



**Australian Government**  
**Australian Industrial Registry**

Level 35, Nauru House  
80 Collins Street, Melbourne, VIC 3000  
GPO Box 1994S, Melbourne, VIC 3001  
Telephone: (03) 8661 7777  
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**Ref: FR2004/317-[233V]**

Mr Peter Glynn  
Secretary  
The National Electrical Contractors Association  
Level 3  
100 Dorcas Street  
SOUTH MELBOURNE VIC 3205

Dear Mr Glynn,

**Financial Return - year ending 30 June 2004**

Our records show your organisation's financial year ended recently. This letter outlines some of the things you must do to meet your financial reporting obligations and when you have to do them. For simplicity, we will call the documents you have to lodge with us your *financial return*.

**New legislation**

This letter is intended as guide to the law applicable on the date of this letter and should not be used as a substitute for legal or accounting advice. We only summarise some of the reporting requirements in this letter. More detailed information is at the end of this letter.

The legislation has changed since your last return. In May 2003 the Industrial Registrar wrote to all organisations forwarding a number of facts sheets outlining the major changes made by Schedule 1B of the Workplace Relations Act 1996 ('RAO'<sup>1</sup>). While the immediate changes affected the rules and elections in organisations, the changes affecting financial returns involve a longer lead time.

**The key differences under the new legislation affecting financial returns are:**

- **a reduced financial reporting cycle (now maximum periods of 5 or 6 months depending on internal arrangements of organisation)**
- **a greater emphasis given to Australian Accounting Standards**
- **the introduction of a new report, known as an Operating Report (broadly similar in concept to a Director's Report under the corporations legislation)**
- **extensions of time are limited to one month**
- **restructured penalty provisions involving more extensive use of Civil Penalties**
- **the introduction of the Industrial Registrar's Reporting Guidelines**
- **organisations and their branches to report according to their financial structures, known as 'reporting units'.**

We recommend you discuss the new requirements with your accountant or auditor.

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<sup>1</sup> Registration and Accountability of Organisations Schedule (RAO) (Schedule 1B to the *Workplace Relations Act 1996*)

## Reporting Unit

- One of the new concepts of the RAO legislation is that reporting entities are known as “*reporting units*”. Where an organisation is **not** divided into branches the reporting unit is the whole of the organisation. Where an organisation **is** divided into branches each branch will be a reporting unit unless the Industrial Registrar has determined a division of the organisation into reporting units on an alternative basis. We can discuss this with you if you need more information.

For simplicity, we will refer to your organisation as a reporting unit in this letter.

## Industrial Registrar’s Guidelines

The Industrial Registrar’s reporting guidelines set out certain disclosure requirements in addition to those prescribed by Australian Accounting Standards having in mind the nature of organisations registered under the Workplace Relations Act.

The disclosure requirements prescribed by the reporting guidelines are directed towards providing members of the reporting unit with information to enable them to gauge the performance of the committee of management and other holders of office in relation to the financial management of the reporting unit. In addition, the reporting guidelines seek to improve the quality of information available to users of the financial report about the reporting unit’s economic support of, or economic dependency on, other reporting units of the organisation.

## Timeline Planner and Checklist

We have attached a Timeline/Planner (*Attachment A*) to help you **plan** your financial return and carry out all the necessary steps. We have also attached a Document Checklist (*Attachment B*) to **check** your documents before lodging them in the Registry. Both documents are abbreviated summaries of the relevant provisions of the RAO Schedule, RAO Regulations and the Industrial Registrar’s Reporting Guidelines.

In the following section we describe some of the documents your reporting unit must prepare and the sequence of their preparation and completion.

## Three Reports

Your reporting unit must prepare two reports as soon as practicable after its financial year, which, together with the Auditor’s Report, comprise the reporting unit’s financial return.

1. **General Purpose Financial Report** - this must comply with the Australian Accounting Standards and the Industrial Registrar’s Reporting Guidelines. The GPFR consists of:

Financial Statements containing:

- a profit and loss statement, or other operating statement; and
- a balance sheet; and
- a statement of cash flows; and
- any other statements required by the Australian Accounting Standards; and

Notes to the Financial Statements containing:

- notes required by the Australian Accounting Standards; and
- information required by the Industrial Registrar's *Reporting Guidelines* under section 255); and

Committee of Management Statement as required by the Registrar's Reporting Guidelines (a sample certificate for illustrative purposes is at *Attachment C*)

2. **Operating Report** - this report includes a review of your reporting unit's principal activities for the year and other specified information.

Your reporting unit must appoint an auditor to audit the GPFR and to provide:

3. an **Auditor's Report**.

### **First Meeting (Committee of Management)**

For simplicity, we will call the meeting at which the committee of management first considers the GPFR the first meeting. At the first meeting your committee, if satisfied that all is in order, will resolve to express its opinion on the GPFR and complete a Committee of Management Statement.

### **The Auditor**

After the first meeting, the auditor takes the GPFR and the Committee of Management Statement and prepares a report on the GPFR. In practice, your auditor may have already completed most of his or her examination of your accounts. The auditor may only be waiting on the Committee to pass the required resolution and make the Statement before signing the report the same day.

### **Informing Your Members**

Your reporting unit must provide free of charge to the general membership, copies of the GPFR, the Operating Report and the Auditor's Report. RAO calls these the "full report". Under certain circumstances, your reporting unit can provide a more limited *concise report*.

The reporting unit can meet its obligation to provide copies of the full or concise report to members by publishing the report in a journal that is available to the members free of charge.

A reporting unit may meet this obligation in whole or in part by publication of the report in a journal published on a web site on the Internet dependent on:

- a. the extent of the accessibility of the members of the reporting unit to the Internet; and
- b. that the members are notified by the reporting unit in the usual manner in which it communicates with its members that the report has been so published at a specified Internet address.

The report must be provided within 5 or 6 months from the end of the financial year, depending on the internal arrangements of the organisation for the presentation of its financial reports.

## **The Second Meeting - if it is a General Meeting of Members**

After providing the full report to members it must be presented to a general meeting of members. For simplicity this is referred to as the *second meeting*.

Your reporting unit must always allow a minimum of 21 days for members to receive the full report before presenting it to a general meeting of members (s265(5)). The purpose of the interval and the second meeting is to enable the members to have time to consider the report and, if they wish, to attend the second meeting to discuss it.

If the rules of the organisation permit a general meeting to be a series of meetings held at different locations, the full report may be presented to such a series of meetings. In this case the 'date' of the general meeting is taken to be the date of the last meeting in the series (see s266(2)).

