

CLAY BRICK AND PAVER ASSOCIATION OF N.S.W.

A.B.N. 43 560 959 038

FINANCIAL REPORT

**FOR THE YEAR ENDED
30 JUNE 2019**

**CLAY BRICK AND PAVER ASSOCIATION OF N.S.W.
A.B.N. 43 560 959 038**

**Financial Report
for the year ended 30 June 2019**

CONTENTS

INDEPENDENT AUDITORS REPORT	3
AUDITORS INDEPENDENCE DECLARATION	6
CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER	7
REPORT REQUIRED UNDER SUBSECTION 255(2A)	8
OPERATING REPORT	9
COMMITTEE OF MANAGEMENT STATEMENT	11
STATEMENT OF COMPREHENSIVE INCOME	12
STATEMENT OF FINANCIAL POSITION	13
STATEMENT OF CHANGES IN EQUITY	14
STATEMENT OF CASH FLOWS	15
INDEX TO THE NOTES OF THE FINANCIAL STATEMENTS	16
NOTES TO THE FINANCIAL STATEMENTS	17
OFFICER DECLARATION STATEMENT	34

Independent Auditors' Report to the Members of the Clay Brick and Paver Association of N.S.W.

Opinion

I have audited the financial report of the Clay Brick and Paver Association of N.S.W. (the Reporting Unit), which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2019, notes to the financial statements, including a summary of significant accounting policies; the Committee 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 the Clay Brick and Paver Association of N.S.W. as at 30 June 2019 and its financial performance and its cash flows for the year ended on that date in accordance with:

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

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 Committee of Management for the Financial Report

The Committee 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 Committee 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 Committee 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 Committee 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 Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Reporting Unit's ability to continue as a going concern. If 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 Committee of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that 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.

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

Recovery of wages

The reporting unit does not engage in the recovery of wages activity.

Joseph Grech

Joseph Paul Grech
Partner

Grech Smith Bridle

Grech Smith Bridle

Sydney

Dated: 10th October 2019

Registration number (as registered by the RO Commissioner under the RO Act): AA2017/26

Auditor's Independence Declaration
For The Year Ended 30 June 2019

**To the Committee of Management of
Clay Brick and Paver Association of N.S.W.**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019 there has been:

- (i) No contraventions of the auditor's independence requirements in relation to the audit; and
- (ii) No contraventions of any applicable code of professional conduct in relation to the audit.

Joseph Grech

Joseph Paul Grech
Partner

Grech Smith Bridle

Grech Smith Bridle

Sydney

Dated: *10th October 2019*

Registration number (as registered by the RO Commissioner under the RO Act): AA2017/26

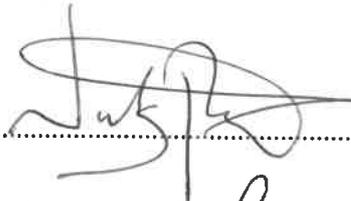
CLAY BRICK AND PAVER ASSOCIATION OF N.S.W.

Certificate by Prescribed Designated Officer
Certificate for the year ended 30 June 2019

I, *Nicholas Pezet* being the *President* of the *Clay Brick and Paver Association of N.S.W.* certify:

- that the documents lodged herewith are copies of the full report for the *Clay Brick and Paver Association of N.S.W.* for the period ended referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the reporting unit on *15th October* 2019, and
- that the full report was presented to *a meeting of the committee of management* of the reporting unit on *22nd November* 2019 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature of prescribed designated officer:



Name of prescribed designated officer:

Nicholas Pezet

Title of prescribed designated officer:

President

Dated:

22nd November 2019

CLAY BRICK AND PAVER ASSOCIATION OF N.S.W.

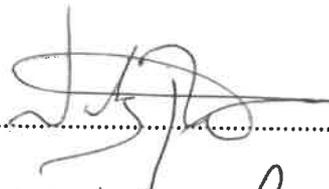
REPORT REQUIRED UNDER SUBSECTION 255(2A)

for the year ended 30 June 2019

The Committee of Management presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 30 June 2019.

