



Australian Government

Australian Industrial Registry

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Mr James Tinslay
Secretary
The National Electrical Contractors Association
Locked Bag 1818
ST LEONARDS NSW 1590

Dear Mr Tinslay,

**The National Electrical Contractors Association
Financial Report for the Year Ended 30th June 2007 - FR2007/442
Schedule 1 of the Workplace Relations Act 1996 (RAO Schedule)**

Thank you for the financial reports of The National Electrical Contractors Association received in this office on 16 May 2008, which are financial reports lodged in response to our letter of 18 March 2008. These reports include, among other things, a fresh Auditor's Report made by auditors Bentleys MRI.

While the financial reports have been filed, you would be aware of a recent letter sent to you by Terry Nassios, Deputy Industrial Registrar, refusing to grant applications lodged on behalf of the Northern Territory Chapter under section 271 for an exemption from the financial reporting requirements of part 3 of Chapter 8 of the RAO Schedule.

Having regard to the requirements imposed by the Registrar on the Chapter, it has become apparent that income from Chapters or Affiliates will require further disclosure in future General Purpose Financial Report of the National Office.

When preparing a GPFR, section 253(2) of the RAO Schedule requires a reporting unit to provide information that is specified in the Industrial Registrar's Reporting Guidelines. In particular, clause 10 sets out in detail those items of income that must be disclosed by a reporting unit either in the notes to, or on the face of, a financial statement. Clause 10(b) requires disclosure of balances for the following category of income:

(b) where under the rules of the organisation or a branch of the organisation a reporting unit may receive from another reporting unit of the organisation as a contribution towards the general administrative expenses of the reporting unit a proportion of the total amount received by the other reporting unit as entrance fees or membership subscriptions – the amount and the name in respect of each reporting unit; (emphasis added)

Rule 40(d) of NECA's rules provides that the National Funds of the Organisation shall consist of:

- (ii) amounts paid by Chapter secretaries to the Council by way of proportions of entrance fees received from new members of the Chapters and of subscriptions or levies received from members of the Chapters. The method of calculating these contributions shall be fixed by the Executive after consultation with each Chapter committee.

Rule 43 of NECA's rules also provides as follows:

- (b) Out of the amounts received for entrance fees subscriptions and levies each Chapter secretary shall pay to the National Secretary on behalf of the Organisation contributions to the National fund as have been assessed by the Council or Executive in accordance with the provisions of Rule 40(d)(ii).

There is a reciprocal obligation in each of the Chapter Rules to remit money to the National Secretary (see, for example, rule 18 of the Northern Territory Chapter rules, rule 5 of the New South Wales Chapter rules and rule 18 of the Victorian Chapter rules).

Note 2 on page 13 of the accounts of the National Office that were lodged on 16 May 2008 indicates that the National Office was paid a total of \$654,484 in subscription income from Chapters and Affiliates. This is a single, composite figure that has not been broken down to show the amount that was received from each Chapter or Affiliate.

In future, you are required pursuant to clause 10(b) of the Reporting Guidelines to separately disclose, as part of subscription revenue, the name and figure received from each individual Chapter or Affiliate.

Please do not hesitate to contact me by email at robert.pfeiffer@airc.gov.au or on (03) 8661 7817 if you wish to discuss this letter.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'R. Pfeiffer', written in a cursive style.

Robert Pfeiffer
Statutory Services Branch

9 September 2008



National office | national electrical and communications association
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14 May 2008

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

ATTENTION: Mr Robert Pfeiffer (Statutory Services Branch)

Dear Sir

**The National Electrical Contractors Association
Financial Report for Year Ended 30 June 2007 – FR2007/442
Schedule 1 of the Workplace Relations Act 1996 (RAO Schedule)**

NECA has taken the necessary steps to rectify the issues raised in your letter dated 18 March 2008. Specifically in relation to the requirement of section 253(2)(c) of the RAO Schedule.

Certificate of Secretary

I, James Clifford Tinslay, 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 18 April, 2008; and.
3. that the full report was presented to the NECA National Council meeting of the reporting unit on 8 May, 2008; in accordance with s266 of the RAO Schedule.

Yours faithfully

JAMES C TINSLAY
SECRETARY

NECA National Ph: 02 9439 8523
NECA Victoria Ph: 03 9645 5533
NECA Western Australia Ph: 08 9321 8637

NECA New South Wales Ph: 02 9744 1099
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**NATIONAL ELECTRICAL CONTRACTORS
ASSOCIATION
NATIONAL OFFICE**

**Financial Report
For The Year Ended
30 June 2007**

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – NATIONAL OFFICE

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NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – NATIONAL OFFICE

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 2007.

Committee Members

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

N Palmer	D Madson
M Bowring	C M Russell
S Griffiths	F Russo (ceased Nov 06)
W Carter (ceased Nov 06)	J Robinson
W McKnight	G Kempton
M Green	J Sweeting (commenced Nov 06)
D Lindner (commenced Nov 06)	

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

Secretary

P Glynn was secretary of the association from the start of the financial year to 31st January 2007. J Tinslay was elected secretary of the association on 16th March 2007 and remained in the position to the end of the financial year.

Principal Activity

The principal activity of the association during the financial year was representing the interests of its members in the electrical and communication industry. No significant change in the nature of these activities occurred during the year.

No Significant Changes in State of Affairs

No significant changes in the state of affairs of the association occurred during the financial year.

Operating Results

The profit of the association for the financial year amounted to \$29,818 (2006: \$29,992).

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 3,753 (2006: 3,667) members at financial year end.

Number of Employees

The association had 2 (2006: 4) employees at financial year end.

Superannuation Trustees

The following committee members are directors of SPEC Pty Ltd which is the trustee of the Connect Superannuation Fund:

CM Russell

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – NATIONAL OFFICE

Operating Report by the Committee (cont'd)


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:



NEVILLE PALMER
President



JAMES TINSLAY
Secretary

Dated this 4 day of April 2008

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – NATIONAL OFFICE

Committee of Management Statement

On 9th August 2007 the Committee of Management of the National Electrical Contractor Association – National Office passed the following resolution in relation to the general purpose financial report (GPFR) of the association for the financial year ended 30 June 2007.

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:



JAMES TINSLAY
Secretary

Dated this 4 day of April 2008

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – NATIONAL OFFICE

**INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007**

	Note	2007	2006
		\$	\$
Revenue	2	2,528,940	1,841,047
Expenditure			
Accounting and Audit Fees		58,741	57,991
Affiliation Fees		51,400	76,100
Annual Leave		18,142	6,015
Associate Member Program Expenses		1,099,843	-
Bank Charges		1,508	1,185
Communications Consultant		62,312	63,724
Computer Expenses		10,445	7,487
Conference & Meeting Expenses		14,922	9,256
Cost of Sale of plant and equipment		-	-
Depreciation		15,164	18,925
Entertainment & Representation		12,924	12,721
Excellence Award		-	367,992
Fees/Allowances for attendance at conferences		-	-
Foundation Expenses		50,162	71,629
Fringe Benefits Tax		3,120	3,120
Insurance		16,188	16,367
Inter-Chapter Grants		60,000	-
Legal Fees		56,723	31,312
Long Service Leave		6,301	7,047
Payroll Tax		20,567	20,687
Postage		5,730	6,795
Projects		337,050	319,183
Rent		61,016	69,162
Repairs & Maintenance		2,299	1,829
Salaries & Wages		424,432	501,312
Standards Australia		2,496	2,496
Stationery		11,857	9,554
Subscriptions Trade Journals		4,336	4,951
Sundry Expenses		10,143	15,537
Telephone & Fax		19,760	24,927
Travel & Accommodation		49,749	68,257
Vendors & Distributors		7,224	8,367
Website		2,900	2,525
Workcare		1,668	4,602
Total Expenditure		2,499,122	1,811,055
Profit before income tax		29,818	29,992
Income tax expense		-	-
Profit attributable to the association		29,818	29,992

The accompanying notes form part of these financial statements.

