



*The home of building*



# ANNUAL REPORT 2022

**“We are passionate about the industry and its people - ever evolving, and always adding value for our members.”**



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# Welcome.

## 2021 / 22: RENEWED FOCUS

With an industry buoyed by government stimulus and other positive market conditions, but still grappling with the challenges of the pandemic, natural disasters and the perfect storm of price hikes and material and labour shortages, during 2021-22 we set about with a renewed focus on developing products and services that best met our members' needs, streamlining their customer experience and representing them on the issues that matter most.



This year our strategic priorities focused on using data and market insights to inform our decision making and driving revenue that would allow us to again re-invest back into products and services that help members grow stronger businesses.

Life started to return somewhat to normal and despite some continued restrictions in play, our Housing & Construction Awards program returned in full swing with record entries and event attendee numbers.

We executed our annual advertising campaign that highlighted the strength and trust that are synonymous with the Master Builders brand and taps into people's desires to take the stress out of building or renovating their dream home by choosing a Master Builder or tradie. With the climate of delays and shortages, it was a good time to remind the community that while there will always be bumps in the road when building, the journey is a little bit smoother when you've got a Master Builder or tradie on your side.

Our brand campaign was closely followed by our major advocacy campaign for the year, voicing our concerns about changes to the National Construction Code 2022.

Following our 2021 Roadshow, which shone

the light on mental health within our industry, we also commenced work on a mental health roadmap, focusing on practical measures and connecting employers and their workers with the right mental health services. With education, tools and support mechanisms at the core of the initiative, we're excited to continue behind-the-scenes work on this initiative with the view to launching later in 2022.

In addition, we donated the \$1 million dividend received as a shareholder of Construction Income Protection Limited (CIPL) to MATES in Construction – providing funding for the next three years for measures that will benefit the industry by supporting builders in creating workplaces which are mentally healthy.

As part of our focus on improving members' experience and supporting our reputation as 'The Home of Building', we focused on tangible projects such as: launching two new display villages, Lomandra Park and Pelican Waters, improving our customer service turnaround times for members, and a website design rejuvenation project.

### NEW CEO, NEW FOCUS

Following more than 12 years with Master Builders and eight years as Deputy CEO,

Paul Bidwell stepped up as CEO in March. After spearheading numerous lobbying and advocacy campaigns and making significant inroads towards creating and improving building industry policy, he was a natural choice to take over the reins from outgoing CEO, Grant Galvin.

Paul's deep knowledge of how the industry works along with his relationships right across the sector make him a leader who genuinely understands the needs of members.

### REGIONAL OFFICE REFURBISHMENT

As part of our continued focus on customer service across Queensland, we kicked off the refurbishment of a number of regional offices. These projects will allow us to deliver our advisory services, training, and events for our members. Planning commenced in earnest with expressions of interest and tenders underway for the Gold Coast and Far North Queensland and Sunshine Coast and Mackay to follow later in 2022.

### MEMBERSHIP FEE REVIEW & FREE EDOCS

In response to significant member feedback and consultation, in 2021 we commenced a much-needed membership subscription

fee structure review. The outcome was some significant changes to our membership subscription structure and how we calculate membership fees, to be implemented in the new financial year.

The new, simplified structure for licensed builders and trade contractors now relies on MR categories. It is not only simpler to understand; but also created a fairer and more transparent environment for all members who access our products and services and addressed the inequity between residential and commercial builders and trade contractors.

At the same time, we also made the significant commercial decision to hard-bundle eDocs into eligible members' subscriptions – making Master Builders contracts and other select products available as part of the overall membership fee, rather than pay-as-you-go products.

In making this decision to change our

structure and offer eDocs free-of-charge, the Board had to make a strategic decision, considering what were genuine cost implications for the business and our bottom line – however, we are confident the decision is in the best interests of members and will contribute to our longer-term success.

### 2022 ELECTION

With a Master Builders election on the horizon in 2022, the current Board and Electoral College come to the end of their term. Elected in 2019, they were a mix of re-elected members offering experience and continuity; and some new faces who injected new skills and a fresh way of thinking into our governance activities.

Their focus on the best outcomes for the industry combined with a genuine passion for regional Queensland has seen them make significant inroads in ensuring

members across the state have a voice and that we are lobbying on the local issues that will make a difference.

Our role as industry advocate doesn't happen by accident – it comes about because of the engagement and hard work of members who put their hand up to get involved. Our genuine thanks go to those who devote their time and energy to make the industry a better place to work in – now and into the future.

Ralf Dutton  
President, Master Builders Queensland

Paul Bidwell  
CEO, Master Builders Queensland

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President, Master Builders Queensland

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CEO, Master Builders Queensland

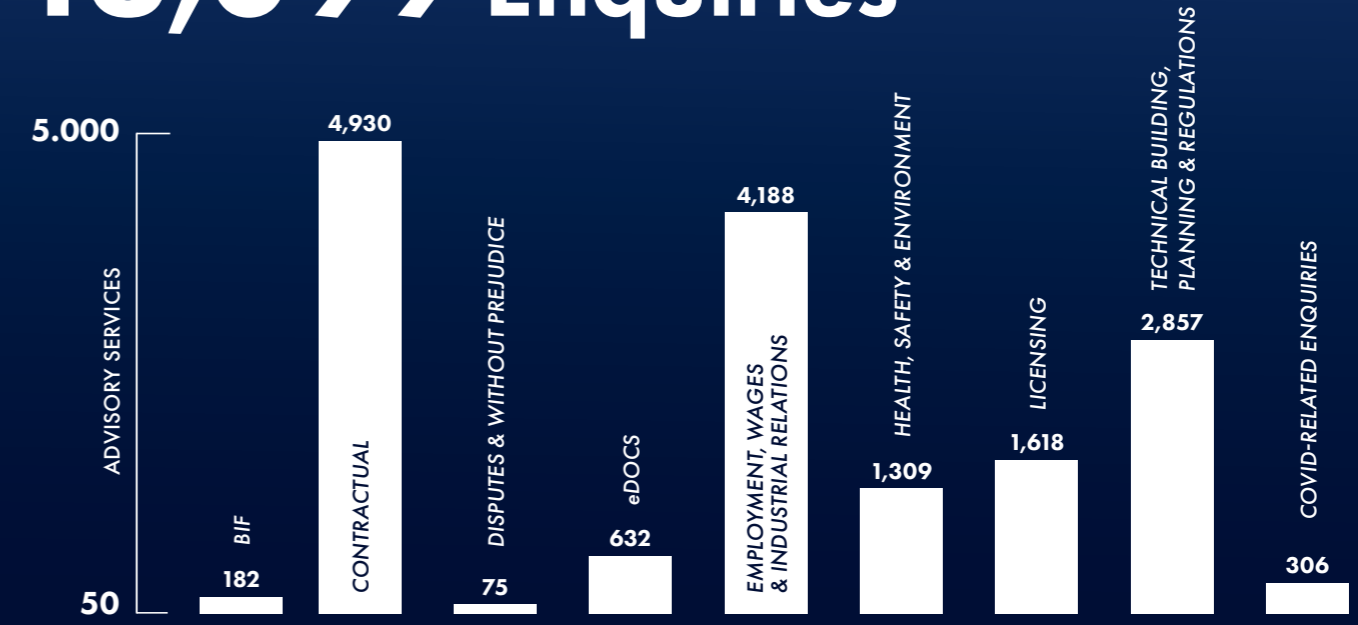
# 2022 highlights

We've had another fantastic year of delivering on our strategic objectives and supporting members towards better businesses.

Membership base grew to

# 9,770

# 16,099 Enquiries



**\$17M+**  
In media coverage, with over 2,700 mentions

**5,927** ACTIVE MEMBERS  
**82,978** DOCUMENTS WERE PURCHASED IN eDOCS  
**5,554** Members used eDocs

**\$5.8 B** Insured construction activity  
Provided 5,966 clients with insurance brokerage services

**2,701** Enrolled in training courses  
Short courses – 2,546  
Long courses – 155

**139** EVENTS HELD  
Throughout the year

**3,879** Cases assisted by Members Legal

**1,375,597** WEBSITE PAGE VIEWS  
**52,152** Find a Master Builder searches - 18.37% increase

Instagram ↑ 18%  
Facebook ↑ 7.5%  
Twitter ↑ 0.5%  
LinkedIn ↑ 25%  
YouTube ↑ 30%

**814** Housing & Construction Awards entries from across Queensland

# What we do

We're the industry's voice, its supporter and its mentor and we exist to serve and drive success for members. Our 9,700+ members are spread across the state and our nine offices and staff are there to support them as a reliable, trusted association for members and consumers.

Throughout the year, we continued to support members with backing and support from our experts, timely industry updates, easy access to ready-made, member-exclusive contracts, industry-tailored training courses and a legal team who has their back when they need it.

Our members cover a broad range of the building and construction industry. Builders and tradies form a big part of our membership, but we cater to apprentices and small business, right through to the big end of town.

We're the peak industry body for building and construction in Queensland. We've been around since 1882 and we're proud of our long, rich history of serving and advocating for our ever-growing membership family.

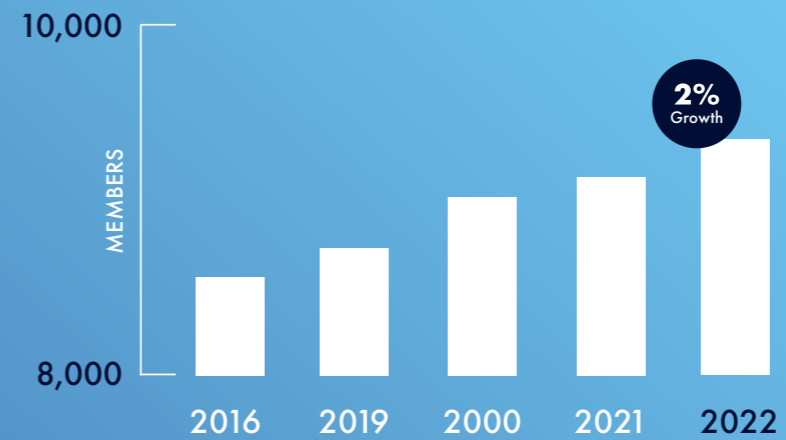
We're also not-for-profit; everything we do goes back into serving you. That's because we place our members at the forefront of everything we do.

We nurture our members, supporting their business needs and working with them to grow prosperous, profitable and successful businesses. We keep our members in the loop on our latest exclusive member discounts and services for things like contracts and disputes, WHS, laws and regulations, HR, insurance, training and important industry changes.

