



28 November 2016

Mr Dean Spicer  
President  
The National Electrical Contractors Association, Victorian Chapter  
Level 12, 222 Kings Way  
South Melbourne VIC 3205

By e-mail: [necavic@neca.asn.au](mailto:necavic@neca.asn.au)

Dear Mr Spicer

**The National Electrical Contractors Association, Victorian Chapter  
Financial Report for the year ended 30 June 2016 - FR2016/300**

I acknowledge receipt of the financial report for the year ended 30 June 2016 for the National Electrical Contractors Association, Victorian Chapter. The financial report was lodged with the Fair Work Commission (FWC) on 16 November 2016.

The financial report has now been filed. You are not required to take any further action in respect of the report lodged.

Whilst the 2016 report has been filed the following should be addressed in the preparation of the next financial report.

**1. References to Fair Work Commission**

The Committee of Management Statement and Note 18 to the GPFR both make reference to Fair Work Australia. Following the enactment of the *Fair Work Amendment Act 2012*, Fair Work Australia was renamed Fair Work Commission.

**2. General Purpose Financial Report**

Operating Lease

Note 3(d) to the GPFR states that minimum operating lease rentals were \$12,484.

*AASB 117 Leases* paragraph 35 specifies the disclosures required for a lessee operating lease. Not all this information has been provided.

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 8656 4685 or by email at [ken.morgan@fwc.gov.au](mailto:ken.morgan@fwc.gov.au)

Yours sincerely

A handwritten signature in black ink, appearing to read 'K. Morgan', with a stylized flourish at the end.

Ken Morgan  
Financial Reporting Advisor  
Regulatory Compliance Branch

**NATIONAL ELECTRICAL  
CONTRACTORS ASSOCIATION  
VICTORIAN CHAPTER**

**GENERAL PURPOSE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2016**

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**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION  
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**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION  
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**Operating Report by the Committee of Management**

Your Chapter Council members submit the general purpose financial report of the National Electrical Contractors Association – Victoria Chapter (“the Association”) for the financial year ended 30 June 2016.

**Chapter Council Members**

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

J.Cutler	D. Spicer	D. Pierce	R. Chatfield	C. Hargreaves
M. Purnell	S. Joyce	M. Falloon	C. Van DeKooi	

C. VanDeKooi (Appointed 31/5/2016)

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

**Principal Activity**

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

**No Significant Changes in State of Financial Affairs**

There has been no significant changes in the state of financial affairs of the Association occurred during the financial year.

**Operating Results**

The profit/(loss) of the Association for the financial year after providing for income tax amounted to (\$375,829) (2015: \$156,942).

**Superannuation Trustees**

No officer or employee of the Association is a trustee or director of a superannuation scheme or superannuation entity.

Life member Peter Smith is a director of the CBus superannuation fund. NECA has no legal entitlement to nominate any person to the board of CBus. Directors are only nominated by the sponsors of the fund.

**Number of Members**

The Association had 1,200 (2015: 1,178) members at financial year end.

**Number of Employees**

The Association had 14 (2015: 15) employees at financial year end.

**Members Right to Resign**

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

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION  
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Operating Report by the Committee of Management (cont'd)

Signed in accordance with a resolution of the Members of the Chapter Council:



\_\_\_\_\_  
**Dean Spicer**  
President



\_\_\_\_\_  
**Mark Galloon**  
Treasurer

Dated this 6<sup>th</sup> day of October 2016

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION  
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**Committee of Management Statement**

On 20<sup>th</sup> September 2016 the Committee of Management (Chapter Council) of the National Electrical Contractors Association – Victorian Chapter ("the Association") passed the following resolution in relation to the general purpose financial report (GPFR) of the association for the financial year ended 30 June 2016.

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

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of Fair Work Australia;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
- (e) during the financial year to which the GPFR relates and since the end of that year:
  - (i) meetings of the Committee of Management were held in accordance with the rules of the organization 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 organization 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 Fair Work (Registered Organisations) Act 2009; 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) no requests for information have been received from a member of the reporting unit or a Registrar under section 272 of the Fair Work (Registered Organisations) Act 2009 during the period; and
  - (vi) no orders have been made by the Commission under section 273 of the Fair Work (Registered Organisations) Act 2009 during the period.
- (f) In relation to recovery of wages activity:
  - (i) There were no recovery of wages activity for the financial year or any fees or reimbursements of expenses or other contributions that were deducted from wages recovered from employers on behalf of workers to be reported in the financial statements.

For the Committee of Management:

  
\_\_\_\_\_  
**Dean Spicer**  
President

  
\_\_\_\_\_  
**Mark Falloon**  
Treasurer

Dated this 6<sup>th</sup> day of October 2016

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION  
VICTORIAN CHAPTER**

**Secretary/Executive Director's Certificate**

I, Dean Spicer, being the President/Director of the National Electrical Contractors Association – Victorian Chapter certify:

- (a) that the documents lodged herewith are copies of the full report referred to in section 268 of the Fair Work (Registered Organisations) Act 2009;
- (b) that the full report was provided to members on 10 October 2016;
- (c) that the full report was presented to a general meeting of the members of the reporting unit on 3 November 2016 in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009.

