7 November 2014

Mr Suresh Manickham
National Secretary/CEO
National Electrical Contractors Association
necanat@neca.asn.au

CC: Fiona Bunting: fbunts@optusnet.com.au
CC: John Gavens, Crowe Horwath: melbourne@crowehorwath.com.au

Dear Mr Manickham,

National Electrical Contractors Association,
Financial Report for the year ended 30 June 2013 - [FR2013/190]

I acknowledge receipt of further information from the National Electrical Contractors Association and the auditor Crowe Horwath. The documents were received by the Fair Work Commission on 16 October 2014.

Thank you for addressing, simply and clearly, all of the concerns raised in the earlier correspondence. Your patience in this matter is sincerely appreciated.

On 7 November 2014, the ACT and NSW chapters submitted documents and the related financial reports were filed.

All the chapter reports have now been filed. The NECA financial report for the year ending 30 June 2013 has now been filed based on an advanced compliance review.

I note that the correspondence acknowledges the issues raised for the 2014 financial report and undertakes to incorporate the corrections into the 2014 financial report.

If you have any queries regarding this letter, please contact me on (03) 8661 7974 or via email at catherine.bebbington@fwc.gov.au.

Yours sincerely

CBebbington

CATHERINE BEBBINGTON
Regulatory Compliance Branch

FAIR WORK COMMISSION
Tel: 03 8661 7974
Fax: 03 9655 0410
catherine.bebbington@fwc.gov.au

GPO Box 1994, Melbourne Victoria 3001

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national electrical and communications association

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ABN 78 319 016 742

13 October 2014

Ms Catherine Bebbington
Regulatory Compliance Branch
Fair Work Commission
catherine.bebbington@fwc.gov.au

Dear Ms Bebbington

Re: National Electrical Contractors Association – Request for further information Financial Report for the year ended 30 June 2013 – [FR2013/190]

I write in response to your letter of 4th July 2014 in relation to the above. Please find following explanations or additional information as requested in that letter.

ISSUES THAT MUST BE RESOLVED PRIOR TO FILING THE 2012-13 REPORT

Auditor's Report

Please find following a letter from our auditors – Crowe Horwath – providing information in relation to their qualifications and a declaration relating to management use of the going concern basis of accounting.

Note 4C

Our auditors have advised that the paragraph at the bottom of note 4C, relating to financial investments, is complete apart from the full stop at the end of the last sentence.

Employee and Holders of Office expenses

In relation to your query regarding how the expenses for Holders of Office are substantially larger in the Consolidated Entity than in the Parent entity we can advise that we have erroneously included Directors/Management of the controlled entities in the Holders of Office expenses. This error will be corrected in our 2014 financial report.

Capitation, cash flows, liabilities and receivables between reporting units

Please refer to the tables below, which set out the figures you had queried in your letter, which have now been agreed with the other reporting units. Where required the 2013 comparatives figures in our 2013-2014 financial report will reflect these corrected amounts.

Note 2A: Capitation Fees

NAT Chapter	Other Chapter & Amount	Correct Amount
$89,436	SA - $91,496	$89,436

Note 4B: Trade and other Receivables

NAT Chapter	Other Chapter & Amount	Correct Amount
$39,131	VIC - $0	$39,131
$2,437	ACT - $0	$2,437
$37,642	SA - $28,566	$29,015
$27,677	NSW - $0	$27,677

Note 10B: Cash flows

Cash inflows

NAT Chapter	Other Chapter & Amount	Correct Amount
$36,733	ACT - $25,396	$36,733
$109,706	SA - $90,952	$109,706
$377,710	NSW - $269,964	$377,710

Cash outflows

NAT Chapter	Other Chapter & Amount	Correct Amount
$145,987	SA - $0	$145,987
$537,024	NSW - $189,475	$536,084

ISSUES TO ASSIST WITH THE PREPARATION OF THE 2013-2014 REPORT

These issues have all been noted and we will aim to have them correct for our 2013-2014 financial report.

Should you have any further queries in relation to any of the above matters please don't hesitate to contact me on (02) 9439 8523 or via email at: suresh.manickam@neca.asn.au.

Yours sincerely

Suresh Manickam
Secretary/CEO
National Electrical Contractors Association - National Office

Crowe Horwath Melbourne
ABN 41 099 415 845
Member Crowe Horwath International
Level 17, 181 William Street
Melbourne VIC 3000 Australia
GPO Box 4324
Melbourne VIC 3001 Australia
Tel +61 3 9258 6700
Fax +61 3 9258 6722
www.crowehorwath.com.au

23 July 2014

Mr Suresh Manickham
National Secretary/CEO
National Electrical Contractors Association
necanat@neca.asn.au

Dear Suresh

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION NATIONAL OFFICE AND CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013 – [FR2013/190]

In a letter to you dated 4 July 2014, the Fair Work Commission requested that we provide you with a signed letter addressing concerns in relation to Auditor qualifications and a declaration relating to going concern.

The purpose of this letter is to comply with this request. On receipt, a copy of the letter should be lodged with the Fair Work Commission.

Auditor qualifications

I declare that I am an approved auditor as defined in Regulation 4 of RO Regulations.

I am currently:

- A fellow of the Institute of Chartered Accountants in Australia (#26502)
- A registered Company Auditor (#7516), and
- Hold a Certificate of Public Practice with the ICAA dated 7 March 1989.

Declaration relating to management use of the going concern basis of accounting

Item 45 of the Reporting Guidelines requires that auditor's statement must include a declaration , that as part of the audit of the financial statements, the auditor has concluded that management's use of the going concern basis of accounting in the preparation of the reporting unit's financial statements is appropriate.

I declare that, as part of the audit of the financial statements for the year ended 30 June 2013, I have concluded that the going concern basis of accounting in the preparation of the financial statements is appropriate.

Yours sincerely
CROWE HORWATH MELBOURNE

John J Gavens

John J Gavens
Partner

FairWork Commission

4 July 2014

Mr Suresh Manickham
National Secretary/CEO
National Electrical Contractors Association
necanat@neca.asn.au

CC: Fiona Bunting: fbunts@optusnet.com.au
CC: John Gavens, Crowe Horwath: melbourne@crowehorwath.com.au

Dear Mr Manickham,

National Electrical Contractors Association - Request for further information
Financial Report for the year ended 30 June 2013 - [FR2013/190]

I acknowledge receipt of the financial report of the National Electrical Contractors Association, The. The documents were lodged with the Fair Work Commission on 7 March 2014.

The financial report has not been filed.

I have examined the financial report and identified a number of matters, the details of which are set out below, that you are required to address before the report can be filed.

The below information is set out into two categories, issues that are required to be explained or corrected prior to filing, and those that are provided to assist you with the preparation of the next financial reports but will not prevent filing. The report cannot be filed until the first set of issues are addressed and the second set of concerns do not require further information at this stage but compliance will be confirmed prior to the filing of the next report.

The matters identified should be read in conjunction with the *Fair Work (Registered Organisations) Act 2009* (the RO Act), *Fair Work (Registered Organisations) Regulations 2009* (the RO Regs), Reporting Guidelines (RG) made under section 255 of the RO Act and Australian Accounting Standards. A set of 'Model financial statements' are also available on the FWC website to assist organisations in preparing their returns.

ISSUES THAT MUST BE RESOLVED PRIOR TO FILING

AUDITOR'S REPORT

Auditor's qualifications

Regulation 4 of the RO Regulations provides the definition of an approved auditor. Item 44 of the Reporting Guidelines requires that in the Auditor's Statement, the auditor must declare they are either an approved auditor or the auditor is a member of a firm where at least one member is an approved auditor and must specify that the auditor is a person who is a member of CPA Australia, The Institute of Chartered Accountants in Australia or the Institute of Public Accountants, and holds a current Public Practice Certificate.

I note that this information has not been included in the Auditor's Statement.

Declaration relating to management use of the going concern basis of accounting

Item 45 of the Reporting Guidelines requires that the Auditor's Statement include a declaration, that as part of the audit of the financial statements, they have concluded that management's use of the going concern basis of accounting in the preparation of the financial statement is appropriate.

11 Exhibition Street
Melbourne VIC 3000
GPO Box 1994
Melbourne VIC 3001
Email : orgs@fwc.gov.au
Internet : www.fwc.gov.au

Please have the auditor prepare a signed letter addressing these two concerns in relation to the report and lodge it with the Fair Work Commission.

NOTES

Note 4C

The paragraph on the bottom of note 4C relating to financial investments appears incomplete as if the remainder had been chopped from the bottom of page 35. Please confirm the completeness of the note or supply a full version of the note to the Commission.

Expenses for Holders of Office

The organisation has correctly broken down the expenses to Holders of Office and to employees (other than holders of office) and has further correctly supplied the information in relation to wages and salaries, superannuation, leave and other entitlements, separation and redundancies and other employee expenses.

However, the expenses for Holders of Office are substantially greater in the Consolidated Entity. The organisation's attention is drawn to the definition of Holder of Office in the RO Act, see section 9. In particular the person tends to be an elected official, in a position such as secretary, treasurer, president or within a collective decision making body in a registered organisation like a committee of management.

Please explain how the expenses for Holders of Office in the Consolidated Entity are substantially larger than the expenses of the Parent Entity.

Capitation, cash flows, liabilities and receivables between reporting units

The figures between the National Office and the Tasmanian and Queensland branches appear to match. However, there are minor differences in the figures between the National Office and Victorian and ACT accounts and substantial disparities in the figures between the National Office and the NSW and SA accounts.

