financial year		3,506,992	4,025,377	2,373,571	2,637,964
Cash at the end of the financial year	5	**3,980,027**	**3,506,992**	**2,488,472**	**2,373,571**

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

General information

The consolidated financial statements cover the Master Builders Association of the ACT (the "parent") and its Controlled Entity (MBA Group Training Limited), collectively the "Association", and the separate financial statements cover the Master Builders Association of the ACT as an individual parent entity.

The nature of the operations and principal activities of the Association are described in the operating report.

Note 1. Significant accounting policies

Basis of preparation of the financial statements

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

The financial statements have been prepared on an accrual basis and in accordance with the historical cost, except for certain assets and liabilities measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

Comparative amounts

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

The financial statements for the reporting year ended 30 June 2017 were audited by other independent auditor whose report dated 18 September 2017 expressed an unmodified opinion on those financial statements.

New or amended Accounting Standards and Interpretations adopted

The Association 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.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Master Builders Association of the ACT as at 30 June 2018 and the results of a subsidiary for the year then ended.

Subsidiaries are all those entities over which the Association has control. The Association controls an entity when the Association 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 Association. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Association 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 Association.

Where the Association 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 Association 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.

Note 1. Significant accounting policies (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from subscriptions is accounted for on an accrual basis and is recorded as revenue in the year to which it relates.

Revenue from the sale of goods is recognised when, the risks and rewards of ownership have been transferred to the buyer, the Association retains no managerial involvement or effective control over the goods, the revenue and transaction costs incurred can be reliably measured, and it is probable that the economic benefits associated with the transaction will flow to the Association.

Donation income is recognised when it is received.

Interest revenue is recognised on an accrual basis using the effective interest method.

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Income tax

The Association is exempt from income tax under Section 50-15 of the Income Tax Assessment Act 1997, however still has obligation for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST except:
- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

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

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office is classified within operating cash flows.

Current and non-current classification

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

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Association'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 Association'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.

Note 1. Significant accounting policies (continued)

Trade and other receivables

Trade and other receivables are recognised at amortised cost, less any provision for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Association will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Association has transferred substantially all the risks and rewards of ownership.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit; or (ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mismatch. Except for effective hedging instruments, derivatives are also categorised as fair value through profit or loss. Fair value movements are recognised in profit or loss.

Impairment of financial assets
The Association assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concession due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

Investments and other financial assets

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available for-sale reserve.

Note 1. Significant accounting policies (continued)

Property, plant and equipment

Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

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.

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:

Land and building	2.5%
Motor vehicles	6.7% to 33%
Plant and equipment	22.5%

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

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Association. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Association will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Note 1. Significant accounting policies (continued)

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Software
Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 years.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Association 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.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave, long service leave and rostered days off (RDO) 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.

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.

Note 1. Significant accounting policies (continued)

Fair value measurement (continued)

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.

Going concern

The Association is not reliant on the agreed financial support of another reporting unit to continue as a going concern basis.

The Association has not agreed to provide financial support to another reporting unit to ensure they can continue as a going concern basis.

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 Association for the annual reporting period ended 30 June 2018. The Association's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Association, are set out below.

AASB 9 Financial Instruments
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the Association makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the Association's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the Association. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Association will adopt this standard from 1 July 2018 and the impact of its adoption is expected to be minimal on the Association.

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an Association will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Association expects to be entitled in exchange for those goods or services.

Note 1. Significant accounting policies (continued)

New Accounting Standards and Interpretations not yet mandatory or early adopted (continued)

The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an Association would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an Association's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the Association's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The Association will adopt this standard from 1 July 2018 and the impact of its adoption is expected to be minimal on the Association.

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Association will adopt this standard from 1 July 2019, but the impact of its adoption is yet to be assessed by the Association.

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.

