Australian Government
Registered Organisations Commission

13 January 2021

Brian Seidler
Executive Director
Master Builders' Association of New South Wales

Sent via email: bseidler@mbansw.asn.au
CC: vmodi@nexiasydney.com.au

Dear Brian Seidler,

The Master Builders' Association of New South Wales
Financial Report for the year ended 30 June 2020 – (FR2020/164)

I acknowledge receipt of the financial report for the year ended 30 June 2020 for the Master Builders' Association of New South Wales (**the reporting unit**). The documents were lodged with the Registered Organisations Commission (**the ROC**) on 11 December 2020.

The financial report has now been filed.

The financial report was filed based on a primary review. This involved confirming that the financial reporting timelines required under s.253, s.265, s.266 and s.268 of the *Fair Work (Registered Organisations) Act 2009* (**RO Act**) have been satisfied, all documents required under s.268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and reporting guidelines have been complied with. A primary review does not examine all disclosure requirements.

Please note that the financial report for the year ending 30 June 2021 may be subject to an advanced compliance review.

You are not required to take any further action in respect of the report lodged. I make the following comments to assist you when you next prepare a financial report: The ROC will confirm these concerns have been addressed prior to filing next year's report.

Please note that the financial report for the year ending 30 June 2021 may be subject to an advanced compliance review.

New Australian Accounting Standards – transitional method

With the introduction of the new Australian Accounting Standards AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities*, an entity has the option to transition to these new standards via either the full retrospective method or the modified retrospective method.

From the information disclosed within the general purpose financial report, it is not clear which method the reporting unit has used to transition to AASB 15 and AASB 1058.

Reporting Requirements

The ROC website provides factsheets in relation to the financial reporting process and associated timelines. The website also contains the s.253 reporting guidelines and a model set of financial statements.

The ROC recommends that reporting units use these model financial statements to assist in complying with the RO Act, the s.253 reporting guidelines and Australian Accounting Standards. Access to this information is available via this link.

If you have any queries regarding this letter, please contact me on (03) 9603 0764 or via email at kylie.ngo@roc.gov.au.

Yours sincerely,

Kylie Ngo
Registered Organisations Commission

Master Builders Association
New South Wales

9 December 2020

Registered Organisations Commission
GPO Box 2983
MELBOURNE VIC 2983

By email: regorgs@roc.gov.au

Dear Sir/Madam,

RE: Master Builders Association of New South Wales, Financial Report for Year Ended 30 June 2020

Please find attached the relevant information relating to the Association's financial report for the year ending June 2020.

The relevant information includes:

1. Certificate by Prescribed Designated Officer (***Attachment 1***).

2. A copy of the Association's Full Report (***Attachment 2***).

Should you have any enquiries regarding this matter please do not hesitate to contact the undersigned on (02) 8586-3503.

Yours faithfully,

Brian Seidler
EXECUTIVE DIRECTOR

Attachs.

ATTACHMENT 1

Master Builders Association of New South Wales
s.268 Fair Work (Registered Organisations) Act 2009

Certificate by Prescribed Designated Officer
Certificate for the year ended 30 June 2020

I, Simon Pilcher, being the President of the Master Builders Association of NSW certify:

- That the document lodged herewith is a copy of the full financial report for the Master Builders Association of New South Wales for the period ended referred to in s268 of the Fair Work (Registered Organisations Act 2009); and
- That the full financial report was provided to members of the organisation on 1 November 2020; and
- That the full report was presented to the Association's Annual General Meeting of members (the reporting unit) on 8 December, 2020 in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009.

Signature

Simon Pilcher
President
Master Builders Association of NSW

Date: 9 December 2020

Master Builders Association of New South Wales and Its Controlled Entities

ABN: 96 550 042 906

Annual Financial Report

For the year ended 30 June 2020

MASTER BUILDERS ASSOCIATION OF NEW SOUTH WALES AND ITS CONTROLLED ENTITIES
ABN 96 550 042 906

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MASTER BUILDERS ASSOCIATION OF NEW SOUTH WALES AND ITS CONTROLLED ENTITIES
ABN 96 550 042 906

EXPENDITURE REPORT
FOR THE YEAR ENDED 30 JUNE 2020

The Council of Management presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 30 June 2020.

	Consolidated Group		Parent Entity	
	2020	**2019**	**2020**	**2019**
Categories of expenditure	**$**	**$**	**$**	**$**
Remuneration and other employment related expenses - employees	**20,793,664**	22,726,489	**8,511,981**	8,270,923
Advertising	**130,297**	132,880	**130,297**	132,880
Operating costs	**8,129,819**	9,162,845	**8,132,118**	9,041,967
Donations to political parties (nil)	**-**	-	**-**	-
Legal costs	**472,585**	436,352	**472,585**	436,352

Council Member

Simon Pilcher

Council Member

Robert Black

Dated at Sydney, 13th day of October 2020

MASTER BUILDERS ASSOCIATION OF NEW SOUTH WALES AND ITS CONTROLLED ENTITIES
ABN 96 550 042 906

OPERATING REPORT

Your council presents their report on the association and its controlled entities for the financial year ended 30 June 2020.

The names of the members of the council of management who held office at any time during or since the end of the year, and their position held are:

Simon Pilcher – President
Martin Patience – Past President
Robert Black – Deputy President
Mick Banks – Vice President
Michael O'Donnell – Vice President
Frank Mamasioulas – Vice President
Colin Jewell – Vice President
John Biazzo
Anthony Larter
Bill Taylor
David Campbell
Dan Murphy
Ross Mitchell
Peter Finnane
John Worthington
Louis Stanton
Gordon Leggett
George Rench
Brad Garrard
Dave Dillon
Stuart Crowfoot
Brad Maggs
John Henderson
Ian Anderson

Stanley Giaouris – Appointed 10 December 2019
William Calokerinos – Appointed 10 December 2019
Douglas Miller – Appointed 10 December 2019
Paul Edwards – Appointed 10 December 2019
Rob Bevear – Resigned 23 July 2019
Adina Toumi-Cussinet – Resigned 15 October 2019
John Rostirolla – Resigned 15 October 2019
Chris Reynell – Resigned 15 October 2019
Chris Briggs – Resigned 15 December 2019
John Laby – Resigned 15 December 2019
Greg Hamlyn – Resigned 15 December 2019
Merv Prendergast – Resigned 15 December 2019

Members of the council have been in office since the start of the previous financial year to date of this report unless otherwise stated.

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

The principal activities of the Consolidated Entity during the financial year were to serve the interests of employers and members of the building and construction industry within New South Wales.

No significant change in the nature of these activities occurred during the year.

The consolidated Surplus of the Consolidated Entity for the financial year amounted to $409,016 (2019: $870,412).

Significant changes in financial affairs

The decrease in revenue for the financial year for the Consolidated Entity is attributed to training revenue and group apprenticeship scheme due to effects of COVID-19 pandemic. No other significant changes in the Consolidated Entity's financial affairs occurred during the financial year.

OPERATING REPORT (CONTINUED)

Events subsequent to reporting date

As a result of the evolving nature of the COVID-19 outbreak and the rapidly evolving government policies of restrictive measures put in place to contain it, as at the date of these financial statements, the Association is not in a position to reasonably estimate the financial effects of the COVID-19 outbreak on the future financial performance and financial position of the Association.

Other than the current disclosures, there has not been any other matters or circumstances occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Association, the results of those operations, or the state of affairs of the Association in subsequent financial periods.

Rights of members to resign

Members' rights to resign are set out in Item 10 of the constitution. In summary, a member may resign from membership by written notice addressed and delivered to the offices of the Master Builders Association of New South Wales.

Officers & members who are superannuation fund trustees

No officer or member of the organization, by virtue of their office or membership of the Master Builders Association of New South Wales, is:

- a trustee of a superannuation entity or an exempt public sector superannuation scheme; or
- a director of a company that is a trustee of a superannuation entity or an exempt public sector superannuation scheme; or

Where a criterion for the officer or member being the trustee or director is that the officer or member is an officer or member of a registered organisation as defined under the Fair Work (Registered Organisations) Act 2009.

Officers & employees who are directors of a company or a member of a board

No officer or member of the organization, by virtue of their office or membership of the Master Builders Association of New South Wales, is a director of a company or a member of a board.

Number of members

At the end of the financial year, there were 7,701 (2019: 7,817) members of the Master Builders Association of New South Wales.