## **The Second Meeting - if it is a Committee of Management Meeting**

If the rules of your organisation contain a provision that allows up to 5% of members to demand a general meeting to be held consider the report (see s266(3)), it is permissible to present the report directly to a Committee of Management meeting.

## **Lodge full report within 14 days of meeting**

You must lodge a copy of the full report and any concise report in the Industrial Registry within 14 days of the second meeting. For your convenience you are encouraged to lodge the material electronically (see eFiling Tab at [www.airc.gov.au](http://www.airc.gov.au)).

The Secretary (or another officer appropriately authorised under the rules of the organisation) must *certify* that the full report is a copy of the one provided to members and presented to the second meeting and provide the date of the meeting (a sample certification for illustrative purposes is at *Attachment D*).

When we receive your return we will check that it includes the information you must provide your members and that you have provided it to them correctly.

## **Complying with time limits**

This letter has outlined some of the steps in preparing and lodging your return. Many of the steps must be completed within fixed time limits.

Failure to complete them in time could make your reporting unit or its officers liable to financial or "civil penalties".

## **Extensions of Time**

We appreciate that sometimes circumstances beyond your reporting unit's control may delay completion of a financial return. If you believe your reporting unit is going to be unable to meet a time limit tell us as soon as you know. We can advise you if the step is one for which you may apply under RAO to the Industrial Registrar for extra time to complete. The maximum extra time allowed can be no more than one month.

## Reduced Reporting Requirements

If your reporting unit meets certain conditions, some of these reporting requirements can be reduced. Such conditions might be where the annual income of the reporting unit (where the reporting unit is the whole of the organisation) is less than \$100,000, or where the reporting unit has no financial affairs in the financial year, or where the financial affairs of the reporting unit are encompassed by the financial affairs of its counterpart State industrial association.

## Contact the Registry

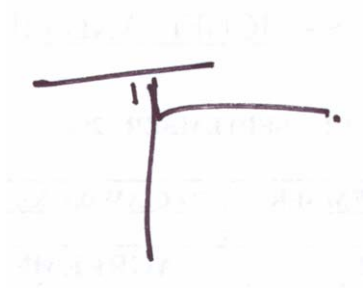
We encourage you to contact the Registry on (03) 8661 7817 or by email at [robert.pfeiffer@air.gov.au](mailto:robert.pfeiffer@air.gov.au) as early as possible if you believe preparation or lodgment of your return will be delayed or if you have any queries. We can offer you advice on procedure but we cannot give you legal or accounting advice.

## Information on AIRC Website

We recommend you and your accountant/auditor refer to the following documents on the Commission's website at [www.airc.gov.au](http://www.airc.gov.au):

- [RAO Schedule and RAO Regulations](#)
- [Registrar's Reporting Guidelines](#) - All GPFR's must comply with these Guidelines. Please note that the Guidelines set out requirements that are *in addition* to those required by the Australian Accounting Standards.
- [RAO Fact Sheets](#) - These Fact Sheets explain the new requirements of the RAO Schedule - many of them deal with financial reporting matters.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'Terry Nassios', is written over a faint, light-colored background that contains some illegible text.

Terry Nassios  
Deputy Industrial Registrar

10 August 2004

# TIMELINE / PLANNER

Attachment A

Financial reporting period ending:	/ /	
<b>FIRST MEETING:</b> Prepare <b>General Purpose Financial Report</b> (including Committee of Management Statement as per C of M resolution) and <b>Operating Report</b> - ss253(1), 254(1)	/ /	<i>as soon as practicable after end of financial year</i>
Auditor's Report prepared and signed and given to the Reporting Unit - s257	/ /	<i>within a reasonable time of having received the GPFR</i>
Provide full report free of charge to members. (a) if the report is to be presented before a General Meeting (which must be held within 6 months after the end of the financial year), the report must be provided to members 21 days before the General Meeting, or (b) in any other case including where the report is presented to a Committee of Management meeting, the report must be provided to members within 5 months of end of financial year. <i>(obligation to provide full report may be discharged by provision of a concise report s265(1))</i>	/ /  / /	
<b>SECOND MEETING:</b> Present full report to: (a) General Meeting of Members - s266(1),(2), or (b) where rules of organisation allow, a Committee of Management meeting - s266 (3)	/ /  / /	<i>within 6 months of end of financial year</i>  <i>within 6 months of end of financial year</i>
Lodge full report (including any concise report) in the Industrial Registry together with secretary's certificate (or other officer authorised by the rules of the organisation to do so) - s268	/ /	<i>within 14 days of meeting</i>

**Note:** The legislation makes limited provision for extensions of time concerning the provision of the full report to members and the presentation of the full report to a general meeting etc however the maximum extra time allowed can be no more than one month.

# Documents Checklist

Attachment B

You can use this checklist as soon as possible after the financial year ends to ensure you have all the necessary documents prepared and that those documents contain all information required by RAO.

You can also use this checklist to ensure all documents in your financial return are complete before lodging them in the Registry.

No	Document	✓
<b>1</b>	<b>General Purpose Financial Report</b>	
	Does the report contain a Profit and Loss Statement?	
	Does the report contain a Balance Sheet?	
	Does the report contain a Statement of Cash Flows?	
	Does the report contain notes to the financial statements as required by AAS and the reporting guidelines?	
	Does the report contain all other information required by the reporting guidelines?	
<b>2</b>	<b>Committee of Management Statement</b>	
	Is the statement signed by the officer responsible for undertaking functions necessary to enable the reporting unit to comply with RAO?	
	Is the statement dated?	
	Is the statement in accordance with a resolution of the committee?	
	Does the statement specify the date of the resolution?	
	Does the statement contain declarations required by the reporting guidelines?	
<b>3</b>	<b>Auditor's Report</b>	
	Is the Report dated and signed by the auditor?	
	Is the name of the auditor clear?	
	Are the qualifications of the auditor on the report?	
	Has the auditor expressed an opinion on all matters required?	
<b>4</b>	<b>Operating Report</b>	
	Is the report signed and dated?	
	Does the report provide the number of members?	
	Does the report provide the number of employees?	
	Does the report contain a review of principal activities?	
	Does the report give details of significant changes?	
	Does the report give details of right of members to resign?	
	Does the report give details of superannuation trustees?	
	Does the report give details of membership of the committee of management?	
<b>5</b>	<b>Concise report*</b>	
<b>6</b>	<b>Designated Officer's Certificate</b>	
	Is the certificate signed and dated?	
	Is the signatory the Secretary or another officer authorised to sign the certificate	
	Is the date that the report was provided to members stated?	
	Is the date of the Second Meeting at which the report was presented stated?	
	Does the certificate state that the documents are copies of those provided to members?	
	Does the certificate state that the documents are copies of those presented to the Second Meeting?	