Categories of expenditures	2019 \$	2018 \$
Remuneration and other employment-related costs and expenses - employees	-	-
Advertising	-	-
Operating costs	2,995	8,975
Donations to political parties	-	-
Legal costs	-	-

Signature of designated officer:



Name and title of designated officer:

Nicholas Pezet, President

CLAY BRICK AND PAVER ASSOCIATION OF N.S.W.

Operating Report for the year ended 30 June 2019

The Committee of Management presents its operating report on the Reporting Unit for the year ended 30 June 2019.

Review of principal activities, the results of those activities and any significant changes in the nature of those activities during the year

The principal activities of the Clay Brick and Paver Association of N.S.W. during the financial year have been developing markets for clay brick and paving products as well as representing industry interests and those of our members.

There were no significant changes in the nature of the association's principal activities during the financial year.

Significant changes in financial affairs

There were no significant changes in the nature of the activities and financial affairs of the Clay Brick and Paver Association of N.S.W. during the financial year.

Right of members to resign

Persons eligible to do so under the rules of the Clay Brick and Paver Association of N.S.W. were actively encouraged to join the Association. Pursuant to s174 of the Fair Work (Registered Organisations) Act 2009 (RO Act), members could resign from the Association by written notice to the Association.

Officers or members who are superannuation fund trustee(s) or director of a company that is a superannuation fund trustee

No representatives of the Clay Brick and Paver Association of N.S.W. currently hold or have held positions as an officer of or as a director to a company that is, a superannuation fund trustee.

Number of members

Membership as at 30 June 2019 was 3 (2018: 3)

Number of employees

No person was employed by the Clay Brick and Paver Association of N.S.W. during the financial year.

CLAY BRICK AND PAVER ASSOCIATION OF N.S.W.

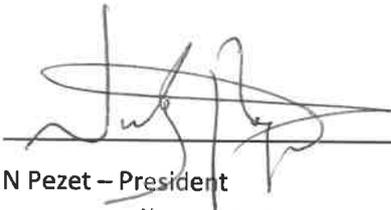
**Operating Report (cont.)
for the year ended 30 June 2019**

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

The following members held positions on the Branch's Committee of Management for the entire reporting period unless indicated otherwise:

<i>Name</i>	<i>Position</i>	
N Pezet	President	
M Ellenor	Vice President	Resigned 26 November 2018
A Spackman	Vice President	
A Barham	Vice President	Appointed 26 November 2018

Signed in accordance with a resolution of the committee of management.



N Pezet – President

Dated: 8th October 2019



A Barham – Vice President

Dated: 8th October 2019

CLAY BRICK AND PAVER ASSOCIATION OF N.S.W.

**Committee of Management Statement
for the year ended 30 June 2019**

On 2019 the committee of management of the *Clay Brick and Paver Association of N.S.W.* passed the following resolution in relation to the general-purpose financial report (GPFR) for the year ended 30 June 2019:

The Committee of Management declares that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act);
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the committee of management were held in accordance with the rules of the organisation; and
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation; and
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
 - (iv) The organisation does not consist of more than one reporting unit; and
 - (v) where information has been sought in any request by a member of the reporting unit or Commissioner duly made under section 272 of the RO Act has been provided to the member or Commissioner; and
 - (vi) where any order for inspection of financial records has been made by the Fair Work Commission under Section 273 of the RO Act, there has been compliance.

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

Signature of designated officer:

Name and title of designated officer: *Nicholas Pezet, President*

Dated: *8th October 2019*

CLAY BRICK AND PAVER ASSOCIATION OF N.S.W.

Statement of Comprehensive Income
for the year ended 30 June 2019

	Notes	2019 \$	2018 \$
Revenue			
Membership subscription		-	-
Interest	3A	18	9
Other revenue	3B	7,500	6,821
Total revenue		<u>7,518</u>	<u>6,830</u>
Other Income			
other		-	-
Total other income		<u>-</u>	<u>-</u>
Total income		<u>7,518</u>	<u>6,830</u>
Expenses			
Administration expenses	4A	240	240
Audit fees	10	2,755	3,740
Other expenses	4B	-	4,995
Total expenses		<u>2,995</u>	<u>8,975</u>
Surplus / (deficit) for the year		<u>4,523</u>	<u>(2,145)</u>
Other comprehensive income			
Items that will be subsequently reclassified to profit or loss		-	-
Items that will not be subsequently reclassified to profit or loss		-	-
Total comprehensive income for the year		<u>4,523</u>	<u>(2,145)</u>

The above statement should be read in conjunction with the notes.

