ANNUAL REPORT 2019

MASTER BUILDERS QUEENSLAND

The home of building

Being part of the Master Builders family means you can access specialist advice, products and services that support your every need and help your business thrive. Our people on the ground across Queensland are there to support, coach and mentor, and fight for members and industry.

Queensland Master Builders Association
Industrial Organisation of Employers

ABN 96 641 989 386 RTO 30097

2018 Housing & Construction Awards winning projects are featured throughout this report.

CONTENTS

WELCOME

After setting some solid foundations in 2017/18 which saw our business grow from strength to strength, our focus in 2018/19 turned to the ever-changing and evolving building industry landscape.

After putting in place last year some fundamental systems and services needed to meet the growing needs of members, such as our new look eDocs system and website and our Members Legal arm, this year we continued to invest revenue surplus into improving key products and services during 2018/19.

We also continued to fine-tune our membership engagement strategy and ensure that our onboarding and retention strategies meet the needs of members – which was reflected in our strong membership and customer satisfaction results.

However, our overall focus changed tack this year and we ultimately returned to our roots and the original reason why the association was formed so many years ago: lobbying and advocating on behalf of members.

In what has been a year of change and complex regulatory reform, we've never taken our role as industry advocator and innovator more seriously than this year. The pressure has been increasing for building and construction in Queensland and there is no doubt the tranche of new regulation and reforms are negatively impacting productivity and competitiveness, without necessarily solving the problems they were introduced to fix.

We've advocated for a 'back to basics' approach, which highlights the complexities and over-regulation that have become the norm. We have used our voice to highlight how a simple, sensible and pragmatic approach could solve many of the industry's woes without burdening those doing the right thing with unnecessary costs and requirements.

It hasn't been surprising for us to hear anecdotally from many members, both big industry players and smaller 'mum and dad' style operations, that they are tiring of the new laws, rules and regulations, because they ultimately make it harder for good operators to stay competitive.

Our practical and workable solutions include payment fairness from developers and consumers (including fairer contract provisions which ensure owners must pay for a job completed), compulsory education (particularly business management) and a regulator that is balanced and pragmatic.

Unfortunately, our simple and sensible solutions aren't always headline grabbing, but despite this our focus has remained steady, as these solutions are the only way the industry will move forward and have a sustainable future. Read more about our policy pursuits on page 14.

As we head into a Queensland Government Election year, we'll continue to support members and industry through a robust lobbying and advocacy program. We'll be everywhere – sometimes at the forefront of debates and conversations and other times working hard behind the scenes at state and grassroots levels. Our work is all in the name of having a voice for members and making our industry a better place to work – now and into the future.

EXECUTIVE TERM COMING TO A CLOSE

As the 2016-2019 executive term comes to a close in October, three years after we revamped our Constitution and welcomed a contemporary style of corporate governance, we must give our heartfelt thanks to those members involved in any one of our governing bodies.

These members have given their time, energy and passion to give back to the association and the industry through their involvement on our Board, Master Builders Electoral College, Committees of Management or one of our many policy committees.

We often say that members are our lifeblood and that is certainly true for our organisation. Members who are willing to spend time and sometimes put the needs of their own individual business aside for the good of the broader industry, are truly what makes our industry a better place to work. With their input and guidance, the future for our industry remains bright.

Ralf Dutton
President, Master Builders Queensland

Grant Galvin
CEO, Master Builders Queensland

membership base grew to

8,721

members across Queensland

20%
more core service enquiries answered

3,357
technical building, planning and regulations questions answered

3,122
industry participants trained

2,328
contractual and BCIPA enquiries

5,148
clients provided insurance brokerage services

2.9M+
website page views

2,860
free cases for members managed by Members Legal

928
disputes and without prejudice cases

$124,491
media coverage achieved by Bring Back the Boost campaign

2019 HIGHLIGHTS

89,428
Find a Master Builder searches

4,636
employment, wages and industrial relations questions

$3.3M+
total media coverage

5,502
members used eDocs

1,054
health and safety questions

55,902
documents purchased in eDocs

663
students enrolled in long courses, up 133 year-on-year

37
licensing applications lodged

$931,955
increased operational revenue

WHAT WE DO

As an association that exists to serve its members, we're the industry's voice, its supporter and its mentor and we exist to drive success for members, in whatever form that might be. Our 8,500+ members are spread across the state and our nine offices and staff are there to support them as a trusted, go-to association for members and consumers alike.

Throughout the year, we continued to support members in the crucial areas of:

Expert assistance and advice at no extra cost

Access help across a range of areas, including contracts (hard copy and via our easy-to-use eDocs system), disputes, employment and wages, WHS requirements and templates along with building, planning and technical requirements.

Staying in the know

As the go-to source of practical and relevant building information, we keep our members informed with regular updates on changes to laws, codes and regulations, employment and wages, and health, safety and environment.

Help with your licensing

Get help completing licence application forms with various regulators, including the Queensland Building & Construction Commission (QBCC). Applying for a (QBCC) licence doesn't have to be confusing or time consuming. We can provide members with guidance throughout the entire application process.

We also help with the various technical qualifications required for the classes of licence, including help with skills assessment and recognition of prior learning (RPL).

Training that matters

As industry leaders, we design and deliver relevant and practical training courses that help move the industry forward. Whether you need a qualification to apply for a licence, or training to broaden your job opportunities, we have the course for you.

Legal minds behind you

Receive advice and assistance on construction projects from Members Legal, free-of-charge. Members can use the service as many times a year as you need, at no additional charge.

Contracts made easy

Contract administration, documentation and disputes are a big challenge for so many builders and tradies – that's why Master Builders is here to help.

Our contracts are written specifically for our members and you can rest assured they are up-to-date and comply with the latest legislation. Available in both hardcopy or accessible via eDocs, our contracts also give consumers peace of mind when they see the Master Builders brand. Our eDocs system gives you access to work 24/7, with the added benefit of the time-saving electronic signature option.

MEMBER SNAPSHOT

Membership numbers and revenue grew during 2018-19, reflective of the changing building landscape, which saw the year characterised by record levels of new regulation and reform.

With our voice and lobbying capabilities reliant on membership numbers, the growth in membership numbers was once again welcome during the financial year. Master Builders dedicated team of membership recruitment specialists recruited 1,425 new members. Our membership base continues to represent the entire industry, comprising residential and commercial builders, trade contractors, manufacturers and suppliers, consultants, students and apprentices.

With nine offices throughout Queensland, our regional footprint remains unmatched by any other industry organisation, and allows us to maximise our reach to members, ensuring we can help them wherever they are working.

Master Builders recognises that while members are our core customer, we have a broad range of incredibly important stakeholders, including government, consumers and the media, who we also consider our customers.

Each of these customer groups play a vital role in helping us support the building and construction industry.

Membership by category

8,721 MEMBERSHIP BREAKDOWN BY CATEGORY AS AT 30 JUNE 2019

4,378 BUILDERS	2,815 TRADE CONTRACTORS
408 MANUFACTURERS & SUPPLIERS	1,076 ASSOCIATES
13 STUDENTS	31 APPRENTICES

New Members

1,567 NEW MEMBERS TO MASTER BUILDERS 2018/2019

568 BUILDERS	681 TRADE CONTRACTORS
108 MANUFACTURERS & SUPPLIERS	187 ASSOCIATES
1 STUDENT	22 APPRENTICES

LEADERS & PEOPLE

One of our key differentiators is ensuring members and key industry stakeholders have access to a capable, hardworking team that understands the challenges of Queensland's building and construction industry.

Master Builders' leadership team is dedicated to ensuring the association's success. Our organisational structure comprises a Board, Master Builders Electoral College (MBEC), committees, Divisions & Branches, a Senior Leadership Team and a talented and experienced operational staff.

With a variety of experience from all sectors of the industry, our leadership team, which will finish up a three-year term in 2019 has been firmly focused on Master Builders, the industry and its future.

Ralf Dutton (President)

Ralf has worked in a variety of roles in the building industry throughout his career and is now proprietor of Value Homes (NQ) Pty Ltd.

He began work as an architectural draftsman while studying for his building qualification and became a registered builder in 1978. He worked for Ballantyne Homes from 1979 to 1992, after which he began his first of many successful businesses.

Ross Hogno (Chairman Housing)

Ross has been a long-time supporter of Master Builders, holding positions on the Downs & Western Committee of Management, the Housing Sector Committee and the 2016 WH&S campaign working group.

He has a strong interest in contributing to the industry, providing input into the issues which directly impact business owners and operators.

Mark Spry (Chairman Construction)

With over 30 years industry experience, Mark is currently the Managing Director at Emacen Projects Pty Ltd. Previous to this he was Precontracts Manager and State Manager for Watpac and Operations Manager for John Holland.

Mark has been on the Construction Sector Committee since 2015 and strives to be the link between industry and association, to ensure alignment on issues and outcomes.

Geoff Baguley (Board Member)

After completing his apprenticeship in 1999, Geoff went on to start up Baguley Developments Pty Ltd in 2002, which has since become Mackay Property Maintenance Pty Ltd.

He has been a Master Builders member for 14 years and involved with the local committee and MBEC (formerly State Council) for the past six years, including the position of Local Committee Chair since 2012. Geoff is also the Divisional Representative for Mackay & Whitsunday.

Drew Brockhurst (Board Member)

As the State Manager for Watpac Construction in Queensland and the Northern Territory, Drew has over 21 years' experience in the construction industry. Prior to this, he worked for large companies such as St Hilliers Construction in Queensland and the Leighton Group in the Middle East and India.

