FairWork Commission

11 November 2014

Suresh Manickam
National Secretary/Chief Executive Officer
The National Electrical Contractors Association
Level4, 30 Atchison Street
ST LEONARDS NSW 2065

Cc: Ms Fiona Bunting

Dear Mr Manickam

The National Electrical Contractors Association National Office Financial Report for the year ended 30 June 2011 (FR2011/2602) and 30 June 2012 (FR2012/287)

The Fair Work Commission (FWC) and the National Office of the National Electrical Contractors Association (NECA) have been in consultation since 2010 concerning the way information relating to controlled entities of the NECA National Office and its Chapters is reported and presented in its financial statements. Consequently the financial reports for the NECA National Office for the years ending 30 June 2011 (FR2011/2602) and 30 June 2012 (FR2012/287), which were lodged with the FWC on the 29 December 2011 and the 21 December 2012 respectively, have not been 'filed' by the FWC.

On the 2 August 2013 it was agreed that, for the reporting period ending 30 June 2013, each Chapter (except the Western Australia Chapter who would be seeking a s.269 certificate) would prepare and lodge with the FWC a general purpose financial report in accordance with s.253 of the *Fair Work (Registered Organisations) Act 2009* (RO Act). Additionally the National Office of NECA would prepare and lodge a consolidated general purpose financial report in accordance with s.253 of the RO Act that would cover the National Office of NECA and all controlled entities. All of NECA general purpose financial reports for the year ending 30 June 2013 have now been lodged with and filed by the FWC.

I have been in discussions with the FWC Regulatory Compliance Branch Director, Mr Chris Enright concerning the above mentioned outstanding financial reports. I have recommended that the appropriate action is to close the two files. My recommendation was based on the following considerations:

- the work already performed by NECA and its Chapters to ensure full compliance with the RO Act, the Reporting Guidelines and the Australian Accounting Standards for the reporting period ending 30 June 2013;
- the financial report lodged for the 2013 reporting period contains the comparison for the 2012 reporting period which would cover the outstanding issues with FR2012/287; and
- the co-operation that FWC has received from NECA and its Chapters during this process.

The Director has agreed with my recommendation and I advise that the files have now been closed.

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Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 8661 7886 or by email at joanne.fenwick@fwc.gov.au

Yours sincerely

Joanne Fenwick
Financial Reporting Specialist
Regulatory Compliance Branch

national electrical and communications association

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21 December 2012

General Manager
Fair Work Australia
GPO Box 1994
MELBOURNE VIC 3001

Dear Sir/Madam

CERTIFICATE OF SECRETARY

I, James Clifford Tinslay, being the Secretary of the National Electrical Contractors Association, certify:

1. that the documents lodged herewith are copies of the full report referred to in s268 of the Fair Work (Registered Organisation) Act 2009 (RO Act) and Section 242 of the Fair Work (Registered Organisations) Act 2009.

2. that the full report was provided to members on 6 December 2012; and.

3. that the full financial report for 2011/2012 was presented to the National Council Meeting 20 December 2012 in accordance with s266 of the RO Act.

Yours faithfully

JAMES C TINSLAY
SECRETARY

Attach.

National Electrical Contractors Association (NECA)

Financial Statements

For the Year Ended 30 June 2012

National Electrical Contractors Association (NECA)

Contents

30 June 2012

Operating Report by the Committee of Management
30 June 2012

Your committee members submit the consolidated financial report of the National Electrical Contractors Association ("the Association") for the financial year ended 30 June 2012.

Principal activities

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

Significant changes in the state of affairs

No significant change in the state of affairs of the Association occurred during the year. This is the first year the NECA consolidated financial statements have been prepared. The financial statements cover the results of the consolidated group of NECA chapters and controlled entities.

Council members

The names of council members of the Association throughout the year and at the date of this report are:

Gregory Kempton
Alan Brown
Alan Aitchison
James Heerey
Wes McKnight
Ian Swain
David McInnes
James Tinslay
Simon Higgins
Stephen Griffiths
Greg Hodby
Willem Fromberg
Michael Graham
Peter Babbage

Operating Report by the Committee of Management
30 June 2012

Meetings of directors

During the financial year, 2 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Gregory Kempton	1	1
Alan Brown	2	2
Stephen Griffiths	2	1
Alan Aitchison	1	-
Greg Hodby	2	-
James Heerey	2	1
Willem Fromberg	2	2
Wes McKnight	2	2
Michael Graham	2	1
Ian Swain	2	2
David McInnes	2	2
Peter Babbage	2	2
James Tinslay	2	2
Paul Mannion	2	2
Andrew Thorpe	1	1

Operating result

The profit of the Association for the financial year after providing for income tax amounted to $ 359,326 (2011: profit $ 1,537,123).

Superannuation trustees

No officer or Councillor of the Association is a trustee or director of an industry related superannuation entity.

After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may 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 4,088 (2011: 4,181) members at financial year end.

Number of employees

The Association had 1,101 (2011:1,064) employees at financial year end. This includes 899 (2011 :879) apprentices and trainees employed by the Association.

Operating Report by the Committee of Management
30 June 2012

Members right to resign

Members may resign from the Association in accordance with Rule 11, Resignation from Membership, of the Federal rules of the National Electrical Contractors Association. Rule 11 conforms with Section 174 of the Fair Work (Registered Organisations) Act 2009.

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

Secretary: ....
James Tinslay

Dated this ..28th.......... day of ..November.. 2012

National Electrical Contractors Association (NECA)

Committee of Management Statement

On 28 November 2012 the Committee of Management of the National Electrical Contractors Association ("the Association") passed the following resolution in relation to the general purpose financial report ("GPFR") of the Association for the financial year ended 30 June 2012.

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

(a) the financial statements comply with the Australian Accounting Standards;

(b) the financial statements and notes comply with the reporting guidelines of Fair Work Australia;

(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;

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

(i) meetings of the Committee of Management were held in accordance with the rules of the Association including the rules of a breach concerned; and

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

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

(iv) no requests for information have been received from a member of a reporting unit or a Registrar under section 272 of the Fair Work (Registered Organisations) Act 2009 during the period; and

(v) no orders have been made by the Commission under section 273 of the Fair Work (Registered Organisations) Act 2009 during the period.

For the Committee of Management:

JAMES TINSLAY

(Committee Member)

Dated this 28th day of November 2012

The accompanying notes form part of these financial statements.

National Electrical Contractors Association (NECA)

Statement of Comprehensive Income

For the Year Ended 30 June 2012

		Consolidated		Parent	
		2012	2011	2012	2011
	Note	$	$	$	$
Revenue	2	**54,736,052**	53,327,610	**6,361,555**	5,618,357
Other income	2	**3,311,695**	3,278,574	**3,330,274**	2,391,862
Share of profit of associate using equity accounting method	2	**85,395**	511,758	**85,395**	538,467
		58,133,142	57,117,942	**9,777,224**	8,548,686
Advertising, marketing and promotions		**(244,727)**	(164,143)	**(102,938)**	(35,804)
Affiliation subscription fees		**(55,850)**	(53,460)	**(170,063)**	(260,340)
Member seminars, meeting and training		**(1,425,993)**	(1,169,783)	**(910,113)**	(894,692)
Consumables		**(361,596)**	(566,441)	**(184,350)**	(235,468)
Consultants		**(255,708)**	(439,593)	**148,753**	66,917
Computer consulting and maintenance		**(397,024)**	(282,673)	**(144,135)**	(114,130)
Depreciation expenses		**(1,012,857)**	(778,001)	**(410,245)**	(369,000)
Ecosmart accreditation, marketing, training and consultants		**(94,174)**	(123,491)	**(37,508)**	(73,905)
Finance costs		**(149,972)**	(77,966)	**(49,281)**	(47,383)
Insurance		**(542,933)**	(462,531)	**(51,818)**	(50,674)
Lease expense		**(65,700)**	(95,360)	**(11,604)**	(11,069)
Legal and professional fees		**(233,157)**	(345,253)	**(76,407)**	(247,533)
Motor vehicle expense		**(233,469)**	(242,628)	**(67,077)**	(73,888)
Salaries, employee benefits and related expenses		**(31,310,104)**	(30,428,015)	**(4,144,188)**	(3,664,838)
Apprentice salaries		**(17,043,429)**	(16,843,298)	**-**	-
Travel and accommodation		**(201,610)**	(201,765)	**(162,040)**	(146,669)
Traineeship projects - NECA Victoria Chapter		**(527,331)**	(233,658)	**(390,116)**	(150,647)
Postage, printing and stationery		**(617,347)**	(601,966)	**(344,000)**	(350,787)
Impairment of intercompany loan		**-**	-	**(687,458)**	-
Excellence awards expenses		**(110,475)**	(100,329)	**(110,475)**	(100,329)
Bad debts		**(592,297)**	(238,783)	**(34,865)**	(56,823)
Property expenses		**(77,119)**	(57,839)	**(77,119)**	(57,839)
Other expenses		**(2,213,664)**	(2,062,007)	**(1,963,249)**	(1,110,296)
Total expenditure		**(57,766,536)**	(55,568,983)	**(9,980,296)**	(7,985,197)
Profit/(loss) for the year before tax		**366,606**	1,548,959	**(203,072)**	563,489
Income tax expense	1(c)	**(7,280)**	(11,836)	**-**	-
Profit/(loss) for the year after tax		**359,326**	1,537,123	**(203,072)**	563,489
Other comprehensive income:					
Other comprehensive income		**-**	-	**-**	-
Total comprehensive income/(loss)		**359,326**	1,537,123	**(203,072)**	563,489