\* This is an optional way of providing documents to members (see RAO s265(3) and RAO Reg. 161).

**Committee Of Management Statement**

On *[date of meeting]* the Committee of Management of *[name of reporting unit]* passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended *[date]*:

The Committee of Management declares in relation to the GPFR that in its opinion:

- (a) the financial statements and notes comply\* with the Australian Accounting Standards;
- (b) the financial statements and notes comply\* with the reporting guidelines of the Industrial Registrar;
- (c) the financial statements and notes give a true and fair view\* of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds\* to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
- (e) during the financial year to which the GPFR relates and since the end of that year:
  - (i) meetings of the committee of management were held\* in accordance with the rules of the organisation including the rules of a branch concerned; and
  - (ii) the financial affairs of the reporting unit have been\* managed in accordance with the rules of the organisation including the rules of a branch concerned; and
  - (iii) the financial records of the reporting unit have been\* kept and maintained in accordance with the RAO Schedule and the RAO Regulations; and
  - #(iv) where the organisation consists of 2 or more reporting units, the financial records of the reporting unit have been\* kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation; and
  - #(v) the information sought in any request of a member of the reporting unit or a Registrar duly made under section 272 of the RAO Schedule has been\* furnished to the member or Registrar; and
  - #(vi) there has been\* compliance with any order for inspection of financial records made by the Commission under section 273 of the RAO Schedule.

For Committee of Management: *[name of designated officer per section 243 of the RAO Schedule]*

Title of Office held:

Signature:

Date:

\* Where compliance or full compliance has not been attained - set out details of non compliance instead.

# Where not relevant these may be modified accordingly (e.g. in (vi) "No orders have been made by the Commission under section 273 of the RAO Schedule during the period."



**Designated Officer's<sup>1</sup> Certificate**

s268 of Schedule 1B Workplace Relations Act 1996

I *[name]* being the *[title of office]* of the *[name of the organisation]* certify:

- that the documents lodged herewith are copies of the full report, *[and the concise report]*<sup>2</sup>, referred to in s268 of the RAO Schedule; and
- that the *[full report **OR** concise report]*<sup>3</sup>, was provided to members on *[insert date]*; and
- that the full report was presented to *[a general meeting of members **OR** the last of a series of general meetings of members **OR** a meeting of the committee of management]*<sup>3</sup> of the reporting unit on *[insert date]*; in accordance with section 266 of the RAO Schedule.

Signature

Date:

<sup>1</sup>*RAO regulation 162 prescribes the designated officer for the purpose of RAO schedule s268 as:*

(a) the secretary; or

(b) an officer of the organisation other than the secretary who is authorised by the organisation or by the rules of the organisation to sign the certificate mentioned in that paragraph.

<sup>2</sup>*Only applicable where a concise report is provided to members*

<sup>3</sup>*Insert whichever is applicable*



**Ref: FR2004/317-[233V]**

Mr Peter Glynn  
Secretary  
The National Electrical Contractors Association  
Level 3  
100 Dorcas Street  
SOUTH MELBOURNE VIC 3205

Dear Mr Glynn,

**Statement of Loans, Grants and Donations - Section 237 RAO Schedule<sup>1</sup>  
- year ending 30 June 2004**

This letter is a reminder of your organisation's obligation to lodge a statement of each loan, grant or donation exceeding \$1,000 which it makes during its financial year. The information in this letter is only a summary. Please read section 237 for full details.

*When must we lodge the statement?*

Your organisation's statement must be lodged in the Industrial Registry within 90 days of the end of your organisation's financial year.

*What must the statement contain?*

The statement must include certain details about each loan, grant or donation. These are set out in section 237. Where your organisation has made a loan, grant or donation to help a member or a member's dependant in financial hardship, you do not have to identify the recipient.

*Who has to sign the statement?*

An officer of your organisation must sign the statement.

*Who can inspect the statement?*

We do not publish your statement on the Internet or make it available for public inspection. Only a member of your organisation is allowed to inspect it at the Registry.

*My organisation always shows the amounts of loans, grants or donations in its financial statements. Do we have to lodge the same information twice?*

The section 237 statement is different and distinct from the requirement to prepare and lodge a financial report each year. Treat these requirements separately.

*Is there a form we can use?*

You can provide the information in a letter if you wish or you can use the attached form if you prefer.

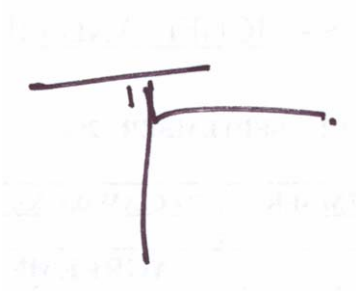
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<sup>1</sup> Registration and Accountability of Organisations Schedule (RAO) (Schedule 1B to the *Workplace Relations Act 1996*)

More information

You can view or download a copy of section 237 from our website [www.airc.gov.au](http://www.airc.gov.au). If you have any questions, please contact the Registry on (03) 8661 7817 or by e-mail at [riateam4@air.gov.au](mailto:riateam4@air.gov.au).

Yours sincerely

A handwritten signature in dark ink, appearing to be 'T. J. ...', written over a faint, illegible background of text.

Deputy Industrial Registrar

24 August 2004



FR2004/317

rec'd 24/12/04  
sk

National office | **national electrical and communications association**  
Level 3, 100 Dorcas Street South Melbourne 3205 Australia  
telephone +61 3 9645 5566 facsimile +61 3 9645 5577  
email necanat@neca.asn.au  
ABN 78 319 016 742

17<sup>th</sup> December 2004

Deputy Industrial Registrar  
Australian Industrial Registry  
GPO Box 1994S  
MELBOURNE VIC 3001

Dear Sir/Madam,

**Certificate of Secretary**

I, Peter James Glynn, being the Secretary of the National Electrical Contractors Association – National Office, certify:

1. that the documents lodged herewith are copies of the full report referred to in s268 of the RAO Schedule; and
2. that the full report was provided to members on November 11<sup>th</sup>, 2004; and.
3. that the full report was presented to a meeting of the committee of management of the reporting unit on November 11<sup>th</sup>, 2004; in accordance with s266 of the RAO Schedule.