In particular:

- The National Accounts show a receivable concerning the Victorian Branch of $39,131 which does not appear in the Victorian accounts;
- The National Accounts show a receivable concerning the ACT Branch of $2,437 which does not appear in the ACT accounts and the National Accounts show a cash flow from the ACT Branch of $36,733 (ACT: $25,396).
- The National Accounts show a cash flow out to the SA Branch of $145,987 which does not appear in the SA accounts; and show capitation in the amount of $89,436 (SA: $91,496), cash flows from the branch of $109,706 (SA: $90,952) and a receivable from the SA Branch of $37,642 (SA: $28,566).
- The National Accounts show a receivable concerning the NSW Branch of $27,677, which does not appear in the NSW accounts and the cash flow figures are substantially different with the National Accounts showing cash flows in from the Branch of $377,710 (NSW: $269,964) and cash flows out to the Branch of $537,024 (NSW:$189,475).

Please supply a letter explaining the disparities in these figures to the Commission in order that the reports can be filed.

ISSUES TO ASSIST WITH THE PREPARATION OF NEXT YEAR'S REPORT

TIMELINES

Timescale requirements

As you are aware, an organisation is required under the RO Act to undertake certain steps in accordance with specified timelines. Information about these timeline requirements can be found on the Fair Work Commission website. In particular, I draw your attention to 'Financial reporting process and timelines' which explains the timeline requirements, and 'Summary of financial reporting timelines' which sets out the timeline requirements in diagrammatical form.

I note that a number of the requirements were not met. This appears consistent with the correspondence that was received by the Commission from Mr Tinsley on 16 January 2014. It seems likely that many of the timeframes were not met due to the large consolidation process undertaken by the organisation which resulted in the current set of accounts.

The correspondence of 16 January 2014 requested an extension which was refused as the timeframes considered were beyond the scope of an extension granted under the RO Act.

As such, the organisation is aware of its non-compliance with the requirements to provide the report to members within 5 months of the end of the year and to hold the meeting within 6 months of the end of the financial year. It did seek to ameliorate its conduct and provide an explanation. However, I draw the organisation's attention to a particular timescale requirement that it seems to have overlooked.

Rule 29

The rules of the organisation allow the organisation to present its General Purpose Financial Report to a Committee of Management meeting in lieu of a meeting of members. Rule 29 appears consistent with the section 266 obligation under the RO Act. However, rule 29 is limited to a meeting 'that is held within the period of 6 months starting at the end of the financial year'. As the meeting was held on 6 March 2014, it appears that this rule was not available to the organisation and the report should have been presented to a full meeting of members.

This timeline will be confirmed prior to filing any subsequent reports.

OPERATING REPORT

Number of employees

Subsection 254(2)(f) and Regulation 159(b) requires that the number of persons that were, at the end of the financial year to which the report relates, employees of the reporting unit to be disclosed in the Operating Report. Regulation 159(b) also requires that where the number of employees includes both full-time and part-time employees to be measured on a full-time equivalent basis.

The Operating Report stated that '954 (2012: 1,030) employees', it is unclear whether this is a headcount or a full-time equivalent figure. Please ensure this figure is clearer next year.

Review of principal activities

Subsection 254(2)(a) of the RO Act requires an Operating Report to contain a review of the principal activities of the reporting unit, the results of those activities and any significant changes in the nature of the those activities. I note that the Operating Report provides a review of the principal activities, but does not explain the results of these activities. Please note that subsection 254(2)(a) of the RO Act does not require a *financial* result nor significant *financial* changes. It requires a description of the results from providing services to members and a description of any changes to the nature of those activities.

These requirements are in addition to subsection 254(2)(b) of the RO Act which requires an Operating Report to give details of any significant changes in the reporting unit's financial affairs during the year.

NOTES

Revenue recognition

Australian Accounting Standard *AASB 101 Presentation of Financial Statements* paragraph 117 and *AASB 118: Revenue* paragraph 35(a) requires that the entity must disclose the measurement basis or bases used in recognising revenue.

The accounting policy for licence revenue ($537,924) for the consolidated entity does not appear to have been disclosed.

<u>Activities under Reporting Guidelines not disclosed</u>

Item 14 of the Reporting Guidelines states that if the activities identified in item 13, in this case business combinations, did not occur in the reporting period, a statement of this effect must be included in the notes to the GPFR. I note that no such disclosure has been made.

Item 16 of the Reporting Guidelines states that if the activities identified in item 15, in this case financial support received from another reporting unit, did not occur in the reporting period, a statement of this effect must be included in the notes to the GPFR. I note that no such disclosure has been made. However, the organisation has appropriately included a note to the effect that they have offered financial support to NECA Queensland.

Changes to the reporting guidelines and model financial statement

A fourth edition of the General Manager's s.253 Reporting Guidelines was gazetted on 13 June 2014. These guidelines will apply to all financial reports that end on or after 30 June 2014. A model set of financial statements for the 2013-2014 financial year is also available on the Fair Work Commission website. The Fair Work Commission recommends reporting units use this model as it will assist in ensuring compliance with the *Fair Work (Registered Organisations) Act 2009*, the s.253 Reporting Guidelines and the Australian Accounting Standards.

The Reporting Guidelines and Model Financial Statements are available on the website here: https://www.fwc.gov.au/registered-organisations/compliance-governance/financial-reporting

If you have any queries regarding this letter, please contact me on (03) 8661 7974 or via email at catherine.bebbington@fwc.gov.au.

Yours sincerely

CATHERINE BEBBINGTON
Regulatory Compliance Branch

FAIR WORK COMMISSION
Tel: 03 8661 7974
Fax: 03 9655 0410
catherine.bebbington@fwc.gov.au

11 Exhibition Street, Melbourne Victoria 3000
GPO Box 1994, Melbourne Victoria 3001

www.fwc.gov.au

National Electrical Contractors Association (NECA)

Financial Statements

For the Year Ended 30 June 2013

FINANCIAL STATEMENTS 2012–13

Contents

Crowe Horwath

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

Report on the financial report

We have audited the accompanying financial report of the National Electrical Contractors Association and Controlled Entities ("the Association"), which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement of the Committee of Management of the National Electrical Contractors Association National Office and Controlled Entities, for the year ended 30 June 2013.

Committee's responsibility for the financial report

The committee of the association is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Fair Work (Registered Organisations) Act 2009,* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. Note 1 to the financial report also states, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements* that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee, as well as evaluating the overall presentation of the financial report.

The financial report has been prepared for distribution to members for the purpose of fulfilling the committee's financial reporting obligations under the Fair Work (Registered Organisations) Act 2009. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

Crowe Horwath™

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

Independence

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

Auditor's opinion

In our opinion, the general purpose report of the National Electrical Contractors Association and Controlled Entities for the year ended 30 June 2013 is presented 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 MELBOURNE

John S Gavens

JOHN GAVENS
Partner
Level 17, 181 William Street, Melbourne, Victoria

Registered Company Auditor #7516

Dated this 20th day of February 2014

National Electrical Contractors Association – National Office

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

Certificate for the period ended 30th June 2013

I *Suresh Manickam* being the *Secretary* of the National Electrical Contractors Association – National Office certify:

- that the documents lodged herewith are copies of the full report for the National Electrical Contractors Association – National Office for the period ended 30th June 2013 referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and

- that the full report was provided to members of the reporting unit on 20th February 2014 and

- that the full report was presented to a meeting of the committee of management of the reporting unit on 6th March 2014 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009.*

Signature of prescribed designated officer:

....

Name of prescribed designated officer:

DAVID SURESH MANICKAM

Title of prescribed designated officer:

CEO, NECA and Secretary NECA

Dated: 6/3/14.

National Electrical Contractors Association – National Office

OPERATING REPORT BY THE COMMITTEE

The committee presents its report on the reporting unit for the financial year ended 30th June 2013.

Review of principal activities, the results of those activities and any significant changes in the nature of those activities during the year

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.

The profit of the Association for the financial year, after providing for income tax, amounted to $1,149,140 (2012: $1,533 loss)

Significant changes in financial affairs

No significant change in the state of affairs of the Association occurred during the year. The financial statements cover the results of the National Office and controlled entities.

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.

Right of members 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.

Officers & employees who are superannuation fund trustee(s) (include position details) or director of a company that is a superannuation fund trustee

Name of officer/employee	Is the position held because they are an officer/employee of NECA or were nominated by NECA?
James Clifford Tinslay – CEO/Secretary	No
Jim Heerey - Treasurer	No

Number of members

The Association had 4,086 (2012: 4,088) members at financial year end.

OPERATING REPORT BY THE COMMITTEE (cont'd)

Number of employees

The Association had 954 (2012: 1,030) employees at financial year end. This includes 861 (2012: 931) apprentices and trainees employed by the Association.

Names of Committee of Management members and period positions held during the financial year

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

Unless otherwise stated, committee members have been in office for the full financial year.

