MASTER ELECTRICIANS AUSTRALIA

FOR THE YEAR ENDED 30 JUNE 2019

ANNUAL REPORT

Master Electricians Association Limited ACN 163 222 642
Master Electricians Association Queensland ABN 40 669 256 171

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PRESIDENT'S REPORT

I find myself again writing another report from a remote mining camp in central New South Wales. As I reflect on my time as President of MEA there are so many memories that come flooding to mind both good and bad. When I first nominated for a Councillor position of ECA back in 2008, I did so with great pride and with a feeling I had something to give back to Industry, and to be a part of an Industry Association that I felt had a huge amount of potential. I did so naively thinking I would do a couple of years, tick a mental box and move on.

Eleven years on and now at the end of a four-year tenure as President I feel very proud of everything that has been achieved throughout my time as a councillor and the senior executive.

Financially the association is the strongest it's been in my eleven years. We finally have the building debt under control, our membership growth is now on a sustainable trend, our service offering is the best in industry, our membership is engaged and passionate, and we are seen as the peak industry body nationally. Our advocacy work has seen some great industry achievements, in particular our partnership with CEC to support the successful High Court Challenge to demarcation legislation deeming only Licensed Electricians could handle and affix solar panels. The legislation was deemed illegal and withdrawn for redraft.

Our safety advocacy continues, and our promotion supporting an RCD on every circuit in every home is gaining strong support across the nation. It's comforting to see some of the biggest manufacturers and wholesalers getting on board with our initiative and I'm sure in time we will see legislative change.

By far the most challenging issue myself and the Council and MEA Boards have dealt with is the transition to the Master Electricians branding and the deployment of the brand and operation nationally. This was a necessary move to maintain the sustainability of the Association and provide real choice for contractors around Australia. We certainly didn't get it completely right at the start, but we were encouraged at the strong support we received from contractors far and wide.

There have been many testing and challenging moments as the MEA brand was tested, criticized, defamed and the Boards and Councils brought into question around our strategy. It's been very pleasing to see the MEA brand not only survive but thrive, and now – with a new accreditation system – show real value to those members keen to take up both a personal and business development path.

Most pleasing has been the implementation of succession planning within the council and senior executive to ensure strong and stable leadership is maintained and the strategic pathway monitored reviewed and maintained.

My time as President has certainly been a highlight of my career to date and it's been made easy working with Malcolm who has been highly supportive of my leadership and assisted in implementing the key strategies that have allowed the association to grow stronger and stronger each year.

As I move to the shadows of Immediate Past President I welcome John Horan to the Role as President, thank Richard Flanagan for his long and unrelenting service to the association, and wish the senior executive, new and existing councillors and the MEA Board the very best for the years ahead.

Tony Arnold
President

CEO'S REPORT

One of the things that always impresses me when I talk to members around the country is the way you constantly strive to improve your business – always offering cutting-edge products and better service to your customers. It's only reasonable that you would expect your industry association to do the same. That's what we've delivered over the past 12 months, and it's what we are planning for in coming years.

Working from the starting point that continual business improvement is the way of the future, earlier in the year the MEA Board and Council decided on a fresh strategic direction for the organisation. We wanted to shape the MEA of the future. Part of that work involved reinventing our core service offering to shore up our existing high-quality services, then adding some new services to help our members boost your own business performance. Many members have already been through a similar process in recent years, challenging themselves to learn and grow your businesses. Now you have challenged us to do it on a broader scale. Well, challenge accepted.

The first area we have reimagined is the journey through the early years of membership. Currently members join MEA and then contact us if they need help with part of their business. But many remain unaware of some of our best services, even though we do our best to let everyone know what your association can do for you and the value we can provide. So from next year we are going to take new members on a structured, three-year journey to build their businesses and get to know all our services. After they graduate from that initial process, they will move into a continuing professional development mode to ensure they capitalise on every opportunity that presents to them.

In addition, the Board and Council have demanded more from our brand and accreditation program. The challenge to MEA has been the promotion of only the accredited members separate from the rest of the membership, while the brand has been accessed by all. To take this to another level we will be introducing a system where the entire membership will be accredited to a level. Three levels of accreditation will be introduced to reward those who can demonstrate a higher level of performance or longevity of success in the industry. In addition we have delivered more value for accredited members by delivering Telstra Trades Assist, Cube Performance and Telstra online essential free of charge to them. This is an exciting time of change in the industry and association, so I am keen to gather your thoughts as we plunge into the opportunities of the future.

As we look to the year ahead, it's also timely to reflect on some of the challenges we have overcome in the past 12 months. The last year has been a very positive one for MEA after a few challenging years, having disposed of a couple of significant issues. The first one was the long-term pain that had been caused by our bank and the arduous process to move to Bendigo. However, the move has been a very positive outcome with the association nearly $100,000pa better off with a bank that treats us like a customer. In addition, we resolved the Western Australian issue and worked hard to create a single national association. As you know, this was not to be. But now the distraction is behind us, and we have a very clear vision of the way forward.

Finally I need to say a huge thank you to our outgoing President. Tony has been a fantastic leader, solving some of our biggest issues for the association in the last few years. In this term our balance sheet has nearly doubled, our membership grown solidly, and we are on an exciting new pathway to success. He has certainly impacted on my role and the association as a whole. I am also looking forward to working with John Horan our incoming President. John has delivered one of the most innovative successful businesses in recent year so I am looking forward to this innovative approach to delivering membership value. Thank-you members and corporate partners for your ongoing support of MEA. There are exciting times ahead for your association, and we look forward to sharing that journey with you.

Malcolm Richards
CEO

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

MASTER ELECTRICIANS ASSOCIATION LIMITED

ACN 163 222 642

DIRECTORS' REPORT

For the year ended 30 June 2019

The directors present their report on the company for the financial year ended 30 June 2019.

Directors

The names of the directors in office at any time during or since the end of the year are:

Anthony Arnold	Greg Allan	(Resigned 09/2018)
Richard Flanagan	Rowan Diamond	
Troy Smit	Stephen Downey	(Resigned 03/2019)
James Johnson	Ray Sherriff	
Erik Scholz	Brett Matthews	(Appointed 09/2018)

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

Principal Activities

The principal activity of the Company during the financial year was the provision of membership services.

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

Operating Results

The directors have reviewed the operations for the year ended 30 June 2019 and report that the operations have been consistent with the 2019 operating budget.

The result from operations was a profit after tax for the year ended 30 June 2019 of $7,908 (2018: profit after tax of $7,511).

No significant changes in the company's state of affairs occurred during the financial year.

Dividends Paid or Recommended

No dividends have been paid or declared since the start of the financial year (2018: $nil).