We herewith seek an extension of time in which to lodge this certificate.

Yours faithfully

**PETER GLYNN**  
Secretary

**NATIONAL ELECTRICAL  
CONTRACTORS ASSOCIATION  
NATIONAL OFFICE**

**Financial Report  
For The Year Ending  
31 June 2004**

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**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION  
- NATIONAL OFFICE**

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**Operating Report by the Committee**

Your committee members submit the financial report of the National Electrical Contractors Association – National Office (“the association”) for the financial year ended 30 June 2004.

**Committee Members**

The name of committee members of the association throughout the financial year and at the date of this report are:

P Vandeneuvel	W McKnight
N Palmer	D Madson
M Bowring	G Itzstein
M O’Malley	C M Russell
S Griffiths	P Glynn
W Carter	F Russo

**Principal Activities**

The principal activity of the association during the financial year was representing the interests of its members in the electrical and communication industry.

**Significant Changes**

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

**Operating Result**

Profit from ordinary activities amounted to \$59,986.

**After Balance Date Events**

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

**Number of Members**

The association had 3,531 (2003: 3,419) members at financial year end.

**Number of Employees**

The association had 6 (2003: 6) employees at financial year end.

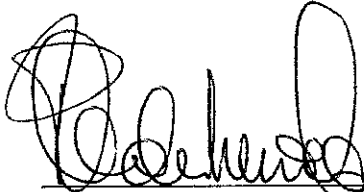
**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION  
- NATIONAL OFFICE**

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**Members Right to Resign**

Members may resign from the association in accordance with Rule 11, Resignation from Membership, of the Federal Rules of National Electrical Contractors Association. Rule 11 conforms with Section 174, Resignation from Membership, of the RAO Schedule 1B of the Workplace Relations Act 1996.

Signed in accordance with a resolution of the Members of the Committee:

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**PETER VANDENHEUVEL**  
President

---

**STEPHEN GRIFFITHS**  
Treasurer

Dated this 18<sup>TH</sup> day of AUGUST 2004



**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION  
- NATIONAL OFFICE**

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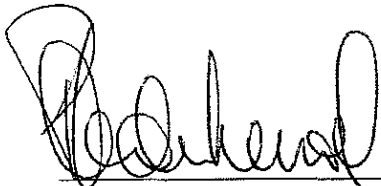
**Committee of Management Statement**

On 18<sup>th</sup> of August 2004 the Committee of Management of the National Electrical Contractors Association – National Office passed the following resolution in relation to the general purpose financial report (GPFR) of the entity for the financial year ended 30 June 2004.

The Committee of Management declares in relation to the GPFR that in its opinion:

- a) the financial statements and notes comply with the Australian Accounting Standards;
- b) the financial statements and notes comply with the reporting guidelines of the Industrial Registrar;
- c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the association for the financial year to which they relate;
- d) there are reasonable grounds to believe that the association will be able to pay its debts as and when they become due and payable; and
- e) that during the financial year to which the GPFR relates and since the end of that year:
  - i) meetings of the committee of management were held in accordance with the rules of the association;
  - ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the association including the rules of a branch concerned;
  - iii) the financial records of reporting units have been kept and maintained in accordance with the RAO Schedules and the RAO Regulations;
  - iv) no requests have been made from any member of the association or a Register under section 272 of the RAO Schedule; and
  - v) no orders have been made by the Commission under section 273 of the RAO Schedule during the year.

For the Committee of Management:



**PETER VANDENHEUVEL**  
President



**STEPHEN GRIFFITHS**  
Treasurer

Dated this 18<sup>TH</sup> day of AUGUST 2004

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**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION  
– NATIONAL OFFICE**

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**STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE 2004**

	Note	2004 \$	2003 \$
<b>Revenues from ordinary activities</b>	2	1,463,087	2,037,488
Employee expenses		(514,991)	(513,262)
Depreciation and amortisation expenses	3(a)	(23,390)	(26,536)
Project expenses		(431,343)	(702,201)
Travel & Accommodation expenses		(74,749)	(54,497)
Affiliation expenses		(82,336)	(81,650)
Other expenses from ordinary activities	3	<u>(276,292)</u>	<u>(250,831)</u>
<b>Profit/(loss) from ordinary activities before income tax expense</b>		59,986	408,511
<b>Income tax expense relating to ordinary activities</b>	1 (a)	<u>-</u>	<u>-</u>
<b>Net profit/(loss) from ordinary activities after income less expenses attributable to association</b>	13	<u>59,986</u>	<u>408,511</u>
<b>Total changes in equity of the association</b>		<u>59,986</u>	<u>408,511</u>

The accompanying notes form a part of the financial statement.

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**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION  
- NATIONAL OFFICE**

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2004**

	Note	2004 \$	2003 \$
<b>CURRENT ASSETS</b>			
Cash assets	14(a)	335,241	723,792
Receivables	5	213,395	285,136
Other financial assets	6	262,700	12,700
Other	7	49,607	207,732
<b>Total Current Assets</b>		<u>860,943</u>	<u>1,229,360</u>
<b>NON-CURRENT ASSETS</b>			
Investments in associate	8	1	1
Investments in controlled entity	9	1	1
Plant and equipment	10	68,712	82,852
<b>Total Non-Current Assets</b>		<u>68,714</u>	<u>82,854</u>
<b>Total Assets</b>		<u>929,657</u>	<u>1,312,214</u>
<b>CURRENT LIABILITIES</b>			
Payables	11	228,591	675,522
Provisions	12	104,651	101,189
<b>Total Current Liabilities</b>		<u>333,242</u>	<u>776,711</u>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	12	4,102	3,176
<b>Total Non-Current Liabilities</b>		<u>4,102</u>	<u>3,176</u>
<b>Total Liabilities</b>		<u>337,344</u>	<u>779,887</u>
<b>NET ASSETS</b>		<u>592,313</u>	<u>532,327</u>
<b>EQUITY</b>			
Retained profits	13	592,313	532,327
<b>TOTAL EQUITY</b>		<u>592,313</u>	<u>532,327</u>

The accompanying notes form part of the financial statement.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION  
- NATIONAL OFFICE**

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**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2004**

	Note	2004 \$	2003 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts in the course of operations		1,652,351	2,280,375
Cash payments in the course of operations		(1,807,821)	(1,788,141)
Interest received		26,169	38,499
<b>Net cash provided by operating activities</b>	14(b)	<u>(129,301)</u>	<u>530,733</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for plant and equipment		(9,250)	(15,674)
Payments for investments		<u>(250,000)</u>	<u>-</u>
<b>Net cash used in investing activities</b>		<u>(259,250)</u>	<u>(15,674)</u>
Net increase/(decrease) in cash held		(388,551)	515,059
Cash at the beginning of the financial year		723,792	208,733
<b>Cash at the end of the financial year</b>	14(a)	<u>335,241</u>	<u>723,792</u>

The accompanying notes form part of the financial statement.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2004

1. STATEMENTS OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other pronouncements of the Australian Accounting Standards Board and the Workplace Relations Act 1996. It has been prepared on the basis of historical costs and does not take into account changing money values.

