



2001 2002 **ANNUAL REPORT**

**TasBuild Limited is a public trustee company established to administer
the Tasmanian Construction Industry Long Service Scheme.**



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Website www.tasbuild.com.au

INTERSTATE SCHEME CONTACT LIST

Australian Capital Territory

Building & Construction Industry
Long Service Leave Board
71 Constitution Avenue
Campbell ACT 2601
Telephone: (02) 6247 3900
Facsimile: (02) 6257 5058
Email: lslbact@actslb.act.gov.au
www.actslb.act.gov.au

New South Wales

Building & Construction Industry
Long Service Payments Corporation
Level 4, 1 Oxford Street
Darlinghurst NSW 2010
Telephone: 1800 426 684
Facsimile: (02) 9246 4444
www.lspc.nsw.gov.au

South Australia

Construction Benefit Services
1st Floor, 81 Greenhill Road
Wayville SA 5034
Telephone: (08) 8271 1222
Facsimile: (08) 8373 2740
www.cbserve.com.au

Western Australia

Construction Industry
Long Service Leave Payments Board
1st Floor, 26 Collins Street
West Perth WA 6005
Telephone: (08) 9476 5400
Facsimile: (08) 9321 5404
Email: lslbrd@highway1.com.au
www.lslboard.com.au

Queensland

QLeave
Level 4, Lutwyche Shopping Centre
543 Lutwyche Road
Lutwyche QLD 4030
Telephone: (07) 3212 6811
Facsimile: (07) 3212 6844
www.qleave.qld.gov.au

Victoria

CoInvest Limited
478 Albert Street
East Melbourne VIC 3002
Telephone: (03) 9664 7677
Facsimile: (03) 9663 7088
www.coinvest.com.au

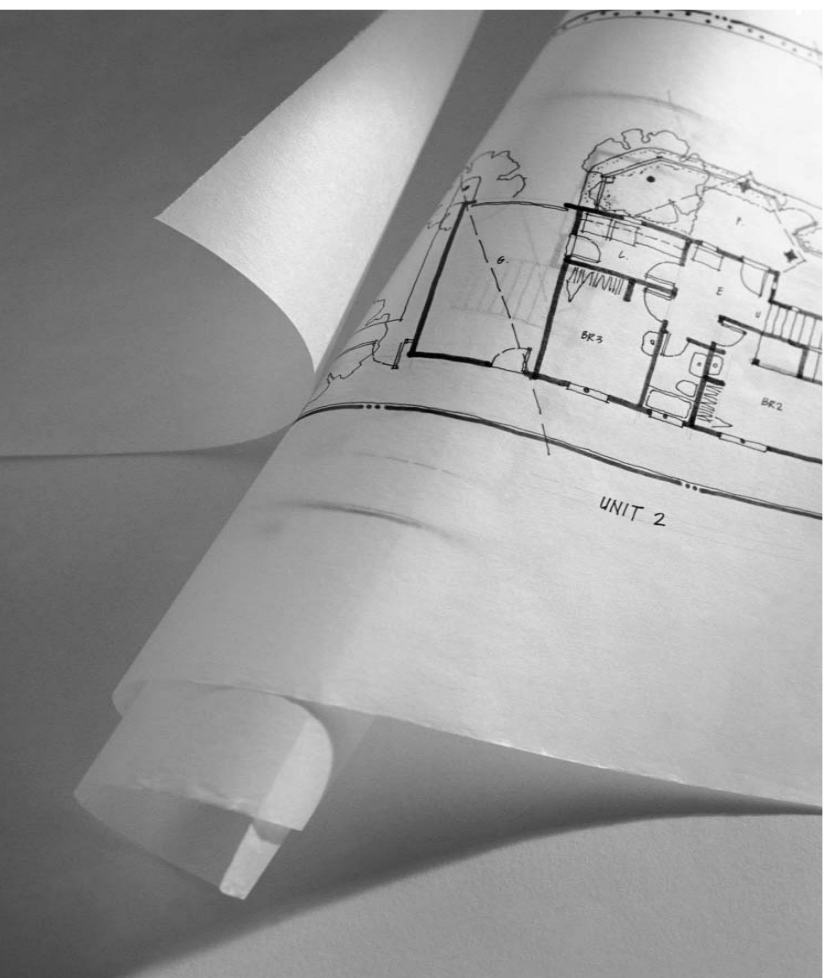
2001 2002
ANNUAL REPORT



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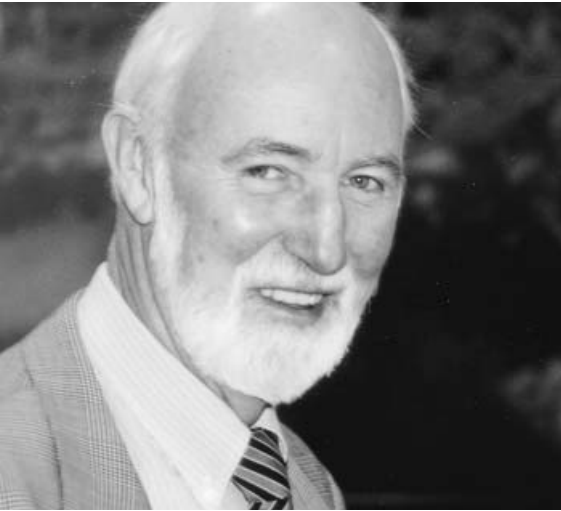
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CHAIRMAN

THE CHAIRMAN'S REPORT



Des Hodgman was an inaugural Director of the TasBuild Board until his retirement from the Master Builders' Association in June 2000.

He was appointed as Director and Independent Chairman of the Board with effect from 9 May, 2001. Des was involved with the Master Builders' Association for 30 years having held the position of Executive Director of the Queensland Master Builders' Association for 19 years prior to returning to Tasmania and taking up a similar position with the Master Builders' Association in 1992.

Des helped establish BUSS, the Queensland Superannuation Scheme and was the founding Secretary and Trustee of the Fund for 8 years. Des has been heavily involved in training in the building and construction industry, having established the QMBA Group Training Scheme which is now part of the Queensland Construction Industry Training Council.

