Australian Government
Registered Organisations Commission

23 November 2020

Andrew Marshall
President
Master Builders Association of South Australia Incorporated
Sent via email: buildsa@mbasa.com.au
CC: scamilleri@nexiaem.com.au

Dear Andrew Marshall,

Master Builders Association of South Australia Incorporated
Financial Report for the year ended 30 June 2020 – (FR2020/145)

I acknowledge receipt of the financial report for the year ended 30 June 2020 for the Master Builders Association of South Australia Incorporated. The documents were lodged with the Registered Organisations Commission (**the ROC**) on 10 November 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.

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
SOUTH AUSTRALIA

Designated Officer's Certificate
S268 Fair Work (Registered Organisations) Act 2009

I, Andrew Marshall, being the President of the Master Builders Association of South Australia Inc. certify:

- that the documents lodged herewith are copies of the full report for the Master Builders Association SA Inc for the period ended 30 June 2020, referred to in s.268 of the Fair Work (Registered Organisations) Act 2009;

- that the full report was provided to members of the reporting unit on 30th September 2020;

- that the full report was presented to the Council and Management and approved on 28th September 2020; and

- that the full report was presented to the Annual General Meeting of the reporting unit on 28th October 2020 in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009.

President: ....
Andrew Marshall

Date: 9th November 2020

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Master Builders Association of SA

ABN 61 183 783 305

Consolidated Financial Statements
For the Year Ended 30 June 2020

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OPERATING REPORT FOR THE YEAR ENDED 30 JUNE 2020

In accordance with *Fair Work (Registered Organisations) Act 2009*, the Council of Management submit the financial report of Master Builders Association of SA Inc (the "Association") for the financial year ended 30 June 2020.

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

The principal activities of the Association are to represent the interests of members and to provide a range of services to members. The members are from the building and construction industry within South Australia, and comprise builders, contractors, subcontractors and suppliers within this industry. The result of providing these services was to further enhance the reputation of the members in providing quality services to their customers.

Significant changes in financial affairs

The Association obtained a net profit of $643,180 which exceeded budget with most departments meeting or exceeding operating budget. This profit was the highest since FY2014. Revenue of $11,288,421 was also the highest since FY2015.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and any economic stimulus that may be provided.

Management is not aware of any other significant changes in the nature of its financial affairs that occurred during the year. The Association was able to fulfil its principal activities.

Right of members to resign

All Members of the Association have the right to resign from the Association in accordance with Rule 9 of the Association's Rules; namely, by providing written notice addressed and delivered to the Chief Administrative Officer of the Association, being the Chief Executive Officer.

Officers and employees who are a superannuation fund trustee or a director of a company that is a superannuation fund trustee

No officer or member of the Association holds a position as trustee or director of a superannuation entity or exempt public sector superannuation scheme where the criterion for holding such position is that they are an officer or member of an organisation.

Number of members of the Association

The Association has 2004 members at 30 June 2020 (2019: 1,952).

Number of employees of the Association

The Association has 142 full time equivalent employees (staff and apprentices) at 30 June 2020 (2019: 133).

OPERATING REPORT FOR THE YEAR ENDED 30 JUNE 2020

Declaration by responsible persons of the Association

During the financial year to 30 June 2020:

(i) no officer of the Association;

(ii) no firm of which an officer is a member; or

(iii) no body corporate in which any officer has a substantial financial interest,

has received, or become entitled to receive, a benefit as a result of a contract between the officer, firm or body corporate and the Association, or has received, directly or indirectly from the Association, any payment or other benefit of a pecuniary value, other than remuneration under an employment contract and items disclosed in Note 20 Related Parties.

Names of Council of Management members during the financial year

The names of Council of Management members throughout the year and at the date of this report, unless otherwise stated, are:

A Marshall
P Salveson
E Zito
T Klemm
H Papas
N Abley (Resigned 23 October 2019)
J Wilson (Appointed 19 November 2019)
F Pascale
C Samaras
P Innes
D Pietrobon (Appointed 19 November 2019, Resigned 27 July 2020)
T Emmett
C Leopold
J Piotto
J Merrigan
M Canala
J Goetze (Resigned 23 October 2019)
R Zammit (Appointed 23 October 2019)
J Kennett (Appointed 19 November 2019)
G Minuzzo (Appointed 19 November 2019)
N Mossop (Resigned 23 October 2019)

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

President: ....

Andrew Marshall

28 September 2020

REPORT REQUIRED UNDER SUBSECTION 255(2A)
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.

Descriptive form

Categories of expenditures	2020 $	2019 $
Remuneration and other employment-related costs and expenses - employees	7,593,240	7,287,924
Advertising	-	-
Operating costs	3,042,258	3,424,833
Donations to political parties	-	-
Legal costs	9,743	10,776
Total	**10,645,241**	**10,723,533**

President: ....

Andrew Marshall

28 September 2020

Master Builders Association of SA Inc

STATEMENT BY MEMBERS OF THE COUNCIL
FOR THE YEAR ENDED 30 JUNE 2020

On 28 September 2020 the Council of Management of Master Builders Association SA Inc (the "Association") passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 30 June 2020.

In the opinion of the Council of Management:

(a) the financial statements and notes comply with 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 Association and its controlled entities for the year ended 30 June 2020;

(d) at the date of this statement, there are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable;

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

  (i) meetings of the Council of Management were held in accordance with the rules of the Association;

  (ii) the financial affairs of the Association have been managed in accordance with the rules of the Association;

  (iii) the financial records of the Association and controlled entities have been kept and maintained in accordance with the *Fair Work (Registered Organisations) Act 2009* and the *Fair Work (Registered Organisations) Regulations 2009*;

  (iv) the financial records of the Association have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the Association;

  (v) where information has been sought in any request by a member of the Association or Commissioner duly made under section 272 of the *Fair Work (Registered Organisations) Act 2009*, this 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 *Fair Work (Registered Organisations) Act 2009*, there has been compliance; and

(d) no revenue has been derived from undertaking recovery of wages activity during the year.

This statement is made in accordance with a resolution of the Council of Management passed on 28 September 2020 and is signed for and on behalf of the Council of Management by:

President: ....

Andrew Marshall

Deputy President: ....