The financial report covers National Electrical Contractors Association – National Office (“the association”), for the financial year ended 30 June 2004.

The financial report has been prepared on an accruals basis and is based on historical costs. It does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

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

a) **Taxation**

No provision for income tax is necessary as “Associations of Employers” are exempt from income tax under Section 50-15 of the Income Tax Assessment Act 1997.

b) **Trade Receivables**

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

c) **Investments**

Investments in associates are carried at the lower of the equity-accounted amount and recoverable amount in the financial statements.

All other investments are carried at the lower of cost and recoverable amount.

d) **Property, Plant and Equipment**

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

**Depreciation**

Items of property, plant and equipment, including buildings, but excluding freehold land, are depreciated over their estimated useful lives. The straight-line method of depreciation is used. The depreciation rates used for each class of depreciable assets are:

	2004	2003
Plant and Equipment	10% to 33%	10% to 33%

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2004 (Cont'd)**

**1. STATEMENTS OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**e) Recoverable Amount**

Non-current assets are not carried at an amount above their recoverable amount, and where carrying values exceed this recoverable amount assets are written down. In determining recoverable amount, the expected net cash flows have been discounted to their present value using a market determined risk adjusted discount rate.

**f) Trade and Other Payables**

Liabilities for trade creditors and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Association.

**g) Employee Benefits**

Provision is made for the association's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at their nominal amount. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

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

**h) Leases**

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

**i) Cash and Cash Equivalents**

Cash on hand and in banks and short-term deposits are stated at the lower of cost and net realisable value. For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within 2 working days.

**j) Revenue Recognition**

**Revenue from operating activities**

Operating revenue comprises revenue earned from the provision of products or services to members. Operating revenue is recognised when the goods are provided or when the fee in respect of services provided is receivable.

Contribution for the ElectroComms Contracting Foundation is recognised as revenue when the right to receive a contribution has been established.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2004 (Cont'd)

1. STATEMENTS OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

j) Revenue Recognition (cont'd)

**Interest Income**

Interest income is recognised as it accrues.

**Asset Sales**

The profit or loss on disposal of assets is brought to account at the date an unconditional contract of sale is signed.

k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

l) Comparatives

Where necessary, comparative information has been reclassified to achieve consistency with current financial year amounts and other disclosures.

m) Adoption of Australia Equivalents to International Financial Reporting Standards

Australia is currently preparing for the introduction of International Financial Reporting Standards (IFRS) effective for financial years commencing 1 January 2005. This requires the production of accounting data for future comparatives purposes at the end of the current financial year.

The committee are assessing the significance of these changes and preparing for their implementation. The committee are of the opinion that the key difference in the association's accounting policies which will arise from the adoption of IFRS are:

**Impairment of assets**

The entity determines the recoverable amount of an asset on the basis on undiscounted net cash flows that will be received from the assets use and subsequent disposal. In terms of AASB 136 Impairment of Assets, the recoverable amount of an asset will be determined as the higher of fair value less cost to sell and value in use. It is likely that this change in accounting policy will lead to impairments being recognised more often than under the existing policy.

**Non-current investments**

Under AASB 139 Financial Instruments: Recognition and measurement, financial instruments that are classified as available for sale instruments must be carried at fair value. Unrealised gains and losses may be recognised either in income or directly to equity. Current accounting policy is to measure non-current investments at cost, with an annual review by directors to ensure that the carrying amounts are not in excess of the recoverable value of the instrument.

NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2004 (Cont'd)

	2004 \$	2003 \$
<b>2. REVENUE FROM ORDINARY ACTIVITIES</b>		
Operating activities		
Member subscriptions	505,378	513,753
Management fees	411,588	311,690
ElectroComms Contracting Foundation contribution	83,495	418,050
	<u>1,000,461</u>	<u>1,243,493</u>
Non-operating activities		
Government grants	160,859	312,698
Interest from other corporations	26,169	38,499
Other	275,598	442,798
	<u>462,626</u>	<u>793,995</u>
Total revenue	<u>1,463,087</u>	<u>2,037,488</u>
<b>3. PROFIT/(LOSS) FROM ORDINARY ACTIVITIES</b>		
Profit/(loss) from ordinary activities has been determined after:		
<b>Expenses</b>		
Depreciation of non-current assets:		
Property, Plant and Equipment	23,390	26,536
Total depreciation of non-current assets	<u>23,390</u>	<u>26,536</u>
Bad Debts	-	11,074
Operating lease rental	<u>38,318</u>	<u>33,954</u>



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2004 (Cont'd)

	2004 \$	2003 \$
<b>4. AUDITORS' REMUNERATION</b>		
Audit services:		
Auditors of the association	<u>10,875</u>	<u>11,625</u>
<b>5. RECEIVABLES</b>		
General membership	<u>213,395</u>	<u>285,136</u>
<b>6. OTHER FINANCIAL ASSETS</b>		
Term deposits	<u>262,700</u>	<u>12,700</u>
<b>7. OTHER</b>		
Other receivables	35,606	91,214
Prepayments	<u>14,001</u>	<u>116,518</u>
	<u>49,607</u>	<u>207,732</u>
<b>8. INVESTMENTS IN ASSOCIATE</b>		
Australian Cabler Registration Service Pty Ltd - at cost	<u>1</u>	<u>1</u>
<b>9. INVESTMENTS IN CONTROLLED ENTITY</b>		
Teledata Licence (Aust) Pty Ltd - at cost	<u>1</u>	<u>1</u>

NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2004 (Cont'd)