The accompanying notes form part of these financial statements.

National Electrical Contractors Association (NECA)

Statement of Financial Position

As At 30 June 2012

	Note	Consolidated 2012 $	Consolidated 2011 $	Parent 2012 $	Parent 2011 $
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	5	**13,136,111**	13,593,241	**6,279,969**	5,763,275
Trade and other receivables	6	**10,244,356**	9,134,853	**4,196,131**	4,630,407
Inventories	7	**96,848**	115,464	**73,782**	84,393
Available for sale financial assets	8	**4,932,249**	6,535,105	**3,498,449**	4,575,675
TOTAL CURRENT ASSETS		**28,409,564**	29,378,663	**14,048,331**	15,053,750
NON-CURRENT ASSETS					
Deferred tax assets	6	**215,780**	223,370	**-**	-
Loan due from related entity	6	**-**	-	**-**	35,110
Investments accounted for using the equity accounting method	8	**245,548**	160,153	**245,548**	160,693
Other assets	8	**-**	-	**3,250,104**	3,250,104
Property, plant and equipment	9	**14,320,993**	13,761,341	**6,633,445**	6,692,789
Intangible assets		**30,430**	34,925	**-**	-
TOTAL NON-CURRENT ASSETS		**14,812,751**	14,179,789	**10,129,097**	10,138,696
TOTAL ASSETS		**43,222,315**	43,558,452	**24,177,428**	25,192,446
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	10	**5,893,732**	6,028,677	**2,520,212**	2,803,620
Interest bearing liabilities	11	**24,255**	14,336	**24,255**	14,336
Provisions	12	**3,754,633**	3,672,812	**905,433**	811,046
Other liabilities	13	**4,531,247**	5,191,969	**4,544,046**	5,181,350
TOTAL CURRENT LIABILITIES		**14,203,867**	14,907,794	**7,993,946**	8,810,352
NON-CURRENT LIABILITIES					
Deferred tax liabilities	10	**1,731**	2,041	**-**	-
Interest bearing liabilities	11	**21,774**	30,874	**21,774**	30,874
Provisions	12	**53,586**	45,712	**28,575**	25,015
TOTAL NON-CURRENT LIABILITIES		**77,091**	78,627	**50,349**	55,889
TOTAL LIABILITIES		**14,280,958**	14,986,421	**8,044,295**	8,866,241
NET ASSETS		**28,941,357**	28,572,031	**16,133,133**	16,326,205
EQUITY					
Asset revaluation reserve	14	**2,962,725**	2,952,725	**2,933,470**	2,923,470
Retained earnings	14	**25,978,632**	25,619,306	**13,199,663**	13,402,735
TOTAL EQUITY		**28,941,357**	28,572,031	**16,133,133**	16,326,205

The accompanying notes form part of these financial statements.

National Electrical Contractors Association (NECA)

Statement of Changes in Equity
For the Year Ended 30 June 2012

	Consolidated		
	Retained Earnings	Asset Revaluation Reserve	Total
	$	$	$
Balance at 1 July 2010	**24,082,183**	**2,952,725**	**27,034,908**
Profit attributable to members of the entity	**1,537,123**	-	**1,537,123**
Transfers to reserves	-	-	-
Balance at 30 June 2011	**25,619,306**	**2,952,725**	**28,572,031**
Balance at 1 July 2011	25,619,306	2,952,725	28,572,031
Loss attributable to members of the entity	359,326	-	359,326
Revaluation increment/(decrement)	-	10,000	10,000
Balance at 30 June 2012	25,978,632	2,962,725	28,941,357

	Parent		
	Retained Earnings	Asset Revaluation Reserve	Total
	$	$	$
Balance at 1 July 2010	**12,839,246**	**2,923,470**	**15,762,716**
Profit attributable to members of the entity	**563,489**	-	**563,489**
Transfer to reserves	-	-	-
Balance at 30 June 2011	13,402,735	2,923,470	16,326,205
Balance at 1 July 2011	13,402,735	2,923,470	16,326,205
Loss attributable to members of the entity	(203,072)	-	(203,072)
Revaluation increment/(decrement)	-	10,000	10,000
Balance at 30 June 2012	13,199,663	2,933,470	16,133,133

The accompanying notes form part of these financial statements.

National Electrical Contractors Association (NECA)

Statement of Cash Flows

For the Year Ended 30 June 2012

	Note	Consolidated 2012 $	Consolidated 2011 $	Parent 2012 $	Parent 2011 $
CASH FROM OPERATING ACTIVITIES:					
Receipts from customers		**59,451,131**	66,546,432	**10,787,063**	16,977,359
Payments to suppliers and employees		**(60,623,671)**	(63,479,340)	**(10,857,652)**	(15,790,326)
Interest received		**715,094**	904,110	**295,060**	421,558
Rent received		**54,500**	-	**54,500**	-
Net income tax paid		**(59,399)**	7,280	-	-
Net cash provided by (used in) operating activities		**(462,345)**	3,978,482	**278,971**	1,608,591
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from sale of investments		**1,623,323**	272,882	**57,342**	423,849
Purchase of investments		-	(26,245)	**1,040,351**	(26,245)
Payment for plant and equipment		**(1,662,418)**	(552,908)	**(397,878)**	(139,583)
Proceeds from sale of property, plant and equipment		**49,444**	-	-	-
Proceeds/(Payments) from/to loan from related parties		**(1,413)**	72,045	**(468,148)**	33,988
Payment to replace the ETU as a member of 370 Degrees Group		-	(3,250,000)	-	(3,250,000)
Net cash provided by (used in) investing activities		**8,936**	(3,484,226)	**231,667**	(2,957,991)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Repayment of Hire Purchase liability		**(9,100)**	-	**(9,100)**	-
Net cash used by financing activities		**(9,100)**	-	**(9,100)**	-
Net increase/(decrease) in cash held		**(462,509)**	494,256	**501,538**	(1,349,400)
Cash at the beginning of the financial year		**13,583,464**	13,093,748	**5,763,275**	7,107,438
Cash and cash equivalents at end of financial year	5	**13,120,955**	13,588,004	**6,264,813**	5,758,038

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2012

The financial statements cover the National Electrical Contractors Association (NECA) as a consolidated entity. The National Electrical Contractors Association ("NECA") is an association of employers registered under the Fair Work (Registered Organisations) Act 2009.

1 Summary of Significant Accounting Policies

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB"), and the Fair Work (Registered Organisations) Act 2009.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

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 the functional and presentation currency of the Association.

(a) Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by the National Electrical Contractors Association (NECA) at the end of the reporting period. A controlled entity is any entity over which the National Electrical Contractors Association (NECA) has the power to govern the financial and operating policies so as to obtain benefits from its activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the Group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

For purposes of the consolidation, the parent comprises the following NECA Chapters: NECA National, NECA Victoria, NECA New South Wales, NECA Queensland, NECA Tasmania, NECA Australian Capital Territory (ACT), and NECA South Australia.

Refer to note 16 which lists the subsidiaries and associates within the consolidated entity.

(b) Investment in associates

Investments in associates are recognised in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate entity. In addition, the Group's share of the profit or loss of the associate company is included in the Group's profit or loss.