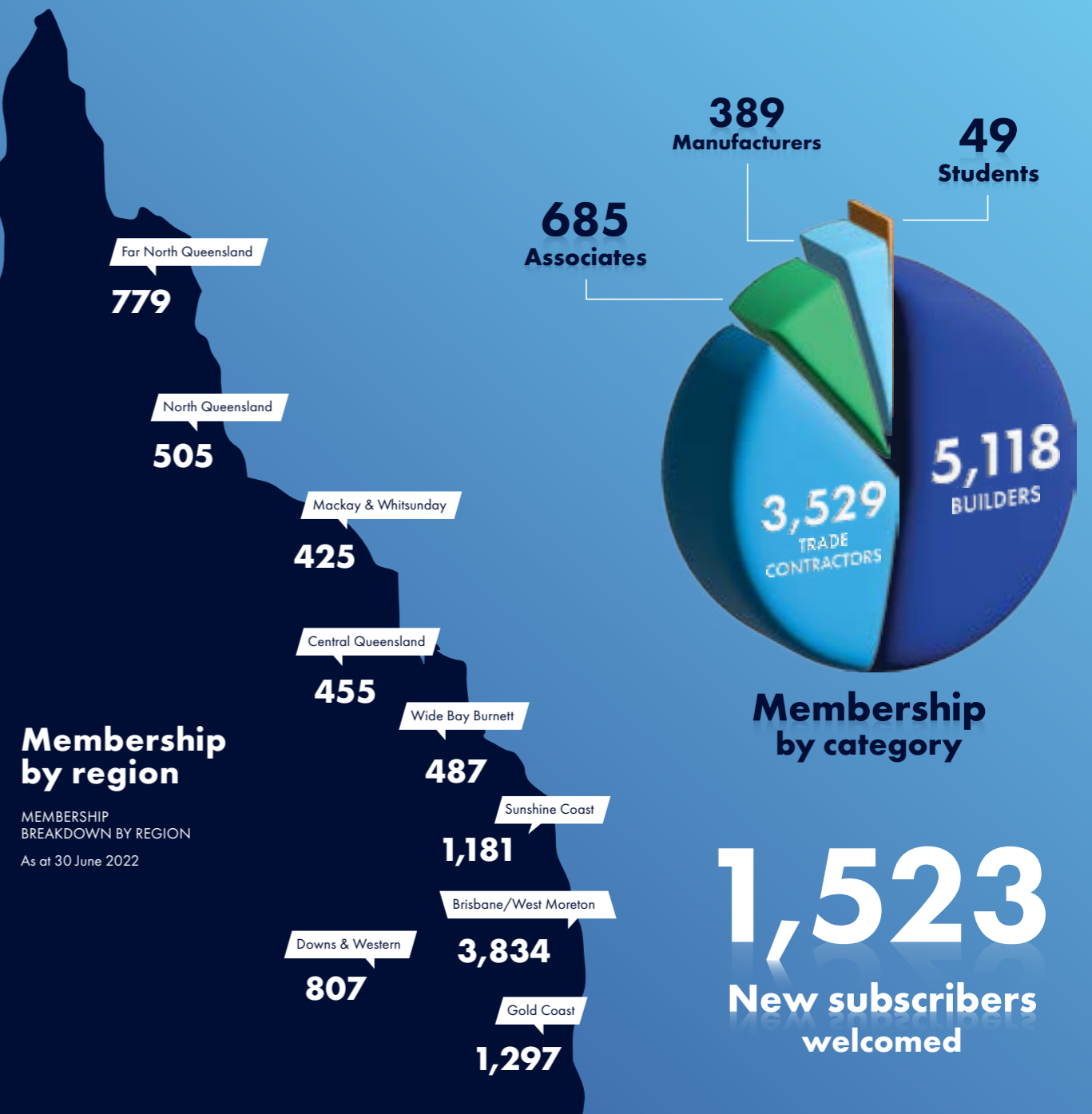
Most importantly though, being a Master Builders member is far more than just another membership. You become part of a family who value the hard work you do and support you every step of the way.



## Membership snapshot



**9,770**  
Queensland members



**1,523**  
New subscribers welcomed

# Advocacy Focus

As our industry grappled with unprecedented demand and the ongoing impact of trade and material shortages, caused by the perfect storm of government stimulus, ultra-low interest rates and strong interstate migration, we remained steadfast in our role as voice of the industry and continued to shine a light on the issues that mattered.

## SHORTAGES AND RISING COSTS

Against the backdrop of ongoing shortages and increasing costs, which showed no signs of abating during the financial year, the pressure on builders and their clients continued to mount.

While the new Accelerated Builder Consumer Dispute framework (ABCD) helped, it didn't solve members' woes. We continued to advocate for industry, pushing for the lines of communication to remain open and arming builders and consumers with the right information to discuss reasonable and realistic solutions and achieve the best outcomes for both parties.

We also entered started the conversation with Minister Mick de Brenni's department regarding a permanent, rapid dispute resolution process for the residential sector, similar to what's available to commercial contractors, in the hope of providing a fair and speedy resolution during these challenging conditions.

## NATIONAL CONSTRUCTION CODE CAMPAIGN

Our main 2021/22 advocacy campaign voiced major concerns about the proposed changes to the 2022 National Construction Code (NCC), particularly those relating to accessible housing and energy efficiency.

We've been part of the conversation about changes to accessible housing and energy efficiency for many years, but in 2021, it became clear that these changes will finally come to fruition and be implemented as part of the 2022 NCC. We had very real concerns about the government's push to pass the substantial changes without addressing our feedback – which will impact home buyers and the building industry.

The proposed changes not only have a significant impact on the cost of a new home, but the details also that were provided had significant gaps and shortcomings and fell well short of delivering practical and workable regulation. We highlighted concerns about the need for clear and precise definitions, the allowance of

tolerances and ensuring builders had the flexibility to exclude costs from the building contract.

Our two-phased advertising campaign started with the *Measure twice. Cut once* campaign, where we flagged that major changes to the NCC must be handled right, or we'd all wear the costs. While we acknowledged that future provisions were needed for the elderly and people with disabilities and to ensure sustainable housing stock into the future, our campaign highlighted why those benefits wouldn't be realised if not introduced properly.

The campaign called for more clarity and time for transition planning and was successful in opening doors and starting conversations, but there was more to be done.

Phase 2 of the campaign – *Levels heads needed* – built on the success of phase one. With the government starting to listen and engage on the topic, we amped up our lobbying efforts. This was our final attempt to get questions answered and the changes the industry needed in writing.

We called for a level-headed approach on what will be a topic that rocks the industry if it goes ahead without the changes we called for.

## PROJECT TRUST ACCOUNTS

We continued our work to lobby for longer transition periods and support to ensure the industry is prepared for the government's rollout of the Project Trust Account framework to the private sector. We highlighted the significant challenges faced by the industry that impacted their readiness and successfully pushed for delays to the roll-out until 2023.

## ADVOCACY FOCUS 2021

Our lobbying efforts were underpinned by our annual Advocacy Focus 2021, developed in consultation with our governing committees. This blueprint represents the topics and issues that genuinely matter to industry and helps us ensure our policies and recommendations are directly reflective of members' needs.

### Topics of influence

- ~ Material and trade price hikes and shortages
- ~ QBCC and Home Warranty Scheme Reviews
- ~ Project Trusts – delayed roll out
- ~ NCC 2022 – accessible housing and energy efficiency
- ~ Housing affordability and supply
- ~ COVID – essential workers
- ~ Construction Codes of Practice
- ~ Procurement policy (Ethical Supplier Mandate and Ethical Supplier Threshold, Best Practice Principles)



## Advocacy wins

1. Delayed the rollout of the Project Trust accounts regime into private sector projects over \$3 million until April 2023 and over \$1 million until October 2023.
2. QBCC Governance review resulting in a government commitment to wide ranging reforms to improve the quality of QBCC's services to industry, including the separation of the Home Warranty Scheme from the QBCC.
3. More simplified government procurement prequalification process, particularly, for subcontractors.
4. Continued to keep the industry working throughout the COVID pandemic.
5. Additional \$4 billion included in the government's four-year capital program as part of the state budget.
6. Government is implementing a number of strategies in its own construction program to support industry through the supply challenges.

# Leaders & Governance

Master Builders' corporate governance systems guide the way we manage our business, minimise risk and ensure appropriate member representation. Our systems are based on a commitment to fairness, accountability and transparency.

## Leaders

We are defined by our governance framework, with our governing bodies and committees driving improvement and change for both Master Builders and the broader industry. This framework ensures members and key industry stakeholders have access to a capable, hardworking team that understands the challenges of Queensland's building industry.

Master Builders organisational structure comprises a Board, Master Builders Electoral College (MBEC), committees, Divisions & Branches, a Senior Leadership Team and a talented and experienced operational staff.

### Board, Master Builders Electoral College members and Divisional Representatives, Senior Leadership Team as at 30 June 2022

#### BOARD

Ralf Dutton (President), Stephen Havas (Chairman Housing), Mark Spry (Chairman Construction). Board members: Geoff Baguley, Drew Brockhurst, Ross Hognó\*, Brett Johnston, Christopher Taylor

#### MASTER BUILDERS ELECTORAL COLLEGE

##### GENERAL COLLEGE

##### GREATER BRISBANE

Anthony Allen, Clive Armstrong, Simon Betteridge, Drew Brockhurst, Nicholas Chapman, David Dakin, Donald Dixon, Robin Fardoulis, Stephen Havas, Nick Herron, Brett Johnston, Lev Mizikovsky, Craig Percival, Nathan Smith, Mark Spry

##### REGIONS

Dave Becker, Steve Coates, Ralf Dutton, Ben Garland, Barry Green, Kim Grossman, Roddy Harder, Ben Hilder, Michael Johnson, Wayne Kleidon, Colin Meek, Ken Ogilvie, Angela Scott, Shane Summers, Christopher Taylor, Christopher Robert Warren, John Wilkinson, Jesse Zielke

##### Divisional Representatives

- ~ Glenn Raine - Gold Coast
- ~ Ross Hognó - Downs & Western
- ~ Lionel Wayne Kershaw - Sunshine Coast
- ~ Andrew Murchie - Wide Bay Burnett
- ~ Matthew Day - Central Qld
- ~ Geoff Baguley - Mackay & Whitsunday
- ~ Adrian Gabrielli - North Qld
- ~ Wayne Cavallaro - Far North Qld
- ~ Michael Decman - Institute of Building Consultants

Name	Meetings attended	Meetings eligible to attend
Ralf Dutton	9	11
Stephen Havas	11	11
Mark Spry	10	11
Geoff Baguley	9	11
Drew Brockhurst	11	11
Ross Hognó	6	6
Brett Johnston	11	11
Christopher Taylor	11	11

\* Ross Hognó resigned from the Board in February 2022.

#### SENIOR LEADERSHIP TEAM

Paul Bidwell (CEO\*), Sue-Ann Fresneda (Director – Business Development & Membership), Adrian O'Grady (Director – Finance), Peter Smits (Director – Insurance), Mikki Richardson (Director – People & Regional Connections)

\* Paul Bidwell commenced as Acting CEO following the resignation of Grant Galvin in March 2022 and was officially appointed as CEO in May 2022.

## Governance

### MANDATORY REPORTING REQUIREMENTS

Master Builders is subject to a range of mandatory reporting requirements covered by various legislation. Details of these requirements are outlined on our website at [mbqld.com.au](http://mbqld.com.au)

### TRAINING AUDIT REPORTS

As a Registered Training Organisation (RTO), Master Builders (RTO: 30097) regularly participates in internal audits, industry engagement and stakeholder audits to ensure our continuing compliance requirements and to meet our required RTO standards (2015), governed by the Australian Skills Quality Authority (ASQA). Read more on our website at [mbqld.com.au/training](http://mbqld.com.au/training).

### FINANCIAL DISCLOSURE

Under the obligations outlined in the Industrial Relations Bill 2016, Master Builders makes the following information available:

- ~ 2022 year-end financial disclosure statement for the period 1 July 2021 to 30 June 2022
- ~ 2021 year-end financial disclosure statement for the period 1 July 2020 to 30 June 2021

Information covered includes:

- ~ General Purpose Financial Report
- ~ Committee of Management Statement
- ~ Operating Report
- ~ Remuneration and benefits for highest paid officers
- ~ Register of grants, loans and donations for the year

### WORKPLACE GENDER EQUALITY

Master Builders also complies with the Workplace Gender Equality Act 2012, and has submitted a workplace profile to the Workplace Gender Equality Agency.

### FEEDBACK

We take great pride in providing all customers with exceptional service and are committed to dealing with feedback in a timely and effective manner. All complaints and grievances are recorded in the complaints register and reported to the CEO on a quarterly basis.

Feedback can be submitted via our website: [mbqld.com.au/contact/feedback](http://mbqld.com.au/contact/feedback)

### PRIVACY POLICY

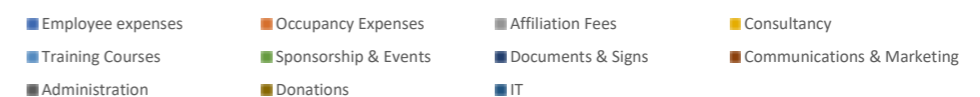
The privacy and confidentiality of the personal information of our members, stakeholders and other parties is of the highest importance. A copy of Master Builders' privacy policy is available at [mbqld.com.au/privacy](http://mbqld.com.au/privacy)

### CODE OF CONDUCT

As an industry leader, Master Builders encourages members to abide by high ethical standards. Members are responsible for conducting their business in a professional, fair and honest manner and abiding by the Master Builders Code of Conduct.