NEW CHIEF EXECUTIVE OFFICER

2002 saw the appointment of a new Chief Executive Officer for TasBuild Limited. Mr Ian Lamb replaced David Louez who officially retired from TasBuild Limited at the end of July 2002.

Ian holds a Master of Arts degree from Edinburgh University in Politics and British History as well as a Diploma in Business Administration. Previously the Chief Financial Officer of Transend Networks, Ian's experience also includes the mining and forestry industries.

I am delighted that Ian Lamb has chosen to join the company. The fact we have been able to attract a person of Ian's experience augurs well for the future of the company. The Board and I believe Ian is the right person to build on the successes achieved to date by TasBuild under David Louez's leadership.

RETIRING CHIEF EXECUTIVE OFFICER

Since its formation TasBuild has significantly reduced the cost of the scheme to employers as well as significantly increasing the entitlements to workers in terms of them being able to access a return from the scheme more quickly.

David's retirement ends a distinguished career spanning more than four decades with the Tasmanian public/private sectors.

On behalf of the industry, Board and staff I would like to take this opportunity to formally acknowledge his contribution and wish both him and Christine well in their retirement.

CHANGES TO THE BOARD

The 2002 financial year saw the departure of one Director from the Board due to a change in employment. To the departing member, namely Terry Edwards, I extend my thanks for his invaluable contribution. I welcome the new Director, Mark Watson, to the Board and acknowledge the contribution already made by him.

CONSTRUCTION INDUSTRY PROJECTS

The Board is continually looking at construction industry projects to support. The Trustee currently has \$9 million allocated for the funding of construction industry projects. The funding is to assist projects to get off the ground in Tasmania where there is a shortfall in the finance available to the project from various lending authorities. This funding provides continuity of employment for members of the Fund as well as assisting the building and construction industry in a positive manner.

All projects are required to provide an exit strategy for the return of any loan within a two-year period thereby enabling the Trustee to assist projects with up to \$4.5 million each year.

2002 - 2003

The Board is confident that the scheme is meeting its objectives and providing a high quality service to the Tasmanian Construction Industry.

I would like to thank both the Board for their support and confidence in appointing me their Chairman for a further four year period and to the staff of TasBuild for their dedication and support.

*Des Hodgman
Chairman*

OFFICER

THE CHIEF EXECUTIVE OFFICER

NEW CHIEF EXECUTIVE OFFICER

I would like to join the Chairman in welcoming Mr Ian Lamb as the new Chief Executive Officer and Company Secretary of TasBuild Limited.

INVESTMENTS

2001-2002 saw a dramatic decline in the return on investments placed with Fund Managers.

Commencing with the downturn in financial markets at the beginning of the financial year, the terrorist attacks in the United States of America resulted in a rapid decline in the value of financial stocks.

Although the Trustee's Fund Managers performed, on average, better than benchmark, funds under management returned -6.98%. Conversely, funds managed internally returned 6.5% and the weighted average return on all investments was -0.03%.

FINANCIAL POSITION

As a consequence the Trustee had a reduction in net assets for the year under review but it remains in a strong financial position.

This year the Board approved a strategic investment policy which will ensure that the liability to beneficiaries is irrevocably guaranteed and that the Trustee will be able to sustain continued subsidy of the scheme well into the future.

CLIENT SERVICES

Compliance substantially improved following the appointment of a Manager Client Services and will be further enhanced with the passing of some legislative amendments in the near future.

TasBuild continued to be proactive in service delivery and the establishment of a level playing field for all those involved in the construction industry.

2002 - 2003

The 2000-2001 Annual Report was to be my last. This report is, and I wish to thank the loyal and dedicated staff that it has been my pleasure to work with over the last four years. To the Board of Directors, thank you for your support, and for enabling me to build a Trustee Company which is strategically placed to provide a high quality service to its members.

I wish TasBuild Limited every success in the future.

*David Louez
Chief Executive Officer*



David Louez, retiring Chief Executive Officer



The new Chief Executive Officer, Ian Lamb

REVIEW

THE 2001 - 2002 YEAR IN REVIEW

PAYMENT OF ENTITLEMENTS

In the year of review the Trustee paid \$1,161,313.15 in entitlements to 231 workers.

Since the incorporation of TasBuild on 1 July 1998 the Trustee has paid out \$4,432,540.56 in entitlements to workers.

"I got my play the TasBuild way"



OPERATIONS

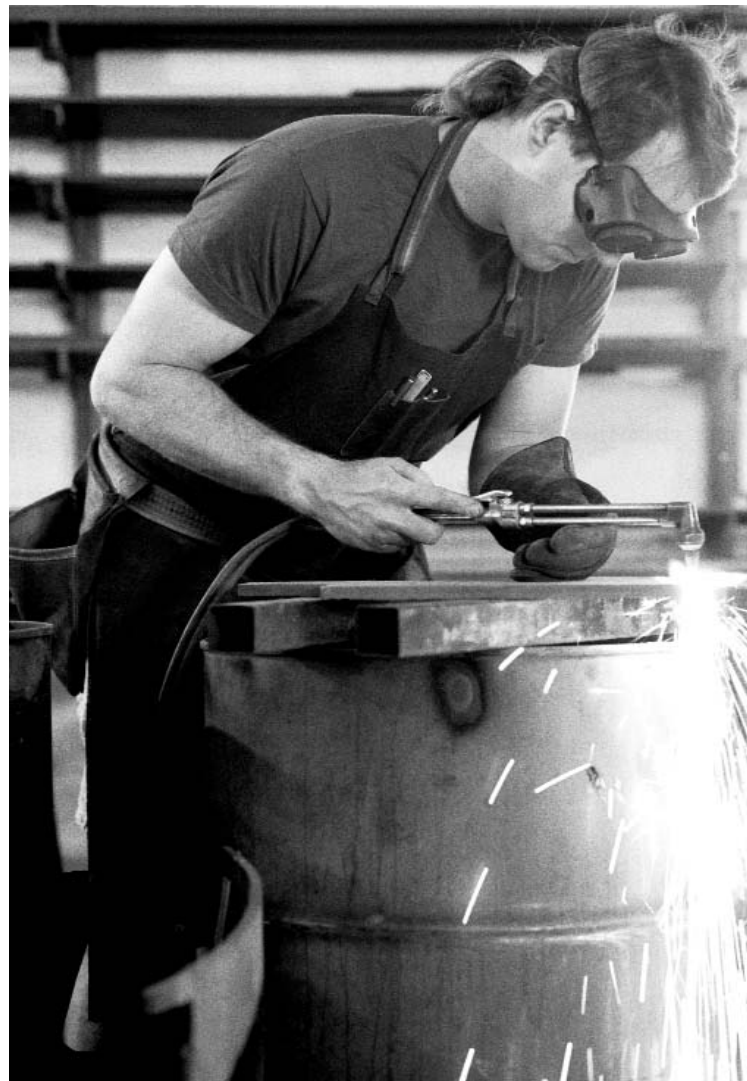
Worker contributions were received from 557 registered employers during the year. At 30 June 2002 there were 7,963 active workers registered with the Trustee.