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – NATIONAL OFFICE

**BALANCE SHEET
AS AT 30 JUNE 2007**

	Note	2007 \$	2006 \$
CURRENT ASSETS			
Cash and cash equivalents	5	1,070,194	117,348
Trade and other receivables	6	1,060,809	975,927
Financial assets	8	-	681,700
Other current assets	7	396,438	209,419
TOTAL CURRENT ASSETS		<u>2,527,441</u>	<u>1,984,394</u>
NON-CURRENT ASSETS			
Financial assets	8	2	3
Plant and equipment	9	36,126	44,879
TOTAL NON-CURRENT ASSETS		<u>36,128</u>	<u>44,882</u>
TOTAL ASSETS		<u>2,563,569</u>	<u>2,029,276</u>
CURRENT LIABILITIES			
Trade and other payables	10	657,508	462,329
Deferred income	11	926,561	625,748
Short term provisions	12	192,916	126,566
TOTAL CURRENT LIABILITIES		<u>1,776,985</u>	<u>1,214,643</u>
NON-CURRENT LIABILITIES			
Trade and other payables	10	-	53,337
Long term provisions	12	429	4,959
TOTAL NON-CURRENT LIABILITIES		<u>429</u>	<u>58,296</u>
TOTAL LIABILITIES		<u>1,777,414</u>	<u>1,272,939</u>
NET ASSETS		<u>786,155</u>	<u>756,337</u>
EQUITY			
Retained earnings	13	786,155	756,337
TOTAL EQUITY		<u>786,155</u>	<u>756,337</u>

The accompanying notes form part of these financial statements.

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – NATIONAL OFFICE

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2007

	Retained earnings \$	Total \$
Balance at 1 July 2005	726,345	726,345
Profit attributable to members of Association	29,992	29,992
Balance at 30 June 2006	756,337	756,337
Profit attributable to members of Association	29,818	29,818
Balance at 30 June 2007	786,155	786,155

The accompanying notes form part of these financial statements.

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – NATIONAL OFFICE

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2007**

	Note	2007 \$	2006 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts in the course of operations		2,075,875	1,044,124
Payments to suppliers and employees		(1,896,711)	(821,028)
Interest received		51,164	39,624
Net cash provided by /(used in) operating activities	16	<u>230,328</u>	<u>262,720</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(6,411)	(15,259)
Proceeds from sale of plant and equipment		-	-
Loan to NECA Qld		(79,436)	(201,701)
Loan from NECA VIC/ NSW/ SA/ WA		130,000	150,000
Repayment of loan from NECA WA		(3,335)	-
Sale of investments		681,700	-
Purchase of investments		-	(219,000)
Net cash provided by /(used in) investing activities		<u>722,518</u>	<u>(285,960)</u>
Net increase/(decrease) in cash held		952,846	(23,240)
Cash at beginning of financial year		<u>117,348</u>	<u>140,588</u>
Cash at end of financial year	5	<u>1,070,194</u>	<u>117,348</u>

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – NATIONAL OFFICE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Workplace Relations Act 1996.

The financial report covers National Electrical Contractors Association – National Office ("the association"), for the financial year ended 30 June 2007.

The financial report of the association complies with all International Financial Reporting Standards in their entirety.

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.

Basis of Preparation

Functional and presentation currency

The functional currency of the association is measured using the currency of the primary economic environment in which the association operates. The financial statements are presented in Australian dollars which is functional and presentation currency of the association.

Reporting Basis and Conventions

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

Accounting Policies

(a) Income Tax

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

(b) Plant and Equipment

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

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

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

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

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – NATIONAL OFFICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Plant and Equipment (cont'd)

Depreciation

The depreciable amount of all fixed assets are depreciated on a straight line basis over their useful lives to the association 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.

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

Class of fixed asset	Depreciation rates	Depreciation basis
Plant and Equipment	10 - 33 %	Straight Line

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement.

(c) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the association's intention to hold these investments to maturity. Any held-to-maturity investments held by the association are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – NATIONAL OFFICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial Instruments (cont'd)

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the association assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

(d) Impairment of Assets

At each reporting date, the association reviews the carrying values of its 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 income statement.

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

(e) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the association are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the association will obtain ownership of the asset or over the term of the lease.

Lease payments for 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.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – NATIONAL OFFICE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Employee Benefits

Provision is made for the association's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. 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.

(g) Provisions

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

(h) 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 on the balance sheet.

(i) Revenue

Revenue from the sale of goods and services is recognised upon the delivery of goods and services to customers and members.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

(j) Government Grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

(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 the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

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

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – NATIONAL OFFICE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Comparative Figures

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

(m) Critical accounting estimates and judgments

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

Key estimates — Impairment

The association assesses impairment at each reporting date by evaluating conditions specific to the association 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.

No impairment has been recognized for the year ended 30 June 2007.

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – NATIONAL OFFICE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

	2007	2006
	\$	\$
NOTE 2: REVENUE		
General Administration		
Subscriptions – Chapters & Affiliates	654,484	631,495
Sundry Income	7	964
Directors Fees	5,955	5,000
Management Fees	282,974	337,928
Awards Sponsorship and Tickets	-	367,809
Associate Member Program Sponsorship	1,090,671	-
Interest	51,164	39,624
Inter-Chapter Grants	60,000	-
Contribution to Standards	40,000	18,182
ElectroComms Contracting Foundation	76,127	123,064
Projects	267,558	316,981
Proceeds from sale of plant and equipment	-	-
Total revenues	<u>2,528,940</u>	<u>1,841,047</u>

NOTE 3: PROFIT FROM ORDINARY ACTIVITIES

Profit from ordinary activities before income tax expenses has been determined after:

Depreciation of non-current assets	15,164	18,925
Legal fees	56,723	31,312
Rental expense on operating leases		
- Minimum lease payments	<u>29,044</u>	<u>43,008</u>

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – NATIONAL OFFICE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

	2007	2006
	\$	\$
NOTE 4: AUDITOR'S REMUNERATION		
Remuneration of the auditor of the association for:		
- auditing or reviewing the financial report	<u>15,650</u>	<u>14,900</u>
NOTE 5: CASH AND CASH EQUIVALENTS		
Cash at bank	<u>1,070,194</u>	<u>117,348</u>
	<u>1,070,194</u>	<u>117,348</u>
Reconciliation of cash		
Cash at the end of the financial year as shown		
In the statement of cash flows is reconciled to		
items in the balance sheet as follows:		
Cash at bank	<u>1,070,194</u>	<u>117,348</u>
NOTE 6: TRADE AND OTHER RECEIVABLES		
CURRENT		
General membership	943,947	661,088
Other receivables	95,725	113,139
Loan due from related entity	21,137	201,700
	<u>1,060,809</u>	<u>975,927</u>
NOTE 7: OTHER CURRENT ASSETS		
CURRENT		
Prepayments	396,438	206,769
Rental Bond	-	2,650
	<u>396,438</u>	<u>209,419</u>
NOTE 8: FINANCIAL ASSETS		
CURRENT		
Term deposits	-	681,700
	-	<u>681,700</u>
The effective interest rate on term deposits (2006: 5.5%)		
NON CURRENT		
Available-for-sale financial assets:		
Unlisted Investments, at cost.		
Investment in associate	1	1
Investment in controlled entity	1	2
	<u>2</u>	<u>3</u>

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – NATIONAL OFFICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

2007
\$

2006
\$

NOTE 8: FINANCIAL ASSETS (CONT'D)

Available-for-sale financial assets:

The fair value of the unlisted available-for-sale financial asset cannot be reliably measured as variability in the range of reasonable fair value estimates is significant. As a result, all unlisted investments are reflected at cost.