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

Provision for impairment of receivables
The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

Fair value measurement hierarchy
The Association 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 Association 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 Association 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: Income

	Consolidation 2018 $	Consolidation 2017 $	Parent 2018 $	Parent 2017 $
3.1 Capitation fees and other revenue from another reporting unit				
Capitation fees	-	-	-	-
Subtotal capitation fees	-	-	-	-
Other revenue from another reporting unit	-	-	-	-
Subtotal other revenue from another reporting unit	-	-	-	-
Total capitation fees and another revenue from other reporting unit	-	-	-	-
3.2 Levies				
Levies	-	-	-	-
Total levies	-	-	-	-
3.3 Interest				
Deposits	52,500	67,949	37,073	42,794
Loans	-	-	-	-
Total interest	**52,500**	**67,949**	**37,073**	**42,794**
3.4 Rental revenue				
Properties	55,800	31,650	280,800	251,650
Total rental revenue	**55,800**	**31,650**	**280,800**	**251,650**
3.5 Other revenue				
Annual dinner and social events	249,390	222,668	249,390	222,668
Building awards and other events	230,604	239,537	230,604	239,537
Commission and fees	594,088	670,022	594,088	670,022
Commonwealth government grants	111,780	185,750	-	-
Employer reimbursements	3,651,862	3,063,740	-	-
Industry Training Fund funding	234,832	301,780	-	-
Advertising fees	133,954	115,034	133,954	115,034
Miscellaneous events	35,223	-	-	-
Proceeds from Deakin Charity House	-	3,025,000	35,223	3,025,000
Publication sales	39,824	37,362	39,824	37,362
Service agreement fee	-	-	520,000	500,000
Sponsorships	412,703	329,155	412,703	329,155
Training fees and rebates	1,473,202	1,120,416	-	-
User choice training fees	693,285	598,576	-	-
Sundry income	74,478	42,411	63,506	48,097
Worker's compensation insurance reimbursement	37,869	16,805	-	-
Revenue from recovery of wages activity	-	-	-	-
	7,973,094	**9,968,256**	**2,279,292**	**5,186,875**

	Consolidation		Parent	
	2018	2017	2018	2017
Note 3: Income (continued)	$	$	$	$
3.6 Grants or donations				
Donations received from MBA Skills Centre Building Fund	**225,000**	**270,909**	-	50,909
Grants	-	-	-	-
Total grants and donations	**225,000**	**270,909**	-	50,909
3.7 Net gains from sale of assets				
Plant and equipment	46,226	4,753	45,191	1,823
	46,226	**4,753**	**45,191**	**1,823**

	Consolidation		Parent	
	2018	2017	2018	2017
Note 4: Expenses	$	$	$	$
4.1 Employee expenses				
Holders of office:	-	-	-	-
Wages and salaries	-	-	-	-
Superannuation	-	-	-	-
Leave and other entitlements	-	-	-	-
Separation and redundancies	-	-	-	-
Subtotal employee expenses holders of office	-	-	-	-
Employees other than office holders:				
Wages and salaries	5,212,145	5,225,400	1,636,224	1,857,305
Superannuation	443,284	459,527	144,815	163,408
Leave and other entitlements	1,266	1,033	-	-
Separation and redundancies	125,311	260,258	86,306	178,967
Subtotal employee expenses employees other than office holders	**5,782,006**	**5,946,218**	**1,867,345**	**2,199,680**
4.2 Capitation fees and other expenses to another reporting entity				
Capitation fees	-	-	-	-
Other expenses to another reporting entity	-	-	-	-
Total capitation fees and other expense to another reporting unit	-	-	-	-
4.3 Affiliation fees				
Affiliation fees	-	-	-	-

