Australian Government
Registered Organisations Commission

21 November 2019

Ms Graciete Ferreira
President
Master Builders Association of the Australian Capital Territory

By e-mail: canberra@mba.org.au

c.c. aberry@mba.org.au

Dear Ms Ferrieira

Master Builders Association of the Australian Capital Territory
Financial Report for the year ended 30 June 2019 - FR2019/96

I acknowledge receipt of the financial report for the year ended 30 June 2019 for Master Builders Association of the Australian Capital Territory (**the reporting unit**). The financial report was lodged with the Registered Organisations Commission (**ROC**) on 16 October 2019.

The financial report has now been filed. You are not required to take any further action in respect of the report lodged.

Whilst the 2019 report has been filed the following should be addressed in the preparation of the next financial report.

1. General Purpose Financial Report (GPFR)

Difference in figure in LGD statement and financial report

A loans, grants and donations (LGD) statement for the reporting unit was lodged with the ROC under subsection 237(1) of the RO Act on 29 September 2019. The figure disclosed for donations that exceeded $1,000 was $3,000. Note 4C to the financial report has disclosed a figure for donations that exceeded $1,000 of $3,170. The reporting unit has confirmed that the LGD statement is correct.

In future, please ensure that the figures disclosed in the financial report are accurate.

Reporting guideline activities – not disclosed

Item 21 of the reporting guidelines states that if any activity described within items 10-20 of the reporting guidelines has not occurred in the reporting period, a statement to this effect must be included the GPFR or in an officer's declaration statement.

The notes/officer's declaration statement contained nil activity information for all prescribed reporting guideline categories except the following:

- Item 16(b)(ii) - have a payable in respect of legal costs relating to other legal matters

- Item 17(a) – have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- Item 17(b) - transfer to or withdraw from a fund (other than the general fund), asset or controlled entity
- Item 17(c) – have moneys from a fund or account been invested in assets

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 9603 0707 or by email at ken.morgan@roc.gov.au

Yours faithfully

KEN MORGAN
Financial Reporting Specialist
Registered Organisations Commission

Certificate by prescribed designated officer

For the year ended 30 June 2019

I, Graciete Ferreira, being the President of the Master Builders Association of the ACT, certify:

- That the documents lodged herewith are copies of the full report of the *Master Builders Association of the ACT* for the period ended referred to in s. 268 of the *Fair Work (Registered Organisations) Act 2009*; and

- That the full report was provided to members of the reporting unit on 16 September 2019; and

- That the full report was presented to a general meeting of members of the reporting unit on 8 October 2019 in accordance with s. 266 of the *Fair Work (Registered Organisations) Act 2009.*

Signature of prescribed officer: ______________________

Name of prescribed officer: **GRACIETE FERREIRA**

Title of prescribed designated officer: **PRESIDENT**

Dated: 15 / 10 / 19

MASTER BUILDERS ASSOCIATION OF THE ACT AND ITS CONTROLLED ENTITY

ABN 52 853 376 568

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

CONTENTS

Certificate by prescribed designated officer

For the year ended 30 June 2019

I, Graciete Ferreira, being the President of the Master Builders Association of the ACT certify:

- that the documents lodged herewith are copies of the full report for the *Master Builders Association of the ACT* for the period ended referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the reporting unit on 16 September 2019; and
- that the full report was presented to a meeting of the committee of management of the reporting unit on 16 September 2019 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature of prescribed designated officer: ....

Name of prescribed designated officer: ....

Title of prescribed designated officer: ....

Dated: ....

Signature of prescribed designated officer: ....

Name of prescribed designated officer: ....

Title of prescribed designated officer: ....

Dated: ....

RSM Australia Pty Ltd

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Independent Audit Report to the Members of Master Builders Association of the ACT and its Controlled Entity

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of Master Builders Association of the ACT and its Controlled Entity (the Group) which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of Profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 30 June 2019, notes to the financial statements, including a summary of significant accounting policies; and the statement by members of the council of management, the subsection 255(2A) report and the officer declaration statement.

In my opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of Master Builders Association as at 30 June 2019, and its financial performance and its cash flows for the year ended on that date in accordance with:

a) the Australian Accounting Standards; and

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

I declare that management's use of the going concern basis in the preparation of the financial statements of the reporting unit is appropriate.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Reporting Unit in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

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

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

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Council of Management for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

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

I 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 I identify during my audit.

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

RSM Australia Pty Ltd

Rodney Miller
Director

Canberra, Australia Capital Territory
Dated: 16 September 2019

Registration number (as registered by the RO Commissioner under the RO Act): AA2017/144

Report required under subsection 255(2A)

For the year ended 30 June 2019

The committee of management presents the expenditure report as required under subsection 255(2A) on the Master Builders Association of the ACT (the "Parent") and its controlled entity (collectively the "Association") for the year ended 30 June 2019.

	2019 $	2018 $
Categories of expenditures		
Remuneration and other employment-related costs and expenses - employee	6,064,145	5,782,006
Advertising	30,506	38,045
Operating costs	1,856,937	1,912,462
Donations to political parties	-	-
Legal costs	2,108	12,094

Signature of designated officer: ....

Name and title of designated officer: Graciete Ferreira - Director

Dated: 16.09.19

Signature of designated officer: ....

Name and title of designated officer: FRANK PORRECA - DIRECTOR

Dated: 16.09.19

Operating report
For the year ended 30 June 2019

Your Members of the Council of Management present their report on the Master Builders Association of the ACT (the "Parent") and its controlled entity (collectively the "Association") for the financial year ended 30 June 2019.

Names of committee of management members and period positions held during the financial year

The names of the Members of the Council of Management during the year and to the date of this report are:

Ms Graciete Ferreira (President)	
Mr Frank Porreca (Treasurer)	
Ms Rosa Josifoski	
Mr Marc Roland	Resigned 9 October 2018
Mr Stephen Wise	
Mr Bryan Leeming	
Mr Richard Corver	
Mr Peter Middleton	Resigned 18 February 2019
Mr Simon Butt	Resigned 9 October 2018
Mr Gerard Allen	Resigned 9 October 2018
Mr Jack Harris	Resigned 9 October 2018
Mr Matthew Rayment	Appointed 18 February 2019
Ms Karen Porter	Appointed 18 February 2019
Ms Anisha Sachdeva	
Mr John Nikolic	Appointed 9 October 2019
Mr Valdis Luks	Appointed 23 November 2018

Members of the Council of Management have been in Council since the start of the financial year to the date of this report unless otherwise stated.

Rights of members to resign
As required to be disclosed by the *Fair Work (Registered Organisations) Act 2009,* and in accordance with Rule 8 of the Association's rule a member may resign from the Association by written notice addressed and delivered to a person designated for the purpose in the rules of Association.

Trustee or director of trustee company of superannuation entity or exempt public sector superannuation scheme - S254(2)(d)

No officer, or member of the reporting unit, to the best of our knowledge, holds a position as a 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.