Tom Emmett

28 September 2020

Master Builders Association of SA Inc

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

	Note	2020	2019
		$	$
Revenue	3a	8,788,489	8,702,445
Other Income	3b	2,499,932	1,848,789
Total Income		11,288,421	10,551,234
Employee benefits expense – office holders	25	(988,700)	(1,010,720)
Employee benefits expense – other	25	(6,649,517)	(6,630,820)
Depreciation and amortisation expense		(385,146)	(405,094)
Supplies and services	4	(2,621,878)	(2,676,897)
Current year surplus/(deficit) before income tax		643,180	(172,297)
Income tax expense		-	-
Net current year surplus/(deficit)		643,180	(172,297)
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Fair value adjustment losses on available-for-sale financial assets, net of tax		-	-
Items that will not be reclassified subsequently to profit or loss			
Revaluation of property, plant and equipment		-	-
Total other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year, net of tax		643,180	(172,297)
Net current year surplus/(deficit) attributable to members of the entity		643,180	(172,297)
Total comprehensive income/(loss) attributable to members of the entity		643,180	(172,297)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Master Builders Association of SA Inc

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020	2019
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	2,988,454	2,685,330
Trade and other receivables	7	1,567,088	1,221,229
Inventories	8	6,115	9,553
Other assets	9	82,590	252,379
TOTAL CURRENT ASSETS		4,644,247	4,168,491
NON-CURRENT ASSETS			
Financial assets designated through profit or loss	10	818,533	120,000
Financial assets mandatorily through profit or loss	11	5,593,119	5,903,558
Property, plant and equipment	12	12,563,227	12,699,059
Intangible assets	13	910,455	803,833
TOTAL NON-CURRENT ASSETS		19,885,334	19,526,450
TOTAL ASSETS		24,529,581	23,694,941
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	1,468,985	1,714,965
Contract liabilities	15	1,102,483	-
Employee provisions	16	495,562	505,772
TOTAL CURRENT LIABILITIES		3,067,031	2,220,737
NON-CURRENT LIABILITIES			
Employee provisions	16	73,777	45,135
TOTAL NON-CURRENT LIABILITIES		73,777	45,135
TOTAL LIABILITIES		3,140,808	2,265,872
NET ASSETS		21,388,773	21,429,069
EQUITY			
Reserves		6,066,048	6,066,048
Retained earnings		15,322,725	15,363,201
TOTAL EQUITY		21,388,773	21,429,069

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

It should also be noted that the Total Equity and Net Assets in FY20 were affected by the adoption of the AASB15 and AASB1058 standards. This resulted in a decrease in retained earnings of $683,476 and an increase in liabilities of $698,485. Refer to Note 1(u) for more details.

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

	Retained earnings	Fair value adjustment assets – available for sale reserve	Asset revaluation reserve	Total
	$	$	$	$
Balance at 1 July 2018	14,732,504	1,325,266	6,066,048	22,123,818
Retrospective adjustment upon change in accounting policy (AASB 9)	900,005	(900,005)	-	-
Adjustment of BIRST income	(97,191)	-	-	(97,191)
Net current year surplus	(172,297)	-	-	(172,297)
Gain / (loss) on fair value movements	-	(425,261)	-	(425,261)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss attributable to members of the entity	(269,488)	-	-	(694,749)
Balance at 30 June 2019	15,363,021	-	6,066,048	21,429,069
Balance at 1 July 2019	15,363,021	-	6,066,048	21,429,069
Effect of adoption of AASB 15 and AASB 1058	(683,476)	-	-	(683,476)
Net current year surplus	643,180	-	-	643,180
Total comprehensive loss attributable to members of the entity	(40,296)	-	-	(40,296)
Balance at 30 June 2020	15,322,725	-	6,066,048	21,388,773

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020	2019
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		11,075,781	10,354,906
Receipts from National Association		11,000	59,744
Payments to suppliers and employees		(9,574,364)	(10,345,044)
Payments to National Association		(225,099)	(257,256)
Dividends received		210,713	168,163
Interest received		29,263	67,428
Finance costs		(25,289)	(29,202)
Income tax/GST paid		(737,860)	(713,745)
Net cash provided by / (used in) operating activities	22	764,146	(695,006)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(68,641)	(104,002)
Purchase of intangible assets		(287,297)	(236,846)
Proceeds from sale of PPE		54,818	22,593
Proceeds from sale of investments		-	366,516
Net (purchase)/sale of shares		(159,900)	(2,104,651)
Net cash provided by / (used in) investing activities		(461,020)	(2,422,905)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash provided by / (used in) financing activities		-	-
Net increase/ (decrease) in cash held		303,124	(3,117,911)
Cash and cash equivalents at beginning of financial year		2,685,330	5,803,241
Cash and cash equivalents at end of financial year	6	2,988,454	2,685,330

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Each entity within the Association prepares its financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency and have been rounded to the nearest dollar.

The separate financial statements and notes of the parent entity have not been presented within this financial report. A parent entity summary is included in Note 24.

The financial statements were authorised for issue on 28 September 2020 by the members of the committee.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Associations Incorporation Act (SA) 1985*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and the *Fair Work (Registered Organisations) Act 2009*. The Association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities, as explained in the accounting policies below.

Summary of significant accounting policies

a. **Principles of Consolidation**

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 16.

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

b. **Income Tax**

The Association is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997.*

Non-member income of the Association is only assessable for tax, as member income is excluded under the principle of mutuality.

Deferred tax assets relating to temporary differences and unused tax losses are not recognised as it is not probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

c. **Inventories**

Inventories held for sale are measured at the lower of cost and net realisable value. Costs are assigned on the basis of costs less rebates and discounts.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

d. **Fair Value of Assets and Liabilities**

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

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

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

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

e. **Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Land and buildings

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

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

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

Plant and equipment

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

The cost of fixed assets constructed by the Association includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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

Depreciation

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5%
Plant and equipment	5% - 33%
Furniture and equipment	5% - 25%
Motor vehicles	13% - 25%
Computer hardware	20% - 33%
Computer software	20% - 33%
Building improvements	2.5% -33%
Leasehold improvements	2% - 5%

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

Gains and losses on disposals are determined by comparing net proceeds with the carrying amount. These gains and losses are recognised in profit or loss when the item is derecognised. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

f. **Financial Instruments**

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Association's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Association initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

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

The Association's 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.