	Consolidation		Parent	
	2018	2017	2018	2017
Note 4: Expenses (continued)	$	$	$	$
4.4 Administration expenses				
Total paid to employers for payroll deductions of membership subscriptions	-	-	-	-
Compulsory levies	-	-	-	-
Fees/allowances - meetings and conferences	-	-	-	-
Consultants	858,298	805,230	235,105	254,640
Office expenses	46,447	45,179	27,717	24,325
Property expenses	107,649	117,521	63,078	67,159
Information communications technology	38,086	28,578	24,985	18,083
Total administrative expenses	**1,050,480**	**996,508**	**350,885**	**364,207**
4.5 Grants or donations				
Grants:				
Total expensed that were $1 000 or less	-	-	-	-
Total expensed that exceed $1 000	-	-	-	-
Donations:				
Total expensed that were $1 000 or less	335	-	335	-
Total expensed that exceed $1 000	12,109	-	12,109	14,272
Total grants or donations	**12,444**	**-**	**12,444**	**14,272**
4.6 Depreciation and amortisation				
Depreciation				
Land & buildings	185,433	184,028	185,433	184,028
Property, plant and equipment	77,594	130,608	77,594	130,608
Total depreciation	**263,027**	**314,636**	**263,027**	**314,636**
Amortisation				
Intangibles	43,909	63,763	-	-
Total amortisation	**43,909**	**63,763**	-	-
Total depreciation and amortisation	**306,936**	**378,399**	**263,027**	**314,636**
4.7 Legal costs	-	-	-	-
Litigation	12,094	44,111	12,094	36,797
Other legal costs	-	-	-	-
Total legal costs	**12,094**	**44,111**	**12,094**	**36,797**
4.8 Charity house expense				
Charity house construction costs	-	740,005	-	740,005
Charity house donation costs	-	2,284,995	-	2,284,995
Total Charity House expense	-	**3,025,000**		**3,025,000**

Note 4: Expenses (continued)

	Consolidation 2018 $	Consolidation 2017 $	Parent 2018 $	Parent 2017 $
4.9 Other expenses				
Advertising expense	38,045	110,701	38,045	107,658
Catering	389,325	314,902	352,366	285,797
Compliance costs	77,362	30,000	-	-
Doubtful debts expense	115,515	24,131	27,648	31,476
Entertainment	26,190	19,288	26,190	19,288
Insurance	57,903	51,438	37,877	30,282
Material expenses	46,138	30,605	-	-
Meetings and seminars	13,365	8,902	13,365	8,902
Members subscriptions	195,766	130,344	164,851	149,668
Motor vehicle expense	48,540	71,747	24,461	47,034
Printing, postage and stationary	226,656	184,670	136,459	115,456
Rent	41,550	38,790	41,550	38,790
Repairs and maintenance	142,683	141,588	115,017	110,695
Worker's compensation	211,708	219,516	13,456	14,477
Other expenses	323,791	319,293	158,933	165,938
Total other expenses	**1,954,537**	**1,695,915**	**1,150,218**	**1,125,461**

Note 5. Cash and cash equivalents

	Consolidation 2018 $	Consolidation 2017 $	Parent 2018 $	Parent 2017 $
Cash at bank	1,874,389	1,393,727	888,022	973,121
Cash at bank - Industry Training Fund	4,588	12,215	-	-
Cash on hand	1,050	1,050	450	450
Term deposits	2,100,000	2,100,000	1,600,000	1,400,000
	3,980,027	3,506,992	2,488,472	2,373,571

Note 6. Trade and other receivables

	Consolidation 2018 $	Consolidation 2017 $	Parent 2018 $	Parent 2017 $
Accounts receivable	1,038,949	883,893	331,458	185,981
Receivables from other reporting unit	-	-	-	-
Less provision for doubtful debt	(84,171)	(23,496)	(46,715)	(22,826)
	954,778	**860,397**	**284,743**	**163,155**
Other receivables				
Interest receivables	8,299	7,515	5,187	3,536
	963,077	**867,912**	**289,930**	**166,691**

Note 7. Property, plant and equipment

	Consolidation 2018 $	Consolidation 2017 $	Parent 2018 $	Parent 2017 $
Land and buildings - at independent valuation	8,965,535	8,927,092	8,965,535	8,927,092
Less: accumulated depreciation	(547,894)	(362,460)	(547,894)	(362,460)
	8,417,641	8,564,632	8,417,641	8,564,632
Motor vehicles - at cost	171,656	421,142	54,715	256,911
Less: accumulated depreciation	(104,859)	(284,696)	(7,695)	(181,172)
	66,797	136,446	47,020	75,739
Plant and equipment - at cost	436,214	390,027	255,727	234,660
Less: accumulated depreciation	(301,803)	(258,918)	(187,959)	(165,473)
	134,411	131,109	67,768	69,187
	8,618,849	**8,832,187**	**8,532,429**	**8,709,558**