A full copy of the Code of Conduct is available at [mbqld.com.au/about/code-of-conduct](http://mbqld.com.au/about/code-of-conduct)

### EXPENDITURE OF MEMBERS FUNDS FINANCIAL YEAR 2022



# FINANCIALS

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME YEAR ENDED 30 JUNE 2021

	Note	CONSOLIDATED GROUP		ASSOCIATION	
		2022	2021	2022	2021
		\$	\$	\$	\$
Revenue from continuing operations	2(i)	24,042,842	21,886,443	24,039,842	21,886,443
Other income	2(ii)	(530,672)	3,107,446	(530,706)	3,007,426
Employee expenses	3(i)	(14,768,018)	(13,539,609)	(14,040,555)	(12,542,265)
Depreciation and amortisation expense		(832,339)	(832,370)	(832,339)	(824,804)
Printing, Stationery and Postage expenses		(91,130)	(94,021)	(89,309)	(91,533)
Occupancy Expenses		(620,676)	(661,416)	(619,835)	(660,499)
Other expenses	3(ii)	(7,183,739)	(4,765,285)	(7,967,870)	(5,885,194)
Interest expense for leasing arrangements		(20,159)	(11,146)	(20,159)	(11,146)
Share of joint ventures profits		126,990	111,179	126,990	111,179
<b>Surplus/(loss) before income tax</b>		123,099	5,201,221	66,060	4,989,607
Income tax (expense)/revenue	5	(14,494)	(31,161)	-	-
<b>Surplus/(loss) for the year</b>	25	108,605	5,170,060	66,060	4,989,607
<b>Other comprehensive income</b>					
Items that will not be reclassified to profit or loss:					
- Net gain / (loss) on revaluation of land and buildings					
		-	-	-	-
<b>Total other comprehensive income for the year</b>		-	-	-	-
<b>Total comprehensive income for the year</b>		108,605	5,170,060	66,060	4,989,607

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

Note	CONSOLIDATED GROUP		ASSOCIATION		
	2022	2021	2022	2021	
	\$	\$	\$	\$	
<b>Current Assets</b>					
Cash and cash equivalents	8	44,807,160	27,721,070	44,701,297	27,683,331
Trade and other receivables	9	1,215,360	1,503,307	1,215,360	1,503,307
Inventories	10	31,527	43,071	31,527	43,071
Other current assets	11	731,674	564,989	731,674	545,851
		46,785,721	29,832,437	46,679,858	29,775,560
<b>Non-Current Assets</b>					
Investments accounted for using the equity method	12	926,562	1,799,572	926,562	1,799,572
Financial assets	13	14,086,559	13,022,957	14,086,559	13,022,957
Investments in Subsidiaries	14	-	-	1	1
Property, plant and equipment	15	21,399,245	21,372,773	21,399,245	21,372,773
Right of Use Asset	16	657,811	267,301	657,811	267,301
Deferred tax assets	18	13,096	12,185	-	-
		37,083,273	36,474,787	37,070,178	36,462,604
<b>Total Assets</b>		83,868,994	66,307,225	83,750,036	66,238,164
<b>Current Liabilities</b>					
Trade and other payables	17	43,482,916	26,579,850	43,535,909	26,623,608
Lease Liabilities	16	700,469	270,795	700,469	270,795
Current tax liabilities	18	15,405	5,247	-	-
Short-term provisions	19	1,355,369	1,208,486	1,314,964	1,171,421
		45,554,159	28,064,378	45,551,342	28,065,824
<b>Non-Current Liabilities</b>					
Long-term provisions	19	310,287	346,904	304,309	344,015
<b>Total Liabilities</b>		45,864,446	28,411,282	45,855,651	28,409,839
<b>Net Assets</b>		38,004,548	37,895,943	37,894,385	37,828,325
<b>Equity</b>					
Reserves	20	7,431,017	7,431,017	7,431,017	7,431,017
Retained profits		30,573,531	30,464,926	30,463,368	30,397,308
<b>Total Equity</b>		38,004,548	37,895,943	37,894,385	37,828,325

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY YEAR ENDED 30 JUNE 2022

Consolidated	RETAINED PROFITS	ASSET REVALUATION LAND AND BUILDINGS	TOTAL
	\$	\$	\$
<b>Balance at 1 July 2020</b>	25,294,866	7,431,017	32,725,883
<b>Comprehensive income</b>			
Profit for the year	5,170,060	-	5,170,060
Other Comprehensive income for the year	-	-	-
<b>Total comprehensive income for the year attributable to members of the parent entity</b>	5,170,060	-	5,170,060
<b>Transactions with owners, in their capacity as owners, and other transfers</b>			
	-	-	-
<b>Balance at 30 June 2021</b>	30,464,926	7,431,017	37,895,943
<b>Balance as at 1 July 2021</b>			
	30,464,926	7,431,017	37,895,943
<b>Comprehensive income</b>			
Profit for the year	108,605	-	108,605
Other Comprehensive income for the year	-	-	-
<b>Total comprehensive income for the year attributable to members of the parent entity</b>	108,605	-	108,605
<b>Transactions with owners, in their capacity as owners, and other transfers</b>			
	-	-	-
<b>Balance at 30 June 2022</b>	30,573,531	7,431,017	38,004,548

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT  
OF CHANGES IN EQUITY  
YEAR ENDED 30 JUNE 2022**

Association	RETAINED PROFITS	ASSET REVALUATION LAND AND BUILDINGS	TOTAL
	\$	\$	\$
<b>Balance at 1 July 2020</b>	25,407,701	7,431,017	32,838,718
<b>Comprehensive income</b>			
Profit for the year	4,989,607	-	4,989,607
Other Comprehensive income for the year	-	-	-
<b>Total comprehensive income for the year attributable to members of the parent entity</b>	4,989,607	-	4,989,607
<b>Transactions with owners, in their capacity as owners, and other transfers</b>	-	-	-
<b>Balance at 30 June 2021</b>	30,397,308	7,431,017	37,828,325
<b>Balance as at 1 July 2021</b>	30,397,308	7,431,017	37,828,325
<b>Comprehensive income</b>			
Profit for the year	66,060	-	66,060
Other Comprehensive income for the year	-	-	-
<b>Total comprehensive income for the year attributable to members of the parent entity</b>	66,060	-	66,060
<b>Transactions with owners, in their capacity as owners, and other transfers</b>	-	-	-
<b>Balance at 30 June 2022</b>	30,463,367	7,431,017	37,894,384

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT  
OF CASH FLOWS  
YEAR ENDED 30 JUNE 2022**

Note	CONSOLIDATED GROUP		ASSOCIATION	
	2022	2021	2022	2021
	\$	\$	\$	\$
<b>Cash flows from operating activities</b>				
Receipts from membership subscriptions	9,764,829	8,663,248	9,764,829	8,663,248
Receipts from customers	17,147,406	16,896,375	17,064,253	16,708,043
Interest received	261,200	385,939	261,166	385,919
Payments to suppliers and employees	(24,672,950)	(9,782,839)	(24,657,887)	(9,597,277)
Interest paid	-	-	-	-
Restricted Accounts	16,786,288	-	16,786,288	-
Income tax paid	-	-	-	-
<b>Net cash inflow/(outflow) from operating activities</b>	25	19,286,773	16,162,723	19,218,649
<b>Cash flows from investing activities</b>				
Proceeds from sale of property, plant and equipment	26,182	34,545	26,182	34,545
Payments for property, plant and equipment	(809,518)	(728,119)	(809,518)	(728,119)
Proceeds for available-for-sale investments	-	-	-	-
Payments for available-for-sale investments	(2,026,837)	(2,353,204)	(2,026,837)	(2,353,204)
Payment for investment in subsidiary	-	-	-	-
Loan to subsidiary	-	-	-	-
Dividends from associates	1,000,000	-	1,000,000	-
<b>Net cash inflow/(outflow) from investing activities</b>	(1,810,173)	3,046,778	(1,810,173)	3,046,778
<b>Cash flows from financing activities</b>				
Proceeds from borrowing and leasing liabilities	-	-	-	-
Repayment of borrowings and leasing liabilities	(390,510)	(246,526)	(390,510)	(246,526)
<b>Net cash inflow/(outflow) from financing activities</b>	(390,510)	(246,526)	(390,510)	(246,526)
Net increase/(decrease) in cash held	17,086,090	12,869,419	17,017,966	12,866,629
Cash and deposits at beginning of financial period	27,721,070	14,851,651	27,683,331	14,816,702
Cash and deposits at end of financial period	8	44,807,160	27,721,070	44,701,297

The accompanying notes form part of these financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2021

The consolidated financial statements and notes represent those of Queensland Master Builders' Association Industrial Organisation of Employers and Controlled Entity (the "consolidated group" or "group"). Queensland Master Builders' Association Industrial Organisation of Employers is an organisation incorporated under the Industrial Relations Act 2016 (Qld) and domiciled in Queensland, Australia.

The separate financial statements of the parent entity, Queensland Master Builders' Association Industrial Organisation of Employers ("the Association" or "parent"), have been presented within this financial report.

The financial statements were authorised for issue on 20 September 2022 by the Members of the Board.

#### Note 1: Summary of Significant Accounting Policies

##### Basis of preparation

These general purpose financial statements have been prepared in accordance with the Industrial Relations Act 2016 (Qld), the Association's constitution and Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets, and financial liabilities. The financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

##### a) Principles of Consolidation

The consolidated financial statements incorporate all the assets, liabilities and results of the parent (Queensland Master Builders' Association Industrial Organisation of Employers) and all the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 14.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

##### b) Income Tax

The activities of the Association are exempt from the income tax pursuant to section 50.15 of the *Income Tax Assessment Act 1997*. However, the controlled entity is taxable.

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the way management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the entity in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

##### c) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

##### d) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a first-in first-out basis.

##### e) Property, Plant and Equipment

###### Property

Freehold land and buildings are carried at their fair value (being the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction), based on periodic, but at least every 5 years, valuations by external independent valuers, less accumulated depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

###### Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(i) for details of impairment).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss in the financial period in which they are incurred.

###### Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets, excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is available for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are

Class of Fixed Asset	Depreciation Rate
Buildings – at Valuation	1.5%-4%
Building Improvements – at Cost	5%-15%
Plant & Equipment – at cost	10%-50%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

Where an asset's life is not expected to greatly exceed 12 months, or expenditure is of a minor capital nature (less than \$5,000), it is written off and not capitalised.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Statement of Profit or Loss and Other Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

#### f) Leases

At inception of a contract, the Group assesses whether a lease exists - i.e., does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves the assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right, then there is no identified asset.
- The Group has the right to obtain substantially all the economic benefits from the use of the asset throughout out the period of use.
- The Group has the right to direct the use of the asset i.e., decision-making rights in relation to changing how and for what purpose the asset is used.

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

#### i) Right-of-use asset

At the lease commencement, the Group recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension period where the Group believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

#### ii) Lease liability

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined, then the Group's incremental borrowing rate is determined from Reserve Bank of Australia indicator rates.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index which the lease payments are based (e.g. CPI) or a change in the Group's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

#### Exceptions to lessee accounting

The Group has elected to apply the exceptions to lessee accounting for short-term leases (i.e., leases with a term of less than or equal to 12 months) and leases for low-value items. The Group recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

#### g) Financial Instruments Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the group commits itself to either purchase or sell the asset (i.e., trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component.