CLAY BRICK AND PAVER ASSOCIATION OF N.S.W.

Statement of Financial Position

as at 30 June 2019

	Notes	2019 \$	2018 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5A	45,114	40,536
Total current assets		45,114	40,536
Non-Current Assets			
Nil		-	-
Total non-current assets		-	-
Total assets		45,114	40,536
LIABILITIES			
Current Liabilities			
Trade payables	6A	2,750	2,695
Other payables	6B	-	-
Borrowings	6C	41,094	41,094
Total current liabilities		43,844	43,789
Non-Current Liabilities			
Nil		-	-
Total non-current liabilities		-	-
Total liabilities		43,844	43,789
Net assets		1,270	(3,253)
EQUITY			
Retained earnings (accumulated deficit)		1,270	(3,253)
Total equity		1,270	(3,253)

The above statement should be read in conjunction with the notes.

CLAY BRICK AND PAVER ASSOCIATION OF N.S.W.

Statement of Changes in Equity
for the year ended 30 June 2019

	Notes	General funds \$	Retained earnings \$	Total equity \$
Balance as 1 July 2017		-	(1,108)	(1,108)
Adjustment for errors		-	-	-
Adjustment for changes in accounting policies		-	-	-
Surplus / (deficit)		-	(2,145)	(2,145)
Other comprehensive income		-	-	-
Transfer to / from General Funds		-	-	-
Transfer from retained earnings		-	-	-
Closing balance as at 30 June 2018		-	(3,253)	(3,253)
Adjustment for errors		-	-	-
Adjustment for changes in accounting policies		-	-	-
Surplus / (deficit)		-	4,523	4,523
Other comprehensive income		-	-	-
Transfer to / from General Funds		-	-	-
Transfer from retained earnings		-	-	-
Closing balance as at 30 June 2019		-	1,270	1,270

The above statement should be read in conjunction with the notes.

CLAY BRICK AND PAVER ASSOCIATION OF N.S.W.

Statement of Cash Flows
for the year ended 30 June 2019

	Notes	2019 \$	2018 \$
OPERATING ACTIVITIES			
Cash received			
Interest		18	9
Other		7,500	25,313
Cash used			
Suppliers		(2,940)	(7,530)
Net cash from (used by) operating activities	7A	4,578	17,792
INVESTING ACTIVITIES			
Cash received			
Other		-	-
Cash used			
Other		-	-
Net cash from (used by) investing activities		-	-
FINANCING ACTIVITIES			
Cash received			
Borrowings		-	-
Transferred from other entity upon registration under the RO Act		-	-
Other		-	-
Cash used			
Repayment of borrowings		-	-
Other		-	-
Net cash from (used by) financing activities		-	-
Net increase (decrease) in cash held		4,578	17,792
Cash & cash equivalents at the beginning of the reporting period		40,536	22,744
Cash & cash equivalents at the end of the reporting period	5A	45,114	40,536

The above statement should be read in conjunction with the notes.

CLAY BRICK AND PAVER ASSOCIATION OF N.S.W.

**Index to the Notes of the Financial Statements
for the year ended 30 June 2019**

Note 1	Summary of significant accounting policies
Note 2	Events after the reporting period
Note 3	Income
Note 4	Expenses
Note 5	Current assets
Note 6	Current liabilities
Note 7	Cash flow
Note 8	Contingent liabilities, assets and commitments
Note 9	Related party disclosures
Note 10	Remuneration of auditors
Note 11	Financial risk management
Note 12	Fair value
Note 13	Section 272 <i>Fair Work (Registered Organisations) Act 2009</i>

Notes of the Financial Statements for the year ended 30 June 2019

Note 1 Summary of significant accounting policies

1.1 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 Clay Brick and Paver Association of N.S.W. 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.