Number of Employees

The Master Builders Association of New South Wales employs administration staff. Apprentices are employed by a Controlled Entity, the Master Builders Association of New South Wales Pty Limited. The number of employees of the Master Builders Association of New South Wales and its Controlled Entities at the end of the financial year was 75 staff and 221 apprentices (2019: 77 staff and 270 apprentices).

OPERATING REPORT (CONTINUED)

Signed in accordance with a resolution of the Council of Management:

Council Member

Simon Pilcher

Council Member

Robert Black

Dated at Sydney, 13th day of October 2020

MASTER BUILDERS ASSOCIATION OF NEW SOUTH WALES AND ITS CONTROLLED ENTITIES
ABN 96 550 042 906

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Note	Consolidated Group		Parent Entity	
		2020	2019	2020	2019
		$	$	$	$
Revenue	2	**30,764,823**	34,184,519	**15,315,196**	16,197,098
Other income	2	**195,619**	-	**3,745,973**	3,476,279
Total income		**30,960,442**	34,184,519	**19,061,169**	19,673,377
Employee benefits expense	3	**(20,793,664)**	(22,726,489)	**(8,511,981)**	(8,270,923)
Training and education expense		**(2,480,081)**	(2,953,942)	**(2,480,081)**	(2,953,942)
Cost of services rendered		**(1,273,517)**	(1,233,350)	**(1,273,517)**	(1,233,350)
Cost of documents sold		**(186,900)**	(154,311)	**(186,900)**	(154,311)
Bad and doubtful debts expense/provision write back	3	**157,183**	(161,810)	**156,226**	(101,743)
Administrative expenses		**(1,760,643)**	(1,704,673)	**(1,593,762)**	(1,564,549)
Motor vehicle expenses		**(122,489)**	(221,559)	**(122,489)**	(221,559)
Property expenses		**(498,078)**	(599,097)	**(816,078)**	(917,097)
Affiliation fees		**(615,437)**	(690,924)	**(615,437)**	(690,924)
Travelling expenses		**(220,758)**	(213,154)	**(220,758)**	(213,154)
Legal expenses		**(472,585)**	(436,352)	**(472,585)**	(436,352)
Insurances including workers' compensation premium		**(209,839)**	(200,386)	**(209,664)**	(200,227)
Payroll tax		**(427,146)**	(416,535)	**(427,146)**	(416,535)
Repair and maintenance		**(124,379)**	(69,263)	**(124,379)**	(69,263)
Finance costs - lease liabilities		**(20,335)**	-	**(20,335)**	-
Other expenses		**(477,698)**	(676,722)	**(328,095)**	(438,194)
Depreciation and amortisation expenses	3	**(1,025,061)**	(855,543)	**(863,515)**	(668,968)
Total expenses		**(30,551,426)**	(33,314,108)	**(18,110,496)**	(18,551,090)
Surplus for the year		**409,016**	870,412	**950,673**	1,122,287
Other comprehensive income		**-**	-	**-**	-
Gain on revaluation of land and buildings		**5,907,798**	-	**1,036,232**	-
Total comprehensive income for the year		**6,316,814**	870,412	**1,986,905**	1,122,287
Total comprehensive income attributable to the consolidated entity		**6,316,814**	870,412	**1,986,905**	1,122,287

The accompanying notes form part of these financial statements

MASTER BUILDERS ASSOCIATION OF NEW SOUTH WALES AND ITS CONTROLLED ENTITIES
ABN 96 550 042 906

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	Consolidated Group		Parent Entity	
		2020	2019	2020	2019
		$	$	$	$
CURRENT ASSETS					
Cash and cash equivalents	4	**1,990,762**	1,905,329	**1,407,996**	1,070,849
Trade and other receivables	5	**776,999**	2,336,559	**380,651**	1,351,095
Other financial assets	6	**11,757,826**	9,175,642	**11,757,826**	9,175,642
Inventories	8	**185,270**	194,579	**185,270**	194,579
Other assets	9	**1,238,047**	1,663,887	**847,324**	1,458,300
TOTAL CURRENT ASSETS		**15,948,903**	15,275,995	**14,579,066**	13,250,465
NON-CURRENT ASSETS					
Trade and other receivables	5	**373,832**	341,971	**7,833,059**	7,794,424
Other financial assets	6	**140,000**	140,000	**90,000**	90,000
Property, plant and equipment	10	**24,129,737**	18,478,011	**9,847,042**	8,938,957
Right-of-use assets	12	**570,282**	-	**570,282**	-
Intangibles	11	**524,233**	808,215	**524,233**	808,215
TOTAL NON-CURRENT ASSETS		**25,738,084**	19,768,197	**18,864,616**	17,631,595
TOTAL ASSETS		**41,686,987**	35,044,192	**33,443,682**	30,882,060
CURRENT LIABILITIES					
Trade creditor and other payables	13	**1,938,554**	1,869,742	**1,458,125**	1,266,676
Deferred revenue	14	**2,176,825**	2,520,913	**2,176,825**	2,520,913
Lease liabilities	12	**262,214**	-	**262,214**	-
Employee benefits	15	**1,845,707**	1,838,762	**1,193,080**	1,060,036
Unearned grant	16	**843,078**	711,683	**365,078**	233,683
TOTAL CURRENT LIABILITIES		**7,066,378**	6,941,099	**5,455,321**	5,081,307
NON-CURRENT LIABILITIES					
Lease liabilities	12	**266,890**	-	**266,890**	-
Employee benefits	15	**74,151**	140,339	**74,151**	140,339
TOTAL NON-CURRENT LIABILITIES		**341,041**	140,339	**341,041**	140,339
TOTAL LIABILITIES		**7,407,419**	7,081,438	**5,796,363**	5,221,646
NET ASSETS		**34,279,568**	27,962,754	**27,647,319**	25,660,414
EQUITY					
Reserves		**10,660,945**	4,753,147	**1,036,232**	-
Retained earnings		**23,618,623**	23,209,607	**26,611,087**	25,660,414
TOTAL EQUITY		**34,279,568**	27,962,754	**27,647,319**	25,660,414

MASTER BUILDERS ASSOCIATION OF NEW SOUTH WALES AND ITS CONTROLLED ENTITIES
ABN 96 550 042 906

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Retained Earnings	Asset Revaluation Reserve	Total
	$	$	$
Consolidated Group			
Balance at 1 July 2018	22,339,195	4,753,147	27,092,342
Surplus for the year	870,412	-	870,412
Other comprehensive income	-	-	-
Balance at 30 June 2019	23,209,607	4,753,147	27,962,754
Surplus for the year	409,016	-	409,016
Other comprehensive income	-	5,907,798	5,907,798
Balance at 30 June 2020	**23,618,623**	**10,660,945**	**34,279,568**
Parent Entity			
Balance at 1 July 2018	24,538,127	-	24,538,127
Surplus for the year	1,122,287	-	1,122,287
Other comprehensive income	-	-	-
Balance at 30 June 2019	25,660,414	-	25,660,414
Surplus for the year	950,673	-	950,673
Other comprehensive income	-	1,036,232	1,036,232
Balance at 30 June 2020	**26,611,087**	**1,036,232**	**27,647,319**

The accompanying notes form part of these financial statements

MASTER BUILDERS ASSOCIATION OF NEW SOUTH WALES AND ITS CONTROLLED ENTITIES
ABN 96 550 042 906

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	Consolidated Group		Parent Entity	
		2020	2019	2020	2019
		$	$	$	$
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from customers		**32,037,416**	33,629,023	**15,948,839**	15,602,760
Receipts from controlled entity - Master Builders (NSW) Ltd		-	-	**(46,070)**	104,210
Receipts from controlled entity - Master Builders Association New South Wales Pty Ltd		-	-	**3,639,650**	3,768,381
Payments to suppliers and employees		**(29,061,313)**	(32,753,914)	**(16,348,057)**	(18,450,931)
Interest paid on lease liabilities		**(20,335)**	-	**(20,335)**	-
Interest received		**235,716**	239,873	**235,551**	239,808
Net cash provided by operating activities	24	**3,191,485**	1,114,983	**3,409,577**	1,264,228
CASH FLOW FROM INVESTING ACTIVITIES					
Payments for property, plant and equipment		**(101,002)**	(406,643)	**(67,381)**	(406,643)
Payments for intangible assets		**(192,134)**	(209,736)	**(192,134)**	(209,736)
Payments for held to maturity investments (term deposits)		**(2,582,184)**	(922,033)	**(2,582,184)**	(922,033)
Proceeds on sale of property plant and equipment		**25,075**	41,526	**25,075**	41,526
Net cash used in investing activities		**(2,850,245)**	(1,496,886)	**(2,816,624)**	(1,496,886)
CASH FLOW FROM FINANCING ACTIVITIES					
Repayment of lease liabilities		**(255,807)**	-	**(255,807)**	-
Net cash used in financing activities		**(255,807)**	-	**(255,807)**	-
Net increase / (decrease) in cash held		**85,433**	(381,904)	**337,146**	(232,658)
Cash at beginning of year		**1,905,329**	2,287,233	**1,070,850**	1,303,508
Cash at end of year	4	**1,990,762**	1,905,329	**1,407,996**	1,070,849

Note 1 Statement of Significant Accounting Policies

The financial report covers Master Builders Association of New South Wales ("the Association") as an individual entity and Master Builders Association of New South Wales and Controlled Entities as a consolidated entity. The Master Builders Association of New South Wales is an industry association domiciled in Australia.