The Rules of the fund have been varied after industry input and the Rules have been streamlined for the benefit of both employers and workers.

Since privatisation the Board of Directors has continually endeavoured to improve areas which strengthened compliance and resolved definitional problems. Together with the Trustee's Legal Counsel and Workplace Standards Tasmania a review of legislation has commenced. The primary objective is to improve compliance and establish a level playing field for all within the industry.

The Trustee redeveloped and upgraded its internet site during the year. The website now offers a faster service for both employers and workers.

The Trustee currently has 10% of employers choosing to complete their returns via the internet. The benefit to the Trustee of employees using this medium is a more streamlined process. Feedback from employers using the site has been more than positive. Surveys have been undertaken to gain feedback from users, and results from this have been used to make the site more user friendly. It is expected the take up rate by employers using the internet site to complete their returns will continue to grow over the next twelve months.



TASBUILD SUPPORTS WORLDSKILLS AUSTRALIA

TasBuild was delighted to be naming right sponsors of the construction industry aligned divisions of the WorldSkills Program 2002.

WorldSkills Australia hold competitions for young people within many industries including hospitality, building and construction, hairdressing, etc. The successful participants in the divisions then go on to compete at the national level. TasBuild sponsorship of the Carpentry/Painting and Decorating competitions was seen as an opportunity to give something back to the youth within the construction industry and assist in raising TasBuild's profile. TasBuild wishes to congratulate all participants in the competitions which were held in June this year.

Special mention must go to Wesley Foster of Clarke's Painting Services, the winner of the Painting and Decorating Division. Wesley will represent Tasmania at the national competitions later this year on the mainland. Damien Bosworth, Programmed Maintenance Services, and Jason Peppiatt, Bob de Groot Painting Services, were placed second and third respectively.

The Carpentry category was won by Adam Ritson of Fairbrother Pty Ltd. Runners up were Jeremy Van Steenis, Cunic Constructions, and John Cornell of Fairthbrother Pty Ltd.

We wish both Wesley and Adam well in the national competitions.



World Skills Competitions Hobart - June 2002

PROFILE OF THE ORGANISATION

BENEFICIARIES

BOARD

CHIEF EXECUTIVE OFFICER & COMPANY SECRETARY

CORPORATE SERVICES

- Human Resources
- Information Technology
- Quality Assurance
- Finance & Administration
- Policy & Legal Services

CLIENT SERVICES

- Compliance
- Entitlement Distribution
- Client Liaison
- Marketing

DIRECTORS'

THE BOARD OF DIRECTORS

Constitutionally the Trustee operates with a Board of 7, 3 Directors representing employers, 3 Directors representing employees and an Independent Director who is also the Chairman.



MARK WATSON is TCCI'S Director of Industrial Services, a position he was promoted to in December 2001. Mark has 23 years experience in industrial relations/human resources, both in the public and private sector, and has been employed at TCCI for the past 8 years. His current responsibilities include managing the TCCI'S member industrial relations service.

During Mark's time at TCCI he has represented and advised TCCI members across industry, including the building and construction industry.

Mark was also the Divisional Director for the Australian Funeral Directors Association in Tasmania for 7 years.



MICHAEL SHEPPERD After graduating in 1983 with a Bachelor of Business Degree (Accounting), Michael gained his work experience within Tasmanian industry.

As a Certified Practising Accountant, Michael's involvement in public practice over the last thirteen years has concentrated on the provision of services to specialist contractors in the building and construction industry.

Michael is also a member of the Tasmania Electrotechnology and Utilities Industry Training Board, the Building and Construction Industry Council, the AMCA Tasmania Industry Fund and the Tasmanian Building and Construction Industry Training Board - Services.



GREG COOPER first joined the Australian Manufacturing Workers' Union in 1975 when employed as a machinist in Launceston. He has worked as a union official for 13 years and is currently an organiser with the Australian Manufacturing Workers' Union.

Greg has represented the Tasmanian Trades and Labor Council on numerous training boards and is currently an Executive Member of the Mining Industry Training Board, Deputy Chair of the Fishing Industry Training Board and a member of the Tasmanian Training and Accreditation Committee.

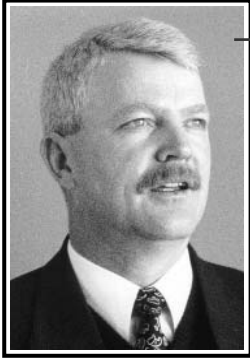


KEVIN HARKINS is the Assistant Secretary, Southern States Branch, of the Electrical Trades Union (ETU). Kevin is an "A" grade electrician with over 15 years experience in all fields of electrical work. Kevin has had many years of experience working with apprentices as a Field Officer and Director of a large Group Training Company.

Kevin became an Organiser with the ETU in 1995 in Victoria and transferred to Tasmania in January 2001, as State Secretary, to rebuild the Union in Tasmania.