1.2 Comparative amounts

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

1.3 Significant accounting judgements and estimates

The committee of management evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Association.

It has not been necessary for the Committee of Management to make any key estimates or judgements in the report.

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard requirements

No accounting standard has been adopted earlier than the application date stated in the standard.

The accounting policies adopted are consistent with those of the previous financial year except for the following standards and amendments, which have been adopted for the first time this financial year:

AASB 9 Financial Instruments and relevant amending standards, which replaces AASB 139 Financial Instruments: Recognition and Measurement.

Notes of the Financial Statements (cont.)
for the year ended 30 June 2019

Impact on adoption of AASB 9

(a) Initial application

AASB 9 *Financial Instruments* (AASB 9) replaces AASB139 *Financial Instruments: Recognition and Measurement* (AASB 139) for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Clay Brick and Paver Association of N.S.W. has applied AASB 9 retrospectively, with an initial application date of 1 July 2018. The Clay Brick and Paver Association of N.S.W. has not restated the comparative information, which continues to be reported under AASB 139. Differences arising from the adoption of AASB 9 have been recognised directly in opening retained earnings and other components of equity as at 1 July 2018. The nature and effect of the changes as a result of adoption of AASB 9 are as follows:

The adoption of AASB 9 did not have any impact on the Clay Brick and Paver Association of N.S.W. statement of financial position.

(i) Classification and measurement

Under AASB 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Clay Brick and Paver Association of N.S.W.'s business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Clay Brick and Paver Association of N.S.W.'s business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of AASB 9 did not have a significant impact to the Clay Brick and Paver Association of N.S.W.

The Clay Brick and Paver Association of N.S.W. has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Clay Brick and Paver Association of N.S.W.'s financial liabilities.

CLAY BRICK AND PAVER ASSOCIATION OF N.S.W.

Notes of the Financial Statements (cont.) for the year ended 30 June 2019

In summary, upon adoption of AASB 9, the Clay Brick and Paver Association of N.S.W. applied the following required or elected reclassifications:

1 July 2018

	AASB 9 measurement category			
	Fair value through profit or loss	Amortised cost	Fair value through OCI	
	\$	\$	\$	\$
AASB 139 measurement category				-
Available for sale				
- Cash & cash equivalents	40,536	-	40,536	-
	<u>40,536</u>	<u>-</u>	<u>40,536</u>	<u>-</u>

(ii) Impairment loss

The adoption of AASB 9 has fundamentally changed the Clay Brick and Paver Association of N.S.W.'s accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking ECL approach. AASB 9 requires the Clay Brick and Paver Association of N.S.W. to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets, i.e. those held at amortised cost and at FVTOCI.

(iii) Other adjustments

The Adoption of AASB 9 has not resulted in any other adjustments to the financial performance, position or presentation of the Clay Brick and Paver Association of N.S.W.

Future Australian Accounting Standards Requirements

New standards, amendments to standards or interpretations that were issued prior to the sign-off date and are applicable to future reporting periods that are expected to have a future financial impact on Clay Brick and Paver Association of N.S.W. include:

AASB 1058 Income of Not-for-Profit Entities (AASB 1058) and AASB 15 Revenue from Contracts with Customers (AASB 15)

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities in conjunction with AASB 15. AASB 1058 and AASB 15 supersede all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 *Contributions*.

For NFP entities, both AASB 1058 and 15 will commence from financial years beginning on or after 1 January 2019. Either a full retrospective application or a modified retrospective application is required for AASB 15. Clay Brick and Paver Association of N.S.W. plans to adopt AASB 15 on the required effective date of 1 July 2019 using modified retrospective method.

Notes of the Financial Statements (cont.)
for the year ended 30 June 2019

During the financial year ended 30 June 2019, the Clay Brick and Paver Association of N.S.W performed a preliminary assessment of AASB 1058 and 15.