The financial statements were authorised for issue on 13 October 2020 by the council of management.

Basis of Preparation

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets. The amounts presented in the financial statements have been rounded to the nearest dollar. The financial statements are presented in Australian dollars.

The accounting policies adopted are consistent with those of the previous financial year.

a. Principles of Consolidation

The consolidated financial statements incorporate the financial statements of the Association and entities controlled by the Association. Control exists where the Association has the capacity to dominate the decision making in relation to the financial and operating policies of another entity so that the other entity operates with the Association to achieve the objectives of the Association.

A list of controlled entities is detailed in Note 7 to the financial statements. All controlled entities have a June year end.

All inter-group balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation.

b. Income Tax

The Master Builders Association of New South Wales is exempt from income tax in terms of Division 50 of the *Income Tax Assessment Act 1997.*

c. Inventories

Inventories consist of stationery purchased from third party suppliers. Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a first-in first-out basis and include purchase costs only.

d. Property, Plant and Equipment

Freehold land and buildings are shown 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 triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Note 1 Statement of Significant Accounting Policies (continued)

d. Property, Plant and Equipment (continued)

In the periods when the freehold land and buildings are not subject to an independent valuation, the council conduct council's valuations to ensure the land and buildings' carrying amount is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in other comprehensive income. Decreases that offset previous increases of the same asset are charged against revaluation surpluses directly in other comprehensive income; all other decreases are charged to the statement of comprehensive income.

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.

Paintings

Paintings are measured on the cost basis.

The carrying amount of paintings is reviewed annually by management to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the likely net proceeds on an arm's length sale.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses. There are no impairment losses.

The carrying amount of plant and equipment is reviewed annually by the council to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land and paintings, is depreciated on a straight line basis over their estimated useful lives to the consolidated entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of asset are:

Class of Fixed Asset	Depreciation Rate
Buildings	2%
Plant and equipment	10%-33%
Fixtures and fittings	10%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Note 1 Statement of Significant Accounting Policies (continued)

d. Property, Plant and Equipment (continued)

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

e. Intangibles

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful life. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. The useful lives of Association intangible assets are:

	Amortisation Rate
Intangibles	33%

Derecognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit and loss when the asset is derecognised.

f. Leases

The Association assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Association as a lessee

The Association applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Association recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Association recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term.

If ownership of the leased asset transfers to the Association at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Note 1 Statement of Significant Accounting Policies (continued)

f. Leases (continued)

Lease liabilities

At the commencement date of the lease, the Association recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the [reporting unit] and payments of penalties for terminating the lease, if the lease term reflects the Association exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Association uses incremental borrowing rate if the implicit lease rate is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Association short-term leases are those that have a lease term of 12 months or less from the commencement. It also applies the lease of low-value assets recognition exemption to leases that are below $5,000. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

g. Investments

Non-current investments are measured on the cost basis. These investments are not traded and the expected cash flows cannot reliably be determined by the Master Builders Association of New South Wales. The carrying amount of investments is reviewed annually by council to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the underlying net assets of these corporations.

h. Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired.

Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses are recognised in the income statement unless the assets has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement.

i. Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and termination benefits when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities for short-term employee benefits (as defined in AASB 119 *Employee Benefits*) and termination benefits which are expected to be settled within twelve months of the end of reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability plus related on-costs.

Note 1 Statement of Significant Accounting Policies (continued)

i. Employee benefits (continued)

Other long-term employee benefits which are expected to be settled beyond twelve months are measured as the present value of the estimated future cash outflows to be made by the reporting unit in respect of services provided by employees up to reporting date.

Contributions are made by the consolidated entity to an employee superannuation fund and are charged as expenses when incurred.

j. Cash and cash equivalents

Cash is recognised at its nominal amount. 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 that are readily convertible to known amounts of cash and subject to insignificant risks of changes in value and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the consolidated statement of financial position.

k. Revenue

The Association enters into various arrangements where it receives consideration from another party. These arrangements include consideration in the form of membership subscriptions, capitation fees, levies, and grants. The timing of recognition of these amounts as either revenue or income depends on the rights and obligations in those arrangements.

Revenue from contracts with customers

Where the Association has a contract with a customer, the Association recognises revenue when or as it transfers control of goods or services to the customer. The Association accounts for an arrangement as a contract with a customer if the following criteria are met:

- the arrangement is enforceable; and
- the arrangement contains promises (that are also known as performance obligations) to transfer goods or services to the customer (or to other parties on behalf of the customer) that are sufficiently specific so that it can be determined when the performance obligation has been satisfied.

Membership subscriptions

For membership subscription arrangements that meet the criteria to be contracts with customers, revenue is recognised when the promised goods or services transfer to the customer as a member of the Association.

If there is only one distinct membership service promised in the arrangement, the Association recognises revenue as the membership service is provided, which is typically based on the passage of time over the subscription period to reflect the Association promise to stand ready to provide assistance and support to the member as required

Revenue from sponsorship and commissions is recognised on an accruals basis and taken up as revenue for the period to which the sponsorship and commission relates to.

Interest income

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

Note 1 Statement of Significant Accounting Policies (continued)

k. Revenue (continued)

Rental income

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

Government grants

Government grants are not recognised until there is reasonable assurance that the Master Builders Association of New South Wales will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Master Builders Association of New South Wales recognises as expenses the related costs for which the grants are intended to compensate.

l. Borrowing Costs

All borrowing costs are expensed in the period in which they are incurred.

m. 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 Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

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

n. Comparative Figures

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

o. Financial instruments

Financial assets and financial liabilities are recognised when Master Builders Association of New South Wales becomes a party to the contractual provisions of the instrument.

Note 1 Statement of Significant Accounting Policies (continued)

p. Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and Master Builders Association of New South Wales business model for managing them. With the exception of trade receivables that do not contain a significant financing component, Master Builders Association of New South Wales initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.
In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Master Builders Association of New South Wales business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that Master Builders Association of New South Wales commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in five categories:
- (Other) financial assets at amortised cost
- (Other) financial assets at fair value through other comprehensive income
- Investments in equity instruments designated at fair value through other comprehensive income
- (Other) financial assets at fair value through profit or loss
- (Other) financial assets designated at fair value through profit or loss

Financial assets at amortised cost

Master Builders Association of New South Wales measures financial assets at amortised cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

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

Master Builders Association of New South Wales financial assets at amortised cost includes trade receivables and loans to related parties.

Note 1 Statement of Significant Accounting Policies (continued)

p. Financial assets (continued)

Derecognition

A financial asset is derecognised when:

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

When Master Builders Association of New South Wales has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, Master Builders Association of New South Wales continues to recognise the transferred asset to the extent of its continuing involvement together with associated liability.

Offsetting

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

Impairment

(i) Trade receivables

For trade receivables that do not have a significant financing component, Master Builders Association of New South Wales applies a simplified approach in calculating expected credit losses (ECLs) which requires lifetime expected credit losses to be recognised from initial recognition of the receivables.

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

(ii) Debt instruments other than trade receivables

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

ECLs are recognised in two stages:

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

Note 1 Statement of Significant Accounting Policies (continued)

p. Financial assets (continued)

Master Builders Association of New South Wales considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, Master Builders Association of New South Wales may also consider a financial asset to be in default when internal or external information indicates that Master Builders Association of New South Wales is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

q. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, at amortised cost unless or at fair value through profit or loss.
All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

Master Builders Association of New South Wales' financial liabilities include trade and other payables.