Review of operations
The consolidated profit of the Association amounted to $349,965 (2018: profit of $176,845). The loss of the parent entity amounted to $23,025 (2018: loss of $70,935).

A review of operations of the Association and its controlled entity during the financial year noted that the following were contributing factor to the financial performance:

- Higher than anticipated revenues from short course training.
- Lower than anticipated salary and related costs due to a restructure of the Association.

Operating report (continued)

For the year ended 30 June 2019

Principal activities - s254(2)(9a)
The principal activities of the Association are to promote, protect and advance the interest of its members engaged in any manner of the construction and building industry within the ACT and its surrounding region by being a representative body for the building and construction industry.

The Association provides professional services, information and advice including industrial relations advice, dispute resolution, training (including, but not limited to, business, apprentice and workplace health and safety), changes to acts and legislation, changes to awards rates and work practices to members of the Association throughout Australian Capital Territory.

The Association also represents its members at all levels of Government and holds events and seminars throughout the year to engage and support its membership to connect and network.

The controlled entity of the Association, MBA Group Training Limited, engages in Registered Training Organisation (RTO) and Group Training Organisation (GTO) activities including hiring, placing and training of apprentices. The education and training of apprentices is essential in the continued growth, development and success of the construction and building industry in the ACT through educating the future trades people in the ACT and the surrounding region.

MBA Group Training Limited also undertakes short course training for the wider building industry to train and maintain skills for the broader community which engages with the construction and building industry in the ACT.

Results of principal activities
The Association has expanded short course training this year, including workplace health and safety (WH&S) and asbestos training. The Association continues to undertake all aspects of the services listed above.

Significant changes in the state of financial affairs - s254(2)(b)
Apart from the changes listed in the review of operations, no significant changes in the Association's state of financial affairs occurred during the financial year.

Significant changes in nature of principal activities - s254(2)(a)
There were no significant changes in the nature of the Association's principal activities during the financial year.

Significant events after the reporting period
At the time of signing this report, no matter 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.

Likely developments and expected results of operations
The Association expects to maintain the present status and level of operations. Likely developments in the operations of the Association and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Association.

Environmental regulation
The Association's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Number of members
The number of persons who, at the end of the financial year were recorded on the Register of Members was 1,094 (2018: 1,100).

Operating report
For the year ended 30 June 2019

Number of employees
The number of persons who were, at the end of the financial year employees of the Association was 19 (2018:18), measured on a fill equivalent basis.

Signed in accordance with a resolution of the Members of the Council of Management.

Signature of designated officer: ....

Name and title of designated officer: Graciete Ferreira - Director

Dated: 16.09.19

Signature of designated officer: ....

Name and title of designated officer: FRANK PORRETA - DIRECTOR

Dated: 16.09.19

Statement by Members of the Council of Management

On the 16 September 2019, the Members of the Council of Management of the Master Builders Association of the ACT passed the following resolution in relation to the General Purpose Financial Report (GPFR) for the year ended 30 June 2019:

We, G Ferreira and F Porreca being two members of the Council of Management of the Master Builders Association of the ACT, do state on behalf of the Council that in the opinion of the Council:

1) The financial statements and notes comply with the Australian Accounting Standards, mandatory professional reporting requirements and other authoritative pronouncement of the Australian Accounting Standard Board;

2) 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);

3) The financial statements and notes give a true and fair value of the financial performance, financial position and cash flows of the Association and its controlled entity for the financial year to which they relate;

4) There are reasonable grounds to believe that the Association will be able to pay its debts as and when they fall due; and

5) During the financial year to which the financial report relates and since the end of that year:

   (i) meetings of the Council were held in accordance with rules of the organisation including the rules of the branch concerned; and

   (ii) the financial affairs of the Association have been managed in accordance with rules of the organisation including the rules of the branch concerned; and

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

   (iv) where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and

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

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

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

Signature of designated officer: ....

Name and title of designated officer: Gracie Ferreira - Director

Dated: 16.09.19

Signature of designated officer: ....

Name and title of designated officer: FRANK PORRECTOR - DIRECTOR

Dated: 16.09.19

MASTER BUILDERS ASSOCIATION OF THE ACT AND ITS CONTROLLED ENTITY
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

		Consolidation		Parent	
		2019	2018	2019	2018
	Note	$	$	$	$
Revenue					
Membership subscription		1,083,755	942,722	1,083,755	942,722
Capitation fees and other revenue from another reporting unit		-	-	-	-
Levies		-	-	-	-
Investment income	3A	71,710	52,500	45,509	37,073
Rental revenue	3B	45,904	55,800	275,904	280,800
Other revenue	3C	8,316,677	7,862,344	2,690,508	2,279,292
Total revenue		**9,518,046**	**8,913,366**	**4,095,676**	**3,539,887**
Other income					
Grants and/or donations	3D	380,620	335,750	-	-
Net gains from sale of assets	3E	7,955	46,226	-	45,191
Total other income		**388,575**	**381,976**	**-**	**45,191**
Total income		**9,906,621**	**9,295,342**	**4,095,676**	**3,585,078**
Expenses					
Employee expense	4A	(6,064,145)	(5,782,006)	(2,317,748)	(1,867,345)
Capitation fees and other expenses to another reporting unit		-	-	-	-
Affiliation fees		-	-	-	-
Administration expenses	4B	(1,269,562)	(1,050,480)	(466,089)	(350,885)
Grants or donations	4C	(3,588)	(12,444)	(3,588)	(12,444)
Depreciation and amortisation	4D	(276,092)	(306,936)	(232,468)	(263,027)
Finance costs	4E	(21,874)	(18,711)	(8,549)	(5,081)
Legal fees	4F	(2,108)	(12,094)	(2,108)	(12,094)
Audit fees		(31,844)	(85,916)	(20,812)	(23,690)
Other expenses	4G	(1,887,443)	(1,849,910)	(1,067,339)	(1,121,447)
Surplus (deficit) for the year		**349,965**	**176,845**	**(23,025)**	**(70,935)**
Other comprehensive income		834,161	-	834,161	-
Total comprehensive income for the year		**1,184,126**	**176,845**	**811,136**	**(70,935)**