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

	Consolidation 2018 $	Consolidation 2017 $	Parent 2018 $	Parent 2017 $
Land and buildings				
Balance at the beginning of the year	8,564,632	8,706,685	8,564,632	8,706,685
Additions	38,443	41,975	38,443	41,975
Depreciation for the year	(185,433)	(184,028)	(185,433)	(184,028)
Balance at the end of the year	**8,417,642**	**8,564,632**	**8,417,642**	**8,564,632**
Motor vehicles				
Balance at the beginning of the year	136,446	256,684	75,739	152,344
Additions	54,715	-	54,715	-
Disposals	(69,080)	(20,565)	(51,660)	(15,450)
Depreciation for the year	(55,284)	(99,673)	(31,774)	(61,155)
Balance at the end of the year	**66,797**	**136,446**	**47,020**	**75,739**
Plant and equipment				
Balance at the beginning of the year	131,109	128,496	69,187	84,035
Additions	46,187	67,866	21,066	25,160
Depreciation for the year	(42,886)	(65,253)	(22,486)	(40,008)
Balance at the end of the year	**134,410**	**131,109**	**67,767**	**69,187**
Total property, plant and equipment				
Balance at the beginning of the year	8,832,187	9,091,865	8,709,558	8,943,064
Additions	139,345	109,841	114,224	67,135
Disposals	(69,080)	(20,565)	(51,660)	(15,450)
Depreciation for the year	(283,603)	(348,954)	(239,693)	(285,191)
Balance at the end of the year	**8,618,849**	**8,832,187**	**8,532,429**	**8,709,558**

Note 8. Intangibles

	Consolidation 2018 $	Consolidation 2017 $	Parent 2018 $	Parent 2017 $
Website development costs - at cost	97,430	97,430	97,430	97,430
Less: accumulated depreciation	(96,110)	(81,463)	(96,110)	(81,463)
	1,320	15,967	1,320	15,967
Database development costs - at cost	75,483	75,483	75,483	75,483
Less: accumulated depreciation	(64,338)	(55,653)	(64,338)	(55,653)
	11,145	19,830	11,145	19,830
	12,465	**35,797**	**12,465**	**35,797**

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

	Consolidation 2018 $	Consolidation 2017 $	Parent 2018 $	Parent 2017 $
Website development costs				
Balance at the beginning of the year	15,967	38,278	15,967	38,278
Additions	-	7,135	-	7,135
Amortisation for the year	(14,647)	(29,446)	(14,647)	(29,446)
Balance at the end of the year	**1,320**	**15,967**	**1,320**	**15,967**
Database development costs				
Balance at the beginning of the year	19,830	19,830	19,830	19,830
Additions	-	-	-	-
Amortisation for the year	(8,685)	-	(8,685)	-
Balance at the end of the year	**11,145**	**19,830**	**11,145**	**19,830**
Total property, plant and equipment				
Balance at the beginning of the year	35,797	58,108	35,797	58,108
Additions	-	7,135	-	7,135
Amortisation for the year	(23,332)	(29,446)	(23,332)	(29,446)
Balance at the end of the year	**12,465**	**35,797**	**12,465**	**35,797**

	Consolidation		Parent	
	2018	2017	2018	2017
	$	$	$	$
Note 9. Trade and other payables				
Trade creditors and accrual	763,666	521,679	602,253	384,854
	763,666	**521,679**	**602,253**	**384,854**
Payables to other reporting unit(s)	-	-	-	-
Subtotal payables to other reporting unit(s)	-	-	-	-
Goods and services tax payable	457,536	315,551	171,519	144,007
PAYG tax payable	(1,131)	35,854	36,325	36,524
Other payables	(20,011)	(670)	17,445	-
	436,394	**350,735**	**225,289**	**180,531**
	1,200,060	**872,414**	**827,545**	**565,385**
Other payables				
Payable to employers for making payroll deductions of membership subscriptions	-	-	-	-
Legal costs	-	-	-	-
Litigation	-	-	-	-
Other legal costs	-	-	-	-
Total other payables	-	-	-	-