Drew currently sits on Master Builders' Construction Sector Committee.

Adrian Gabrielli (Board Member)

With over 30 years' experience as a trade qualified carpenter and registered builder, Adrian has worked from apprentice through to Managing Director of A. Gabrielli Constructions Pty Ltd, Gabcon Pty and Northern Plant Hire Pty Ltd.

He has been involved in numerous committees throughout his career, included two terms as Master Builders' Chairman, Master Builders North Queensland Executive member for over 20 years, Regional Committee Chairman Construction Training Qld and Director of Torgas.

Nick Herron (Board Member)

As Managing Director of Herron Coorey, Brisbane, Nick has an impressive track record with 30 years' industry experience under his belt. Prior to establishing Herron Coorey Building Contractors, he worked for numerous high profile construction firms, including Badge Constructions, Fletcher Construction Australia and Jennings Construction Services.

Joining the Master Builders Board in December 2012, Nick has been a MBEC member (formerly a State Councillor) since 2004 and a member of the Contracts Committee since 2001. He is also a past Chairman of the Contracts Committee and formerly sat on the Construction Sector Committee.

Peter Schriek (Board Member)

After completing his apprenticeship some 30 years ago, Peter has diverse industry experience, ranging from carpentry to construction management and running his own business. The successful Schriek Building Group has completed numerous award winning projects and boasts a high profile and positive reputation within the industry.

Joining the Master Builders Board in December 2012, Peter is also currently the Chairman of the Downs & Western Committee of Management and Divisional Representative for the region and has served on the committee for the last four years.

Rod McDonald (Board Member)

Rod has 25 years' experience in the construction and property development sector. Having served as the Regional Managing Director of Brookfield Multiplex in Queensland for a decade, he has vast industry experience overseeing operations, including client relations, reputation and ongoing performance.

POLICY PURSUITS

The strength of Master Builders' lobbying position comes from our strong membership base, unified approach and commitment to understanding fully the issues our industry and members face.

Our policy and advocacy success in 2018-19 lies in the breadth of our lobbying activities and campaigns. We lobbied for industry with full-blown above the line campaigns, like our Bring back the Boost campaign, our continued fight against PBAs and certain elements of the BIF legislation, right through to technical submissions produced by our in-house team of experts on topics that included earthquake compliance, various QBCC operating issues and PI insurance.

Our team consult heavily within the framework of our member committee's to ensure they intimately understand the issues at hand and what is required to resolve them.

Bring Back the Boost

Our campaign calling on the Queensland Government to bring back the First Home Owners Boost was met with approval from members and industry. It sparked significant engagement with local MPs across Queensland.

Regional Queensland faced a gloomy 2019 in the wake of a trending decline in building approvals. Armed with data that proves the First Home Owners' Grant is critical in supporting demand for new housing in regional Queensland, in November 2018 we launched a campaign calling on the Queensland Treasurer to Bring Back the Boost. As the declining data trends continued, we knew that something needed to be done to spark demand and spending an expected surplus in mining royalties seemed like a good opportunity.

Armed with support from members across regional Queensland, Bring Back the Boost featured a television campaign, digital, print and radio advertising across Queensland. We also engaged extensively with MPs from across the regions to garner support.

Response to the campaign was overwhelming with members voicing their support and getting behind the campaign by contacting their local MPs personally. We received an indication of strong support from many MPs, particularly those in regional areas whose community are really suffering the effects of weak demand and would benefit greatly from a shot in the arm.

While the state government ultimately chose to spend their budget elsewhere for regional Queensland, success was achieved at a more local level with the Rockhampton Regional Council leading the charge and announcing their decision to introduce a new home builder's grant. We took the opportunity to urge all regional councils to do the same.

BIF and PBAs

We recognised in 2018 that our time of opposing Project Bank Accounts (PBAs) outrightly was over and our focus turned to the elements we could change and control.

Our recommendations included a number of changes: applying PBAs to the entire supply chain, from principals/developers right through to suppliers. Our view was that if the government thinks PBAs will work so effectively, why not allow everyone in the chain to benefit – particularly those who suffer non-payment at the hands of developers; and sub-subcontractors who aren't paid by subcontractors.

As our industry faces the next tranche of reforms, we'll continue to work proactively with government to achieve the best result we can and to minimise the impact of these reforms.

BRING BACK THE BOOST CAMPAIGN ACHIEVED:

3,439 people reached organically on Facebook

3,189 page views

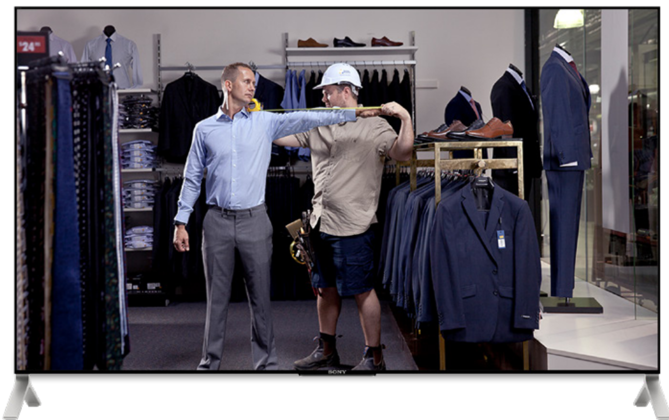
$124,491 in media coverage

1,200 emails opened

371,793 digital impressions

TOPICS OF INFLUENCE

- Minimum Financial Requirements
- Special Joint taskforce into non-payment
- QLeave levies
- Earthquake compliance
- PI insurance
- State Budget 2018/19
- Public record home warranty insurance claims
- BIF reforms – implementation and evaluation panel discussion paper
- Home warranty insurance payment timing
- Regional Boost – First Home Owner's Grant
- Waste Levy
- Shergold Weir Building Confidence Report reform agenda
- Rectification of Building Work Policy
- Guide to Standards and Tolerances
- Labour Hire reforms
- Construction codes including silica, scaffolding, mobile cranes, concrete pumping, tilt up/pre-cast concrete.



Bring Back the Boost Campaign

CORPORATE 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.

STRATEGIC PLANNING

The three-year Strategic Plan was updated during this financial year and approved by the Board. It retains four key strategic priorities including Customers, Brand, Revenue and People and remains underpinned by the three principles of value, accountability and growth.

To ensure delivery of outcomes that are in the best interest of all members and that can be monitored by the Board, the annual Business Plan is regularly updated in line with the Strategic Plan with very specific actions and measures. The ongoing growth of the organisation across every pillar of its operation over the past three years is testament to the fact that planned outcomes are being achieved, which is ultimately the true test of the planning process.

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

AQTF/VET QUALITY FRAMEWORK AUDIT INFORMATION

The Registered Training Organisation User Choice Prequalified Supplier program requires Master Builders to publish a summary of our latest AQTF/VET Quality Framework audit information.

FINANCIAL DISCLOSURE

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

- 2019 year-end financial disclosure statement for the period 1 July 2018 to 30 June 2019
- 2018 year-end financial disclosure statement for the period 1 July 2017 to 30 June 2018

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.

Name	Position	Meetings attended	Meetings eligible to attend
Ralf Dutton	President	11	11
Ross Hogno	Chairman Housing	11	11
Mark Spry	Chairman Construction	11	11
Geoff Baguley	Board Member	8	11
Drew Brockhurst	Board Member	10	11
Adrian Gabrielli	Board Member	9	11
Peter Schriek	Board Member	9	11
Rod McDonald	Board Member	11	11
Nick Herron	Board Member	11	11

COMPLAINTS

Master Builders is committed to resolving complaints quickly and fairly, and we empower our people to resolve issues as they arise. All complaints and grievances are recorded in the complaints register and reported to the CEO on a quarterly basis.

Complaints can be submitted in writing to:

Master Builders,
417 Wickham Terrace, Brisbane,
Queensland, 4000

PRIVACY POLICY

The privacy and confidentiality of the personal information of our members, stakeholders and other parties is of the highest importance.

Master Builders is committed to protecting privacy through the responsible collection, use, storage and disclosure of personal and sensitive information. We seek to effectively comply at all times with the provisions of the *Privacy Act 1988* and other laws regulating the collection, storage, quality, use and disclosure of personal and sensitive information.

Master Builders adopted the Australian Privacy Principles (APP) published by the Office of the Australian Information Commissioner and operates in accordance with those principles.