Subscription revenue

Subscription fees are accounted for on an accrual basis under AASB 118: *Revenue* and are recorded in the financial year to which it relates. Based on its assessment, the Association does not expect the application of AASB to have a significant impact on its financial statements for subscription revenue.

As the Clay Brick and Paver Association of N.S.W intends to adopt AASB 15 under the modified retrospective method, it has assessed the cumulative effect of retrospective application to incomplete contracts on the date of application (1 July 2019) as \$nil.

1.5 Revenue

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.

Donation income is recognised when it is received.

Receivables for goods and services, which have 30-day terms, are recognised at the nominal amounts due less any loss allowance due to expected credit losses at each reporting date. A provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment has been established.

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

1.6 Capitation fees and levies

Capitation fees and levies are recognised on an accrual basis and recorded as a revenue and/or expense in the year to which it relates.

1.7 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents include cash on hand, deposits held at call with bank, other short-term highly liquid investments with original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

1.8 Financial instruments

Financial assets and financial liabilities are recognised when the Clay Brick and Paver Association of N.S.W. becomes a party to the contractual provisions of the instrument.

Notes of the Financial Statements (cont.) for the year ended 30 June 2019

1.9 Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (**OCI**), or fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Clay Brick and Paver Association of N.S.W.'s business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Clay Brick and Paver Association of N.S.W. initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' (**SPPI**) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Clay Brick and Paver Association of N.S.W. business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Clay Brick and Paver Association of N.S.W. commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in five categories:

- (Other) financial assets at amortised cost
- (Other) financial assets at fair value through other comprehensive income
- Investments in equity instruments designated at fair value through other comprehensive income
- (Other) financial assets at fair value through profit or loss
- (Other) financial assets designated at fair value through profit or loss

Financial assets at amortised cost

The Clay Brick and Paver Association of N.S.W. measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- 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

Financial assets at amortised cost are subsequently measured using the effective interest (**EIR**) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Notes of the Financial Statements (cont.)
for the year ended 30 June 2019

The Clay Brick and Paver Association of N.S.W.'s financial assets at amortised cost includes trade receivables, cash and cash equivalents.

Derecognition

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired or
- The Clay Brick and Paver Association of N.S.W. has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - a) the Clay Brick and Paver Association of N.S.W. has transferred substantially all the risks and rewards of the asset, or
 - b) the Clay Brick and Paver Association of N.S.W. has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Clay Brick and Paver Association of N.S.W. has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Clay Brick and Paver Association N.S.W. continues to recognise the transferred asset to the extent of its continuing involvement together with associated liability.

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Impairment

(i) Trade receivables

For trade receivables that do not have a significant financing component, the Clay Brick and Paver Association of N.S.W. applies a simplified approach in calculating expected credit losses (ECLs) which requires lifetime expected credit losses to be recognised from initial recognition of the receivables.

Therefore, the Clay Brick and Paver Association N.S.W. does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Clay Brick and Paver Association of N.S.W. has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Notes of the Financial Statements (cont.)

for the year ended 30 June 2019

(ii) Debt instruments other than trade receivables

For all debt instruments other than trade receivables and debt instruments not held at fair value through profit or loss, the Clay Brick and Paver Association of N.S.W. recognises an allowance for expected credit losses using the general approach. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Clay Brick and Paver Association of N.S.W. expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages:

- Where there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses from possible default events within the next 12-months (a 12-month ECL).
- Where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the debt, irrespective of the timing of the default (a lifetime ECL).

The Clay Brick and Paver Association of N.S.W. considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Clay Brick and Paver Association of N.S.W. may also consider a financial asset to be in default when internal or external information indicates that the Clay Brick and Paver Association of N.S.W. is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

1.10 Financial Liabilities

Financial liabilities are classified, at initial recognition, at amortised cost unless or at fair value through profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The Clay Brick and Paver Association of N.S.W.'s financial liabilities include trade and other payables

Financial liabilities at amortised cost

After initial recognition, trade payables and interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Notes of the Financial Statements (cont.)

for the year ended 30 June 2019

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

1.11 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

1.12 Taxation

The Clay Brick and Paver Association of N.S.W. is exempt from income tax under section 50.1 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.