Note 10: Employee benefits liabilities

Office holders				
Annual leave	-	-	-	-
Long service leave	-	-	-	-
Rostered day off	-	-	-	-
Separation and redundancies	-	-	-	-
Subtotal employee benefits- office holders	-	-	-	-
Employees other than office holders				
Annual leave	213,685	304,733	64,165	101,557
Long service leave	61,870	126,711	17,974	51,134
Rostered day off	37,877	-	-	-
Separation and redundancies	-	-	-	-
Subtotal employee benefits other than office holders	**313,432**	**431,444**	**82,139**	**152,691**

	Consolidation		Parent	
	2018	2017	2018	2017
	$	$	$	$
Note 10: Employee benefits liabilities (continued)				
Presented in the balance sheet as:				
Current				
Annual leave	213,685	304,733	64,165	101,557
Long service leave	36,830	108,386	3,614	32,809
Rostered day off	37,877	-	-	-
Separation and redundancies	-	-	-	-
	288,392	**413,119**	**67,779**	**134,366**
Non - current				
Long service leave	25,040	18,325	14,360	18,325
Separation and redundancies	-	-	-	-
	25,040	**18,325**	**14,360**	**18,325**

Note 11: Other Specific disclosures - Funds

Compulsory levy/voluntary contribution fund - if invested in assets	-	-	-	-
Balance as at start of year	-	-	-	-
Transferred to reserve	-	-	-	-
Transferred out of reserve	-	-	-	-
Balance as at end of year	-	-	-	-

Note 12. Commitments

Lease commitments - Operating
Committed at the reporting date but not recognised as liabilities, payable:

Within one year	36,848	25,619	20,562	21,508
One to five years	69,717	35,401	20,858	28,551
	106,565	**61,020**	**41,420**	**50,059**

The lease commitments relate to various leases for office equipment (photocopiers and mail machines). The remaining terms on these leases range from 22 to 44 months.

Note 13. Contingencies

There are no contingent liabilities or assets as at the date of this report (2017: Nil).

Note 14. Related party transaction

The following table provides the total amount of transactions that have been entered into with related parties for the relevant year.

	2018	2017
	$	$
Revenue received from MBA Group Training Limited (owned 100% by Master Builders Association in both 2018 and 2017) includes the following:		
Rent income	225,000	220,000
Service fee income	520,000	500,000

Transactions with key management personnel

The following Members of the Council and their related companies have had financial transactions with the Association during the financial year. All monies received from the Members of Council or their related companies related to subscriptions or normal trading operations of the Association.

Revenue received from Members of the Council and their related entities including events, subscriptions, sponsorships, training and other fees and sales is shown below:

		Consolidation		Parent	
		2018	2017	2018	2017
		$	$	$	$
Transactions with key management personnel					
Executive member	**Revenue received from**				
Bryan Lemming	The Village Building Company	33,645	21,320	33,645	21,320
Graciete Ferreira	Pacific Formwork	2,747	19,829	2,747	19,829
Frank Porreca	Benchmark Projects	705	9,800	705	9,800
Peter Middleton	Woden Contractors	255,523	219,296	255,523	219,296
Richard Corver	ABC Construction	1,000	1,200	1,000	1,200
Martin Boyd	Huon	16,767	12,195	16,767	12,195
Nigel Forde	Cord Civil	14,090	-	14,090	-
Andrew Crompton	Chincivil Pty Limited	10,862	-	10,862	-
Peter Naylor	IQON	113,319	33,323	113,319	33,323
Marc Rowland	Elevated Constructions	1,071	1,760	1,071	1,760
Stephen Wise	Wise Choice Projects	614	650	614	650
Simon Butt	Manteena Pty Lmited	26,647	28,161	26,647	28,161
Jack Harris	Sahw Building Group	15,857	9,800	15,857	9,800
Gerard Allen	Skilled Plumbing	-	3,943	-	3,943
		492,847	**361,277**	**492,847**	**361,277**

There was no expense paid to related parties, amounts owned by related parties, amounts owned to or loans from or to related parties or assets transferred from or to related parties in the current financial year (2017: NIL). The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions.