Officers & employees who are directors of a company or a member of a board

Name of officer/employee	Name of company/board	Principal activities of Company/Board	Is the position held because they are an officer/employee of NECA or were nominated by NECA?
Stephen Griffiths	NECA Training Ltd	Electrical Contracting	Yes
	[redacted]		No
	Electrical Contractors NSW	Electrical Contracting	Yes
Ian Swain	[redacted]		No
Wes McKnight	370 Degrees Group P/L	Training Company	Yes
	EcoSmart Electricians P/L	Energy Efficiency	Yes
James Tinslay	ECA Training Pty Ltd T/A NECA Group Training	Group Training	Yes
	Australian Construction Industry Forum Limited	Industry group	Yes
	NSW Electrical Superannuation Scheme P/L (alternate director)	Administration of super fund	Yes
	Australian Cabler Registration Services P/L	Cabler Registration under authority of ACMA	Yes
	[redacted]		No

National Electrical Contractors Association – National Office

Name of officer/employee	Name of company/board	Principal activities of Company/Board	Is the position held because they are an officer/employee of NECA or were nominated by NECA?
Willem Fromberg	[redacted]	[redacted]	No
Greg Hodby	[redacted]	[redacted]	No
David Paul McInnes	[redacted]	[redacted]	No No No No
Gregory Kempton	[redacted]	[redacted]	No
Simon Higgins	[redacted]	[redacted]	No
Barry Dawson	ECA Training Pty Ltd	Training Company	Yes
Alan Brown	Electrical Contractors NSW NECA Legal Pty Ltd NECA Training Ltd [redacted]	Electrical Contracting Legal Services Training Company [redacted]	Yes Yes Yes No No No No No No No No No No No

National Electrical Contractors Association – National Office

Name of officer/employee	Name of company/board	Principal activities of Company/Board	Is the position held because they are an officer/employee of NECA or were nominated by NECA?
Michael Graham	[redacted]		No
Alan Aitchison			No
Jim Heerey			No No
Peter Fitzpatrick			No
Mark Brame			No
Randell Easthorpe			No
Stephen Kerfoot	ECA Training Pty Ltd [redacted] Electrical Contractors NSW	Training Company Electrical Contracting	Yes No No No Yes
Anthony Glossop	[redacted]		No
Oliver Judd	NECA Legal Pty Ltd Electrical Contractors NSW	Legal Services Electrical Contracting	Yes Yes
Stafford Poyser	[redacted]		No
Rob Kardos			No
Russell Houlahan	NECA Training Ltd Electrical Contractors NSW	Training Company Electrical Contracting	Yes Yes
Phil Honeywood	[redacted]		No
June Wilson			No

National Electrical Contractors Association – National Office

Name of officer/employee	Name of company/board	Principal activities of Company/Board	Is the position held because they are an officer/employee of NECA or were nominated by NECA?
Barry Fedden	[redacted]		No
Mike Purnell	370 Degrees Group Ltd	Training Company	Yes
Paul Tobin	370 Degrees Group Ltd	Training Company	Yes
	EcoSmart Electricians P/L	Energy Efficiency	Yes
Philip Green	Colnvest Ltd	LSL fund trustee	Yes
	ElecNet (Aust) P/L	Redundancy fund trustee	Yes
	Protect Service P/L	Redundancy fund administration	Yes
	370 Degrees Group Ltd	Training Company	Yes
	EcoSmart Electricians P/L	Energy Efficiency	Yes
	EPIC Industry Training Board (incorporate assoc)	Training Advice	Yes
	Electrical Industry Training Foundation P/L	Corporate trustee EITF	Yes

Signature of designated officer: ....

Name and title of designated officer: D. S. MANICKAM CEO

Dated: 20 Feb 2014

National Electrical Contractors Association – National Office

COMMITTEE OF MANAGEMENT STATEMENT

On the 20th of February 2014 the Committee of Management of the National Electrical Contractors Association – National Office passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 30th June 2013:

The Committee of Management declares that in its opinion:

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

(b) the financial statements and notes comply with the reporting guidelines of the General Manager;

(c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;

(d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and

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

- (i) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
- (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
- (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
- (iv) where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and
- (v) where information has been sought in any request by a member of the reporting unit or General Manager duly made under section 272 of the RO Act has been provided to the member or General Manager; and
- (vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

(f) during the financial year to which the GPFR relates, no recovery of wages activities were undertaken.

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

Signature of designated officer: ....

Name and title of designated officer: D. S. MANICKAM CEO

Dated: 20 Feb 2014

STATEMENT OF COMPREHENSIVE INCOME

for the period ended 30 June 2013

		Consolidated		Parent	
		2013	2012	**2013**	2012
	Notes	**$**	$	**$**	$
Revenue					
Membership subscription		**–**	–	**–**	–
Apprentice hire fees & traineeship		**45,012,157**	45,466,241	**–**	–
Sale of Products and Services		**471,286**	193,628	**–**	–
Licence Revenue		**537,924**	522,776	**–**	–
Capitation fees	2A	**955,231**	905,053	**955,231**	905,053
Levies		**–**	–	**–**	–
Interest	2B	**448,494**	569,694	**65,898**	84,503
Insurance Commission		**125,424**	123,762	**–**	–
Total revenue		**47,550,516**	47,781,154	**1,021,129**	989,556
Other Income					
Grants and/or donations	2C	**2,971,431**	2,837,831	**–**	–
Project Income		**1,347,406**	4,485	**1,347,406**	4,485
Share of net profit from associate	5D	**–**	83,445	**–**	83,445
Other Income		**496,940**	869,404	**503,847**	545,044
Total other income		**4,815,777**	3,795,165	**1,851,253**	632,974
Total income		**52,366,293**	51,576,319	**2,872,382**	1,622,530
Expenses					
Employee expenses	3A	**44,008,728**	44,736,781	**743,202**	716,905
Capitation fees		**–**	–	**–**	–
Affiliation fees	3B	**45,355**	43,879	**45,355**	43,879
Administration expenses	3C	**4,317,063**	5,025,522	**443,193**	444,191
Grants or donations		**–**	–	**–**	–
Depreciation and amortisation	3D	**503,025**	612,743	**13,102**	10,141
Finance costs	3E	**6**	6,561	**–**	–
Legal costs	3F	**86,999**	154,354	**47,704**	11,401
Audit fees	13	**102,693**	70,212	**49,743**	25,682
Other expenses	3G	**2,187,473**	885,038	**1,763,043**	213,073
Total expenses		**51,251,342**	51,535,090	**3,105,342**	1,465,272
Profit/(loss) for the year before tax		**1,114,951**	41,229	**(232,960)**	157,258
Income Tax (Expense)/Benefit		**(34,189)**	42,762		
Profit/(loss) for the year after tax		**1,149,140**	(1,533)	**(232,960)**	157,258
Other comprehensive income					
Items that will not be subsequently reclassified to profit or loss		**-**	-	**-**	-
Gain on revaluation of land & buildings		**2,869,480**	-	**-**	-
Total comprehensive income/(loss) for the year		**4,018,620**	(1,533)	**(232,960)**	157,258

The above statement should be read in conjunction with the notes.

STATEMENT OF FINANCIAL POSITION

as at 30 June 2013

	Notes	Consolidated 2013 $	Consolidated 2012 $	Parent 2013 $	Parent 2012 $
ASSETS					
Current Assets					
Cash and cash equivalents	4A	**7,848,300**	8,510,091	**1,566,285**	1,684,592
Trade and other receivables	4B	**8,287,337**	6,351,604	**602,193**	217,605
Available for sale financial assets	4C	**1,564,051**	1,433,800	**-**	-
Total current assets		**17,699,688**	16,295,495	**2,168,478**	1,902,197
Non-Current Assets					
Land and buildings	5A	**12,169,186**	6,521,047	**-**	-
Plant and equipment	5B	**1,466,588**	1,141,653	**18,627**	16,338
Intangibles	5C	**70,054**	71,615	**-**	-
Investments in associates	5D	**-**	243,498	**-**	243,498
Other investments	5E	**-**	-	**104**	104
Other non-current assets	5F	**254,617**	215,781	**-**	-
Total non-current assets		**13,960,445**	8,193,594	**18,731**	259,940
Total assets		**31,660,133**	24,489,089	**2,187,209**	2,162,137
LIABILITIES					
Current Liabilities					
Trade payables	6A	**4,730,713**	2,185,963	**324,944**	151,199
Other payables	6B	**2,461,764**	2,291,656	**245,210**	194,353
Employee provisions	7A	**3,593,243**	3,119,775	**411,231**	377,801
Total current liabilities		**10,785,720**	7,597,394	**981,385**	723,353
Non-Current Liabilities					
Employee provisions	7A	**104,922**	139,094	**6,858**	6,858
Other non-current liabilities	8A	**-**	1,730	**-**	-
Total non-current liabilities		**104,922**	140,824	**6,858**	6,858
Total liabilities		**10,890,642**	7,738,218	**988,243**	730,211
Net assets		**20,769,491**	16,750,871	**1,198,966**	1,431,926
EQUITY					
General funds	9A	**2,898,736**	29,256	**-**	-
Retained earnings		**17,870,755**	16,721,615	**1,198,966**	1,431,926
Total equity		**20,769,491**	16,750,871	**1,198,966**	1,431,926

The above statement should be read in conjunction with the notes.

STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2013

Consolidated	Notes	Share Capital $	Asset Revaluation $	Retained earnings $	Total equity $
Balance as at 1 July 2011		**-**	**29,256**	**16,723,148**	**16,752,404**
Adjustment for errors		-	-	-	-
Adjustment for changes in accounting policies		-	-	-	-
Profit for the year		-	-	(1,533)	(1,533)
Other comprehensive income for the year	9A	-	-	-	-
Transfer to/from General funds	9A	-	-	-	-
Transfer from retained earnings		-	-	-	-
Closing balance as at 30 June 2012		**-**	**29,256**	**16,721,615**	**16,750,871**
Adjustment for errors		-	-	-	-
Adjustment for changes in accounting policies		-	-	-	-
Profit for the year		-	-	1,149,140	1,149,140
Other comprehensive income for the year	9A	-	2,869,480	-	2,869,480
Transfer to/from General funds	9A	-	-	-	-
Transfer from retained earnings		-	-	-	-
Closing balance as at 30 June 2013		**-**	**2,898,736**	**17,870,755**	**20,769,491**

Parent	Notes	Share Capital $	Asset Revaluation $	Retained earnings $	Total equity $
Balance as at 1 July 2011		**-**	**-**	**1,274,668**	**1,274,668**
Adjustment for errors		-	-	-	-
Adjustment for changes in accounting		-	-	-	-
Profit for the year		-	-	157,258	157,258
Other comprehensive income for the year	9A	-	-	-	-
Transfer to/from General Funds	9A	-	-	-	-
Transfer from retained earnings		-	-	-	-
Closing balance as at 30 June 2012		**-**	**-**	**1,431,926**	**1,431,926**
Adjustment for errors		-	-	-	-
Adjustment for changes in accounting		-	-	-	-
Profit/(Loss) for the year		-	-	(232,960)	(232,960)
Other comprehensive income for the year	9A	-	-	-	-
Transfer to/from General Funds	9A	-	-	-	-
Transfer from retained earnings		-	-	-	-
Closing balance as at 30 June 2013		**-**	**-**	**1,198,966**	**1,198,966**

The above statement should be read in conjunction with the notes.

CASH FLOW STATEMENT
for the period ended 30 June 2013

		Consolidated		Parent	
		2013	2012	**2013**	2012
	Notes	**$**	$	**$**	$
OPERATING ACTIVITIES					
Cash received					
Receipts from other reporting units/controlled entity(s)	10B	**1,415,289**	1,846,527	**1,221,287**	1,157,642
Receipts from customers		**48,980,488**	48,190,715	**1,200,609**	359,387
Interest		**448,494**	569,694	**65,898**	84,503
Cash used		**50,844,271**	50,606,936	**2,487,794**	1,601,532
Payments to Employees & Suppliers		**(46,289,504)**	(50,004,409)	**(1,405,021)**	(1,437,077)
Net Income Tax Paid		**16,275**	(59,399)	**-**	-
Payment to other reporting units/controlled entity(s)	10B	**(1,454,046)**	(1,205,554)	**(1,185,689)**	(85,565)
Net cash from (used by) operating activities	10A	**3,116,996**	(662,426)	**(102,916)**	78,890
INVESTING ACTIVITIES					
Cash received					
Proceeds from sale of plant and equipment		**293,117**	49,721	**-**	-
Proceeds from sale of investments		**-**	525,630	**-**	-
Cash used		**293,117**	575,351	**-**	-
Purchase of plant and equipment		**(3,912,453)**	(1,217,616)	**(15,391)**	(4,365)
Other		**(159,451)**	(58,590)	**-**	(6,665)
Net cash from (used by) investing activities		**(3,778,787)**	(700,855)	**(15,391)**	(11,030)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	-	**-**	-	**-**	-
Loan from related party	-	**-**	466,458	**-**	-
Cash used		**-**	466,458		
Repayment of borrowings	-	**-**	-	**-**	-
Other	-	**-**	-	**-**	-
Net cash from (used by) financing activities	-	**-**	466,458	**-**	-
Net increase (decrease) in cash held		**(661,791)**	(896,823)	**(118,307)**	67,860
Cash & cash equivalents at the beginning of the reporting period		**8,510,091**	9,406,914	**1,684,592**	1,616,732
Cash & cash equivalents at the end of the reporting period	4A	**7,848,300**	8,510,091	**1,566,285**	1,684,592

The above statement should be read in conjunction with the notes.

Index to the Notes of the Financial Statements

Note 1 Summary of Significant Accounting Policies

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.

1.1 Basis of Preparation of the Financial Statements

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.

1.2 Comparative amounts

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

Where the Association 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.

1.3 Significant Accounting Judgements and Estimates

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 Association.

Key estimates – impairment

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

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

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

The accounting policies adopted are consistent with those of the previous financial year.

Future Australian Accounting Standards Requirements

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

Reference	Title	Summary	Application date of standard	Impact on financial report	Application date for Company
AASB 9	Financial Instruments (December 2010) and AASB 2010-7: *Amendments to Australian Accounting Standards arising from AASB 9* (December 2010)	These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The key changes made to accounting requirements that may impact the company are: - simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value; and - allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.	1 January 2015	These standards are not expected to significantly impact the Association's financial statements	1 July 2015

1.4 New Australian Accounting Standards (cont'd)

Future Australian Accounting Standards Requirements (cont'd)

Reference	Title	Summary	Application date of standard	Impact on financial report	Application date for Company
AASB 10	AASB 10: *Consolidated Financial Statements*, AASB 11: *Joint Arrangements*, AASB 12: *Disclosure of Interests in Other Entities*, AASB 127: *Separate Financial Statements* (August 2011) and AASB 128: *Investments in Associates and Joint Ventures* (August 2011) (as amended by AASB 2012-10), and AASB 2011-7: *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards*	AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation - Special Purpose Entities. AASB 10 provides a revised definition of "control" and additional application guidance so that a single control model will apply to all investees. To facilitate the application of AASBs 10,11 and 12, revised versions of AASB 127 and AASB 128 have also been issued.	1 January 2013	None of the aforementioned standards are expected to significantly impact the Association's financial statements	1 July 2013

1.4 New Australian Accounting Standards (cont'd)

Future Australian Accounting Standards Requirements (cont'd)

Reference	Title	Summary	Application date of standard	Impact on financial report	Application date for Company
AASB 13	*Fair Value Measurement and AASG 2011-8: Amendments to Australian Accounting Standards arising from AASB 13*	AASB 13 defines fair value, sets out in a single Standard AASB 13 requires: - inputs to all fair value measurements to be categorized in accordance with a fair value hierarchy: and - enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) to be measured at fair value.	1 Jan 2013	These standards are not expected to significantly impact the Association's financial statements	1 July 2013
AASB 119	*Employee Benefits* (September 2011) and AASB 2011-10: *Amendments to Australian Accounting Standards arising from AASB119 (September 2011)*	These Standards introduce a number of changes to accounting and presentation of defined benefit plans. The company does not have any defined benefit plans and so is not impacted by the amendment. AASB 119 (September 2011) also includes changes to: - require only those benefits that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service to be classified as short-term employee benefits. All other employee benefits are to be classified as other long-term employee benefits, post-employment benefits or termination benefits, as appropriate; and - the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of: (i) for an offer that may be withdrawn - when the employee accepts; (ii) for an offer that cannot be withdrawn - when the offer is communicated to affected employees; and (iii) where the termination is associated with a restructuring of activities under AASB 137: Provisions, Contingent Liabilities and Contingent Assets and if earlier than the first two conditions - when the related restructuring costs are recognised.	1 July 2013	These standards are not expected to significantly impact the Association's financial statements	1 July 2015

1.5 Basis 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 Association 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 NECA National Office Chapter.

Refer to note 15 which lists the subsidiaries and associates within the consolidated entity.

1.6 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 Association's share of net assets of the associate entity. In addition, the Association's share of the profit or loss of the associate company is included in the Association's profit or loss.

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

When the Association's share of losses in an associate equals or exceeds its interest in the associate, the Association 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 Association 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 15.

1.7 Revenue

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

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

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

Donation income is recognised when it is received.

1.7 Revenue (cont'd)

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

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

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

1.8 Government grants

Government grants are not recognised until there is reasonable assurance that the NECA Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the NECA Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the NECA Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the NECA Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

1.09 Gains

Sale of assets

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

1.10 Capitation fees and levies

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

1.11 Employee benefits

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

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

Other long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the reporting unit in respect of services provided by employees up to reporting date.

1.11 Employee benefits (cont'd)

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

Provision is made for separation and redundancy benefit payments. Reporting Unit recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

1.12 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

1.13 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 borrowing costs are recognised in profit and loss in the period in which they are incurred.

1.14 Cash

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

1.15 Financial instruments

Financial assets and financial liabilities are recognised when National Office or a controlled entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

1.16 Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised upon trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the reporting unit manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the reporting units documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of comprehensive income.

1.16 Financial assets (cont'd)

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity dates that the reporting unit has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

Available-for-sale

Listed shares and listed redeemable notes held by the reporting unit that are traded in an active market are classified as available-for-sale and are stated at fair value. The reporting unit also has investments in unlisted shares that are not traded in an active market but that are also classified as available-for-sale financial assets and stated at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the reporting unit right to receive the dividends is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

Loan and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest rate basis except for debt instruments other than those financial assets that are recognised at fair value through profit or loss.

1.16 Financial assets (cont'd)

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the reporting units past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

1.16 Financial assets (cont'd)

Derecognition of financial assets

The reporting unit derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

1.17 Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the reporting unit manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the reporting units documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statement of comprehensive income.

Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

1.17 Financial Liabilities (cont'd)

Derecognition of financial liabilities

The reporting unit derecognises financial liabilities when, and only when, the reporting units obligations are discharged, cancelled or they expire. The difference between the carrying amounts of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

1.18 Land, Buildings, Plant and Equipment

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.