A copy of Master Builders' privacy policy is available at 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

Board, Master Builders Electoral College and Housing and Construction Sector Committee members as at 30 June 2019

BOARD

Ralf Dutton (President), Ross Hogno (Chairman Housing), Mark Spry (Chairman Construction), Board members: Geoff Baguley, Drew Brockhurst, Adrian Gabrielli, Nick Herron, Peter Schriek, Rod McDonald

MASTER BUILDERS ELECTORAL COLLEGE

BRISBANE

Drew Brockhurst, William Cover, Donald Dixon, Tony Froio, Nick Herron, Brett Johnston, John Kirkwood, Colin Matthews, Rod McDonald, Lev Mizikovsky, Glenn Rashleigh, Lewis Saragossi, Mark Spry, Lawrie Turner, Ronald Veraa

REGIONS

Wayne Cavallaro, Donald Close, Steve Coates, Ralf Dutton, Adrian Gabrielli, Barry Green, Rody Harder, Ben Hilder, Ross Hogno, Michael Johnson, Wayne Kleidon, John Mahlouzarides, Andrew Murchie, John Ogilvie, Ken Ogilvie, Yvonne Pengilly, Bede Roebuck, Shane Summers, Christopher Taylor, Jesse Zielke

DIVISIONAL REPRESENTATIVES

- Gold Coast – Glenn Raine
- Downs & Western – Peter Schriek
- Sunshine Coast – Patrick (Rick) Burns
- Wide Bay Burnett – Desmond Bowes
- Central Queensland – Matthew Day
- Mackay & Whitsunday – Geoff Baguley
- North Queensland – John Wilkinson
- Far North Queensland – Kim Grossman
- Institute of Building Consultants– Michael Decman

FINANCIAL STATEMENTS

YEAR ENDING 30 JUNE 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDING 30 JUNE 2019

		CONSOLIDATED GROUP		ASSOCIATION	
	Note	2019	2018	2019	2018
		$	$	$	$
Revenue from continuing operations	2(I)	21,967,195	21,035,240	21,764,228	20,995,602
Other income	2(II)	1,075,400	1,159,791	1,075,193	1,159,723
Employee expenses	3(I)	(13,363,182)	(12,238,876)	(12,601,742)	(11,792,700)
Depreciation and amortisation expense		(691,019)	(515,288)	(683,269)	(512,983)
Commissions Paid		(250,581)	(480,276)	(250,581)	(480,276)
Printing, Stationery and Postage expenses		(165,002)	(242,740)	(160,842)	(238,188)
Occupancy Expenses		(715,684)	(755,533)	(715,638)	(755,533)
Other expenses	3(II)	(7,190,895)	(6,757,887)	(7,770,537)	(7,118,711)
Building Refurbishment Expenses	3(III)	(603,478)	(1,761,659)	(603,478)	(1,761,659)
Share of joint ventures profits		98,537	380,857	98,537	380,857
Surplus/(loss) before income tax		161,291	(176,371)	151,871	(123,868)
Income tax (expense)/revenue	5	(2,654)	14,438	-	-
Surplus/(loss) for the year	24	158,637	(161,933)	151,871	(123,868)
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
- Net gain / (loss) on revaluation of land and buildings		-	-	-	-
Items that will be reclassified subsequently to profit or loss when specific conditions are met:					
- Net gain / (loss) on revaluation of investment portfolio		-	23,917	-	23,917
Total other comprehensive income for the year		-	23,917	-	23,917
Total comprehensive income for the year		158,637	(138,016)	151,871	(99,951)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	CONSOLIDATED GROUP		ASSOCIATION	
		2019	2018	2019	2018
		$	$	$	$
Current Assets					
Cash and cash equivalents	8	12,440,031	11,308,668	12,413,847	11,293,516
Trade and other receivables	9	2,090,758	2,098,612	2,280,428	2,208,569
Inventories	10	24,846	38,489	24,846	38,489
Other current assets	11	771,318	498,279	747,484	490,184
		15,326,953	13,944,048	15,466,605	14,030,758
Non-Current Assets					
Investments accounted for using the equity method	12	1,581,660	1,483,123	1,581,660	1,483,123
Financial assets	13	11,728,965	11,651,718	11,728,965	11,651,718
Investments in Subsidaries	14	-	-	1	1
Property, plant and equipment	15	21,171,208	20,690,176	21,153,939	20,679,083
Deferred tax assets	17	11,989	14,438	-	-
		34,493,822	33,839,455	34,464,565	33,813,925
Total Assets		49,820,775	47,783,503	49,931,170	47,844,683
Current Liabilities					
Trade and other payables	16	17,268,509	15,508,016	17,374,233	15,542,757
Current tax liabilities	17	205	-	-	-
Short-term provisions	18	1,139,691	1,104,101	1,114,592	1,092,714
		18,408,405	16,612,117	18,488,825	16,635,471
Non-Current Liabilities					
Long-term provisions	18	327,138	244,791	325,814	244,552
Total Liabilities		18,735,543	16,856,908	18,814,639	16,880,023
Net Assets		31,085,232	30,926,595	31,116,531	30,964,660
Equity					
Reserves	19	6,807,673	6,990,529	6,807,673	6,990,529
Retained profits		24,277,559	23,936,066	24,308,858	23,974,131
Total Equity		31,085,232	30,926,595	31,116,531	30,964,660

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDING 30 JUNE 2019

Consolidated	RETAINED PROFITS	ASSET REVALUATION LAND AND BUILDINGS	ASSET REVALUATION INVESTMENTS	TOTAL
	$	$	$	$
Balance at 1 July 2017	24,097,999	6,807,673	158,939	31,064,611
Comprehensive income				
Profit for the year	(161,933)	-	-	(161,933)
Other Comprehensive income for the year	-	-	23,917	23,917
Total comprehensive income for the year attributable to members of the parent entity	(161,933)	-	23,917	(138,016)
Transactions with owners, in their capacity as owners, and other transfers	-	-	-	-
Transfer from Asset Revaluation Reserve to Retained Earnings	-	-	-	-
Total transactions with owners and other transfers	-	-	-	-
Balance at 30 June 2018	23,936,066	6,807,673	182,856	30,926,595
Comprehensive income				
Profit for the year	158,637	-		158,637
Other Comprehensive income for the year	-	-	-	-
Total comprehensive income for the year attributable to members of the parent entity	158,637	-	-	158,637
Transactions with owners, in their capacity as owners, and other transfers	-	-	-	-
Transfer from Asset Revaluation Reserve to Retained Earnings (as per AASB 9 requirements refer Note 1(t) and Note 19)	182,856	-	(182,856)	-
Total transactions with owners and other transfers	182,856	-	(182,856)	-
Balance at 30 June 2019	24,277,559	6,807,673	-	31,085,232

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDING 30 JUNE 2019

Company	RETAINED PROFITS	ASSET REVALUATION LAND AND BUILDINGS	ASSET REVALUATION INVESTMENTS	TOTAL
	$	$	$	$
Balance at 1 July 2017	24,097,999	6,807,673	158,939	31,064,611
Comprehensive income				
Profit for the year	(123,868)	-	-	(123,868)
Other Comprehensive income for the year	-	-	23,917	23,917
Total comprehensive income for the year attributable to members of the parent entity	(123,868)	-	23,917	(99,951)
Transactions with owners, in their capacity as owners, and other transfers	-	-	-	-
Transfer from Asset Revaluation Reserve to Retained Earnings	-	-	-	-
Total transactions with owners and other transfers	-	-	-	-
Balance at 30 June 2018	23,974,131	6,807,673	182,856	30,964,660
Comprehensive income				
Profit for the year	151,871	-	-	151,871
Other Comprehensive income for the year	-	-	-	-
Total comprehensive income for the year attributable to members of the parent entity	151,871	-	-	151,871
Transactions with owners, in their capacity as owners, and other transfers	-	-	-	-
Transfer from Asset Revaluation Reserve to Retained Earnings (as per AASB 9 requirements refer Note 1(t) and Note 19)	182,856	-	(182,856)	-
Total transactions with owners and other transfers	182,856	-	(182,856)	-
Balance at 30 June 2019	24,308,858	6,807,673	-	31,116,531

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Consolidated Group		Association	
		2019	2018	2019	2018
		$	$	$	$
Cash flows from operating activities					
Receipts from membership subscriptions		7,890,868	7,583,468	7,890,868	7,583,468
Receipts from customers		16,504,514	17,071,813	16,223,601	16,603,969
Interest received		568,406	644,702	568,199	644,634
Payments to suppliers and employees		(22,738,799)	(23,728,784)	(22,393,596)	(23,176,469)
Interest paid		-	-	-	-
Net cash inflow/(outflow) from operating activities	24	2,224,989	1,571,199	2,289,072	1,655,602
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		26,178	54,455	26,178	54,455
Payments for property, plant and equipment		(1,188,975)	(2,469,112)	(1,175,049)	(2,455,714)
Proceeds for available-for-sale investments		500,000	4,000,000	500,000	4,000,000
Payments for available-for-sale investments		(430,829)	(2,003,840)	(430,829)	(2,003,840)
Payment for investment in subsidary		-	-	-	(1)
Loan to subsidiary		-	-	(89,041)	(112,952)
Dividends from associates		-	1,000,000	-	1,000,000
Net cash inflow/(outflow) from investing activities		(1,093,626)	581,503	(1,168,741)	481,948
Cash flows from financing activities					
Proceeds from borrowing		-	-	-	-
Repayment of borrowings		-	-	-	-
Net cash inflow/(outflow) from financing activities		-	-	-	-
Net increase/(decrease) in cash held		1,131,363	2,152,702	1,120,331	2,137,550
Cash and deposits at beginning of financial period		11,308,668	9,155,966	11,293,516	9,155,966
Cash and deposits at end of financial period	8	12,440,031	11,308,668	12,413,847	11,293,516

The accompanying notes form part of these financial statements.

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 17 September 2019 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 of the assets, liabilities and results of the parent (Queensland Master Builders' Association Industrial Organisation of Employers) and all of 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 manner in which 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 $1,000), 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

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset – but not the legal ownership – are transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of 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 on the basis of 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 Company 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 Company 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 Company'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 (ie 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 Company no longer controls the asset (ie 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 Company elected to classify under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Impairment

The Company 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 (eg 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 Company 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 Company assessed whether the financial instruments are credit impaired, and:

- if the credit risk of the financial instrument increased significantly since initial recognition, the Company 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 Company 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 (ie 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 Company 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 2019 was $3,862,323 (2018: $4,406,194) plus an additional term deposit of $2,000,000 in 2019 (2018: $2,000,000).

b) Master Builders Foundation. The account holds, separately to Master Builders operations, 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 are some carryover for transfer of funds during the year. Grants of $1,000 (2018: $12,060) were made to approved Queensland causes. The balance of the account at 30 June 2019 was $220,915 (2018: $221,915).