DIRECTORS'

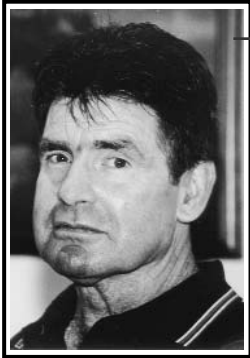
THE BOARD OF DIRECTORS'



CHRIS ATKINS has been employed with the Master Builders' Association of Tasmania Inc. since 1989 and is the Association's Executive Director. Prior to being promoted to this position in 2000, Chris was the Association's Southern Regional Manager.

Chris holds an Associate Diploma in Business (Accounting) and is a member of the National Institute of Accountants as a 'Professional National Accountant' (PNA), and he has also completed half the academic requirements which will lead him to obtaining a Graduate Diploma in Construction Law from the University of Melbourne.

Chris also represents the MBA and the industry on numerous other boards, including the Government's Procurement Advisory Group, Building Apprenticeship Scheme and the Tasmanian Building and Construction Industry Training Board.



TONY BENSON is the Secretary of the Construction, Forestry, Mining and Energy Union (Construction & General Division), Tasmanian Divisional Branch.

After leaving school Tony completed an apprenticeship in Painting and Decorating with the Department of Housing and Construction (Housing Department). Some 21 years later Tony worked in the private sector as a painting foreman.

In 1991 Tony started work with the Operative Painters and Decorators Union and was elected Secretary in March 1992. After amalgamation with the building unions in 1993 and other restructuring, Tony was appointed Secretary of the combined building union, the CFMEU, in 1998.

Tony is a Director of the Building Group Apprenticeship Scheme (BGAS) and is a Director and Treasurer of the Tasmanian Building Construction Industry Training Board (TBCITB) as well as the Union's representative on several Government Boards.

ATTENDANCE AT BOARD MEETINGS

10 Meetings were held between 1 July 2001 - 30 June 2002

Director	Attendance	
Des Hodgman (Chairman)	10	
Terry Edwards	2	<i>Resigned 8 November 2001</i>
Mark Watson	6	<i>Appointed 8 November 2001</i>
Tony Benson	7	
Bill White (Alternate for Tony Benson)	1	
Chris Atkins	9	
Michael Kershbaum (Alternate for Chris Atkins)	1	
Michael Shepperd	10	
Kevin Harkins	7	
Kerry Becker (Alternate for Kevin Harkins)	1	
Greg Cooper	10	

FINANCIAL STATEMENTS

PURPOSE & SCOPE OF FINANCIALS

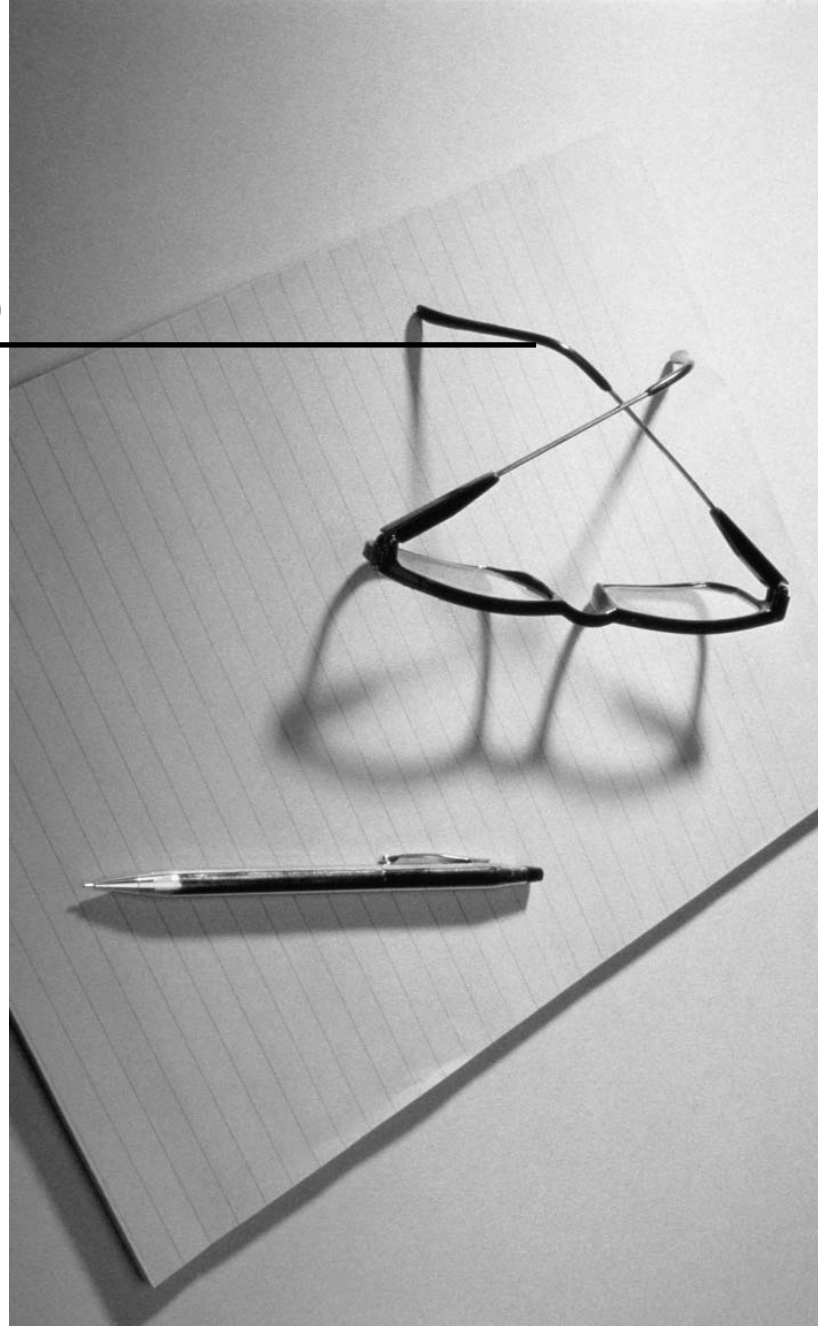
TasBuild Limited is a public trustee company limited by guarantee and incorporated under the Corporations Law. Its function is to administer the trust fund established to provide long service benefits to people working in the construction industry.