1.18 Land, Buildings, Plant and Equipment

Depreciation

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

Depreciation rates applying to each class of depreciable asset are:

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%

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

1.19 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

1.19 Intangibles (cont'd)

- 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.

Derecognition

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

1.20 Impairment for non-financial assets

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

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

1.21 Non-current assets held for sale

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

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

1.22 Taxation

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.

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

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

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

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

	Consolidated		Parent	
	2013	2012	**2013**	2012
	$	$	**$**	$
Note 2 Income				
Note 2A: Capitation fees				
VIC Chapter	**326,907**	323,860	**326,907**	323,860
NSW Chapter	**297,055**	290,072	**297,055**	290,072
WA Chapter	**204,877**	166,591	**204,877**	166,591
SA Chapter	**89,436**	89,165	**89,436**	89,165
ACT Chapter	**25,396**	24,772	**25,396**	24,772
TAS Chapter	**11,560**	10,593	**11,560**	10,593
Total capitation fees	**955,231**	905,053	**955,231**	905,053
Note 2B: Interest				
Deposits	**448,494**	569,694	**65,898**	84,503
Loans	**-**	-	**-**	-
Total interest	**448,494**	569,694	**65,898**	84,503
Note 2C: Grants or donations				
Grants	**2,971,431**	2,837,831	**-**	-
Donations	**-**	-	**-**	-
Total grants or donations	**2,971,431**	2,837,831	**-**	-
Note 2D: Net gains from sale of assets				
Land and buildings	**-**	-	**-**	-
Plant and equipment	**1,798**	6,080	**-**	-
Intangibles	**-**	-	**-**	-
Total net gain from sale of assets	**1,798**	6,080	**-**	-

Note 3 Expenses

Note 3A: Employee expenses

	Consolidated 2013 $	Consolidated 2012 $	Parent 2013 $	Parent 2012 $
Holders of office:				
Wages and salaries	**687,981**	851,116	**279,275**	240,244
Superannuation	**83,728**	58,313	**25,135**	22,162
Leave and other entitlements	**15,842**	20,383	**7,668**	27,991
Separation and redundancies	**-**	4,234	**-**	-
Other employee expenses	**-**	-	**-**	-
Subtotal employee expenses holders of office	787,551	929,812	**312,078**	290,397
Employees other than office holders:				
Wages and salaries	**39,355,811**	40,005,776	**343,665**	338,166
Superannuation	**3,105,866**	3,142,766	**30,762**	27,997
Leave and other entitlements	**313,121**	105,617	**20,441**	17,169
Separation and redundancies	**-**	-	**-**	-
Other employee expenses	**446,379**	552,810	**36,256**	43,176
Subtotal employee expenses employees	**43,221,177**	43,806,969	**431,124**	426,508
Total employee expenses	**44,008,728**	44,736,781	**743,202**	716,905

Note 3B: Affiliation fees

	Consolidated 2013 $	Consolidated 2012 $	Parent 2013 $	Parent 2012 $
Australian Chamber of Commerce & Industry	**36,955**	35,879	**36,955**	35,879
Australian Construction Industry Forum	**8,400**	8,000	**8,400**	8,000
Total affiliation fees/subscriptions	**45,355**	43,879	**45,355**	43,879

Note 3C: Administration expenses

	Consolidated 2013 $	Consolidated 2012 $	Parent 2013 $	Parent 2012 $
Consideration to employers for payroll deductions	**-**	-	**-**	-
Compulsory levies	**-**	-	**-**	-
Fees/allowances - meeting and conferences	**-**	-	**-**	-
Apprentice Costs (other than salaries)	**536,404**	566,550	**-**	-
Conference and meeting expenses	**105,641**	84,311	**17,255**	30,740
Contractors/consultants	**348,769**	534,558	**118,341**	115,353
Property expenses	**424,817**	415,138	**45,001**	59,720
Office expenses	**483,456**	498,756	**22,105**	25,924
Information communications technology	**389,152**	338,031	**23,641**	18,434
Management fees	**318,391**	617,517	**-**	-
Motor Vehicle expenses	**203,423**	190,865	**17,262**	10,515
Training	**347,627**	444,038	**550**	307
Travel & Accommodation	**113,828**	107,984	**52,736**	67,247
Other	**1,023,409**	1,173,678	**146,302**	115,951
Subtotal administration expense	**4,294,917**	4,971,426	**443,193**	444,191

Note 3 Expenses (cont'd)

Note 3C: Administration expenses (cont'd)

	Consolidated 2013 $	Consolidated 2012 $	Parent 2013 $	Parent 2012 $
Operating lease rentals:				
Minimum lease payments	**22,146**	54,096	-	-
Total administration expenses	**4,317,063**	5,025,522	**443,193**	444,191

Note 3D: Depreciation and amortisation

	Consolidated 2013 $	Consolidated 2012 $	Parent 2013 $	Parent 2012 $
Depreciation				
Land & buildings	**91,761**	77,495	-	-
Property, plant and equipment	**380,503**	520,013	**13,102**	10,141
Total depreciation	**472,264**	597,508	**13,102**	10,141
Amortisation				
Intangibles	**30,761**	15,235	-	-
Total amortisation	**30,761**	15,235	-	-
Total depreciation and amortisation	**503,025**	612,743	**13,102**	10,141

2012 Depreciation for property, plant and equipment includes write-down of $166,076 of leasehold improvements, furniture and equipment due to relocation of office by 370 Degrees Group

Note 3E: Finance costs

	Consolidated 2013 $	Consolidated 2012 $	Parent 2013 $	Parent 2012 $
Finance leases	-	-	-	-
Overdrafts/loans	**6**	6,561	-	-
Unwinding of discount	-	-	-	-
Total finance costs	**6**	6,561	-	-

Note 3F: Legal costs

	Consolidated 2013 $	Consolidated 2012 $	Parent 2013 $	Parent 2012 $
Litigation	-	-	-	-
Other legal matters	**86,999**	154,354	**47,704**	11,401
Total legal costs	**86,999**	154,354	**47,704**	11,401

Note 3G: Other expenses

	Consolidated 2013 $	Consolidated 2012 $	Parent 2013 $	Parent 2012 $
Advertising & Promotion	**321,280**	173,532	**5,545**	1,500
Bad Debts	**112,146**	550,225	-	14,472
Doubtful Debts	**(3,451)**	(35,820)	-	-
Excellence Awards Expenses	**166,594**	192,616	**166,594**	192,616
Loss on write off of investment in associate	**243,498**	-	**243,498**	-
Project Expenses	**1,347,406**	4,485	**1,347,406**	4,485
Penalties - via RO Act or RO Regulations	-	-	-	-
Total other expenses	**2,187,473**	885,038	**1,763,043**	213,073

Note 4 Current Assets

Note 4A: Cash and Cash Equivalents

	Consolidated 2013 $	Consolidated 2012 $	Parent 2013 $	Parent 2012 $
Cash at bank	**4,998,228**	3,979,324	**1,565,585**	383,892
Cash on hand	**1,500**	1,200	**700**	700
Short term deposits	**2,848,572**	4,529,567	-	1,300,000
Other	-	-	-	-
Total cash and cash equivalents	**7,848,300**	8,510,091	**1,566,285**	1,684,592

Note 4B: Trade and Other Receivables

	Consolidated 2013 $	Consolidated 2012 $	Parent 2013 $	Parent 2012 $
Receivables from other reporting units				
Victorian Chapter	**46,936**	12,946	**39,131**	12,946
Queensland Chapter	**10,266**	11,210	**10,266**	11,210
Tasmanian Chapter	**13,432**	3,021	**6,358**	3,021
New South Wales Chapter	**28,802**	15,233	**27,677**	3,273
Australian Capital Territory Chapter	**2,473**	2,517	**2,473**	2,517
South Australian Chapter	**37,642**	26,187	**37,642**	26,187
Western Australian Chapter	**58,621**	4,689	**58,621**	4,689
Total receivables from other reporting units	**198,172**	75,803	**182,168**	63,843
Less provision for doubtful debts	-	-	-	-
Total provision for doubtful debts	-	-	-	-
Receivable from other reporting units (net)	**198,172**	75,803	**182,168**	63,843
Other receivables:				
GST receivable from the ATO	-	-	-	-
Trade receivables	**4,967,530**	3,858,391	**356,948**	86,618
Other receivables	**3,121,635**	2,417,410	**63,077**	67,144
Total other receivables	**8,089,165**	6,275,801	**420,025**	153,762
Total trade and other receivables (net)	**8,287,337**	6,351,604	**602,193**	217,605

Note 4C: Available for sale Financial Assets

	Consolidated 2013 $	Consolidated 2012 $	Parent 2013 $	Parent 2012 $
Financial assets held as available for sale investments	**1,564,051**	1,433,800	–	–
Total other current assets	**1,564,051**	1,433,800	–	–

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

Note 5 Non-current Assets

Note 5A: Land and buildings

	Consolidated 2013 $	Consolidated 2012 $	Parent 2013 $	Parent 2012 $
Land and buildings:				
fair value	**11,670,000**	6,011,443	-	-
at cost	**511,986**	509,604		
accumulated depreciation	**(12,800)**	-	-	-
Total land and buildings	**12,169,186**	6,521,047	-	-