Details of investments:

Name	Country of incorporation	Principal activities	Percentage owned	
			2007	2006
Australian Cabler Registration Service Pty Ltd	Australia	Refer (i)	50%	50%
Teledata Licence (Aust) Pty Ltd	Australia	Refer (ii)	-	100%
SPEC Pty Ltd	Australia	Refer (iii)	50%	50%

The Committee members are in the opinion that the National Electrical Contractors Association – National office is not entitled to share the results of these entities.

- (i) This entity provides cabler registration services as required by the Australian Communications Authority.
- (ii) This entity ceased to operate during the previous financial year.
- (iii) This entity is trustee of the Connect Superannuation Fund.

NOTE 9: PLANT AND EQUIPMENT

PLANT AND EQUIPMENT

Plant & equipment		
At cost	197,980	203,915
Less accumulated depreciation	(161,854)	(159,036)
Total plant and equipment	36,126	44,879

Movements in Carrying Amounts

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

	Plant and Equipment \$	Total \$
Balance at the beginning of the year	44,879	44,879
Additions	6,411	6,411
Disposals	-	-
Depreciation expense	(15,164)	(15,164)
Carrying amount at end of year	36,126	36,126

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – NATIONAL OFFICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

	2007 \$	2006 \$
NOTE 10: TRADE AND OTHER PAYABLES		
CURRENT		
Trade creditors and accruals	534,699	304,280
Loans due to related entities	16,665	96,663
Goods & Services Tax	106,144	61,386
	<u>657,508</u>	<u>462,329</u>
NON CURRENT		
Loans due to related entities	<u>-</u>	<u>53,337</u>

NOTE 11: DEFERRED INCOME

CURRENT		
Advance Subscription Income	33,561	68,748
Advance Associate Member Program Income	893,000	557,000
	<u>926,561</u>	<u>625,748</u>

NOTE 12: PROVISIONS

	Employee Entitlements \$	Total \$
Opening balance at 1 July 2006	131,525	131,525
Additional provisions raised during the year	181,629	181,629
Amounts used	(119,809)	(119,809)
Balance at 30 June 2007	<u>193,345</u>	<u>193,345</u>

Analysis of Total Provisions

Current	192,916	126,566
Non-Current	429	4,959
	<u>193,345</u>	<u>131,525</u>

Total Employee benefits	<u>193,345</u>	<u>131,525</u>
-------------------------	----------------	----------------

Number of employees at year end	2	4
---------------------------------	---	---

Provision for Employee Entitlements

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

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – NATIONAL OFFICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

2007 2006
\$ \$

NOTE 13: RETAINED EARNINGS

The association received \$76,127 (2006: \$123,064) committed contributions during the financial year for the ElectroComms Contracting Foundation. The amount has been taken up as revenue and included in retained earnings. The progressive value of the funds committed to the Foundation at 30 June 2007 is \$841,249 (2006: \$770,177).

NOTE 14: LEASES

(a) Operating lease commitments

Non-cancelable operating leases contracted for but not capitalised in the financial statements:

Payable

- not later than one year	-	19,802
- later then one year but not later than five years	-	-
	<u>-</u>	<u>19,802</u>

NOTE 15: RELATED PARTY TRANSACTIONS

The following committee members were key management personnel of the association:

N Palmer	D Madson
M Bowring	C M Russell
S Griffiths	F Russo (ceased Nov 06)
W Carter (ceased Nov 06)	J Robinson
W McKnight	G Kempton
M Green	J Sweeting (commenced Nov 06)
D Lindner (commenced Nov 06)	

No remuneration was paid or payable to key management personnel.

J Tinslay is chief executive office and secretary of the association as at the end of the financial year.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties

Committee members, directors 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.

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – NATIONAL OFFICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

2007
\$ **2006**
\$

NOTE 15: RELATED PARTY TRANSACTIONS (CONT'D)

(b) Receivable from related entities at year end:

National Electrical Contractors Association – Tasmania	-	5,300
National Electrical Contractors Association – Victoria	11,000	6,564
National Electrical Contractors Association – Queensland	21,137	201,700
National Electrical Contractors Association – New South Wales	-	-
National Electrical Contractors Association – South Australia	24,602	-
National Electrical Contractors Association – Western Australia	17,673	11,861
National Electrical Contractors Association – ACT	-	-
Australian Cabler Registration Service Pty Ltd	25,850	34,100

(d) Payables to related entities at year end:

National Electrical Contractors Association – Tasmania	-	1,038
National Electrical Contractors Association – Victoria	-	70,300
National Electrical Contractors Association – Queensland	-	2,959
National Electrical Contractors Association – New South Wales	10,814	72,675
National Electrical Contractors Association – Western Australia	45,000	10,000

NOTE 16: CASH FLOW INFORMATION

Reconciliation of cash flow from operations with profit from ordinary activities

Profit from ordinary activities	29,818	29,992
(Profit)/Loss from sale of non-current assets	-	-
Depreciation	15,164	18,925
Interest income not received as cash	-	-
Amounts set aside to provisions	-	-
	<u>44,982</u>	<u>48,917</u>
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(265,445)	(341,811)
(Increase)/decrease in other current assets	(187,019)	(63,787)
Increase/(decrease) in trade and other payables	275,177	186,086
Increase/(decrease) in deferred income	300,813	420,253
Increase/(decrease) in provisions	61,820	13,062
	<u>230,328</u>	<u>262,720</u>

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – NATIONAL OFFICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 17: FINANCIAL INSTRUMENTS

(a) Financial Risk Management

The association's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments and accounts receivable and payable. The main purpose of non-derivative financial instruments is to raise finance for the association's operations.

The association does not have any derivative instruments at 30 June 2007.

i. Treasury Risk Management

Committee members and directors of the association meet 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.

ii. 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

The association is not exposed to fluctuations in interest rate risk. For further details on interest rate risk refer to Note 17(b).

Liquidity risk

The association manages liquidity risk by monitoring forecast cash flows and ensuring that adequate working capitals 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 impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The association 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.