Profits and losses resulting from transactions between the Group and the associate are eliminated to the extend of the Group's interest in the associate.

1 **Summary of Significant Accounting Policies continued**

(b) Investment in associates continued

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. Upon the associate subsequently making profits, the Group will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

Details of the Association's investments in associates are shown at Note 16.

(c) Income tax

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

However, some subsidiaries that fall under the control of the Associaion are for profit entities that are subject to income tax. The relevant tax treatments for these entities are set out below.

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting year. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

(d) Property, plant and equipment

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

1 Summary of Significant Accounting Policies continued

(d) Property, plant and equipment continued

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Building Improvements include improvements on owned assets while leasehold improvements include improvements to the assets which have been leased.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the Statement of Comprehensive Income.

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

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses. Cost includes expenditure that is directly attributable to the asset.

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 asset's 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.

Computer software

Computer software is recognised as an asset in accordance with the requirement of AASB 116. This asset is carried at cost less any accumulated depreciation and any accumulated impairment loss.

Notes to the Financial Statements

For the Year Ended 30 June 2012

1 Summary of Significant Accounting Policies continued

(d) Property, plant and equipment continued

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, is depreciated on a straight-line basis over the asset's useful life 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 Rate
Buildings	2.5%
Plant and Equipment	7.5 - 40%
Furniture, Fixtures and Fittings	5 - 40%
Motor Vehicles	22.5%
Office Equipment	18 - 37.5%
Computer Equipment	40%
Computer Software	40%
Leasehold Improvements	2.5 - 4%

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

Impairment

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.

Disposals

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Statement of Comprehensive Income.

(e) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(f) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is the equivalent to the date that the Association commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is

1 Summary of Significant Accounting Policies continued

(f) Financial instruments continued

classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

(a) the amount at which the financial asset or financial liability is measured at initial recognition;

(b) less principal repayments;

(c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and

(d) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The classification of financial instruments depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and at the end of each reporting period for held-to-maturity assets.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

The Group did not hold any financial assets at fair value through profit or loss in the current or comparative financial year.

(ii) 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 subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period.

1 **Summary of Significant Accounting Policies continued**

(f) Financial instruments continued

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to be realised within 12 months after the end of the reporting period, which will be classified as current assets.

If during the period the Group sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

The Group did not hold any held-to-maturity investments in the current or comparative financial year.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be realised within 12 months after the end of the reporting period.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

1 Summary of Significant Accounting Policies continued

(f) Financial instruments continued

Impairment

Objective evidence that a financial asset is impaired includes default by a debtor, evidence that the debtor is likely to enter bankruptcy or adverse economic conditions in the stock exchange. At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset has been impaired through the occurrence of a loss event.

Where a subsequent event causes the amount of the impairment loss to decrease (e.g. payment received), the reduction in the allowance account (provision for impairment of receivables) is taken through profit and loss.

Impairment losses are recognised through an allowance account for loans and receivables in the Statement of Comprehensive Income.

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.

(g) Impairment of assets

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

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

(h) Inventories

Inventories are measured at the lower of cost and net realisable value.

(i) 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 entities in the Group, 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 the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

1 Summary of Significant Accounting Policies continued

(i) Leases continued

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

(j) Employee benefits

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. 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.

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. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

(k) Provisions

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

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(l) 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 Statement of Financial Position.

(m) Revenue

Revenue from subscriptions from Chapters and Affiliates as well as sponsorship from the Associate Member Program is accounted for on an accruals basis and is recorded as revenue in the year to which it relates.

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.

(n) 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.

1 Summary of Significant Accounting Policies continued

(o) Goods and services tax (GST)

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

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

(p) Comparative figures

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

Where the Group has retrospectively applied an accounting policy, made a retrospective restatement or reclassifies items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

There have been neither adjustments nor reclassifications during the current period.

(q) Critical accounting estimates and judgments

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

Key estimates - impairment

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

(r) Intangibles

Internally-generated intangible assets – training development and website costs

An internally-generated intangible asset arising from the Association's development such as Training development and website costs is recognised only if the Association can demonstrate all of the following conditions in accordance with AASB 138 Intangible Assets:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- the probability that the asset created will generate future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

Notes to the Financial Statements

For the Year Ended 30 June 2012

1 Summary of Significant Accounting Policies continued

(r) Intangibles continued

Internally-generated intangible assets – training development and website costs continued

- the ability to measure reliably the expenditure attributable to the intangible asset during development

The Association's internally-generated intangibles are amortised on a straight-line basis over its estimated useful life of three years. Where no internally-generated intangible asset can be recognised, development expenditure is charged to the statement of comprehensive income in the period in which it is incurred.

The estimated useful lives and depreciation method are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis.

Any impairment losses are recognised in the Statement of Comprehensive Income in accordance with the requirements of AASB 136 Impairment of Assets.
For website costs, the requirements of AASB Interpretation 132 Website costs have been complied with.

(s) New accounting standards for application in future periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. The following table summarises those future requirements which are relevant to the Group, and their impact:

Standard name	Effective date for entity	Requirements	Impact
AASB 9 Financial Instruments and amending standards AASB 2009-11 / AASB 2010-7	30 June 2014	- Changes to the classification and measurement requirements for financial assets and financial liabilities. - New rules relating to derecognition of financial instruments.	The impact of AASB 9 has not yet been determined.

Notes to the Financial Statements

For the Year Ended 30 June 2012

1 Summary of Significant Accounting Policies continued

(s) New accounting standards for application in future periods continued

Standard name	Effective date for entity	Requirements	Impact
AASB 10 Consolidated Financial Statements / AASB 11 Joint Arrangements / AASB 12 Disclosures of Interests in Other Entities, AASB 127 Separate Financial Statements and AASB 128 Investments in Associates.	30 June 2014	AASB 10 includes a new definition of control, which is used to determine which entities are consolidated, and describes consolidation procedures. The Standard provides additional guidance to assist in the determination of control where this is difficult to assess. AASB 11 focuses on the rights and obligations of a joint venture arrangement, rather than its legal form (as is currently the case). IFRS 11 requires equity accounting for joint ventures, eliminating proportionate consolidation as an accounting choice. AASB 12 includes disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.	The Group will review its controlled entities to determine whether they should be consolidated under AASB 10, no changes are anticipated. All joint ventures of the group are equity accounted and therefore minimal impact is expected due to the adoption of AASB 11. Additional disclosures will be required under AASB 12 but there will be no changes to reported position and performance.
AASB 13 Fair Value Measurement [expected to be released by AASB in July / August 2011]. AASB 2011-8 - Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]	30 June 2014	AASB 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across Accounting Standards but does not change when fair value is required or permitted. There are a number of additional disclosure requirements.	Fair value estimates currently made by the entity will be revised and potential changes to reported values may be required. The entity has not yet determined the magnitude of any changes which may be needed. Some additional disclosures may be needed.

Notes to the Financial Statements

For the Year Ended 30 June 2012

1 Summary of Significant Accounting Policies continued

(s) New accounting standards for application in future periods continued

Standard name	Effective date for entity	Requirements	Impact
AASB 1053: Applications of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1,2,3,5,7,8,101,102,107, 108,110,111,112,116,117,119,121,123,124,127,128,131,133,134,136,137,138,140,141,1050 & 1052 and Interpretations 2,4,5,15,17,127,129 &1052]	1 July 201	AASB 1053 establishes a revised differntial financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements. - Tier 1: Australian Accounting Standards; and - Tier 2: Australian Accounting Standards- Reduced Disclosure Requirements. Tier 2 of the framework comprises the recognition, measurement and presentation requirements for Tier 2 entities. However, it is yet to determine whether to adopt the reduced disclosure requirements.	Management at the Group Level believes that the Company qualifies for the reduced disclosure requirements for Tier 2 entities. However, it is yet to determine whether to adopt the reduced disclosure requirements.