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



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**Dean Spicer**  
President/Director

Date : 16 November 2016



**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION  
VICTORIAN CHAPTER**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2016**

	Notes	2016 \$	2015 \$
<b>Revenue</b>			
Membership subscription		1,472,937	1,388,148
Capitation fees	2a	-	-
Levies	2b	-	-
Interest	2c	104,838	91,420
Other revenue	2d	429,569	521,290
<b>Total revenue</b>		<u>2,007,344</u>	<u>2,000,858</u>
<b>Other Income</b>			
Grants and/or donations	2e	-	1,488,149
Other income	2f	1,318,385	863,361
Fair value gain on assets held as fair value through Profit or Loss		(17,243)	24,105
Net gains from sale of assets	2g	39,486	-
<b>Total other income</b>		<u>1,340,628</u>	<u>2,375,615</u>
<b>Total income</b>		<u>3,347,972</u>	<u>4,376,473</u>
<b>Expenses</b>			
Employee expenses	3a	1,475,695	1,492,338
Capitation fees	3b	312,333	331,970
Affiliation fees	3c	-	-
Administration expenses	3d	1,149,190	1,758,511
Grants or donations	3e	43,773	354,451
Depreciation	3f	111,064	120,437
Finance costs	3g	21,569	24,811
Legal costs	3h	464,801	23,135
Audit fees	4	19,046	19,746
Other expenses	3i	126,330	94,132
<b>Total expenses</b>		<u>3,723,801</u>	<u>4,219,531</u>
<b>Total comprehensive income for the year</b>		<u>(375,829)</u>	<u>156,942</u>

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION  
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**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2016**

	Note	2016 \$	2015 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	1,202,332	1,168,229
Trade and other receivables	6	2,118,799	2,410,145
Inventories		35,905	47,664
Financial assets	7	3,460,873	3,396,677
Other current assets		7,934	12,376
<b>Total Current Assets</b>		<b>6,825,843</b>	<b>7,035,091</b>
<b>NON-CURRENT ASSETS</b>			
Building and Improvement	8	994,784	1,022,392
Plant & Equipment	8	186,860	158,577
<b>Total Non-Current Assets</b>		<b>1,181,644</b>	<b>1,180,969</b>
<b>Total Assets</b>		<b>8,007,487</b>	<b>8,216,060</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	1,339,229	1,228,845
Other current liabilities	10	1,600,766	1,523,763
Employee provisions	11	171,767	193,804
<b>Total Current Liabilities</b>		<b>3,111,762</b>	<b>2,946,412</b>
<b>Non-Current Liabilities</b>			
Long service leave provisions	11	13,971	12,065
<b>Total Non-Current Liabilities</b>		<b>13,971</b>	<b>12,065</b>
<b>Total Liabilities</b>		<b>3,125,733</b>	<b>2,958,477</b>
<b>NET ASSETS</b>		<b>4,881,754</b>	<b>5,257,583</b>
<b>MEMBERS' FUNDS</b>			
Retained profits		3,918,134	4,293,963
Reserves		963,620	963,620
<b>TOTAL MEMBERS' FUNDS</b>		<b>4,881,754</b>	<b>5,257,583</b>

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION  
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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2016**

	Asset revaluation reserve \$	Capital profits reserve \$	Retained earnings \$	Total \$
<b>Total comprehensive income / Balance at 30 June 2014</b>	<b>383,340</b>	<b>580,280</b>	<b>4,137,021</b>	<b>5,100,641</b>
Transfers to and from reserves	-	-	-	-
Revaluation increment	-	-	-	-
Profit for the year	-	-	156,942	156,942
Other comprehensive income	-	-	-	-
<b>Total comprehensive income / Balance at 30 June 2015</b>	<b>383,340</b>	<b>580,280</b>	<b>4,293,963</b>	<b>5,257,583</b>
Transfers to and from reserves	-	-	-	-
Revaluation increment	-	-	-	-
Profit for the year	-	-	(375,829)	(375,829)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income / Balance at 30 June 2016</b>	<b>383,340</b>	<b>580,280</b>	<b>3,918,134</b>	<b>4,881,754</b>

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION  
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**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2016**

	Note	2016 \$	2015 \$
<b>Cash flows from operating activities</b>			
Receipts in the course of operations		3,507,023	2,734,001
Receipts from other related entities	14b	303,320	1,618,520
Interest		104,838	91,420
Payment to suppliers and employees		(3,203,747)	(3,108,121)
Payment to related entities	14b	(523,639)	(871,684)
<b>Net cash provided by operating activities</b>	14a	<b>187,795</b>	464,136
<b>Cash flows from investing activities</b>			
Redemption/(Purchase) of investments		(81,439)	(806,753)
Payment for plant and equipment		(129,953)	(80,274)
Proceeds from sale of non-current assets		57,700	-
<b>Net cash used in investing activities</b>		<b>(153,692)</b>	(887,027)
<b>Cash flows from financing activities</b>			
Repayments of finance lease		-	-
<b>Net cash provided by financing activities</b>		-	-
<b>Net increase/(decrease) in cash held</b>		<b>34,103</b>	(422,891)
Cash at beginning of financial year		1,168,229	1,591,120
<b>Cash at end of financial year</b>	5	<b>1,202,332</b>	1,168,229