#### Classification and subsequent measurement

##### Financial liabilities

Financial liabilities are subsequently measured at:

- Amortised cost; or
- Fair value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is:

- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability, that is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:

- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

##### Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are initially measured at fair value (and if not designated as at fair value through profit or loss and do not arise from a transfer of a financial asset) and subsequently measured at the higher of:

- the amount of loss allowance determined in accordance to AASB 9.3.25.3; and
- the amount initially recognised less accumulative amount of income recognised in accordance with the revenue recognition policies.

##### Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is based on two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Group initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an “accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy and information about the groupings is documented appropriately, so the performance of the financial asset that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

#### Equity instruments

At initial recognition, as long as the equity instrument is not held for trading or is not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the Group made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investments will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Group's accounting policy.

#### Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

#### Derecognition of financial liabilities

A liability is derecognised when it is extinguished (i.e., when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

#### Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Group no longer controls the asset (i.e. it has no practical ability to make unilateral decisions to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which the Group elected to classify under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

#### Impairment

The Group recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (e.g. amount due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Group uses the following approaches to impairment, as applicable under AASB 9: *Financial Instruments*:

- the general approach;
- the simplified approach;
- the purchased or originated credit impaired approach; and
- low credit risk operational simplification.

#### General approach

Under the general approach, at each reporting period, the Group assessed whether the financial instruments are credit impaired, and:

- if the credit risk of the financial instrument increased significantly since initial recognition, the Group measured the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
- if there was no significant increase in credit risk since initial recognition, the Group measured the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

#### Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:

- trade receivables or contract assets that result from transactions that are within the scope of AASB 15: *Revenue from Contracts with Customers*, and which do not contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used taking into consideration various data to get to an expected credit loss (i.e. diversity of its customer base, appropriate groupings of its historical loss experience, etc).

#### Recognition of expected credit losses in financial statements

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

## h) Other Operations

The Group and Association administer the following bank accounts not included in the financial reports for the year:

- a) QMBA Insurance Agency. The account was established to hold insurance premiums received, pending disbursement to insurers in accordance with agreements with insurers. The balance at 30 June 2022 was \$4,781,326 (2021: \$6,274,003) plus an additional term deposit of \$2,000,000 in 2022 (2021: \$2,000,000).

The Group and Association administer various building display villages. As at 30 June 2022, net funds of \$694,653 (2021: \$818,007) were held on behalf of display village builders, pending expenditure on promotion and administration costs. This is recognised as a current liability.

There are three items on the Statement of Financial Position that are included in both 'Cash at Bank – Restricted' and 'Other Payables and Accruals'. These items are

- a) An amount of \$36,450,485 (2021: \$19,814,196) representing funds administered by the Association on behalf of parties involved in arbitration
- b) An amount of \$1,017,800 (2021: \$867,800) representing holding deposits made by display village builders against failures to complete contracts.
- c) An amount of \$73,915 representing voluntary contributions made by members, which are used to provide support to Queensland based community projects and programs, particularly programs and projects that align with the building and construction industry. Voluntary contributions were ceased end at the end of June 2016 however there remains some carryover of funds from prior years. There were no grants approved for Queensland causes during the year.

## i) Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information, including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g., in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### **j) Investments in Associates**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control of those policies. Investments in associates are accounted for in the consolidated financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost (including transaction costs) and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate. In addition, the Group's share of the profit or loss of the associate is included in the Group's profit or loss.

The carrying amount of the investment includes, when applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Group's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. Upon the associate subsequently making profits, the Group will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

The requirements of AASB 9: Financial Instruments are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136: Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

#### **k) Employee Benefits**

##### *Short-term employee provisions*

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current accounts payable and other payables in the statement of financial position.

##### *Other long-term employee provisions*

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as part of employee provisions expense.

The Group's obligations for long-term employee benefits are presented as non-current employee provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current employee provisions.

##### *Defined contribution superannuation benefits*

All employees of the Group other than those who receive defined benefit entitlements receive defined contribution superannuation entitlements, for which the Group pays the fixed superannuation guarantee contribution (currently 9.5% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The Group's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Group's statement of financial position.

#### **l) Provisions**

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

#### **m) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. The Group does not have a bank overdraft.

#### **n) Revenue**

Operating revenue of the Group includes membership subscriptions, commissions from insurance premiums and third-party telecommunications services, course fees for the provision of training courses and proceeds from the sale of documents, signs and advertising, display villages, and legal services.

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for these goods and services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer.
2. Identify the performance obligations.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations.
5. Recognise revenue as and when control of the performance obligations is transferred.

The revenue line greatly impacted by AASB 15 is training revenue and specifically training funding. Previously training was recognised when it was received. Now it is recognised when the performance obligation for funding has been met. The point being when the student has completed the relevant modules of a course and the Association is entitled to the funding component for the student's module completions.

All other revenue lines were considered, and appropriate recognition procedures are in line with AASB 15 and no other material adjustments required to financial statements.

#### **o) Trade and Other Receivables**

Trade and other receivables include amounts due from members as well as amounts receivable from customers for goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

#### **p) Trade and Other Payables**

Trade payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remain unpaid. The balance recognised as a current liability with the amount normally paid within thirty days or recognition of the liability.

#### **q) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or other payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers and employees.

#### **r) Comparative Figures**

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

When the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period, in addition to the minimum comparative financial statements, must be disclosed.

#### **s) Critical Accounting Estimates and Judgements**

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

#### **Key estimates and Judgements**

##### *Impairment and Fair Value*

The freehold land and buildings were independently valued at 30 June 2020 by Herron Todd White Pty Ltd. The highest and best use of the properties was deemed their current use for valuation purposes, except for the property in Wickham Terrace at Spring Hill. The highest and best use of this property was still deemed to be for development. The valuations were completed using both a market-based approach (the direct comparison approach) as well as an income-based approach (capitalisation of net income approach). The valuation resulted in a revaluation increment of \$623,344 being recognised for the year ended 30 June 2020.

The directors have considered the fair value of land and buildings as at 30 June 2022, with consideration of the independent valuations performed during the 2020 financial year are satisfied that there has been no significant change in fair value to property held at 30 June 2022.

Given Covid-19 pandemic, the impact of this outbreak on the property market and valuations is uncertain. The directors have considered this and will continue to monitor the situation as long as it continues.

The directors have also considered the carrying value of the associates and joint venture which have been accounted for on the equity accounting basis and concluded that impairments are not required. For further details on the joint venture and associates, see Note 12.

*Provision for doubtful debts*

Included in trade and other receivables at the end of the reporting period is a separate allowance account used to reduce the carrying amount of trade and other receivables impaired by credit losses. The current financial year this allowance amounted to \$54,064 (2021: \$48,157). Management utilises historical data to estimate lifetime credit losses using a provision matrix based on debtor aging. For further details on trade and other receivables, see Note 9.

*Employee benefits*

A number of estimates and judgements are involved in calculating long-term employee benefits. For further details on employee benefits, see Note 1(k).

**t) Adoption of New and Revised Accounting Standards**

There was no new or revised accounting standards applicable to the organisation this financial year.

**u) Reserves**

The asset revaluation reserve records revaluations of land and buildings.

**v) Capital Management**

Management controls the capital of the entity to ensure that adequate cash flows are generated to fund its products and services to members and that returns from investments are maximised within tolerable risk parameters. The Board ensures that the overall risk management strategy is in line with this objective.

Management operates under policies approved by the Board. Policies and risk reviews are approved and reviewed by the Board on a regular basis. This includes future cash flow requirements.

There are no externally imposed capital requirements.

**w) Members Access to Financial Records**

In accordance with Section 787 of the *Industrial Relations Act 2016*;

- (1) a member of a reporting unit, or the registrar, may apply to the reporting unit for stated information, prescribed by regulation, about the reporting unit to be made available to the person making the application.
- (2) The application must—
  - (a) be in writing; and
  - (b) state the period, which must be at least 14 days after the application is made, within which the information must be made available; and
  - (c) state the way in which the information must be made available.
- (3) The reporting unit's organisation must ensure the reporting unit complies with the application.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2022**

Note 2. Revenue	CONSOLIDATED GROUP		ASSOCIATION	
	2022	2021	2022	2021
	\$	\$	\$	\$
<b>i) Revenue from continuing operations</b>				
Membership subscriptions	9,764,829	8,663,248	9,764,829	8,663,248
Commissions income	8,854,324	8,053,954	8,854,324	8,053,954
Course and training income	2,178,822	2,734,349	2,178,522	2,734,349
Sponsorship functions and events	2,067,338	1,298,693	2,067,338	1,298,693
Publications income	46,226	46,903	46,226	46,903
Display village income	231,960	152,013	231,960	152,013
Document sales income	645,792	633,820	645,792	633,820
Other income	250,851	303,463	250,851	303,463
Legal services	2,700	-	-	-
	24,042,842	21,886,443	24,039,842	21,886,443
<b>ii) Other Income</b>				
Interest and dividends received	261,200	385,939	261,166	385,919
Gain/(Loss) on disposal of plant and equipment	(11,283)	27,025	(11,283)	27,025
Rent received	136,447	87,705	136,447	87,705
Gain/(Loss) on revaluation of investments	(963,236)	948,848	(963,236)	948,848
Governement Assistance (Jobkeeper/ Cashflow Boost)	-	1,269,000	-	1,169,000
Asset Contribution Income	46,200	388,929	46,200	388,929
	(530,672)	3,107,446	(530,706)	3,007,426

The association has not received capitation fees, compulsory levies, donations, grants or income from another reporting unit of the Association.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 6: Key Management Personnel Compensation

The totals of remuneration paid to key management personnel (KMP) of the Group during the year are as follows:

	CONSOLIDATED GROUP		ASSOCIATION	
	2022	2021	2022	2021
	\$	\$	\$	\$
Short-term employee benefits	3,048,296	2,401,529	2,781,272	1,951,916
Post-employment benefits	303,979	221,912	268,648	185,782
Other long-term benefits	36,923	45,536	40,497	49,935
Total KMP compensation	3,389,198	2,668,977	3,090,417	2,187,633

### Other KMP transactions

For details of other transactions with KMP, refer to Note 24.

### Note 7. Auditor's Fees

Remuneration of the auditor of the association for:

- auditing or reviewing the financial statements
- taxation services
- other services

	CONSOLIDATED GROUP		ASSOCIATION	
	2022	2021	2022	2021
	\$	\$	\$	\$
	44,331	46,800	35,931	44,150
	2,100	1,300	-	-
	-	-	-	-
	46,431	48,100	35,931	44,150

### Note 8. Cash and cash equivalents

	CONSOLIDATED GROUP		ASSOCIATION	
	2022	2021	2022	2021
	\$	\$	\$	\$
Cash on hand	-	297	-	297
Cash at bank	7,264,959	6,964,861	7,159,096	6,927,122
	7,264,959	6,965,158	7,159,096	6,927,419
Cash at bank - restricted	37,542,201	20,755,912	37,542,201	20,755,912
	44,807,160	27,721,070	44,701,297	27,683,331

There are three cash at bank restricted accounts as per Note 1(h). One represents funds administered by the Association on behalf of parties involved in arbitration. One represents holding deposits made by display village builders against failures to complete contracts. And the third one represents voluntary contributions by members, which are used to provide support to Queensland based community projects and programs, particularly programs and projects that align with the building and construction industry. Voluntary contributions were ceased at the end of June 2016 however there remains some carryover of funds from prior years. There is corresponding amounts for these cash at bank restricted accounts sittin in Liabilities Note 17 - Trade and other payables.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 9. Trade and other receivables

	CONSOLIDATED GROUP		ASSOCIATION	
	2022	2021	2022	2021
	\$	\$	\$	\$
Accounts receivable	1,146,625	1,289,701	1,146,625	1,289,701
Other debtors	2,531	396	2,531	396
Term deposits	52,854	18,150	52,854	18,150
Accrued Revenue	67,414	243,217	67,414	243,217
Intercompany Loan	-	-	-	-
Less provision for expected credit lossess	(54,064)	(48,157)	(54,064)	(48,157)
	1,215,360	1,503,307	1,215,360	1,503,307

### Provision for impairment of receivables

Movement in the provision for impairment of receivables is as follows:

#### Group

	Opening Balance 1 July 2020	Charge for the Year	Adjustments to Provision	Closing Balance 30 June 2020
	\$	\$	\$	\$
Current trade receivables	63,616	-	(15,459)	48,157
	Opening Balance 1 July 2021	Charge for the Year	Adjustments to Provision	Closing Balance 30 June 2021
	\$	\$	\$	\$
Current trade receivables	48,157	-	5,907	54,064

#### Association

	Opening Balance 1 July 2020	Charge for the Year	Adjustments to Provision	Closing Balance 30 June 2020
	\$	\$	\$	\$
Current trade receivables	63,616	-	(15,459)	48,157
	Opening Balance 1 July 2021	Charge for the Year	Adjustments to Provision	Closing Balance 30 June 2021
	\$	\$	\$	\$
Current trade receivables	48,157	-	5,907	54,064

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Credit Risk

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 9. The main source of credit risk to the Group is considered to relate to the class of assets described as "Accounts receivable".