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

MASTER BUILDERS ASSOCIATION OF THE ACT AND ITS CONTROLLED ENTITY
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

		Consolidation		Parent	
		2019	2018	2019	2018
	Note	$	$	$	$
Assets					
Current assets					
Cash and cash equivalents	5A	4,185,678	3,980,027	2,366,326	2,488,472
Trade and other receivables	5B	1,163,897	963,077	173,030	289,930
Inventories		2,517	2,225	2,517	2,225
Prepayments		47,717	32,518	22,997	20,348
Total current assets		**5,399,809**	**4,977,847**	**2,564,870**	**2,800,975**
Non-current assets					
Property, plant and equipment	6A	9,308,381	8,618,849	9,227,467	8,532,429
Intangibles assets	6B	63,007	12,465	50,932	12,465
Other financial assets	6C	120,000	120,000	120,000	120,000
Total non-current assets		**9,491,388**	**8,751,314**	**9,398,399**	**8,664,894**
Total assets		**14,891,197**	**13,729,161**	**11,963,269**	**11,465,869**
Liabilities					
Current liabilities					
Trade payables	7A	595,840	763,666	267,384	602,253
Other payables	7B	668,371	597,313	359,103	385,711
Employee provisions	8A	337,936	288,392	86,612	67,779
Total current liabilities		**1,602,147**	**1,649,371**	**713,099**	**1,055,743**
Non- current liabilities					
Employee provisions	8A	50,173	25,040	43,269	14,360
Total non-current liabilities		**50,173**	**25,040**	**43,269**	**14,360**
Total liabilities		**1,652,320**	**1,674,411**	**756,368**	**1,070,103**
Net assets		**13,238,877**	**12,054,750**	**11,206,901**	**10,395,766**
Equity					
Retained earnings		11,705,081	11,355,116	9,673,107	9,696,132
Asset revaluation reserve		1,533,795	699,634	1,533,795	699,634
Total equity		**13,238,876**	**12,054,750**	**11,206,902**	**10,395,766**

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Asset revaluation reserve $	Retained earnings $	Total equity $
<u>Consolidated</u>			
Balance as at 1 July 2017	**699,634**	**11,178,271**	**11,877,905**
Surplus / (deficit)	-	176,845	176,845
Balance as at 30 June 2018	**699,634**	**11,355,116**	**12,054,750**
Surplus / (deficit)	834,161	349,965	1,184,126
Balance as at 30 June 2019	**1,533,795**	**11,705,081**	**13,238,876**
<u>Parent</u>			
Balance as at 1 July 2017	**699,634**	**9,767,067**	**10,466,701**
Surplus / (deficit)	-	(70,935)	(70,935)
Balance as at 30 June 2018	**699,634**	**9,696,132**	**10,395,766**
Surplus / (deficit)	834,161	(23,025)	811,136
Balance as at 30 June 2019	**1,533,795**	**9,673,107**	**11,206,902**

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

		Consolidation		Parent	
		2019	2018	2019	2018
	Note	$	$	$	$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		10,593,341	9,973,564	4,569,143	3,263,209
Payments to suppliers and employees		(10,285,351)	(9,535,704)	(4,604,985)	(3,164,041)
Interest received		71,710	52,500	45,509	37,073
Net cash from/(used in) operating activities	**10**	**379,700**	**490,360**	**9,667**	**136,241**
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(124,587)	(128,209)	(87,180)	(114,224)
Proceeds from sale of property, plant and equipment		7,955	110,884	-	92,884
Purchase of intangible assets		(57,417)	-	(44,632)	-
Net cash from/(used in) investing activities		**(174,049)**	**(17,325)**	**(131,812)**	**(21,340)**
Net increase/(decrease) in cash held		205,651	473,035	(122,146)	114,901
Cash at the beginning of the financial year		3,980,027	3,506,992	2,488,472	2,373,571
Cash at the end of the financial year	**5A**	**4,185,678**	**3,980,027**	**2,366,326**	**2,488,472**

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

General information

The consolidated financial statements cover the Master Builders Association of the ACT (the "parent") and its Controlled Entity (MBA Group Training Limited), collectively the "Association", and the separate financial statements cover the Master Builders Association of the ACT as an individual parent entity.

The nature of the operations and principal activities of the Association are described in the operating report.

Note 1. Summary of significant accounting policies

1.1 Basis of preparation of the financial statements

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

The financial statements have been prepared on an accrual basis and in accordance with the historical cost, except for certain assets and liabilities measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

1.2 Comparative amounts

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

The prior year comparatives have been adjusted to conform to the changes in presentation for the current financial year.

1.3 Significant accounting judgements and estimates

The following accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Provision for impairment of receivables
The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

Fair value measurement hierarchy
The Association is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Association can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Note 1. Summary of significant accounting policies (continued)

1.3 Significant accounting judgements and estimates (continued)

Estimation of useful lives of assets
The Association determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Employee benefits provision
As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard requirements

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

Impact on adoption of AASB 9

(a) Initial application

AASB 9 Financial Instruments (AASB 9) replaces AASB139 Financial Instruments: Recognition and Measurement (AASB 139) for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Association has applied AASB 9 retrospectively, with an initial application date of 1 July 2018. The Association has not restated the comparative information, which continues to be reported under AASB 139. Differences arising from the adoption of AASB 9 have been recognised directly in opening retained earnings and other components of equity as at 1 July 2018.

The nature and effect of the changes as a result of adoption of AASB 9 are as follows:

Impact on the statement of financial position (increase/(decrease)):

	Ref adjustments	1 July 2018 $
Classification and measurement	(i)	-
Impairment	(ii)	-
Other adjustments		-
		-

Note 1. Summary of significant accounting policies (continued)

1.4 New Australian Accounting Standards (continued)

	Ref adjustments	1 July 2018 $
Assets		
Trade and other receivables	(ii)	-
Investments in associates		-
Other non-current assets	(ii)	-
Total assets		
Total adjustments on equity		
Retained earnings	(i), (ii)	-
Other components of equity	(i), (ii)	-

The nature of these adjustments are described below.

(i) Classification and measurement

Under AASB 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Association's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Association's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of AASB 9 did not have a significant impact to the Association.

- Trade receivables and other non-current financial assets (i.e., Loan to a related party) previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as debt instruments at amortised cost.
- Where applicable, quoted debt instruments previously classified as available-for-sale (AFS) financial assets are now classified and measured as debt instruments at fair value through OCI as they failed the SPPI test.
- Where applicable, equity investments in non-listed companies previously classified as AFS financial assets are now classified and measured as equity instruments designated at FVTOCI. The Association elected to classify irrevocably its non-listed equity investments under this category as it intends to hold these investments for the foreseeable future. There were no impairment losses recognised in profit or loss for these investments in prior periods.
- Where applicable, listed equity investments previously classified as AFS financial assets are now classified and measured as financial assets at fair value through profit or loss.

Note 1. Summary of significant accounting policies (continued)

1.4 New Australian Accounting Standards (continued)

As a result of the change in classification of the Associations listed equity investments, the AFS reserve of $nil related to those investments that were previously presented under accumulated OCI, was reclassified to retained earnings as at 1 July 2018. The remaining amount of available for sale reserve of $nil was renamed to the fair value reserve for financial assets at FVTOCI.

The Association not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Association's financial liabilities.

In summary, upon adoption of AASB 9, the Association applied the following required or elected reclassifications:

1 July 2018		**AASB 9 measurement category**		
		Fair value through profit or loss	Amortised cost	Fair value through OCI
	$	$	$	$
AASB 139 measurement category				-
Loans and receivables				
Trade receivables	-	-	-	-
Available for sale				
Non-current assets held for sale	-	-	-	-
	-	-	-	-

*The change in carrying amount is a result of additional impairment allowance. See discussion on impairment below.