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – NATIONAL OFFICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

NOTE 17: FINANCIAL INSTRUMENTS (CONT'D)

(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		Floating Interest Rate		Fixed Interest Rate	
	Effective Interest Rate					
	2007 %	2006 %	2007 \$	2006 \$	2007 \$	2006 \$
Financial Assets:						
Cash and cash equivalents	5.65	3.15	1,070,194	117,348	-	-
Short Term deposits	-	5.5	-	-	-	681,700
Trade and other receivables	-	-	-	-	-	-
Total Financial Assets:			<u>1,070,194</u>	<u>117,348</u>	<u>-</u>	<u>681,700</u>
Financial Liabilities:						
Trade and other payables	-	-	-	-	-	-
Total Financial Liabilities:			<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Weighted Average		Non-Interest Bearing		Total	
	Effective Interest Rate					
	2007 %	2006 %	2007 \$	2006 \$	2007 \$	2006 \$
Financial Assets:						
Cash and cash equivalents	5.65	3.15	-	-	1,070,194	117,348
Short Term deposits	-	5.5	-	-	-	681,700
Trade and other receivables	-	-	1,060,809	975,927	1,060,809	975,927
Total Financial Assets:			<u>1,060,809</u>	<u>975,927</u>	<u>2,131,003</u>	<u>1,774,975</u>
Financial Liabilities:						
Trade and other payables	-	-	640,843	365,666	640,843	365,666
Total Financial Liabilities:			<u>640,843</u>	<u>365,666</u>	<u>640,843</u>	<u>365,666</u>

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – NATIONAL OFFICE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

NOTE 17: FINANCIAL INSTRUMENTS (CONT'D)

(c) Net Fair Value

The net fair value of assets and liabilities approximates 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 Balance Sheet and in the notes to and forming part of the financial statements.

Details of aggregate net fair value and carrying amounts of financial assets and financial liabilities at balance date:

	2007		2006	
	Carrying Amount \$	Net Fair Value \$	Carrying Amount \$	Net Fair Value \$
Financial assets				
Term Deposits	-	-	681,700	681,700
Trade and other receivables	1,060,809	1,060,809	975,927	975,927
Total financial assets	<u>1,060,809</u>	<u>1,060,809</u>	<u>1,657,627</u>	<u>1,657,627</u>
Financial liabilities				
Trade and other payables	640,843	640,843	515,666	515,666
Total financial liabilities	<u>640,843</u>	<u>640,843</u>	<u>515,666</u>	<u>515,666</u>

NOTE 18: SEGMENT REPORTING

The association operates predominantly in one business and geographical segment, being in the electrical and communication industry providing benefits to the professional advisory services in Australia.

NOTE 19: EVENTS AFTER BALANCE SHEET DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of the association.

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – NATIONAL OFFICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

NOTE 20: CHANGE IN ACCOUNTING POLICY

The following Australian Accounting Standards have been issued or amended and are applicable to the association but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

AASB Amendment	Standards Affected	Outline of Amendment	Application Date of Standard	Application Date for Group	
ASB 2005–10 Amendments to Australian Accounting Standards	AASB 1	First time adoption of AIFRS	The disclosure requirements of AASB 132: Financial Instruments: Disclosure and Presentation have been replaced due to the issuing of AASB 7: Financial Instruments: Disclosures in August 2005. These amendments will involve changes to financial instrument disclosures within the financial report. However, there will be no direct impact on amounts included in the financial report as it is a disclosure standard.	1 Jan 2007	1 July 2007
	AASB 4	Insurance Contracts			
	AASB 101	Presentation of Financial Statements			
	AASB 114	Segment Reporting			
	AASB 117	Leases			
	AASB 133	Earnings per Share			
	AASB 1023	General Insurance Contracts			
	AASB 1038	Life Insurance Contracts			
	AASB 139	Financial Instruments: Recognition and Measurement			
AASB 7 Financial Instruments: Disclosures	AASB 132	Financial Instruments: Disclosure and Presentation	As above.	1 Jan 2007	1 July 2007

NOTE 21: ASSOCIATION DETAILS

The principal place of business of the association is:

National Electrical Contractors Association – National Office
Level 4, 30 Atchison St
St Leonards NSW 2065

NOTE 22: RAO s272 INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR

- (1) A member of a reporting unit, or a Registrar, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- (2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.
- (3) A reporting unit must comply with an application made under subsection (1).

Melbourne
Bentleys MRI
ABN 62 667 316 249
Audit & Assurance Services Division

Level 7, 114 William Street
Melbourne Vic 3000

GPO Box 2266
Melbourne Vic 3001

T +61 3 9274 0600
F +61 3 9274 0736

audit@melb.bentleys.com.au
www.bentleys.com.au

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – NATIONAL OFFICE

We have audited the accompanying financial report of National Electrical Contractors Association – National Office, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes and the Committee of Management Statement.

The responsibility of the Committee of Management for the Financial Report

The committee of management are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee of management, as well as evaluating the overall presentation of the financial report.

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

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
– NATIONAL OFFICE (Continued)**

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

Auditor's Opinion

In our opinion, the financial report gives a true and fair view of the financial position of National Electrical Contractors Association – National Office as of 30 June 2007, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the requirements imposed by Part 3 of Chapter 8 of Schedule 1B (RAO Schedule) of the Workplace Relations Act 1996.

Bentleys MRI

**BENTLEYS MRI
CHARTERED ACCOUNTANTS**

Scott Phillips

**SCOTT PHILLIPS
PARTNER
APPROVED AUDITOR**

Dated in Melbourne on this *16th* day of *April* 2008



Australian Government

Australian Industrial Registry

Level 5, 11 Exhibition Street
Melbourne, VIC 3000
GPO Box 1994, Melbourne, VIC 3001
Telephone: (03) 8661 7777
Fax: (03) 9655 0410
Email: melbourne@air.gov.au

Mr James Tinslay
Secretary
The National Electrical Contractors Association
Locked Bag 1818
ST LEONARDS NSW 1590

Dear Jim,

**The National Electrical Contractors Association
Financial Report for Year Ended 30 June 2007 – FR2007/442
Schedule 1 of the Workplace Relations Act 1996 (RAO Schedule)**

Thank you for the financial reports of The National Electrical Contractors Association for the year ended 30 June 2007. The documents were lodged in the Industrial Registry on 20 November 2007.

The documents have not been filed since most of the information that is required to be lodged under the Industrial Registrar's Reporting Guidelines is disclosed in a Special Purpose Financial Report (SPFR).

Special Purpose Financial Report - Detailed Income and Expenditure Statement

The financial records include (at page 25) a 'Compilation Report to The National Electrical Contractors Association – National Office' stating that Bentleys MRI has compiled a SPFR at pages 26 to 27 to 'provide private information to the committee members'. The Report then continues that 'No accounting standards and other mandatory professional reporting requirements have been adopted in the preparation of the special purpose financial report'. It goes on to state that there has been no verification or validation of the information, no audit or review has been performed and accordingly no assurance is expressed. Further, no person should rely on the SPFR without having an audit or review conducted.

The Detailed Income and Expenditure Statement on pages 26 and 27 discloses many of the items of expenditure that are required to be disclosed by Guideline 11 of the Reporting Guidelines. As your organisation, and the auditor, were advised with respect to the financial reports for the year ended 30 June 2005 – FR2005/285 (copy attached), disclosure of such expenditure in a SPFR is not consistent with the requirements of the RAO Schedule. There is an express requirement in section 253(2)(c) that information that is required by the Guidelines must be disclosed in a **General Purpose Financial Report**. There is no provision of any kind for the use of SPFRs.

Since this matter appears to be a continuing problem which is not being rectified over time, you are now required, as soon as reasonably practicable:

- to compile a GPFR for the year ended 30 June 2007 containing the information that is disclosed on pages 26 and 27;
- to have that GPFR audited in accordance with the requirements of the RAO Schedule;
- to circulate that GPFR and audit report to members; and
- to lodge the GPFR and audit report with the Industrial Registry.

The financial documents for the year ended 30 June 2007 will not be filed until these further steps have been taken.

A copy of this letter has been sent to Mr Phillips of Bentleys MRI.