Subsequent measurement

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

– financial assets at amortised cost
– financial assets at fair value through other comprehensive income
– Investments in equity instruments designated at fair value through other comprehensive income
– financial assets at fair value through profit or loss
– financial assets designated at fair value through profit or loss

Financial assets at amortised cost

The Association 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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

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.

The Association's financial assets at amortised cost includes trade receivables and loans to related parties.

Investments in equity instruments designated at fair value through other comprehensive income

Upon initial recognition, the Association can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Association benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss (including designated)

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

Derecognition

A financial asset is derecognised when:

– The rights to receive cash flows from the asset have expired or

– The Association has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

  (a) the Association has transferred substantially all the risks and rewards of the asset, or

  (b) the Association has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

Impairment

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

Therefore, the Association does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Association 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.

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).

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.

The Association’s financial liabilities include trade and other payables.

Financial liabilities at amortised cost

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

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

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

g. **Impairment of Assets**

At the end of each reporting period, the Association assesses whether there is any indication that an asset may be impaired. The assessment will consider both external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of that asset, being the higher of the asset's fair value less costs of disposal and its value-in-use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is immediately recognised in profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

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

Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

h. **Employee Provisions**

Short-term employee benefits

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

The Association's obligations for short-term employee benefits such as wages and salaries and are recognised as part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave entitlements not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates approximating the terms of the obligations. Any remeasurements of other long-term employee benefit obligations due to changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

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

i. **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.

Patents and trademarks

Patents and trademarks are recognised at cost of acquisition. They have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful lives.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project is expected to deliver future economic benefits and these benefits can be measured reliably.

Capitalised development costs have a finite useful life and are amortised on a systematic basis based on the future economic benefits over the useful life of the project.

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.

j. **Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

k. **Trade & Other Receivables and Contract Assets**

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

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Association holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest rate (EIR) method.

The Association applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

A contract asset is recognised when the Association's right to consideration in exchange goods or services that has transferred to the customer when that right is conditioned on the Association's future performance or some other condition.

l. **Revenue and Other Income**

For the year ended 30 June 2020

Revenue

The Association enters into various arrangements where it receives consideration from another party. These arrangements are noted below in detail.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

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.

If there is more than one distinct good or service promised in the membership subscription, the Association allocates the transaction price to each performance obligation based on the relative standalone selling prices of each promised good or service. In performing this allocation, standalone selling prices are estimated if there is no observable evidence of the price that the Association charges for that good or service in a standalone sale. When a performance obligation is satisfied, which is either when the customer obtains control of the good (for example, books or clothing) or as the service transfers to the customer (for example, member services or training course), the Association recognises revenue at the amount of the transaction price that was allocated to that performance obligation.

For member subscriptions paid annually in advance, the Association has elected to apply the practical expedient to not adjust the transaction price for the effects of a significant financing component because the period from when the customer pays and the good or services will transfer to the customer will be one year or less.

When a member subsequently purchases additional goods or services from the Association at their standalone selling price, the Association accounts for those sales as a separate contract with a customer.

Apprentice hiring fees

The hiring fees on apprentice enrolled in construction qualifications are recognised based on hours worked when invoiced.

Training

Trainees in construction qualifications are charged based on hourly rates.

Consideration is received by the Association to enable the entity to further its objectives. The Association recognises each of these amounts of consideration as income when the consideration is received (which is when the Association obtains control of the cash) because, based on the rights and obligations in each arrangement:

- the arrangements do not meet the criteria to be contracts with customers because either the arrangement is unenforceable or lacks sufficiently specific promises to transfer goods or services to the customer; and

- the Association recognition of the cash contribution does not give to any related liabilities.

During the year, the Association received cash consideration from the following arrangements whereby that consideration will be recognised as income upon receipt:

- donations and voluntary contribution from members (including whip arounds); and
- government grants.

Interest income

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

Government grants

Government grants are not recognised until there is reasonable assurance that the Association 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 Association recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Association should purchase, construct otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Association with no future related costs are recognised in profit or loss in the period in which they become receivable.

For the year ended 30 June 2019

Revenue is recognised when the amount of revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity, and the specific criteria as noted below has been satisfied.

Revenue from the television programme “Building Ideas” is recognised using the percentage of completion method. Revenue is recognised on a pro-rata basis according to the number of episodes aired during the financial year, funds received but are unexpensed are transferred to income received in advance under trade and other payables.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customer.

Revenue from subscriptions is accounted for on an accruals basis.

Government grants are recognised when the Association will comply with the conditions attached to the grant and the grant will be received.

Dividends are recognised when the Association’s right to receive payment is established.

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

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 Taxation Office (ATO).

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

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

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. **Accounts Payable and Other Payables**

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Association during the reporting period that remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

p. **Contract Liabilities**

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Association transfers the related goods or services. Contract liabilities include deferred income. Contract liabilities are recognised as revenue when the Association performs under the contract (i.e., transfers control of the related goods or services to the customer).

q. **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.

r. **Provisions**

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

s. **Holders of Office**

Holders of office are employees of the Association that fulfil the function of the management of the affairs of the Association, determine policies for the Association, are responsible for the making, alteration or rescission of the rules of the Association, or the performance of functions in relation to the enforcement of such rules.

t. **Critical Accounting Estimates and Judgements**

The Council of Management evaluates estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Association.

Key estimates

(i) *Impairment – general*

The Association assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the Association that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

(ii) *Fair value of land and buildings*

The Association carries its land and buildings at fair value with any revaluation recognised in the revaluation reserve. Independent valuations are obtained regularly and at the end of each reporting period the Council of Management update their assessment of the fair value of each property, taking into account the most recent valuations and movements in the market.

Key judgements

(i) *Provision for impairment of receivables*

Included in accounts receivable and other debtors at the end of the reporting period are amounts receivable from members in relation to unpaid subscriptions, and other individual debtors. The Council of Management has recorded a provision for impairment of receivables at 30 June 2020 of $79,584 (2019: $110,374).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

u. **New Australian Accounting Standards**

Adoption of New Australian Accounting Standard requirements

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

The Association applied AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-Profit Entities and AASB 16 Leases for the first time. The nature and effect of the changes as a result of the adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2020, but do not have a material impact on the financial statements of the Association.

Impact on adoption of 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 Association adopted AASB 15 and AASB 1058 using the modified retrospective method of adoption, with the date of initial application of 1 July 2019.