The Financial Statements and Independent Audit Report have been prepared:

...To satisfy the provisions of the Corporations Act 2001

...In accordance with the accounting standards laid down by the professional accounting bodies;
and

...To communicate information on the Trustee's financial performance for the year and its financial position as at 30 June 2002 to the contributors, beneficiaries and potential beneficiaries of the fund.



INDEPENDENT AUDIT REPORT

TO THE DIRECTORS OF TASBUILD LIMITED

SCOPE

We have audited the financial statements of TasBuild Ltd and the Construction Industry (Long Service) Fund for the period ended 30 June 2002 comprising a statement of financial position, statement of financial performance, statement of cash flows, statement by trustees and notes to the financial statements. Separate unqualified audit opinions have been issued on these two entities in accordance with the governing rules and legislation. The company's directors are responsible for the preparation and presentation of these financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the Trustee.

This audit report is a special purpose audit report as required by clause 10.3 of TasBuild Ltd's Trust Deed dated 19 June 1998, in accordance with TasBuild Ltd's:

- (a) Articles of Association, recital 25; and
- (b) Memorandum of Association, clause 5.

The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

In our opinion, the financial statements of TasBuild Ltd and the Construction Industry (Long Service) Fund for the period ended 30 June 2002 are properly drawn up:

- (a) so as to give a fair and reasonable view of:
 - (i) the remuneration appropriated out of the Fund by the Trustee;
 - (ii) the remuneration paid by the Trustee to each member of the Board; and
 - (iii) the expenses reimbursed by the Trustee to each member of the Board; and
- (b) in accordance with TasBuild Ltd's:
 - (i) Trust Deed, clause 10.3;
 - (ii) Articles of Association, recital 25; and
 - (iii) Memorandum of Association, clause 5.



D J MCCARTHY
Partner
WISE LORD & FERGUSON
Chartered Accountants
160 Collins Street
Hobart Tas 7000

30 August, 2002

INDEPENDENT AUDIT REPORT

2001 2002

TO THE MEMBERS OF TASBUILD LIMITED

SCOPE

We have audited the financial statements of TasBuild Ltd for the period ended 30 June 2002 comprising a statement of financial position, statement of financial performance, statement of cash flows, statement by trustees and notes to the financial statements. The company's directors are responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the members.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included an examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and statutory requirements so as to present a view of the company which is consistent with our understanding of its financial position, and the results of its operations.

The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

In our opinion, the financial statements of TasBuild Ltd are properly drawn up:

- (a) so as to give a true and fair view of:
 - (i) the company's state of affairs as at 30 June 2002 and of its result for the year ended on that date and;
 - (ii) the other matters required by Divisions 4, 4A and 413 of Part 3.6 of the *Corporations Act 2001* to be dealt with in the financial statements;
- (b) in accordance with the provisions of the *Corporations Act 2001*; and
- (c) in accordance with applicable Accounting Standards and other mandatory professional reporting requirements.



D J MCCARTHY
Partner
WISE LORD & FERGUSON
Chartered Accountants
160 Collins Street
Hobart Tas 7000

30 August, 2002

INDEPENDENT AUDIT REPORT

TO THE TRUSTEE AND MEMBERS OF THE CONSTRUCTION INDUSTRY (LONG SERVICE) FUND

AUDIT SCOPE

We have audited the financial statements of the Construction Industry (Long Service) Fund (the "fund") for the twelve months ended 30 June 2002, comprising a statement of financial position, statement of financial performance, statement of cash flows, statement by trustees and notes to the financial statements. The fund's trustee is responsible for the preparation and presentation of these financial statements and the information they contain. We have conducted an independent audit of the financial statements in order to express an opinion on them to the trustee of the fund.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views), so as to present a view which is consistent with our understanding of the fund's financial position, the results of its operations and its cash flows.

The audit opinion expressed on the financial statements has been formed on the above basis.

AUDIT OPINION

In our opinion, the financial statements present fairly the financial position of the Construction Industry (Long Service) Fund as at 30 June 2002 and the results of its operations and its cash flows for the period ended on that date in accordance with Australian Accounting Standards and other mandatory professional reporting requirements.



D J MCCARTHY
Partner
WISE LORD & FERGUSON
Chartered Accountants
160 Collins Street
Hobart Tas 7000

30 August, 2002

STATEMENT BY TRUSTEES

TO THE DIRECTORS OF TASBUILD LIMITED

In the opinion of the Directors of TasBuild Ltd, trustee for the Construction Industry (Long Service) Fund:

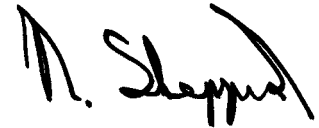
1. The accompanying Statement of Financial Position, Statement of Performance, Statement of Cash Flows and the Notes to the Financial Statements present fairly the financial transactions for the twelve months to 30 June 2002 and the financial position of the Fund as at 30 June 2002.
2. The financial statements referred to above have been prepared in accordance with Australian Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and the *Corporations Act 2001*.
3. At the date of this statement there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the directors of the trustee.

For and on behalf of TasBuild Limited



D. H. HODGMAN
DIRECTOR & CHAIRMAN



M. R. SHEPPERD
DIRECTOR

Hobart, Tasmania

30 August, 2002

STATEMENT OF FINANCIAL PERFORMANCE

This Statement of Financial Performance should be read in conjunction with the notes to and forming part of the financial statements

	Notes	2002 \$'000	2001 \$'000
Revenue from Ordinary Activities			
Contributions Accrued Liability	2	545	430
Monthly/Quarterly Contributions	2	865	801
Income From Investments	8	(556)	2,207
Miscellaneous Income		51	49
Profit on Sale of Assets		Nil	7
Total Revenue from Ordinary Activities		905	3,494
<i>Less</i>			
Expenses from Ordinary Activities			
Long Service			
Long Service Benefits		1,159	1,407
Investments			
Investment Expenses	8	60	21
Administration			
Salaries and Associated Expenses	9	352	329
General Administration Expenses	11	225	223
Field Services		Nil	47
Other Expenses			
Doubtful Debts	3	(52)	(75)
Depreciation	10	35	31
Provision for Loss on Construction Projects	12	(118)	140
Adjustment Liability to Beneficiaries	6	149	258
Total Expenses from Ordinary Activities		1,810	2,381
Net Profit Attributable to Members of TasBuild Limited			
Total Changes in Equity Attributable to Members of TasBuild Limited (Deficit)		(905)	1,113
Retained Earnings at the Beginning of the Period		21,104	19,991
Retained Earnings at the End of the Period		20,199	21,104