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**RECOVERY OF WAGES ACTIVITY  
FOR THE YEAR ENDED 30 JUNE 2016**

	<b>2016</b>	<b>2015</b>
	\$	\$
<b>Cash assets in respect of recovered money at beginning of year</b>	-	-
<b>Receipts</b>		
Amounts recovered from employers in respect of wages etc.	-	-
Interest received on recovered money	-	-
<b>Total receipts</b>	-	-
<b>Payments</b>		
Deductions of amounts due in respect of membership for:		
12 months or less	-	-
Greater than 12 months	-	-
Deductions of donations or other contributions to accounts or funds of:		
The reporting unit:		
name of account	-	-
name of fund	-	-
Name of other reporting unit of the organisation:		
name of account	-	-
name of fund	-	-
Name of other entity:		
name of account	-	-
name of fund	-	-
Deductions of fees or reimbursement of expenses	-	-
Payments to workers in respect of recovered money	-	-
<b>Total payments</b>	-	-
<b>Cash asset's in respect of recovered money at end of year</b>	-	-
Number of workers to which the monies recovered relates	-	-
<b>Aggregate payables to workers attributable to recovered monies but not yet distributed</b>		
Payable balance	-	-
Number of workers the payable relates to	-	-
<b>Fund or account operated for recovery of wages</b>		
<i>[Insert fund or account name. If invested in assets include value of each asset]</i>	-	-

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

This financial report covers National Electrical Contractors Association – Victorian Chapter as an individual entity. The National Electrical Contractors Association is an association of employers registered under the Fair Work (Registered Organisations) Act 2009.

**Basis of Preparation**

NECA Vic is a not-for-profit entity. The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Fair Work (Registered Organisations) Act 2009.

The Victorian Chapter is a branch of the National Electrical Contractors Association (NECA), a not-for-profit entity which comprises Chapters in each State and the ACT and the National Office, and as a consequence the members of the NECA VIC should be aware that there may be a potential financial impact which may be out of the control of this chapter.

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. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. 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 unless otherwise stated in notes. The material accounting policies that have been adopted in the preparation of these statements are presented below.

**Accounting Policies**

**(a) Income Tax**

No provision for income tax is necessary as "Associations of Employers" registered under the Fair Work (Registered Organisations) Act 2009 are exempt from income tax under Section 50-1 of the Income Tax Assessment Act 1997.

**(b) Property, Plant and Equipment**

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

**Property**

Where 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. 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.

Where freehold land and buildings are carried at cost, accumulated depreciation applies to buildings and impairment losses apply to freehold land and buildings.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

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

**Plant and equipment**

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

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

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

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve 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 income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

**Depreciation**

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

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

<b>Class of fixed asset</b>	<b>Depreciation rates</b>	<b>Depreciation basis</b>
Buildings	2.5 %	Straight Line
Plant and equipment	8 - 12 %	Straight Line
Computers and office equipment	33 %	Straight Line
Furniture and fittings	5 - 10 %	Straight Line
Motor vehicles	25 %	Straight Line

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

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

**(c) Financial Instruments**

**Recognition and Initial Measurement**

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the Association becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

**Derecognition**

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

**Classification and Subsequent Measurement**

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

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

**(ii) Loans and receivables**

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

**(iii) Held-to-maturity investments**

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

**(iv) Available-for-sale financial assets**

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

**(v) Financial liabilities**

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

**Impairment**

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



**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

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

**(d) Impairment of Assets**

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

**(e) Inventories**

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

**(f) Leases**

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

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

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

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

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

**(g) Employee Benefits**

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

**(h) Provisions**

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

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

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

**(i) Cash and Cash Equivalents**

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

**(j) Revenue**

Revenue from subscriptions are accounted for on an accruals basis over the period to which they relate.

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

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

Commission on sales made to members is recognised when the right to receive a commission has been established.

**(k) Government Grants**

Government grants are not recognised until there is reasonable assurance that the NECA Vic 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 NECA Vic recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the NECA Vic should purchase, construct 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 Vic with no future related costs are recognised in profit or loss in the period in which they become receivable.

**(l) Goods and Services Tax (GST)**

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

**(m) Comparative Figures**

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

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**(n) Fair Value measurement**

The Association measures financial instruments, such as, financial asset as at fair value through the profit and loss, available for sale financial assets, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 7.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Association. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Association uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1—Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Association determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as land and buildings and investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the Association has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

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**(o) Critical accounting estimates and judgments**

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

**Key estimates — Impairment**

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

No impairment has been recognised in respect of property, plant and equipment for the year ended 30 June 2016.

The financial report was authorised for issue on 20 September 2016.

**(p) New Australian accounting standards**

**Adoption of new Australian accounting standard requirements**

The Association has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and interpretations did not have any significant impact on the financial performance of the Association.

The following Accounting Standards and Interpretations are most relevant to the Association:

- AASB 2012-3 Amendments to Australian Accounting Standards- Offsetting Financial Assets and Liabilities;
- AASB 2012-3 Amendments to AASB 136- Recoverable Amount Disclosures for non-financial assets; and
- AASB 2014-1 Amendments to Australian Accounting Standards (Part A to C).