Subsequent measurement

Financial liabilities at amortised cost

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

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

Derecognition

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

r. Trade and other receivables

Receivables for goods and services including membership, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Note 1 Statement of Significant Accounting Policies (continued)

s. Fair value measurement

The consolidated entity measures financial instruments, such as, financial asset as at fair value through the profit and loss, available for sale financial assets, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date. The, fair values of financial instruments measured at amortised cost are their carrying values.

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

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

The principal or the most advantageous market must be accessible by the Master Builders Association of New South Wales. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the 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. 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 consolidated entity selects a valuation technique that is 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 consolidated entity are consistent with one or more of the following valuation approaches:

- Market approach uses prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

- Income approach converts estimated future cash flows or income and expenses into a single discounted present value.

- Cost approach reflects the current replacement cost of an asset at its current service capacity.

Note 1 Statement of Significant Accounting Policies (continued)

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 company 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.

t. Contingent liabilities and contingent assets

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

u. New Australian Accounting Standards

Adoption of New Australian Accounting Standard

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

The following standards became effective for the first time this financial year:

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

AASB 15 Revenue from Contracts with Customers supersedes AASB 111 Construction Contracts, AASB 118 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers.

AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. AASB 15 also includes implementation guidance to assist not-for-profit entities to determine whether particular transactions, or components thereof, are contracts with customers. If a transaction is outside the scope of AASB 15, the recognition and measurement of income arising from the transaction may instead be specified by another Standard, for example AASB 1058 Income of Not-for-Profit Entities.

AASB 1058 replaces the income recognition requirements in AASB 1004 Contributions that had previously applied to the Association. AASB 1058 provides a more comprehensive model for accounting for income of not-for-profit entities and specifies that:

- the timing of revenue or income recognition will depend on whether a performance obligation is identified or a liability is recognised;
- not-for-profit lessees can elect to recognise assets, including leases provided at significantly less than fair value, at their fair value; and
- all not-for-profit entities can elect to recognise volunteer services at fair value if the fair value of those services can be reliably measured.

The adoption of AASB 15 and AASB 1058 did not have a material impact on the Association's financial statements.

u. New Australian Accounting Standards (continued)

Impact on adoption of AASB 16 Leases

AASB 16 Leases supersedes AASB 117 Leases, Interpretation 4 Determining whether an Arrangement contains a Lease, Interpretation 115 Operating Leases—Incentives and Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under AASB 16 is substantially unchanged from AASB 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in AASB 117. Therefore, AASB 16 does not have an impact for leases where the Association is the lessor.

The Association has adopted AASB 16 using the modified retrospective method of transition, with the date of initial application of 1 July 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application.

The Association has lease contracts for various items of plant, buildings and motor vehicles. Before the adoption of AASB 16, the Association classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

Upon adoption of AASB 16, the Association applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note (1(f)) Leases for the accounting policy beginning 1 July 2019.

Leases previously accounted for as operating leases

The Association recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Association also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

Based on the above, as at 1 July 2019:

- Right-of -use assets of $784,912 were recognised and presented separately in the statement of financial position, lease liabilities of $784,912 were recognised.
- There was no net effect of these adjustments to retained earnings.

v. New Accounting Standards for Application in Future Periods

Australian Accounting Standards and Interpretations that have recently been issued, or amended but are not yet mandatory, have not been early adopted by the Association for the annual reporting period ended 30 June 2020.

AASB 2020-1 – Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current
This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. For example, the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. This Standard applies to annual reporting periods beginning on or after 1 January 2022.

The new amendment to the standards or interpretation is not expected to have a significant impact on the Association.

w. Critical Accounting Estimates and Judgments

The council evaluate estimates and judgments incorporated into the financial report 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 consolidated entity.

Key estimates
Impairment

The freehold land and buildings at 52 Parramatta Road Forest Lodge NSW 2038, 5 Burbank Place Baulkham Hills NSW 2153, 30 De Havilland Crescent, Ballina NSW 2478 and 1/171 Princes Highway, Ulladulla NSW 2529 were independently valued in 2020. The valuation was based on market value of the unencumbered freehold interest subject to vacant possession. The critical assumptions adopted in determining the valuation included, capitalisation of income and direct comparison approaches.

Useful lives of property, plant and equipment

As described in Note 1(d), the consolidated entity reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Key judgements
Employee benefits
For the purpose of measurement, AASB 119: Employee Benefits defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. The consolidated entity expects most employees will take their annual leave entitlements within 24 months of the reporting period in which they were earned, but this will not have a material impact on the amounts recognised in respect of obligations for employees' leave entitlements.

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Note 2 Revenue and other income

	Consolidated Group		Parent Entity	
	2020	2019	2020	2019
	$	$	$	$
Revenue from contracts with customers				
Members subscriptions	**5,825,167**	5,511,145	**5,825,167**	5,511,145
Capitation fees	-	-	-	-
Levies	-	-	-	-
Group apprenticeship scheme	**15,263,265**	17,802,036	-	-
Sponsorship and commission	**1,986,727**	2,107,833	**1,986,727**	2,107,833
Training and education	**4,159,747**	5,409,691	**4,159,747**	5,409,691
Legal services and contract sales	**550,832**	574,144	**550,832**	574,144
Insurance services	**1,625,950**	1,610,621	**1,625,950**	1,610,621
Occupational health and safety services	**526,365**	325,695	**526,365**	325,695
Industrial relations services	**173,176**	178,128	**173,176**	178,128
Interest received	**235,716**	239,873	**235,551**	239,808
Other revenue from operating activities	**417,877**	425,354	**231,681**	240,033
	30,764,823	34,184,519	**15,315,196**	16,197,098
Income for furthering objectives				
Donations	-	-	-	-
Other income				
Management fees	-	-	**3,600,354**	3,476,279
Cashflow boost and payroll tax relief	**195,619**	-	**145,619**	-
	195,619	-	**3,745,973**	3,476,279
Total revenue	**30,960,442**	34,184,519	**19,061,169**	19,673,377

Note 3 Surplus

	Consolidated Group		Parent Entity	
	2020	2019	2020	2019
Surplus from ordinary activities has been determined after:	$	$	$	$
a. Expenses				
Affiliation fees				
Master Builders Association Limited.	**615,437**	690,924	**615,437**	690,924
Bad and doubtful debts				
Apprenticeship receivables	**956**	60,067	-	-
Membership receivables	**(158,139)**	101,743	**(156,226)**	101,743
Total bad and doubtful debts	**(157,183)**	161,810	**(156,226)**	101,743
Bad debts recovered	-	-	-	-
Total bad and doubtful debts charged to profit and loss	**(157,183)**	161,810	**(156,226)**	101,743

Note 3 Surplus (continued)

	Consolidated Group		Parent Entity	
	2020	2019	2020	2019
	$	$	$	$
Depreciation of non-current assets				
Buildings	**205,101**	201,379	**54,713**	51,587
Plant and equipment	**129,214**	201,902	**118,056**	165,120
Total depreciation	**334,315**	403,282	**172,769**	216,707
Amortisation of intangible assets – computer software	**476,116**	452,261	**476,116**	452,261
Amortisation of right-of-use assets	**214,630**	-	**214,630**	-
	1,025,061	855,543	**863,515**	668,968
Remuneration of auditor				
Audit fee	**47,290**	46,500	**47,290**	46,500
Accounting and tax services	**54,250**	12,000	**54,250**	12,000
	101,540	58,500	**101,540**	58,500

No other services were provided by the auditors of the financial statements. The auditor of Master Builders Association of New South Wales is Nexia Sydney Audit Pty Ltd.

Grants:				
Total paid that were $1,000 or less	-	-	-	-
Total paid that exceeded $1,000	-	-	-	-
	-	-	-	-
Donations:				
Total paid that were $1,000 or less	2,091	1,091	2,091	1,091
Total paid that exceeded $1,000	-	12,500	-	12,500
	2,091	13,591	2,091	13,591
Legal expenses - matters other than litigation by the Master Builders Association of New South Wales	472,585	436,352	472,585	436,352
Legal litigation expenses incurred	-	-	-	-
Rental expense on operating leases	-	-	-	-
- Minimum lease payments	-	367,460	-	367,460
Consideration to employers for payroll deductions of membership subscriptions	-	-	-	-
Compulsory levies	-	-	-	-
Fees/allowances - meeting and conferences	-	-	-	-
Conference and meeting expenses	-	-	-	-
Penalties - via RO Act or Fair Work Act 2009	-	-	-	-
Capitation fees – expense	-	-	-	-
Levies expense	-	-	-	-

Note 3 Surplus (continued)

	Consolidated Group		Parent Entity	
	2020	2019	2020	2019
	$	$	$	$
Employee expenses other than office holders				
Salary and wages	**18,064,456**	19,832,827	**6,724,325**	6,471,548
Superannuation	**1,749,311**	1,844,494	**807,759**	750,208
Leave and other entitlements	**778,645**	822,200	**778,646**	822,200
Other employee expenses (Note ii)	**201,251**	226,968	**201,251**	226,968
Separation and redundancies provided for employees	**-**	-	**-**	-
Total employee expenses other than office holders	**20,793,664**	22,726,489	**8,511,981**	8,270,923
President's honorarium (Note i)	**15,000**	15,000	**15,000**	15,000

i. No employees are office holders of the Association. Certain council members, or entities over which council members have significant influence, provide training services on an arm's length basis – refer note 23 for details. Except for these services and the President's honorarium, no office holder received salary and wages, superannuation, leave and other entitlements, separation or redundancies.

ii. Other employee expenses comprise of recruitment costs, fringe benefit tax and salary sacrifice expenses.