(ii) Impairment loss

The adoption of AASB 9 has fundamentally changed the Association's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking ECL approach. AASB 9 requires the association to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets, i.e. those held at amortised cost and at FVTOCI.

There was no material additional impairment on the trade receivables as at 1 July 2018.

Future Australian Accounting Standards Requirements

New standards, amendments to standards or interpretations that were issued prior to the sign-off date and are applicable to future reporting periods that are expected to have a future financial impact on the Association include:

AASB 16 Leases (AASB 16)

AASB 16 was issued in January 2016 and it replaces AASB 117 Leases, AASB Interpretation 4 Determining whether an Arrangement contains a Lease, AASB Interpretation-115 Operating Leases-Incentives and AASB Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

For NFP entities, AASB 16 will commence from financial years beginning on or after 1 January 2019. Either a full retrospective application or a modified retrospective application is required for AASB 16. The Association plans to adopt AASB 16 on the required effective date 1 July 2019 of using modified retrospective method.

Note 1. Summary of significant accounting policies (continued)

1.4 New Australian Accounting Standards (continued)

AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under AASB 16 is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.

During the financial year ended 30 June 2019, the Association performed a preliminary assessment of AASB 16 and the impact of the adoption is not expected to be material.

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

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities in conjunction with AASB 15. AASB 1058 and AASB 15 supersede all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contributions.

For NFP entities, both AASB 1058 and 15 will commence from financial years beginning on or after 1 January 2019. Either a full retrospective application or a modified retrospective application is required for AASB 15. The Association plans to adopt AASB 15 on the required effective date 1 July 2019 of using modified retrospective method.

During the financial year ended 30 June 2019, the association performed a preliminary assessment of AASB 1058 and 15 and the impact of the adoption is not expected to be material.

1.5 Investment in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of its joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with *AASB 5 Non-current Asset Held for Sale and Discontinued Operations*. Under the equity method, an investment in a joint venture is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the share of the profit or loss and other comprehensive income of the joint venture. When the share of losses of the joint venture exceeds the interest in the joint venture, the Association discontinues recognising its share of further losses. Additional losses are recognised only to the extent that it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Note 1. Summary of significant accounting policies (continued)

1.6 Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Master Builders Association of the ACT as at 30 June 2019 and the results of a subsidiary for the year then ended.

Subsidiaries are all those entities over which the Association has control. The Association controls an entity when the Association 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Association. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Association are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Association.

Where the Association loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Association recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

1.7 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from subscriptions is accounted for on an accrual basis and is recorded as revenue in the year to which it relates.

Revenue from the sale of goods is recognised when, the risks and rewards of ownership have been transferred to the buyer, the Association retains no managerial involvement or effective control over the goods, the revenue and transaction costs incurred can be reliably measured, and it is probable that the economic benefits associated with the transaction will flow to the Association.

Donation income is recognised when it is received.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any loss allowance due to expected credit losses at each reporting date. A provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment has been established.

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

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

1.8 Gains

Sale of assets

Gains and losses from disposal of assets are recognised when control of the asset has passed to the buyer.

1.9 Capitation fees and levies

Capitation fees and levies are recognised on an accrual basis and recorded as a revenue and/or expense in the year to which it relates.

Note 1. Summary of significant accounting policies (continued)

1.10 Employee benefits

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

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

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

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Provision is made for separation and redundancy benefit payments. The Association recognises a provision for termination as part of a broader restructuring when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations. A provision for voluntary termination is recognised when the employee has accepted the offer of termination.

1.11 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand, deposits held at call with bank, other short-term highly liquid investments with original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

1.12 Financial Instruments

Financial assets and financial liabilities are recognised when the Association entity becomes a party to the contractual provisions of the instrument.

1.13 Financial assets

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and 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.

Note 1. Summary of significant accounting policies (continued)

1.13 Financial assets (continued)

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

Subsequent measurement

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

- (Other) financial assets at amortised cost
- (Other) financial assets at fair value through other comprehensive income
- Investments in equity instruments designated at fair value through other comprehensive income
- (Other) financial assets at fair value through profit or loss
- (Other) financial assets designated at fair value through profit or loss

Financial assets at amortised cost

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

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.

Derecognition

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired or
- The Association has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  a) 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 (continued)

1.13 Financial assets (continued)

Offsetting

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

Impairment

(i) Trade receivables

For trade receivables that do not have a significant financing component, 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.

(ii) Debt instruments other than trade receivables

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

ECLs are recognised in two stages:

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

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

1.14 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.

Note 1. Summary of significant accounting policies (continued)

1.14 Financial liabilities (continued)

Subsequent measurement

Financial liabilities at amortised cost

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

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

Derecognition

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

1.15 Land, buildings, plant and equipment

Asset Recognition Threshold

Purchases of land, buildings, plant and equipment are recognised initially at cost in the statement of financial position. The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Revaluations—Land and Buildings

Following initial recognition at cost, land and buildings are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient frequency such that the carrying amount of assets do not differ materially from those that would be determined using fair values as at the reporting date.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the profit or loss except to the extent that they reverse a previous revaluation increment for that class. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful life using, in all cases, the straight line method of depreciation. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

Land and building	2.5%
Motor vehicles	22.5%
Plant and equipment	6.7% to 33%

Note 1. Summary of significant accounting policies (continued)

1.15 Land, buildings, plant and equipment (continued)

Derecognition

An item of land, buildings, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss.

1.16 Intangibles

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

Software	10% to 33%

Derecognition

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

1.17 Impairment of non-financial assets

All assets are assessed for impairment at the end of each reporting period to the extent that there is an impairment trigger. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Association were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

1.18 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs of disposal.

Note 1. Summary of significant accounting policies (continued)

1.19 Taxation

The Association is exempt from income tax under Section 50-15 of the Income Tax Assessment Act 1997, however still has obligation for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

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

1.20 Fair value measurement

The association measures financial instruments, such as, financial assets as at fair value through the profit and loss, financial assets at fair value through OCI, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 16A.

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

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

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

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

The association uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1—Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Note 1. Summary of significant accounting policies (continued)

1.20 Fair value measurement (continued)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the association determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as land and buildings and investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the association has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

1.21 Going concern

The Association is not reliant on the agreed financial support of another association to continue as a going concern basis.

The Association has not agreed to provide financial support to another association to ensure they can continue as a going concern basis.

Note 2. Events after the reporting period

There were no events that occurred after 30 June 2019, and/or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of the Association.