The following Accounting Standards have been issued but not yet effective:

- AASB 9 *Financial Instruments*; and
- AASB 15 *Revenue from Contracts with Customers*.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The expected impact on the financial statements of the Accounting Standards that have been issued but are not yet effective is detailed below:

**AASB 9 *Financial Instruments***

AASB 9 replaces the existing guidance in AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de recognition on financial instruments from AASB 139.

AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The directors of the Association anticipate that the application of AASB 9 in the future may have an impact on the amounts reported in respect to the Association's financial assets and liabilities. However, it is not practicable to provide a reasonable estimate of the effect of AASB 9 until the Association undertakes a detailed review.

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**(p) New Australian accounting standards (continued)**

***AASB 15 Revenue from Contracts with Customers***

AASB 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The core principle of AASB 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be in exchange for those goods or services.

The Committee of Management of the Association anticipates that the application of AASB 15 in the future may have an impact on the amounts reported in respect to the Association's financial assets and liabilities. However, it is not practicable to provide a reasonable estimate of the effect of AASB 15 until the Association undertakes a detailed review.

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	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 2 INCOME</b>		
<b>NOTE 2a: CAPITATION FEES</b>	<u>-</u>	<u>-</u>
<b>NOTE 2b: LEVIES</b>	<u>-</u>	<u>-</u>
<b>NOTE 2c: INTEREST</b>		
Deposits	<u>104,838</u>	<u>91,420</u>
<b>Note 2d: OTHER REVENUE</b>		
Sale of products and services	<u>235,161</u>	<u>317,689</u>
Ecosmart accreditation, training and services	<u>85,683</u>	<u>107,558</u>
Petrol administration fee	<u>108,725</u>	<u>96,043</u>
	<u><b>429,569</b></u>	<u><b>521,290</b></u>
<b>Note 2e: GRANTS AND DONATIONS</b>		
Grants - Mentors/advisers project	-	1,488,149
Donations	<u>-</u>	<u>-</u>
	<u>-</u>	<u>1,488,149</u>
<b>Note 2f: OTHER INCOME</b>		
Commercial Service Fee	<u>32,190</u>	-
Director fees recharges	<u>169,633</u>	<u>179,352</u>
Distribution - Protect Services Pty Ltd	<u>683,433</u>	<u>474,627</u>
Insurance cover	<u>180,000</u>	-
Other revenue	<u>253,129</u>	<u>209,382</u>
	<u><b>1,318,385</b></u>	<u><b>863,361</b></u>
<b>Note 2g: NET GAINS FROM SALE OF ASSETS</b>		
Motor vehicles	<u>39,486</u>	<u>-</u>
<b>NOTE 3a: EMPLOYEE EXPENSES</b>		
<b>Holders of office:</b>		
Wages and salaries	<u>73,582</u>	<u>121,600</u>
Superannuation	<u>58,894</u>	<u>35,730</u>
Leave and other entitlements	-	6,922
Separation and redundancies	-	-
Other employee expenses	-	-
<b>Subtotal employee expenses holders of office</b>	<u><b>132,476</b></u>	<u><b>164,252</b></u>
<b>Employees other than office holders:</b>		
Wages and salaries	<u>1,046,095</u>	<u>938,603</u>
Superannuation	<u>160,035</u>	<u>191,311</u>
Leave and other entitlements	<u>97,047</u>	<u>168,691</u>
Separation and redundancies	<u>40,042</u>	<u>29,481</u>
Other employee expenses	-	-
<b>Subtotal employee expenses employees other than office holders</b>	<u><b>1,343,219</b></u>	<u><b>1,328,086</b></u>
<b>Total employee expenses</b>	<u><b>1,475,695</b></u>	<u><b>1,492,338</b></u>

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Note                      2016                      2015

**NOTE 3b: CAPITATION FEES**

NECA National	312,333	331,970
	312,333	331,970

**NOTE 3c: AFFILIATION FEES**

	-	-
	-	-

**NOTE 3d: ADMINISTRATION EXPENSES**

Consideration to employers for payroll deductions	-	-
Compulsory levies	-	-
<i>[list each compulsory levy including purpose and name of entity]</i>	-	-
Fees/allowances - meeting and conferences	-	-
Conference and meeting expense	116,515	80,261
Consultants	234,825	37,230
Computer consulting and maintenance	31,024	29,791
Cost of sales relating to industry standards and stationeries	21,298	15,260
Ecosmart accreditation and marketing	16,128	8,590
Property expenses	57,819	47,509
Office expenses	43,433	62,630
Information communications technology	51,447	37,164
Members seminar and training	74,374	42,329
Mentors/adviser project	-	1,091,720
Membership communication related expense	154,014	129,131
Membership online services	48,483	5,640
Motor vehicles expense	62,867	76,054
Recruitment	129,276	7,254
Travel and accomodation	70,338	56,519
Other	24,865	19,505
<b>Subtotal administration expense</b>	<b>1,136,706</b>	<b>1,746,587</b>

Operating lease rentals:

Minimum lease payments	12,484	11,924
<b>Total administration expenses</b>	<b>1,149,190</b>	<b>1,758,511</b>

**NOTE 3e: GRANTS OR DONATIONS**

Grants:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	36,000	53,200
Donations		
Total paid that were \$1,000 or less	500	918
Total paid that exceeded \$1,000	7,273	300,333
	<b>43,773</b>	<b>354,451</b>