Note 4 Cash and cash equivalents

	Consolidated Group		Parent Entity	
	2020	2019	2020	2019
	$	$	$	$
Cash on hand	**9,100**	9,250	**9,100**	9,250
Cash at bank	**1,981,662**	1,896,079	**1,398,896**	1,061,599
	1,990,762	1,905,329	**1,407,996**	1,070,849

Note 5 Trade and other receivables

CURRENT				
Trade debtors				
Receivables from other reporting units	-	-	-	-
Less allowance for expected credit loss of receivable from other reporting units	-	-	-	-
Receivables from other reporting units (net)	-	-	-	-
Receivables from membership and training	**572,040**	1,592,526	**570,256**	1,591,333
Less allowance for expected credit losses of membership and training	**(203,636)**	(388,244)	**(203,636)**	(388,244)
Receivables from membership and training (net)	**368,404**	1,204,282	**366,620**	1,203,089

Note 5 Trade and other receivables (continued)

	Consolidated Group		Parent Entity	
	2020	2019	2020	2019
	$	$	$	$
Receivables from apprenticeship	**497,160**	1,108,498	-	-
Less allowance for expected credit losses of apprenticeship	**(102,596)**	(124,227)	-	-
Receivables from apprenticeship (net)	**394,564**	984,272	-	-
Trade receivables (net)	**762,968**	2,188,553	**366,620**	1,203,089
Other receivables	**14,031**	148,006	**14,031**	148,006
Total trade and other receivables (net)	**776,999**	2,336,559	**380,651**	1,351,095

	Consolidated Group		Parent Entity	
	2020	2019	2020	2019
	$	$	$	$
NON-CURRENT				
Amounts receivable from related entities (Refer to Note 23)				
Wholly controlled entities				
Master Builder (NSW) Limited	-	-	**6,359,776**	5,853,002
Master Builders Association of New South Wales Pty Limited	-	-	**1,099,451**	1,599,451
	-	-	**7,459,227**	7,452,452
Other receivables				
MBAIS commissions receivable	**373,832**	341,971	**373,832**	341,971
Total Trade and other receivables	**373,832**	341,971	**7,833,059**	7,794,424

	Consolidated Group		Parent Entity	
	2020	2019	2020	2019
	$	$	$	$
b. Allowance for expected credit losses of Receivables:				
Movement in the provision for impairment of receivables is as follows:				
Expected credit losses - opening balance	**512,471**	571,833	**388,244**	450,229
Charge for year				
Bad and doubtful debts charged/ (written back)	**(157,183)**	161,810	**(156,226)**	101,743
Provision for credit raised/ (written back)	**(841)**	(2,626)	**(841)**	(2,626)
Bad debts written off	**(48,215)**	(218,546)	**(27,541)**	(161,102)
Expected credit losses – closing balance	**306,232**	512,471	**203,636**	388,244

Note 5 Trade and other receivables (continued)

Ageing of financial assets that were past due but not impaired for 2020 – Consolidated

	to 30 days	31 to 60 days	61 to 90 days	90+ days	Total past due	Within Initial trade term	Total
	$	$	$	$	$	$	$
Trade receivable	-	11,199	22,339	(13,583)	19,955	743,013	**762,968**
Other receivables	-	-	-	-	-	387,863	**387,863**
Total	-	11,199	22,339	(13,583)	19,955	1,130,876	**1,150,831**

Ageing of financial assets that were past due but not impaired for 2019 - Consolidated

	to 30 days	31 to 60 days	61 to 90 days	90+ days	Total past due	Within Initial trade term	Total
	$	$	$	$	$	$	$
Trade receivable	-	263,461	44,435	116,664	424,560	1,763,993	2,188,553
Other receivables	-	-	-	-	-	489,977	489,977
Total	-	263,461	44,435	116,664	424,560	2,253,970	2,678,530

Ageing of financial assets (other than amounts receivable from related entities) that were past due but not impaired for 2020 - Parent

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total past due	Within Initial trade term	Total
	$	$	$	$	$	$	$
Trade receivable	-	49,549	23,532	(13,183)	59,898	306,722	**366,620**
Other receivables	-	-	-	-	-	387,863	**387,863**
Total	-	49,549	23,532	(13,183)	59,898	694,585	**754,483**

Ageing of financial assets (other than amounts receivable from related entities) that were past due but not impaired for 2019 - Parent

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total past due	Within Initial trade term	Total
	$	$	$	$	$	$	$
Trade receivable	-	189,145	12,476	-	201,621	1,001,468	1,203,089
Other receivables	-	-	-	-	-	489,977	489,977
Total	-	189,145	12,476	-	201,621	1,491,445	1,693,066

i. In determining the recoverability of a trade receivable, the Group considers the age of the receivable, payment history and any other change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

ii. The credit term is normally one month from date of invoice, except that of apprenticeship, which is 7 days from date of invoice.

Note 5 Trade and other receivables (continued)

The following is an analysis of the trade receivables individually determined to be impaired:

	Consolidated Group		Parent Entity	
	2020	2019	2020	2019
	$	$	$	$
0 to 30 days	**82,987**	-	**34,479**	-
30 to 60 days	**37,070**	111,582	**28,773**	111,582
60 to 90 days	**113,619**	65,136	**100,069**	65,136
90 + days	**72,555**	335,753	**40,314**	211,526
	306,232	512,471	**203,636**	388,244

c. Credit Risk

The Master Builders Association of New South Wales and Controlled Entities have no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The main source of credit risk is considered to relate to the class of assets described as trade and other receivables.

	Consolidated Group		Parent Entity	
	2020	2019	2020	2019
	$	$	$	$
The maximum exposure to credit risk, from receivables	**1,457,063**	3,191,001	**958,119**	2,081,310

Financial assets classified as loans and receivables (at amortised cost)

	Consolidated Group		Parent Entity	
	2020	2019	2020	2019
	$	$	$	$
Trade and other receivables:				
Total Current	**776,999**	2,336,559	**380,651**	1,351,095
Total Non- Current	**373,832**	341,971	**7,833,059**	7,794,424
	1,150,831	2,678,530	**8,213,710**	9,145,519

Note 6 Other Financial assets

CURRENT				
At amortised cost- bank term deposits	**11,757,826**	9,175,642	**11,757,826**	9,175,642
	11,757,826	9,175,642	**11,757,826**	9,175,642
NON-CURRENT				
Unlisted investments at cost				
MBA Insurance Services Pty Ltd	**140,000**	140,000	**90,000**	90,000
	140,000	140,000	**90,000**	90,000

Note 7 Controlled entities

	Country of Incorporation	Percentage controlled	
		2020	2019
Master Builders (NSW) Limited	Australia	**100%**	100%
Master Builders Association of New South Wales Pty Limited	Australia	**100%**	100%

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

Note 8 Inventories

	Consolidated Group		Parent Entity	
	2020	2019	2020	2019
	$	$	$	$
CURRENT				
Stock (publications & clothing) at cost	**185,270**	194,579	**185,270**	194,579
Total stock at cost	**185,270**	194,579	**185,270**	194,579

Note 9 Other assets

	Consolidated Group		Parent Entity	
	2020	2019	2020	2019
	$	$	$	$
CURRENT				
Prepayments & accrued income	**1,238,047**	1,663,887	**847,324**	1,458,300
	1,238,047	1,663,887	**847,324**	1,458,300