The Group and Association administer various building display villages. As at 30 June 2019, net funds of $739,987 (2018: $1,318,124) were held on behalf of display village builders, pending expenditure on promotion and administration costs. This is recognised as a current liability.

There are two 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 $10,772,228 (2018: $7,270,980) representing funds administered by the Association on behalf of parties involved in arbitration

b) An amount of $805,300 (2018: $1,178,000) representing holding deposits made by display village builders against failures to complete contracts.

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 company's obligations for long-term employee benefits are presented as non-current employee provisions in its statement of financial position, except where the company 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

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, and legal services.

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration is deferred, it is treated as the provision of financing and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest method.

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

Dividends received from associates and joint ventures are accounted for in accordance with the equity method of accounting. The carrying amount of the investment in the associate must be decreased by the amount of dividends received or receivable from the associate.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period, where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Finance income is recognised on a straight-line basis over the period of the lease term so as to reflect a constant periodic rate of return on the net investment.

All revenue is stated net of the amount of goods and services tax.

Membership subscription revenue is recognised on an accrual basis over the subscription period. Short course revenue is recognised at the time of raising the invoice, which is within 30 days of course commencement. Long course revenue is recognised over the course expected duration. Other income is recognised when the service is provided.

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 company 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

The freehold land and buildings were independently valued at 30 June 2016 by Herron Todd White Pty Ltd. The highest and best use of the properties was deemed their current use for valuation purposes, 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. 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 $309,437 being recognised for the year ended 30 June 2016.

At 30 June 2019, the directors reviewed the key assumptions made by the valuers at 30 June 2016. They have concluded that these assumptions remain materially unchanged and are satisfied that carrying amount does not exceed the recoverable amount of land and buildings at 30 June 2019.

The directors have 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 $36,621 (2018: $152,421). Management utilise 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

The Group has adopted AASB 9 Financial Instruments with a date of initial application of 1 July 2018.

The only material impact on adoption of the Standard was on the group's investment portfolio. Previously this was accounted for as 'available for sale' financial assets, which were at fair value through a reserve account in equity. Under AASB 9 this can be recorded at either 'fair value through profit or loss' or 'fair value through other comprehensive income'. The Group has decided to record this portfolio as 'fair value through profit or loss' as it is managed on a fair value basis by the Group.

As a result of the classification change in relation to this investment portfolio, an adjustment has been upon initial recognition (1 July 2018,) to adjust the financial report as if the investment portfolio had always been recognised at fair value through profit or loss. This has resulted in the 'asset revaluation reserve – investments', which was used to record the fair value movements in the investment portfolio being transferred to retained earnings.

u) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards that have mandatory

application dates for future reporting periods, some of which are relevant to the company. The directors have decided not to early adopt any of the new and amended pronouncements. Their assessment of the pronouncements that are relevant to the company but applicable in future reporting periods is set out below:

AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 January 2019, as deferred by AASB 2016-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15

provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per *AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors* (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019)

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are as follows:

- recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116 : Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 will impact the company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 1058: Income of Not-for-Profit Entities (applicable to annual reporting periods beginning on or after 1 January 2019).

This Standard is applicable when an entity receives volunteer services or enters into other transactions where the consideration to acquire the asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives.

The significant accounting requirements of AASB 1058 are as follows:

- Income arising from an excess of the initial carrying amount of an asset over the related amount being contributions by owners, increases in liabilities, decreases in assets and revenue should be immediately recognised in profit or loss. For this purpose, the assets, liabilities and revenue are to be measured in accordance with other applicable Standards.
- Liabilities should be recognised for the excess of the initial carrying amount of a financial asset (received in a transfer to enable the entity to acquire or construct a recognisable non-financial asset that is to be controlled by the entity) over any related amounts recognised in accordance with the applicable Standards. Income must be recognised in profit or loss when the entity satisfies its obligations under the transfer.

A private sector not-for-profit entity may elect to recognise volunteer services or a class of volunteer services as an accounting policy choice if the fair value of those services can be measured reliably, whether or not the services would have been purchased if they had not been donated. Recognised volunteer services should be measured at fair value and any excess over the related amounts (such as contributions by owners or revenue) immediately recognised as income in profit or loss.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented in accordance with AASB 108 (subject to certain practical expedients); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. For this purpose, a completed contract is a contract or transaction for which the entity has recognised all of the income in accordance with AASB 1004: Contributions.

Although the directors anticipate that the adoption of AASB 1058 may have an impact on the entity's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 2016-8: Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities.

AASB 2016-8 (issued December 2016) inserts Australian requirements and authoritative implementation guidance for not-for-profit entities into AASB 15: Revenue from Contracts with Customers as a consequence of AASB 1058: Income of Not-for-Profit Entities.

AASB 2016-8 mandatorily applies to annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted, provided AASB 1058 is applied for the same period.

v) Reserves

The asset revaluation reserve records revaluations of land and buildings.

w) 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.

x) 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.

Note 2. Revenue

	CONSOLIDATED GROUP		ASSOCIATION	
	2019	2018	2019	2018
i) Revenue from continuing operations	$	$	$	$
Membership subscriptions	7,890,868	7,583,468	7,890,868	7,583,468
Commissions income	6,776,361	7,305,789	6,776,361	7,305,789
Course and training income	3,890,735	3,089,477	3,890,735	3,081,877
Sponsorship functions and events	2,013,376	1,843,382	2,013,376	1,843,382
Publications income	55,986	80,221	55,986	80,221
Display village income	415,222	273,845	415,222	273,845
Document sales income	504,581	396,822	504,581	396,822
Other income	217,099	430,198	217,099	430,198
Legal services	202,967	32,038	-	-
	21,967,195	21,035,240	21,764,228	20,995,602
ii) Other Income				
Interest and dividends received	568,406	644,702	568,199	644,634
Gain/(Loss) on disposal of plant and equipment	9,254	(142,659)	9,254	(142,659)
Rent received	212,028	267,862	212,028	267,862
Gain/(Loss) on revaluation of investments	146,418	-	146,418	-
Asset Contribution Income	139,294	389,886	139,294	389,886
	1,075,400	1,159,791	1,075,193	1,159,723

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

Note 3. Expenses

i) Employee Expenses	CONSOLIDATED GROUP 2019 $	CONSOLIDATED GROUP 2018 $	ASSOCIATION 2019 $	ASSOCIATION 2018 $
Employee Expenses relating to office holders are:				
Wages and Salaries	2,097,622	1,784,670	1,759,266	1,606,857
Superannuation	196,295	171,719	173,025	154,827
Leave and other entitlements	50,856	22,415	46,884	19,563
Separation and Redundancies	22,551	63,800	22,551	63,800
Other employee expenses	127,093	155,282	487,088	490,417
Employee expenses relation to non-office holding employees are:				
Wages and Salaries	8,887,828	8,136,139	8,621,557	7,976,201
Superannuation	1,011,492	936,836	977,250	922,722
Leave and other entitlements	103,835	73,388	106,721	76,001
Separation and Redundancies	124,849	102,173	115,957	102,173
Other employee expenses	740,761	792,454	291,443	380,139
	13,363,182	12,238,876	12,601,742	11,792,700

ii) Other Expenses	CONSOLIDATED GROUP 2019 $	CONSOLIDATED GROUP 2018 $	ASSOCIATION 2019 $	ASSOCIATION 2018 $
National levy and affiliation costs				
- paid by Master Builders Australia	690,924	690,924	690,924	690,924
Subscriptions				
- paid by Master Builders Australia	88,191	86,394	83,060	83,891
Donations				
- total donations less than $1,000	-	1,100	-	1,100
- total donations exceeding $1,000	41,318	-	41,318	-
Legal expenses	7,802	89,924	7,802	57,822
Consultancy costs	354,813	292,838	352,508	285,412
Travel and accommodation	385,407	350,457	375,742	348,360
Telecommunications	345,629	320,909	337,505	315,997
Other expenses of operating activities	1,973,668	1,913,388	2,598,280	2,323,760
Training expenses	1,896,300	1,657,469	1,876,555	1,656,961
Sponsorship & events expenses	1,361,434	1,256,184	1,361,434	1,256,184
Document costs	45,409	55,300	45,409	55,300
Investments written off	-	43,000	-	43,000
Impairment of assets	-	-	-	-
	7,190,895	6,757,887	7,770,537	7,118,711

The association has not paid penalties or capitation fees during the year.

iii) Building Refurbishment Expenses

Commencing during the 2018 financial year and completed in the 2019 financial year, refurbishment works were carried out on the property at 417 Wickham Terrace with a total value of $4.5 million (2018: $3.2 million, 2019: $1.3million) spent on the project. The $4.5 million is made up of $2.3 million for actual building refurbishment costs while the remaining $2.2 million consists of purchases that fall into either of the asset classes, Furniture and Fittings, or Plant and Equipment.

This building is currently recorded at fair value, using the highest and best use methodology. When the valuation was completed in 2016, the valuer determined the best use of the land was for development. On this basis, there was a significant uplift in the value of the land, however in turn this resulted in the fair value of the building being nil as any development would require the building to be demolished.