Significant Changes in State of Affairs

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Environmental Regulations

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

DIRECTORS' REPORT CONT'D

Information on Directors

Anthony **Arnold**
• Licensed electrical contractor
• Self employed; MEAQ President; Director/Chair Master Electricians Australia Limited

Richard **Flanagan**
• Licensed electrical contractor
• Self employed; Director Master Electricians Australia Limited

Troy **Smith**
• Licensed electrical contractor
• Self employed; Director Master Electricians Australia Limited

Stephen **Downey**
• Self employed; Director Master Electricians Australia Limited
• Licensed electrical contractor

Erik **Scholz**
• Licensed electrical contractor
• Self employed; Director Master Electricians Australia Limited

Greg **Allan**
• Licensed electrical contractor
• Self employed; Director Master Electricians Australia Limited

Rowan **Diamond**
• Licensed electrical contractor
• Self employed; Director Master Electricians Australia Limited

James **Johnson**
• MB Marketing; Harvard BS - Global Strategic management
• Director Master Electricians Australia Limited

Ray **Sherriff**
• Licensed electrical contractor
• Self employed; Director Master Electricians Australia Limited

Brett **Matthews**
• Licensed electrical contractor
• Self employed; Director Master Electricians Australia Limited

Company Secretary

Malcolm **Richards**
• Electrician, Dip Front Line Management, Dip Engineering, Masters Business Administration.
• Appointed CEO MEAQ 2007. Extensive industry experience supported by qualifications.

Key Management Personnel Remuneration Policy

The Company's policy for determining the nature and amount of remuneration of key management is as follows:

The remuneration structure for key management personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Company. The contracts for service between the Company and key

DIRECTORS' REPORT CONT'D

management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future.

Meetings of Directors

During the financial year, 6 meetings of directors were held. Attendances by each director during the year were as follows:

Name	Number of meetings held while a Director	Number of meetings attended
Anthony Arnold	6	6
Richard Flanagan	6	6
Troy Smith	6	6
Stephen Downey	5	2
Erik Scholz	6	6
Greg Allan	1	1
Rowan Diamond	6	5
James Johnson	6	3
Ray Sherriff	6	6
Brett Matthews	5	5

Likely Developments

Likely developments in the operations of the Company 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 Company.

Options

No options over issued shares or interests in the Company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Indemnifying Officers or Auditor

The company has agreements with each of the directors and officers of the company in office at the date of this report indemnifying them against liabilities to any person other than the company that may arise from their acting as directors or officers of the company. The indemnity applies, notwithstanding that they may have ceased to hold office, other than where such liabilities arise out of conduct involving a wilful breach of duty, the improper use by the directors or officers of their position or of information to gain an advantage for themselves or someone else or to cause detriment to the company.

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability, as such disclosures are prohibited under the terms of the contract.

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an auditor of the company.

DIRECTORS' REPORT CONT'D

Matters Subsequent to the End of the Financial Year

There have been no matters or circumstances since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Auditor's Independence Declaration

A copy of the lead auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 10 and forms part of the Directors' Report.

Signed in accordance with a resolution of the Board of Directors of Master Electricians Association Limited.

Anthony Arnold
Director
Signed at Brisbane 28 August 2019

Crowe Horwath.
PART OF FINDEX

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Auditor's Independence Declaration

As auditor of Master Electricians Association Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Master Electricians Association Limited.

Crowe Horwath Brisbane

Mike McDonald
Partner

Signed at Brisbane

Date: 28 August 2019

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 30 June 2019

	NOTE	2019 $	2018 $
Revenue	2	**790,746**	751,147
Agency Fee - MEAQ		**(782,838)**	(743,635)
Profit before income tax		**7,908**	7,511
Income tax expense		**-**	-
Profit after income tax		**7,908**	7,511
Other comprehensive income for the year		**-**	-
TOTAL COMPREHENSIVE PROFIT FOR THE YEAR ATTRIBUTABLE TO MEMBERS		**7,908**	7,511

Notes to the financial statements are attached.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	NOTE	2019 $	2018 $
CURRENT ASSETS			
Accounts Receivable: Other	3	**-**	
Prepayments	3	**129,155**	200,872
Loans to related parties	3	**45,896**	38,538
TOTAL ASSETS		**175,051**	239,410
CURRENT LIABILITIES			
Trade and other payables	4	**130,703**	202,970
TOTAL CURRENT LIABILITIES		**130,703**	202,970
NET ASSETS		**44,348**	36,440
EQUITY			
Retained earnings		**44,348**	36,440
TOTAL EQUITY		**44,348**	36,440

Notes to the financial statements are attached.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2019

	Retained Earnings $	Total $
Balance at 1 July 2017	28,929	28,929
Total comprehensive income:		
Income for the year	7,511	7,511
Other comprehensive income	-	-
Total comprehensive loss for the year	7,511	7,511
Transfers to reserves	-	-
Transfers to retained earnings	-	-
Balance at 30 June 2018	36,440	36,440
Balance at 1 July 2018	36,440	36,440
Total comprehensive income:		
Income for the year	7,908	7,908
Other comprehensive income	-	-
Total comprehensive loss for the year	7,908	7,908
Transfers to reserves		-
Transfers to retained earnings		-
Balance at 30 June 2019	44,348	44,348

Notes to the financial statements are attached.

STATEMENT OF CASH FLOWS

For the year ended 30 June 2019

	NOTE	2019 Inflows (Outflows) $	2018 Inflows (Outflows) $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**718,308**	783,202
Payments to suppliers and employees		**(718,308)**	(783,202)
NET CASH FROM OPERATING ACTIVITIES	5	**-**	-
CASH FLOWS FROM INVESTING ACTIVITIES		**-**	-
NET CASH USED IN INVESTING ACTIVITIES		**-**	-
CASH FLOWS FROM FINANCING ACTIVITIES		**-**	-
NET CASH FROM/(USED IN) FINANCING ACTIVITIES		**-**	-
Net increase/(decrease) in cash and cash equivalents held		**-**	-
Cash and cash equivalents at the beginning of the year		**-**	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**-**	-

Notes to the financial statements are attached.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Reporting company

Master Electricians Association Limited (''the company'') is an unlisted public company limited by guarantee incorporated and domiciled in Australia. The financial report covers Master Electricians Association Limited as an individual company.

The company is primarily involved in the mutual protection and advancement of the members of the Association so as to enable the public and community in general to be best served by the industry.

The financial report was authorised for issue by the board of directors on 28 August 2019.

Basis of Preparation

Statement of Compliance

The financial report of Master Electricians Association Limited is a general purpose financial report prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements including Australian Accounting Interpretations and other pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

Reporting Basis and Conventions
The financial report is presented in Australian dollars.

The preparation of financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, revenue and expenses.

- *Critical Accounting Estimates and Judgments*
  The estimates and judgments incorporated into the financial report are based on historical experiences and the best available current information on current trends and economic data, obtained both externally and within the company. The estimates and judgements made assume a reasonable expectation of future events but actual results may differ from these estimates.

- *Key Estimates — Impairment*
  The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

The financial report has been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Income Tax

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial report. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Because of the principal of mutuality, only income arising from non-member activities is subject to income tax. The company is able to identify all non-member income.

(b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities in the statement of financial position.

(c) Revenue

The Company supports members by facilitating the delivery of industry advice, expertise and services.

A member joins the Company for a 12 month period, having the option to pay the full membership fee upon joining, or to make 12 equal monthly payments across the membership year. There is no discount for members who choose to pay their fees in advance, and there is no penalty for members choosing to pay their fees monthly. Members complete a membership application and accept the Terms and Conditions of the organisation.

Membership fees are set each year. The new fee structure becomes applicable 1 June annually. Revenue from fees is recognised over-time as the member consumes the services available.