Please do not hesitate to contact me by email at robert.pfeiffer@air.gov.au or on (03) 8661 7817 if you wish to discuss this letter.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'R Pfeiffer', written in a cursive style.

Robert Pfeiffer
Statutory Services Branch

18 March 2008

cc: Mr Scott Phillips
Bentleys MRI Melbourne P/L
GPO Box 2266
MELBOURNE VIC 3001



Australian Government

Australian Industrial Registry

Level 36, 80 Collins Street
Melbourne, VIC 3000
GPO Box 1994, Melbourne, VIC 3001
Telephone: (03) 8661 7777
Fax: (03) 9654 6672
Email: melbourne@air.gov.au

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

Dear Peter,

**The National Electrical Contractors Association
Financial Report for Year Ended 30th June 2005 – FR2005/285
Schedule 1B of the Workplace Relations Act 1996 (RAO Schedule)**

Thank you for the financial reports of The National Electrical Contractors Association for the year ended 30th June 2005. The documents were lodged in the Industrial Registry on 12th December 2005. Please excuse the delay in responding to you. Our attention in recent months has been diverted to the new Workchoices legislation.

The documents have been filed.

I would, however, like to draw your attention to the following issues in order to assist you in preparation of next year's financial documents. You do not need to take any further action in respect of the financial documents already lodged.

Auditor's Report

Reference to Australian Accounting Standards

Included in the documents which have been lodged was an Auditor's Report from Mr Scott Phillips of Bentleys MRI. That report states, broadly speaking, that satisfactory accounting records were kept and that they are properly drawn up so as to give a true and fair view of the organisation's financial affairs. For future reference, however, section 257(5)(a) of the RAO Schedule requires the Auditor's Report to confirm whether the General Purpose Financial Report is presented fairly in accordance with not only the RAO Schedule but also the *Australian Accounting Standards*.

The following wording in an Auditor's Report would satisfy the requirements of section 257 of the RAO Schedule:

In our opinion the General Purpose Financial Report is presented fairly in accordance with applicable Australian Accounting Standards and the requirements imposed by Part 3 of Chapter 8 of Schedule 1B (RAO Schedule) of the Workplace Relations Act 1996.

Special Purpose Financial Report - Detailed Income and Expenditure Statement

In addition to the Auditor's Report, the financial records which have been lodged include (at page 20) a document entitled 'Compilation Report to the Members of The National Electrical Contractors Association'. The opening paragraph of this report states that Bentleys MRI have compiled a 'special purpose financial report...for the year ended 30 June 2005 comprising the attached Detailed Income and Expenditure statement'. The Detailed Income and Expenditure Statement then forms pages 21 and 22 of the lodged documents.

The following disclaimer then appears in the Compilation Report:

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 responsibility 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.

This approach is not consistent with the requirements of the RAO Schedule. The Schedule expressly requires a General Purpose Financial Report (GPFR) to be prepared and it makes no provision of any kind for the use of Special Purpose Financial Reports.

While section 270 of the RAO Schedule does make provision for reduced reporting requirements, this only applies to whole organisations which have a total income of less than \$100,000.

In light of the above, the organisation will be required in future financial years to prepare a full GPFR in accordance with section 253 of the RAO Schedule and the Reporting Guidelines issued with respect to that section. **A special purpose financial report will not satisfy these requirements and will not be accepted by the Industrial Registry.**

A copy of this letter will also be sent to Mr Phillips of Bentleys MRI.

Operating Report – Superannuation Trustees

The Operating Report is required to state whether any officer or member of the Chapter is a trustee of a superannuation entity (or a director of a company that is a trustee of a superannuation entity) – see section 254(2)(d) of the RAO Schedule.

In the event that no officer or member of the Chapter is a trustee or director of a superannuation entity, the Operating Report should include a comment to this effect.

General Purpose Financial Report

When preparing a GPFR, section 253(2) of the RAO Schedule requires a reporting unit to provide information that is specified in the Reporting Guidelines that have been issued by the Industrial Registrar. In particular, Guideline 11 sets out in detail those items of expense that must be disclosed by a reporting unit either in the notes to, or on the face of, a financial statement. Included are such items as:

- grants or donations made by the reporting unit (11(f));
- employment benefits paid to office holders (11(g));
- employment benefits paid to employees (other than office holders) (11(h));
- fees and/or allowances paid for attendance at conferences (11(i));
- conference and meeting expenses (11(k));
- penalties imposed on the reporting unit by the *Workplace Relations Act* (11(l));
- capitation fees or membership subscriptions (11(b)); and
- levies that have been imposed upon the reporting unit (11(e)).

An examination of the Detailed Income and Expenditure Statement shows that Annual Leave, Long Service Leave and Salaries & Wages have been separately itemised but that a distinction has not been drawn between benefits paid to *office holders* and to *employees (other than office holders)*. There are also items for 'Conference' and 'Travel and Accommodation' but it is not clear how these figures break down into *fees and/or allowances paid for attendance at conferences and conference and meeting expenses*.

A full copy of the Registrar's Reporting Guidelines is attached. Would you please ensure that these items are separately itemised in the future.

Documents not lodged in Registry within 14 Days of Meeting

Section 268 of the RAO Schedule requires a reporting unit to lodge its financial documents in the Industrial Registry within 14 days after their presentation to a meeting. While the documents were presented to the Annual General Meeting on 20th October 2005, the documents were not lodged in the Industrial Registry until 12th December 2005. I note that you have requested an extension of time in which to lodge the documents.

In future financial years the documents should be lodged in the Industrial Registry within 14 days of the meeting at which they were presented.

Please do not hesitate to contact me by email at robert.pfeiffer@air.gov.au or on (03) 8661 7817 if you wish to discuss this letter.

A copy of the financial report has been placed on the website maintained by the Industrial Registry at <http://www.e-airc.gov.au/233Vfed>.

Yours sincerely,



Robert Pfeiffer
Statutory Services Branch

13 July 2006

cc: Mr Scott Phillips
Bentleys MRI
GPO Box 2266
MELBOURNE VIC 3001



FR 2007/442

National office | **national electrical and communications association**
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Locked Bag 1818 St Leonards NSW 1590
telephone: +61 2 9439 8523 facsimile: +61 2 9439 8525
email: necanat@neca.asn.au website: www.neca.asn.au
ABN 78 319 016 742

20 November 2007

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

Dear Sir/Madam

Certificate of Secretary

I, James Clifford Tinslay, 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 October 25th, 2007; and.
3. that the full report was presented to the Annual General Meeting of the reporting unit on November 15th, 2007; in accordance with s266 of the RAO Schedule.

Yours faithfully

JAMES C TINSLAY
SECRETARY

**NATIONAL ELECTRICAL CONTRACTORS
ASSOCIATION
NATIONAL OFFICE**

**Financial Report
For The Year Ended
30 June 2007**

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – NATIONAL OFFICE

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NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – NATIONAL OFFICE

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 2007.

Committee Members

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

N Palmer	D Madson
M Bowring	C M Russell
S Griffiths	F Russo (ceased Nov 06)
W Carter (ceased Nov 06)	J Robinson
W McKnight	G Kempton
M Green	J Sweeting (commenced Nov 06)
D Lindner (commenced Nov 06)	

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

Secretary

P Glynn was secretary of the association from the start of the financial year to 31st January 2007. J Tinslay was elected secretary of the association on 16th March 2007 and remained in the position to the end of the financial year.

Principal Activity

The principal activity of the association during the financial year was representing the interests of its members in the electrical and communication industry. No significant change in the nature of these activities occurred during the year.