	2004	2003
	\$	\$
<b>10. PLANT AND EQUIPMENT</b>		
Plant and equipment – at cost	190,518	181,268
Less: Accumulated depreciation	<u>(121,806)</u>	<u>(98,416)</u>
	<u>68,712</u>	<u>82,852</u>
<b>Movements in Carrying Amounts</b>		
	Plant and equipment	Total
	\$	\$
Balance at beginning of year	82,852	82,852
Additions	9,250	9,250
Depreciation expense	(23,390)	(23,390)
Carrying amount at end of year	<u>68,712</u>	<u>68,712</u>
<b>11. PAYABLES</b>		
Trade creditors and accruals	97,213	309,356
Goods & Services Tax	14,768	43,543
Deferred income	<u>116,610</u>	<u>322,623</u>
	<u>228,591</u>	<u>675,522</u>
<b>12. PROVISIONS</b>		
<b>Current</b>		
Employee entitlements	<u>104,651</u>	<u>101,189</u>
<b>Non-current</b>		
Employee entitlements	<u>4,102</u>	<u>3,176</u>
<b>13. RETAINED PROFITS</b>		
Balance at the beginning of the financial year	532,327	123,816
Net profit attributable to members	<u>59,986</u>	<u>408,511</u>
Balance at the end of the financial year	<u>592,313</u>	<u>532,327</u>

The association received \$83,495 (2003: \$418,050) committed contributions during the financial year for the ElectroComms Contracting Foundation. The amount has been taken up as revenue and included in retained profits. The progressive value of the funds committed to the Foundation at 30 June 2004 is \$530,587 (2003: \$427,348).

NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2004 (Cont'd)

	2004 \$	2003 \$
<b>14. NOTES TO THE STATEMENT OF CASH FLOWS</b>		
<b>(a) Reconciliation of Cash</b>		
Cash at end of the financial year as shown in the statement of cash flows is reconciled to the related items as follows:		
Cash at bank	<u>335,241</u>	<u>723,792</u>
<b>(b) Reconciliation of Cash Flows from Operations with Profit from trading activities</b>		
Operating profit	59,986	408,511
Add/(less) non-cash items:		
Depreciation	23,390	26,536
Amounts set aside to provisions	<u>-</u>	<u>-</u>
Net cash provided by operating activities before change in assets and liabilities	83,376	435,047
Change in assets and liabilities during the financial year:		
(Increase)/Decrease in receivables	71,741	211,342
(Increase)/Decrease in other assets	158,125	27,412
(Decrease)/Increase in payables	(446,931)	(150,679)
(Decrease)/Increase in provisions	<u>4,388</u>	<u>7,611</u>
Net cash provided by operating activities	<u>(129,301)</u>	<u>530,733</u>
<b>15. EXPENDITURE COMMITMENTS</b>		
Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
Payable		
Less than 1 year	41,354	11,465
1 to 5 years	<u>57,531</u>	<u>-</u>
Net cash provided by operating activities	<u>98,885</u>	<u>11,465</u>

The property lease is a non-cancellable lease with a three-year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require that the minimum lease payments shall be increased by 4% per annum. The option to renew the lease at the end of the original three-year term for an additional term of three years was exercised during the year.

NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2004 (Cont'd)

16. RELATED PARTIES DISCLOSURE

The names of the persons who have held office as Councilors during the year are:

P Vandenneuvel	W McKnight
N Palmer	D Madson
M Bowring	G Itzstein
M O'Malley	C M Russell
S Griffiths	P Glynn
W Carter	F Russo

*Councilors and their related entities*

Members of the Council and their related entities are able to use the services provided by the National Electrical Contractors Association. Such services are made available on terms and conditions no more favourable than those available to all other members.

*Related Party Transactions*

Teledata Licence (Aust) Pty Ltd administers and processes applications for cabling licences. Teledata Licence (Aust) Pty Ltd is a related party to the National Electrical Contractors Association.

17. SEGMENT REPORTING

The association operates predominantly in one business and geographical segment, being in the electrical and communications industry providing benefits to the members of the association throughout Australia.

18. FINANCIAL INSTRUMENTS

a) Interest Rate Risks

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 those financial assets and financial liabilities, is as follows:

Financial Assets	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate Maturing Within 1 Year		Non-Interest Bearing		Total	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	%	%	\$	\$	\$	\$	\$	\$	\$	\$
Cash	4.3%	4.2%	335,241	723,792	-	-	-	-	335,241	723,792
Other financial assets	5.3%	4.0%	-	-	262,700	12,700	-	-	262,700	12,700
Receivables	-	-	-	-	-	-	213,395	285,136	213,395	285,136
<b>Total Financial Assets</b>	-	-	<b>335,241</b>	<b>723,792</b>	<b>262,700</b>	<b>12,700</b>	<b>213,395</b>	<b>285,136</b>	<b>811,336</b>	<b>1,021,628</b>
Payables	-	-	-	-	-	-	111,981	352,899	111,981	352,899
<b>Total Financial Liabilities</b>	-	-	-	-	-	-	<b>111,981</b>	<b>352,899</b>	<b>111,981</b>	<b>352,899</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2004 (Cont'd)**

**18. FINANCIAL INSTRUMENTS cont'd**

**b) Credit Risk**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to and forming part of the financial statements.

The Association does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Association.

**c) Net Fair Values**

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

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

**19. SUBSEQUENT EVENTS**

Since 30 June 2004, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, to affect significantly the operations of the Association, the results of those operations, or the state of affairs of the Association, in subsequent financial years.

**20. ASSOCIATION DETAILS**

The principal place of business of the association is:

National Electrical Contractors Association – National Office  
Level 3, 100 Dorcas Street  
South Melbourne VIC 3205

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF  
THE NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION****Scope****The financial report and committee's responsibility**

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the committee of management statement for the National Electrical Contractors Association, National Office ("the association") for the financial year ended 30 June 2004.

The committee of the association is responsible for the preparation and true and fair presentation of the financial report in accordance with the Associations Incorporations Act. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

**Audit Approach**

We conducted an independent audit in order to express an opinion to the members of the association. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Associations Incorporation Act, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the association's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the committee.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

**Partners**

Theo J Eversteyn FCA  
Adrian J Beckwith FCA  
Greg R Lay FCA  
Stirling L Horne CA  
Martin A Phelan CA  
Bruno A Secatore CA  
Scott W Phillips CA  
Peter R Vince FCA  
Jeffrey C Luckins Affiliate ICAA  
Martin E Fensome FCA

**Consultants**

John J Templeton FCA  
Tom Linardos FCA

A member of Moores Rowland International an association of independent accounting firms throughout the world. Associated in all States of Australia. The firms practising as Bentleys MRI and Moores Rowland are independent. They are affiliated only and not in partnership.