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

(d) Unearned Income

Fees received in advance are deferred and matched against billings as services are performed.

(e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as a separate line item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(f) Comparative Figures

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

(g) Trade and Other Receivables

Trade Receivables are initially classified at cost and subsequently meased at amortised cost.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (ECL). The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate, and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Trade receivables and other receivables are non-interest bearing and receipt is normally on 30 to 60 day terms. Therefore, the carrying value of trade receivables and other receivables approximates its fair value.

(h) Trade Creditors and Payables

A liability is recorded for goods and services received prior to balance date, whether invoiced or not. Trade creditors are settled in accordance with supplier payment terms.

(i) Statement of cash flows

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of any outstanding bank overdrafts.

(j) Changes in significant accounting policies

i. **AASB 15 Revenue from Contractors with Customers**
AASB 15 establishes a comprehensive framework for determining whether, how much, and when revenue is recognised. It replaced AASB 118 Revenue, and related interpretations. Under AASB 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control - at a point in time or over time - requires judgement. The adoption of AASB 15 did not have a material impact on the Company's revenue.

ii. **AASB 1058 Income of Not-for-Profit Entities**
AASB 1058 applies to the Company in respect of any transaction where the consideration paid to acquire an asset is significantly less than the asset's fair value, principally to enable the Company to further its objectives.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

iii. **AASB 9 Financial Instruments**
AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement 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 transition provisions of AASB 9 allow an entity not to restate comparatives and the Association has elected not to restate as there is no material impact to the financial statement.

Classification and Measurement
The classification and measurement requirements of AASB 9 did not have any impact on the Company.

Impairment
The adoption of AASB 9 has not materially changed the Association's accounting for impairment losses for financial assets, though it is replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (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.

Upon adoption of AASB 9, there has been a reduction of impairment on the Association's Trade Receivable as the default rates for its customers is at 0%.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

NOTE 2 - REVENUE

	2019 $	2018 $
Revenue from Membership Fees	**790,746**	751,147
Total Revenue	**790,746**	751,147

NOTE 3 - CURRENT ASSETS

Current		
Accounts Receivable: Other	**-**	
Agency Fee: Prepayment	**129,155**	200,872
Loan to MEAQ	**45,896**	38,538
	175,051	239,410

NOTE 4 - TRADE AND OTHER PAYABLES

Current		
Revenue received in advance	**130,460**	202,901
Other payables	**243**	69
	130,703	202,970

NOTE 5 - CASH FLOW INFORMATION

Reconciliation of net cash from operating activities to profit/(loss) after income tax

Net profit/(loss) after income tax	**7,908**	7,090
Adjustment for changes in assets and liabilities		
(Increase)/decrease in prepayments	**71,888**	(41,002)
(Increase)/decrease in loans to related parties	**(7,358)**	(7,533)
Increase/(decrease) in payables	**(72,438)**	41,445
Net cash from operating activities	**-**	-

NOTES TO THE FINANCIAL STATEMENTS CONT'D

NOTE 6 - CONTINGENT LIABILITIES

The company has provided an unlimited guarantee to the lenders of the parent entity (Master Electricians Association Queensland Industrial Organisation of Employers). The parent entity had a borrowing facility of $5 million as at 30 June 2019 (2018 - $6.05 million). No material liability is expected to arise from this guarantee.

NOTE 7 - EVENTS AFTER THE BALANCE DATE

No material events occurred after balance date and to the date of this report requiring disclosure.

NOTE 8 - MEMBERS GUARANTEE

The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each Accredited member is required to contribute a maximum of $10 each towards meeting any outstanding obligations of the entity. At 30 June 2019, the total amount that members of the company are liable to contribute if the company is wound up is $2,670 (2018 - $2,090).

NOTE 9 - COMPANY DETAILS

The registered office and principal place of business

Master Electricians Association Limited
57 Berwick Street
Fortitude Valley 4006
Queensland

DIRECTOR'S DECLARATION

For the year ended 30 June 2019

Master Electricians Association Limited

The directors declare that:

(a) The financial statements and notes, as set out on pages 11 to 14 are in accordance with the Corporations Act 2001, including:

   i. complying with Australian Accounting Standards including International Financial Reporting Standards as referred to in Note 1, and the Corporations Regulations 2001; and

   ii. giving a true and fair view of the company's financial position as at 30 June 2019 and its performance for the year ended on that date; and

(b In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board Directors of Master Electricians Association Limited.

Anthony Arnold
Director

Signed at Brisbane 28 August 2019

Crowe Horwath
PART OF FINDEX

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Independent Auditor's Report

To the Members of Master Electricians Association Limited

Opinion

We have audited the financial report of Master Electricians Association Ltd (the Company), which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Master Electricians Association Ltd is in accordance with the *Corporations Act 2001*, including:

(a) Giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year then ended.

(b) Complying with Australian Accounting Standards – Reduced Disclosure Requirements report and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

Crowe Horwath.
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Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduce Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors 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 directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Crowe Horwath Brisbane

Mike McDonald
Partner

Date: 28 August 2019
Brisbane

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

MASTER ELECTRICIANS ASSOCIATION QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

INCORPORATED UNDER THE INDUSTRIAL RELATIONS ACT 2016 ABN 40 669 256 171

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

For the year ended 30 June 2019

		Consolidated		Parent	
	Note	**2019 $**	2018 $	**2019 $**	2018 $
Sales revenue	2	**2,870,816**	2,822,678	**2,870,816**	2,822,678
Cost of sales		**1,796,645)**	(1,503,183)	**(1,796,645)**	(1,503,183)
Gross Profit		**1,074,170**	1,319,495	**1,074,170**	1,319,495
Other income	3	**4,979,785**	4,694,998	**4,979,785**	4,694,998
Employee costs		**(3,427,362)**	(3,394,217)	**(3,427,362)**	(3,394,217)
Depreciation and amortisation		**(191,809)**	(257,200)	**(236,515)**	(301,906)
Finance cost		**(232,982)**	(253,496)	**(232,982)**	(253,496)
Other expense		**(1,591,558)**	(2,063,425)	**(1,591,558)**	(2,062,754)
Operating Result		**610,244**	46,154	**565,538**	2,120
Impairment of loans to group companies		**-**	-	**-**	(671)
Income / (Loss) before income tax		**610,244**	46,154	**565,538**	1,448
Income tax					
Income from legal settlement	5	**-**	1,400,000	**-**	1,400,000
Loss on property revaluation		**(721,973)**		**(721,973)**	
Income / (Loss) for the year after income tax		**(111,729)**	1,446,154	**(156,435)**	1,401,448

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 30 June 2019

	Consolidated		Parent	
	2019 $	2018 $	**2019 $**	2018 $
Income / (Loss) for the year	**(111,729)**	1,446,154	**(156,435)**	1,401,449
Other comprehensive income / (loss)	**-**	-	**-**	-
Total other comprehensive income / (loss) for the year	**-**	-	**-**	-
Total comprehensive income / (loss) for the year	**(111,729)**	1,446,154	**(156,435)**	1,401,449