1.13 Fair value measurement

The Clay Brick and Paver Association of N.S.W. measures financial instruments, such as, financial asset as at fair value through the profit and loss, financial assets at fair value through OCI, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 12.

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

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

Notes of the Financial Statements (cont.)

for the year ended 30 June 2019

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

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

The Clay Brick and Paver Association of N.S.W. uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

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

1.14 Going concern

The Clay Brick and Paver Association of N.S.W. is not reliant on the agreed financial support of another reporting unit to continue on a going concern basis.

The Clay Brick and Paver Association of N.S.W. has not agreed to provide financial support to another reporting unit to ensure they can continue on a going concern basis

Note 2 Events after the reporting period

There were no events that occurred after 30 June 2019, and/or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of Clay Brick and Paver Association of N.S.W.

CLAY BRICK AND PAVER ASSOCIATION OF N.S.W.

Notes of the Financial Statements (cont.)
for the year ended 30 June 2019

	2019 \$	2018 \$
Note 3 Income		
Note 3A: Interest		
Deposits	18	9
Loans	-	-
Total interest	<u>18</u>	<u>9</u>
Note 3B: Other revenue		
Members administration levy	7,500	4,950
Other	-	1,871
Total other revenue	<u>7,500</u>	<u>6,821</u>
Note 4 Expenses		
Note 4A: Administration expenses		
Bank charges	240	240
Total administration expenses	<u>240</u>	<u>240</u>
Note 4B: Other expenses		
Penalties - via RO Act or RO Regulations	-	-
Training & education	-	4,995
Total other expenses	<u>-</u>	<u>4,995</u>
Note 5 Current Assets		
Note 5A: Cash and Cash Equivalents		
Cash on hand	-	-
Cash at bank	45,114	40,536
Short term deposits	-	-
Total cash and cash equivalents	<u>45,114</u>	<u>40,536</u>

CLAY BRICK AND PAVER ASSOCIATION OF N.S.W.

Notes of the Financial Statements (cont.)
for the year ended 30 June 2019

	2019	2018
	\$	\$
Note 6 Current Liabilities		
Note 6A: Trade payables		
Trade creditors and accruals	2,750	2,695
Operating lease rentals	-	-
Total trade payables	<u>2,750</u>	<u>2,695</u>
Settlement is usually made within 30 days.		
Note 6B: Other payables		
GST payable	-	-
Other	-	-
Total other payables	<u>-</u>	<u>-</u>
Total other payables are expected to be settled in:		
No more than 12 months	-	-
More than 12 months	-	-
Total other payables	<u>-</u>	<u>-</u>
Note 6C: Loans		
Loans from:		
Clay Brick and Paver Institute Limited	41,094	41,094
Other entities	-	-
Total Loans	<u>41,094</u>	<u>41,094</u>
Note 7 Cash Flow		
Note 7A: Cash Flow Reconciliation		
Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement:		
Cash and cash equivalents as per:		
Cash flow statement	45,114	40,536
Balance sheet	45,114	40,536
Difference	<u>-</u>	<u>-</u>
Reconciliation of profit/(deficit) to net cash from operating activities:		
Profit/(deficit) for the year	4,523	(2,145)
Adjustments for non-cash items	-	-
Changes in assets/liabilities		
(Increase) / decrease in net receivables	-	22,601
Increase / (decrease) in supplier payables	55	1,445
Increase / (decrease) in other payables	-	(4,109)
Net cash from (used by) operating activities	<u>4,578</u>	<u>17,792</u>

CLAY BRICK AND PAVER ASSOCIATION OF N.S.W.

Notes of the Financial Statements (cont.)

for the year ended 30 June 2019

2019
\$

2018
\$

Note 8 Contingent Liabilities, Assets and Commitments

Note 8A: Commitments and Contingencies

The Clay Brick and Paver Association of N.S.W. does not have any expenditure commitments.

The Clay Brick and Paver Association of N.S.W. is not aware of contingent assets or liabilities.