In accordance with the transition approach, the Association recognised the cumulative effect of applying these new standards as an adjustment to opening retained earnings at the date of initial application, i.e., 1 July 2019. Consequently, the comparative information presented has not been restated and continues to be reported under the previous standards on revenue and income recognition. In addition, the Association has applied the practical expedient and elected to apply these standards retrospectively only to contracts and transactions that were not completed contracts at the date of initial application, i.e., as at 1 July 2019.

The adoption of AASB 15 and AASB 1058 had a material impact on the Association financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

The nature and effect of the changes as at the date of adoption (1 July 2019) as a result of adoption of AASB 15 and AASB 1058 are described as follows:

Impact on the statement of financial position

	1 July 2019
Contract liabilities – income received in advance	683,476
Impact on total liabilities	683,476
Opening Retained Earnings	(683,476)
Impact on total equity	(683,476)

Set out below are the amounts by which each financial statement line item is affected as at and for the year ended 30 June 2020 as a result of the adoption of AASB 15 and AASB 1058. The first column shows amounts prepared under AASB 15 and AASB 1058 and the second column shows what the amounts would have been had AASB 15 and AASB 1058 not been adopted:

Statement of Profit or Loss and Other Comprehensive Income

	AASB15/ AASB1058	Previous AAS	Increase/ decrease
Revenue and other income			
Membership subscriptions	2,447,292	2,462,301	(15,009)
Other revenue	8,841,129	8,841,129	-
Total revenue	11,288,421	11,303,430	(15,009)
Statement of financial position			
Assets			
Total Assets	24,529,580	24,529,580	–
Liabilities			
Contract liabilities – income received in advance	698,485	–	698,485
Other Liabilities	2,442,323	3,140,808	–
Total liabilities	3,140,808	3,140,808	698,485
Equity			
Retained earnings	15,322,725	15,337,734	(15,009)
Reserves	6,066,048	6,066,048	–
Total equity	21,388,773	21,403,782	(15,009)

Amounts disclosed as contract liabilities under AASB 15 would have been disclosed as Trade & Other Payables under the previous AAS. Amounts disclosed as contract assets under AASB 15 would have been disclosed as Trade & Other Receivables under the previous AAS.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

The nature of the adjustments as at 1 July 2019 and the reasons for the significant changes in the statement of financial position as at 30 June 2020 and the income statement for the year ended 30 June 2020 are described below:

The Association adopted AASB 15 and AASB 1058 using the modified retrospective method of adoption, with the date of initial application of 1 July 2019.

In accordance with the transition approach, the Association recognised the cumulative effect of applying these new standards as an adjustment to opening retained earnings at the date of initial application, i.e., 1 July 2019. Consequently, the comparative information presented has not been restated and continues to be reported under the previous standards on revenue and income recognition. In addition, the Association has applied the practical expedient and elected to apply these standards retrospectively only to contracts and transactions that were not completed contracts at the date of initial application, i.e., as at 1 July 2019

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.

The Association as a lessee had not entered into any contracts that meet the definition of "leases", the adoption of AASB16 has resulted in no material impact to its financial report.

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.

New Accounting Standards for Application in Future Periods

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Association for the annual reporting period ended 30 June 2020. The adoption of these standards and interpretations will not have a material impact on the financial report of the Association.

NOTE 2: ADDITIONAL INFORMATION

a. **Section 272 information to be provided to Members or Commissioner**

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of Sections 272 (1), (2) and (3) regarding the reporting unit (the Association) requirements, which details are set out below:

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

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

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

Note: This subsection is a civil penalty provision (see section 305).

b. **Section 265 copies of full report or concise report to be provided to members**

(1) The Association must provide free of charge to its members either:

(a) a full report consisting of: copy of the report of the auditor in relation to the inspection and audit of the financial records of the Association in relation to a financial year; and a copy of the general purpose financial report to which the report relates; and a copy of the operating report to which the report relates; or

(b) a concise report for the financial year that complies with subsection (3).

(2) A concise report may only be provided if, under the rules of the Association, the committee of management of the Association resolves that a concise report is to be provided.

(3) A concise report for a financial year consists of:

(a) a concise financial report for the year drawn up in accordance with the regulations; and

(b) the operating report for the year; and

(c) a statement by the auditor:

(i) that the concise financial report has been audited; and

(ii) whether, in the auditor's opinion, the concise financial report complies with the relevant Australian Accounting Standards; and

(d) a copy of anything included under subsection 257(5), (6) or (7) in the auditor's report on the full report; and

(e) a statement that the report is a concise report and that a copy of the full report and auditor's report will be sent to the member free of charge if the member asks for them.

(4) If a member requests a copy of the full report and auditor's report, as mentioned in paragraph (3)(e), the Association must send those reports to the person within 28 days of the request being made.

(5) The copies referred to in subsection (1) must be provided within:

(a) if a general meeting of members of the Association to consider the reports is held within 6 months after the end of the financial year—the period starting at the end of the financial year and ending 21 days before that meeting; or

(b) in any other case—the period of 5 months starting at the end of the financial year.

A Registrar may, upon application by the Association, extend the period during which the meeting referred to in paragraph (a) may be held, or the period set out in paragraph (b), by no more than one month.

NOTE 2: ADDITIONAL INFORMATION (CONT)

(6) Where the Association publishes a journal that is available to the members of the Association free of charge, the Association may comply with subsection (1):

(a) by publishing in the journal the full report; or

(b) by preparing a concise report as described in subsection (3) and publishing the concise report in the journal.