No Significant Changes in State of Affairs

No significant changes in the state of affairs of the association occurred during the financial year.

Operating Results

The profit of the association for the financial year amounted to \$29,818 (2006: \$29,992).

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 3,753 (2006: 3,667) members at financial year end.

Number of Employees

The association had 2 (2006: 4) employees at financial year end.

Superannuation Trustees

The following committee members are directors of SPEC Pty Ltd which is the trustee of the Connect Superannuation Fund:

CM Russell

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – NATIONAL OFFICE

Operating Report by the Committee (cont'd)

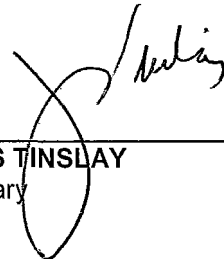
Members Right to Resign

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:



NEVILLE PALMER
President



JAMES TINSLAY
Secretary

Dated this 17th day of October 2007

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – NATIONAL OFFICE

Committee of Management Statement

On 9th August 2007 the Committee of Management of the National Electrical Contractor Association – National Office passed the following resolution in relation to the general purpose financial report (GPFR) of the association for the financial year ended 30 June 2007.

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:



JAMES TINSLAY
Secretary

Dated this 17th day of October 2007

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – NATIONAL OFFICE

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 \$	2006 \$
Revenue	2	1,013,585	1,092,487
Other income	2	1,515,355	748,560
Depreciation expenses		(15,164)	(18,925)
Employee benefits expense		(424,432)	(538,181)
Conference expenses		(14,922)	(9,256)
Project expenses		(337,050)	(319,183)
Travel and accommodation expenses		(49,749)	(68,257)
Affiliation expenses		(51,400)	(76,100)
Other expenses		(1,606,405)	(781,153)
Profit before income tax		29,818	29,992
Income tax expense		-	-
Profit attributable to the association		29,818	29,992

The accompanying notes form part of these financial statements.

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – NATIONAL OFFICE

**BALANCE SHEET
AS AT 30 JUNE 2007**

	Note	2007	2006
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	5	1,070,194	117,348
Trade and other receivables	6	1,060,809	975,927
Financial assets	8	-	681,700
Other current assets	7	396,438	209,419
TOTAL CURRENT ASSETS		<u>2,527,441</u>	<u>1,984,394</u>
NON-CURRENT ASSETS			
Financial assets	8	2	3
Plant and equipment	9	36,126	44,879
TOTAL NON-CURRENT ASSETS		<u>36,128</u>	<u>44,882</u>
TOTAL ASSETS		<u>2,563,569</u>	<u>2,029,276</u>
CURRENT LIABILITIES			
Trade and other payables	10	657,508	462,329
Deferred income	11	926,561	625,748
Short term provisions	12	192,916	126,566
TOTAL CURRENT LIABILITIES		<u>1,776,985</u>	<u>1,214,643</u>
NON-CURRENT LIABILITIES			
Trade and other payables	10	-	53,337
Long term provisions	12	429	4,959
TOTAL NON-CURRENT LIABILITIES		<u>429</u>	<u>58,296</u>
TOTAL LIABILITIES		<u>1,777,414</u>	<u>1,272,939</u>
NET ASSETS		<u>786,155</u>	<u>756,337</u>
EQUITY			
Retained earnings	13	786,155	756,337
TOTAL EQUITY		<u>786,155</u>	<u>756,337</u>

The accompanying notes form part of these financial statements.

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – NATIONAL OFFICE

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2007

	Retained earnings \$	Total \$
Balance at 1 July 2005	726,345	726,345
Profit attributable to members of Association	29,992	29,992
Balance at 30 June 2006	756,337	756,337
Profit attributable to members of Association	29,818	29,818
Balance at 30 June 2007	786,155	786,155

The accompanying notes form part of these financial statements.

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – NATIONAL OFFICE

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2007**

	Note	2007 \$	2006 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts in the course of operations		2,075,875	1,044,124
Payments to suppliers and employees		(1,896,711)	(821,028)
Interest received		51,164	39,624
Net cash provided by /(used in) operating activities	16	<u>230,328</u>	<u>262,720</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(6,411)	(15,259)
Proceeds from sale of plant and equipment		-	-
Loan to NECA Qld		(79,436)	(201,701)
Loan from NECA VIC/ NSW/ SA/ WA		130,000	150,000
Repayment of loan from NECA WA		(3,335)	-
Sale of investments		681,700	-
Purchase of investments		-	(219,000)
Net cash provided by /(used in) investing activities		<u>722,518</u>	<u>(285,960)</u>
Net increase/(decrease) in cash held		952,846	(23,240)
Cash at beginning of financial year		<u>117,348</u>	<u>140,588</u>
Cash at end of financial year	5	<u>1,070,194</u>	<u>117,348</u>

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – NATIONAL OFFICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Workplace Relations Act 1996.

The financial report covers National Electrical Contractors Association – National Office (“the association”), for the financial year ended 30 June 2007.

The financial report of the association complies with all International Financial Reporting Standards in their entirety.

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.

Basis of Preparation

Functional and presentation currency

The functional currency of the association is measured using the currency of the primary economic environment in which the association operates. The financial statements are presented in Australian dollars which is functional and presentation currency of the association.

Reporting Basis and Conventions

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

Accounting Policies

(a) Income Tax

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

(b) Plant and Equipment

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

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

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

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

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – NATIONAL OFFICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Plant and Equipment (cont'd)

Depreciation

The depreciable amount of all fixed assets are depreciated on a straight line basis over their useful lives to the association 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.

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

Class of fixed asset	Depreciation rates	Depreciation basis
Plant and Equipment	10 - 33 %	Straight Line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement.

(c) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the association's intention to hold these investments to maturity. Any held-to-maturity investments held by the association are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – NATIONAL OFFICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial Instruments (cont'd)

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the association assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

(d) Impairment of Assets

At each reporting date, the association reviews the carrying values of its 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 income statement.

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

(e) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the association are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the association will obtain ownership of the asset or over the term of the lease.

Lease payments for 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.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – NATIONAL OFFICE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Employee Benefits

Provision is made for the association's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. 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.

(g) Provisions

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

(h) 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 on the balance sheet.

(i) Revenue

Revenue from the sale of goods and services is recognised upon the delivery of goods and services to customers and members.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

(j) Government Grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

(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 the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

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

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – NATIONAL OFFICE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Comparative Figures

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

(m) Critical accounting estimates and judgments

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

Key estimates — Impairment

The association assesses impairment at each reporting date by evaluating conditions specific to the association 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.

No impairment has been recognized for the year ended 30 June 2007.