Note 9 Related Party Disclosures

Note 9A: Related entities

During the year the Association engaged in various transactions with member companies each of whom are represented on the committee of management. All such transactions were on normal commercial terms having regard to the nature of the Association.

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

Loans from related parties includes the following:

Clay, Brick and Paver Institute Limited	41,094	41,094
-----------------------------------------	--------	--------

Note 10 Remuneration of Auditors

Value of the services provided

Financial statement audit services	2,755	3,740
Other services	-	-
Total remuneration of auditors	2,755	3,740

No other services were provided by the auditors of the financial statements.

Notes of the Financial Statements (cont.)

for the year ended 30 June 2019

Note 11 Financial Risk Management

The Association's financial instruments consist mainly of deposits with banks, accounts receivable and payable and loans from related parties.

The total for each category of financial instrument measured in accordance with AASB 9: Financial Instruments as detailed in the accounting policies to these financial statements, are as follows:

	Note	2019 \$	2018 \$
Financial Assets			
Financial assets at amortised cost:			
- Cash and cash equivalents	5A	45,114	40,539
		45,114	40,539
Financial Liabilities			
Financial liabilities at amortised cost:			
- Trade and other payables	6A	2,750	2,695
- Borrowings	6C	41,094	41,094
		43,884	43,789

Financial Risk Management Policies

The Committee of Management's overall risk management strategy seeks to assist the Association in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Committee of Management on a regular basis. These include the credit risks policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

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

Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Association. The Association's objective in managing credit risk is to minimise the credit loss incurred, mainly on trade and other receivables. There is no significant risk exposure on other financial assets at amortised cost.

Credit risk is managed through maintenance of procedures, ensuring to the extent possible that customers and counter parties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms are usually 30 Days from date of invoice.

Risk is also minimised through investing surplus funds in financial institutions that maintain high credit rating, or in entities that the Association has assessed as being financially sound.

Notes of the Financial Statements (cont.)

for the year ended 30 June 2019

Note 11 Financial Risk Management (cont.)

Credit Risk Exposures

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

Trade and other receivables that are not past due or impaired are considered to be of high credit quality.

The Association does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Association.

Credit risk related to balances with banks and other financial institutions is managed by the Finance Committee in accordance with approved Committee policy. Such policy requires that surplus funds are only invested with counter parties with a Standard and Poor's (S&P) rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on S&P Counterparty Credit Ratings

	Note	2019 \$	2018 \$
Cash and cash equivalents			
- AA Rated	5A	45,114	40,536

Liquidity Risk

Liquidity risk arises from the possibility that the Association might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Association is not exposed to any significant liquidity risk on the basis that the realisable value of financial assets is greater than the financial liabilities due for settlement. The Association manages its liquidity risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets; and
- investing only in surplus cash with major financial institutions.

Notes of the Financial Statements (cont.)

for the year ended 30 June 2019

Note 11 Financial Risk Management (cont.)

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

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows to settle financial liabilities is presented in the table below.

Financial liability and financial asset maturity analysis:

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$
Financial Liabilities –								
Due for payment								
Trade and other payables	(2,750)	(2,695)	-	-	-	-	(2,750)	(2,695)
Loans from related parties	(41,094)	(41,094)	-	-	-	-	(41,094)	(41,094)
Total anticipated inflows	(43,844)	(43,789)	-	-	-	-	(43,844)	(43,789)
Financial Assets –								
due for payment								
Cash & cash equivalents	45,114	40,536	-	-	-	-	45,114	40,536
Total expected outflows	45,114	40,536	-	-	-	-	45,114	40,536
Net inflow/(outflow) on financial instruments	1,270	(3,253)	-	-	-	-	1,270	(3,253)

Market Risk

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby future changes in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Association is also exposed to earnings volatility on floating rate instruments.

The financial instruments that expose the Association to interest rate risk are limited to cash on deposit.

The Association manages interest rate risk by ensuring deposits are held with reputable financial institutions. Association also manages interest rate risk by ensuring that, whenever possible, payables are paid within any pre-agreed credit terms.

Other market risks

The Association is not exposed to any other market risks such as price or foreign currency risk.