Note 14. Related party transaction (continued)

Compensation of key management personnel

	Consolidation 2018 $	Consolidation 2017 $	Parent 2018 $	Parent 2017 $
Short-term employee benefits				
Salary (including annual leave taken)	564,536	811,068	515,898	672,580
Annual leave accrued	23,110	13,529	23,110	11,025
Reportable fringe benefit	30,811	104,232	19,566	85,687
	618,457	**928,829**	**558,574**	**769,292**
Post-employment benefits				
Superannuation	74,823	78,182	63,829	65,201
	74,823	**78,182**	**63,829**	**65,201**
Other long-term benefits				
Long service leave	6,654	8,858	6,654	6,364
	6,654	**8,858**	**6,654**	**6,364**
Termination benefits				
Redundancy	164,146	45,042	76,623	45,042
	164,146	**45,042**	**76,623**	**45,042**
	864,080	**1,060,911**	**705,680**	**885,899**

15. Events after the reporting period

There were no events that occurred after 30 June 2018, and/or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of the Association.

Note 16. Auditors' remuneration

	Consolidation 2018 $	Consolidation 2017 $	Parent 2018 $	Parent 2017 $
Audit of financial statements	31,000	37,000	14,000	18,500
Assistance with the compilation of financial statements	4,500	9,000	3,000	4,500
	35,500	**46,000**	**17,000**	**23,000**

Note 17: Reconciliation of profit after income tax to net cash from operating activities

	Consolidation 2018 $	Consolidation 2017 $	Parent 2018 $	Parent 2017 $
(Loss) Income for the year	176,845	(868,619)	(70,935)	(683,011)
Adjustments for:				
Depreciation and amortisation	306,936	378,399	263,027	314,636
Net gain on sale of non-current assets	(46,226)	(4,753)	(45,191)	(1,823)
Changes in assets and liabilities:				
(Increase) /decrease in trade and other receivables	(95,165)	228,624	(123,239)	446,996
(Increase)/ decrease in inventories	1,095	(922)	1,095	(922)
(Increase) /decrease in other assets	60,665	(76,911)	12,665	(120,000)
Increase /(decrease) in trade and other payables	327,646	(73,999)	262,160	(114,384)
Increase /(decrease) in employee benefit liabilities	(124,727)	(74,711)	(66,587)	-
Increase/(decrease) in other liabilities	(43,894)	20,265	(43,894)	48,133
Increase /(decrease) in unearned income	(72,815)	45,899	(52,860)	(74,711)
Net cash flows (used in) from operating activities	490,360	(426,728)	136,241	(185,086)

Note 17a. Cashflow information

	Consolidation 2018 $	Consolidation 2017 $	Parent 2018 $	Parent 2017 $
Cash inflows				
Master Builders Association of the ACT	3,393,166	6,819,566	3,393,166	6,819,566
MBA Group Training Limited	6,743,782	5,352,224	-	-
Total cash inflows	**10,136,948**	**12,171,790**	**3,393,166**	**6,819,566**
Cash outflows				
Master Builders Association of the ACT	3,278,265	7,083,959	3,278,265	7,083,959
MBA Group Training Limited	6,385,648	4,864,806	-	-
Total cash outflows	**9,663,913**	**11,948,765**	**3,278,265**	**7,083,959**