Notes to the Financial Statements

For the Year Ended 30 June 2012

2 Revenue and Other Income

Revenue from continuing operations

	Consolidated		Parent	
	2012	2011	2012	2011
	$	$	$	$
Operating activities				
- Apprentice hire fees and traineeship	**46,244,915**	44,825,222	**-**	-
- Member subscriptions	**3,603,249**	3,339,118	**3,502,888**	3,497,441
- Sale of products and services	**1,301,868**	1,498,271	**1,107,318**	1,125,687
- Ecosmart accreditation and services	**90,828**	127,443	**90,828**	104,323
- Petrol administration fee	**222,052**	197,844	**222,051**	197,843
- Insurance commission	**305,792**	296,445	**267,596**	261,424
- Licence income	**522,777**	509,165	**-**	-
- Grants	**2,444,571**	2,534,102	**970,882**	381,641
- 370 Degrees advisory fees	**-**	-	**199,992**	49,998
	54,736,052	53,327,610	**6,361,555**	5,618,357
Other income				
- Director fees	**182,595**	170,604	**182,595**	170,604
- Interest income	**784,324**	907,071	**299,297**	424,651
- Movement in investment value	**(36,875)**	45,721	**(36,875)**	45,721
- Profit/(loss) on disposal of asset	**4,368**	(1,990)	**787**	(4,322)
- Project - Lighting for Living	**330,000**	343,816	**330,000**	343,816
- Commissions received	**28,113**	20,282	**66,308**	55,303
- Rent received	**213,008**	215,081	**213,008**	215,081
- Excellence awards fees	**88,872**	93,892	**88,872**	93,892
- Recoveries	**171,774**	140,660	**2,244**	10,817
- Other income	**1,545,516**	1,343,437	**2,184,038**	1,036,299
- Share of profit from associate	**85,395**	511,758	**85,395**	538,467
Total Income	**58,133,142**	57,117,942	**9,777,224**	8,548,686

Notes to the Financial Statements

For the Year Ended 30 June 2012

3 Expenses

	Consolidated		Parent	
	2012	2011	2012	2011
	$	$	$	$
Depreciation and Amortisation				
Buildings	**234,758**	237,088	**157,265**	159,761
Building improvements	**178,573**	29,751	**14,557**	7,320
Computer and office equipment	**263,916**	225,369	**122,925**	111,214
Furniture and fittings	**127,644**	105,037	**28,991**	33,423
Plant and equipment	**3,239**	3,778	**3,239**	3,778
Motor vehicles	**165,018**	151,343	**63,820**	41,508
Software	**30,200**	16,368	**19,448**	11,996
Leasehold assets	**9,509**	9,267	-	-
Total Depreciation and Amortisation	**1,012,857**	778,001	**410,245**	369,000
Affiliation subscription fees	**55,850**	53,460	**170,063**	260,340
Members seminars, meeting and training	**1,425,993**	1,169,783	**910,113**	894,692
Finance costs	**149,972**	77,966	**49,281**	47,383
Legal and professional fees	**233,157**	345,253	**76,407**	247,533
Employee benefits - office holders	**1,454,442**	1,272,900	**1,012,600**	893,101
Employee benefits - employees	**5,597,321**	6,068,305	**1,311,513**	1,933,111
Employee benefits - other employment costs	**461,066**	431,862	**262,096**	239,228
Rental expense on operating leases minimum lease payments	**65,700**	95,360	**11,604**	11,069

4 Auditors' Remuneration

	Consolidated 2012 $	Consolidated 2011 $	Parent 2012 $	Parent 2011 $
Crowe Horwath				
- Audit of NECA Victoria, Tasmania, National & ACRS	**41,000**	37,750	**94,400**	37,750
- Other consulting services provided in relation to the consolidation of various NECA Chapters	**60,000**	-	**1,900**	-
- Tax Compliance	**2,145**	-	-	-
Grant Thornton				
- Audit of NECA South Australia	**9,800**	7,900	**9,800**	7,900
- Other consulting	**6,490**	7,000	**6,490**	7,000
Wearne & Co				
- Audit of NECA NSW, ACT, NECA Training Ltd, NECA Legal Pty Ltd & ECA Training Pty Ltd	**42,500**	35,000	**19,300**	17,830
- Tax compliance	**500**	-	**500**	-
Stannards				
- Audit of 370 Degrees	**12,500**	12,500	-	-
- Tax compliance	**500**	500	-	-
Total	**175,435**	100,650	**132,390**	70,480

Notes to the Financial Statements

For the Year Ended 30 June 2012

5 Cash

	Note	Consolidated 2012 $	Consolidated 2011 $	Parent 2012 $	Parent 2011 $
Cash on hand		**2,799**	2,815	**2,499**	2,515
Cash at bank		**5,068,569**	3,833,730	**3,290,522**	3,032,216
Short-term bank deposits		**8,064,743**	9,756,696	**2,986,948**	2,728,544
Total cash at bank		**13,136,111**	13,593,241	**6,279,969**	5,763,275

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 statement of financial position as follows:

	Note	Consolidated 2012 $	Consolidated 2011 $	Parent 2012 $	Parent 2011 $
Cash and cash equivalents		**13,136,111**	13,593,241	**6,279,969**	5,763,275
Bank overdrafts	11	**(15,156)**	(5,237)	**(15,156)**	(5,237)
Balance as per statement of cash flows		**13,120,955**	13,588,004	**6,264,813**	5,758,038

6 Trade and Other Receivables

	Consolidated 2012 $	Consolidated 2011 $	Parent 2012 $	Parent 2011 $
CURRENT				
General Membership	**4,866,544**	4,942,987	**3,410,185**	3,525,098
Apprentice Training	**3,717,100**	2,711,440	-	-
Provision for impairment	**(37,102)**	(72,629)	**(15,422)**	(15,129)
Prepayments	**166,108**	301,930	**133,713**	255,098
GST receivable	-	11,693	-	11,693
Petrol scheme debtors	**702,099**	738,978	**702,099**	738,978
Other debtors	**900,717**	494,114	**102,404**	114,669
Current tax assets	**65,738**	6,340	-	-
	10,381,204	9,134,853	**4,332,979**	4,630,407

	Consolidated 2012 $	Consolidated 2011 $	Parent 2012 $	Parent 2011 $
NON-CURRENT				
Deferred tax assets	**215,780**	223,370	-	-
Loan due from related entity	-	-	**687,458**	35,110
Provision for impairment on related loan	-	-	**(687,458)**	-
	215,780	223,370	-	35,110

The $687,458 expense in the Statement of Comprehensive Income relates to the impairment provision on the related entity loan.

Notes to the Financial Statements

For the Year Ended 30 June 2012

7 Inventories

CURRENT

At cost:				
Finished goods	**96,848**	115,464	**73,782**	84,393
	96,848	115,464	**73,782**	84,393

Inventory relates to stock on hand comprising of printed materials and standards available for sale to members.

8 Financial Assets

Financial assets held as available for sale

		Consolidated		Parent	
		2012	2011	2012	2011
	Note	$	$	$	$
Financial assets held as available for sale investments		**4,932,249**	6,535,105	**3,498,449**	4,575,675
		4,932,249	6,535,105	**3,498,449**	4,575,675

The financial investments are reflected at market value. These investments are made in liquid funds and the banks provide advice as to the investment strategy. These mainly relate to investments in managed funds, equity shares, and cash. The financial assets have been classified as available for sale, as these investments are not held for short term gains or have fixed payments, and are neither held to maturity.

(a) Other investments

Associate - EITF	16	**245,548**	160,153	**245,548**	160,693
Subsidiary - 370 Degrees Group Ltd	16	**-**	-	**3,250,000**	3,250,000
Subsidiary - NECA Legal Pty Ltd	16	**-**	-	**100**	100
Subsidiary - ECA Training Pty Ltd	16	**-**	-	**2**	2
Subsidiary - Australian Cabler Registration Service Pty Ltd	16	**-**	-	**2**	2
Subsidiary - NECA Training Ltd (a)	16	**-**	-	**-**	-
		245,548	160,153	**3,495,652**	3,410,797

(a) NECA Training Ltd is a company limited by guarantee. Hence the entity does not have any share capital.