Note 10 Property, plant & equipment

	Consolidated Group		Parent Entity	
	2020	2019	2020	2019
	$	$	$	$
Freehold land at fair value	**10,290,000**	9,478,000	**6,290,000**	5,978,000
Buildings at fair value	**13,423,000**	8,882,249	**3,173,000**	2,588,454
Less accumulated depreciation	-	(386,639)	-	(88,044)
Total buildings	**13,423,000**	8,495,610	**3,173,000**	2,500,410
Total land and buildings	**23,713,000**	17,973,610	**9,463,000**	8,478,410
Paintings at cost	**53,313**	53,313	**53,313**	53,313
Plant and equipment at cost	**1,562,340**	1,546,783	**1,194,514**	1,178,957
Less accumulated depreciation	**(1,198,916)**	(1,095,695)	**(863,785)**	(771,723)
Total plant and equipment	**363,424**	451,088	**330,729**	407,234
Total property, plant & equipment	**24,129,737**	18,478,011	**9,847,042**	8,938,957

The freehold land and buildings were valued by independent valuers in 2020. The Council considered the highest and best use of the properties to be their current use – that of conducting the business of the entity.

i. For the entity's premises located at:
- 52 Parramatta Road Forest Lodge NSW 2038 ($14,250,000);
- 5 Burbank Place Baulkham Hills NSW 2153 ($7,600,000);
- 1/171 Princes Highway, Ulladulla NSW 2529 ($510,000); and
- 30 De Havilland Crescent, Ballina NSW 2478 ($1,353,000)

an independent valuation was made on 12 March 2020, 16 March 2020, 6 May 2020 and 7 April 2020 respectively.

The independent valuation was based on sales per square meter of building area sold achieved by observable sales of similar properties in similar areas and applying that rate to the building area of the company's property. A significant increase (decrease) in estimated price per square meter in isolation would result in a significantly higher (lower) fair value.

Note 10 Property, plant & equipment (continued)

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Freehold land $	Buildings $	Paintings $	Plant & equipment $	Total $
Consolidated Group					
Balance at 1 July 2018	9,478,000	8,410,250	53,313	583,071	18,524,634
Additions	-	286,739	-	119,906	406,645
Disposals	-	-	-	(49,986)	(49,986)
Depreciation expense	-	(201,379)	-	(201,903)	(403,282)
Balance at 30 June 2019	9,478,000	8,495,610	53,313	451,088	18,478,011
Additions	-	36,692	-	64,310	101,002
Disposals	-	-	-	(22,760)	(22,760)
Depreciation expense	-	(205,101)	-	(129,214)	(334,315)
Revaluation adjustments	812,000	5,095,798	-	-	5,907,7998
Balance at 30 June 2020	**10,290,000**	**13,423,000**	**53,313**	**363,424**	**24,129,737**
Parent Entity					
Balance at 1 July 2018	5,978,000	2,265,257	53,313	502,434	8,799,004
Additions	-	286,739	-	119,906	406,645
Disposals	-	-	-	(49,986)	(49,986)
Depreciation expense	-	(51,587)	-	(165,120)	(216,707)
Balance at 30 June 2019	5,978,000	2,500,409	53,313	407,234	8,938,957
Additions	-	3,071	-	64,310	67,381
Disposals	-	-	-	(22,760)	(22,760)
Depreciation expense	-	(54,713)	-	(118,056)	(172,769)
Revaluation adjustments	312,000	724,232	-	-	1,036,232
Balance at 30 June 2020	**6,290,000**	**3,173,000**	**53,313**	**330,729**	**9,847,042**

Note 11 Intangibles

	Consolidated Group		Parent Entity	
	2020	2019	2020	2019
	$	$	$	$
Intangibles – computer software at cost	**1,616,538**	1,424,405	**1,616,538**	1,424,405
Less accumulated amortisation	**(1,092,305)**	(616,190)	**(1,092,305)**	(616,190)
	524,233	808,215	**524,233**	808,215

(a) Movements in Carrying Amounts

Movement in the carrying amounts for intangibles – computer software between the beginning and the end of the current financial year

	Consolidated Group		Parent Entity	
	2020	2019	2020	2019
	$	$	$	$
Carrying amount at beginning of the year	**808,215**	1,050,741	**808,215**	1,050,741
Additions	**192,134**	209,735	**192,134**	209,735
Amortisation expense	**(476,116)**	(452,261)	**(476,116)**	(452,261)
Carrying amount at the end of the year	**524,233**	808,215	**524,233**	808,215

Note 12 Leases

Set below are the carrying amounts of right-of-use assets recognised during the year.

	Consolidated Group		Parent Entity	
	2020	2019	2020	2019
	$	$	$	$
Motor vehicle (right-of-use)	**496,366**	-	**496,366**	-
less: accumulated amortisation	**(92,643)**	-	**(92,643)**	-
	403,723	-	**403,723**	-
Buildings (right-of-use)	**138,511**	-	**138,511**	-
less: accumulated amortisation	**(80,206)**	-	**(80,206)**	-
	58,305	-	**58,305**	-
Plant and equipment (right-of-use)	**150,034**	-	**150,034**	-
less: accumulated amortisation	**(41,781)**	-	**(41,781)**	-
	108,253	-	**108,253**	-
Total Right-of-use assets	**570,282**	-	**570,282**	-

The leases are for various motor vehicles with a term of one to three years. The plant and equipment leases are in respect of photocopiers leased by the Association with terms up to three years.

Property leases are non-cancellable leases with terms of up to two years. Rent is payable monthly in advance. Minimum rentals increase annually at rates between CPI and 4% per annum. Certain leases have options to renew at the end of the term.

Note 12 Leases (continued)

a) Movements in Carrying Amounts

Movement in the carrying amounts for right-of-use assets – between the beginning and the end of the current financial year

	Motor Vehicle	Buildings	Plant & equipment	Total
	$	$	$	$
Consolidated Group				
As at 1 July 2019 (restated)	496,366	138,511	150,034	784,912
Additions	-	-	-	-
Disposals	-	-	-	-
Depreciation expense	(92,643)	(80,206)	(41,781)	(214,630)
Balance at 30 June 2020	**403,723**	**58,305**	**108,253**	**570,282**
Parent Entity				
As at 1 July 2019 (restated)	496,366	138,511	150,034	784,912
Additions	-	-	-	-
Disposals	-	-	-	-
Depreciation expense	(92,643)	(80,206)	(41,781)	(214,630)
Balance at 30 June 2020	**403,723**	**58,305**	**108,253**	**570,282**

Set below are the carrying amounts of lease liabilities and the movements during the period:

b) Lease liabilities

	Consolidated Group		Parent Entity	
	2020	2019	2020	2019
	$	$	$	$
As at 1 July 2019	**784,912**	-	**784,912**	-
Additions	-	-	-	-
Accretion of Interest	**20,335**	-	**20,335**	-
Payments	**(276,142)**	-	**(276,142)**	-
As at 30 June 2020	**529,104**	-	**529,104**	-
Current	**262,214**	-	**262,214**	-
Non-current	**266,890**	-	**266,890**	-
	529,104	-	**529,104**	-

The maturity analysis of lease liabilities is disclosed in Note 18A

Note 13 Trade and other payables

	Consolidated Group		Parent Entity	
	2020	2019	2020	2019
CURRENT	$	$	$	$
Payables to another reporting unit	-	-	-	-
Trade creditors and accruals	**1,104,550**	1,002,956	**901,193**	766,522
Other payables	**834,004**	866,786	**556,931**	500,154
Total trade and other payables	**1,938,554**	1,869,742	**1,458,125**	1,266,676

The average credit period on purchases of goods is 30 days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. No interest is paid on overdue amounts.