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

For the year ended 30 June 2019

		Consolidated		Parent	
	Note	**2019 $**	2018 $	**2019 $**	2018 $
ASSETS					
Current assets					
Cash and cash equivalents	6	**1,276,181**	2,707,510	**1,276,181**	2,707,510
Other financial assets	6	**11,000**	23,682	**11,000**	23,682
Trade and other receivables	7.a	**950,216**	994,014	**950,216**	994,014
Total current assets		**2,237,398**	3,725,206	**2,237,398**	3,725,206
Non-current assets					
Property, plant and equipment	8	**8,913,018**	8,508,323	**8,913,018**	8,508,323
Intangibles	9	**6,571**	24,481	**677,158**	739,775
Investments	14	**1**	1	**1**	1
Loans to group companies	7.b	**-**	-	**-**	-
Total non-current assets		**8,919,590**	8,532,806	**9,590,177**	9,248,100
TOTAL ASSETS		**11,156,988**	12,258,011	**11,827,575**	12,973,306
LIABILITIES					
Current liabilities					
Trade and other payables	10	**1,805,222**	1,993,298	**1,805,222**	1,993,298
Financial liabilities	11.a	**236,275**	5,600,000	**3,703,820**	5,600,000
Provision for employee entitlements		**333,143**	319,220	**333,143**	319,220
Total current liabilities		**2,374,640**	7,912,518	**5,842,184**	7,912,518
Non-current liabilities					
Financial liabilities		**3,467,544**	-	**-**	-
Provision for employee entitlements		**98,878**	78,320	**98,878**	78,320
Total non-current liabilities		**3,566,422**	78,320	**98,878**	78,320
TOTAL LIABILITIES		**5,941,062**	7,990,838	**5,941,062**	7,990,838
NET ASSETS		**5,215,925**	4,267,174	**5,886,511**	4,982,468
EQUITY					
Reserves		**4,369,430**	3,308,950	**4,369,429**	3,308,950
Retained earnings / (Accumulated losses)		**846,495**	958,224	**1,517,082**	1,673,517
TOTAL EQUITY		**5,215,925**	4,267,174	**5,886,511**	4,982,466

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the year ended 30 June 2019

	Retained Earnings / (Accumulated Losses) $	Asset Revaluation Reserve $	Total $
PARENT			
Balance at 1 July 2017	272,068	3,308,950	3,581,017
Income / (Loss) for the year	1,401,448	-	1,401,448
Other comprehensive income	-	-	-
Balance at 30 June 2018	**1,673,516**	**3,308,950**	**4,982,466**
Balance at 1 July 2018	1,673,516	3,308,950	4,982,466
Income / (Loss) for the year	(156,435)	-	(156,435)
Other comprehensive income	-	1,060,479	1,060,479
Balance at 30 June 2019	**1,517,082**	**4,369,429**	**5,886,510**
CONSOLIDATED			
Balance at 1 July 2017	(487,932)	3,308,950	2,821,018
Income / (Loss) for the year	1,446,154	-	1,446,154
Other comprehensive income	-	-	-
Balance at 30 June 2018	**958,224**	**3,308,950**	**4,267,174**
Balance at 1 July 2018	958,224	3,308,950	4,267,174
Income / (Loss) for the year	(111,729)	-	(111,729)
Other comprehensive income	-	1,060,479	1,060,479
Balance at 30 June 2019	**846,495**	**4,369,429**	**5,215,925**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended 30 June 2019

	Note	Consolidated		Parent	
		2019 $	2018 $	**2019 $**	2018 $
CASH FROM OPERATING ACTIVITIES					
Cash receipts from customers and members (includes GST)		**8,117,310**	7,255,447	**8,117,310**	7,274,183
Cash paid to suppliers and employees (includes GST)		**(7,200,048)**	(6,808,390)	**(7,200,048)**	(6,807,723)
		917,262	447,057	**917,262**	466,460
Interest received		**7,976**	5,489	**7,976**	5,489
Interest paid		**(232,982)**	(253,496)	**(232,982)**	(253,496)
		692,256	199,050	**692,256**	218,453
Income from legal settlement		**-**	1,400,000	**-**	1,400,000
Net Cash Provided by/(Used in) Operating Activities	12	**692,256**	1,599,050	**692,256**	1,618,453
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		**-**		**-**	
Proceeds from disposal of motor vehicles		**-**	20,101	**-**	20,101
Purchase of property, plant and equipment		**(240,086)**	(70,014)	**(240,086)**	(70,014)
Purchase of intangibles		**-**		**-**	
Proceeds from term deposits		**12,682**		**12,682**	
Payment for term deposit investments					
Net Cash Used in Investing Activities		**(227,404)**	(49,913)	**(227,404)**	(49,913)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of borrowings		**(5,696,180)**	(11,894)	**(5,696,180)**	(11,894)
Proceeds from borrowings		**5,000,000**		**5,000,000**	
Transfers to loan offset		**(1,200,000)**		**(1,200,000)**	
Net Cash Flows Used in Financing Activities		**(1,896,180)**	(11,894)	**(1,896,180)**	(11,894)
Net increase/(decrease) in cash and cash equivalents		**(1,431,329)**	1,537,242	**(1,431,329)**	1,556,646
Cash and cash equivalents at the beginning of the year		**2,707,510**	1,170,269	**2,707,510**	1,150,864
Other financial assets as the end of the year - Term Deposits		**11,000**	23,682	**11,000**	23,682
Cash and cash equivalents & Other financial assets at the end of the year	6	**1,287,181**	2,731,193	**1,287,181**	2,731,192

The accompanying notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the Consolidated Financial Statements and Notes to the Consolidated Financial Statements, which are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations to the extent that they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the Industrial Relations Act 2016 of Queensland.

The financial statements cover Master Electricians Association Queensland Industrial Organisation of Employers as an individual entity (parent entity or the association) and Master Electricians Association Queensland Industrial Organisation of Employers and its controlled entities (consolidated entity). Master Electricians Association Queensland Industrial Organisation of Employers is an association incorporated in Queensland under the Industrial Relations Act 2016.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

(a) Reporting basis and conventions

The financial statements have been prepared on an accrual basis and are based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The consolidated entity has current year loss of -$111,729 (2018: $1,446,154) and retained earnings amount to $846,495 (2018: $958,224), with net current liability position of $137,242 (2018: $4,187,312) and net operating cash inflow of $692,255 (2018: $1,599,050) as of 30 June 2019. Of the net current liability, $1,350,383 (2018: $1,375,995) is the total amount received in advance from customers which will not result in an actual cash outflow.

(b) Income tax

The Association is exempt from income tax in accordance with the provisions of Section 50 of the Income Tax Assessment Act 1997, accordingly no tax liability is recognised for the parent entity. The controlled entities are subject to income tax.

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or non-allowable items. It is calculated using tax rates that have been enacted or are substantively enacted by the end of the reporting period.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax is credited in the statement of profit or loss except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONT'D

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be claimed.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the controlled entities will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(c) Revenue

The Association is a trade association recognised by industry, government and the community as the electrical industry's leading business partner, knowledge source and advocate. The Association supports members by delivering industry advice, expertise and services.