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	Note	2016	2015
<b>NOTE 3f: DEPRECIATION AND AMORTISATION</b>			
Depreciation			
Building & building improvements		27,608	27,608
Property, plant and equipment		20,924	25,323
Motor vehicles		62,532	67,506
		<u>111,064</u>	<u>120,437</u>
<b>NOTE 3g: FINANCE COSTS</b>			
Bank charges		<u>21,569</u>	<u>24,811</u>
<b>NOTE 3h: LEGAL COSTS</b>			
Litigation		386,000	-
General legal matters		78,801	23,135
		<u>464,801</u>	<u>23,135</u>
<b>NOTE 3i: OTHER EXPENSES</b>			
Penalties - via RO Act or RO Regulations		-	-
Other expenses		126,330	94,132
<b>Total other expenses</b>		<u>126,330</u>	<u>94,132</u>
<b>NOTE 4: AUDITOR'S REMUNERATION</b>			
Remuneration of the auditor of the Association for:			
- Financial statement audit services		<u>19,046</u>	<u>19,746</u>
<b>NOTE 5: CASH AND CASH EQUIVALENTS</b>			
Cash at bank		947,694	918,019
Cash portion of the JB Were investment portfolio		254,638	250,210
		<u>1,202,332</u>	<u>1,168,229</u>
The effective interest rate on cash at bank deposits was 0.01% (2014: 0.01%).			
<b>NOTE 6: TRADE AND OTHER RECEIVABLES</b>			
<b>CURRENT</b>			
Receivables from other reporting units:			
NECA NSW		959	-
NECA Qld		367	875
NECA Tasmania		65	-
NECA ACT		150	-
NECA Education & Careers		126,129	214,841
General membership		1,183,283	1,443,274
Petrol scheme		549,749	608,662
Other debtors		284,679	35,758
MAPS/Adviser Project		-	104,933
Loan due from related entity - NECA National		-	20,000
		<u>2,145,381</u>	<u>2,428,343</u>
Less Provision for doubtful debts		(26,582)	(18,198)
		<u>2,118,799</u>	<u>2,410,145</u>



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**NOTE 6: TRADE AND OTHER RECEIVABLES (Cont'd)**

Current receivables are non-interest bearing loans and generally are receivable within 30 days. A provision for impairment is recognised against receivables where there is subjective evidence that an individual trade receivable is impaired. The impairment loss recognised at 30 June 2016 was \$26,582 (2015: \$18,198).

The NECA Education & Careers receivable is past due and not considered impaired. There are no other balances within trade and other receivables that contain assets that are past due and are impaired. It is expected these balances will be received when due. Impaired assets are provided for in full where applicable.

	<b>Note</b>	<b>2016</b>	<b>2015</b>
<b>NOTE 7: FINANCIAL ASSETS</b>			
<b>CURRENT</b>			
Short Term deposit - held to maturity		2,918,355	2,832,488
Investment Fund - at fair value through Profit & Loss		542,518	564,189
		3,460,873	3,396,677

The effective interest rate on the short term deposits was 2.75% (2015: 2.70%)

**NOTE 8: PROPERTY, PLANT AND EQUIPMENT**

**BUILDING AND IMPROVEMENT**

<b>Building</b>			
At valuation		811,510	811,510
Less accumulated depreciation		(40,576)	(20,288)
		770,934	791,222
<b>Building Improvement</b>			
At cost		292,798	292,798
Less accumulated depreciation		(68,948)	(61,628)
		223,850	231,170
		<b>994,784</b>	<b>1,022,392</b>

**PLANT AND EQUIPMENT**

<b>Computer &amp; office equipment</b>			
At cost		256,022	219,055
Less accumulated depreciation		(217,469)	(203,238)
		38,553	15,817
<b>Furniture &amp; fittings</b>			
At cost		84,708	70,660
Less accumulated depreciation		(50,477)	(45,115)
		34,231	25,545
<b>Plant &amp; equipment</b>			
At cost		21,368	21,368
Less accumulated depreciation		(12,527)	(11,196)
		8,841	10,172
<b>Motor vehicles</b>			
At cost		238,574	289,128
Less accumulated depreciation		(133,339)	(182,085)
		105,235	107,043

**TOTAL PLANT AND EQUIPMENT**

	<b>186,860</b>	<b>158,577</b>
	<b>1,181,644</b>	<b>1,180,969</b>

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**NOTE 8: PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

(a) Fair value of the properties was determined by using market comparable method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. As at the date of revaluation 10<sup>th</sup> June 2014, the properties' fair values are based on valuations performed by S. Lipshut, Certified Practising Valuer, an accredited independent valuer.

(b) Movements in Carrying Amounts

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

	Building \$	Building Improvem'ts \$	Computer and Office Equipment \$	Furniture and Fittings \$	Plant and Equip't \$	Motor Vehicle \$	Total \$
Balance at the beginning of the year	791,222	231,170	15,817	25,545	10,172	107,043	1,180,969
Revaluation increment	-	-	-	-	-	-	-
Additions	-	-	36,968	14,047	-	78,337	129,352
Disposals	-	-	-	-	-	(17,613)	(17,613)
Depreciation expense	(20,288)	(7,320)	(14,232)	(5,361)	(1,331)	(62,532)	(111,064)
Carrying amounts at the end of the year	770,934	223,850	38,553	34,231	8,841	105,235	1,181,644

(b) Fair value hierarchy

The following tables provide an analysis of financial and non-financial assets that are measured at fair value, by fair value hierarchy.