If it weren't for the valuation methodology adopted when completing the valuations, the $2.3 million for the building refurbishment works would normally be capitalised. However as the valuation methodology has the buildings at a nil value, this $2.3 million (2018: $1.7 million. 2019: $600 thousand) was expensed.

Note 4: Profit before income tax

Profit before income tax from continuing operations includes the following specific expenses:

	CONSOLIDATED GROUP		ASSOCIATION	
	2019	2018	2019	2018
Expenses	$	$	$	$
Employee benefits expense:				
- contributions to defined contribution superannuation funds	1,207,788	1,108,555	1,150,276	1,077,549
Other expenses:				
Bad and doubtful debts:				
- trade receivables	-	-	-	-
- wholly owned subsidiaries	-	-	-	-

Note 5: Tax Expense

	CONSOLIDATED GROUP		ASSOCIATION	
	2019	2018	2019	2018
	$	$	$	$
a. The components of tax (expense) income comprise: Current tax	(205)	-	-	-
Deferred tax	(2,449)	14,438	-	-
	(2,654)	14,438	-	-
The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:				
b. 'Prima facie tax (payable)/receivable on profit from ordinary activities before income tax at 27.5% (2018: 27.5%):				
- consolidated group	44,355	(48,502)	41,765	(34,064)

Add:				
Tax effect of:				
- under-provision for income tax in prior years	-	-	-	-
- other non-allowable items	64	-	-	-
Less:				
Tax effect of:				
- non taxable entities within group	(41,765)	34,064	-	34,064
Income tax attributable to entity	2,654	(14,438)	41,765	-

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	
	2019	2018	2019	2018
	$	$	$	$
Short-term employee benefits	2,219,773	2,062,537	1,951,552	1,866,628
Post-employment benefits	-	-	-	-
Other long-term benefits	50,856	45,620	46,884	42,628
Total KMP compensation	2,270,629	2,108,157	1,998,436	1,909,256

Other KMP transactions

For details of other transactions with KMP, refer to Note 23 .

Note 7. Auditor's Fees

Remuneration of the auditor of the association for:

	CONSOLIDATED GROUP		ASSOCIATION	
	2019	2018	2019	2018
	$	$	$	$
- auditing or reviewing the financial statements	40,928	35,108	38,428	35,108
- taxation services	1,100	-	-	-
- other services	7,500	3,700	5,000	3,700
	49,528	38,808	43,428	38,808

Note 8. Cash and cash equivalents

	CONSOLIDATED GROUP		ASSOCIATION	
	2019	2018	2019	2018
	$	$	$	$
Cash on hand	1,800	1,900	1,800	1,900
Cash at bank	816,014	2,800,381	789,830	2,785,229
Short term bank deposits	44,689	57,406	44,689	57,406
	862,503	2,859,687	836,319	2,844,535
Cash at bank - restricted	11,577,528	8,448,981	11,577,528	8,448,981
	12,440,031	11,308,668	12,413,847	11,293,516

There are two cash at bank restricted accounts as per Note 1 section (h). One represents funds administered by the Association on behalf of parties involved in arbitration while the other represents holding deposits made by display village builders against failures to complete contracts.

Note 9. Trade and other receivables

	CONSOLIDATED GROUP		ASSOCIATION	
	2019	2018	2019	2018
	$	$	$	$
Accounts receivable	2,114,122	2,235,507	2,101,799	2,232,512
Other debtors	13,257	15,526	13,257	15,526
Intercompany Loan	-	-	201,993	112,952
Less provision for doubtful debts	(36,621)	(152,421)	(36,621)	(152,421)
	2,090,758	2,098,612	2,280,428	2,208,569

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

Group	OPENING BALANCE 1 JULY 2017	CHARGE FOR THE YEAR	AMOUNTS WRITTEN OFF	CLOSING BALANCE 30 JUNE 2018
	$	$	$	$
Current trade receivables	221,889	-	69,468	152,421
	OPENING BALANCE 1 JULY 2018	CHARGE FOR THE YEAR	AMOUNTS WRITTEN OFF	CLOSING BALANCE 30 JUNE 2019
	$	$	$	$
Current trade receivables	152,421	-	115,800	36,621

Company	OPENING BALANCE 1 JULY 2017	CHARGE FOR THE YEAR	AMOUNTS WRITTEN OFF	CLOSING BALANCE 30 JUNE 2018
	$	$	$	$
Current trade receivables	221,889	-	69,468	152,421
	OPENING BALANCE 1 JULY 2018	CHARGE FOR THE YEAR	AMOUNTS WRITTEN OFF	CLOSING BALANCE 30 JUNE 2019
	$	$	$	$
Current trade receivables	152,421	-	115,800	36,621

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 share shared credit risk characteristics and the days past due. Trade receivables are aged as follows:

Trade receivables are aged as follows:

2019	CONSOLIDATED GROUP			ASSOCIATION		
	ACCOUNTS RECEIVABLE $	OTHER DEBTORS $	TOTAL	ACCOUNTS RECEIVABLE $	OTHER DEBTORS $	TOTAL
Gross amount	2,114,122	13,257	2,127,379	2,101,799	13,257	2,115,056
Impaired	36,621	-	36,621	36,621	-	36,621
Days overdue:						
<30	383,651	3,005	386,656	382,417	3,005	385,422
31-60	64,563	4,167	68,730	64,563	4,167	68,730
61-90	12,170	3,013	15,183	12,170	3,013	15,183
>90	-	-	-	-	-	-
Within initial trade terms	1,617,117	3,072	1,620,189	1,606,028	3,072	1,609,100
	2,114,122	13,257	2,127,379	2,101,799	13,257	2,115,056

2018	CONSOLIDATED GROUP			ASSOCIATION		
	ACCOUNTS RECEIVABLE $	OTHER DEBTORS $	TOTAL	ACCOUNTS RECEIVABLE $	OTHER DEBTORS $	TOTAL
Gross amount	2,235,507	15,526	2,251,033	2,232,512	15,526	2,248,038
Impaired	152,421	-	152,421	152,421	-	152,421
Days overdue:						
<30	349,903	4,139	354,042	400,753	4,139	404,892
31-60	143,460	4,128	147,588	143,460	4,128	147,588
61-90	24,717	3,054	27,771	24,717	3,054	27,771
>90	410,905	-	410,905	410,905	-	410,905
Within initial trade terms	1,154,101	4,205	1,158,306	1,100,256	4,205	1,104,461
	2,235,507	15,526	2,251,033	2,232,512	15,526	2,248,038

Financial assets classified at amortised cost	CONSOLIDATED GROUP 2019 $	CONSOLIDATED GROUP 2018 $	ASSOCIATION 2019 $	ASSOCIATION 2018 $
Accounts receivable and other debtors:				
- total current	2,090,758	2,098,612	2,280,428	2,208,569
Total financial assets classified at amortised cost	2,090,758	2,098,612	2,280,428	2,208,569

Collateral held as security

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

Note 10. Inventories

CURRENT	CONSOLIDATED GROUP 2019 $	CONSOLIDATED GROUP 2018 $	ASSOCIATION 2019 $	ASSOCIATION 2018 $
Documents	15,526	24,908	15,526	24,908
Signs & Safety	9,320	13,581	9,320	13,581
	24,846	38,489	24,846	38,489

Note 11. Other current assets

	CONSOLIDATED GROUP 2019 $	CONSOLIDATED GROUP 2018 $	ASSOCIATION 2019 $	ASSOCIATION 2018 $
Tenancy security deposits	-	5,738	-	5,738
Prepayments	771,318	401,614	747,484	382,448
GST Receivable	-	90,927	-	101,998
	771,318	498,279	747,484	490,184

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	
					2019	2018
					$	$
BIGA Limited	Associate	Brisbane, Australia	50%	Equity method	-	-
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	1,581,655	1,483,118
					1,581,660	1,483,123

BIGA Limited is a company limited by guarantee not having a share capital. It is setup to operate as a group training organisation delivering tailored solutions to the needs of employers and apprentices in the Queensland building and construction industry.

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 financials 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
- BIGA 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.

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.

	CONSTRUCTION INCOME PROTECTION LIMITED	
	2019	**2018**
Summarised Financial Position	$	$
Cash and cash equivalents	4,146,482	4,309,072
Total current assets	6,349,385	6,759,879
Total non-current assets	6,986	24,058
Current financial liabilities (excluding trade and other payables, and provisions)	-	-
Total current liabilities	3,193,060	3,817,701
Non-current financial liabilities (excluding trade and other payables, and provisions)	-	-
Total non-current liabilities	-	-
NET ASSETS	3,163,311	2,966,236
Group's share (%)	1,581,655	1,483,118
Group's share of joint venture's net assets	1,581,655	1,483,118
Summarised Financial Performance		
Revenue	1,329,368	2,128,459
Interest income	72,900	58,853
Depreciation and amortisation	4,657	4,500
Interest expense	-	5,448
Other expenses	1,108,890	1,089,201
Profit or loss from continuing operations	288,721	1,088,163
Income tax expense	86,616	326,449
Profit after tax from continuing operations	202,105	761,714
Profit after tax from discontinued operations	202,105	761,714
Other comprehensive income	-	-
Total comprehensive income	202,105	761,714
Dividends paid	-	2,000,000
Group's share of joint venture's total comprehensive income	101,053	380,857
Group's share of dividends paid	-	1,000,000

	CONSTRUCTION INCOME PROTECTION LIMITED	
	2019	2018
Reconciliation to Carrying Amounts		
Group's share of joint venture's opening net assets	1,483,118	2,102,261
Adjustment to balance 2018 audited accounts	(2,516)	
Investments during the period	-	-
Group's share of joint venture's total comprehensive income	101,053	380,857
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)	1,581,655	1,483,118