Reconciliation of the Opening and Closing Balances of Land and Buildings

	Consolidated 2013 $	Consolidated 2012 $	Parent 2013 $	Parent 2012 $
As at 1 July				
Gross book value	**6,521,047**	5,753,746	-	-
Accumulated depreciation and impairment	-	-	-	-
Net book value 1 July	**6,521,047**	5,753,746	-	-
Additions:				
By purchase	**2,870,420**	844,796	-	-
From acquisition of entities (including restructuring)	-	-	-	-
Revaluations	**2,869,480**	-	-	-
Impairments	-	-	-	-
Depreciation expense	**(91,761)**	(77,495)	-	-
Other movement	-	-	-	-
Disposals:				
From disposal of entities (including restructuring)	-	-	-	-
Other	-	-	-	-
Net book value 30 June	**12,169,186**	6,521,047	-	-
Net book value as of 30 June represented				
Gross book value	**12,181,986**	6,521,047	-	-
Accumulated depreciation and impairment	**(12,800)**	-	-	-
Net book value 30 June	**12,169,186**	6,521,047	-	-

In 2013 370 Degrees invested in a major refurbishment of it's principal place of business in Lygon Street, at a total cost of $4.1m, $2.87m of which was incurred in the financial year ended 30 June 2013 (2012: $0.35m). The balance of $0.90m was committed for and paid post year end. In addition $0.7m was capitalised in relation to fixtures and fittings. This was funded partly through government grants of $2.35m (received partly in 2012 and partly in 2013) and an additional grant of $0.35m for fixtures and fittings.

Note 5 Non-current Assets (cont'd)

Note 5A: Land and buildings (cont'd)

Entity	Fair Value as per independent valuation	Year of revaluation	Type of Valuation	Valuation method
370 Degrees	11,670,000	2013	Independent Valuation	"Direct Comparison Approach"

In 2013 the land and building of 370 Degrees were valued by C Petrocco (Certified Practising Valuer) of Charter Keck Kramer, with the land valued using a direct comparison approach and buildings using a depreciated replacement cost approach.

The result was the Lygon Street property being valued at $9m and the Brunswick Street property being valued at $2.67m. The split of the value between land and buildings was as follows:

	Land	Buildings	Total
	$000	$000	$000
Lygon Street	4,500	4,500	9,000
Brunswick Street	700	1,970	2,670
	5,200	6,470	11,670

The Lygon Street property has been used as security for a bank overdraft with the Commonwealth Bank of $1m. At 30th June 2013 the balance of the overdraft was $nil (2012: $nil).

	Consolidated		Parent	
	2013	2012	**2013**	2012
	$	$	**$**	$

Note 5 Non-current Assets (cont'd)

Note 5B: Plant and equipment

	Consolidated 2013 $	Consolidated 2012 $	Parent 2013 $	Parent 2012 $
Plant and equipment:				
at cost	**4,407,750**	3,985,973	**101,974**	233,619
accumulated depreciation	**(2,941,158)**	(2,844,320)	**(83,347)**	(217,281)
Total plant and equipment	**1,466,592**	1,141,653	**18,627**	16,338

Reconciliation of the Opening and Closing Balances of Plant and Equipment

	Consolidated 2013 $	Consolidated 2012 $	Parent 2013 $	Parent 2012 $
As at 1 July				
Gross book value	**3,985,977**	3,795,909	**233,619**	229,256
Accumulated depreciation and impairment	**(2,844,320)**	(2,458,988)	**(217,281)**	(207,140)
Net book value 1 July	**1,141,657**	1,336,921	**16,338**	22,116
Additions:				
By purchase	**1,042,033**	372,819	**15,391**	4,367
From acquisition of entities (including restructuring)	-	-	-	-
Impairments	-	-		
Depreciation expense	**(380,503)**	(520,013)	(13,102)	(10,141)
Other movement	-	-	-	-
Disposals:				
From disposal of entities (including restructuring)	-	-	-	-
Other	**(336,595)**	(48,074)	-	-
Net book value 30 June	**1,466,592**	1,141,653	**18,627**	16,342
Net book value as of 30 June represented				
Gross book value	**4,407,750**	3,985,973	**101,974**	233,619
Accumulated depreciation and impairment	**(2,941,158)**	(2,844,320)	**(83,347)**	(217,281)
Net book value 30 June	**1,466,592**	1,141,653	**18,627**	16,338

Note 5 Non-current Assets (cont'd)

Note 5C: Intangibles

	Consolidated 2013 $	Consolidated 2012 $	Parent 2013 $	Parent 2012 $
Computer software at cost:				
internally developed	**116,050**	86,850	-	-
purchased	-	-	-	-
accumulated amortisation	**(45,996)**	(15,235)	-	-
Total intangibles	**70,054**	**71,615**	-	-

Reconciliation of the Opening and Closing Balances of Intangibles

	Consolidated 2013 $	Consolidated 2012 $	Parent 2013 $	Parent 2012 $
As at 1 July				
Gross book value	**86,850**	45,665	-	-
Accumulated amortisation and impairment	**(15,235)**	-	-	-
Net book value 1 July	**71,615**	45,665	-	-
Additions:				
By purchase	**29,200**	41,185	-	-
From acquisition of entities (including restructuring)	-	-	-	-
Impairments	-	-	-	-
Amortisation	**(30,761)**	(15,235)	-	-
Other movements	-	-	-	-
Disposals:				
From disposal of entities (including restructuring)	-	-	-	-
Other	-	-	-	-
Net book value 30 June	**70,054**	**71,615**	-	-
Gross book value	**116,050**	86,850		
Accumulated amortisation and impairment	**(45,996)**	(15,235)	-	-
Net book value 30 June	**70,054**	71,615	-	-

Note 5 Non-current Assets (cont'd)

Note 5D: Investments in Associates

	Consolidated 2013 $	Consolidated 2012 $	Parent 2013 $	Parent 2012 $
Investments in associates:				
Electrical Industry Training Foundation P/L	-	243,498	-	243,498
Total equity accounted investments	-	243,498	-	243,498

Details of investments accounted for using the equity method

Consolidated		**Ownership**	
Name of entity	**Principal activity**	**2013 %**	2012 %
Associates:			
Electrical Industry Training Foundation P/L	Training	**50**	50

(i) The published fair value for the investment in EITF is nil (2012: $243,498)

Parent		**Ownership**	
Name of entity	**Principal activity**	**2013 %**	2012 %
Associates:			
Electrical Industry Training Foundation P/L	Training	**50**	50

(i) The published fair value for the investment in EITF is nil (2012: $243,498)

Note 5 Non-current Assets (cont'd)

Note 5D: Investments in Associates (cont'd)

Summary financial information of associates

	Consolidated 2013 $	Consolidated 2012 $	Parent 2013 $	Parent 2012 $
Statement of financial position:				
Assets	**54,378**	498,906	**54,378**	498,906
Liabilities	**54,178**	11,910	**54,178**	11,910
Net assets	**200**	486,996	**200**	486,996
Statement of comprehensive income:				
Income	**53,213**	229,821	**53,213**	229,821
Expenses	**93,617**	62,932	**93,617**	62,932
Net surplus/(deficit)	**(40,404)**	166,889	**(40,404)**	166,889
Share of associates' net surplus/(deficit):				
Share of net surplus/(deficit) before tax	**(20,404)**	83,445	**(20,404)**	83,445
Reduction in proposed distribution on wind up	**20,404**	-	**20,404**	-
Income tax expense	-	-	-	-
Share of associates net surplus/(deficit)	-	83,445	-	83,445

Dividends received from associates nil (2012:nil)

Share of net profits from associates				
Electrical Industry Training Foundation Pty Ltd	-	83,445	-	83,445
Total share of net profits from associates	-	83,445	-	83,445

Note 5E: Other Investments

Deposits	-	-	-	-
Other	-	-	**104**	104
Total other investments	-	-	**104**	104

(a) Other investments				
Associate - EITF	-	243,498	-	243,498
Subsidiary - 370 Degrees Group Ltd (a)	-	-	-	-
Subsidiary - NECA Legal Pty Ltd	-	-	**100**	100
Subsidiary - ECA Training Pty Ltd	-	-	**2**	2
Subsidiary - Australian Cabler Registration	-	-	**2**	2
Subsidiary - NECA Training Ltd (a)	-	-	-	-
	-	243,498	**104**	243,602

(a) NECA Training Ltd and 370 Degrees Group Ltd are companies limited by guarantee. Hence the entities do not have any share capital.

Note 5 Non-current Assets (cont'd)

Note 5F: Other Non-current Assets

	Consolidated		Parent	
	2013	2012	**2013**	2012
	$	$	**$**	$
Deferred Tax Assets	**254,617**	215,781	**-**	-
Total other non-financial assets	**254,617**	215,781	**-**	-

	Consolidated		Parent	
	2013	2012	**2013**	2012
	$	$	**$**	$

Note 6 Current Liabilities

Note 6A: Trade payables

	Consolidated 2013 $	Consolidated 2012 $	Parent 2013 $	Parent 2012 $
Trade creditors and accruals	**3,456,010**	1,377,797	**129,553**	150,558
Subtotal trade creditors	**3,456,010**	1,377,797	**129,553**	150,558
Payables to other reporting units				
Victorian Chapter	**271,896**	106,613	**-**	40
Queensland Chapter	**11,000**	-	**-**	-
New South Wales Chapter	**950,803**	701,553	**154,837**	601
Western Australia Chapter	**41,004**	-	**41,004**	-
Subtotal payables to other reporting	**1,274,703**	808,166	**195,391**	641
Total trade payables	**4,730,713**	2,185,963	**324,944**	151,199

Settlement is usually made within 30 days.