	Consolidation		Parent	
Note 3: Income	2019	2018	2019	2018
3A: Investment income				
Interest - Deposits	71,710	52,500	45,509	37,073
Total investment income	**71,710**	**52,500**	**45,509**	**37,073**
3B: Rental revenue				
Properties	45,904	55,800	275,904	280,800
Total rental revenue	**45,904**	**55,800**	**275,904**	**280,800**
3C: Other revenue				
Annual dinner and social events	275,359	249,390	275,359	249,390
Building awards and other events	273,759	230,604	273,759	230,604
Commission and fees	821,032	594,088	821,032	594,088
Commonwealth government grants	-	-	-	-
Employer reimbursements	3,282,581	3,651,862	-	-
Industry Training Fund funding	268,196	234,832	-	-
Advertising fees	171,668	133,954	171,668	133,954
Miscellaneous events	34,036	35,223	34,036	35,223
Publication sales	35,760	39,824	35,760	39,824
Service agreement fee	-	-	672,864	520,000
Sponsorships	393,826	412,703	393,826	412,703
Training fees and rebates	2,074,365	1,473,202	-	-
User choice training fees	630,691	693,285	-	-
Sundry income	15,920	74,478	12,204	63,506
Worker's compensation insurance reimbursement	39,484	37,869	-	-
Total other revenue	**8,316,677**	**7,861,314**	**2,690,508**	**2,279,292**
3D: Grants and/or donations				
Grants	150,620	111,780	-	-
Donations	230,000	225,000	-	-
Total grants and donations	**380,620**	**336,780**	**-**	**-**
3E: Net gains from sale of assets				
Plant and equipment	7,955	46,226	-	45,191
Total net gain from sale of assets	**7,955**	**46,226**	**-**	**45,191**
3F: Revenue from recovery of wages activity				
Amounts recovered from employers in respect of wages	-	-	-	-
Total revenue from recovery of wages activity	**-**	**-**	**-**	**-**

	Consolidation		Parent	
	2019	2018	2019	2018
Note 4: Expenses	$	$	$	$
4A: Employee expense				
Holders of office:	-	-	-	-
Wages and salaries	-	-	-	-
Superannuation	-	-	-	-
Leave and other entitlements	-	-	-	-
Separation and redundancies	-	-	-	-
Other employee expenses				
Subtotal employee expenses holders of office	-	-	-	-
Employees other than office holders:				
Wages and salaries	5,373,983	5,212,145	1,969,025	1,636,224
Superannuation	482,578	443,284	181,247	144,815
Leave and other entitlements	511	1,266	-	-
Separation and redundancies	-	-	-	-
Other employee expenses	207,073	125,311	167,476	86,306
Subtotal employee expenses employees other than office holders	6,064,145	5,782,006	2,317,748	1,867,345
Total employee expenses	**6,064,145**	**5,782,006**	**2,317,748**	**1,867,345**
4B: Administration expenses				
Total paid to employers for payroll deductions of membership subscriptions	-	-	-	-
Compulsory levies	-	-	-	-
Fees/allowances - meetings and conferences	-	-	-	-
Consultants	1,003,572	858,298	280,874	235,105
Office expenses	58,876	46,447	39,761	27,717
Property expenses	171,455	107,649	118,994	63,078
Information communications technology	35,659	38,086	26,460	24,985
Total administrative expenses	**1,269,562**	**1,050,480**	**466,089**	**350,885**
4C: Grants or donations				
Grants:				
Total expensed that were $1,000 or less	-	-	-	-
Total expensed that exceed $1,000	-	-	-	-
Donations:				
Total expensed that were $1,000 or less	418	335	418	335
Total expensed that exceed $1,000	3,170	12,109	3,170	12,109
Total grants or donations	**3,588**	**12,444**	**3,588**	**12,444**

	Consolidation		Parent	
	2019	2018	2019	2018
Note 4: Expenses (continued)	$	$	$	$
4D: Depreciation and amortisation				
Depreciation:				
Land & buildings	186,352	185,433	186,352	185,433
Property, plant and equipment	82,865	98,170	46,116	77,594
Total depreciation	**269,217**	**283,603**	**232,468**	**263,027**
Amortisation:				
Intangibles	6,875	23,332	-	-
Total amortisation	6,875	23,332	-	-
Total depreciation and amortisation	**276,092**	**306,935**	**232,468**	**263,027**
4E: Finance costs				
Bank charges	21,874	18,711	8,549	5,081
Total finance costs	**21,874**	**18,711**	**8,549**	**5,081**
4F: Legal costs				
Litigation	2,108	12,094	2,108	12,094
Other legal costs	-	-	-	-
Total legal costs	**2,108**	**12,094**	**2,108**	**12,094**
4G: Other expenses				
Penalties - via RO Act or the *Fair Work Act 2009*	-	-	-	-
Advertising expense	30,506	38,045	30,506	38,045
Catering	335,346	389,325	290,584	352,366
Compliance costs	49,662	77,362	-	-
Doubtful debts expense	(16,671)	115,515	(21,715)	27,648
Entertainment	28,738	26,190	28,738	26,190
Insurance	52,319	57,903	32,608	37,877
Material expenses	57,440	46,138	-	-
Meetings and seminars	23,031	13,365	20,989	13,365
Members subscriptions	234,650	195,766	182,539	164,851
Motor vehicle expense	41,257	48,540	17,151	24,461
Printing, postage and stationary	251,950	226,656	136,379	136,459
Rent	37,640	41,550	37,636	41,550
Repairs and maintenance	171,106	142,683	141,975	115,017
Worker's compensation	187,253	211,708	13,595	13,456
Other expenses	403,216	219,164	156,354	130,162
Total other expenses	**1,887,443**	**1,849,910**	**1,067,339**	**1,121,447**

Note 5: Current assets

	Consolidation 2019 $	Consolidation 2018 $	Parent 2019 $	Parent 2018 $
Note 5A: Cash and cash equivalents				
Cash at bank	1,369,403	1,874,389	665,876	888,022
Cash at bank - Industry Training Fund	15,425	4,588	-	-
Cash on hand	850	1,050	450	450
Short term deposits	2,800,000	2,100,000	1,700,000	1,600,000
Total cash and cash equivalent	**4,185,678**	**3,980,027**	**2,366,326**	**2,488,472**

Note 5B: Trade and other receivables

	Consolidation 2019 $	Consolidation 2018 $	Parent 2019 $	Parent 2018 $
Receivables from other reporting unit[s]	-	-	-	-
Less allowance for expected credit losses	-	-	-	-
Receivable from other reporting unit[s] (net)	-	-	-	-
Trade receivables				
Accounts receivable	1,209,283	1,038,949	180,183	331,458
Less allowance for expected credit losses	(54,500)	(84,171)	(12,000)	(46,715)
Total trade receivables (net)	**1,154,783**	**954,778**	**168,183**	**284,743**
Other receivables				
Interest receivable	9,114	8,299	4,847	5,187
Total other receivables	**9,114**	**8,299**	**4,847**	**5,187**
Total trade and other receivables (net)	**1,163,897**	**963,077**	**173,030**	**289,930**

The movement in the allowance for expected credit losses of trade and other receivables is as follows:

	Consolidation 2019 $	Consolidation 2018 $	Parent 2019 $	Parent 2018 $
At 1 July	84,171	23,496	46,715	22,826
Provision for expected credit losses	5,044	60,675	-	23,889
Write back of provision for expected credit losses	(34,715)	-	(34,715)	-
Write-off	-	-	-	-
At 30 June	**54,500**	**84,171**	**12,000**	**46,715**

Based on an assessment of historical credit loss experience adjusted for forward looking factors, the expected credit loss % is zero.
The above amounts relate to specific provisions for credit losses.