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF  
THE NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION (CONT'D)**

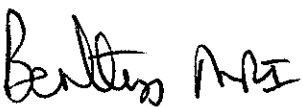
**Independence**


In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

**Audit Opinion**

In our opinion:

- (a) there were kept by the association in respect of the year ended 30 June 2004, satisfactory accounting records detailing the sources and nature of the income of the organisation (including income from members) and the nature and purposes of expenditure; and
- (b) the attached financial report, prepared under the historical cost convention and in accordance with Section 253 of the Registration and Accountability of Organisations Legislation (RAO) Schedule 1B of the Workplace Relations Act 1996, is properly drawn up so as to give a true and fair view of:
  - (i) the financial affairs of the Association as at 30 June 2004;
  - (ii) the statement of financial performance and cash flows of the Association for the financial year ended on that date; and
  - (iii) all information and explanations required by RAO Schedule 1B of the Workplace Relations Act 1996 to be provided by officers or employees were provided.

  
**BENTLEYS MRI  
CHARTERED ACCOUNTANTS**

  
**MARTIN FENSOME  
PARTNER**

Dated in Melbourne on 8 day of November 2004



ABN 62 667 316 249  
Level 7, 114 William Street  
Melbourne Vic. Australia  
GPO Box 2266  
Melbourne Vic 3001  
Telephone 61 3 9274 0600  
Facsimile 61 3 9274 0736  
E-mail [audit@melb.bentleys.com.au](mailto:audit@melb.bentleys.com.au)

**Partners**  
Theo J Eversteyn FCA  
Adrian J Beckwith FCA  
Greg R Lay FCA  
Stirling L Horne CA  
Martin A Phelan CA  
Bruno A Secatore CA  
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Martin E Fensome FCA

**Consultants**  
John J Templeton FCA  
Tom Linardos FCA

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**COMPILATION REPORT TO THE MEMBERS OF  
THE NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION**

**Scope**

On the basis of information provided by the Committee of Management of the National Electrical Contractors Association, National Office, we have compiled, in accordance with APS 9: Statement on Compilation of Financial Reports the special purpose financial report of National Electrical Contractors Association, National Office, for the year ended 30 June 2004 comprising the attached Detailed Income and Expenditure statement.

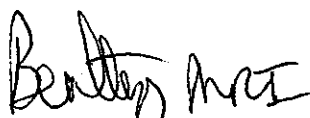
The specific purpose for which the special purpose financial report has been prepared is to provide private information to the trustees. No Australian Accounting Standards and other mandatory professional reporting requirements have been adopted in the preparation of the special purpose financial report.

The Committee of Management is solely responsible for the information contained in the special purpose financial report and have determined that the accounting policies used are consistent with the financial reporting requirements of the Association's Constitution and are appropriate to meet the needs of the Committee of Management for the purposes of complying with the Association's Constitution.

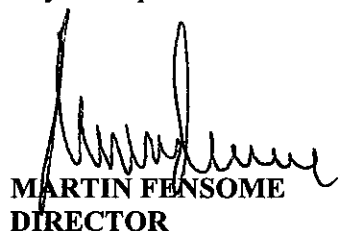
Our procedures use accounting expertise to collect, classify and summarise the financial information which the Committee of Management provided into a financial report. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

To the extent permitted by law, we do not accept liability for any loss or damage which any person, other than the Association, may suffer arising from any negligence on our part. No person should rely on the special purpose financial report without having an audit or review conducted.

The special purpose financial report was prepared for the benefit of the association and its members and the purpose identified above. We do not accept responsibility to any other person for the contents of the special purpose financial report.



**BENTLEYS MRI MELBOURNE PTY LTD  
CHARTERED ACCOUNTANTS**



**MARTIN FENSOME  
DIRECTOR**

Dated in Melbourne on 8 day of November 2004

**Directors**

Theo J Eversteyn FCA  
Adrian J Beckwith FCA  
Greg R Lay FCA  
Stirling L Horne CA  
Martin A Phelan CA  
Bruno A Secatore CA  
Scott W Phillips CA  
Peter R Vince FCA

**Consultants**

John J Templeton FCA  
Tom Linardos FCA

**Director of Taxation**

Shane Crockett CA

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**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION  
- NATIONAL OFFICE**

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**DETAILED INCOME AND EXPENDITURE STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2004**

<b>INCOME</b>	<b>2004</b>	<b>2003</b>
<b>General Administration</b>	<b>\$</b>	<b>\$</b>
Subscriptions – Chapters & Affiliates	505,378	513,753
Sundry Income	1,888	1,268
Directors Fees	4,000	3,000
Management Fees	411,588	311,690
Awards Sponsorship and Tickets	242,182	303,331
Vendors and Distributors Group	14,000	52,731
Interest	26,169	38,499
Contribution to Standards	10,000	30,000
ElectroComms Contracting Foundation	83,495	418,050
Government funded projects	160,859	312,698
Projects	3,528	52,468
<b>TOTAL INCOME</b>	<b><u>1,463,087</u></b>	<b><u>2,037,488</u></b>

This Detailed Income and Expenditure statement should be read in conjunction with the attached compilation report.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION  
- NATIONAL OFFICE**

**DETAILED INCOME AND EXPENDITURE STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2004 (Cont'd)**

<b>EXPENDITURE</b>	<b>2004</b>	<b>2003</b>
	<b>\$</b>	<b>\$</b>
<b>General Administration</b>		
Accounting and Audit Fees	50,875	47,625
Advertising & Promotion	-	1,109
Affiliation Fees	82,336	81,650
Annual Leave	3,307	3,673
Bad Debts	-	11,074
Bank Charges	2,196	2,603
Communications Consultant	10,458	2,521
Computer Expenses	5,579	912
Conference	1,669	8,265
Depreciation	23,390	26,536
Entertainment & Representation	7,729	6,568
Excellence Award	223,656	281,644
Foundation Contribution	-	10,000
Fringe Benefits Tax	3,120	4,781
Insurance	19,754	18,888
Legal Fees	30,362	880
Long Service Leave	6,508	6,985
Meeting Expenses	12,230	17,582
Payroll Tax	20,201	25,730
Postage	8,962	8,478
Projects	164,056	329,783
Rent	57,423	50,038
Repairs & Maintenance	2,509	1,700
Salaries & Wages	481,855	472,094
Staff Training	-	-
Standards Australia	10,000	-
Stationery	14,788	17,369
Subscriptions Trade Journals	4,625	5,523
Sundry Expenses	9,085	10,232
Telephone & Fax	19,329	20,827
Travel & Accommodation	74,749	54,497
Vendors & Distributors	43,631	90,774
Website	2,275	1,980
Workcare	6,444	6,656
<b>TOTAL EXPENDITURE</b>	<b>1,403,101</b>	<b>1,628,977</b>
<b>NET PROFIT</b>	<b>59,986</b>	<b>408,511</b>

This Detailed Income and Expenditure statement should be read in conjunction with the attached compilation report.