Notes to the Financial Statements

For the Year Ended 30 June 2012

9 Property, Plant and Equipment

	Consolidated		Parent	
	2012	2011	2012	2011
	$	$	$	$
LAND AND BUILDINGS				
At fair value	**12,966,370**	12,221,574	**6,290,501**	6,390,501
Accumulated depreciation	**(971,468)**	(846,708)	**(816,646)**	(769,381)
Total land and buildings	**11,994,902**	11,374,866	**5,473,855**	5,621,120
PLANT AND EQUIPMENT				
Leasehold improvements				
At cost	**25,986**	49,831	**1,105**	1,105
Accumulated depreciation	**(8,278)**	(37,428)	**(1,105)**	(1,105)
Total leasehold improvements	**17,708**	12,403	**-**	-
Plant and equipment				
At cost	**39,622**	34,361	**39,622**	34,361
Accumulated depreciation	**(27,507)**	(24,268)	**(27,507)**	(24,268)
Total plant and equipment	**12,115**	10,093	**12,115**	10,093
Furniture, fixture and fittings				
At cost	**1,881,508**	1,794,449	**434,285**	411,390
Accumulated depreciation	**(1,136,338)**	(1,042,043)	**(281,261)**	(259,571)
Total furniture, fixture and fittings	**745,170**	752,406	**153,024**	151,819
Motor vehicles				
At cost	**841,182**	744,680	**305,755**	266,612
Accumulated depreciation	**(308,328)**	(312,121)	**(92,605)**	(129,200)
Total motor vehicles	**532,854**	432,559	**213,150**	137,412
Computer equipment				
At cost	**2,067,120**	1,856,422	**980,753**	871,863
Accumulated depreciation	**(1,640,175)**	(1,388,759)	**(736,700)**	(613,821)
Total computer equipment	**426,945**	467,663	**244,053**	258,042
Computer software				
At cost	**144,326**	54,191	**90,380**	41,430
Accumulated depreciation	**(43,869)**	(18,186)	**(33,117)**	(13,815)
Total computer software	**100,457**	36,005	**57,263**	27,615
Building improvements				
At cost	**1,225,174**	1,231,294	**579,478**	571,813
Accumulated depreciation	**(734,332)**	(555,948)	**(99,493)**	(85,125)
Total building improvements	**490,842**	675,346	**479,985**	486,688
Total plant and equipment	**2,326,091**	2,386,475	**1,159,590**	1,071,669
Total property, plant and equipment	**14,320,993**	13,761,341	**6,633,445**	6,692,789

Notes to the Financial Statements

For the Year Ended 30 June 2012

9 Property, Plant and Equipment continued

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

Parent

	Land and Buildings	Building Improvements	Plant and Equipment	Furniture and Fittings	Motor Vehicles	Computer and Office Equipment	Computer Software	Leasehold Improvements	Total
	$	$	$	$	$	$	$	$	$
Carrying amount at 1 July 2010	5,780,881	500,980	13,900	181,091	178,920	268,348	10,663	-	6,934,783
Additions	-	6,972	2,113	5,857	-	101,383	28,948	-	145,273
Disposals	-	(13,944)	(2,142)	(1,706)	-	(475)	-	-	(18,267)
Revaluation increment	-	-	-	-	-	-	-	-	-
Depreciation expense	(159,761)	(7,320)	(3,778)	(33,423)	(41,508)	(111,214)	(11,996)	-	(369,000)
Carrying amount at 30 June 2011	5,621,120	486,688	10,093	151,819	137,412	258,042	27,615	-	6,692,789
Additions	-	11,185	5,261	40,370	186,468	144,886	49,096	-	437,266
Disposals	-	(3,331)	-	(10,174)	(46,910)	(35,950)	-	-	(96,365)
Revaluation increment	10,000	-	-	-	-	-	-	-	10,000
Depreciation expense	(157,265)	(14,557)	(3,239)	(28,991)	(63,820)	(122,925)	(19,448)	-	(410,245)
Carrying amount at 30 June 2012	5,473,855	479,985	12,115	153,024	213,150	244,053	57,263	-	6,633,445

Notes to the Financial Statements

For the Year Ended 30 June 2012

9 Property, Plant and Equipment continued

(a) Movements in Carrying Amounts continued

Consolidated

	Land and Buildings	Building Improvements	Plant and Equipment	Furniture and Fittings	Motor Vehicles	Computer and Office Equipment	Computer Software	Leasehold Improvements	Total
	$	$	$	$	$	$	$	$	$
Carrying amount at 1 July 2010	11,580,881	690,457	13,900	663,870	533,142	518,839	23,423	21,670	14,046,182
Additions	31,073	14,640	2,113	198,863	146,568	174,668	70,135	-	638,060
Disposals	-	-	(2,142)	(5,290)	(95,808)	(475)	(41,185)	-	(144,900)
Depreciation expense	(237,088)	(29,751)	(3,778)	(105,037)	(151,343)	(225,369)	(16,368)	(9,267)	(778,001)
Carrying amount at 30 June 2011	11,374,866	675,346	10,093	752,406	432,559	467,663	36,005	12,403	13,761,341
Additions	844,794	11,185	5,261	133,049	334,102	259,148	94,652	24,881	1,707,072
Disposals	-	(17,116)	-	(12,641)	(68,789)	(35,950)	-	(10,067)	(144,563)
Revaluation increment	10,000	-	-	-	-	-	-	-	10,000
Depreciation expense	(234,758)	(178,573)	(3,239)	(127,644)	(165,018)	(263,916)	(30,200)	(9,509)	(1,012,857)
Carrying amount at 30 June 2012	11,994,902	490,842	12,115	745,170	532,854	426,945	100,457	17,708	14,320,993

Notes to the Financial Statements

For the Year Ended 30 June 2012

9 Property, Plant and Equipment continued

(b) Asset revaluations

Fair value of Land & Buildings

The Land & Buildings have been carried at fair value. The fair valuations of the following entities has been done

Entity	Fair Value as per independent valuation	Year of revaluation	Type of Valuation	Valuation method
370 Degrees	5,800,000	2010	Independent Valuation	"Existing use basis"
NECA VIC	975,000	2011	Independent Valuation	"Open Market Valuations"
NECA SA	2,652,000	2010	Independent Valuation	"Open Market Valuations"
NECA NSW	2,570,501	2010	Independent Valuation	"Open Market Valuations"
	11,997,501			

10 Trade and Other Payables

	Note	Consolidated 2012 $	Consolidated 2011 $	Parent 2012 $	Parent 2011 $
CURRENT					
GST payable		**748,799**	788,518	**511,378**	352,386
PAYG payable		**163,453**	136,651	**58,884**	51,248
Trade creditors and accruals		**2,291,356**	2,313,475	**536,310**	707,734
Legal fees and litigation expenses		**-**	-	**-**	-
Deferred licence income - ACRS		**712,259**	737,968	**-**	-
Deposits		**215,539**	195,679	**50,302**	195,679
Sales tax payable		**313**	-	**313**	-
Other creditors		**1,037,362**	1,099,760	**638,374**	746,612
Interest-free at call loans		**-**	6,665	**-**	-
Fringe benefit tax		**3,116**	3,116	**3,116**	3,116
Short term employee benefits		**19,435**	7,867	**19,435**	7,867
Petrol scheme creditor		**702,100**	738,978	**702,100**	738,978
		5,893,732	6,028,677	**2,520,212**	2,803,620
NON-CURRENT					
Deferred tax liabilities		**1,731**	2,041	**-**	-
		1,731	2,041	**-**	-

Notes to the Financial Statements

For the Year Ended 30 June 2012

11 Interest Bearing Loans and Borrowings

CURRENT					
Secured liabilities:					
Bank overdraft		**15,156**	5,237	**15,156**	5,237
Finance lease obligation	(a)	**9,099**	9,099	**9,099**	9,099
Total current borrowings		**24,255**	14,336	**24,255**	14,336
NON-CURRENT					
Finance lease obligation - secured	(a)	**21,774**	30,874	**21,774**	30,874
Total non-current borrowings		**21,774**	30,874	**21,774**	30,874

(a) Total finance lease obligations

Current		**9,099**	9,099	**9,099**	9,099
Non-current		**21,774**	30,874	**21,774**	30,874
	15	**30,873**	39,973	**30,873**	39,973

12 Employee Benefits

	Consolidated		Parent	
	2012	**2011**	**2012**	**2011**
	$	**$**	**$**	**$**
CURRENT				
Provision for annual leave	**3,377,246**	3,333,762	**595,285**	535,026
Provision for long service leave	**377,387**	339,050	**310,148**	276,020
	3,754,633	3,672,812	**905,433**	811,046
NON-CURRENT				
Provision for long service leave	**53,586**	45,712	**28,575**	25,015
	53,586	45,712	**28,575**	25,015
CURRENT				
Leave entitlements - office holders	**441,045**	393,411	**441,045**	393,411
Leave entitlements - employees	**3,313,588**	3,279,401	**464,388**	417,635
	3,754,633	3,672,812	**905,433**	811,046
NON-CURRENT				
Leave entitlements - office holders	**1,151**	147	**1,151**	147
Leave entilements - employees	**52,435**	45,565	**27,424**	24,868
	53,586	45,712	**28,575**	25,015

Notes to the Financial Statements

For the Year Ended 30 June 2012

13 Other Liabilities

CURRENT				
Deferred income - subscriptions	**3,251,762**	3,070,186	**3,264,561**	3,059,567
Deferred income - Excellence Awards	**304,523**	375,520	**304,523**	375,520
Training fund liability (a)	**974,962**	1,746,263	**974,962**	1,746,263
	4,531,247	5,191,969	**4,544,046**	5,181,350

(a) The provision relates to the unspent grant monies for the training to be provided to the members of the industry.