Notes of the Financial Statements (cont.)

for the year ended 30 June 2019

Note 11 Financial Risk Management (cont.)

Sensitivity analysis

The following table illustrates sensitivities to the Association's exposures to changes in interest rates. The table indicates the impact of how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit and loss \$	Equity \$
Year ended 30 June 2019		
+/- 1% in interest rates	+/- 451	+/- 451
Year ended 30 June 2018		
+/- 1% in interest rates	+/- 405	+/- 405

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

Note 12 Fair Value

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying amounts as present in the statement of financial position.

	Carrying amount 2019 \$	Net Fair Value 2019 \$	Carrying amount 2018 \$	Net Fair Value 2018 \$
Financial Assets				
At amortised cost:				
- Cash and cash equivalents	45,114	45,114	40,536	40,536
	45,114	45,114	40,536	40,536
Financial Liabilities				
At amortised cost:				
- Trade and other payables	2,750	2,750	2,695	2,695
- Borrowings	41,094	41,094	41,094	41,094
	43,844	43,844	43,789	43,789

Cash and cash equivalents, trade and other payables, and borrowings are short-term instruments whose carrying amounts approximate their fair values.

Notes of the Financial Statements (cont.)
for the year ended 30 June 2019

Note 13 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).

CLAY BRICK AND PAVER ASSOCIATION OF N.S.W.
OFFICER DECLARATION STATEMENT

I, Nicholas Pezet, being the President of the Clay Brick and Paver Association of N.S.W., declare that the following activities did not occur during the reporting period ending 30 June 2019.

The reporting unit did not:

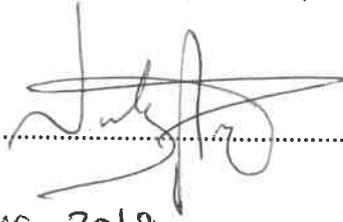
- acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission
- receive capitation fees or any other revenue from another reporting unit
- receive revenue via compulsory levies
- receive donations or grants
- receive revenue from undertaking recovery of wages activity
- incur fees as consideration for employers making payroll deductions of membership subscriptions
- pay capitation fees or any other expense to another reporting unit
- pay affiliation fees to other entity
- pay compulsory levies
- pay a grant that was \$1,000 or less
- pay a grant that exceeded \$1,000
- pay a donation that was \$1,000 or less
- pay a donation that exceeded \$1,000
- pay wages and salaries to holders of office
- pay superannuation to holders of office
- pay leave and other entitlements to holders of office
- pay separation and redundancy to holders of office
- pay other employee expenses to holders of office
- pay wages and salaries to employees (other than holders of office)
- pay superannuation to employees (other than holders of office)
- pay leave and other entitlements to employees (other than holders of office)
- pay separation and redundancy to employees (other than holders of office)
- pay other employee expenses to employees (other than holders of office)
- pay to a person fees or allowances to attend conferences or meetings as a representative of the reporting unit
- incur expenses due to holding a meeting as required under the rules of the organisation
- pay legal costs relating to litigation
- pay legal costs relating to other legal matters
- have a receivable with other reporting unit(s)
- have a payable with other reporting unit(s)
- have a payable to an employer for that employer making payroll deductions of membership subscriptions
- have a payable in respect of legal costs relating to litigation
- have a payable in respect of legal costs relating to other legal matters
- have an annual leave provision in respect of holders of office
- have a long service leave provision in respect of holders of office
- have a separation and redundancy provision in respect of holders of office
- have other employee provisions in respect of holders of office
- have annual leave provision in respect of employees (other than office holders)
- have a long service leave provision in respect of employees (other than office holders)
- have a separation and redundancy provision in respect of employees (other than office holders)
- have other employee provisions in respect of employees (other than office holders)

**CLAY BRICK AND PAVER ASSOCIATION OF N.S.W.
OFFICER DECLARATION STATEMENT**

(continued)

- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity
- have a balance within the general fund
- provide cash flows to another reporting unit and/or controlled entity
- receive cash flows from another reporting units and/or controlled entity
- 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: 8th October 2019