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – NATIONAL OFFICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

	2007 \$	2006 \$
NOTE 2: REVENUE		
Operating activities		
- Member subscriptions	654,484	631,495
- Management fees	282,974	337,928
- ElectroComms Contracting Foundation contribution	76,127	123,064
	<u>1,013,585</u>	<u>1,092,487</u>
Non-operating activities		
- Directors fees	5,955	5,000
- Government grants	200,977	315,087
- Inter-Chapter Grants	60,000	-
- Interest revenue from other corporations	51,164	39,624
- Other revenue	1,197,259	388,849
	<u>1,515,355</u>	<u>748,560</u>
Total revenues	<u>2,528,940</u>	<u>1,841,047</u>

NOTE 3: PROFIT FROM ORDINARY ACTIVITIES

Profit from ordinary activities before income tax expenses has been determined after:

Depreciation of non-current assets	15,164	18,925
Legal fees	56,723	31,312
Rental expense on operating leases		
- Minimum lease payments	<u>29,044</u>	<u>43,008</u>

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – NATIONAL OFFICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

	2007 \$	2006 \$
NOTE 4: AUDITOR'S REMUNERATION		
Remuneration of the auditor of the association for:		
- auditing or reviewing the financial report	<u>15,650</u>	<u>14,900</u>
NOTE 5: CASH AND CASH EQUIVALENTS		
Cash at bank	<u>1,070,194</u>	<u>117,348</u>
	<u>1,070,194</u>	<u>117,348</u>
Reconciliation of cash		
Cash at the end of the financial year as shown		
In the statement of cash flows is reconciled to		
items in the balance sheet as follows:		
Cash at bank	<u>1,070,194</u>	<u>117,348</u>
NOTE 6: TRADE AND OTHER RECEIVABLES		
CURRENT		
General membership	943,947	661,088
Other receivables	95,725	113,139
Loan due from related entity	21,137	201,700
	<u>1,060,809</u>	<u>975,927</u>
NOTE 7: OTHER CURRENT ASSETS		
CURRENT		
Prepayments	396,438	206,769
Rental Bond	-	2,650
	<u>396,438</u>	<u>209,419</u>
NOTE 8: FINANCIAL ASSETS		
CURRENT		
Term deposits	-	681,700
	-	<u>681,700</u>
The effective interest rate on term deposits (2006: 5.5%)		
NON CURRENT		
Available-for-sale financial assets:		
Unlisted Investments, at cost.		
Investment in associate	1	1
Investment in controlled entity	1	2
	<u>2</u>	<u>3</u>

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – NATIONAL OFFICE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

2007 **2006**
\$ **\$**

NOTE 8: FINANCIAL ASSETS (CONT'D)

Available-for-sale financial assets:

The fair value of the unlisted available-for-sale financial asset cannot be reliably measured as variability in the range of reasonable fair value estimates is significant. As a result, all unlisted investments are reflected at cost.

Details of investments:

Name	Country of incorporation	Principal activities	Percentage owned	
			2007	2006
Australian Cabler Registration Service Pty Ltd	Australia	Refer (i)	50%	50%
Teledata Licence (Aust) Pty Ltd	Australia	Refer (ii)	-	100%
SPEC Pty Ltd	Australia	Refer (iii)	50%	50%

The Committee members are in the opinion that the National Electrical Contractors Association – National office is not entitled to share the results of these entities.

(i) This entity provides cabler registration services as required by the Australian Communications Authority.

(ii) This entity ceased to operate during the previous financial year.

(iii) This entity is trustee of the Connect Superannuation Fund.

NOTE 9: PLANT AND EQUIPMENT

PLANT AND EQUIPMENT

Plant & equipment		
At cost	197,980	203,915
Less accumulated depreciation	<u>(161,854)</u>	<u>(159,036)</u>
Total plant and equipment	<u>36,126</u>	<u>44,879</u>

Movements in Carrying Amounts

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

	Plant and Equipment	Total
	\$	\$
Balance at the beginning of the year	44,879	44,879
Additions	6,411	6,411
Disposals	-	-
Depreciation expense	<u>(15,164)</u>	<u>(15,164)</u>
Carrying amount at end of year	<u>36,126</u>	<u>36,126</u>

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – NATIONAL OFFICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

	2007 \$	2006 \$
NOTE 10: TRADE AND OTHER PAYABLES		
CURRENT		
Trade creditors and accruals	534,699	304,280
Loans due to related entities	16,665	96,663
Goods & Services Tax	106,144	61,386
	<u>657,508</u>	<u>462,329</u>
NON CURRENT		
Loans due to related entities	-	<u>53,337</u>

NOTE 11: DEFERRED INCOME

CURRENT		
Advance Subscription Income	33,561	68,748
Advance Associate Member Program Income	893,000	557,000
	<u>926,561</u>	<u>625,748</u>

NOTE 12: PROVISIONS

	Employee Entitlements \$	Total \$
Opening balance at 1 July 2006	131,525	131,525
Additional provisions raised during the year	181,629	181,629
Amounts used	(119,809)	(119,809)
Balance at 30 June 2007	<u>193,345</u>	<u>193,345</u>

Analysis of Total Provisions

Current	192,916	126,566
Non-Current	429	<u>4,959</u>

Total Employee benefits	<u>193,345</u>	<u>131,525</u>
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Number of employees at year end	2	4
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Provision for Employee Entitlements

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

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – NATIONAL OFFICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	\$	\$

NOTE 13: RETAINED EARNINGS

The association received \$76,127 (2006: \$123,064) committed contributions during the financial year for the ElectroComms Contracting Foundation. The amount has been taken up as revenue and included in retained earnings. The progressive value of the funds committed to the Foundation at 30 June 2007 is \$841,249 (2006: \$770,177).

NOTE 14: LEASES

(a) Operating lease commitments

Non-cancelable operating leases contracted for but not capitalised in the financial statements:

Payable		
- not later than one year	-	19,802
- later then one year but not later than five years	-	-
	-	19,802

NOTE 15: RELATED PARTY TRANSACTIONS

The following committee members were key management personnel of the association:

N Palmer	D Madson
M Bowring	C M Russell
S Griffiths	F Russo (ceased Nov 06)
W Carter (ceased Nov 06)	J Robinson
W McKnight	G Kempton
M Green	J Sweeting (commenced Nov 06)
D Lindner (commenced Nov 06)	

No remuneration was paid or payable to key management personnel.

J Tinslay is chief executive office and secretary of the association as at the end of the financial year.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties

Committee members, directors 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.

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – NATIONAL OFFICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

2007 **2006**
\$ **\$**

NOTE 15: RELATED PARTY TRANSACTIONS (CONT'D)

(b) Receivable from related entities at year end:

National Electrical Contractors Association – Tasmania	-	5,300
National Electrical Contractors Association – Victoria	11,000	6,564
National Electrical Contractors Association – Queensland	21,137	201,700
National Electrical Contractors Association – New South Wales	-	-
National Electrical Contractors Association – South Australia	24,602	-
National Electrical Contractors Association – Western Australia	17,673	11,861
National Electrical Contractors Association – ACT	-	-
Australian Cabler Registration Service Pty Ltd	25,850	34,100
	<u>25,850</u>	<u>34,100</u>

(d) Payables to related entities at year end:

National Electrical Contractors Association – Tasmania	-	1,038
National Electrical Contractors Association – Victoria	-	70,300
National Electrical Contractors Association – Queensland	-	2,959
National Electrical Contractors Association – New South Wales	10,814	72,675
National Electrical Contractors Association – Western Australia	45,000	10,000
	<u>45,000</u>	<u>10,000</u>

NOTE 16: CASH FLOW INFORMATION

Reconciliation of cash flow from operations with profit from ordinary activities

Profit from ordinary activities	29,818	29,992
(Profit)/Loss from sale of non-current assets	-	-
Depreciation	15,164	18,925
Interest income not received as cash	-	-
Amounts set aside to provisions	-	-
	<u>44,982</u>	<u>48,917</u>
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(265,445)	(341,811)
(Increase)/decrease in other current assets	(187,019)	(63,787)
Increase/(decrease) in trade and other payables	275,177	186,086
Increase/(decrease) in deferred income	300,813	420,253
Increase/(decrease) in provisions	61,820	13,062
	<u>61,820</u>	<u>13,062</u>
Cash flows from operations	<u>230,328</u>	<u>262,720</u>

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – NATIONAL OFFICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 17: FINANCIAL INSTRUMENTS

(a) Financial Risk Management

The association's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments and accounts receivable and payable. The main purpose of non-derivative financial instruments is to raise finance for the association's operations.