A member joins the Association for a 12 month period, having the option to pay the full membership fee upon joining, or to make 12 equal monthly payments across the membership year. There is no discount for members who choose to pay their fees in advance, and there is no penalty for members choosing to pay their fees monthly. Members complete a membership application and accept the Terms and Conditions of the organisation.

Membership fees are set each year through a Council resolution, with new fee structure becoming applicable 1 June annually. Revenue from fees is recognised over-time as the member consumes the services available.

The Association receives contractual sponsorship funding, supporting the organisation in providing and extending services to benefit the electrical industry. The revenue from contractual sponsorship is recognised in line with the satisfaction of the performance obligations of the individual contracts. Revenue is recognised either at a point in time, or over-time, depending upon the terms of each contract.

The Association also receives grant funding, supporting the organisation in providing and extending services to benefit the electrical industry. The revenue from grant funding is recognised in line with the satisfaction of the performance obligations of the individual agreements. Revenue is recognised either at a point in time, or over-time, depending upon the terms of each agreement.

The Association is a party to contractual arrangements where the contract or agreement does not include the specific purpose to which the funds must be directed. The Association is also a party to contractual arrangements where the contract or agreement may specify the purpose for which the funds are provided, but fails to provide specific performance obligations against which the organisation is able to recognise the revenue. In both of these instances, the organisation recognises the revenue when received.

Interest income is recognised as received.

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

(d) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within financial liabilities in current liabilities in the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONT'D

(e) Unearned income

Fees received in advance are deferred and matched against expenses as services are performed.

Customer deposits consist of payments received in advance from customers, deposits on credit sales for undelivered services and membership fees and cash collections on sales of undelivered merchandise.

(f) Property, plant and equipment

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

Property

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

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

The organisation undertook a revaluation of land and buildings in the current financial year, to facilitate movement of bank facilities from the Commonwealth Bank of Australia to Bendigo Bank. The property at 57 Berwick Street was split into two separate assets for valuation purposes (i) Land (ii) Building.

i. The Land valuation showed an increase in Fair Value of $1,060,479, which was allocated to the Reserve account in accordance with AASB 13 Fair Value Measurement.

ii. The building valuation, net of accumulated depreciation, showed an Impairment loss of $721,973. Impairment loss is recognised immediately in Profit or Loss in accordance with AASB 136 Impairment of Assets.

    Net result of the valuation was an increase in the Net Assets of the organisation by $338,506.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

Depreciation

The depreciable amount of all fixed assets excluding capitalised leased assets, are depreciated on a straight line basis over their useful lives commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Class of fixed asset	
Buildings	2.50%
Furniture, Fixtures and Fittings	7.5% to 33%
IT and Office Equipment	6.5% to 33%
Motor Vehicles	20%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONT'D

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

(g) Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' service up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of the expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and period of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

(h) Provisions

Provisions are recognised when the consolidated entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(i) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in statement of profit or loss in the period in which they are incurred.

(j) Leases

Leases are classified as finance or operating leases. A lease that transfers substantially all of the benefits and risks incidental to the ownership of property is classified as a finance lease. At the inception of a finance lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of the lease. Assets recorded under finance leases are amortised on a diminishing value basis over the term of the lease that is the estimated useful lives of the assets. All other leases are accounted for as operating leases wherein rental expenses are recognised on a straight line basis.

(k) Trade Payables

Trade and other payables are stated at amortised cost, which approximates fair value due to the short term nature of these liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONT'D

(l) Trade Receivables

Trade Receivables are initially classified at cost and subsequently meased at amortised cost.

The Association measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (ECL). The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate, and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Trade receivables and other receivables are non-interest bearing and receipt is normally on 30 to 60 day terms. Therefore, the carrying value of trade receivables and other receivables approximates its fair value.

Restatement of impairment on the Trade Receivable asset under AASB 9 *Financial Instruments* resulted in reduction from calculated -$214,743 to -$80,000 (2018: -$219,731).

(m) Fair value measurement

All assets and liabilities of the association for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals:

• Level 1 – represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;

• Level 2 – represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly; and

ª Level 3 – represents fair value measurements that are substantially derived from unobservable inputs.

None of the association's valuations of assets or liabilities are eligible for categorisation into level 1 of the fair value hierarchy. There were no transfers of assets between fair value hierarchy levels during the year.

(n) Grants

Non-reciprocal grant revenue is recognised in profit or loss when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statements of financial position, with a corresponding amount of income recognised in the statement of profit or loss.

(o) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office. In this case

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONT'D

it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from or payable to, the Australian Taxation Office is included with other receivables or payables in the statement of financial position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the Australian Taxation Office, are presented as operating cash flows.

(p) Impairment

At the end of each reporting period, the consolidated entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss.

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

(q) Principles of consolidation

A controlled entity is an entity that the parent entity has the power to control the financial and operating policies of an entity so as to obtain benefits from its activities. A list of controlled entities is contained in Note 14 to the financial statements. All controlled entities have a 30 June financial year-end.

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of controlled entities are consistent with those policies applied by the parent entity.

(r) Critical accounting estimates and judgements

The Council make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

i. **Key estimates - impairment of property, plant and equipment**

The Association assesses impairment at the end of each reporting period by evaluating conditions specific to the Association that may be indicative of impairment triggers. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate several key estimates and assumptions.

ii. **Key estimates - employee benefits provision**

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.

The Association presents as a liability the gross amounts due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

iii. **Key estimates - useful lives of assets**
The association determines the estimated useful lives and related depreciation charges for its property, plant and equipment. The useful lives would change significantly as a result of technical innovations or some other event. The depreciation chargee 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.

(s) Changes in significant accounting policies

i. **AASB 15 Revenue from Contracts with Customers**
AASB 15 establishes a comprehensive framework for determining whether, how much, and when revenue is recognised. It replaced AASB 118 Revenue, and related interpretations. Under AASB 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control - at a point in time or over time - requires judgement. The adoption of AASB 15 did not have a material impact on the Association's revenue.

ii. **AASB 1058 Income of Not-for-Profit Entities**
AASB 1058 applies to the Association in respect of any transaction where the consideration paid to acquire an asset is significantly less than the asset's fair value, principally to enable the Association to further its objectives. The main impact of the new standard is that some sponsorship and commissions-based income which were previously accrued for, will now be brought to account as revenue at the time of receipt.

The adoption of AASB 1058 has resulted in $166k of accrued income, relating to Training to be reversed until the point at which the funds are received.

iii. **AASB 9 Financial Instruments**
AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement 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 transition provisions of AASB 9 allow an entity not to restate comparatives and the Association has elected not to restate as there is no material impact to the financial statement.

Classification and Measurement
The classification and measurement requirements of AASB 9 did not have any impact on the Association.

Impairment
The adoption of AASB 9 has not materially change the Association's accounting for impairment losses for financial assets, though it is replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (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.