STATEMENT OF FINANCIAL POSITION

This Statement of Financial Position should be read in conjunction with the notes to and forming part of the financial statements

	Notes	2002 \$'000	2001 \$'000
Current Assets			
Cash		68	98
Accounts Receivable	2	999	1,275
Investments	5	13,741	16,600
Other Accrued Income	3	354	336
Prepaid Expenses		2	2
Total Current Assets		15,164	18,311
Non-Current Assets			
Investments	5	22,938	20,730
Fixed Assets	4	158	117
Total Non-Current Assets		23,096	20,847
Total Assets		38,260	39,158
Current Liabilities			
Accrued Long Service Leave Benefits Liability	6	1,877	1,375
Creditors		4	4
Accrued Charges		69	92
Provision for Staff Annual Leave		11	20
Provision for Staff Long Service Leave		Nil	8
GST Payable		30	14
Total Current Liabilities		1,991	1,513
Non-Current Liabilities			
Accrued Long Service Leave Benefits Liability	6	15,930	16,283
Provision for Contingencies	12	140	258
Total Non-Current Liabilities		16,070	16,541
Total Liabilities		18,061	18,054
Net Assets		20,199	21,104
Equity			
Retained Earnings		20,199	21,104
Total Equity		20,199	21,104

STATEMENT OF CASH FLOWS

	Notes	2002 \$'000	2001 \$'000
Cash Flows from Operating Activities			
Receipts from Contributors		1,853	1,715
Miscellaneous Income		51	49
Payments for Operating Costs and Long Service Leave Benefits		(1,874)	(2,093)
Net Cash Outflow from Operating Activities	13	30	(329)
Cash Flows from Investment Activities			
Investment Income Received		997	983
Payments for Plant and Equipment		(76)	(25)
Payments for Investments		(921)	(517)
Investment Expenses Paid		(60)	(21)
Net Cash Inflow from Investment Activities		(60)	420
Net Increase/(Decrease) in Cash Held		(30)	91
Cash at the Beginning of the Period		98	7
Cash at the End of the Period		68	98

For the purposes of this Statement of Cash Flows, Cash includes cash on hand. Cash at the end of the period as shown in this Statement of Cash Flows is disclosed as Cash in the accompanying Statement of Financial Position. Cash Flows have been calculated after the transfer of assets and liabilities from the Long Service Leave (Construction Industry) Fund.

This Statement of Cash Flows should be read in conjunction with the notes to and forming part of the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act which includes applicable accounting standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

(a) Basis of Accounting

The financial statements have been prepared under conventional historical cost principles, except for investment securities which are at net market value.

All amounts in the financial statements have been rounded to the nearest thousand dollars.

(b) Contribution Income

Employers contribute to the fund at the agreed rate.

(c) Investments

Investments are stated at the net market value at period end as provided by each Fund Manager and confirmed by the Fund's investment advisers. The gains or losses, whether realised or unrealised, are included in the operating result for the period in accordance with AAS 10 "Revaluation of Non-Current Assets".

The Trustee regards investments due to mature, expire, or are available to be traded within the next twelve months as current and accordingly have been disclosed as current assets. Investments held with Fund Managers, although available for trading, have been placed for long term investment and are therefore disclosed as non-current assets.

(d) Investment Income

Investment Income is accounted for on an accrual basis.

(e) Accrued Long Service Benefits

Liability

The liability for accrued long service benefits is determined as the present value of all expected future payments that arise from the service of eligible workers up to the balance date.

The stated amount has been calculated by the Fund's actuary using an actuarial valuation method which takes into account assumptions of the rates of departure from the industry, mortality rates, increases in wages and rates of return on investments. The liability has been recorded both as a current liability (that amount due within twelve months) and as a non-current liability.

(f) Depreciation

Depreciation is calculated on a straight line method designed to write off the assets over their estimated useful lives, except where otherwise stated in the accounts.

Rates of depreciation used for each class of assets are as follows:

Furniture, Fittings and Equipment	12-17%
Motor Vehicles	20%
Computer Equipment	27%

(g) Provision for Doubtful Debts

The collectability of debts is assessed at the end of each financial period and a specific provision is made.

(h) Provisions for Employee Entitlements

Provision is made for the Trustee's liability for employee entitlements arising from services rendered by employees up to the balance date. Employee entitlements expected to be settled within 1 year together with entitlements, apart from long service leave, which will be settled after one year, have been measured at their nominal amount.

NOTES TO THE FINANCIAL STATEMENTS

2001 2002

Long Service Leave entitlements payable later than 1 year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

(i) Revenue Recognition

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

Interest

Control of a right to receive consideration for the provision of, or investments in, assets has been attained.

(j) Tax

The Fund is exempt from income tax.

(k) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated inclusive of GST.

The amount of GST recoverable has been netted off against GST Payable and recorded as a current liability in the Statement of Financial Position.

(l) Recoverable Amount

Non-current assets are not carried at an amount above their recoverable amount, and where carrying values exceed this recoverable amount assets are written down.

(m) Payables

Liabilities for creditors and other amounts are carried at cost, which is the net fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Trustee. Creditors are non-interest bearing and generally on 30 day terms.

2. CONTRIBUTIONS

Contributions Payable including GST

With the enactment of the *Construction Industry (Long Service) Act 1997* employers that had elected to contribute to the former fund under the Termination Scheme had an accrued liability to the Trustee for unpaid contributions. In accordance with the Rules, payment of this liability may be postponed until the employee leaves the employer or becomes eligible for the payment of an entitlement. Contributions payable includes any accrued liability prior to registration together with monthly or quarterly contributions by registered employers. In respect of contributions payable from 1 July 2000 amounts invoiced include GST.