**Fair value hierarchy— 30 June 2016**

<b>Assets measured at fair value</b>	<b>Date of valuation</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
		\$	\$	\$
Building and Improvements	<b>10<sup>th</sup> June 2014</b>	-	<b>1,050,000</b>	-
<b>Total</b>			<b>1,050,000</b>	

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	Note	2016 \$	2015 \$
<b>NOTE 9: TRADE AND OTHER PAYABLES</b>			
<b>CURRENT</b>			
Payables to reporting units:			
NECA National		-	589
NECA NSW		973	-
NECA SA		1,000	
NECA Education & Careers		-	14,655
Trade creditors and accruals		395,813	194,591
Petrol scheme creditor		549,749	608,662
Goods and services tax payable		120,406	150,293
Unearned income		-	4,498
Mentor/Adviser Project		-	-
Security Deposits		257,788	244,839
Fringe benefit tax		13,500	10,718
		<b>1,339,229</b>	<b>1,228,845</b>

**NOTE 10: OTHER CURRENT LIABILITIES**

		\$	\$
<b>CURRENT</b>			
Deferred income:			
- Subscriptions		1,403,766	1,386,763
- Sponsorships		197,000	137,000
Consideration to employers for payroll deductions		-	-
Legal costs		-	-
		<b>1,600,766</b>	<b>1,523,763</b>

The income from the annual membership renewal for the year 2016/2017 was issued to members in June 2016 and only recognised as income in the respective year of membership.

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	Note	2016 \$	2015 \$
<b>NOTE 11: EMPLOYEE PROVISIONS</b>			
<b>Office Holders:</b>			
Annual leave		7,111	26,292
Long service leave		173	4,632
Separations and redundancies		-	-
Other		-	-
<b>Subtotal employee provisions—office holders</b>		<b>7,284</b>	<b>30,924</b>
<b>Employees other than office holders:</b>			
Annual leave		100,928	86,874
Long service leave		77,526	88,072
Separations and redundancies		-	-
Other		-	-
<b>Subtotal employee provisions—employees other than office holders</b>		<b>178,454</b>	<b>174,946</b>
<b>Total employee provisions</b>		<b>185,738</b>	<b>205,869</b>
<b>Current</b>			
- Unconditional and expected to settle within 12 months		69,427	70,408
- Unconditional and expected to settle after 12 months		102,340	123,396
<b>Non Current</b>		<b>13,971</b>	<b>12,065</b>
<b>Total employee provisions</b>		<b>185,738</b>	<b>205,869</b>

**Provision for Employee Entitlements**

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

**NOTE 12: RESERVES**

(a) **Asset Revaluation Reserve**

The asset revaluation reserve records increases the carrying amount arising on revaluation of land and buildings.

(b) **Capital Profits Reserve**

The capital profits reserve records gain on disposal of capital assets.

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**NOTE 13A: RELATED PARTY TRANSACTIONS**

NECA Victoria is affiliated with NECA National, and NECA National is affiliated with all the respective state chapters. The following table provides the total amount of transactions that have been entered into with related parties for the relevant year.

	2016 \$	2015 \$
<b>Revenue received from:</b>		
NECA NSW	34,135	16,895
NECA ACT	136	783
NECA National	112,171	1,373,650
NECA Qld	7,965	8,240
NECA SA	2,127	-
NECA Tas	59	4,062
NECA Education & Careers	55,674	68,778
<b>Expenses paid to:</b>		
NECA NSW	13,563	18,163
NECA National	356,144	398,611
NECA Qld	43,273	53,200
NECA SA	26,988	-
NECA WA	14,860	-
NECA Education & Careers	24,741	327,321
<b>Amount owed by:</b>		
NECA NSW	959	-
NECA National	-	20,000
NECA Qld	367	875
NECA Tas	65	-
NECA ACT	150	-
NECA Education & Careers	126,129	214,841
<b>Amount owed to:</b>		
NECA NSW	973	-
NECA National	-	589
NECA SA	1,000	-
NECA Trade Services	2,714	-
NECA Education & Careers	1,050	14,655

**Terms and conditions of transactions with related parties (continued)**

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 yearend 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.

(a) Committee members, directors and their related entities are able to use the services provided by the National Electrical Contractors Association. Such services are made available on terms and conditions no more favourable than those available to all other members

(b) ElecNet (Aust) Pty Ltd is the trustee of the Electrical Industry Severance Scheme and is a related party to the Victorian Chapter. Protect Services Pty Ltd is the administration company of the Electrical Industry Severance Scheme. During the year, distribution of \$683,433 (2015: \$474,627) was received from Protect Services Pty Ltd and directors fees of \$154,178 (2015: \$146,178) were received by the Chapter from the Electrical Industry Severance Scheme.

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**NOTE 13A: RELATED PARTY TRANSACTIONS (continued)**

(c) During the year, \$32,190 (2015: Nil) was charged to NECA Education & Careers – a related entity of National Electrical Contractors Association, for commercial service fee.