NOTE 3: REVENUE AND OTHER INCOME

		2020	2019
		$	$
a.	**Revenue from contracts with customers**		
	Member subscriptions	2,447,292	2,221,484
	Training	394,066	568,942
	TV programme – Building Ideas	167,727	182,200
	Building awards	207,576	214,109
	Government grants	403,067	193,420
	Construction Industry Training Board funding	442,279	288,236
	Property rental	421,993	453,429
	Apprentice hiring fees	4,304,489	4,580,625
	Total Revenue from contracts with customer	8,788,489	8,702,445
b.	**Other Income**		
	Interest revenue	29,263	67,428
	Dividends revenue	210,713	168,163
	Payroll tax reimbursement	235,354	203,544
	Gain on revaluation of assets/investments	283,013	563,849
	Insurance commissions	175,719	141,105
	Government incentives	721,145	-
	Other revenue	844,725	704,700
	Total Other Income	2,499,932	1,848,789
	Total Income	11,288,421	10,551,234

NOTE 4: SUPPLIES AND SERVICES

	2020 $	2019 $
Supplies and services		
TV programme – Building Ideas	178,170	133,347
Building awards	263,525	277,490
Training	150,130	233,328
Remuneration of auditor	25,400	26,600
Electricity	108,908	110,222
Rates and taxes	152,343	140,495
Maintenance	51,751	69,760
Other property expenses	94,011	83,632
Subscriptions	14,051	15,368
Subscriptions – National Association Affiliation	225,099	257,256
Legal expenses	9,743	17,000
Insurance	98,780	99,106
Communication expenses	69,107	74,046
Travel and accommodation	4,498	10,316
Consultants	219,263	267,482
Personal Protective Equipment	34,586	29,626
Payroll tax	217,413	231,545
Other expenses	705,100	600,278
Total supplies and services	2,621,878	2,676,897

NOTE 5: AUDITOR'S FEES

Remuneration of the auditor of the Association for:		
– auditing or reviewing the financial report	25,400	26,600
– accounting fee	-	-
Total remuneration of auditor	25,400	24,900

NOTE 6: CASH AND CASH EQUIVALENTS

	Note	2020	2019
		$	$
Cash on hand		897	1,035
Cash at bank		2,063,698	1,292,061
Short-term bank deposits		813,155	1,300,000
Cash with funds manager		110,204	64,392
Arbitration trust fund		500	27,842
Total cash and cash equivalents	23	2,988,454	2,685,330

The effective interest rate on short-term bank deposits was 1.07% (2019: 2.52%); these deposits have an average maturity of 90 days.

Reconciliation of cash

Cash on hand at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

	Note	2020	2019
Cash and cash equivalents		2,988,454	2,685,330
Balance per consolidated statement of cash flows	23	2,988,454	2,685,330

NOTE 7: TRADE AND OTHER RECEIVABLES

CURRENT

	Note	2020	2019
Trade receivables		833,897	803,467
Trade receivables – Host employers		133,859	330,689
Other receivables		532,500	155,058
Provision for expected credit losses		(79,584)	(110,374)
Amounts owed by Construction Industry Training Board		24,184	23,389
Amounts owed by Commonwealth and DFEEST joint policy funding		13,000	19,000
Contract assets		109,232	-
Total trade and other receivables	23	1,567,088	1,221,229

Movement in provision for expected credit loss

Opening balance	110,374
Movement in provision for expected credit loss	(30,790)
Closing balance	79,584

Credit risk

The Association has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The main source of credit risk to the Association is considered to relate to the class of assets described as trade receivables.

The balances of receivables that remain within initial terms are considered to be of high credit quality.

Collateral held as security

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

NOTE 8: INVENTORIES	**2020**	**2019**
	$	**$**
CURRENT		
Stock of publications	5,010	8,464
Employee uniforms	1,105	1,089
Total inventories	6,115	9,553

NOTE 9: OTHER ASSETS

CURRENT		
Prepayments	82,590	252,379
Total other assets	82,590	252,379

NOTE 10: FINANCIAL ASSETS DESIGNATED THROUGH PROFIT OR LOSS

NON-CURRENT		
Financial assets designated as at fair value through profit or loss comprise MBA Insurance Services Pty Ltd	818,533	120,000
Total financial assets through profit or loss	818,533	120,000

NOTE 11: FINANCIAL ASSETS MANDATORILY THROUGH PROFIT OR LOSS	Note		
NON-CURRENT			
Financial assets mandatorily designated as at fair value through profit or loss comprise Managed investments in listed corporations	23,24	5,593,119	5,903,558
Total financial assets through profit or loss		5,593,119	5,903,558

NOTE 12: PROPERTY, PLANT AND EQUIPMENT	**2020**	**2019**
	$	**$**
NON-CURRENT		
Land and Buildings:		
At fair value	12,600,000	12,600,000
Accumulated depreciation	(439,220)	(329,415)
	12,160,780	12,270,585
Plant and equipment:		
At cost	602,818	602,818
Accumulated depreciation	(544,163)	(529,832)
	58,655	72,986
Furniture and equipment:		
At cost	475,271	468,271
Accumulated depreciation	(444,006)	(432,797)
	31,265	35,474
Motor Vehicles:		
At cost	80,192	154,692
Accumulated depreciation	(9,011)	(108,118)
	71,181	46,574
Computer hardware:		
At cost	744,233	730,254
Accumulated depreciation	(730,560)	(719,184)
	13,673	11,070
Computer software:		
At cost	467,982	467,982
Accumulated depreciation	(452,118)	(431,991)
	15,864	35,991
Building improvements:		
At cost	301,477	287,435
Accumulated depreciation	(89,668)	(61,056)
	211,809	226,379
Total property, plant and equipment	12,563,227	12,699,059

NOTE 12: PROPERTY, PLANT AND EQUIPMENT (CONT)

Valuation of land and buildings by independent valuer

The Association's land and buildings were revalued at 30 June 2016 by an independent valuer. Valuations were made on the basis of market value of the property using the market approach of observable market data for similar properties and the income approach using discounted cash flows. The valuation amount adopted by Council of Management as at 30 June 2020 remains at $12,600,000.

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:

	Land and Buildings	Plant and Equipment	Furniture and Equipment	Motor Vehicles	Computer Hardware	Computer Software	Building Improvements	Total
	$	$	$	$	$	$	$	$
Balance at 1 July 2018	12,380,389	94,108	49,286	21,623	29,837	35,816	245,425	12,856,484
Additions	-	-	967	46,574	1,870	22,982	10,968	83,361
Disposals	-	-	-	(1,952)	-	-	-	(1,952)
Transfer to land and buildings on revaluation	-	-	-	-	-	-	-	-
Revaluation of land and buildings	-	-	-	-	-	-	-	-
Depreciation expense	(109,804)	(21,122)	(14,779)	(19,671)	(20,637)	(22,807)	(30,014)	(238,834)
Carrying amount at 30 June 2019	12,270,585	72,986	35,474	46,574	11,070	35,991	226,379	12,699,059
Balance at 1 July 2019	12,270,585	72,986	35,474	46,574	11,070	35,991	226,379	12,699,059
Additions	-	-	7,000	33,619	13,979	-	14,042	68,640
Disposals	-	-	-	-	-	-	-	-
Transfer to land and buildings on revaluation	-	-	-	-	-	-	-	-
Revaluation of land and buildings	-	-	-	-	-	-	-	-
Depreciation expense	(109,806)	(14,331)	(11,209)	(9,012)	(11,376)	(20,127)	(28,612)	(204,472)
Carrying amount at 30 June 2020	12,160,779	58,655	31,265	71,181	13,673	15,864	211,809	12,563,227