Note 6: Non-current assets

Note 6A: Property, plant and equipment

	Consolidation 2019 $	Consolidation 2018 $	Parent 2019 $	Parent 2018 $
Land and buildings - at independent valuation	9,846,626	8,965,535	9,846,626	8,965,535
Less: accumulated depreciation	(734,243)	(547,894)	(734,243)	(547,894)
Total land and building	**9,112,383**	**8,417,641**	**9,112,383**	**8,417,641**
Motor vehicles - at cost	169,830	171,656	54,715	54,715
Less: accumulated depreciation	(100,081)	(104,859)	(20,007)	(7,695)
Total motor vehicles	**69,749**	**66,797**	**34,708**	**47,020**

	Consolidation		Parent	
	2019	2018	2019	2018
	$	$	$	$
Note 6A: Property, plant and equipment (continued)				
Plant and equipment - at cost	477,254	436,214	295,977	255,727
Less: accumulated depreciation	(351,005)	(301,803)	(215,601)	(187,959)
Total plant and equipment	**126,249**	**134,411**	**80,376**	**67,768**
Total property, plant and equipment	**9,308,381**	**8,618,849**	**9,227,467**	**8,532,429**

Reconciliation of opening and closing balances of property, plant and equipment

Land and buildings				
Balance at the beginning of the year	8,417,642	8,564,632	8,417,642	8,564,632
Additions	46,930	38,443	46,930	38,443
Revaluations	834,161	-	834,161	-
Disposals	-	-	-	-
Depreciation for the year	(186,352)	(185,433)	(186,352)	(185,433)
Balance at the end of the year	**9,112,381**	**8,417,642**	**9,112,381**	**8,417,642**
Motor vehicles				
Balance at the beginning of the year	66,797	136,446	47,020	75,739
Additions	36,618	54,715	-	54,715
Revaluations	-	-	-	-
Disposals	-	(69,080)	-	(51,660)
Depreciation for the year	(33,406)	(55,284)	(12,311)	(31,774)
Balance at the end of the year	**70,008**	**66,797**	**34,709**	**47,020**
Plant and equipment				
Balance at the beginning of the year	134,410	131,109	67,767	69,187
Additions	41,040	46,187	40,250	21,066
Revaluations	-	-	-	-
Disposals	-	-	-	-
Depreciation for the year	(49,206)	(42,886)	(27,643)	(22,486)
Balance at the end of the year	**126,244**	**134,410**	**80,374**	**67,767**
Total property, plant and equipment				
Balance at the beginning of the year	8,618,849	8,832,187	8,532,429	8,709,558
Additions	124,587	139,345	87,180	114,224
Revaluations	834,161	-	834,161	-
Disposals	-	(69,080)	-	(51,660)
Depreciation for the year	(268,964)	(283,603)	(226,306)	(239,693)
Balance at the end of the year	**9,308,633**	**8,618,849**	**9,227,465**	**8,532,429**

The revalued land and buildings consist of $1,600,000 of Land and $7,577,802 of Buildings. Management determined that these constitute one class of asset under AASB 13, based on the nature, characteristics and risks of the property.

Fair value of the properties was determined by using market comparable method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for the difference in the nature, location or condition of the specific property. As at the date of revaluation 24 June 2019, the properties' fair values are based on valuations performed by Knight Frank, an accredited independent valuer.

Note 6: Non-current assets (continued)

	Consolidation		Parent	
	2019	2018	2019	2018
	$	$	$	$
Note 6B: Intangibles				
Website development costs - at cost				
Purchased	97,430	97,430	97,430	97,430
Less: accumulated depreciation	(97,430)	(96,110)	(97,430)	(96,110)
Total website development costs	-	**1,320**	-	**1,320**
Database development costs - at cost				
Purchased	132,900	75,483	120,115	75,483
Less: accumulated depreciation	(69,893)	(64,338)	(69,183)	(64,338)
Total database development costs	**63,007**	**11,145**	**50,932**	**11,145**
Total intangibles	**63,007**	**12,465**	**50,932**	**12,465**

Reconciliation of opening and closing balances of intangibles

Website development costs				
Balance at the beginning of the year	1,320	15,967	1,320	15,967
Additions	-	-	-	-
Amortisation for the year	(1,320)	(14,647)	(1,320)	(14,647)
Balance at the end of the year	-	**1,320**	-	**1,320**
Database development costs				
Balance at the beginning of the year	11,145	19,830	11,145	19,830
Additions	57,417	-	44,632	-
Amortisation for the year	(5,555)	(8,685)	(4,845)	(8,685)
Balance at the end of the year	**63,007**	**11,145**	**50,932**	**11,145**
Total intangibles				
Balance at the beginning of the year	12,465	35,797	12,465	35,797
Additions	57,417	-	44,632	-
Amortisation for the year	(6,875)	(23,332)	(6,165)	(23,332)
Balance at the end of the year	**63,007**	**12,465**	**50,932**	**12,465**

Note 6C: Other financial assets

Financial assets at fair value through profit or loss				
Non-listed equity shares	120,000	120,000	120,000	120,000
Total other financial assets	**120,000**	**120,000**	**120,000**	**120,000**

Note 7: Current liabilities

	Consolidation		Parent	
	2019	2018	2019	2018
	$	$	$	$
Note 7A: Trade payables				
Trade creditors and accrual	595,840	763,666	267,384	602,253
Subtotal trade creditors	**595,840**	**763,666**	**267,384**	**602,253**
Payables to other reporting unit[s]	-	-	-	-
Subtotal payables to other reporting unit[s]	-	-	-	-
Total trade payables	**595,840**	**763,666**	**267,384**	**602,253**
Note 7B: Other payables				
Payable to employers for making payroll deductions of membership subscriptions	-	-	-	-
Legal costs - Litigation	-	-	-	-
GST payable	284,472	343,133	146,041	171,516
PAYG tax payable	91,067	75,813	50,228	36,325
Unearned revenue	275,800	160,919	145,800	160,419
Other payables	17,032	17,448	17,035	17,448
Total other payables	**668,371**	**597,313**	**359,104**	**385,708**
Total other payables are expected to be settled in:				
No more than 12 months	668,371	597,313	359,104	385,708
More than 12 months	-	-	-	-
Total other payables	**668,371**	**597,313**	**359,104**	**385,708**