Note 13. Financial Assets

	CONSOLIDATED GROUP		ASSOCIATION	
	2019	2018	2019	2018
	$	$	$	$
Financial assets initially designated at fair value through profit or loss				
Listed investments at fair value				
- managed funds	11,728,965	11,651,718	11,728,965	11,651,718
Total financial assets at fair value through profit or loss	11,728,965	11,651,718	11,728,965	11,651,718

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		PROPORTION OF NON-CONTROLLING INTEREST	
		2019	2018	2019	2018
		%	%	%	%
Master Builders Members Legal Pty Ltd*	Australia	100	100	0	0

* 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	
	2019	2018	2019	2018
Land - at valuation	$	$	$	$
Freehold land at independent 2016 valuation	14,286,708	14,286,708	14,286,708	14,286,708
Buildings - at valuation				
Buildings at independent 2016 valuation	3,800,000	3,800,000	3,800,000	3,800,000
Provision for depreciation	(247,540)	(165,028)	(247,540)	(165,028)
	3,552,460	3,634,972	3,552,460	3,634,972
Building improvements - at cost				
Building improvements	-	-	-	-
Provision for depreciation	-	-	-	-
	-	-	-	-
TOTAL LAND AND BUILDINGS	17,839,168	17,921,680	17,839,168	17,921,680
Plant and equipment at cost				
Plant and equipment	4,766,917	2,272,461	4,739,593	2,259,063
Provision for depreciation	(1,434,877)	(1,018,583)	(1,424,822)	(1,016,278)
Total plant and equipment	3,332,040	1,253,878	3,314,771	1,242,785
Assets under construction at cost				
Asset under construction	-	1,514,618	-	1,514,618
Total assets under construction	-	1,514,618	-	1,514,618
Total written down value	21,171,208	20,690,176	21,153,939	20,679,083

Group	LAND & BUILDINGS AT VALUATION	LAND & BUILDINGS AT COST	PLANT & EQUIPMENT AT COST	ASSETS UNDER CONSTRUCTION
	$	$	$	$
Net book value as at 1 July 2017	18,004,192	-	825,049	104,225
Assets acquired during the year	-	-	1,058,719	1,410,393
Assets disposed during the year	-	-	(197,114)	-
Revaluations	-	-	-	-
Amortisation/Depreciation charged during the year	(82,512)	-	(432,776)	-
Net book value as at 30 June 2018	17,921,680	-	1,253,878	1,514,618

Net book value as at 1 July 2018	17,921,680	-	1,253,878	1,514,618
Assets acquired during the year	-	-	2,703,593	-
Assets disposed during the year	-	-	(16,924)	(1,514,618)
Revaluations	-	-	-	-
Amortisation/Depreciation charged during the year	(82,512)	-	(608,507)	-
Net book value as at 30 June 2019	17,839,168	-	3,332,040	-

Company	**LAND & BUILDINGS AT VALUATION**	**LAND & BUILDINGS AT COST**	**PLANT & EQUIPMENT AT COST**	**ASSETS UNDER CONSTRUCTION**
	$	**$**	**$**	**$**
Net book value as at 1 July 2017	18,004,192	-	825,049	104,225
Assets acquired during the year	-	-	1,045,321	1,410,393
Assets disposed during the year	-	-	(197,114)	-
Revaluations	-	-	-	-
Amortisation/Depreciation charged during the year	(82,512)	-	(430,471)	-
Net book value as at 30 June 2018	17,921,680	-	1,242,785	1,514,618
Net book value as at 1 July 2018	17,921,680	-	1,242,785	1,514,618
Assets acquired during the year	-	-	2,689,667	-
Assets disposed during the year	-	-	(16,924)	(1,514,618)
Revaluations	-	-	-	-
Amortisation/Depreciation charged during the year	(82,512)	-	(600,757)	-
Net book value as at 30 June 2019	17,839,168	-	3,314,771	-

Impairment losses

The total impairment loss recognised in profit or loss during the period amounted to $0 (2018: $0). The impairment loss is separately presented in the statement of profit or loss as impairment of property, plant and equipment.

The land and buildings were revalued as at 30 June 2016 based on independent valuations completed by Herron Todd White in May and June 2016. 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.

At the end of 30 June 2019, after reviewing the key assumptions made by the valuers at 30 June 2016, it is concluded that these assumptions remain materially unchanged. New valuations will carried out all properties by 30 June 2020.

As a result there will nil transactions to the revaluation reserve or impairment for Buildings during the course of the financial year ending 30 June 2019.

Freehold land

Freehold Land held by the Group were last valued by an independent valuer at 30 June 2016. At the end of 30 June 2019, after reviewing the key assumptions made by the valuers at 30 June 2016, it is concluded that these assumptions remain materially unchanged.

As a result there will nil transactions to the revaluation reserve for Land during the course of the financial year ending 30 June 2019.

Refer to Note 26 for detailed disclosures regarding the fair value measurement of the Group's freehold land and buildings.

Note 16. Trade and other payables

	CONSOLIDATED GROUP		ASSOCIATION	
	2019	2018	2019	2018
CURRENT	$	$	$	$
Unsecured liabilities:				
Trade payables	668,631	1,171,745	794,686	1,214,916
GST payable	280,379	-	263,935	-
Legal expenses payable	-	25,000	-	25,000
Advance billings	3,292,378	3,700,932	3,292,378	3,700,932
Other payables and accruals	523,094	574,930	519,207	566,500
Administered Funds	11,577,528	8,448,980	11,577,528	8,448,980
Display village creditors	739,987	1,318,124	739,987	1,318,124
Income in advance	186,512	268,305	186,512	268,305
	17,268,509	15,508,016	17,374,233	15,542,757

Note 17. Tax

	CONSOLIDATED GROUP		ASSOCIATION	
	2019	2018	2019	2018
	$	$	$	$
CURRENT				
Income tax payable	205	-	-	-

NON-CURRENT

Group	OPENING BALANCE	(CHARGED)/ CREDITED TO PROFIT OR LOSS	(CHARGED)/ CREDITED DIRECTLY TO EQUITY	CHANGE IN TAX RATES	EXCHANGE DIFFERENCES	CLOSING BALANCE
2018						
Deferred tax asset on:						
Employee provisions	-	3,197				3,197
Formation costs	-	7,052				7,052
Carried forward losses	-	4,189	-	-	-	4,189
	-	14,438	-	-	-	14,438

Deferred tax liability on:						
Tax allowance on property, plant and equipment	-	-	-	-	-	-
Losses/(gains) on revaluation of land and buildings	-	-	-	-	-	-
Losses/(gains) on available-for-sale financial assets	-	-	-	-	-	-
Other	-	-	-	-	-	-
	-	-	-	-	-	-
Net amount	-	14,438	-	-	-	14,438

2019						
Deferred tax asset on:						
Employee provisions	3,197	4,070	-	-	-	7,267
Formation costs	7,052	(1,763)	-	-	-	5,289
Carried forward losses	4,189	(4,189)	-	-	-	-
	14,438	(1,882)	-	-	-	12,556
Deferred tax liability on:						
Tax allowance on property, plant and equipment	-	-	-	-	-	-
Losses/(gains) on revaluation of land and buildings	-	-	-	-	-	-
Losses/(gains) on available-for-sale financial assets	-	-	-	-	-	-
Other	-	(567)	-	-	-	(567)
	-	(567)	-	-	-	(567)
Net amount	14,438	(2,449)	-	-	-	11,989

Note 18. Provisions

	CONSOLIDATED GROUP		ASSOCIATION	
	2019	2018	2019	2018
CURRENT	$	$	$	$
Employee provisions - annual leave entitlement	551,781	513,247	526,682	501,860
Employee provisions - long service leave	587,910	590,854	587,910	590,854
	1,139,691	1,104,101	1,114,592	1,092,714

	CONSOLIDATED GROUP		ASSOCIATION	
	2019	2018	2019	2018
	$	$	$	$
NON CURRENT				
Employee provisions - long service leave	327,138	244,791	325,814	244,552

Analysis of employee provisions - annual leave entitlements	CONSOLIDATED GROUP 2019 $	CONSOLIDATED GROUP 2018 $	ASSOCIATION 2019 $	ASSOCIATION 2018 $
Opening balance at 1 July 2018	513,247	482,445	501,860	482,445
Additional provisions	94,282	81,387	68,472	70,000
Amount Used	(55,748)	(50,585)	(43,650)	(50,585)
Balance at 30 June 2019	551,781	513,247	526,682	501,860

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.

Analysis of employee provisions - long service leave entitlements	CONSOLIDATED GROUP 2019 $	CONSOLIDATED GROUP 2018 $	ASSOCIATION 2019 $	ASSOCIATION 2018 $
Opening balance at 1 July 2018	835,645	750,595	835,406	750,595
Additional provisions	154,691	95,804	153,606	95,564
Amount Used	(75,288)	(10,754)	(75,288)	(10,753)
Balance at 30 June 2019	915,048	835,645	913,724	835,406
Breakdown by employee type				
Employee provisions in respect of holders of offices include:				
Annual Leave	98,255	97,506	88,865	89,153
Long Service Leave	216,844	42,825	209,677	42,825
Separation and Redundancies	-	-	-	-
Other Employee Provisions	-	-	-	-
Employee provisions in respect of general employees include:				
Annual Leave	453,526	415,741	437,817	412,707
Long Service Leave	698,204	792,820	704,047	792,581
Separation and Redundancies	-	-	-	-
Other Employee Provisions	-	-	-	-

Note 19: 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 20. Commitments for expenditure

	CONSOLIDATED GROUP		ASSOCIATION	
	2019	2018	2019	2018
	$	$	$	$
i) Capital commitments				
Not later than one year	-	1,235,349	-	1,235,349

ii) Operating leases

Non-cancellable operating leases contracted for but not recognised in the financial statements:

	CONSOLIDATED GROUP		ASSOCIATION	
	2019	2018	2019	2018
	$	$	$	$
Not later than one year	87,834	156,359	87,834	156,359
Later than one year but not later than five years	22,003	110,142	22,003	110,142
Later than five years	-	-	-	-
	109,837	266,501	109,837	266,501

Note 21. Contingent liabilities

There were no contingent liabilities at 30 June 2019 (2018: Nil).