NOTE 13: INTANGIBLE ASSETS

	Note	2020 $	2019 $
NON-CURRENT			
Trademarks		1,920	1,920
Website formulation		30,664	43,400
Computer Software		877,871	758,513
Total intangibles		910,455	803,833

Movement in carrying amounts

Movement in the carrying amounts for each class of intangible asset between the beginning and the end of the current financial year:

	Trademarks $	Website Formulation $	Computer Software $	Total $
Balance at 1 July 2018	1,920	72,135	659,193	733,248
Additions	-	-	236,846	236,846
Disposals	-	-	-	-
Amortisation expense	-	(28,735)	(137,526)	(166,261)
Carrying amount at 30 June 2019	1,920	43,400	758,513	803,833
Balance at 1 July 2019	1,920	43,400	758,513	803,833
Additions	-	12,958	274,339	287,297
Disposals	-	-	-	-
Amortisation expense	-	(25,694)	(154,981)	(180,675)
Carrying amount at 30 June 2020	1,920	30,664	877,871	910,455

NOTE 14: TRADE AND OTHER PAYABLE

	Note	2020 $	2019 $
CURRENT			
Trade payables		83,900	75,309
Legal cost payables			
- Litigation		-	-
- Other legal matters		-	11,000
GST payable		113,677	196,818
Accrued employee benefits:			
- Wages and salaries		130,548	91,247
- Superannuation		44,671	46,418
- Other		61,911	39,291
Sundry accruals		549,103	105,459
Accrued superannuation matter		482,857	428,581
Arbitration accounts		2,318	8,182
	22	1,468,985	1,002,305
Income received in advance		-	712,660
Total trade and other payables		1,468,985	1,714,965

NOTE 15: CONTRACT LIABILITIES

	2020 $	2019 $
CURRENT		
Income received in advance	1,102,483	-
	1,102,483	-

NOTE 16: EMPLOYEE PROVISIONS

	2020 $	2019 $
CURRENT		
Annual leave – office holders	126,331	98,556
Annual leave – other	276,879	294,156
Rostered days off (apprentice)	44,659	48,886
Long service leave – other	47,693	64,174
Provision for redundancies – office holders	-	-
Provision for redundancies - other	-	-
Total current employee provisions	495,562	505,772
NON-CURRENT		
Long service leave – office holders	54,255	29,777
Long service leave – other	19,522	15,358
Total non-current employee provisions	73,777	45,135
Total employee provisions	569,339	550,907

Employee provisions – annual leave entitlements

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

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

Employee provisions – long service leave entitlements

The provision for employee benefits includes amounts accrued for long service leave.

Based on past experience, the Association does not expect the full amount of long service leave to be settled wholly within the next 12 months. Therefore the client records the value of long service leave at the present value of future cash flows expected to settle the obligation. However, an amount of this must be classified as a current liability because the Association does not have an unconditional right to defer the settlement of the amount in the event employees wish to use their leave entitlements.

Employee provisions – rostered days off

The provision for employee benefits includes amounts accrued for apprentice rostered days off.

The Association expects the full amount of rostered days off to be settled wholly within the next 12 months, therefore the amount must be classified as a current liability.

NOTE 17: INTERESTS IN SUBSIDIARIES

The consolidated financial statements of the reporting unit include:

Subsidiary	Country of Incorporation	2020 Percentage Owned %	2019 Percentage Owned %
MBA SA Legal	Australia	100	100

MBA SA Legal was established to provide a full suite of legal services for the Association's members.
MBA SA Legal is an independent legal practice that is fully owned by the Association.
MBA SA Legal's operations were transferred to the Association in October 2016.

NOTE 18: COMMITMENTS

Operating lease commitments—as lessor

Rental is received from a number of tenants with individual terms and contracts with terms ranging from one to multiple years.

Future minimum rentals receivable under non-cancellable operating leases as at 30 June are:

	2020	2019
	$	$
Within one year	184,538	216,335
After one year but not more than two years	119,188	125,921
After two years but not more than three years	68,933	84,755
After three years but not more than four years	34,500	51,716
After four years but not more than five years	25,875	34,500
After five years	-	25,875
Total	433,034	513,228

NOTE 19: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

In the opinion of the Council of Management, there were no contingent liabilities or contingent assets present at 30 June 2020.

NOTE 20: EVENTS AFTER THE REPORTING PERIOD

The consolidated financial statements were authorised for issue on 28 September 2020 by the Council of Management.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and any economic stimulus that may be provided.

No other matters or circumstances have arisen since the end of the financial year which 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 future financial years.

NOTE 21: RELATED PARTY TRANSACTIONS

	2020	2019
	$	$
a. Key Management Personnel		
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Association, directly or indirectly, including its committee members, is considered key management personnel.		
Key management personnel compensation:		
– short-term benefits	884,579	895,463
– Post-employment benefits	78,286	77,034
– long-term benefits	54,255	29,777
– termination expenses	-	27,094
	1,017,120	1,029,368

There are no other transactions with key management personnel or their close family members.