Note 8: Provisions

Note 8A: Employee provisions

Office holders:				
Annual leave	-	-	-	-
Long service leave	-	-	-	-
Separations and redundancies	-	-	-	-
Others	-	-	-	-
Subtotal employee benefits - office holders	-	-	-	-
Employees other than office holders:				
Annual leave	253,234	213,685	79,024	64,165
Long service leave	97,869	61,870	50,857	17,974
Separations and redundancies	-	-	-	-
Others	37,006	37,877	-	-
Subtotal employee benefits other than office holders	**388,109**	**313,432**	**129,881**	**82,139**
Total employee provisions	**388,109**	**313,432**	**129,881**	**82,139**

Note 8: Provisions (continued)

	Consolidation		Parent	
	2019	2018	2019	2018
	$	$	$	$
Note 8A: Employee provisions (continued)				
Current	337,936	288,392	86,612	67,779
Non-current	50,173	25,040	43,269	14,360
Total employee provisions	**388,109**	**313,432**	**129,881**	**82,139**

Note 9: Equity

Note 9A: Other Specific disclosures - funds

Compulsory levy/voluntary contribution fund - if invested in assets	-	-	-	-
Balance as at start of year	-	-	-	-
Transferred to reserve	-	-	-	-
Transferred out of reserve	-	-	-	-
Balance as at end of year	-	-	-	-

Note 10: Cash flow

	Consolidation		Parent	
	2019	2018	2019	2018
	$	$	$	$
Note 10A: Cash flow reconciliation				
Reconciliation of cash and cash equivalent as per balance sheet to cash flow statement				
Cash and cash equivalent as per:				
Cash flow statement	4,185,678	3,980,027	2,366,326	2,488,472
Balance sheet	4,185,678	3,980,027	2,366,326	2,488,472
Difference	-	-	-	-
Reconciliation of profit (deficit) to net cash from operating activities:				
Profit (deficit) for the year	349,965	176,845	(23,025)	(70,935)
Adjustments for non-cash items				
Depreciation/amortisation	276,092	306,936	232,468	263,027
Gain on disposal of assets	(7,955)	(46,226)	-	(45,191)
Changes in assets and liabilities:				
(Increase)/decrease in net receivables	(200,820)	(95,165)	116,900	(123,239)
(Increase)/decrease in prepayments	(15,199)	60,665	(2,648)	12,665
(Increase)/decrease in inventories	(292)	1,095	(292)	1,095
Increase/(decrease) in supplier payables	(167,826)	241,987	(334,868)	217,402
Increase/(decrease) in other payables	71,058	12,844	(26,608)	(8,102)
Increase/(decrease) in employee provisions	74,677	(124,727)	47,742	(66,587)
Increase/(decrease) in other liabilities	-	(43,894)	-	(43,894)
Net cash flows (used in) from operating activities	**379,700**	**490,360**	**9,669**	**136,241**

	Consolidation		Parent	
	2019	2018	2019	2018
	$	$	$	$
Note 10B: Cash flow information				
Cash inflows				
Master Builders Association of the ACT	4,614,652	3,393,166	4,614,652	3,393,166
MBA Group Training Limited	6,058,354	6,743,782	-	-
Total cash inflows	**10,673,006**	**10,136,948**	**4,614,652**	**3,393,166**
Cash outflows				
Master Builders Association of the ACT	4,736,797	3,278,265	4,736,797	3,278,265
MBA Group Training Limited	5,730,558	6,385,648	-	-
Total cash outflows	**10,467,355**	**9,663,913**	**4,736,797**	**3,278,265**

Note 11: Contingent liabilities, assets and commitments

Note 11A: Commitments and contingencies

Operating lease commitments - as lessee

The lease commitments relate to various leases for office equipment (photocopiers and mail machines). The remaining terms on these leases range from 22 to 44 months.

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

Within one year	31,139	36,848	14,852	20,562
After one year but not more than five years	38,579	69,717	6,006	20,858
	69,717	**106,565**	**20,858**	**41,420**

Note 12: Related party disclosures

Note 12A: Related party transactions for the reporting period

Revenue received from MBA Group Training Limited includes the following:				
Rent	-	-	230,004	225,000
Service fee	-	-	672,864	520,000
Revenue received from MBA Skills Centre Building Fund includes the following:				
Rent	230,000	225,000	-	-
Donation	-	-	-	-
Revenue received from Master Builders Fidelity Fund includes the following:				
Commission	821,032	594,088	821,032	594,088
Rent	45,900	55,800	45,900	55,800

Note 12: Related party disclosures (continued)

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances for sales and purchases 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 2019, the Association has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (2018: $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.

No expected credit losses have been raised in relation to any outstanding balances, and no expense has been recognised in respect of expected credit losses due from loan to a related party.

	Consolidation		Parent	
	2019	2018	2019	2018
	$	$	$	$
Note 12B: Key management personnel remuneration for the reporting period				
Short-term employee benefits				
Salary (including annual leave taken)	746,130	564,536	746,130	515,898
Annual leave accrued	32,367	23,110	32,367	23,110
Reportable fringe benefit	126,150	30,811	126,150	19,566
	904,647	**618,457**	**904,647**	**558,574**
Post-employment benefits				
Superannuation	71,405	74,823	71,405	63,829
	71,405	**74,823**	**71,405**	**63,829**
Other long-term benefits				
Long service leave	18,855	6,654	18,855	6,654
	18,855	**6,654**	**18,855**	**6,654**
Termination benefits				
Redundancy	-	164,146	-	76,623
	-	**164,146**	-	**76,623**
	994,907	**864,080**	**994,907**	**705,680**

Note 12: Related party disclosures (continued)

		Consolidation		Parent	
		2019	2018	2019	2018
		$	$	$	$
Note 12C: Transactions with key management personnel					
Executive member	**Revenue received from**				
Bryan Lemming	The Village Building Company	-	33,645	-	33,645
Gracie Ferreira	Pacific Formwork	1,545	2,747	1,545	2,747
Frank Porreca	Benchmark Projects	727	705	727	705
Valdis Luks & Jack Harris	Shaw Building Group	10,614	-	10,614	-
Peter Middleton	Woden Contractors	14,341	255,523	14,341	255,523
Richard Corver	ABC Construction	1,045	1,000	1,045	1,000
Martin Boyd	Huon	5,432	16,767	5,432	16,767
Nigel Forde	Cord Civil	-	14,090	-	14,090
Andrew Crompton	Chincivil Pty Limited	-	10,862	-	10,862
Peter Naylor	IQON	-	113,319	-	113,319
Marc Rowland	Elevated Constructions	1,136	1,071	1,136	1,071
Stephen Wise	Wise Choice Projects	636	614	636	614
Simon Butt	Manteena Pty Lmited	17,200	26,647	17,200	26,647
Matthew Rayment	PBS Building	17,798	-	17,798	-
Bryan Leeming	Connected Projects	936	-	936	-
John Nikolic	Meyer Vandenberg Lawyers	909	-	909	-
Rosa Josifoski	MPR Scaffolding	705	-	705	-
Karen Porter	Solace Creations	705	-	705	-
Jack Harris	Sahw Building Group	-	15,857	-	15,857
		73,730	**492,847**	**73,730**	**492,847**

	Consolidation		Parent	
	2019	2018	2019	2018
	$	$	$	$
Note 13: Auditor's remuneration				
Audit of financial statements	32,100	31,000	17,600	14,000
Assistance with the compilation of financial statements	4,500	4,500	3,000	3,000
	36,600	**35,500**	**20,600**	**17,000**

No other services were provided by the auditors of the financial statements.