Upon adoption of AASB 9, there has been a reduction of impairment on the Association's Trade Receivable as the default rates for its customers is at 12%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONT'D

NOTE 2 - SALES REVENUE

	Consolidated		Parent	
	2019 $	2018 $	**2019 $**	2018 $
Insurance commissions	**466,922**	477,653	**466,922**	477,653
Magazine sales	**-**	8,595	**-**	8,595
Advertising	**800**	9,998	**800**	9,998
Training	**106,897**	544,253	**106,897**	544,253
Apprentice connect	**8,884**	8,358	**8,884**	8,358
Events	**74,867**	70,851	**74,867**	70,851
Sundry	**525,946**	365,884	**525,946**	365,884
Project income	**903,661**	593,450	**903,661**	593,450
Agency fee - Master Electricians Association Limited	**782,838**	743,635	**782,838**	743,635
Total Sales Revenue	**2,870,816**	2,822,678	**2,870,816**	2,822,678

NOTE 3: OTHER INCOME

	Consolidated		Parent	
	2019 $	2018 $	**2019 $**	2018 $
Rental income	**461,443**	296,829	**461,443**	296,829
Grants received	**2,640**	22,365	**2,640**	22,365
Interest received	**7,976**	5,489	**7,976**	5,489
Sponsorship Income	**612,908**	593,384	**612,908**	593,384
Revenue from membership fees	**3,894,818**	3,776,931	**3,894,818**	3,776,931
Total Other Income	**4,979,785**	4,694,998	**4,979,785**	4,694,998

NOTE 4: REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the parent entity and its controlled entities:

	Consolidated		Parent	
	2019 $	2018 $	**2019 $**	2018 $
Audit of financial statements (includes GST)	**35,380**	34,100	**35,380**	34,100
Prior year audit (over) / under accrual	**14**	(7,700)	**14**	(7,700)
	35,394	26,400	**35,394**	26,400

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONT'D

NOTE 5: INCOME FROM LEGAL SETTLEMENT

Receipt of monetary payment on 19 Jan 2018 from settlement of legal case (deed dated 12 Dec 2017) involving a number of parties, notably the Electrical and Communications Association of Western Australia Union of Employers (NECA WA).

NOTE 6: CASH AND CASH EQUIVALENTS

	Consolidated		Parent	
	2019 $	2018 $	**2019 $**	2018 $
Current assets:				
Cash on hand	**50**	37	**50**	37
Cash at bank	**1,276,131**	2,707,473	**1,276,131**	2,707,473
	1,276,181	2,707,510	**1,276,181**	2,707,510
Other Financial Assets	**11,000**	**23,682**	**11,000**	23,682
	11,000	23,682	**11,000**	23,682

NOTE 7 TRADE AND OTHER RECEIVABLES

	Consolidated		Parent	
	2019 $	2018 $	**2019 $**	2018 $
a. Current:				
Trade receivables	**463,181**	707,699	**463,181**	707,699
Provision for impairment of receivables	**(80,000)**	(219,731)	**(80,000)**	(219,731)
	383,181	487,968	**383,181**	487,968
Prepayments	**494,318**	237,854	**494,318**	237,854
Other receivables	**72,717**	268,191	**72,717**	268,191
	950,216	994,014	**950,216**	994,014
b. Non current:				
Loans to group companies	**-**	-	**544,217**	544,217
Provision for impairment	**-**	-	**(544,217)**	(544,217)
	-	-	**-**	-

The loans to group companies are unsecured, interest free and have no fixed repayment terms.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONT'D

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

	Consolidated		Parent	
	2019 $	2018 $	**2019 $**	2018 $
LAND AND BUILDINGS				
Freehold land at independent valuation (level 2)*	**5,500,000**	4,439,521	**5,500,000**	4,439,521
Total freehold land	**5,500,000**	4,439,521	**5,500,000**	4,439,521
Buildings at independent valuation (level 2)*	**3,100,000**	4,040,479	**3,100,000**	4,040,479
Less accumulated depreciation	**(19,322)**	(142,678)	**(19,322)**	(142,678)
Total buildings	**3,080,678**	3,897,801	**3,080,678**	3,897,801
Total land and buildings	**8,580,678**	8,337,322	**8,580,678**	8,337,322
PLANT AND EQUIPMENT				
Furniture, fixtures and fittings at cost	**523,117**	501,439	**523,117**	501,439
Less accumulated depreciation	**(373,787)**	(385,038)	**(373,787)**	(385,038)
Total furniture, fixture and fittings	**149,330**	116,401	**149,330**	116,401
Computer equipment at cost	**152,693**	224,091	**152,693**	224,091
Less accumulated depreciation	**(120,018)**	(197,652)	**(120,018)**	(197,652)
Total computer equipment	**32,676**	26,439	**32,676**	26,439
Office equipment at cost	**23,020**	141,271	**23,020**	141,271
Less accumulated depreciation	**(19,283)**	(135,554)	**(19,283)**	(135,554)
Total office equipments	**3,737**	5,717	**3,737**	5,717
Motor vehicles at cost	**277,036**	268,609	**277,036**	268,609
Less accumulated depreciation	**(130,438)**	(246,164)	**(130,438)**	(246,164)
Total motor vehicles	**146,597**	22,445	**146,597**	22,445
Total plant and equipment	**332,340**	171,002	**332,340**	171,002
Total property, plant and equipment	**8,913,018**	8,508,323	**8,913,018**	8,508,323

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONT'D

Movements in carrying amounts

PARENT / CONSOLIDATED: 2018	Land $	Buildings $	Furniture, Fixtures and Fittings $	Computer Equipment $	Office Equipment $	Motor Vehicles $	Total $
Balance at the beginning of year	4,439,521	3,998,813	158,908	32,896	7,901	19,740	8,657,778
Additions	-	-	-	34,484	830	20,900	56,214
Disposals	-	-	-	(20,101)	-	-	(20,101)
Depreciation expense	-	(101,012)	(42,507)	(20,840)	(3,014)	(18,195)	(185,568)
Adjustment to Accumulated Depreciation due to Revaluation	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-
Carrying Amount at End of Year	4,439,521	3,897,801	116,401	26,440	5,717	22,445	8,508,323
PARENT / CONSOLIDATED: 2019							
Balance at the beginning of year	4,439,521	3,897,801	116,401	26,440	5,717	22,445	8,508,323
Additions	-	-	72,836	29,725	-	137,526	240,086
Disposals	-	-	(51,158)	(101,122)	(118,251)	(129,099)	(399,630)
Accumulated Depreciation on Disposals			51,158	101,122	118,251	129,099	399,630
Depreciation expense	-	(19,322)	(39,907)	(23,488)	(1,980)	(13,373)	(98,070)
Adjustment to Accumulated Depreciation due to Revaluation	-	(75,828)	-	-	-	-	(75,828)
Revaluation	1,060,479	(721,973)	-	-	-	-	338,506
Carrying Amount at End of Year	5,500,000	3,080,678	149,330	32,677	3,737	146,597	8,913,018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONT'D