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Trade receivables are aged as follows:

Trade receivables are aged as follows:

	CONSOLIDATED GROUP			ASSOCIATION		
	ACCOUNTS RECEIVABLE	OTHER DEBTORS	TOTAL	ACCOUNTS RECEIVABLE	OTHER DEBTORS	TOTAL
<b>2022</b>	\$	\$		\$	\$	
<b>Gross amount</b>	<b>1,146,625</b>	<b>2,531</b>	<b>1,149,156</b>	<b>1,146,625</b>	<b>2,531</b>	<b>1,149,156</b>
Impaired	54,064	-	54,064	54,064	-	54,064
<i>Days overdue:</i>						
<30	443,036	-	443,036	443,036	-	443,036
31-60	53,149	-	53,149	53,149	-	53,149
61-90	-	-	-	-	-	-
>90	-	-	-	-	-	-
Within initial trade terms	596,375	2,531	598,906	596,375	2,531	598,906
	1,146,625	2,531	1,149,156	1,146,625	2,531	1,149,156
<b>2021</b>	\$	\$		\$	\$	
<b>Gross amount</b>	<b>1,289,701</b>	<b>396</b>	<b>1,290,097</b>	<b>1,289,701</b>	<b>396</b>	<b>1,290,097</b>
Impaired	48,157	-	48,157	48,157	-	48,157
<i>Days overdue:</i>						
<30	546,397	-	546,397	546,397	-	546,397
31-60	46,918	-	46,918	46,918	-	46,918
61-90	-	-	-	-	-	-
>90	-	-	-	-	-	-
Within initial trade terms	648,229	396	648,625	648,229	396	648,625
	1,289,701	396	1,290,097	1,289,701	396	1,290,097

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Financial assets classified at amortised cost

Accounts receivable and other debtors:

- total current

Total financial assets classified at amortised cost

CONSOLIDATED GROUP		ASSOCIATION	
2022	2021	2022	2021
\$	\$	\$	\$
1,215,360	1,503,307	1,215,360	1,503,307
1,215,360	1,503,307	1,215,360	1,503,307

### Collateral held as security

No collateral is held as security for any of the accounts receivable or other debtor balances.

### Note 10. Inventories

CURRENT

Documents

Signs & Safety

CONSOLIDATED GROUP		ASSOCIATION	
2022	2021	2022	2021
\$	\$	\$	\$
21,050	29,436	21,050	29,436
10,477	13,635	10,477	13,635
31,527	43,071	31,527	43,071

### Note 11. Other current assets

Tenancy security deposits

Prepayments

CONSOLIDATED GROUP		ASSOCIATION	
2022	2021	2022	2021
\$	\$	\$	\$
28,920	-	28,920	-
702,754	564,989	702,754	545,851
731,674	564,989	731,674	545,851

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 12: Associates and Joint Arrangements

#### Information about Principal Associates and Joint Ventures

Set out below are the material associates and joint ventures of the Group. All of the entities listed below are limited by guarantee. The Group has more than 20% of the voting rights held for each entity but does not have control. Each entity's place of incorporation is its principal place of business.

Name	Classification	Place of Incorporation/ Business	Proportion of Interests	Measurement Method	Carrying amount	
					2022	2021
					\$	\$
BERT Fund Limited	Associate	Brisbane, Australia	50%	Equity method	1	1
BERT Welfare Limited	Associate	Brisbane, Australia	50%	Equity method	-	-
BEWT Fund Limited	Associate	Brisbane, Australia	50%	Equity method	1	1
BUSS (Queensland) Pty Limited	Associate	Brisbane, Australia	50%	Equity method	2	2
QCTF	Associate	Brisbane, Australia	50%	Equity method	1	1
Construction Income Protection Limited	Joint Venture	Brisbane, Australia	50%	Equity method	926,557	1,799,567
					<b>926,562</b>	<b>1,799,572</b>

BERT Fund Limited is a company limited by guarantee acting as a trustee for both BERT Fund No 2 and Bert Fund.

BERT Welfare Limited is a company limited by guarantee. The company's purpose is to become a participating employer to make contributions to BERT Fund No 2 on behalf of its Employees and to promote the welfare and benefit of the Construction Industry.

BEWT Fund Limited is a company limited by guarantee acting as a trustee of the BEWT Fund.

BUSS (Queensland) Pty Limited is a company limited by guarantee setup to act as a trustee for a complying super fund.

QCTF is a company limited by guarantee setup to act as a trustee of the BERT training fund.

The following associates are not considered material to the group and their financial information has therefore not been disclosed in these financial statements:

- BERT Fund Limited
- BEWT Fund Limited
- QCTF

The group has not disclosed the financial information, as it is not entitled to variable returns and therefore is not affected by the financial performance or position, of the following associates:

- BERT Welfare Limited
- BUSS (Queensland) Pty Limited

Construction Income Protection Limited is a joint arrangement that is structured as an incorporated entity (company) with two principal shareholders, one of which is the parent. The primary purpose of the company is to provide an insurance program to the members of both shareholders.

All of the associates and joint ventures are unlisted public or private companies and therefore no quoted market prices are available for its shares.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### Commitments and Contingent Liabilities in Respect of Joint Ventures

The Group has the following capital commitments relating to its interest in Construction Income Protection Limited:

- Commitment to provide equity contributions per joint venture agreement - Nil
- Share of capital commitments contracted for – plant and equipment - Nil

The Group is liable for a share of the following contingent liabilities arising from its interest in Construction Income Protection Limited if and when they arise:

Nil

#### Summarised Financial Information for Joint Ventures

Set out below is the summarised financial information for Construction Income Protection Limited. Unless otherwise stated, the disclosed information reflects the amounts presented in the Australian-Accounting-Standards financial statements of Construction Income Protection Limited. The following summarised financial information, however, reflects the adjustments made by the Group when applying the equity method, including adjustments for any differences in accounting policies between the Group and the joint venture.

Construction Income Protection Limited has the same financial year-end as Queensland Master Builders' Association Industrial Organisation of Employers.

#### Summarised Financial Position

Cash and cash equivalents	3,529,901	4,969,523
Total current assets	5,439,432	6,880,382
Total non-current assets	-	-
Current financial liabilities (excluding trade and other payables, and provisions)	-	-
Total current liabilities	3,586,320	3,281,249
Non-current financial liabilities (excluding trade and other payables, and provisions)	-	-
Total non-current liabilities	-	-
NET ASSETS	1,853,112	3,599,133
Group's share (%)	926,556	1,799,567
Group's share of joint venture's net assets	926,556	1,799,567

#### CONSTRUCTION INCOME PROTECTION LIMITED

	2022	2021
	\$	\$
Cash and cash equivalents	3,529,901	4,969,523
Total current assets	5,439,432	6,880,382
Total non-current assets	-	-
Current financial liabilities (excluding trade and other payables, and provisions)	-	-
Total current liabilities	3,586,320	3,281,249
Non-current financial liabilities (excluding trade and other payables, and provisions)	-	-
Total non-current liabilities	-	-
NET ASSETS	1,853,112	3,599,133
Group's share (%)	926,556	1,799,567
Group's share of joint venture's net assets	926,556	1,799,567

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Summarised Financial Performance

	2022	2021
	\$	\$
Revenue	1,470,569	1,368,903
Interest income	5,369	9,550
Depreciation and amortisation	-	-
Interest expense	-	-
Other expenses	1,133,873	1,054,031
Profit or loss from continuing operations	342,065	324,422
Income tax expense	94,862	106,116
Profit after tax from continuing operations	247,203	218,306
Profit after tax from discontinued operations	247,203	218,306
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>247,203</b>	<b>218,306</b>
Dividends paid	2,000,000	-
Group's share of joint venture's total comprehensive income	123,602	109,153
Group's share of dividends paid	1,000,000	-
<b>Reconciliation to Carrying Amounts</b>		
Group's share of joint venture's opening net assets	1,799,567	1,688,388
Adjustment to balance prior year audited accounts	3,389	2,026
Investments during the period	-	-
Group's share of joint venture's total comprehensive income	123,602	109,153
Group's share of dividends paid by joint venture	(1,000,000)	-
Disposals during the period	-	-
Group's share of joint venture's closing net assets (closing carrying amount of investment)	926,557	1,799,567

### Note 13. Financial Assets

	CONSOLIDATED GROUP		ASSOCIATION	
	2022	2021	2022	2021
	\$	\$	\$	\$
Financial assets initially designated at fair value through profit or loss				
Listed investments at fair value				
- managed funds	14,086,559	13,022,957	14,086,559	13,022,957
<b>Total financial assets at fair value through profit or loss</b>	<b>14,086,559</b>	<b>13,022,957</b>	<b>14,086,559</b>	<b>13,022,957</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 14. Information about Principal Subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's principal place of business is also its country of incorporation or registration.

Name of Subsidiary	Principal Place of Business	Ownership Interest Held by the Group	
		2022	2021
		%	%
Master Builders Members Legal Pty Ltd*	Australia	100	100

\* Incorporated 5 September 2017

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements

### Significant Restrictions

There are no significant restrictions over the Group's ability to access or use assets, and settle liabilities, of the Group.