Council Members

A Marshall, T Emmett, P Salveson, C Leopold, E Zito, ,JPiotto, M Canala,P Innes, J Kennett (Appointed 19 November 2019), T Klemm, J Merrigan, G Minuzzo (Appointed 19 November 2019), H Papas, F Pascale, D Pietrobon (Appointed 19 November 2019, Resigned 27 July 2020)
C Samaras, J Wilson (Appointed 19 November 2019), R Zammit (Appointed 23 October 2019)
N Abley (Resigned 23 October 2019), N Mossop (Resigned 23 October 2019)
J Goetze (Resigned 23 October 2019)

	2020	2019
	$	$
b. Other Related Parties		
Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.		
Seasonair Pty Ltd for whom M Beatton, a former Council member of the Association (resigned 28 November 2018), is the owner:		
– Air conditioner and electrical services	-	21,463
Amounts distributed by the Training Foundation to the Association after the Foundation wound up		
– Dividend distribution	-	23,070

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2020, the Association has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (2019: $nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

NOTE 22: CASH FLOW

NOTE 22A: CASH FLOW RECONCILIATION

	2020 $	2019 $
Reconciliation of cash flows from operating activities with net current year surplus / (Deficit)		
Net current year surplus / (Deficit)	643,180	(172,297)
Cash flows excluded from current year surplus		
Non-cash flows in current year surplus:		
– Depreciation and amortisation expense	385,146	405,094
– net gain on revaluation/sale of financial assets and PPE	(283,013)	(563,849)
Changes in assets and liabilities:		
– (increase) in trade and other receivables	(345,859)	(218,104)
– (increase)/decrease in other assets	169,789	(37,276)
– (increase)/decrease in inventories	3,438	(3,563)
– increase/(decrease) in trade and other payables	173,032	(66,194)
– Increase/(decrease) in employee benefits	18,432	(38,817)
	764,146	(695,006)

Note 22B: CASH FLOW INFORMATION*

	2020 $	2019 $
Cash inflows		
Receipts from Customers	11,075,781	10,354,906
Other receipts	250,977	295,355
Total cash inflows	11,326,758	10,650,261
Cash outflows		
Payments to suppliers and employees	9,799,463	10,345,044
Other payments	763,860	1,000,203
Total cash outflows	10,562,612	11,345,247

NOTE 23: FINANCIAL RISK MANAGEMENT

The Association's financial instruments consist mainly of deposits with banks, local money market instruments, managed investments in listed corporations, and receivables and payables.

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

Financial assets		**2020**	**2019**
		$	**$**
Financial assets at amortised cost			
Cash and cash equivalents	6	2,988,454	2,685,330
Trade and other receivables	7	1,567,088	1,221,229
Financial assets at fair value through profit or loss			
– Managed investments in listed corporations	11	5,593,119	5,903,558
Total financial assets		10,148,661	9,810,117
Financial liabilities			
Financial liabilities at amortised cost:			
– Trade and other payables	14	1,466,985	1,002,985
Total financial liabilities		1,468,985	1,002,985

NOTE 23: FINANCIAL RISK MANAGEMENT (CONT)

Financial Risk Management Policies

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

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

Specific Financial Risk Exposures and Management

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

a. **Credit risk**

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Association.

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

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

Credit risk exposures

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

There is no collateral held by the Association securing trade and other receivables.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed at Note 7.

The Association has no significant concentrations of credit risk with any single counterparty or group of counterparties. Details with respect to credit risk of trade and other receivables are provided in Note 7.

b. **Liquidity risk**

Liquidity risk arises from the possibility that the Association might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Association manages this risk through the following mechanisms:

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

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

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

NOTE 23: FINANCIAL RISK MANAGEMENT (CONT)

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	$	$	$	$	$	$	$	$
Financial liabilities due for payment								
Accounts payable and other payables (excluding annual leave and grants receivable in advance)	1,468,985	1,002,305	-	-	-	-	1,468,985	1,002,305
Total expected outflows	1,468,985	1,002,305	-	-	-	-	1,468,985	1,002,305
Financial assets – cash flows realisable								
Cash and cash equivalents	2,988,454	2,685,330	-	-	-	-	2,988,454	2,685,330
Trade and other receivables	1,567,088	1,221,229	-	-	-	-	1,567,088	1,221,229
Financial assets at fair value	5,593,119	5,903,558	-	-	-	-	5,593,119	5,903,558
Total anticipated inflows	10,148,661	9,656,568	-	-	-	-	10,148,661	9,656,568
Net inflow on financial instruments	8,679,676	8,807,812	-	-	-	-	8,679,676	8,807,812

Financial assets pledged as collateral

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

NOTE 23: FINANCIAL RISK MANAGEMENT (CONT)

c. **Market risk**

(i) *Interest rate risk*

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Association is exposed to earnings volatility on floating rate instruments. The financial instruments that expose the Association to interest rate risk are limited to listed shares, and cash and cash equivalents.

Interest rate risk is managed using a mix of fixed and floating rate debt. At 30 June 2020, approximately 100% of the Association's debt is fixed. It is the policy of the Association to keep between 65% and 100% of debt on fixed interest rates.

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

(ii) *Other price risk*

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

The Association is exposed to other price risk on financial assets at fair value through profit or loss comprise. Such risk is managed through diversification of investments across industries and geographic locations.

The Association's investments are held in diversified management fund portfolios.

Sensitivity analysis

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

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

	Current Surplus	**Equity**
YEAR ENDED 30 JUNE 2020	**$**	**$**
+/– 2% in interest rates	59,769	59,769
+/– 10% in financial assets at fair value	559,312	-
Year ended 30 June 2019		
+/– 2% in interest rates	53,707	53,707
+/– 10% in available-for-sale investments	590,356	-

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

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

NOTE 24: FAIR VALUE MEASUREMENTS

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

– Property, plant and equipment – land and buildings

– Financial assets at fair value through profit or loss comprise.

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

a. **Fair Value Hierarchy**

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

Level 1	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 value of assets and liabilities that are not traded in an active market is determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

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

– *Market approach:* uses prices and other relevant information generated by market transactions involving identical or similar assets or liabilities.

– *Income approach:* converts estimated future cash flows or income and expenses into a single current (i.e. discounted) value.

– *Cost approach:* reflects the current replacement cost of an asset at its current service capacity.

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

NOTE 24: FAIR VALUE MEASUREMENTS (CONT)

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

	Note	Level 1	Level 2	Level 3	Total
		$	**$**	**$**	**$**
2020					
Recurring fair value measurements					
Property, plant and equipment					
– Land and buildings	12	-	12,160,780	-	12,160,780
Financial assets					
Financial assets at fair value:					
– shares in listed companies	11	5,593,119	-	-	5,593,119
Total financial assets recognised at fair value		5,593,119	12,160,780	-	17,753,899
2019					
Recurring fair value measurements					
Property, plant and equipment					
– Land and buildings	12	-	12,270,585	-	12,270,585
Financial assets					
Financial assets at fair value:					
– shares in listed companies	11	5,903,558	-	-	5,903,558
Total financial assets recognised at fair value		5,903,558	12,270,585	-	18,174,143

There were no transfers between Level 1 and Level 2 for assets measured at fair value on a recurring basis during the reporting period (2019: no transfers).