**Australian Government**  
**Australian Industrial Registry**

Level 35  
80 Collins Street, Melbourne, VIC 3000  
GPO Box 1994S, Melbourne, VIC 3001  
Telephone: (03) 8661 7777  
Fax: (03) 9654 6672  
[iain.stewart@air.gov.au](mailto:iain.stewart@air.gov.au)

Mr Peter Glynn  
Secretary  
The National Electrical Contractors Association  
Level 9,  
100 Dorcas Street  
SOUTH MELBOURNE VIC 3205

Dear Mr Glynn

**Re: Financial Report for year ended 30 June 2004 - FR 2004/317**

I have received the financial report of The National Electrical Contractors Association for the year ended 30 June 2004. The documents were lodged in the Industrial Registry on 24 December 2004.

I note that the financial report was circulated to members on 11 November 2004. I also note that the financial report was presented to the meeting of committee of management held on 11 November 2004.

As you know section 266 of the RAO Schedule makes provision for the methods by which a reporting entity may satisfy its obligation to present the full report to members. The purpose of the financial reporting provisions generally is to ensure disclosure to members and, to offer those members an opportunity to raise any matter that concerns them regarding material disclosed in that information. The vehicle for members to achieve this is either at a general meeting of members or at a meeting of the committee of management. The latter option is only available if the precondition in subsection 266(3), that is the 5% rule, is satisfied. The rules of the organisation do not make such provision.

In these circumstances, the alternatives require the presentation of the relevant documents to a general meeting of members (the rules currently make no provision for such a meeting), or at a series of meetings at different locations (again, this alternative is only available if the rules make provision for such meetings, they do not).

On several occasions over the past 24 months, for example, in correspondence from the Industrial Registrar of 8 May 2004 and 13 November 2004, you have been advised of issues arising from the operation of the RAO Schedule your organisation may need to attend to. I strongly recommend that the organisation take immediate steps to alter its rules to incorporate the 5% rule referred to previously. You may wish to ensure each reporting entity within the organisation passes a similar alteration to avoid similar difficulties. In the interim the organisation is required to make its best endeavours to fully meet its obligations as set out in the RAO Schedule with respect to its financial reporting obligations.

In relation to the documents lodged, I make the following comments to assist you with the preparation of the financial documents for next year:

**Timelines**

As you are aware, the financial reports of a reporting unit must be prepared, audited, provided to members, presented to a meeting and lodged in the Industrial Registry within certain time limits as set out in the RAO Schedule. For your information I enclose a Fact

Sheet prepared by the Registry on the “Financial Reporting Process and Time Limits” for your information.

## **Operating Report**

### *Review, result and significant change in activities*

Subsection 254(2)(a) of Schedule 1B provides the report should contain “a review of the reporting unit’s principal activities”, “the results” of these activities and any “significant changes” in *those* activities. I think this requirement demands more than a statement of the role of the reporting unit. I suggest, as a minimum, the report should state, in broad terms at least, the principal activities the organisation engaged in during the year in representing the interests of its members, the outcome of those activities and any significant changes arising from those activities.

### *Significant changes*

Subsections 254(2)(b) provides the reporting unit must report on matters which represented significant changes to the reporting units “financial affairs”.

### *Officers/Members holding position of Trustee or Director of superannuation entity*

The supplement to Section 254(2)(d) qualifies the obligation in that subsection to the reporting of the names of only those persons who hold the specified positions because they are “officers or members of a registered organisation”. I note your report does not include any reference to persons holding such position. I assume this is so because nobody falls within that category. If that is the case, I would suggest you include a positive statement that no persons fall into this category.

### *Prescribed Information*

Subsection 254(2)(f) requires the reporting unit to include “any prescribed information”. Regulation 159 of the Workplace Relations (Registration and Accountability of Organisations) Regulations 2003 prescribes that a reporting unit include the name of each person who has been a member of committee of management and the period such persons held those positions. So, if a committee of management member resigned during the reporting period, you would need to include reference to that person and the period they held that office and in addition, include details of the person who filled that vacancy and the period they held office.

## **Committee of Management Statement**

Please note that under reporting Guideline 26(c) for the purposes of s253 this Statement need only be signed by a designated officer.

## **Auditor’s Report**

It is not clear from the Report whether or not the Auditor is an approved auditor. In this regard I draw your attention to the definition of approved auditor in regulation 4 of the RAO Regulations. In all likelihood the Auditor is such a person however, it is our preference that this is made explicit in the Report.

The opinion expressed by the auditor in their report has been drafted in terms of the previous requirements of the Act. Section 257(5) now sets out the matters on which an auditor is required to state an opinion. An example of acceptable wording would be as follows:

*“In our opinion the general purpose financial report presents fairly in accordance with applicable Australian Accounting Standards and other mandatory*

*professional reporting requirements in Australia and the requirements of the RAO Schedule”*

I recommend you draw these comments to the attention of your Auditors.

**Profit and Loss Statement/ Special Purpose Financial Report**

I draw your attention to the Reporting Guidelines. The Guidelines require a reporting unit to disclose detailed information on various items of revenue and expense. For example, benefits paid to holders of office and employees must be reported separately. So, wages and other entitlements accrued by employees and office holders should be recorded separately, not as “Salaries and Wages” as is done in the Income and Expenditure Statement at page 20 of the financial report.

I note that the Profit and Loss Statement referred to above is included as part of a (additional) special purpose report. The information referred to above is often included as notes to the accounts, frequently in a note to the Statement of Financial Position. Please ensure future financial reports include, in the detail required, the elements referred to in the RAO Schedule, the Regulations and the Reporting Guidelines as part of a general purpose financial report.

**Notes to Accounts - Notice under s272(5)**

The accounts must contain a notice drawing the attention of the members to provisions of Schedule 1B that prescribed information is available to them on request. Subsection 272(5) requires the General Purpose Financial Report to set out subsections 272(1), (2) and (3). Would you please ensure an appropriate notice is incorporated in future financial reports.

I suggest you contact me on (03) 8661 7787 (Mon-Thurs) to discuss the matters raised by this correspondence particularly the presentation of the full financial reports to members.

Yours sincerely

Iain Stewart  
Statutory Services Branch

24 May 2005