### Note 15. Property, plant and equipment

	CONSOLIDATED GROUP		ASSOCIATION	
	2022	2021	2022	2021
	\$	\$	\$	\$
<b>Land - at valuation</b>				
Freehold land	14,160,000	14,160,000	14,160,000	14,160,000
<b>Buildings - at valuation</b>				
Buildings	4,220,000	4,220,000	4,220,000	4,220,000
Provision for depreciation	(201,768)	(100,884)	(201,768)	(100,884)
	4,018,232	4,119,116	4,018,232	4,119,116
<b>Building improvements - at cost</b>				
Building improvements	-	-	-	-
Provision for depreciation	-	-	-	-
	-	-	-	-
<b>Total land and buildings</b>	<b>18,178,232</b>	<b>18,279,116</b>	<b>18,178,232</b>	<b>18,279,116</b>
<b>Plant and equipment at cost</b>				
Plant and equipment	5,130,880	5,080,020	5,130,880	5,049,243
Provision for depreciation	(2,298,266)	(1,987,363)	(2,298,266)	(1,956,586)
<b>Total plant and equipment</b>	<b>2,832,614</b>	<b>3,092,657</b>	<b>2,832,614</b>	<b>3,092,657</b>
<b>Assets under construction at cost</b>				
Asset under construction	388,399	1,000	388,399	1,000
<b>Total assets under construction</b>	<b>388,399</b>	<b>1,000</b>	<b>388,399</b>	<b>1,000</b>
<b>Total written down value</b>	<b>21,399,245</b>	<b>21,372,773</b>	<b>21,399,245</b>	<b>21,372,773</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Group	LAND & BUILDINGS AT VALUATION	LAND & BUILDINGS AT COST	PLANT & EQUIPMENT AT COST	ASSETS UNDER CONSTRUCTION
	\$	\$	\$	\$
Net book value as at 1 July 2020	18,380,000	-	3,036,599	-
Assets acquired during the year	-	-	727,119	1,000
Assets disposed during the year	-	-	(7,521)	-
Revaluations	-	-	-	-
Amortisation/Depreciation charged during the year	(1,00,884)	-	(663,540)	-
Net book value as at 30 June 2021	<b>18,279,116</b>	-	<b>3,092,657</b>	<b>1,000</b>
Net book value as at 1 July 2021	18,279,116	-	3,092,657	1,000
Assets acquired during the year	-	-	422,119	387,399
Assets disposed during the year	-	-	(37,464)	-
Revaluations	-	-	-	-
Amortisation/Depreciation charged during the year	(100,884)	-	(644,698)	-
Net book value as at 30 June 2022	<b>18,178,232</b>	-	<b>2,832,614</b>	<b>388,399</b>
Association	LAND & BUILDINGS AT VALUATION	LAND & BUILDINGS AT COST	PLANT & EQUIPMENT AT COST	ASSETS UNDER CONSTRUCTION
	\$	\$	\$	\$
Net book value as at 1 July 2020	18,380,168	-	3,029,032	-
Assets acquired during the year	-	-	727,119	1,000
Assets disposed during the year	-	-	(7,521)	-
Revaluations	-	-	-	-
Amortisation/Depreciation charged during the year	(100,884)	-	(655,974)	-
Net book value as at 30 June 2021	<b>18,279,116</b>	-	<b>3,092,657</b>	<b>1,000</b>
Net book value as at 1 July 2020	18,279,116	-	3,029,657	1,000
Assets acquired during the year	-	-	422,119	387,399
Assets disposed during the year	-	-	(37,463)	-
Revaluations	-	-	-	-
Amortisation/Depreciation charged during the year	(100,884)	-	(644,698)	-
Net book value as at 30 June 2022	<b>18,178,232</b>	-	<b>2,832,614</b>	<b>388,399</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Impairment losses

The total impairment loss recognised in profit or loss during the period amounted to \$0 (2021: \$0). The impairment loss is separately presented in the statement of profit or loss as impairment of property, plant and equipment.

### Asset revaluations

#### Buildings

"The land and buildings were revalued as at 30 June 2020 based on independent valuations completed by Herron Todd White in April 2020. The valuations were completed by determining the fair value of the land and buildings based on the highest and best use of the assets.

The valuations were completed using both a market-based approach (the direct comparison approach) as well as an income-based approach (capitalisation of net income approach). The highest and best use of the properties was deemed to be their current use, with the exception of a property in Wickham Terrace at Spring Hill. The highest and best use of this property was deemed to be for development. This means that the entire value of the property is in its land value, and therefore there is no portion of this valuation allocated to buildings. "

As a result of the revaluations there was an increase of \$750,052 transferred to the revaluation reserve for Buildings during the the financial year ended 30 June 2020.

#### Freehold land

Freehold Land held by the Group were valued by an independent valuer at 30 June 2020.

As a result land revaluations have decreased \$126,708 and is reflected as an adjustment against revaluation reserve for Land during the course of the financial year ended 30 June 2020.

Refer to Note 27 for detailed disclosures regarding the fair value measurement of the Group's freehold land and buildings.

### Note 16. Leases

#### Right of Use Assets

	CONSOLIDATED GROUP		ASSOCIATION	
	2022	2021	2022	2021
	\$	\$	\$	\$
Property - Townsville	314,472	314,472	314,472	314,472
Less Accumulated Depreciation	(110,065)	(47,171)	(110,065)	(47,171)
	<b>204,407</b>	<b>267,301</b>	<b>204,407</b>	<b>267,301</b>
Property - Sunshine Coast	477,267	-	477,267	-
Less Accumulated Depreciation	(23,863)	-	(23,863)	-
	<b>453,404</b>	<b>-</b>	<b>453,404</b>	<b>-</b>

#### Lease Liabilities

##### CURRENT

	CONSOLIDATED GROUP		ASSOCIATION	
	2022	2021	2022	2021
	\$	\$	\$	\$
Lease Liabilities	700,469	270,795	700,469	270,795
	<b>700,469</b>	<b>270,795</b>	<b>700,469</b>	<b>270,795</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 17. Trade and other payables

	CONSOLIDATED GROUP		ASSOCIATION	
	2022	2021	2022	2021
	\$	\$	\$	\$
CURRENT				
Unsecured liabilities:				
Trade payables	722,041	388,300	799,316	464,474
GST payable	390,159	379,785	370,997	360,799
Advance billings	3,850,494	3,641,535	3,850,494	3,641,535
Other payables and accruals	269,769	571,612	263,768	558,182
Intercompany Loan	-	-	881	-
Administered Funds	37,542,201	20,755,912	37,542,201	20,755,912
Display village creditors	694,653	818,007	694,653	818,007
Income in advance	13,599	24,699	13,599	24,699
	<b>43,482,916</b>	<b>26,579,850</b>	<b>43,535,909</b>	<b>26,623,608</b>

### Note 18. Tax

	CONSOLIDATED GROUP		ASSOCIATION	
	2022	2021	2022	2021
	\$	\$	\$	\$
CURRENT				
Income tax payable	15,405	5,247	-	-

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### NON-CURRENT

#### Group

#### 2021

##### Deferred tax asset on:

	Opening balance	(Charged)/ credited to Profit or Loss	(Charged)/ Credited Directly to Equity	Change in Tax Rates	Exchange Differences	Closing balance
Employee provisions	13,196	(2,808)	-	-	-	10,388
Formation costs	3,270	(1,603)	-	-	-	1,667
Carried forward losses	22,614	(22,614)	-	-	-	-
	39,080	(27,025)	-	-	-	12,055
<b>Deferred tax liability on:</b>						
Tax allowance on property, plant and equipment	-	-	-	-	-	-
Losses/(gains) on revaluation of land and buildings	-	-	-	-	-	-
Losses/(gains) on available-for-sale financial assets	-	-	-	-	-	-
Other	172	(42)	-	-	-	130
	172	(42)	-	-	-	130
Net amount	39,252	27,067	-	-	-	12,185

#### 2022

##### Deferred tax asset on:

	Opening balance	(Charged)/ credited to Profit or Loss	(Charged)/ Credited Directly to Equity	Change in Tax Rates	Exchange Differences	Closing balance
Employee provisions	10,388	-	-	-	-	10,388
Formation costs	1,667	-	-	-	-	1,667
Change in tax rate	-	911	-	-	-	911
Carried forward losses	-	-	-	-	-	-
	12,055	911	-	-	-	12,966
<b>Deferred tax liability on:</b>						
Tax allowance on property, plant and equipment	-	-	-	-	-	-
Losses/(gains) on revaluation of land and buildings	-	-	-	-	-	-
Losses/(gains) on available-for-sale financial assets	-	-	-	-	-	-
Other	130	-	-	-	-	130
	130	-	-	-	-	130
Net amount	12,185	911	-	-	-	13,096

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 19. Provisions

	CONSOLIDATED GROUP		ASSOCIATION	
	2022	2021	2022	2021
CURRENT	\$	\$	\$	\$
Employee provisions - annual leave entitlement	655,081	582,698	614,676	545,633
Employee provisions - long service leave	700,288	625,788	700,288	625,788
	1,355,369	1,208,486	1,314,964	1,171,421

	CONSOLIDATED GROUP		ASSOCIATION	
	2022	2021	2022	2021
NON CURRENT	\$	\$	\$	\$
Employee provisions - long service leave	310,287	346,904	304,309	344,015

	CONSOLIDATED GROUP		ASSOCIATION	
	2022	2021	2022	2021
<b>Analysis of employee provisions - annual leave entitlements</b>	\$	\$	\$	\$
Opening balance at 1 July 2021	582,698	561,901	545,633	515,120
Additional provisions	178,067	98,635	174,727	81,153
Amount Used	(105,684)	(77,837)	(105,684)	(50,640)
Balance at 30 June 2022	655,081	582,698	614,676	545,633

#### Employee provisions - annual leave entitlements

The provision for employee benefits represents amounts accrued for annual leave.

Based on past experience, the association does not expect the full amount of annual leave to be settled wholly within the next 12 months. However, the amount must be classified as a current liability because the association does not have an unconditional right to defer the settlement of the amount in the event employees wish to use their leave entitlements.

	CONSOLIDATED GROUP		ASSOCIATION	
	2022	2021	2022	2021
<b>Analysis of employee provisions - long service leave entitlements</b>	\$	\$	\$	\$
Opening balance at 1 July 2021	972,692	913,562	969,804	909,585
Additional provisions	257,083	110,688	253,993	111,777
Amount Used	(219,200)	(51,558)	(219,200)	(51,558)
Balance at 30 June 2022	1,010,575	972,692	1,004,597	969,804

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	CONSOLIDATED GROUP		ASSOCIATION	
	2022	2021	2022	2021
<b>Breakdown by employee type</b>	\$	\$	\$	\$
Employee provisions in respect of holders of offices include:				
Annual Leave	151,135	118,229	131,757	118,641
Long Service Leave	250,797	287,720	240,421	280,918
Separation and Redundancies	-	-	-	-
Other Employee Provisions	-	-	-	-

Employee provisions in respect of general employees include:

Annual Leave	503,946	443,672	482,919	418,916
Long Service Leave	759,779	669,059	764,176	678,603
Separation and Redundancies	-	-	-	-
Other Employee Provisions	-	-	-	-

### Note 20: Reserves

#### a. Retained profits

The retained profits reserves is the cumulative surplus and deficits brought forward from previous reporting periods.

#### b. Asset revaluation - land and buildings

The asset revaluation - land and buildings reserve represents the cumulative amount of fair value gains/losses recognised in other comprehensive income in remeasuring the land and buildings in property, plant and equipment.

#### c. Asset revaluation - investments

Prior financial years, the asset revaluation - investments reserve represented the cumulative amount of fair value gains/losses recognised in other comprehensive income in remeasuring the investments in available-for-sale listed shares. With the introduction of AASB 9 Financial Instruments as at 1 July 2018 these investments are now required to be recorded at fair value through profit or loss. Therefore there is an adjustment as at 1 July 2018 to transfer this reserve to retained earnings, as if the investment portfolio had always been accounted for at fair value through profit or loss.

### Note 21. Commitments for expenditure

	CONSOLIDATED GROUP		ASSOCIATION	
	2022	2021	2022	2021
	\$	\$	\$	\$
<b>i) Capital commitments</b>				
Not later than one year	1,170,762	-	1,170,762	-

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 22. Contingent liabilities

There were no contingent liabilities at 30 June 2022 (2021: Nil).

### Note 23. Events subsequent to the end of the reporting period

The Financial Statements were authorised for issue as dated in the Statement by Members of the Board.

The Board is not aware of any significant events since the end of the reporting period.

### Note 24. Related party transactions and balances

The Group's main related parties are as follows:

#### a. Key Management Personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the association, directly or indirectly, including its committee members, is considered key management personnel.

#### b. Entities subject to significant influence by the Group

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity that holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

BERT Fund Limited is an entity over which the Group exercises significant influence by holding 20% or more of the voting rights however the group does not have control.

BERT Welfare Limited is an entity over which the Group exercises significant influence by holding 20% or more of the voting rights however the group does not have control.

BEWT Fund Limited is an entity over which the Group exercises significant influence by holding 20% or more of the voting rights however the group does not have control.

BUSS (Queensland) Pty Limited is an entity over which the Group exercises significant influence by holding 20% or more of the voting rights however the group does not have control.

QCTF is an entity over which the Group exercises significant influence by holding 20% or more of the voting rights however the group does not have control.

For details of interest held in associates, refer to Note 12.