Note 6B: Other payables

	Consolidated 2013 $	Consolidated 2012 $	Parent 2013 $	Parent 2012 $
Wages and salaries	**-**	-	**-**	-
Superannuation	**-**	-	**-**	-
Consideration to employers for payroll deductions	**-**	-	**-**	-
Legal costs	**-**	-	**-**	-
Prepayments received/unearned revenue	**934,015**	862,140	**184,668**	145,000
GST payable	**650,356**	443,622	**39,866**	36,127
Other	**877,393**	985,894	**20,676**	13,226
Total other payables	**2,461,764**	2,291,656	**245,210**	194,353
Total other payables are expected to be settled in:				
No more than 12 months	**2,461,764**	2,291,656	**245,210**	194,353
More than 12 months	**-**	-	**-**	-
Total other payables	**2,461,764**	2,291,656	**245,210**	194,353

	Consolidated		Parent	
	2013	2012	**2013**	2012
	$	$	**$**	$

Note 7 Provisions

Note 7A: Employee Provisions

	Consolidated 2013 $	Consolidated 2012 $	Parent 2013 $	Parent 2012 $
Office Holders:				
Annual leave	**208,767**	207,993	**148,262**	160,352
Long service leave	**165,119**	145,517	**120,463**	110,964
Separations and redundancies	-	-	-	-
Other	**64,082**	51,850	**56,054**	45,794
Subtotal employee provisions—office	**437,968**	405,360	**324,779**	317,110
Employees other than office holders:				
Annual leave	**2,129,984**	1,867,525	**20,962**	12,854
Long service leave	**358,446**	401,242	**47,339**	32,348
Separations and redundancies	**317,600**	317,600	-	-
Other	**454,167**	267,142	**25,009**	22,347
Subtotal employee provisions—employees	**3,260,197**	2,853,509	**93,310**	67,549
Total employee provisions	**3,698,165**	3,258,869	**418,089**	384,659
Current	**3,593,243**	3,119,775	**411,231**	377,801
Non Current	**104,922**	139,094	**6,858**	6,858
Total employee provisions	**3,698,165**	3,258,869	**418,089**	384,659

Note 8 Non-current Liabilities

Note 8A: Other non-current liabilities

	Consolidated 2013 $	Consolidated 2012 $	Parent 2013 $	Parent 2012 $
Deferred Tax Liabilities	-	1,730	-	-
Total other non-current liabilities	-	1,730	-	-

Note 9 Equity

Note 9A: General Funds

	Consolidated 2013 $	Consolidated 2012 $	Parent 2013 $	Parent 2012 $
Asset Revaluation Reserve				
Balance as at start of year	**29,256**	29,256	-	-
Gain on revaluation of land & buildings	**2,869,480**	-	-	-
Transferred to reserve	-	-	-	-
Transferred out of reserve	-	-	-	-
Balance as at end of year	**2,898,736**	29,256	-	-
Total Reserves	**2,898,736**	29,256	-	-

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

Note 10 Cash Flow

Note 10A: Cash Flow Reconciliation

	Consolidated 2013 $	Consolidated 2012 $	Parent 2013 $	Parent 2012 $
Reconciliation of profit/(deficit) to net cash from operating activities:				
Profit/(deficit) for the year	**1,149,140**	(1,533)	**(232,960)**	157,258
Adjustments for non-cash items				
Depreciation/amortisation	**503,025**	612,743	**13,102**	10,141
Doubtful Debts/Bad Debts written off	**108,695**	514,405	**-**	14,472
Share of Profit of Associate	**-**	(83,445)	**-**	(83,445)
Loss on write off of investment in associate	**243,498**	-	**243,498**	-
Related party loan forgiven	**-**	21,137	**-**	21,137
Gain on disposal of assets	**(1,798)**	(6,080)	**-**	-
Changes in assets/liabilities				
(Increase)/decrease in net receivables	**(1,912,839)**	(1,452,844)	**(384,588)**	(765)
(Increase)/decrease in prepayments/other receivables	**(161,047)**	(442,505)	**-**	27,603
Increase/(decrease) in supplier payables	**2,675,075**	89,530	**173,745**	(166,268)
Increase/(decrease) in other payables	**88,605**	102,167	**63,779**	117,666
Increase/(decrease) in employee provisions	**426,372**	(15,690)	**20,508**	(18,909)
Increase/(decrease) in other provisions	**(1,730)**	(311)	**-**	-
Net cash from (used by) operating	**3,116,996**	(662,426)	**(102,916)**	78,890

Note 10B: Cash flow information

	Consolidated 2013 $	Consolidated 2012 $	Parent 2013 $	Parent 2012 $
Cash inflows				
Victorian Chapter	**406,033**	381,199	**397,152**	375,814
Queensland Chapter	**72,654**	81,756	**72,654**	81,756
Tasmanian Chapter	**29,046**	19,475	**16,826**	19,475
New South Wales Chapter	**550,611**	1,028,313	**377,710**	344,813
Australian Capital Territory Chapter	**36,733**	31,318	**36,733**	31,318
South Australian Chapter	**109,706**	102,989	**109,706**	102,989
Western Australian Chapter	**210,506**	201,477	**210,506**	201,477
Total cash inflows	**1,415,289**	1,846,527	**1,221,287**	1,157,642
Cash outflows				
Victorian Chapter	**448,412**	319,794	**364,328**	506
Queensland Chapter	**127,288**	108,425	**4,278**	-
Tasmanian Chapter	**240**	1,715	**-**	240
New South Wales Chapter	**598,047**	775,620	**537,024**	84,819
South Australian Chapter	**145,987**	-	**145,987**	-
Western Australian Chapter	**134,072**	-	**134,072**	-
Total cash outflows	**1,454,046**	1,205,554	**1,185,689**	85,565

	Consolidated		Parent	
	2013	2012	**2013**	2012
	$	$	**$**	$

Note 11 Contingent Liabilities, Assets and Commitments

Note 11A: Commitments and Contingencies

Operating lease commitments—as lessee

The reporting unit has an operating lease commitment in respect of its motor vehicle fleet. Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	Consolidated 2013 $	Consolidated 2012 $	Parent 2013 $	Parent 2012 $
Within one year	**96,792**	-	-	-
After one year but not more than five years	**95,248**	-	-	-
More than five years	-	-	-	-
	192,040	-	-	-

Capital commitments

At 30 June 2013 the entity has commitments of $0.9m (2012: $2.87m) relating to the refurbishment of the Lygon St property owned by 370 Degrees.

Note 12 Related Party Disclosures

Note 12A: Related Party Transactions for the Reporting Period

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 table provides the total amount of transactions that have been entered into with related parties for the relevant year.

Revenue received from the following related parties includes:

	Consolidated 2013 $	Consolidated 2012 $	Parent 2013 $	Parent 2012 $
Capitation Fees				
VIC Chapter	**326,907**	323,860	**326,907**	323,860
NSW Chapter	**297,055**	290,072	**297,055**	290,072
WA Chapter	**204,877**	166,591	**204,877**	166,591
SA Chapter	**89,436**	89,165	**89,436**	89,165
ACT Chapter	**25,396**	24,772	**25,396**	24,772
TAS Chapter	**11,560**	10,593	**11,560**	10,593
Total Capitation Fees	**955,231**	905,053	**955,231**	905,053
Grants Received				
NSW Chapter	**100,000**	680,000	-	-
Total Grants Received	**100,000**	680,000	-	-
Other Income				
VIC Chapter	**17,867**	5,895	**2,698**	1,128
NSW Chapter	**218,185**	3,182	-	-
WA Chapter	**4,227**	2,309	**4,227**	2,309
ACT Chapter	**7,017**	-	-	-
TAS Chapter	**17,540**	-	-	-
Total Other Income	**264,836**	11,386	**6,925**	3,437
Total Revenue received from Related Parties	**1,320,067**	1,596,439	**962,156**	908,490

Note 12 Related Party Disclosures (cont'd)

Note 12A: Related Party Transactions for the Reporting Period (cont'd)

Expenses paid to the following related parties includes:

	Consolidated 2013 $	Consolidated 2012 $	Parent 2013 $	Parent 2012 $
Project Expenses				
VIC Chapter	**331,107**	-	**331,107**	-
NSW Chapter	**559,203**	-	**559,203**	-
WA Chapter	**149,104**	-	**149,104**	-
SA Chapter	**132,443**	-	**132,443**	-
Total Project Expenses	**1,171,857**	-	**1,171,857**	-
Administration Expenses				
VIC Chapter	**169,683**	200,417	**100**	425
NSW Chapter	**347,076**	754,648	**62,883**	63,349
WA Chapter	**10,088**	-	**10,088**	-
ACT Chapter	**4,710**	12,910	**-**	-
TAS Chapter	**218**	1,559	**-**	218
QLD Chapter	**122,372**	97,318	**545**	-
Total Administration Expenses	**654,147**	1,066,852	**73,616**	63,992
Total Expenses paid to Related Parties	**1,826,004**	1,066,852	**1,245,473**	63,992

Amounts owed by related parties:

Refer to Note 4B for amounts owed by related parties

Amounts owed to related parties:

Refer to Note 6A for amounts owed to related parties

Loans from/to NECA NSW includes the following:

	Consolidated 2013 $	Consolidated 2012 $	Parent 2013 $	Parent 2012 $
Loan to NECA Legal Pty Ltd	**687,458**	687,458	**-**	-

Assets transferred from/to related parties includes the following:

There were no assets transferred from/to related parties during the financial year (2012: $nil)

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances for sales and purchases at the year end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2013, the Association has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (2012: $Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Note 12 Related Party Disclosures (cont'd)

Note 12B: Key Management Personnel Remuneration for the Reporting Period

	Consolidated		Parent	
	2013	2012	**2013**	2012
	$	$	**$**	$
Short-term employee benefits				
Salary (including annual leave taken)	**640,231**	804,282	**279,275**	240,244
Annual leave accrued	**208,767**	207,993	**148,262**	160,352
Directors Remuneration	**47,750**	42,600	**-**	-
Performance bonus	**-**	-	**-**	-
Other Leave Accrued	**64,082**	51,850	**56,054**	45,794
Total short-term employee benefits	**960,830**	1,106,725	**483,591**	446,390
Post-employment benefits:				
Superannuation	**83,728**	58,313	**25,135**	22,162
Total post-employment benefits	**83,728**	58,313	**25,135**	22,162
Other long-term benefits:				
Long-service leave	**165,119**	145,517	**120,463**	110,964
Total other long-term benefits	**165,119**	145,517	**120,463**	110,964
Termination benefits	**-**	4,234	**-**	-
Total	**1,209,677**	1,314,789	**629,189**	579,516

Note 12C: Transactions with key management personnel and their close family members

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.

There were no loans to/from key management personnel or other transactions with key management personnel.

Note 13 Remuneration of Auditors

	Consolidated 2013 $	Consolidated 2012 $	Parent 2013 $	Parent 2012 $
Value of the services provided				
Crowe Horwath				
Audit of NECA National & ACRS	**19,850**	18,750	**12,500**	11,750
Other services	**41,993**	17,932	**37,243**	13,932
Wearne & Co				
Audit of NECA Training Ltd, NECA Legal P/L & ECA Training P/L	**26,050**	21,030	-	-
Other services	-	-	-	-
Stannards				
Audit of 370 Degrees	**14,800**	12,500	-	-
Other services	-	-	-	-
Total remuneration of auditors	**102,693**	70,212	**49,743**	25,682

Other services provided by the auditors related to tax compliance and consulting services in relation to consolidation of accounts.

Note 14 Financial Instruments

The main risks the Association 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 Association'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:

	Note	Consolidated 2013 $	2012 $
Financial Assets			
Cash and cash equivalents	4A	**7,848,300**	8,510,091
Available for sale financial assets	4C	**1,564,051**	6,351,604
Trade and other receivables	4B	**8,287,337**	1,433,800
Total financial assets		**17,699,688**	16,295,495
Financial Liabilities			
Financial liabilities at amortised cost			
Trade and other payables	6	**7,192,477**	4,477,619
Bank overdraft		-	-
Total financial liabilities		**7,192,477**	4,477,619

Financial risk management policies

The Committee of Management has overall responsibility for the establishment of the Association'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 Association'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:

Note 14 Financial Instruments (cont'd)

Note 14A: 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 Association and arises principally from the Association'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.

The Association has no significant concentration of credit risk with any single counterparty or Association of counterparties. Details with respect to credit risk of Trade and Other Receivables are provided in Note 4B.

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 4B.

Note 14B: Liquidity risk

Liquidity risk arises from the possibility that the Association might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Association 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 Association ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days.

Note 14C: 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.

Note 14 Financial Instruments (cont'd)

Note 14C: Liquidity Risk - financial liability and asset maturity analysis (cont'd)

Financial liability maturity analysis - Non-derivative

Consolidated	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	$	$	$	$	$	$	$	$
Financial liabilities due for payment								
Trade and other payables	**7,192,477**	4,477,619	-	-	-	-	**7,192,477**	4,477,619
Bank overdraft	-	-	-	-	-	-	-	-
Total contractual outflows	**7,192,477**	4,477,619	-	-	-	-	**7,192,477**	4,477,619

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

Note 14D: 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:

	Note	Consolidated 2013	Consolidated 2012
		$	$
Cash at bank @ floating rate	4A	**7,848,300**	8,510,091
Financial assets held as available for sale	4C	**1,564,051**	1,433,800
		9,412,351	9,943,891

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

Note 14 Financial Instruments (cont'd)

Note 14D: Market risk (cont'd)

	Consolidated				
2013	Fixed Interest	Cash @ Floating Rate	Managed Investments	Equities	Total
	$	$	$	$	$
ECA Training Pty Ltd	-	185,516	1,094,756	283,779	1,564,051
	-	185,516	1,094,756	283,779	1,564,051
2012					
ECA Training Pty Ltd	-	53,500	1,131,027	249,273	1,433,800
	-	53,500	1,131,027	249,273	1,433,800

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 2013 and 2012. 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 **(i)**: 'Other Price Risk'.

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. The only component of the financial instruments directly impacted by interest rates volatility for the purposes of quantifying the interest rate sensitivities are the cash holdings either within the individual portfolios or the master custodian accounts for the investment portfolio.

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 investment account 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 **(i)** Other Price Risk.

Note 14 Financial Instruments (cont'd)

Note 14D: Market risk (cont'd)

The following table illustrates sensitivities to the Association'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 2013		
+/- 2% in interest rates	**262,722**	**262,722**
Year ended 30 June 2012		
+/- 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 at available for sale via St George's 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 strategic asset 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 returns in real terms. To manage the price risk, the investment portfolio is diversified in accordance with asset class limits (in accordance with St George's strategic asset allocation policy).

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 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.

Note 14 Financial Instruments (cont'd)

Note 14D: Market risk (cont'd)

	Consolidated Profit $	Consolidated Equity $
Year ended 30 June 2013		
+/- 3% in RBA cash rate	**+/- 5,565**	**+/- 5,565**
+/- 5% in ASX All ordinaries Index	**+/- 68,297**	**+/- 68,297**
Year ended 30 June 2012		
+/- 3% in RBA cash rate	+/- 1,605	+/- 1,605
+/- 5% in ASX All ordinaries Index	+/- 69,015	+/- 69,015

Note 14E: Fair Value of Financial Instruments

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	**2013**		**2012**	
	Net Carrying Value	**Net Fair value**	**Net Carrying Value**	**Net Fair value**
	$	**$**	**$**	**$**
Financial assets				
Cash and cash equivalents	**7,848,300**	**7,848,300**	8,510,091	8,510,091
Trade and other receivables	**8,287,337**	**8,287,337**	6,351,604	6,351,604
Investments at market value	**1,564,051**	**1,564,051**	1,433,800	1,433,800
Total financial assets	**17,699,688**	**17,699,688**	16,295,495	16,295,495
Financial liabilities				
Trade and other payables	**7,192,477**	**7,192,477**	4,477,619	4,477,619
Bank overdraft	**-**	**-**	-	-
Total financial liabilities	**7,192,477**	**7,192,477**	4,477,619	4,477,619

Note 14 Financial Instruments (cont'd)

Note 14E: Fair Value of Financial Instruments (cont'd)

Fair value measurements categorised by fair value hierarchy—Consolidated

The following table provides an analysis of financial instruments that are measured at fair value, by valuation method.

The different levels are defined below:

Level 1: Fair value obtained from unadjusted quoted prices in active markets for identical instruments.

Level 2: Fair value derived from inputs other than quoted prices included within Level 1 that are observable for the instrument, either directly or indirectly.

Level 3: Fair value derived from inputs that are not based on observable market data.

Fair value hierarchy for financial assets

	Level 1		Level 2		Level 3	
	2013	2012	**2013**	2012	**2013**	2012
Available for sale						
Cash	**185,516**	53,500	-	-	-	-
Managed Investments	**1,094,756**	1,131,027	-	-	-	-
Equities	**283,779**	249,273	-	-	-	-
Total	**1,564,051**	1,433,800	-	-	-	-

Note 14F: Capital Management

Capital is defined as the Association's total equity comprising retained earnings and the asset revaluation reserve. It is the Committee'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 Association's approach to capital management during the year.

	Consolidated		Parent	
	2013	2012	**2013**	2012
	$	$	**$**	$

Note 14G: Net Income and Expense from Financial Assets

Available for sale

Interest revenue	**158,766**	74,370	-	-
Unrealised Losses	**(28,515)**	(65,156)	-	-
Net gain/(loss) from available for sale	**130,251**	9,214	-	-

Note 15 Investments in Subsidiaries and Associates

Interests are held in the following entities:

Name	Country of Incorporation	Ownership Interest* 2013 %	2012 %
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.

Note 15 Investments in Subsidiaries and Associates (cont'd)

(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 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.

Note 16 Segment Reporting

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

Note 17 Events after Balance Sheet Date

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

Note 18 Contingent Liabilities

Financial Support

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

Note 19 Association Details

The principal place of business of the association is:

National Electrical Contractors Association – National Office
Level 4, 30 Atchison St
St Leonards NSW 1590

Note 20 Section 272 Fair Work (Registered Organisations) Act 2009

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

Information to be provided to members or the General Manager of Fair Work Australia:

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

(2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.

(3) A reporting unit must comply with an application made under subsection (1).