The association does not have any derivative instruments at 30 June 2007.

i. Treasury Risk Management

Committee members and directors of the association meet 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.

ii. 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

The association is not exposed to fluctuations in interest rate risk. For further details on interest rate risk refer to Note 17(b).

Liquidity risk

The association manages liquidity risk by monitoring forecast cash flows and ensuring that adequate working capitals 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 impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The association 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.

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – NATIONAL OFFICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

NOTE 17: FINANCIAL INSTRUMENTS (CONT'D)

(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		Floating Interest Rate		Fixed Interest Rate	
	Effective Interest Rate		2007	2006	2007	2006
	2007	2006	2007	2006	2007	2006
	%	%	\$	\$	\$	\$
Financial Assets:						
Cash and cash equivalents	5.65	3.15	1,070,194	117,348	-	-
Short Term deposits	-	5.5	-	-	-	681,700
Trade and other receivables	-	-	-	-	-	-
Total Financial Assets:			<u>1,070,194</u>	<u>117,348</u>	-	<u>681,700</u>
Financial Liabilities:						
Trade and other payables	-	-	-	-	-	-
Total Financial Liabilities:			<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Weighted Average		Non-Interest Bearing		Total	
	Effective Interest Rate		2007	2006	2007	2006
	2007	2006	2007	2006	2007	2006
	%	%	\$	\$	\$	\$
Financial Assets:						
Cash and cash equivalents	5.65	3.15	-	-	1,070,194	117,348
Short Term deposits	-	5.5	-	-	-	681,700
Trade and other receivables	-	-	1,060,809	975,927	1,060,809	975,927
Total Financial Assets:			<u>1,060,809</u>	<u>975,927</u>	<u>2,131,003</u>	<u>1,774,975</u>
Financial Liabilities:						
Trade and other payables	-	-	640,843	365,666	640,843	365,666
Total Financial Liabilities:			<u>640,843</u>	<u>365,666</u>	<u>640,843</u>	<u>365,666</u>

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – NATIONAL OFFICE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

NOTE 17: FINANCIAL INSTRUMENTS (CONT'D)

(c) Net Fair Value

The net fair value of assets and liabilities approximates 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 Balance Sheet and in the notes to and forming part of the financial statements.

Details of aggregate net fair value and carrying amounts of financial assets and financial liabilities at balance date:

	2007		2006	
	Carrying Amount \$	Net Fair Value \$	Carrying Amount \$	Net Fair Value \$
Financial assets				
Term Deposits	-	-	681,700	681,700
Trade and other receivables	1,060,809	1,060,809	975,927	975,927
Total financial assets	<u>1,060,809</u>	<u>1,060,809</u>	<u>1,657,627</u>	<u>1,657,627</u>
Financial liabilities				
Trade and other payables	640,843	640,843	515,666	515,666
Total financial liabilities	<u>640,843</u>	<u>640,843</u>	<u>515,666</u>	<u>515,666</u>

NOTE 18: SEGMENT REPORTING

The association operates predominantly in one business and geographical segment, being in the electrical and communication industry providing benefits to the professional advisory services in Australia.

NOTE 19: EVENTS AFTER BALANCE SHEET DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of the association.

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – NATIONAL OFFICE**

We have audited the accompanying financial report of National Electrical Contractors Association – National Office, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes and the Committee of Management Statement.

The responsibility of the Committee of Management for the Financial Report

The committee of management are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee of management, as well as evaluating the overall presentation of the financial report.

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

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
– NATIONAL OFFICE (Continued)**

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

Auditor's Opinion

In our opinion, the financial report gives a true and fair view of the financial position of National Electrical Contractors Association – National Office as of 30 June 2007, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the requirements imposed by Part 3 of Chapter 8 of Schedule 1B (RAO Schedule) of the Workplace Relations Act 1996.

Bentleys mri

**BENTLEYS MRI
CHARTERED ACCOUNTANTS**

Scott Phillips

**SCOTT PHILLIPS
PARTNER
APPROVED AUDITOR**

Dated in Melbourne on this *14TH* day of *OCTOBER* 2007

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COMPILATION REPORT TO THE NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – NATIONAL OFFICE

Scope

On the basis of information provided by the committee 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 2007 as set out in page 26-27.

The specific purpose for which the special purpose financial report has been prepared is to provide private information to the committee members. The committee is solely responsible for the information contained in the special purpose financial report. No accounting standards and other mandatory professional reporting requirements have been adopted in the preparation of the special purpose financial report.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the committee 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 company, 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 company 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

BENTLEYS MRI MELBOURNE PTY LTD
CHARTERED ACCOUNTANTS

Scott Phillips

SCOTT PHILLIPS
DIRECTOR

Dated in Melbourne on this *14th* day of *OCTOBER* 2007

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – NATIONAL OFFICE

DETAILED INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

INCOME

	2007	2006
General Administration	\$	\$
Subscriptions – Chapters & Affiliates	654,484	631,495
Sundry Income	7	964
Directors Fees	5,955	5,000
Management Fees	282,974	337,928
Awards Sponsorship and Tickets	-	367,809
Associate Member Program Sponsorship	1,090,671	-
Interest	51,164	39,624
Inter-Chapter Grants	60,000	-
Contribution to Standards	40,000	18,182
ElectroComms Contracting Foundation	76,127	123,064
Projects	267,558	316,981
Proceeds from sale of plant and equipment	-	-
TOTAL INCOME	2,528,940	1,841,047

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 2007 (Cont'd)**

EXPENDITURE	2007	2006
	\$	\$
General Administration		
Accounting and Audit Fees	58,741	57,991
Advertising & Promotion	-	-
Affiliation Fees	51,400	76,100
Annual Leave	18,142	6,015
Associate Member Program Expenses	1,099,843	-
Bad Debts	-	-
Bank Charges	1,508	1,185
Communications Consultant	62,312	63,724
Computer Expenses	10,445	7,487
Conference & Meeting Expenses	14,922	9,256
Cost of Sale of plant and equipment	-	-
Depreciation	15,164	18,925
Entertainment & Representation	12,924	12,721
Excellence Award	-	367,992
Fees/Allowances for attendance at conferences	-	-
Foundation Expenses	50,162	71,629
Fringe Benefits Tax	3,120	3,120
Insurance	16,188	16,367
Inter-Chapter Grants	60,000	-
Legal Fees	56,723	31,312
Long Service Leave	6,301	7,047
Payroll Tax	20,567	20,687
Postage	5,730	6,795
Projects	337,050	319,183
Rent	61,016	69,162
Repairs & Maintenance	2,299	1,829
Salaries & Wages	424,432	501,312
Smart Wiring	-	-
Staff Training	-	-
Standards Australia	2,496	2,496
Stationery	11,857	9,554
Subscriptions Trade Journals	4,336	4,951
Sundry Expenses	10,143	15,537
Telephone & Fax	19,760	24,927
Travel & Accommodation	49,749	68,257
Vendors & Distributors	7,224	8,367
Website	2,900	2,525
Workcare	1,668	4,602
TOTAL EXPENDITURE	2,499,122	1,811,055
NET PROFIT	29,818	29,992

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