**NOTE 13B: KEY MANAGEMENT PERSONNEL REMUNERATION FOR THE REPORTING PERIOD**

	2016 \$	2015 \$
<b>Short-term employee benefits</b>		
Salary (including annual leave taken)	120,983	150,000
Annual leave accrued	7,110	13,477
Performance bonus	-	-
[other major categories]	-	-
<b>Total short-term employee benefits</b>	<u>128,093</u>	<u>163,477</u>
<b>Post-employment benefits:</b>		
Superannuation	-	-
<b>Total post-employment benefits</b>	<u>-</u>	<u>-</u>
<b>Other long-term benefits:</b>		
Long-service leave	173	4,632
<b>Total other long-term benefits</b>	<u>173</u>	<u>4,632</u>
<b>Termination benefits</b>	-	-
<b>Total</b>	<u>128,266</u>	<u>168,109</u>

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	Note	2016 \$	2015 \$
<b>NOTE 14: CASH FLOW</b>			
<b>NOTE 14A: CASH FLOW RECONCILIATION</b>			
Reconciliation of cash flows from operations with Profit from ordinary activities			
Operating Profit/(Loss) from ordinary activities after income tax		<b>(375,829)</b>	156,942
Non-cash flows in operating profit			
Depreciation		<b>111,064</b>	120,437
Movement in investment value		<b>17,243</b>	(24,105)
Movement in term deposits		-	-
Gain on disposal of non-current assets		<b>(39,486)</b>	15,777
Change in assets and liabilities			
(Increase)/decrease in trade and other receivables		<b>295,788</b>	97,727
(Increase)/decrease in inventories		<b>11,759</b>	(1,551)
Increase/(decrease) in trade and other payables		<b>110,384</b>	1,934
Increase/(decrease) in other current liabilities		<b>77,003</b>	175,873
Increase/(decrease) in provision for employee entitlements		<b>(20,131)</b>	(78,898)
Net cash provided by operating activities		<b>187,795</b>	464,136
<b>NOTE 14B: CASH FLOW INFORMATION</b>			
<b>Cash inflows</b>			
NECA National		<b>167,388</b>	1,511,015
NECA NSW		<b>36,590</b>	18,585
NECA Qld		<b>9,270</b>	6,240
NECA SA		<b>2,340</b>	-
NECA Tas		-	4,468
NECA ACT		-	862
NECA Training		-	1,694
NECA Education & Careers		<b>87,732</b>	75,656
Total cash inflows		<b>303,320</b>	1,618,520
<b>Cash outflows</b>			
NECA National		<b>416,310</b>	450,836
NECA NSW		<b>13,946</b>	23,681
NECA Qld		<b>47,600</b>	58,520
NECA SA		<b>29,437</b>	-
NECA WA		<b>16,346</b>	-
NECA Education & Careers		-	338,647
Total cash outflows		<b>523,639</b>	871,684

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**NOTE 15: FINANCIAL RISK MANAGEMENT**

**a. Financial Risk Management Policies**

The main risk the Association is exposed 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.

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

<b>Financial Assets</b>	<b>2016</b>	<b>2015</b>
Cash and cash equivalents	1,202,332	918,019
Financial assets at fair value through profit or loss	3,460,873	3,646,887
Trade and other receivables	2,118,799	2,410,145
<b>Total financial assets</b>	<b>6,782,004</b>	<b>6,975,051</b>
<b>Financial Liabilities</b>		
- Trade and other payables	1,339,229	1,228,845
<b>Total financial liabilities</b>	<b>1,339,229</b>	<b>1,228,845</b>

The Association does not have any derivative instruments at 30 June 2016.

**i. Treasury Risk Management**

The Chapter Council of the Association meets on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The committee's overall risk management strategy seeks to assist the Association in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

The Chapter Council operates under policies approved by the Chapter Council of the Association. Risk management policies are approved and reviewed by the Chapter Council on a regular basis. These include the use of credit risk policies and future cash flow requirements.

**ii. Financial Risk Exposures and Management**

**(a) Foreign currency risk**

The Association is not exposed to fluctuations in foreign currencies.

**(b) Credit risk**

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



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**Note 15: FINANCIAL RISK MANAGEMENT (CONT'D)**

It is the association's policy that all customers who wish to trade on credit terms undergo a credit assessment process which takes into account the customer's financial position, past experience and other factors. Credit limits are then set based on ratings in accordance with the limits set by the Committee of Management, these limits are reviewed on a regular basis.

Goods are sold subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

There are no material amounts of collateral held as security at 30 June 2015.

Credit risk is managed and reviewed regularly by the Chapter Council. It arises from exposures to customers and deposits with financial institutions.

The finance committee monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

- only banks and financial institutions with an 'A' rating are utilised;
- all potential members are rated for credit worthiness taking into account their particular circumstance and financial standing; and
- customers that do not meet the Association's strict credit policies may only purchase in cash or using recognised credit cards.

**(b) 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:

- \* preparing forward-looking cash flow analysis in relation to its operational, investing and financial activities which are monitored on a monthly basis;
- \* using derivatives that are only traded in highly liquid markets;
- \* monitoring undrawn credit facilities;
- \* 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.

The available funds to the Association are discussed in note 18.