There has been no change in the valuation technique(s) used to calculate the fair values disclosed in the financial statements.

NOTE 25: PARENT ENTITY INFORMATION

The following information has been extracted from the books and records of the parent, Master Builders Association of SA Inc and has been prepared in accordance with Accounting Standards.

The financial information for the parent entity, Master Builders Association of SA Inc has been prepared on the same basis as the consolidated financial statements.

	2020	2019
	$	**$**
Statement of Comprehensive Income		
Total current year surplus/(deficit)	643,122	(153,886)
Total other comprehensive income	-	-
Total comprehensive income/(loss)	643,122	(153,886)

NOTE 25: PARENT ENTITY INFORMATION (CONT)

	2020	**2019**
	$	**$**
Statement of Financial Position		
ASSETS		
Current assets	4,965,484	4,654,786
Non-current assets	19,885,334	19,526,449
TOTAL ASSETS	24,850,818	24,091,235
LIABILITIES		
Current liabilities	3,067,030	2,295,736
Non-current liabilities	73,777	45,135
TOTAL LIABILITIES	3,140,807	2,340,871
NET ASSETS	21,710,011	21,750,364
EQUITY		
Retained Earnings	15,643,963	15,684,316
Asset Revaluation Reserve	6,066,048	6,066,048
TOTAL EQUITY	21,710,011	21,750,364

NOTE 26: PRESCRIBED INFORMATION

(a) **Recovery of wages activity**

There was no recovery of wages activity undertaken by the Association for the financial year ended 30 June 2020.

(b) **Items required to be disclosed by Section 253 Reporting Guidelines for which there was no activity**

The following activities are required to be disclosed by section 253 of the Reporting Guidelines included in the *Fair Work (Registered Organisations) Act 2009* even though no such activities occurred during the financial year. During the financial year ended 30 June 2020, there were no:

(i) Going concern financial support received from or provided to another reporting unit;

(ii) Capitation fees received or paid;

(iii) Compulsory levies raised or imposed;

(iv) Donations received;

(v) Fees incurred as consideration for employers making payroll deductions of membership subscriptions;

(vi) Penalties imposed under the RO Act or RO Regulations;

(vii) Receivables from or payables to another reporting unit;

(viii) Payables to employers as consideration for the employers making payroll deductions of membership subscriptions;

(ix) Fees and/or allowances paid to persons in respect of their attendances as representatives of the reporting unit at conferences or other meetings;

(x) Receivables or other rights to receive cash or payables or other financial liabilities where the item or a part of the item has been derived as a result of one or more transactions and / or other past events with another reporting unit of the organisation and therefore provision on receivables with another reporting unit;

(xi) Acquisition of 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;

(xii) Agreement to provide financial support to ensure another reporting unit has the ability to continue as a going concern;

(xiii) Revenues received from undertaking recovery of wage activity;

(xiv) Funds of accounts for compulsory levies, voluntary contributions or required by the rules of the organisation of branch;

(xv) Transfers to or withdrawals from a fund account, asset or controlled entity;

(xvi) Other entities that administered the financial affairs of the Association;

(xvii) Payments made to a former related party of the Association;

(xviii) Revenues/cash flows received from or expenses/cash flows paid to another non-National Association reporting unit; and

(xix) Liabilities for holders of office and other employees other than those disclosed in note 16.

Note 26: PRESCRIBED INFORMATION (CONT)

(c) **Items required to be disclosed by the Section 253 Reporting Guidelines for which there was some activity**

(i)	Grants and donations		
	Donations:		
	Total expensed that were $1000 or less	700	45
	Total expensed that exceeded $1000	-	-
		700	45
	Grants:		
	Total expensed that were $1000 or less	-	-
	Total expensed that exceeded $1000	-	-
		-	-
(ii)	Administration expenses		
	Conference and meeting expenses	2,582	8,843
		2,582	8,843
(iii)	Legal cost expenses		
	Litigation	-	-
	Other legal matters	9,743	17,000
		9,743	17,000
(iv)	Employee expenses		
	Office holders:		
	Wages and salaries	754,001	781,831
	Superannuation	78,286	77,034
	Leave and other entitlements	105,901	75,621
	Separation and redundancies	-	27,094
	Other employee expense	50,512	49,139
		988,700	1,010,719
	Employees other than office holders:		
	Wages and salaries	5,518,638	5,191,998
	Superannuation	520,645	508,567
	Leave and other entitlements	510,074	478,996
	Separation and redundancies	-	16,999
	Other employee expense	55,184	80,642
	Superannuation matter costs	44,976	353,618
		6,649,517	6,630,820

NOTE 27: ASSOCIATION DETAILS

The registered office and principal place of business of the Association is:

Master Builders Association of SA Inc

Level 1/47 South Terrace

Adelaide SA 5000

Nexia Edwards Marshall

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MASTER BUILDERS ASSOCIATION OF SA INC

Opinion

We have audited the financial report of Master Builders Association of SA Inc and its controlled entities (the Association) which comprises the Consolidated Statement of Financial Position as at 30 June 2020, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, Notes to the Consolidated Financial Statements, including a summary of significant accounting policies, the Statement by Members of the Council and the Report Required Under Subsection 255(2A).

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

(i) the Australian Accounting Standards; and
(ii) 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 Association 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 Association in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report. 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 the Auditor's Report thereon

The Council of Management of the Association is responsible for the other information. The other information comprises the Operating Report for the year ended 30 June 2020. 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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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MASTER BUILDERS ASSOCIATION OF SA INC (CONT)

Council of Management's Responsibility for the Financial Report

The Council of Management of the Association 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*. This responsibility includes 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 so that it 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 Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council of Management either intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MASTER BUILDERS ASSOCIATION OF SA INC (CONT)

Auditor's Responsibilities for the Audit of the Financial Report

- 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 of the Association and its controlled entities to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Association 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 Edwards Marshall

Nexia Edwards Marshall
Chartered Accountants

Camilleri

Stephen Camilleri
Partner

Adelaide
South Australia

Dated: 28 September 2020

Registration number (as registered by the Registered Organisations Commissioner under the *RO Act*):
AA2017/80

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