14 Reserves

(a) Asset revaluation reserve

The asset revaluation reserve records realised gains on revaluation of property, plant and equipment recorded at fair value.

(b) Retained earnings

(i) Amounts previously classified under the Capital Profits Reserve amounting to $580,280 have been moved to Retained Earnings.

(ii) NECA does not have the right to enjoy the benefits amounting to $10,427,594 which represents the retained earnings of 370 Degrees. Please refer to note 16 for further details.

15 Capital and Leasing Commitments

(a) Finance lease commitments

		Consolidated		Parent	
		2012	2011	2012	2011
	Note	$	$	$	$
Payable - minimum lease payments:					
- no later than 1 year		**12,403**	12,403	**12,403**	12,403
- between 1 year and 5 years		**21,634**	34,037	**21,634**	34,037
Minimum lease payments		**34,037**	46,440	**34,037**	46,440
Less: finance changes		**(3,164)**	(6,467)	**(3,164)**	(6,467)
Present value of minimum lease payments	11	**30,873**	39,973	**30,873**	39,973

(b) Operating lease commitments

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

Payable - minimum lease payments:				
- no later than 1 year	**8,917**	8,917	**8,917**	8,917
- between 1 year and 5 years	**17,833**	28,979	**17,833**	28,979
	26,750	37,896	**26,750**	37,896

Notes to the Financial Statements

For the Year Ended 30 June 2012

16 Investments in Subsidiaries and Associates

Interests are held in the following entities:

Name	Country of Incorporation	Ownership Interest* 2012 %	Ownership Interest* 2011 %
Subsidiaries:			
Australian Cabler Registration Service Pty Ltd (a)	Australia	**100**	100
370 Degrees Group Ltd (b)	Australia	**100**	100
ECA Training Pty Ltd	Australia	**100**	100
NECA Training Ltd	Australia	**100**	100
NECA Legal Pty Ltd	Australia	**100**	100
Entities 50% owned but not consolidated:			
Elecnet (Australia) Pty Ltd (c)	Australia	**50**	50
Master Energy Contractors Australia Pty Ltd (d)	Australia	**100**	100
Entities owned greater than 20% but not equity accounted for:			
Protect Services Pty Ltd (e)	Australia	**25**	25

Investment in associate:

The Electrical Industry Training Foundation Pty Ltd ("EITF") has been equity accounted for to reflect NECA's 50% of retained earnings and prior period profits in EITF. This has been disclosed in the Statement of Comprehensive Income and Statement of Financial Position.

(a) ACRS has been consolidated as NECA is the sole shareholder and has majority at the board, and therefore NECA controls ACRS.

(b) 370 Degrees Group Ltd is a NECA controlled entity for the purposes of the parent entity separate and consolidated group financial reports. NECA is the sole member of 370 Degrees Group Ltd and has the power to govern its financial and reporting policies. The constitution for 370 Degrees specifically prohibits any member from sharing in either the net income or net assets of the organisation even on wind-up. This is standard wording designed to ensure that 370 Degrees is entitled to enjoy income tax exemption status. Consequently, unless the constitution of 370 Degrees is changed and the company's tax status rescinded, at no time now or in the future will NECA be entitled to share in the financial performance of 370 Degrees in the usual parent / subsidiary relationship.

(c) Although NECA has 50% ownership, it does not have the majority at the board. In addition, the Scheme has been set up for the benefit of its members and not NECA. The purpose of the Scheme is for employer groups to contribute to the Scheme and hold monies in trust for its members until e.g. redundancies or terminations. No monies are distributed to NECA directly. Further, there is no risk to NECA of an unfunded Scheme position (contingent liability) given that employers are funding the scheme. Hence, there is neither control nor significant influence.

(d) Master Energy Contractors is a non-operating entity.

(e) Protect Services Pty Ltd has been set up for the benefits of its members and not NECA. The purpose of the Scheme is for employer groups to contribute to the Scheme and hold monies in trust for its members until e.g. redundancy and terminations. No monies are distributed to NECA directly. Further, there is no risk to NECA of an unfunded scheme position (contingent liability) given that employers are funding the

16 Investments in Subsidiaries and Associates continued

scheme. Hence NECA does not have significant influence on this entity.

(f) NECA WA Chapter is a non-operating branch of NECA and is effectively a dormant entity and is therefore not required to be consolidated in these financial statements.

17 Related Party Transactions

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 other members.

(a) Transactions with related parties

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

The following transactions occurred with related parties:

			Balance outstanding	
	Purchases	**Sales**	**Owed to the parent**	**Owed by the parent**
2012				
Australian Cabler Registration Service Pty Ltd	142,140	3,182	-	13,030
ECA Training Pty Ltd	97,318	-	-	-
370 Degrees Group Ltd	1,341	-	-	-
2011				
Australian Cabler Registration Service Pty Ltd	138,000	-	-	-
ECA Training Pty Ltd	71,114	248	-	-
370 Degrees Group Ltd	300	-	-	-

18 Key Management Personnel

The totals of remuneration paid to key management personnel of the Association and the Group during the year are as follows:

	Consolidated		Parent	
	2012	2011	2012	2011
	$	$	$	$
Key Management Personnel				
Short-term employee benefits	**1,708,926**	1,612,438	**1,053,663**	1,015,745
Long-term employee benefits	**-**	-	**-**	-
Post-employment benefits	**143,540**	152,707	**123,007**	117,081
	1,852,466	1,765,145	**1,176,670**	1,132,826

Notes to the Financial Statements
For the Year Ended 30 June 2012

18 Key Management Personnel continued

The following committee members were key management personnel of the association. These individuals were also Key Management Personnel in the prior year:

Key Management Person	Position
Stephen Griffiths	President (NECA National)
Ian Swain	Vice President (NECA National)
Wes McKnight	Treasurer (NECA National)
James Tinslay	Secretary (NECA National)
Willem Fromberg	Councillor (NECA National)
Greg Hodby	Councillor (NECA National)
David McInnes	Councillor (NECA National)
Gregory Kempton (ceased 19/4/2012)	Councillor (NECA National)
Simon Higgins	Councillor (NECA National)
Barry Dawson	Councillor (NECA National)
Alan Brown	Councillor (NECA National)
Michael Graham	Councillor (NECA National)
Alan Aitchison	Councillor (NECA National)
Jim Heerey	Councillor (NECA National)
Peter Babbage	Councillor (NECA National)
David McInnes	President (NECA Queensland)
Russell Thompson	Vice President (NECA Queensland)
Peter Babbage	Treasurer (NECA Queensland)
Guy Houghton	Secretary (NECA Queensland)
John Blake	Councillor (NECA Queensland)
Anthony Smee	Councillor (NECA Queensland)
James Facer	Councillor (NECA Queensland)
Adam Marini	Councillor (NECA Queensland)
James Heerey	President (NECA Tasmania)
Andrew Farr	Vice President (NECA Tasmania)
Anthony Damen	Treasurer (NECA Tasmania)
James Tinslay	Secretary (NECA Tasmania)
Willem Fromberg	Councillor (NECA Tasmania)
Donald Joyce	Councillor (NECA Tasmania)
Gregg Sharman	Councillor (NECA Tasmania)
Shane Hill	Councillor (NECA Tasmania)
Greg Hodby	President (NECA South Australia)
Richard Lane	Vice President (NECA South Australia)
Andrew Thorpe	Treasurer (NECA South Australia)
Larry Moore	Secretary (NECA South Australia)
Andrew Cross	Councillor (NECA South Australia)
Gary McDougall	Councillor (NECA South Australia)
Allan Aitchison	Councillor (NECA South Australia)
Jeff Morgan	Councillor (NECA South Australia)
Stephen Griffiths	Director (NECA Training)
Barry Dawson	Director (NECA Training)
Russell Houlahan (appointed 16/12/2011)	Director (NECA Training)