Other payables

	Consolidated Group		Parent Entity	
	2020	2019	2020	2019
	$	$	$	$
Payable to employers for making payroll deductions of membership subscriptions	-	-	-	-
Legal costs (litigation or legal costs)	-	-	-	-
GST (recoverable)/ payable	**395,476**	474,161	**124,007**	115,260
Other	**438,527**	392,625	**432,925**	384,894
Total other payables	**834,004**	866,786	**556,931**	500,154

	Consolidated Group		Parent Entity	
	2020	2019	2020	2019
	$	$	$	$
Total other payables are expected to be settled in:				
No more than 12 months	**834,004**	866,786	**556,931**	500,154
More than 12 months	-	-	-	-
Total other payables	**834,004**	866,786	**556,931**	500,154

Financial liabilities at amortised cost classified as trade and other payables				
Total trade and other payables	**1,938,554**	1,869,742	**1,458,125**	1,266,676
GST receivable/(payable)	**(395,476)**	(474,161)	**(124,007)**	(115,260)
Financial liabilities as trade and other payables	**1,543,077**	1,395,581	**1,334,118**	1,151,416

Note 14 Deferred revenue

	Consolidated Group		Parent Entity	
	2020	2019	2020	2019
	$	$	$	$
CURRENT				
Membership income received in advance	**1,917,803**	1,955,029	**1,917,803**	1,955,029
Other deferred income	**259,021**	565,884	**259,021**	565,884
Total	**2,176,825**	2,520,913	**2,176,825**	2,520,913

Note 15 Employee benefits

	Consolidated Group		Parent Entity	
	2020	2019	2020	2019
	$	$	$	$
Employees other than office holders:				
Annual leave	**1,220,124**	1,265,825	**567,497**	487,098
Long service leave	**699,734**	713,277	**699,734**	713,277
Separations and redundancies	-	-	-	-
Other	-	-	-	-
Subtotal employee provisions—employees other than office holders	**1,919,859**	1,979,102	**1,267,231**	1,200,375
Total employee benefits	**1,919,859**	1,979,102	**1,267,231**	1,200,375
Current	**1,845,707**	1,838,762	**1,193,080**	1,060,036
Non-Current	**74,151**	140,339	**74,151**	140,339
Total employee benefits	**1,919,859**	1,979,102	**1,267,231**	1,200,375

Except for the President honorarium disclosed in Note 3 officeholders are not entitled to benefits from the entity. Accordingly, no provision for employee benefits including annual leave, long service leave, separations and redundancies for office holders has been made.

Provision for long-term employee benefits

A provision has been recognised for employee benefits relating to long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been included in note 1(i).

Note 16 Unspent grant

	Consolidated Group		Parent Entity	
	2020	2019	2020	2019
	$	$	$	$
CURRENT				
Grants	**843,078**	711,683	**365,078**	233,683
NON-CURRENT				
Grants	-	-	-	-
Total grants unearned	**843,078**	711,683	**365,078**	233,683

The unspent grants pertain to the following:

- Grants from Skills and Economic Development, Department of Industry of $170,500 (Stream 4), $50,472 for Streams 2 & 3;
- Grants from the Aboriginal Housing Office of $478,000 for targeting Aboriginal apprentice & trainee candidates and to fund current indigenous apprentices; and
- Grants from NSW Ministry of Health of $144,106 for suicide prevention training.

Note 17 Reserve

The asset revaluation reserve records revaluations of non-current assets.

Note 18 Financial Instruments

Note 18A Net Income and Expense from Financial Assets

	Consolidated Group		Parent Entity	
	2020	2019	2020	2019
	$	$	$	$
At amortised cost				
Interest revenue	**235,716**	239,873	**235,551**	239,808
Net gain/(loss)	**235,716**	239,873	**235,551**	239,808
Loans and receivables				
Impairment	**157,183**	(161,810)	**156,226**	(101,743)
Net gain/(loss) from loans and receivables	**157,183**	(161,810)	**156,226**	(101,743)
Net income from financial assets at amortised cost	**392,899**	78,063	**391,777**	138,065

a) Liquidity Risk

Prudent liquidity risk management is carried out by maintaining sufficient cash including working capital. The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the entity can be required to pay. The table includes both interest and principal cash flows.

Maturities for financial liabilities 2020 - Consolidated

	Weighted average effective interest rate	1 year	1–2 years	2–5 years	>5 years	Total
		$	$	$	$	$
Non-interest bearing	-	1,543,077	-	-	-	1,543,077
Interest bearing (lease liabilities)	3.56%	276,358	274,445	-	-	550,803
Total		**1,819,435**	**274,445**	-	-	**2,093,880**

Maturities for financial liabilities 2019 - Consolidated

	Weighted average effective interest rate	< 1 year	1–2 years	2–5 years	>5 years	Total
		$	$	$	$	$
Non-interest bearing	-	1,395,581	-	-	-	1,395,581
Total		**1,395,581**	-	-	-	**1,395,581**

Note 18 Financial Instruments (continued)

a) Liquidity Risk (continued)

Maturities for financial liabilities 2020 - Parent

	Weighted average effective interest rate	< 1 year	1– 2 years	2– 5 years	>5 years	Total
		$	$	$	$	$
Non-interest bearing	-	1,334,118	-	-	-	1,334,118
Interest bearing (lease liabilities)	3.56%	276,358	274,445	-	-	550,803
Total		**1,610,476**	**274,445**	**-**	**-**	**1,884,921**

Maturities for financial liabilities 2019 - Parent

	Weighted average effective interest rate	< 1 year	1– 2 years	2– 5 years	>5 years	Total
		$	$	$	$	$
Non-interest bearing	-	1,151,416	-	-	-	1,151,416
Total		1,151,416	-	-	-	1,151,416

b) 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 financial instruments that primarily expose the entity to interest rate risk are term deposits and cash and cash equivalents.

An increase or decrease of 50 interest basis points would increase or decrease consolidated surplus and equity by $58,789 (2019: $45,878) and for the parent entity surplus and equity by $58,789 (2019: $45,878).

c) Credit Risk

Refer to Note 5c for details of the credit risk.

d) Price risk

There has been no change to the association's exposure to market risks or the manner in which these risks are managed and measured.

e) Foreign Currency Risk Management

The association does not undertake transactions denominated in foreign currencies, and consequently an exposure to exchange rate fluctuation does not arise.

Note 18 Financial Instruments (continued)

f) Fair Value

The fair values of assets and liabilities, fair values approximate their carrying value. No financial assets and financial liabilities are readily traded on organised markets in a standardised form.

Financial assets where carrying amounts exceed net fair values have not been written down as the company intends to hold these to maturity.

The aggregate fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

g) Capital Risk Management

The association manages its capital to ensure that it will be able to continue as a going concern. The association's overall strategy remains unchanged and is not exposed to any externally imposed capital requirements.

Note 19 Fair value measurement

The association measures freehold land and buildings at fair value on a non-recurring basis.

Management of the association assessed that the fair value of cash and cash equivalents, trade and other receivables, other financial assets and trade and other payables approximate their carrying amounts largely due to the short term maturities of these instruments.

Land and buildings are valued using the fair value hierarchy Level 2 (refer note 1(s) for the definition of Level 2) - refer to note 10 for details of the valuation techniques and inputs.

Note 20 Capital and leasing commitments

	Consolidated Group		Parent Entity	
	2020	2019	2020	2019
	$	$	$	$
Operating lease commitments				
Non-cancellable operating leases contracted for but not capitalised				
Motor vehicles and office equipment				
- Not later than 1 year	-	122,931	-	122,931
- Later than 1 year but not later than 5 years	-	86,700	-	86,700
	-	209,632	-	209,632
Property				
- Not later than 1 year	-	78,176	-	78,176
- Later than 1 year but not later than 5 years	-	52,354	-	52,354
	-	130,529	-	130,529
Total operating lease commitments	-	340,161	-	340,161

Operating leases are accounted under AASB 16 Leases, and future lease commitments have been recognised lease liabilities and disclosed under to Note 12 Leases.

Note 21 Contingent liabilities

At 30 June 2020, there were no contingent liabilities of the consolidated entity or the Association (2019: none).

Note 22 Events subsequent to reporting date

As a result of the evolving nature of the COVID-19 outbreak and the rapidly evolving government policies of restrictive measures put in place to contain it, as at the date of these financial statements, the Association is not in a position to reasonably estimate the financial effects of the COVID-19 outbreak on the future financial performance and financial position of the Association.

Other than the current disclosures, there has not been any other matters or circumstances occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Association, the results of those operations, or the state of affairs of the Association in subsequent financial periods.

Note 23 Segment reporting

The association operates predominantly in one business and geographical segment being an industrial association for builders throughout New South Wales.