#### c. Joint ventures accounted for under the equity method

The group has a 50% interest in the joint venture Construction Income Protection Ltd. The interest in the joint venture is accounted for in these consolidated financial statements of the Group, using the equity method of accounting.

For details of interest held in joint ventures, refer to Note 12.

#### d. Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Transactions with Related Parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated

The following transactions occurred with related parties:

	CONSOLIDATED GROUP		ASSOCIATION COMPANY	
	2022	2021	2020	2021
	\$	\$	\$	\$
<b>Purchases of goods and services</b>				
- During the year staff contributions for Income protection were paid to Construction Income Protection Ltd on behalf of Master Builders employees.	1,607	2,967	1,607	2,967
- Reimbursement of BUSS (Queensland) Pty Ltd legal costs for federal court proceedings	18,275	-	18,275	-
<b>Sales of goods and services</b>				
- Director fees were paid by BUSS (Queensland) Pty Ltd for Master Builders employees fulfilling their duties as key management personnel of the trustee company.	46,453	119,070	46,453	119,070
- Sponsorship for events was received from Building Unions Superannuation Scheme (Queensland) which BUSS (Queensland) Pty Ltd acts as the trustee for.	119,200	96,110	119,200	96,110
- Reimbursement of travel on behalf of BUSS (Queensland) Pty Ltd for key management personnel of the trustee company	-	2,319	-	2,319
- Director fees were paid by CIPL for a Master Builders employee fulfilling their duties as a key management personnel of the entity.	26,070	25,262	26,070	25,262
- Training programs covered by BERT Training Fund (which QCTF acts a trustee) on behalf of its own members.	252,105	283,579	252,105	283,579
<b>Purchases of goods and services</b>				
- Dividend received from CIPL	1,000,000	-	1,000,000	-
<b>Master Builders Members Legal</b>				
- Service Level Agreement for the provision of legal services to Queensland Master Builders Association members.	-	-	870,000	870,000
- Training course facilitation services provided to and run by Queensland Master Builders Association	-	-	300	13,325
- Company Secretariat services provided to and run by Queensland Master Builders Association	-	-	14,657	-
- Intercompany Loan with Members Legal which consists of share of monthly office expenses.	-	-	881	70,128
- Purchase of second-hand photocopier from Queensland Master Builders Association	-	-	9,315	-
- Debt forgiveness of intercompany loan by Queensland Master Builders Association	-	-	-	294,674
- Current Payables to Master Builders Members Legal	-	-	79,750	80,080

**Note 25. Reconciliation of cash flows from operating activities surplus / (loss) for the year**

	CONSOLIDATED GROUP		ASSOCIATION	COMPANY
	2021	2020	2021	2020
	\$	\$	\$	\$
Net Surplus/(loss) for the year	108,605	5,170,060	66,060	4,989,607
<b>Non-cash flows in current year surplus:</b>				
- depreciation expense	832,339	832,370	832,339	824,804
- net (gain)/loss on disposal of property, plant and equipment	11,283	(27,025)	11,283	(27,025)
- share of profit of associate	(126,990)	(111,179)	(126,990)	(111,179)
- net (gain)/loss on revaluation of investments	963,236	(948,848)	963,236	(948,848)
- net (gain)/loss on disposal of investments	-	-	-	-
<b>Changes in assets, liabilities &amp; equity:</b>				
- (increase)/decrease in accounts receivable and other debtors	287,946	(450,144)	288,827	(225,597)
- (increase)/decrease in other current assets	(166,684)	(55,516)	(185,822)	(53,624)
- (increase)/decrease in inventories on hand	11,543	(15,544)	11,543	(15,544)
- (Increase)/decrease in deferred tax assets	(911)	27,067	-	-
- increase/(decrease) in accounts payable and other payables	17,256,140	11,661,555	17,254,339	11,636,606
- increase/(decrease) in employee provisions	110,266	79,927	103,836	90,732
- increase/(decrease) in other provisions	-	-	-	-
- increase/(decrease) in current tax liabilities	-	-	-	-
	19,286,773	16,162,723	19,218,651	16,159,932

**Note 26. Financial Risk Management**

The association's financial instruments consist mainly of deposits with banks, investments in listed shares, receivables and payables.

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

	CONSOLIDATED GROUP		ASSOCIATION	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>Financial Assets</b>				
Cash and cash equivalents	44,807,160	27,721,070	44,701,297	27,683,331
Trade and other receivables	1,215,360	1,503,307	1,215,360	1,503,307
Financial assets				
- investments in listed shares	14,086,559	13,022,957	14,086,559	13,022,957
<b>Total financial assets</b>	60,109,079	42,247,334	60,003,216	42,209,595
<b>Financial liabilities</b>				
Financial liabilities at amortised cost:				
- trade and other payables	39,618,823	22,913,616	39,671,816	22,957,374
Lease Liability	700,469	270,795	700,469	270,795
<b>Total financial liabilities</b>	40,319,292	23,184,411	40,372,285	23,228,169

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Financial Risk Management Policies

The Board is responsible for, among other issues, monitoring and managing financial risk exposures of the association. The Board monitors the association's transactions and reviews the effectiveness of controls relating to credit risk, liquidity risk and market risk. Discussions on monitoring and managing financial risk exposures are held bi-monthly and minuted by the committee of management.

The Board overall risk management strategy seeks to ensure that the association meets its financial targets, while minimising potential adverse effects of cash flow shortfalls.

### Specific Financial Risk Exposures and Management

The main risks the association is exposed to through its financial instruments are credit risk, liquidity risk, and market risk relating to interest rate risk and other price risk. There have been no substantive changes in the types of risks the association is exposed to, how these risks arise, or the Board 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.

Credit risk is managed through maintaining procedures (such as the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposure against such limits and monitoring of the financial stability of significant customers and counterparties) ensuring, to the extent possible, that members and counterparties to transactions are of sound credit worthiness.

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

#### Credit risk exposures

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

There is no collateral held by the association securing accounts receivable and other debtors.

Accounts receivable and other debtors that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed at Note 9.

The association has no significant concentrations of credit risk with any single counterparty or group of counterparties. Details with respect to credit risk of accounts receivable and other debtors are provided in Note 9.

### 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 manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- only investing surplus cash with major financial institutions; and
- proactively monitoring the recovery of unpaid subscriptions.

The table following reflects an undiscounted contractual maturity analysis for financial liabilities.

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 presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Group	WITHIN 1 YEAR		1 TO 5 YEARS	
	2022	2021	2022	2021
	\$	\$	\$	\$
<b>Financial liabilities due for payment</b>				
Accounts payable and other payables (excluding annual leave and grants receivable in advance)	39,618,823	22,913,616	-	-
Total contractual outflows	1,170,762	-	-	-
Lease liability	164,010	67,485	536,459	203,310
Total expected outflows	40,953,595	22,981,101	536,459	203,310
<b>Financial assets - cash flows realisable</b>				
Cash on hand	44,807,160	27,721,070	-	-
Accounts receivable and other debtors	1,215,360	1,503,307	-	-
Financial assets of fair value	-	-	-	-
Total anticipated inflows	46,022,520	29,224,377	-	-
Net (outflow)/inflow on financial instruments	5,068,925	6,243,276	(536,459)	(203,310)

Consolidated Group	OVER 5 YEARS		TOTAL	
	2022	2021	2022	2021
	\$	\$	\$	\$
<b>Financial liabilities due for payment</b>				
Accounts payable and other payables (excluding annual leave and grants receivable in advance)	-	-	39,618,823	22,913,616
Total contractual outflows	-	-	-	-
Lease liability	-	-	700,469	270,795
Total expected outflows	-	-	40,319,292	23,184,411
<b>Financial assets - cash flows realisable</b>				
Cash on hand	-	-	44,807,160	27,721,070
Accounts receivable and other debtors	-	-	1,215,360	1,503,307
Financial assets of fair value	14,086,559	13,022,957	14,086,559	13,022,957
Total anticipated inflows	14,086,559	13,022,957	60,109,079	42,247,333
Net (outflow)/inflow on financial instruments	14,086,559	13,022,957	19,789,787	19,062,923

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Association	WITHIN 1 YEAR		1 TO 5 YEARS	
	2022	2021	2022	2021
	\$	\$	\$	\$
<b>Financial liabilities due for payment</b>				
Accounts payable and other payables (excluding annual leave and grants receivable in advance)	39,671,816	22,957,374	-	-
Total contractual outflows	1,170,762	-	-	-
Lease liability	164,010	67,485	536,459	203,310
Total expected outflows	41,006,588	23,024,859	536,459	203,310
<b>Financial assets - cash flows realisable</b>				
Cash on hand	44,701,297	27,683,331	-	-
Accounts receivable and other debtors	1,215,360	1,503,307	-	-
Financial assets of fair value	-	-	-	-
Total anticipated inflows	45,916,657	29,186,638	-	-
Net (outflow)/inflow on financial instruments	4,910,069	6,161,779	(536,459)	(203,310)

Association	OVER 5 YEARS		TOTAL	
	2022	2021	2022	2021
	\$	\$	\$	\$
<b>Financial liabilities due for payment</b>				
Accounts payable and other payables (excluding annual leave and grants receivable in advance)	-	-	39,671,816	22,957,374
Total contractual outflows	-	-	-	-
Lease liability	-	-	700,469	270,795
Total expected outflows	-	-	40,372,285	23,228,169
<b>Financial assets - cash flows realisable</b>				
Cash on hand	-	-	44,701,297	27,683,331
Accounts receivable and other debtors	-	-	1,215,360	1,503,307
Financial assets of fair value	14,086,559	13,022,957	14,086,559	13,022,957
Total anticipated inflows	14,086,559	13,022,957	60,003,216	42,209,595
Net (outflow)/inflow on financial instruments	14,086,559	13,022,957	19,630,931	18,981,426

Financial assets pledged as collateral

No financial assets have been pledged as security for any financial liability.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 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 a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The association is exposed to earnings volatility on floating rate instruments. The financial instruments that expose the association to interest rate risk are limited to cash and cash equivalents.

The association does not consider the interest rate risk to be significant.

#### Other price risk

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) of securities held.

The association is exposed to other price risk on available-for-sale investments however such risk is limited through our investment into managed funds. The funds range across three broad asset groups, being Growth (typically shares and property securities), Diversifying (typically higher yielding debt and some alternatives) and Defensive assets (typically investment grade debt securities and cash), providing the flexibility required to allocate effectively and efficiently to those assets that in combination are most closely aligned with the delivery of the funds objective.

The Group's investments in the fund are held in the following asset groups at the end of the reporting period:

	CONSOLIDATED GROUP & ASSOCIATION	
	2022	2021
	%	%
Growth	19.1	27.6
Diversifying	20.2	20
Defensive	60.7	52.4

The Group's investments in the Schroders Sustainable Global Core fund are held in the following asset allocations at the end of the reporting period:

	CONSOLIDATED GROUP & ASSOCIATION	
	2022	2021
	%	%
International Equities (Growth)	98.9	98.6
Cash (Defensive)	1.1	1.4

#### Sensitivity Analysis

The following table illustrates sensitivities to the association's exposures to changes in interest rates and equity prices. 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Year ended 30 June 2022

- +/- 2% in interest rates
- +/- 10% in available-for-sale investments

CURRENT SURPLUS	EQUITY
\$	\$
+/- 896,143	+/- 896,143
+/- 1,408,656	+/- 1,408,656

### Year ended 30 June 2021

- +/- 2% in interest rates
- +/- 10% in available-for-sale investments

CURRENT SURPLUS	EQUITY
\$	\$
+/- 554,421	+/- 554,421
+/- 1,302,296	+/- 1,302,296

No sensitivity analysis has been performed on foreign exchange risk as the association has no significant exposure to currency risk.

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

## Fair Values

### Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position. Refer to Note 27 for detailed disclosures regarding the fair value measurement of the association's financial assets.