NOTE 9: INTANGIBLES

	Consolidated		Parent	
	2019 $	2018 $	**2019 $**	2018 $
Computer software at cost	**144,194**	261,635	**144,194**	261,635
Less accumulated amortisation	**(137,623)**	(237,154)	**(137,623)**	(237,154)
Brands and trademarks	**-**	-	**950,000**	950,000
Less accumulated amortisation	**-**	-	**(279,412)**	(234,706)
Right of Use Asset	**-**	-	**-**	
Less accumulated amortisation	**-**	-	**-**	-
Total intangibles	**6,571**	24,481	**677,158**	739,775
Movements in Carrying Amounts				
Balance at the beginning of year	**24,481**	82,313	**739,775**	842,313
Additions		13,800		13,800
Disposals	**(117,442)**	-	**(117,442)**	-
Less accumulated depreciation on Disposals	**117,442**		**117,442**	
Depreciation Expense (IT Software)	**(17,911)**	(71,632)	**(17,911)**	(71,632)
Amortisation expense (Brands and Trademarks)	**-**	-	**(44,706)**	(44,706)
Amortisation expense (Right of Use)	**-**	-	**-**	-
Carrying amount at end of year	**6,571**	24,481	**677,157**	739,775

NOTE 10: TRADE AND OTHER PAYABLES

	Consolidated		Parent	
	2019 $	2018 $	**2019 $**	2018 $
Trade payables	**114,906**	185,819	**114,906**	185,819
Amounts received in advance	**1,350,383**	1,375,995	**1,350,383**	1,375,995
Other payables	**339,933**	431,484	**339,933**	431,484
	1,805,223	1,993,298	**1,805,223**	1,993,298

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONT'D

NOTE 11: FINANCIAL LIABILITIES

	Consolidated		Parent	
	2019 $	2018 $	**2019 $**	2018 $
a. Current:				
Secured liabilities				
Commercial loan current	**236,275**	5,600,000	**236,275**	5,600,000
b. Non Current				
Commercial loan non-current	**3,467,544**	-	**3,467,544**	-
	3,703,820	5,600,000	**3,703,820**	5,600,000

The bank loans are secured by an unlimited Guarantee and Indemnity from Master Electricians Association Limited, a first registered mortgage over all land and buildings owned by the parent entity, and a General Security Deed over all property granted by Master Electricians Association Queensland Industrial Organisation of Employers.

NOTE 12: CASH FLOW INFORMATION

	Consolidated		Parent	
	2019 $	2018 $	**2019 $**	2018 $
a) Reconciliation of Cash Flow from Operations with Profit after Income Tax				
Net profit for the period	**(111,729)**	1,446,154	**(156,435)**	1,401,448
Non-cash flow items:				
Depreciation and amortisation	**191,809**	257,200	**236,515**	301,906
Loss/(profit) on disposal of fixed assets				
Loss on property revaluation	**721,973**	-	**721,973**	-
Changes in assets and liabilities:				
(Increase)/decrease in receivables	**43,797**	(31,172)	**43,797**	(31,176)
(Increase)/decrease in loans to group companies	**-**	-	**-**	19,407
Increase/(decrease) in payables	**(188,077)**	(68,436)	**(188,077)**	(68,436)
Increase/(decrease) in provisions	**34,481**	(4,697)	**34,481**	(4,697)
Net cash outflow from operations	**692,255**	1,599,050	**692,255**	1,618,453
b) Credit Standby Arrangements with Banks				
Credit facility	**-**	450,000	**-**	450,000
Amount utilised	**-**	(7,398)	**-**	(7,398)
	-	442,602	**-**	442,602
c) Loan Facilities				
Credit facility	**5,000,000**	5,600,000	**5,000,000**	5,600,000
Amount utilised	**(3,703,820)**	(5,600,000)	**(3,703,820)**	(5,600,000)
	1,296,180	-	1,296,180	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONT'D

NOTE 13: CAPITAL AND LEASING COMMITMENTS

	Consolidated		Parent	
	2019 $	2018 $	**2019 $**	2018 $
(a) Operating lease commitments				
Non-cancellable operating leases contracted for but not capitalised in the financial statements are payable as follows:				
Lease - minimum lease payments				
- not later than 12 months	**27,961**	64,190	**27,961**	64,190
- between 12 months and five years	**770**	18,265	**770**	18,265
- greater than five years	**-**	-	**-**	-
	28,731	82,455	**28,731**	82,455

(b) Hire purchase lease commitments

Non-cancellable hire purchase leases contracted for and capitalised in the financial statements are payable as follows:

	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
Lease - minimum lease payments				
- not later than 12 months				
- between 12 months and five years		-	**-**	-
- greater than five years	**-**	-	**-**	-
Minimum lease payments	**-**	-	**-**	-

(c) Capital commitments

Non-cancellable capital commitments contracted for but not capitalised in the financial statements are payable as follows:

	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
Capital - minimum capital commitments				
- not later than 12 months	**-**	-	**-**	-
- between 12 months and five years	**-**	-	**-**	-
- greater than five years	**-**	-	**-**	-
Minimum Capital commitments	**-**	-	**-**	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONT'D

NOTE 14: CONTROLLED ENTITIES

Name	Country of incorporation	2019		2018	
		% Owned	**$**	% Owned	$
Master Electricians Australia Limited*	Australia	**100%**	**-**	100%	-
Energy Management Institute Limited**	Australia	**100%**	**1**	100%	1
			1		1

* Controlled by virtue of common management and as a sole member of the company limited by guarantee.

** Controlled by being a sole shareholder of the company.

(a) Balances in controlled entities

	Total Assets		Total Liabilities		Total Revenue		Operating Result	
Name of Directly Controlled Entity	**2019 $**	2018 $	**2019 $**	2018 $	**2019 $**	2018 $	**2019 $**	2018 $
Master Electricians Australia Limited	**-**	-	**543,170**	543,170	**-**	-	**-**	-
Energy Management Institute Limited	**-**	-	**377**	377	**-**	-	**-**	-

(b) Balances in controlled entities

	Consolidated		Parent	
	2019 $	**2018 $**	**2019 $**	**2018 $**
Transaction with controlled entities:				
- Intercompany Loans				
Master Electricians Australia Limited	**-**	-	**543,170**	543,170
Energy Management Institute Limited	**-**	-	**377**	377
	-	-	**543,546**	543,546

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONT'D

NOTE 15: EVENTS OCCURING AFTER THE REPORTING PERIOD

There have been no significant events which have occurred subsequent to the end of the reporting period.

NOTE 16: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The members of council are not aware of any significant contingent liabilities at the date of this report.

NOTE 17: ASSOCIATION DETAILS

The registered office of the Association is:
Master Electricians Association Queensland Industrial Organisation of Employers
57 Berwick Street
Fortitude Valley Queensland 4006

NOTE 18: FINANCIAL INSTRUMENTS

a. Financial Risk Management

The Association's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, bills and leases.

The main purpose of non-derivative financial instruments is to raise finance for operations.

Treasury Risk Management

The Management Committee meets on a regular basis to analyse currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

Financial Risks

The main risks the Association is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Interest rate risk

Interest rate risk is managed with a mixture of fixed and floating rate debt. At 30 June 2019, approximately 99% of the Association's debt is variable.

Foreign exchange risk

The Association has no exposure to foreign exchange risk.

Liquidity risk

The Association manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONT'D

NOTE 18: FINANCIAL INSTRUMENTS CONT'D

impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The consolidated entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Association.