Contributions are carried at their nominal amount less a provision for any uncollectable debts. Contributions are non-interest bearing and generally on 30 day terms from invoice date.

	2002 \$'000	2001 \$'000
Accounts Receivable 30 June 2001	1,275	1,612
Contributions payable including GST	1,525	1,307
Less Payments Made	1,652	1,443
Accounts Receivable before provision for Doubtful Debts	1,148	1,476
Less Provision for Doubtful Debts	149	201
Accounts Receivable 30 June 2002	999	1,275

NOTES TO THE FINANCIAL STATEMENTS

2001 2002

	2002 \$'000	2001 \$'000
3. DEBTORS and ACCRUED INCOME		
Accounts Receivable (Sundry Debtors)	999	1,275
Accrued Income		
Accrued Investment Income	210	231
Contributions accrued	<u>144</u>	<u>105</u>
Total Accrued Income	354	336
The debtors amount due and unpaid at 30 June includes a Provision for Doubtful Debts as follows:		
(i) Accounts Receivable	1,148	1,476
Less Provision for Doubtful Debts	<u>149</u>	<u>201</u>
Accounts Receivable	999	1,275
(ii) Provision for Doubtful Debts		
Opening Balance	201	275
Less Bad Debts written off against provision	<u>Nil</u>	<u>Nil</u>
	201	275
Increase/(Decrease) in Provision for Doubtful Debts	<u>(52)</u>	<u>(74)</u>
Closing Balance	149	201
4. ASSETS		
Office Equipment at cost	22	20
Less Accumulated Depreciation	<u>10</u>	<u>9</u>
	12	11
Motor Vehicles at cost	98	51
Less Accumulated Depreciation	<u>11</u>	<u>10</u>
	87	41
Other Assets	43	34
Less Accumulated Depreciation	<u>27</u>	<u>20</u>
	16	14
Computer Equipment at cost	90	85
Less Accumulated Depreciation	<u>50</u>	<u>36</u>
	40	49
Furniture and Fixtures at cost	6	4
Less Accumulated Depreciation	<u>3</u>	<u>2</u>
	3	2
Total Fixed Assets	158	117
Reconciliation		
<i>Office Equipment</i>		
Carrying amount at beginning	11	12
Additions	2	1
Depreciation expense	<u>(1)</u>	<u>(2)</u>
Carrying amount at end	12	11

NOTES TO THE FINANCIAL STATEMENTS

2001 2002

	2002 \$'000	2001 \$'000
<i>Motor Vehicles</i>		
Carrying amount at beginning	41	32
Additions	75	23
Disposals	(17)	(14)
Depreciation Expense	(12)	(7)
Gain on sale of motor vehicle	<u>Nil</u>	<u>7</u>
Carrying amount at end	87	41
<i>Computer Software Development</i>		
Carrying amount at beginning	14	19
Additions	9	1
Amortisation	<u>(7)</u>	<u>(6)</u>
Carrying amount at end	16	14
<i>Computer Equipment</i>		
Carrying amount at beginning	49	49
Additions	7	16
Disposals	(1)	Nil
Depreciation expense	<u>(15)</u>	<u>(16)</u>
Carrying amount at end	40	49
<i>Furniture and Fittings</i>		
Carrying amount at beginning	2	2
Additions	1	Nil
Depreciation Expense	<u>Nil</u>	<u>Nil</u>
Carrying amount at end	3	2

5. INVESTMENTS

<i>Current Investments</i>		
Funds Directly Managed by the Trustee		
Domestic Liquid Investments	2,958	Nil
Direct Property	<u>10,783</u>	<u>10,150</u>
Total Current Investments	13,741	10,150
<i>Funds Managed by Funds Managers</i>		
Domestic Liquid Investments	4,047	3,563
Property and Property Trusts	1,358	1,415
Domestic Equities	8,323	9,394
Overseas Investments	5,283	6,066
<i>Funds Directly Managed by the Trustee</i>		
Venture Capital Fund	427	292
Direct Property	<u>3,500</u>	<u>6,450</u>
Non-Current Investments	22,938	27,180
Total Investments	36,679	37,330

6. ACCRUED LONG SERVICE LEAVE BENEFITS LIABILITY

Current	1,877	1,375
Non-Current	<u>15,930</u>	<u>16,283</u>
Total	17,807	17,658

NOTES TO THE FINANCIAL STATEMENTS

2001 2002

An increase in the total number of service days has resulted in an increase in the liability to beneficiaries of \$149,000 when compared with the assessment at 30 June 2001.

Actuarial Statement

I have carried out an investigation of the fund as at 30 June 2002 and have calculated the actuarial liability for accrued long service leave benefits to be \$17,807,000.

Brian Bendzulla B.Sc. UED FIAA
Bendzulla Tasmania Pty Ltd
July 2002

7. ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURES

The investments of the Fund (cash, fixed interest securities and real estate) are managed by the trustee and on behalf of the trustee by ING, Credit Suisse, Perpetual Investments and Zurich Investment Management Limited. Each Investment Manager is required to invest the assets managed by it in accordance with the terms of a written investment mandate.

The trustee has determined that appointment of these managers is appropriate for the Fund and is in accordance with the Fund's investment strategy.

The trustee obtains monthly reports from each Investment Manager on the nature of the investments made. Annual reports include Risk Management Statements.

Use of derivative financial instruments

The Fund's Investment Managers may use derivative financial instruments to reduce risks in the share, bond and currency markets and to increase or decrease the Fund's exposure to particular investment classes or markets. Derivative financial instruments are included in the relevant asset category in Note 5.

At 30 June 2002 the Fund held no derivatives.

Credit Risk

The net market value of financial assets, with the exception of the derivatives position, included in the Balance Sheet, represents the Fund's exposure to credit risk in relation to those assets.

The Fund does not have any significant exposure to any individual counter party or industry. Its assets are invested by individual Investment Managers.