Notes to the Financial Statements
For the Year Ended 30 June 2012

18 Key Management Personnel continued

Key Management Person	Position
Alan Brown	Director (NECA Training)
Gregory Kempton (ceased 23/02/2012)	President/Treasurer (NECA ACT)
Robert Donnelly (ceased 23/02/2012, commenced as President beginning this date)	Vice President (NECA ACT)
Barry Dawson (30/11/2011 to 16/08/2012)	Secretary (NECA ACT)
Peter Hart	Councillor (NECA ACT)
Stephen Buckley	Councillor (NECA ACT)
Steven Pattrick	Councillor (NECA ACT)
Grant Bawden (appointed 15/12/2011)	Councillor (NECA ACT)
Allan Brown (appointed 24/01/2012)	Director (NECA Legal)
Oliver Judd (appointed 24/01/2012)	Director (NECA Legal)
Stephen Griffiths (ceased 27/06/2012, commenced as Vice President beginning this date)	President (NECA NSW)
Alan Brown (ceased 27/06/2012, commenced as President beginning this date)	Vice President (NECA NSW)
Bruce Duff	Treasurer (NECA NSW)
Barry Dawson (14/12/2011 to 01/07/2012)	Secretary (NECA NSW)
Russell Houlahan	Councillor (NECA NSW)
Stephen Kerfoot	Councillor (NECA NSW)
David Orr	Councillor (NECA NSW)
Garrie Chappelow (10/08/2011 to 16/05/2012)	Councillor (NECA NSW)
Frank Marrone	Councillor (NECA NSW)
Wes McKnight	President (NECA Victoria)
Paul Tobin	Vice President (NECA Victoria)
Philip Green	Secretary (NECA Victoria)
Norm Lancefield (ceased 20/03/2012)	Councillor (NECA Victoria)
David Pierce	Councillor (NECA Victoria)
Russell Chatfield	Councillor (NECA Victoria)
Dean Spicer	Councillor (NECA Victoria)
John Cutler	Councillor (NECA Victoria)
Chris Hargreaves	Councillor (NECA Victoria)
Ian Swain	President (NECA Western Australia)
Simon Higgins	Vice President (NECA Western Australia)
Stephen Cole	Treasurer (NECA Western Australia)
Kyle Kutasi	Secretary (NECA Western Australia)
Michael Green	Councillor (NECA Western Australia)
Robert Hatherley	Councillor (NECA Western Australia)
Jack Grego	Councillor (NECA Western Australia)
Wayne Carter	Councillor (NECA Western Australia)
Paul Mannion	Councillor (NECA Western Australia)
Alan Charlton	Councillor (NECA Western Australia)
Alan Brown (appointed 28/06/2012, ceased as Vice President beginning this date)	President (ECA of NSW)
Stephen Griffiths (appointed 27/06/2012, ceased as President beginning this date)	Vice President (ECA of NSW)
Oliver Judd (appointed 01/07/2012)	Secretary (ECA of NSW)

Notes to the Financial Statements

For the Year Ended 30 June 2012

16 Key Management Personnel continued

Key Management Person	Position
Barry Dawson (ceased 01/07/2012)	Secretary (ECA of NSW)
Bruce Duff	Treasurer (ECA of NSW)
Frank Marrone	Director (ECA of NSW)
Russell Houlahan	Director (ECA of NSW)
Stephen Kerfoot	Director (ECA of NSW)
David Orr	Director (ECA of NSW)
Garrie Chappelow	Director (ECA of NSW)
P.W. Fitzpatrick	Chairman (ECA Training)
M. Brame	Treasurer (ECA Training)
James Tinsley	Director (ECA Training)
A.H. Glossop	Director (ECA Training)
Stephen Kerfoot	Director (ECA Training)
R. Easthorpe	Director (ECA Training)
Phil Honeywood	Chairman (370 Degrees)
Jane Yuile (resigned 30/08/2011)	Chairman (370 Degrees)
June Wilson (appointed 30/08/2011)	Director (370 Degrees)
Barry Fedden (appointed 30/08/2011)	Director (370 Degrees)
Philip Green	Director (370 Degrees)
Wesley McKnight	Director (370 Degrees)
Donald Safstrom (ceased 08/02/2012)	Director (370 Degrees)
James Tinsley	Director (ACRS)
Neville Palmer	Director (ACRS)
Victoria Rigler	Secretary/Alternate Director (ACRS)

Notes to the Financial Statements

For the Year Ended 30 June 2012

19 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	Consolidated		Parent	
	2012	2011	2012	2011
	$	$	$	$
Profit for the year	**359,326**	1,537,123	**(203,072)**	563,489
Cash flows excluded from profit attributable to operating activities				
Non-cash flows in operating profit:				
- Gain/(loss) on sale of fixed assets	**(2,433)**	3,812	**(786)**	4,322
- Depreciation	**1,012,857**	778,001	**410,245**	369,000
- Movement in investment value	**36,876**	(19,476)	**36,876**	(19,476)
- Reversal of non-cash distribution from EITF	**(85,395)**	788,242	**(85,395)**	788,242
- Impairment of loan	**-**	-	**687,458**	-
- Bad debts written off	**592,297**	238,783	**34,865**	56,823
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:				
- (increase)/decrease in trade and other receivables	**(1,288,277)**	(595,069)	**219,560**	(532,743)
- (increase)/decrease in other assets	**(488,905)**	199,824	**(28,743)**	(55,080)
- (increase)/decrease in inventories	**12,559**	14,252	**10,612**	13,671
- (increase)/decrease in current tax assets	**(59,398)**	34,088	**-**	-
- (increase)/decrease in deferred tax assets	**7,589**	(13,519)	**-**	-
- increase/(decrease) in trade and other payables	**130,755**	219,205	**(124,733)**	243,188
- increase/(decrease) in other current liabilities	**(30,270)**	274,862	**(4,561)**	206,501
- increase/(decrease) in employee benefits	**(659,926)**	518,354	**(673,355)**	(29,346)
Cashflow from operations	**(462,345)**	3,978,482	**278,971**	1,608,591

20 Financial Risk Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, and equity price risk.

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, bank loans and overdrafts, loans to and from subsidiaries.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

Notes to the Financial Statements

For the Year Ended 30 June 2012

20 Financial Risk Management continued

	Note	Consolidated 2012 $	2011 $
Financial Assets			
Cash and cash equivalents		**13,136,111**	13,593,241
Available for sale financial assets	8	**4,932,249**	6,535,105
Trade and other receivables	6	**10,244,356**	9,134,853
Total financial assets		**28,312,716**	29,263,199
Financial Liabilities			
Financial liabilities at amortised cost			
Trade and other payables	10	**5,893,732**	6,028,677
Bank overdraft	11	**15,156**	5,237
Total financial liabilities		**5,908,888**	6,033,914

Financial risk management policies

The Committee of Management has overall responsibility for the establishment of the Group's financial risk management framework. This includes the development of policies covering specific areas such as, interest rate risk and credit risk.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The day-to-day risk management is carried out at an individual chapter/subsidiary level under policies and objectives which have been approved by the Committee of Management. Each Chief Financial Officer has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate and foreign exchange rate risk and assessment of market forecasts for interest rate movements.

The Committee of Management receives monthly reports which provide details of the effectiveness of the processes and policies in place.

National Electrical Contractors Association (NECA) does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

Mitigation strategies for specific risks faced are described below:

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group and arises principally from the Group's receivables.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the Statement of Financial Position.

20 Financial Risk Management continued

The Group has no significant concentration of credit risk with any single counterparty or group of counterparties. Details with respect to credit risk of Trade and Other Receivables are provided in Note 6.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at Note 6.

(b) Liquidity risk

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

- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days.

20 Financial Risk Management continued

(c) Liquidity Risk - financial liability and asset maturity analysis

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

Financial liability maturity analysis - Non-derivative

Consolidated	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	$	$	$	$	$	$	$	$
Financial liabilities due for payment								
Trade and other payables	**6,030,580**	6,028,677	-	-	-	-	**6,030,580**	6,028,677
Bank overdraft	**15,156**	5,237	-	-	-	-	**15,156**	5,237
Total contractual outflows	**6,045,736**	6,033,914	-	-	-	-	**6,045,736**	6,033,914

The timing of expected outflows is not expected to be materially different from contracted cashflows.