Note 22. 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 Committee is not aware of any significant events since the end of the reporting period.

Note 23. 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.

BIGA 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 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.

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	
	2019	2018	2019	2018
	$	$	$	$
Dividend received				
Directors or Construction Income Protection Ltd delcared a dividend of $2,000,000 to be paid to sahareholders on 8th August 2017. As 50% shareholder of the joint venture we received $1,000,000.	-	1,000,000	-	1,000,000
Purchases of goods and services				
During the year payments were made to BIGA in relation to training course expenses	4,071	58,248	4,071	58,248
During the year staff contributions for Income protection were paid to Construction Income Protection Ltd on behalf of Master Builders employees.	5,029	7,579	5,029	7,579
Sales of goods and services				
Director fees were paid by BUSS (Queensland) Pty Ltd for Master Builders employees fulfulling their duties as key management personnel of the trustee company.	124,741	120,062	124,741	120,062
Sponsorship for events was received from Building Unions Superannuation Scheme (Queensland) which BUSS (Queensland) Pty Ltd acts as the trustee for.	137,500	137,500	137,500	137,500
Director fees were paid by CIPL for a Master Builders employee fulfulling their duties as a key management personnel of the entity.	36,246	35,534	36,246	35,534
Director fees were paid by QCTF for a Master Builders employee fulfulling their duties as a key management personnel of the entity.	-	10,540	-	10,540
Director fees were paid by BERT Fund 2 (which BERT Fund acts a trustee) for a Master Builders employee fulfulling their duties as a key management personnel of the entity.	-	41,457	-	41,457
Training programs covered by BERT Training Fund (which QCTF acts a trustee) on behalf of its own members.	100,000	149,909	100,000	149,909
During the year payments were paid by BIGA for hire of Master Builders training rooms.	-	9,600	-	9,600
Outstanding trade debtors balance of above item at year end.	-	1,050	-	1,050
Master Builders Members Legal				
Service Level Agreement for the provision of legal services to Queensland Master Builders Association members.	-	-	670,000	427,500
Intercompany Loan with Members Legal which consists of company startup costs and share of monthly office expenses.	-	-	89,041	112,952

Note 24. Reconciliation of cash flows from operating activities surplus / (loss) for the year

	CONSOLIDATED GROUP		ASSOCIATION	
	2019	2018	2019	2018
	$	$	$	$
Net Surplus/(loss) for the year	158,637	(161,933)	151,871	(123,868)
Non-cash flows in current year surplus:				
Depreciation expense	691,019	515,288	683,269	512,983
net (gain)/loss on disposal of property, plant and equipment	(9,254)	142,659	(9,254)	142,659
share of profit of associate	(98,537)	(380,857)	(98,537)	(380,857)
net (gain)/loss on revaluation of investments	(146,418)	-	(146,418)	-
net (gain)/loss on disposal of investments	-	43,000	-	43,000
Changes in assets and liabilities:				
(increase)/decrease in accounts receivable and other debtors	7,854	(259,939)	17,182	(256,944)
(increase)/decrease in other current assets	(273,039)	(299,245)	(257,300)	(291,150)
(increase)/decrease in inventories on hand	13,643	18,799	13,643	18,799
(Increase)/decrease in deferred tax assets	2,449	(14,438)	-	-
increase/(decrease) in accounts payable and other payables	1,760,493	1,866,062	1,831,476	1,900,803
increase/(decrease) in employee provisions	117,937	115,852	103,140	104,226
increase/(decrease) in other provisions	-	(14,049)	-	(14,049)
increase/(decrease) in current tax liabilities	205	-	-	-
	2,224,989	1,571,199	2,289,072	1,655,602

Note 25. 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	
	2019	2018	2019	2018
Financial Assets	$	$	$	$
Cash and cash equivalents	12,440,031	11,308,668	12,413,847	11,293,516
Trade and other receivables	2,090,758	2,098,612	2,280,428	2,208,569
Financial assets				
- investments in listed shares	11,728,965	11,651,718	11,728,965	11,651,718
Total financial assets	26,259,754	25,058,998	26,423,240	25,153,803

Financial liabilities				
Financial liabilities at amortised cost:				
- trade and other payables	13,789,619	11,538,779	13,895,343	11,573,520
Total financial liabilities	13,789,619	11,538,779	13,895,343	11,573,520

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.

Consolidated Group	WITHIN 1 YEAR 2019 $	2018 $	1 TO 5 YEARS 2019 $	2018 $
Financial liabilities due for payment				
Accounts payable and other payables (excluding annual leave and grants receivable in advance)	13,789,619	11,538,779	-	-
Total contractual outflows	87,834	1,391,708	22,003	110,142
Total expected outflows	13,877,453	12,930,487	22,003	110,142
Financial assets – cash flows realisable				
Cash on hand	12,440,031	11,308,668	-	-
Accounts receivable and other debtors	2,090,758	2,098,612	-	-
Available-for-sale investments	-	-	-	-
Total anticipated inflows	14,530,789	13,407,280	-	-
Net (outflow)/inflow on financial instruments	653,336	476,793	(22,003)	(110,142)

Consolidated Group	OVER 5 YEARS 2019 $	2018 $	TOTAL 2019 $	2018 $
Financial liabilities due for payment				
Accounts payable and other payables (excluding annual leave and grants receivable in advance)	-	-	13,789,619	11,538,779
Total contractual outflows	-	-	109,837	1,501,850
Total expected outflows	-	-	13,899,456	13,040,629
Financial assets – cash flows realisable				
Cash on hand	-	-	12,440,031	11,308,668
Accounts receivable and other debtors	-	-	2,090,758	2,098,612
Available-for-sale investments	11,728,965	11,651,718	11,728,965	11,651,718
Total anticipated inflows	11,728,965	11,651,718	26,259,754	25,058,998
Net (outflow)/inflow on financial instruments	11,728,965	11,651,718	12,360,298	12,018,369

Association	WITHIN 1 YEAR 2019	2018	1 TO 5 YEARS 2019	2018
	$	$	$	$
Financial liabilities due for payment				
Accounts payable and other payables (excluding annual leave and grants receivable in advance)	13,895,343	11,573,520	-	-
Total contractual outflows	87,834	1,391,708	22,003	110,142
Total expected outflows	13,983,177	12,965,228	22,003	110,142
Financial assets – cash flows realisable				
Cash on hand	12,413,847	11,293,516	-	-
Accounts receivable and other debtors	2,280,428	2,208,569	-	-
Available-for-sale investments	-	-	-	-
Total anticipated inflows	14,694,275	13,502,085	-	-
Net (outflow)/inflow on financial instruments	711,098	536,857	(22,003)	(110,142)

Association	OVER 5 YEARS 2019	2018	TOTAL 2019	2018
	$	$	$	$
Financial liabilities due for payment				
Accounts payable and other payables (excluding annual leave and grants receivable in advance)	-	-	13,895,343	11,573,520
Total contractual outflows	-	-	109,837	1,501,850
Total expected outflows	-	-	14,005,180	13,075,370
Financial assets – cash flows realisable				
Cash on hand	-	-	12,413,847	11,293,516
Accounts receivable and other debtors	-	-	2,280,428	2,208,569
Available-for-sale investments	11,728,965	11,651,718	11,728,965	11,651,718
Total anticipated inflows	11,728,965	11,651,718	26,423,240	25,153,803
Net (outflow)/inflow on financial instruments	11,728,965	11,651,718	12,418,060	12,078,433

Financial assets pledged as collateral
No Financial assets pledged as collateral

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 a managed fund. The Fund ranges 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 in the fund are held in the following asset groups at the end of the reporting period:

	CONSOLIDATED GROUP & ASSOCIATION	
	2019	**2018**
	%	%
Growth	22.6	27.9
Diversifying	14.7	14.3
Defensive	62.7	57.8

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.

	CURRENT SURPLUS	EQUITY
Year ended 30 June 2019	$	$
+/– 2% in interest rates	+/- 248,801	+/- 248,801
+/– 10% in available-for-sale investments	+/-1,172,897	+/-1,172,897

	CURRENT SURPLUS	EQUITY
Year ended 30 June 2018	$	$
+/– 2% in interest rates	+/- 226,173	+/- 226,173
+/– 10% in available-for-sale investments	+/-1,165,171	+/-1,165,171

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 26 for detailed disclosures regarding the fair value measurement of the association's financial assets.