Interest Rate Risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investment on behalf of its members. The Fund's investments are subject to interest rate risks and returns on investments will fluctuate in accordance with movements in market interest rates.

The Fund's exposure to interest rate movement on those investments as at 30 June 2002 was as follows:

	Fix Interest - Time to Maturity				Total	
	3-12 Months \$'000		Non-Int Bearing \$'000		(per Bal Sheet) \$'000	
	2002	2001	2002	2001	2002	2001
Financial Assets						
Cash	2,958				2,958	Nil
Equity Investments			22,938	27,180	22,938	27,180
Short term investments	10,783	10,150			10,783	10,150
Receivables			999	1,275	999	1,275
Total	13,741	10,150	23,937	28,455	37,678	38,605

Weighted average interest rate (%) -0.31

NOTES TO THE FINANCIAL STATEMENTS

Net Fair Values of Financial Assets and Liabilities

The Fund's financial assets, liabilities and derivative instruments are included in the Statement of Financial Position at amounts that approximate net fair value.

	2002 \$'000	2001 \$'000
8. NET INCOME FROM INVESTMENTS		
(a) Domestic Market		
Fixed Interest, Liquid and Property Investments		
Realised Income	1,015	1,108
(b) Funds Held by Funds Managers		
Unrealised Gain (Loss)	<u>(1,571)</u>	<u>1,099</u>
Total Income from Investments	(556)	2,207
Investment Expenses		
Fees paid to Financial Advisers	15	15
Other Expenses	<u>45</u>	<u>6</u>
Total Investment Expenses	60	21
Net Income from Investments	(616)	2,186
Fees paid to Fund Managers have been offset against the unrealised gain on investments totalling \$1,538,000		
9. SALARIES AND ASSOCIATED EXPENSES		
Salaries including oncosts (Superannuation, Payroll Tax, Workers' Compensation and Other Expenses)		
Total	352	329
10. DEPRECIATION		
Office Equipment	1	2
Motor Vehicles	12	7
Computer Equipment	15	16
Other Assets	7	6
Furniture and Fixtures	<u>Nil</u>	<u>Nil</u>
Total	35	31
11. GENERAL ADMINISTRATION EXPENSES		
Postage and Telephone	12	21
Printing and Stationery	11	22
Travelling Expenses	13	5
General Expenses	79	91
Consultancies	8	13
IT Expenses (excluding depreciation)	13	11
Board Members' Allowances	38	23
Audit Fees	7	6
Vehicle Expenses (excluding depreciation)	9	7
Legal Expenses	7	7
Actuarial Services	7	7
Advertising and Promotion	<u>21</u>	<u>10</u>
Total	225	223

2001 2002

NOTES TO THE FINANCIAL STATEMENTS

12. PROVISION FOR LOSS ON CONSTRUCTION PROJECTS

The Trustee's investment strategy includes an allocation of \$9 million to construction projects. Project evaluation focuses on employment opportunities for the beneficiaries and potential beneficiaries of the fund. In all cases the financial support provided by the Trustee has enabled the developer to raise the balance of funding required. All projects are secured by mortgage, with a defined exit strategy for the return of capital within a short time frame after completion of the project. However, during the development phase the Trustee has a small risk exposure and a provision has been made to cover any loss that may arise. The provision of \$140,000 represents 4% of the investment in construction projects at 30 June 2002.

13. RECONCILIATION OF OPERATING SURPLUS (DEFICIT) TO NET CASH INFLOWS (OUTFLOWS) FROM OPERATING ACTIVITIES

	2002 \$'000	2001 \$'000
Operating Surplus (Deficit)	(905)	1,115
<i>Add/(Deduct) items classified as Investing Activities</i>		
(Profit)/Loss on Sale of Plant and Equipment	Nil	(7)
Unrealised (Gains)/Losses on Investments	1,571	(1,099)
Investment Income	(1,015)	(1,108)
Investment Expenses	60	21
<i>Add/(Deduct) Non Cash items</i>		
Depreciation - Plant and Equipment	35	31
Increase/(Decrease) in Provision for Doubtful Debts	(52)	(75)
Net Cash Used in Operating Activities Before Change in Assets and Liabilities	(306)	(1,122)
Increase/(Decrease) in Creditors and Other Liabilities	(9)	(25)
Increase/(Decrease) in Provisions	16	410
(Increase)/Decrease in Receivables	329	408
Net Cash Outflow From Operating Activities	30	(329)

Cash Flows have been calculated after the transfer of Assets and Liabilities from the Long Service (Construction Industry) Fund.

14. Remuneration of Directors

Income paid or payable, or otherwise made available, in respect of the financial year, to all directors of the entity, directly or indirectly, by the entity of which they are directors.

2002	2001
\$29,700	\$15,600

The number of directors of TasBuild Limited whose income (including superannuation contributions) fall within the following bands:

	2002	2001
\$0 - \$9,999	6	6
\$10,000 - \$19,999	1	1

For all Directors of TasBuild, excluding the Chairman, Directors' fees are paid directly to the body which nominates the Director.

NOTES TO THE FINANCIAL STATEMENTS

15. Remuneration of Executives

Remuneration received or due and receivable by executive officers of the company whose remuneration is \$100,000 or more in connection with the management of the affairs of the company, whether as an executive officer or otherwise fall within the following band.

	2002	2001
\$110,000 - \$119,000	1	1

16. Auditors Remuneration

Amounts received or due and receivable by Wise Lord and Ferguson for an audit and review of the financial report of TasBuild Limited

	2002	2001
	\$6,600	\$6,000

17. Related Party Disclosures

Directors

The Directors who held office during the reporting period were:

Des Hodgman	Appointed 9 May 2001
Terry Edwards	Resigned 8 November 2001
Mark Watson	Appointed 8 November 2001
Tony Benson	Appointed 12 April 2001
Chris Atkins	Appointed 13 July 2000
Michael Shepperd	Appointed 21 April 1998
Kevin Harkins	Appointed 8 March 2001
Greg Cooper	Appointed 13 July 2000

Chief Executive Officer

Mr Ian Lamb was appointed to the position of Chief Executive Officer and Company Secretary on 19 June 2002.