20 Financial Risk Management continued
(d) Market risk

Market risk is the risk that the fair value or future cash flows of the financial instruments held within the Association will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk. The exposure to market risk is a result of the asset allocation strategy prescribing investments across certain asset classes. The Association is only exposed to interest rate risk and other price risk as detailed below.

The Association's financial instruments portfolio as impacting market risk:

		Consolidated	
		2012	2011
	Note	$	$
Cash at bank @ floating rate	5	**13,136,111**	13,593,241
Financial assets held as available for sale	8	**4,932,249**	6,535,106
		18,068,360	20,128,347

The available for sale financial assets are broken down into the following indirectly held investments:

	Consolidated				
	Fixed Interest	Cash @ Floating Rate	Managed Investments	Equities	Total
2012	$	$	$	$	$
NECA VIC	**256,586**	**11,890**	**-**	**336,379**	**604,855**
NECA NSW	**-**	**161,471**	**3,413,581**	**752,342**	**4,327,394**
	256,586	**173,361**	**3,413,581**	**1,088,721**	**4,932,249**
2011					
NECA VIC	112,530	313,502	-	368,728	794,760
NECA NSW	-	829,999	3,222,682	1,687,665	5,740,346
	112,530	1,143,501	3,222,682	2,056,393	6,535,106

Interest rate risk is the risk that the fair value or future cash flows of a financial market instrument will fluctuate because of changes in market interest rates. The Association is affected by interest rate risk due to its directly held cash balances. The Association does not have any floating rate debt instruments for both 2012 and 2011. The exposure to interest rate risk has a direct impact on the Statement of Comprehensive Income and Statement of Financial Position of the Association.

Interest rate risk is measured and monitored by the calculation of the duration of the investment portfolios which approximates the percentage change in portfolio valuation from a percentage change in market interest rates.

It would normally be expected that floating rate cash instruments have a direct exposure to interest rate risk. However, because the cash investments in the Association's St George's Asgard Ewrap investment account and the JB Were Investments are in the nature of a pooled investment scheme, it is the unit price of the scheme which reflects the value of the financial investment. On this basis, the sensitivity of changes to the unit price for these instrument investments is included below in note 20(ii): 'Other Price Risk'.

Notes to the Financial Statements
For the Year Ended 30 June 2012

20 Financial Risk Management continued

The following table illustrates sensitivities to the Group's exposure to changes in interest rates on its directly held cash balances. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Consolidated	
	Profit	Equity
	$	$
Year ended 30 June 2012		
+/- 2% in interest rates	**262,722**	**262,722**
Year ended 30 June 2011		
+/- 2% in interest rates	271,865	271,865

i. Other Price risk

A large proportion of the financial instrument investments held by the Association are exposed to other price risk as a result of the Association's exposure to equity securities (those indirectly held investments as available for sale via St George's investment in Asgard Ewrap investment account and the JBWere Investment account which are either held in domestic listed and unlisted shares or in managed investment schemes). Other price risk is the risk that the fair value or future cash flows of a financial investment may fluctuate because of the changes in market prices. The exposure to other price risk has a direct impact on the Statement of Comprehensive Income and Statement of Financial Position of the Association.

There is a fundamental financial relationship between risk and return. The investments are diversified across different risk profiles in return for commensurate returns in accordance with St George's and JB Were strategic assets allocation policy, meaning that the other price risk exposure is understood.

Whilst equity markets are inherently volatile and not suitable for short-term investment, over the long-term, equity investments have proven to be a good source of inflation protection, through the achievement of high return and real terms. To manage the price risk, the investment portfolio is diversified in accordance with asset class limits (in accordance with St George's and JB Were's strategic asset allocation policy). As part of the bank asset allocation strategy a portion of the equity investments are of a high quality and are publicly traded on the Australian Securities Exchange (ASX).

The table below summarises the impact of increases/decreases of the abovementioned investment exposures on the Association's post tax profit for the year and on equity. The analysis is based on the assumption that the respective price indexes for the different asset classes may increase/decrease by the determined volatility factor with all other variables held constant and the financial instruments moving in accordance to the historical correlation with the indexes that the investments are exposed to.

Taking into account past performance, future expectations, economic forecasts, and the Association's management's knowledge and experience of the financial markets, the impact on profit or loss and the impact on equity in the table below are 'reasonably possible' over the next 12 months if other price risk changes by the following volatility factors from the target benchmarks with all other variables, especially foreign exchange rates, held constant.

20 Financial Risk Management continued

		Consolidated			
		Profit		Equity	
		2012	2011	2012	2011
		$	$	$	$
+/- 3% in RBA cash rate	$	**5,201**	34,305	**5,201**	34,305
+/- 5% in ASX All Ordinaries Index	$	**225,116**	269,580	**225,116**	269,580

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the Statement of Financial Position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Consolidated	2012		2011	
	Net Carrying Value	Net Fair value	Net Carrying Value	Net Fair value
	$	$	$	$
Financial assets				
Cash and cash equivalents	**13,136,111**	**13,136,111**	13,593,241	13,593,241
Trade and other receivables	**10,381,204**	**10,381,204**	9,134,853	9,134,853
Investments at market value	**4,932,249**	**4,932,249**	6,535,105	6,535,105
Total financial assets	**28,449,564**	**28,449,564**	29,263,199	29,263,199
Financial liabilities				
Trade and other payables	**6,030,580**	**6,030,580**	6,028,677	6,028,677
Bank overdraft	**15,156**	**15,156**	5,237	5,237
Total financial liabilities	**6,045,736**	**6,045,736**	6,033,914	6,033,914

Financial instruments measured at fair value

The financial instruments recognised at fair value in the Statement of Financial Position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements between those whose fair value is based on. The fair value hierarchy consists of the following levels:

20 Financial Risk Management continued

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Capital Management

Capital is defined as the Association's total equity comprising retained earnings and the asset revaluation reserve. It is the Board's policy to maintain a strong capital base so as to maintain member, stakeholder, creditor, market confidence and to sustain future development of the business. Capital management plays a central role in managing risk to create member value whilst also ensuring that the interests of all stakeholders including investors, policy holders, lenders and regulators are met.

Capital finances growth, capital expenditure and business plans and also provides support if adverse outcomes arise from health insurance, investment performance or other activities. The appropriate level of capital is determined by the Board on both regulatory and economic considerations.

There were no changes in the Group's approach to capital management during the year.

21 Segment Reporting

Segment information

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

22 Events after the end of the Reporting Period

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

23 Contingent Liabilities and Contingent Assets

(a) Financial Support

NECA National has provided a letter of financial support to NECA Tasmania and NECA Queensland to repay their debts should NECA Tasmania or NECA Queensland fail to repay them.

24 Association Details

The registered office of the Association is:
National Electrical Contractors Association (NECA)
Level 4, 30 Atchison Street
St Leonards
New South Wales 2065

Crowe Horwath.

Independent Auditor's Report to the Members of the National Electrical Contractors Association and Controlled Entities

Scope

The financial report and National Executives responsibility:

The financial report comprises the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and accompanying notes to the financial statements of the National Electrical Contractors Association and Controlled Entities ("the Association"), for the year ended 30 June 2012. The consolidated entity comprises both the Association and the entities it controlled during that year.

The Association is responsible for the preparation and true and fair presentation of the financial report in accordance with the Fair Work (Registered Organisations) Act 2009. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

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

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Fair Work (Registered Organisations) Act 2009, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Association's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

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

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

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional accounting bodies and the *Fair Work (Registered Organisations) Act 2009*.

Auditor's opinion

In our opinion, the general purpose financial report of the National Electrical Contractors Association and Controlled Entities for the year ended 30 June 2012, presents fairly in accordance with applicable Australian Accounting Standards and the requirements imposed by Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009*.

Crowe Horwath

CROWE HORWATH MELBOURNE

Peter Sexton
Partner
Level 17, 181 William Street, Melbourne, Victoria

Member of the Institute of Chartered Accountants in Australia
And holder of a Current Public Practice Certificate
Registered Company Auditor # 85044

Dated this 28 day of November 2012