NOTE	2022		2021		
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE	
	\$	\$	\$	\$	
<b>Financial assets</b>					
Cash on hand <sup>(i)</sup>	8	44,807,160	44,807,160	27,721,070	27,721,070
Accounts receivable and other debtors <sup>(i)</sup>	9	1,215,360	1,215,360	1,503,307	1,503,307
Financial assets at fair value:					
- investment in managed funds	13	14,086,559	14,085,559	13,022,957	13,022,957
<b>Total financial assets</b>		<b>60,109,079</b>	<b>60,109,079</b>	<b>42,247,334</b>	<b>42,247,334</b>
<b>Financial liabilities</b>					
Accounts payable and other payables <sup>(i)</sup>	16	43,482,916	43,482,916	26,579,850	26,579,850
Lease liabilities		700,469	700,469	270,795	270,795
<b>Total financial liabilities</b>		<b>44,183,385</b>	<b>44,183,385</b>	<b>26,850,645</b>	<b>26,850,645</b>

(i) Cash on hand, accounts receivable and other debtors, and accounts payable and other payables are short-term instruments in nature whose carrying amount is equivalent to fair value. Accounts payable and other payables exclude amounts relating to the provision for annual leave, which is outside the scope of AASB 9.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 27: Fair Value Measurements

The association measures and recognises the following assets at fair value on a recurring basis after initial recognition:

- available-for-sale financial assets
- land and buildings

The association does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

### Fair Value Hierarchy

AASB 13: Fair Value Measurement requires the disclosure of fair value information according to the relevant level in the fair value hierarchy. This hierarchy categorises fair value measurements into one of three possible levels based on the lowest level that a significant input can be categorised into. The levels are outlined below:

#### Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

#### Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

#### Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair value of assets and liabilities that are not traded in an active market is determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

### Valuation Techniques

The association selects valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the association are consistent with one or more of the following valuation approaches:

- *Market approach* uses prices and other relevant information generated by market transactions involving identical or similar assets or liabilities.
- *Income approach* converts estimated future cash flows or income and expenses into a single current (ie discounted) value.
- *Cost approach* reflects the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the association gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following tables provide the fair values of the association's assets measured and recognised on a recurring basis after initial recognition, categorised within the fair value hierarchy:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Group and Association	NOTE	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
<b>2022</b>		\$	\$	\$	\$
<b>Recurring fair value measurements</b>					
<i>Financial assets</i>					
Available-for-sale financial assets:					
- managed funds	13	14,086,559	-	-	14,086,559
- land and buildings	15	-	-	18,178,232	18,178,232
<b>Total financial assets recognised at fair value</b>					
	NOTE	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
<b>2021</b>		\$	\$	\$	\$
<b>Recurring fair value measurements</b>					
<i>Financial assets</i>					
Available-for-sale financial assets:					
- managed funds	13	13,022,957	-	-	13,022,957
- land and buildings	15	-	-	18,279,116	18,279,116
<b>Total financial assets recognised at fair value</b>					

There were no transfers between Level 1 and Level 2 for assets measured at fair value on a recurring basis during the reporting period (2020: no transfers).

### Note 28. Entity details

The registered office of the Association is 417 Wickham Terrace, Brisbane Queensland 4000.

The principal place of business is 417 Wickham Terrace, Brisbane Queensland 4000.

## Statement by Members of the Board

The Board of the Queensland Master Builders' Association Industrial Organisation of Employers are of the opinion that:

- a) the financial statements and notes comply with Australian Accounting Standards;
- b) the financial statements and notes comply with the reporting guidelines of the Registrar;
- 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 Association will be able to pay its debts as and when they become due and payable;
- e) during the financial year to which the general purpose financial report relates and since the end of that year:
  - i. meetings of the Board were held in accordance with the Constitution of the Association; and
  - ii. the financial affairs of the Association have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
  - iii. the financial records of the Association have been kept and maintained in accordance with the Industrial Relations Act 2016 (Qld); and
  - iv. where information has been sought in any request by a member of the Association or Registrar duly made under section 787 of the Act, that information has been provided to the member or Registrar; and
  - v. where any order for inspection of financial records has been made by the Queensland Industrial Relations Commission under section 788 of the Act, there has been compliance.

This statement is made in accordance with a resolution dated 20 September 2022 of the Board and is signed for and on behalf of the Board by:



Ralf Dutton, President  
20 September 2022

## 2022 Operating Report

In accordance with sec 764 of the *Industrial Relations Act 2016*, QUEENSLAND MASTER BUILDERS ASSOCIATION INDUSTRIAL ORGANISATION OF EMPLOYERS provides the following Operating Report.

### Review of Principal Activities

The overall financial result for the year ending 30 June 2022 was a profit of \$108,605. This was primarily achieved through the following principal activities of Master Builders:

**Membership - Subscriptions** finished with revenue of \$9,764,829, a 13% increase on last year's results. Continued effort to improve member engagement throughout the year and reduce membership churn. The prior year results included a discount given in membership fees for July & August 2020. The Association had 8,647 (2021: 8,127) members and 1,123 (2021: 1,165) registrants all of whom are financial as at 30 June 2022.

**Insurance - Master Builders** designs and builds special insurance products provided predominately by Vero and QBE. These include market leading construction works, public and products liability, home warranty, tradies pack and other general insurance plans which deliver exceptional levels of insurance protection. Net result of insurance activities for this financial year was \$5,738,956, which is an increase of 3% year on year. Increased client reported turnovers because of buoyant market conditions is the main reason behind this improvement. Client numbers continue to grow around 4% year on year.

**Courses and Licensing - Consists of offerings to our members** designed to support Builders with the technical, business management and leadership skills and knowledge they will need throughout their career. Courses include non-accredited workshops through to nationally recognised qualifications and statements of attainment from Certificate III to Diploma and Advanced Diploma level. Net result of Courses and Licensing activities for the financial year was \$241,158, which was a \$685k decline on last year's net result. Covid-19 negatively impacted again for a period while available funding was also down on the previous year limiting the number of courses being offered.

**Events - Master Builders** organises various events for its members throughout Queensland all year round. One of our largest events Roadshow, is a free major event that travels across Queensland, connecting builders and tradesmen with industry experts to hear first-hand about the important changes happening in the building and construction sector. Our other significant event is the Housing and Construction awards held in each region and culminated in the state awards and resumed as face-to-face events after being delivered as online events the previous year due to Covid-19. Regular minor events held included Industry Information Sessions, Maximise events and Golf days amongst several others. Net result for the year of these activities including sponsorship was a profit of \$674,628.

**Display Villages - At 30th June 2022** there were five active Display Villages in Queensland managed by Master Builders. This an increase of 1 villages from last year. Display Villages are an opportunity for Builders to show off their designed homes and for consumers to explore and engage with Master Builder Members. Net result of this activity was a profit of \$42,551 for this financial year.

**Master Builders Members Legal** is Master Builders' wholly owned subsidiary legal practice. Members Legal offers legal and contractual advice exclusively to members, tailored to their business or specific circumstances. Net result of this subsidiary was a profit of \$42,546. Master Builders Members Legal is continually supported by Master Builders through a Service Level Agreement and as a going concern.

**Document Sales - Master Builders** produces a suite of residential and commercial contracts and signs available for sale by either over the counter or through online offerings. Net result for this activity was \$599,739 with hard copy sales declining and online sales increasing year on year.

### Changes in Financial Affairs During Year

In accordance with section 764 (2)(b) of the Industrial Relations Act 2016, Queensland Master Builders Association Industrial Organisation of Employers was the recipient of a \$1 million dollar dividend from Construction Income Protection Limited during the financial year in which the Organisation has a 50% interest in the joint venture entity. The board decided to donate the \$1 million dollar dividend to Mates in Construction which was expensed in our accounts for the financial year.

There were no other significant changes in the financial affairs during the year.

### Right of Members to Resign

Under Section 726 of the Industrial Relations Act 2016, a member of Queensland Master Builders Association Industrial Organisation of Employers an organisation may resign from membership of this organisation under this section or the organisation's rules.

The person's membership ends if the person gives the organisation written notice stating the person resigns from the organisation. The person's membership ends if -

- (a) the written notice states a day or time after the notice is given when the resignation takes effect—on the day or time; or
- (b) otherwise when the written notice is given.

### Positions held by Officers or Member of Registered Organisation with Superannuation entities

In accordance with section 764 (3) and section 764 (2)(d) of the Industrial Relations Act 2016 there were two officers of the association, Geoff Baguley and Chris Taylor, who commenced as directors of BUSS (Queensland) Pty Ltd, which acts as a Trustee to the Building Unions Superannuation Scheme (Queensland) and BUSS(Q) Pooled Superannuation Trust.

### Remuneration of officers

This table details remuneration of Master Builders paid elected officers for the period from 1 July 2021 to 30 June 2022 and provided in accordance with Sections 745 and 746 of Industrial Relations Act 2016.

Name	Position	Remuneration paid to 30 June 2022	Description of remuneration	Non-Cash benefits provided to 30 June 2022	Any amount paid to the officer in the officer's capacity as a board member other than travel and accommodation
Ralf Dutton	President	\$17,688	Meeting fees	Nil	Nil
Brett Johnston	Board Member	\$16,093	Meeting fees	Nil	Nil
Steve Havas	Board Member	\$14,355	Meeting fees	Nil	Nil
Chris Taylor	Board Member	\$9,933	Meeting fees	Nil	Nil
Mark Spry	Board Member	\$9,196	Meeting fees	Nil	Nil
Geoff Baguley	Board Member	\$8,613	Meeting fees	Nil	Nil
Ross Hognio	Board Member	\$7,373	Meeting fees	Nil	Nil
Drew Brockhurst	Board Member	NIL	Meeting fees	Nil	Nil

## Loans, Grants and Donations register

As per Section 748 of *Industrial Relations Act 2016*, below is a copy of the loans, grants and donations register for the period from 1 July 2021 to 30 June 2022.

Date given	Value \$	Loan, Grant or Donation	Reason for providing	Name and address of entity receiving	If a loan, terms of repayment
31/08/2021	\$5,500	Donation	Business Forum	Liberal National Party, 281 Sandgate Road, Albion QLD 4010	
7/03/2022	\$2,000	Donation	Fundraiser Event	Liberal National Party (Federal), PO Box 940, Spring Hill QLD 4004	
29/03/2022	\$1,000,000	Donation	Donation	Mates In Construction, Level 1, 35 Astor Terrace, Spring Hill QLD 4004	
1/06/2022	\$11,000	Donation	Business Partnership Network	Queensland Labor, 1st Floor TLC Building, 16 Peel Street, South Brisbane QLD 4101	

## Other Relevant Information

This report was prepared by the Committee of Management and is signed for and on behalf of the Committee of Management by:



Ralf Dutton, President

20 September 2022



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## INDEPENDENT AUDITOR'S REPORT

To the members of Queensland Master Builders' Association Industrial Organisation of Employers

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Queensland Master Builders' Association Industrial Organisation of Employers, which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of Queensland Master Builders' Association Industrial Organisation of Employers presents fairly, in all material respects the reporting unit's financial position as at 30 June 2022 and of its financial performance and its cash flows for the year then ended in accordance with Tier 1 reporting requirements of the Australian Accounting standards and any other requirements imposed by these Reporting Guidelines or Part 11 of Chapter 12 of the *Industrial Relations Act 2016*

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other information

The Members of the Board are responsible for the other information. The other information comprises the information contained in the reporting Units operating report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Annual report, which is expected to be made available to use after that date.

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

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

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

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

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Members of the Board and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

#### Responsibilities of the Members of the Board for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Industrial Relations Act 2016*, and for such internal control as the Members of the Board 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 Members of the Board are responsible for assessing the ability of the entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Members of the Board either intend to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf)

This description forms part of our auditor's report.

BDO Audit Pty Ltd



L G Mylonas  
Director

Brisbane, 20 September 2022

# Master Builders represents trust and credibility for members and consumers.

*The home of building.*



*The home of building*