Note 23 Related party transactions

	Consolidated Group		Parent Entity	
	2020	2019	2020	2019
	$	$	$	$
Transactions with related parties				
With controlled entities				
Master Builders Association of New South Wales performed all administrative functions for the wholly controlled entity Master Builders Association of New South Wales Pty Limited. For this service a management fee is paid to the Master Builders Association of New South Wales	-	-	**3,139,650**	3,018,381
Master Builders Association of New South Wales performed all administrative functions for the wholly controlled entity Master Builders (NSW) Limited. For this service an administration charge is paid to the Master Builders Association of New South Wales	-	-	**460,704**	457,898
Master Builders (NSW) Limited provides premises to Master Builders Association of New South Wales for which rent is charged	-	-	**(318,000)**	(318,000)
With key management personnel				
Office holders being members of the council of management				
The Association contracts with the following council members over which a council member has significant interest for the provision of training services / repairs on an arm's length basis.				
Amounts paid during the period are as follows:				
MKO Consulting Pty Ltd (Michael O'Donnell) – training	**39,122**	73,280	**39,122**	73,280
Stanton Building Contract Services (Louis Stanton) – training	**10,808**	16,003	**10,808**	16,003
Trew Enterprises Pty Ltd (Ross Finnie) – training	**5,534**	-	**5,534**	-
C E Pilcher & Son Pty Ltd (Simon Pilcher) – building repairs and renovations	**37,067**	-	**37,067**	-

Note 23 Related party transactions (continued)

	Consolidated Group	Parent Entity	Consolidated Group	Parent Entity
	2020	2019	2020	2019
	$	$	$	$
Amounts owed by/(to) related parties				
Wholly controlled entities: refer note 5 for disclosures				
Key management personnel	-	-	-	-

Terms and conditions of transactions with related entities

Master Builders Association of New South Wales has provided a letter of support to Master Builders Association of New South Wales Pty Limited whereby Master Builders Association of New South Wales advises it will provide ongoing financial support if needed to allow the Master Builders of New South Wales Pty Limited to pay its debts as and when they fall due. Except for this letter there have been no guarantees provided or received for any related party receivables or payables.

Master Builders Association of New South Wales has not recorded any impairment of receivables relating to amounts owed by related parties and declared persons or bodies (2019: $nil) for the year ended 30 June 2020. This assessment is undertaken each financial year.

Note 24 Cash flow information

	Consolidated Group		Parent Entity	
	2020	2019	2020	2019
	$	$	$	$
Reconciliation of cash flow from operations				
Surplus for the year	**409,016**	870,412	**950,673**	1,122,287
Non-cash flows in surplus:				
Depreciation and amortisation	**1,025,061**	855,543	**863,515**	668,968
(Profit) / loss on sale of plant & equipment	**(2,317)**	8,460	**(2,317)**	8,460
Changes in assets and liabilities:				
Decrease/(increase) in trade & other receivables	**1,527,700**	1,506,401	**931,810**	1,684,847
Decrease/(increase) in inventories	**9,309**	27,965	**9,309**	27,965
Decrease/(increase) in other assets	**425,840**	(344,876)	**610,976**	(375,625)
Increase/(decrease) in trade & other payables	**68,811**	(583,979)	**191,449**	(270,172)
Increase/(decrease) in deferred revenue	**(344,088)**	(1,427,902)	**(344,088)**	(1,427,902)
Increase/(decrease) in employee benefits	**(59,243)**	(51,419)	**66,856**	49,023
Increase/(decrease) in unspent grants	**131,395**	254,378	**131,395**	(223,622)
Net cash provided by operating activities	**3,191,485**	1,114,983	**3,409,577**	1,264,228

Note 25 Key Management Personnel Compensation

Any person having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel.

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

	Consolidated Group		Parent Entity	
	2020	2019	2020	2019
	$	$	$	$
Short-term employee benefits				
Salary (including annual leave taken)	**858,347**	687,362	**858,347**	687,362
Fringe benefit	**58,472**	53,197	**58,472**	53,197
Total short-term employee benefits	**916,819**	740,559	**916,819**	740,559
Post-employment benefits - Superannuation	**80,440**	63,025	**80,440**	63,025
Other long-term benefits- Long-service leave	**16,224**	17,216	**16,224**	17,216
Total	**1,013,483**	820,799	**1,013,483**	820,799

No loans or transactions other than the above occurred with key management personnel.

Note 26 Financial Risk Management

The financial instruments consist mainly of deposits with banks, term deposits with bank, accounts receivable and payable, lease liabilities, and loans to wholly controlled entities.

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

	Note	Consolidated Group		Parent Entity	
		2020	2019	2020	2019
		$	$	$	$
Financial assets – at amortised cost					
Cash and cash equivalents	4	**1,990,762**	1,905,329	**1,407,996**	1,070,849
Trade and other receivables	5	**1,150,831**	2,678,531	**8,213,710**	9,145,519
Term deposits	6	**11,757,826**	9,175,642	**11,757,826**	9,175,642
Other financial assets	6	**140,000**	140,000	**90,000**	90,000
Total financial assets		**15,039,419**	13,899,501	**21,469,531**	19,482,010
Financial liabilities at amortised cost					
Trade and other payables	13	**1,543,077**	1,395,581	**1,334,118**	1,151,416
Lease liabilities	12	**529,104**	-	**529,104**	-
Total financial liabilities		**2,072,182**	**1,395,581**	**1,863,222**	**1,151,416**

Note 27 Recovery of Wages

No recovery of wages activity has been undertaken by the Master Builders Association of New South Wales in the financial year to 30 June 2020, the previous financial year and the period from 30 June 2020 to the date of this report.

Note 28 Section 272 Fair Work (Registered Organisations) Act 2009

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of the members is drawn to the provisions of the sub-sections (1) to (3) of Section 272, which reads as follows:

Information to be provided to members or Commissioner:

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

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

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

Note 29 Master Builders Association of New South Wales Details

The registered office and principal place of business of the Master Builders Association of New South Wales is:

52 Parramatta Road
Forest Lodge NSW 2038

MASTER BUILDERS ASSOCIATION OF NEW SOUTH WALES AND ITS CONTROLLED ENTITIES
ABN 96 550 042 906

COUNCIL OF MANAGEMENT STATEMENT

On 13 October 2020 the Council of Management of Master Builders Association of New South Wales passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 30 June 2020:

The Council of Management declares that in its opinion:

(a) the financial statements and notes comply with the Australian Accounting Standards;

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

(c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the Master Builders Association of New South Wales for the financial year to which they relate;

(d) there are reasonable grounds to believe that the Master Builders Association of New South Wales will be able to pay its debts as and when they become due and payable; and

(e) during the financial year to which the GPFR relates and since the end of that year:

   (i) meetings of the council of management were held in accordance with the rules of the organisation including the rules of a branch concerned;

   (ii) the financial affairs of the Master Builders Association of New South Wales have been managed in accordance with the rules of the organisation;

   (iii) the financial records of the Master Builders Association of New South Wales have been kept and maintained in accordance with the RO Act;

   (iv) the Master Builders Association of New South Wales consists of one reporting unit;

   (v) where information has been sought in any request by a member of the reporting unit or Commissioner duly made under section 272 of the RO Act has been provided to the member or Commissioner; and

   (vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

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

Council Member

Simon Pilcher

Council Member

Robert Black

Dated at Sydney, 13th day of October 2020

MASTER BUILDERS ASSOCIATION OF NEW SOUTH WALES AND ITS CONTROLLED ENTITIES
ABN 96 550 042 906

OFFICER DECLARATION STATEMENT

I, Simon Pilcher and I, Robert Black, being council members of Master Builders Association of New South Wales, declare that the following activities did not occur during the reporting period ending 30 June 2020.

The reporting unit did not:

- agree to receive financial support from another reporting unit to continue as a going concern
- agree to provide financial support to another reporting unit to ensure they continue as a going concern
- acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission
- receive any other revenue from another reporting unit
- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity
- provide cash flows to another reporting unit
- receive cash flows from another reporting units
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit

Council Member

Simon Pilcher

Council Member

Robert Black

Dated at Sydney, 13th day of October 2020

Nexia Australia

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MASTER BUILDERS ASSOCIATION OF NEW SOUTH WALES AND ITS CONTROLLED ENTITIES

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Master Builders Association of New South Wales and its Controlled Entities (the Reporting Unit), which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, the subsection 255(2A) report, the Council of Management Statement and the Officer Declaration Statement.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Reporting Unit as at 30 June 2020, and its financial performance and its cash flows for the year ended on that date in accordance with:

a) the Australian Accounting Standards; and

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

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

Basis for Opinion

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

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

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

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

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.

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Australia Square NSW 1215
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Responsibilities of Council of Management for the Financial Report

The Council of Management of the Reporting Unit is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the Council of Management determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Council of Management is responsible for assessing the Reporting Unit's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council of Management either intend to liquidate the Reporting Unit or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, 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 Reporting Unit's internal control.

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

- Conclude on the appropriateness of the Council of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Reporting Unit's ability to continue as a going concern. If 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 Reporting Unit to cease to continue as a going concern.

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

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

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

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

Nexia Sydney Audit Pty Ltd

Vishal Modi

Vishal Modi
Director

Registration number (as registered by the RO Commissioner under the RO Act): AA2019/20

Dated this 13th day of October 2020