Note 18. Financial instruments

	Consolidation 2018 $	Consolidation 2017 $	Parent 2018 $	Parent 2017 $
Categories of financial instruments				
Financial assets				
Fair value through profit or loss	-	-	-	-
Held-to-maturity investment	-	-	-	-
Available-for-sale assets	-	-	-	-
Loans and receivables	963,077	867,912	289,930	166,691
Carrying amount of financial assets	**963,077**	**867,912**	**289,930**	**166,691**
Financial liabilities				
Fair value through profit or loss	-	-	-	-
Other financial liabilities	-	-	-	-
Carrying amount of financial liabilities	-	-	-	-
Net income and expense from financial assets				
Loans and receivables				
Interest revenue	52,500	67,949	37,073	42,794
Exchange gains/(loss)	-	-	-	-
Impairment	-	-	-	-
Gain/loss on disposal	46,226	2,858	45,191	1,823
Net gain/(loss) from loans and receivables	**98,726**	**70,807**	**82,264**	**44,617**

Financial risk management objectives
The main risk arising from the Association's financial instruments is the liquidity risk.

The Association manages its exposure to the liquidity risk in accordance with the Association's policies. The objective of the policy is to support the delivery of the Association's services whilst protecting financial security. The liquidity risk is mainly monitored through the development of cash flow forecasts and maintaining adequate cash reserves.

Market risk
Foreign currency risk
The Association is not exposed to any foreign currency risk. The Association does not have any foreign currency dealings or transactions.

Price risk
The Association is not exposed to any significant price risk. The Association's revenue and expenses are not significantly impacted by market prices.

Note 18. Financial instruments (continued)

Market risk (continued)

Interest rate risk
The Association is not exposed to any significant interest rate risk. The Association has very limited exposure to interest rate risk as there is no debt with interest component.

Sensitivity analysis of the risk that the entity is exposed to for 2018

	Risk variable	Change in risk variable %	Effect on Profit and loss $	Effect on Equity $
Interest rate risk	$52,500	+1%	525	525
Interest rate risk	$52,500	-1%	(525)	(525)

Sensitivity analysis of the risk that the entity is exposed to for 2017

	Risk variable	Change in risk variable %	Effect on Profit and loss $	Effect on Equity $
Interest rate risk	$67,949	+1%	679	679
Interest rate risk	$67,949	-1%	(679)	(679)

Credit risk

The Association is not exposed to any significant credit risk. Credit risk is managed through close management of all debtors. Historically, the Association has had very few issues with the collection of debts.

Liquidity risk

Vigilant liquidity risk management required the Association to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The Association manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching maturity profiles of financial assets and liabilities.

Note 19. Fair value measurement

Fair value hierarchy
The following tables detail the Association's asset and liabilities, measured or disclosed 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 include within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

	Level 1 $	Level 2 $	Level 3 $	Total $
Consolidated - 2018				
Assets				
Land and buildings	-	-	8,417,641	8,417,641

There have been no transfers between levels during the year.

Note 19. Fair value measurement (continued)

The Association's assets are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation.

Further information is set out below.

Land (Level 3)
The land was last revalued on 30 June 2015. The fair value of the land was determined using the sales comparison approach. The key inputs under this approach are the price per square metre from sales of comparable land in the area. Professional judgment of the value is used to determine the comparability of sales overdue which is unbearable.

Buildings (Level 3)
The buildings were last revalued on 30 June 2015. The fair value of the buildings was determined using the depreciated replacement cost approach. The subject asset is considered to represent a specialised, purpose-built facility, for which there is no active market, or a very limited market. The key input under this approach is the estimated gross current replacement cost which is based on the expected useful lives and any adjustment for deterioration and obsolescence.

Note 20. 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:

(1) A member of a reporting unit, or the Commissioner, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.

(2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.

(3) A reporting unit must comply with an application made under subsection (1).

Master Builders Association of the ACT and its Controlled Entity
OFFICER DECLARATION STATEMENT

I, ...Graciete Ferreira being the....President.................... of the **Master Builders Association of the ACT and its Controlled Entity**, declare that the following activities did not occur during the reporting period ending 30 June 2018.
The reporting unit 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 an organisation, a determination or revocation by the Commissioner, Fair Work Commission
- pay any other expense to another reporting unit
- incur expenses due to holding a meeting as required under the rules of the organisation
- pay a penalty imposed under the RO Act or the Fair Work Act 2009
- have a balance within the general fund
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit

Signed by the officer:

Dated:

17 December 2018