	Note	2019 CARRYING AMOUNT	2019 FAIR VALUE	2018 CARRYING AMOUNT	2018 FAIR VALUE
		$	$	$	$
Financial assets					
Cash on hand(i)	8	12,440,031	12,440,031	11,308,668	11,308,668
Accounts receivable and other debtors(i)	9	2,090,758	2,090,758	2,098,612	2,098,612
Available-for-sale financial assets:					
- investment in managed funds	13	11,728,965	11,728,965	11,651,718	11,651,718
Total financial assets		26,259,754	26,259,754	25,058,998	25,058,998
Financial liabilities					
Accounts payable and other payables(i)	16	17,268,509	17,268,509	15,508,016	15,508,016
Lease liabilities		-	-	-	-
Total financial liabilities		17,268,509	17,268,509	15,508,016	15,508,016

(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.

Note 26: 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:

Consolidated Group and Association	**NOTE**	**LEVEL 1**	**LEVEL 2**	**LEVEL 3**	**TOTAL**
2019		$	$	$	$
Recurring fair value measurements					
Financial assets					
Available-for-sale financial assets:					
- managed funds	13	11,728,965	-	-	11,728,965
- land and buildings	15	-	17,839,168	-	17,839,168
Total financial assets recognised at fair value					

	NOTE	**LEVEL 1**	**LEVEL 2**	**LEVEL 3**	**TOTAL**
2018		$	$	$	$
Recurring fair value measurements					
Financial assets					
Available-for-sale financial assets:					
- managed funds	13	11,651,718	-	-	11,651,718
- land and buildings	15	-	17,921,680	-	17,921,680
Total financial assets recognised at fair value					

There were no transfers between Level 1 and Level 2 for assets measured at fair value on a recurring basis during the reporting period (2018: no transfers).

Note 27. 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 17 September 2019 of the Board and is signed for and on behalf of the Board by:

Ralf Dutton, President

17 September 2019

2019 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 2019 was a profit of $158,637. This was primarily achieved through the following principal activities:

Membership - Subscriptions finished with revenue of $7,890,868, a 4% increase on last year's results. Particular effort made to improve member engagement during the course of the year and reduce membership churn. The Association had 7,193 (2018: 7,184) members and 1,528 (2018: 1,296) registrants all of whom are financial as at 30 June 2019.

Insurance – Master Builders designs and builds special insurance products provided by Vero and QBE predominately. 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 $3,721,731, which is a decrease of over 5% year on year. Despite drop in revenue as a result of lower activity levels, client numbers have grown nearly 10% 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 $473,987, which was a 34% improvement on last year's net result.

Events – Master Builders organises various events for its members throughout Queensland all year round. One of the major events held are the Housing and Construction awards for each region culminating in the State awards. *Roadshow is 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*. Regular minor events held include Industry Information Sessions and Golf days to name a few. Net result for the year of these activities including sponsorship was $643,617.

Display Villages – At 30th June 2019 there were two active Display Villages in Queensland managed by Master Builders. It is 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 $180,556 for this financial year.

Master Builders Members Legal is Master Builders' wholly owned subsidiary legal practice, created during this financial year. 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 $9,467, which is supported by Master Builders through a Service Level Agreement.

Document Sales – Master Builders produces a suite of residential and commercial contracts available for sale by either over the counter or through online offerings. Net result for this activity was $455,532 with hard copy sales declining and online sales increasing year on year. A new online EDocs system established in 2018 financial year has continued to improve online sales through its ease of use and an increasing suite of contracts available on the platform.

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 notifies that during the 2019 financial year refurbishment works on the property were completed at 417 Wickham Terrace. An overall total of $4.5 million (2018: $3.2 million, 2019: $1.3million) was spent on the project. This building is currently recorded at fair value, using the highest and best use methodology. When the valuation was completed in 2016, the valuer determined the best use of the land was for development. On this basis, there was a significant uplift in the value of the land, however in turn this resulted in the fair value of the building being nil, as any development would require the building to be demolished.

If it were not for the valuation methodology adopted when completing the valuations, the $2.3 million for the building refurbishment works would normally be capitalised. However, as the valuation methodology has the buildings at a nil value, this $2.3 million (2018: $1.7 million, 2019: $603 thousand) was expensed.

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

Nil in accordance with section 764 (3) and section 764 (2)(d) of the *Industrial Relations Act 2016*.

Two employees of the Association, Grant Galvin and Paul Bidwell are 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 5 most highly paid elected officers for the period from 1 July 2018 to 30 June 2019, and provided in accordance with Sections 745 and 746 of *Industrial Relations Act 2016*.

Name	Position	Remuneration paid to 30 June 2019	Description of remuneration	Non-Cash benefits provided to 30 June 2019	Any amount paid to the officer in the officer's capacity as a board member other than travel and accommodation
Ralf Dutton	President	$16,425	Meeting fees	Nil	Nil
Peter Schriek	Board Member	$5,913	Meeting fees	Nil	Nil
Ross Hogno	Board Member	$7,227	Meeting fees	Nil	Nil
Nick Herron	Board Member	$7,227	Meeting fees	Nil	Nil
Rod McDonald	Board Member	$7,227	Meeting fees	Nil	Nil
Adrian Gabrielli	Board Member	$5,913	Meeting fees	Nil	Nil
Drew Brockhurst	Board Member	NIL	Meeting fees	Nil	Nil
Geoff Baguley	Board Member	$5,256	Meeting fees	Nil	Nil
Mark Spry	Board Member	$6,570	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 2018 to 30 June 2019.

Date given	Value $	Loan, Grant or Donation	Reason for providing	Name and address of entity receiving	If a loan, terms of repayment
8/08/2018	$16,500	Donation	Business Partnership Network	Queensland Labor, 1st Floor TLC Building, 16 Peel Street, South Brisbane Qld 4101	
30/09/2018	$1,749	Donation	Golf Day - Fundraiser proceeds	Mates in Construction Qld/NT, PO Box 1001, Spring Hill, Qld, 4000	
9/10/2018	$10,000	Donation	QStrategy-Infrastructure Subscription	Liberal National Party, 66-68 Bowen Street, Spring Hill Qld 4000	
18/12/2018	$6,000	Donation	Business Forum	Liberal National Party, 66-68 Bowen Street, Spring Hill Qld 4000	
28/05/2019	$1,000	Donation	Donation Variety Bash Queensland	Variety Queensland, Unit 1, 5 Ashtan Place, Banyo, Qld, 4014	
24/06/2019	$1,950	Donation	Golf Day - Fundraiser proceeds	Mates in Construction Qld/NT, PO Box 1001, Spring Hill, Qld, 4000	

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

17 September 2019

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 general purpose financial report of Queensland Master Builders' Association Industrial Organisation of Employers (the "Association"), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion:

(a) the financial report of Queensland Master Builders' Association Industrial Organisation of Employers presents fairly, in all material respects, the financial position of the Association as at 30 June 2019 and its financial performance for the year then ended, in accordance with the Tier 1 requirements of the Australian Accounting Standards and the *Industrial Relations Act 2016 (Qld); and*

(b) the financial report complies with Part 11 of Chapter 12 of the *Industrial Relations Act 2016 (Qld)* and the Reporting Guidelines issued under section 765 of the *Industrial Relations Act 2016* (Qld).

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 Association in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with theCode.

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

Responsibilities of the Board for the Financial Report

The Board is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the *Industrial Relations Act 2016 (Qld.)* and such internal control as the Board determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

The Board is responsible for overseeing the Association's financial reporting process.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2019 and the 2019 Operating Report, but does not include the financial report and our auditor's report thereon.

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

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

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

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.

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

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

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

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

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

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

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Bentleys

Bentleys Brisbane (Audit) Pty Ltd
Chartered Accountants

Bentleys
THINKING AHEAD
Accountants
Auditors
Advisors

Ashley Carle
Director

(An approved auditor under the *Industrial Relations Act 2016 (Qld)*, a member of Chartered Accountants Australia and New Zealand and Holder of a Public Practice Certificate).

17 September 2019

CELEBRATING EXCELLENCE

In 2018, the Master Builders Housing & Construction Awards program once again showcased the incredible work of our members as well as providing them with the opportunity to stow away the steel caps and hi-vis and celebrate their hard work and success.

2018 HOUSE OF THE YEAR DTL Constructions Pty Ltd – Villa Florentine – Gold Coast

796
Awards entries across Queensland

$866K+
in Awards media coverage

7,117
votes in the inaugural People's Choice Award

2018 PROJECT OF THE YEAR FK Gardner & Sons – Cairns Aquarium – Far North Queensland

2018 PRESIDENT'S AWARD Swish Homes Queensland – Sander House – Downs & Western

Master Builders
Registered Office
417 Wickham Terrace
Brisbane Queensland 4000

Master Builders
Gold Coast
Master Builders House
18 Central Park Avenue
Ashmore Queensland 4214

Master Builders
Downs & Western
166 Hume Street
Toowoomba Queensland 4350

Master Builders
Sunshine Coast
Level 1, 91 King Street
(PO Box 1458)
Buderim Queensland 4556

Master Builders
Wide Bay Burnett
162 Boat Harbour Drive
(PO Box 358)
Hervey Bay Queensland 4655

Master Builders
Central Queensland
35 Derby Street
(PO Box 631)
Rockhampton Queensland 4700

Master Builders
Mackay & Whitsunday
Suite 2, 40 Evans Avenue
(PO Box 3188)
North Mackay Queensland 4740

Master Builders
North Queensland
Master Builders House
Unit 1, 316 Sturt Street
(PO Box 5801)
Townsville Queensland 4810

Master Builders
Far North Queensland
310-314 Gatton Street,
Manunda Queensland 4870
PO Box 806
Earlville Queensland 4870

MASTER BUILDERS QUEENSLAND

The home of building