Note 14. Financial instruments

	Consolidation		Parent	
	2019	2018	2019	2018
	$	$	$	$
Note 14A: Categories of financial instruments				
Loans and receivables				
Loans and receivables	1,163,897	963,077	626,487	289,930
Carrying amount of financial assets	**1,163,897**	**963,077**	**626,487.00**	**289,930**
Financial liabilities				
Other financial liabilities	1,264,211	885,705	626,487	987,964
Carrying amount of financial liabilities	**1,264,211**	**885,705**	**626,487**	**987,964**

Note 14B: Net income and expense from financial assets

	Consolidation 2019	Consolidation 2018	Parent 2019	Parent 2018
Held-to-maturity				
Interest revenue	71,710	52,500	12,000	37,073
Gain/loss on disposal	7,955	46,226	-	45,191
Net gain/(loss) from loans and receivables	**79,665**	**98,726**	**12,000**	**82,264**

Note 14C: Credit risk

The Association is not exposed to any significant credit risk. Credit risk is managed through close management of all debtors. Historically, the Association has had very few issues with the collection of debts.

Based on an assessment of historical credit loss experience adjusted for forward looking factors, the expected credit loss % is zero.

Note 14D: Liquidity risk

Vigilant liquidity risk management required the Association to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The Association manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching maturity profiles of financial assets and liabilities.

Note 14E: Market risk

Foreign currency risk
The Association is not exposed to any foreign currency risk. The Association does not have any foreign currency dealings or transactions.

Price risk
The Association is not exposed to any significant price risk. The Association's revenue and expenses are not significantly impacted by market prices.

Interest rate risk
The Association is not exposed to any significant interest rate risk. The Association has very limited exposure to interest rate risk as there is no debt with interest component.

Note 14. Financial instruments (continued)

Sensitivity analysis of the risk that the entity is exposed to for 2019

	Risk variable	Change in risk variable %	Effect on Profit and loss $	Effect on Equity $
Interest rate risk	$71,710	+1%	717	717
Interest rate risk	$71,710	-1%	(717)	(717)

Sensitivity analysis of the risk that the entity is exposed to for 2018

	Risk variable	Change in risk variable %	Effect on Profit and loss $	Effect on Equity $
Interest rate risk	$52,500	+1%	525	525
Interest rate risk	$52,500	-1%	(525)	(525)

Note 15: Fair value measurement

Fair value hierarchy
The following tables detail the Association's asset and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices include within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

	Level 1 $	Level 2 $	Level 3 $	Total $
Consolidated - 2019				
Assets				
Land and buildings	-	-	9,112,383	9,112,383

There have been no transfers between levels during the year.

The Association's assets are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation.

Further information is set out below.

Land (Level 3)
The land was last revalued on 30 June 2019. The fair value of the land was determined using the sales comparison approach. The key inputs under this approach are the price per square metre from sales of comparable land in the area. Professional judgment of the value is used to determine the comparability of sales overdue which is unbearable.

Buildings (Level 3)
The buildings were last revalued on 30 June 2019. The fair value of the buildings was determined using the depreciated replacement cost approach. The subject asset is considered to represent a specialised, purpose-built facility, for which there is no active market, or a very limited market. The key input under this approach is the estimated gross current replacement cost which is based on the expected useful lives and any adjustment for deterioration and obsolescence.

Note 16. Financial assets and liabilities

Management of the reporting unit assessed that [cash, trade receivables, trade payables, and other current liabilities] approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of financial assets and liabilities is included at the amount which the instrument could be exchanged in a current transaction between willing parties. The following methods and assumptions were used to estimate the fair values:

- Fair values of the reporting unit's interest-bearing borrowings and loans are determined by using a discounted cash flow method. The discount rate used reflects the issuer's borrowing rate as at the end of the reporting period. The own performance risk as at [year-end date] was assessed to be insignificant.
- Fair value of available-for-sale financial assets is derived from quoted market prices in active markets.
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the [reporting unit] based on parameters such as interest rates and individual credit worthiness of the customer. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 30 June 2019 the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

The following table contains the carrying amounts and related fair values for the [*reporting unit's*] financial assets and liabilities:

	Carrying amount 2019 $	**Fair value 2019 $**	Carrying amount 2018 $	Fair value 2018 $
Financial assets				
Non-listed equity shares	120,000	12,0000	120,0000	120,000
Total	**120,000**	**120,000**	**120,000**	**120,000**
Financial liabilities				
Financial liabilities	-	-	-	-
Total	-	-	-	-

Note 16B: Financial and non-financial assets and liabilities fair value hierarchy

The following tables provide an analysis of financial and non-financial assets and liabilities that are measured at fair value, by fair value hierarchy.

Fair value hierarchy – 30 June 2019

	Date of valuation	**Level 1**	**Level 2**	**Level 3**
Assets measured at fair value		**$**	**$**	**$**
Land and buildings		-	-	9,112,383
Non-listed equity shares		-	-	120,000
Total		-	-	**9,132,383**
Liabilities measured at fair value				
Liabilities measured at fair value		-	-	-
Total		-	-	-

Note 16. Financial assets and liabilities (continued)

Fair value hierarchy – 30 June 2018

Date of valuation	Level 1	Level 2	Level 3
Assets measured at fair value	**$**	**$**	**$**
Land and building	-	-	8,417,641
Non-listed equity shares	-	-	120,000
Total	**-**	**-**	**8,537,641**
Liabilities measured at fair value			
Liabilities measured at fair value	-	-	-
Total	**-**	**-**	**-**

Note 17: Section 272 Fair Work (Registered Organisations) ACT 2009

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

Information to be provided to members or Commissioner:

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

(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).

Master Builders Association of the ACT and its Controlled Entity
OFFICER DECLARATION STATEMENT

I, Graciete Ferreira being the President / Director of the **Master Builders Association of the ACT and its Controlled Entity**, declare that the following activities did not occur during the reporting period ending 30 June 2019.

The reporting unit did not:

- acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the Commissioner, Fair Work Commission
- incur expenses due to holding a meeting as required under the rules of the organisation
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit

Signed by the officer:

Dated: 16.09.19