Price risk

The Association is not exposed to any material commodity price risk.

b. Interest Rate Risk

The Association's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		Floating Interest rate		Fixed Interest Rate Maturing			
					within 1 year		1 to 5 years	
	2019%	2018%	**2019 $**	2018 $	**2019 $**	2018 $	**2019 $**	2018 $
CONSOLIDATED								
Financial Assets								
Cash on hand			**50**	37	**-**	-	**-**	-
Cash at bank	**0.5%**	0.5%	**1,276,131**	2,707,473	**-**	-	**-**	-
Total Financial Assets			**1,276,181**	2,707,510	**-**	-	**-**	-
Financial liabilities								
Commercial loan	**4.7%**	4.4%	**3,703,820**	5,600,000	**-**	-	**-**	-
Total Financial Liabilities			**3,703,820**	5,600,000	**-**	-	**-**	-
PARENT								
Financial Assets								
Cash on hand			**50**	37	**-**	-	**-**	-
Cash at bank	**0.5%**	0.5%	**1,276,131**	2,707,473	**-**	-	**-**	-
Total Financial Assets			**1,276,181**	2,707,510	**-**	-	**-**	-
Financial liabilities								
Commercial loan	**4.7%**	4.4%	**3,703,820**	5,600,000	**-**	-	**-**	-
Total Financial Liabilities			**3,703,820**	5,600,000	**-**	-	**-**	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONT'D

NOTE 18: FINANCIAL INSTRUMENTS CONT'D

c. Net Fair Values

The carrying value of the Association's financial assets and liabilities approximate their fair values.

Forward exchange contracts

There were no forward exchange contracts entered into by the Association for FY2019 (FY2018: NIL)

NOTE 19: KEY MANAGEMENT PERSONNEL DISCLOSURES

The aggregate compensation made to officers and other members of key management personnel of the incorporated association is set out below:

	2019 $	2018 $
Short Term Employee Benefits	**990,482**	902,702
Post Employment Benefits	**85,752**	82,331
Other Long Term Benefits	**14,037**	10,809
Termination Benefits	**-**	
Total Payments	**1,090,271**	995,842

CERTIFICATE BY ACCOUNTING OFFICER OF UNION

I, Carol Caton, hereby certify:

i) As the Chief Financial Officer, I am the person responsible for keeping the accounting and other records of the Master Electricians Association Queensland, Industrial Organisation of employers for the year ended 30 June 2019;

ii) The number of financial members at the end of the year was 1701;

iii) The number of non-financial members at the end of the financial year was 233;

iv) In respect of the financial year, in my opinion:

a) the accounts show a true and fair view of the organisation's financial affairs at the end of the year;

b) a record was kept of all amounts paid by, or collected from, the organisation's members;

c) all amounts so paid or collected have been credited to a financial institution account to which the amounts must be credited under the organisation's rules;

d) each expenditure item by the organisation, was approved under the organisation's rules before it was incurred;

e) no payment was made for a special account of the organisation's other than the purpose for which the fund was operated and, all payments were approved in accordance with the rules of the organisation;

f) no loans or other financial benefits were granted to persons holding office/or employees of the organisation; and

g) the register of members of the Industrial Organisation is maintained in accordance with the Industrial Relations Act 2016.

Chief Financial Officer

Dated this 28 day of August 2019.
Fortitude Valley, Brisbane Queensland.

CERTIFICATE BY TREASURER

I, Tamatha Stanton, being the Treasurer of the Master Electricians Association Queensland Industrial Organisation of Employers, state that in my opinion:

i) the attached Statement or Profit or Loss, Statement of Comprehensive Income shows a true and fair view of the transactions of the Association for the financial period ended 30 June 2019 and the attached Statement of Financial Position gives a true and fair view of the financial position of the Association as at that date;

ii) a record has been kept of all monies paid by, or collected from members of the Association, and all monies so paid or collected have been credited to the Bank Account to which those monies are to be credited, in accordance with the rules of the Association;

iii) before any expenditure was incurred by the Association, approval of the incurring of the expenditure was obtained in accordance with the rules of the Association;

iv) no loans or other financial benefits have been granted to persons holding office in the Association; and

v) the register of members of the Industrial Organisation is maintained in accordance with the Industrial Relations Act 2016.

Members are advised that in accordance with section 556 of the Industrial Relations Act 2016, members may apply for additional information as prescribed by Regulation 46 and 47 of the Industrial Relations Regulations.

Treasurer

Dated this 28 day of August 2019.
Fortitude Valley, Brisbane Queensland.

CERTIFICATE BY MEMBERS OF COUNCIL

In accordance with a resolution of the Council of the Master Electricians Association, Queensland Industrial Organisation of Employers, we state that:

In the opinion of the Council:

i) the attached accounts give a true and fair view of the financial affairs of the Industrial Organisation as at 30 June 2019;

ii) the attached accounts were prepared in accordance with the Industrial Relations Act 2016;

iii) the organisation was solvent during the whole period;

iv) during the period, meetings of the Council were held in accordance with the rules of the Industrial Organisation;

v) during the period, there have been no instances where any of the Organisation's records or rules, or copies of them, have not been given to the Organisations Members under the Industrial Relations Act 2016, Regulations or Rules, or made available in accordance with the Act; and

vi) the audit report and relevant accounts for the organisation's financial period ended 30 June 2019 have been:

   a) Presented to a Council's meeting on 28th August 2019 under section 565 of the Industrial Relations Act 2016

   b) Given to its members under section 566 of the Industrial Relations Act 2016

On behalf of the Council.

Councillor

Councillor | Councillor

Dated this 28 day of August 2019.
Fortitude Valley, Brisbane Queensland.

CERTIFICATE BY PRESIDENT

INDUSTRIAL RELATIONS ACT 2016, SECTION 570

I, Anthony Arnold, being the President of the Master Electricians Association Queensland Industrial Organisation of Employers, hereby certify that the documents lodged herewith are copies of the documents presented to and endorsed by the management Council of Master Electricians Association Queensland Industrial Organisation of Employers on 22nd August 2019, and that a copy will be provided to the members in accordance with the provisions of the Act.

President

Dated this 28 day of August 2019.
Fortitude Valley, Brisbane Queensland.

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Independent Auditor's Report

To the Members of Master Electricians Association Queensland Industrial Organisation of Employers and its controlled entities

Opinion

We have audited the financial report of Master Electricians Association Queensland Industrial Organisation of Employers (the Association) and its controlled entities (the Group), which comprises the statement of financial position as at 30 June 2019, the statement of profit and loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the certificates by the members.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Group as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with the Tier 1 reporting requirements of the Australian Accounting Standards and the Industrial Relations Act 2016

Basis for Opinion

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

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

Crowe Horwath.
PART OF FINDEX

Responsibilities of the Directors for the Financial Report

The Council is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the applicable legislation and for such internal control as the committee of management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group 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.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the group financial report. The auditor is responsible for the direction, supervision and performance of the group audit. The auditor remains solely responsible for the audit opinion.

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

Use of going concern assumption

As part of our audit of the financial report, we have concluded that management's use of the going concern assumption, as set out in Note 1 to the financial statements, is appropriate.

Declaration by the auditor

I, Mike McDonald, declare that I am an approved auditor, a member of the Institute of Chartered Accountants in Australia and hold a current Public Practice Certificate.

Crowe Horwath Brisbane

Mike McDonald
Partner

Date: 28 August 2019
Brisbane

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