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**Note 15: FINANCIAL RISK MANAGEMENT (CONT'D)**

c) Liquidity Risk - financial liability and asset maturity analysis

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

The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

*Financial liability maturity analysis - Non-derivative*

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial liabilities due for payment</b>								
Trade and other payables	1,339,229	1,228,845	-	-	-	-	1,339,229	1,228,845
<b>Total contractual outflows</b>	<b>1,339,229</b>	<b>1,228,845</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,339,229</b>	<b>1,228,845</b>

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

(d) Market risk

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

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

**d. Market risk**

	Note	2016 \$	2015 \$
Cash at bank	5	1,202,332	1,168,229
Term deposits		2,918,355	2,832,488
Financial assets held as fair value through profit and loss	7	542,518	564,189
		<b>4,663,205</b>	<b>4,564,906</b>

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

	Cash @			Total \$
	Fixed Interest \$	Floating Rate \$	Equities \$	
<b>2016</b>				
NECA VIC	2,663,717	254,638	542,518	3,460,873
	<b>2,663,717</b>	<b>254,638</b>	<b>542,518</b>	<b>3,460,873</b>
<b>2015</b>				
NECA VIC	2,832,488	250,210	564,189	3,646,887
	<b>2,832,488</b>	<b>250,210</b>	<b>564,189</b>	<b>3,646,887</b>

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**Note 15: FINANCIAL RISK MANAGEMENT (CONT'D)**

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 2015 and 2014. 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 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 'Other Price Risk'

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.

	<b>Consolidated</b>	
	<b>Profit</b>	<b>Equity</b>
	<b>\$</b>	<b>\$</b>
<b>Year ended 30 June 2016</b>		
+ 2% in interest rates	<b>83,308</b>	<b>83,308</b>
- 2% in interest rates	<b>(83,308)</b>	<b>(83,308)</b>
<b>Year ended 30 June 2015</b>		
+ 2% in interest rates	80,814	80,814
- 2% in interest rates	(80,014)	(80,014)

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 via JBWere Investment account which are either held in domestic listed and unlisted shares or in managed investment schemes). Other price risk is the risk that the fair value or future cash flows of a financial investment may fluctuate because of the changes in market prices. The exposure to other price risk has a direct impact on the Statement of Comprehensive Income and Statement of Financial Position of the Association.

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

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

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**Note 15: FINANCIAL RISK MANAGEMENT (CONT'D)**

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

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

	Profit		Equity	
	2016	2015	2016	2015
	\$	\$	\$	\$
+/- 5% in ASX All Ordinaries Index	24,864	25,947	24,864	25,947

**Fair value estimation**

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

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

Consolidated	2016		2015	
	Net Carrying Value	Net Fair value	Net Carrying Value	Net Fair value
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	1,202,332	1,202,332	1,168,229	1,168,229
Investments at market value	3,460,873	3,460,873	3,396,677	3,396,677
Trade and other receivables	2,118,799	2,118,799	2,410,145	2,410,145
<b>Total financial assets</b>	<b>6,782,004</b>	<b>6,782,004</b>	<b>6,975,051</b>	<b>6,975,051</b>
<b>Financial liabilities</b>				
Trade and other payables	1,339,229	1,339,229	1,228,845	1,228,845
<b>Total financial liabilities</b>	<b>1,339,229</b>	<b>1,339,229</b>	<b>1,228,845</b>	<b>1,228,845</b>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**Note 15: FINANCIAL RISK MANAGEMENT (CONT'D)**

**Financial instruments measured at fair value**

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

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

**Capital Management**

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

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

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

**Fair value hierarchy**

The following tables provide an analysis of financial and non financial assets and liabilities that are measured at fair value, by fair value hierarchy.

**Fair value hierarchy—Consolidated 30 June 2016**

	Date of valuation	Level 1	Level 2	Level 3
<b>Assets measured at fair value</b>		\$	\$	\$
Investment Fund	30 <sup>th</sup> June 2016		797,156	
<b>Total</b>				

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**NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 16: 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 17: ASSOCIATION DETAILS**

The registered office and principal place of business of the Association is:

National Electrical Contractors Association – Victorian Chapter  
Level 12, 222 Kings Way  
South Melbourne VIC 3205

**NOTE 18: s272 INFORMATION TO BE PROVIDED TO MEMBERS OR GENERAL MANAGER - FAIR WORK AUSTRALIA**

- (1) A member of a reporting unit, or the General Manager - FWA, 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).

**NOTE 19: GOING CONCERN**

The Association has the ability to continue as a going concern. No Going concern financial support has been received from another reporting unit.

**NOTE 20: FINANCIAL SUPPORT TO OTHER REPORTING UNIT**

The Association provided going concern financial support to another reporting unit – NECA Qld during the year. In accordance with an agreement reached at the national level of the organisation with the Chapters at the commencement of the reporting period, the Vic Chapter has, during the reporting period, made grants totalling \$36,000 (2015: \$53,200) to the Qld Chapter of the organisation. The terms of the grants are paid on a monthly invoice basis conditional upon the Qld Chapter maintaining the delivery of NECA services to its Qld members.

**NOTE 21: BUSINESS COMBINATIONS**

No business combination has taken place during the year.

# Independent Auditor's Report to the Members of National Electrical Contractors Association – Victorian Chapter

## Report on the financial report

We have audited the accompanying financial report of National Electrical Contractors Association – Victorian Chapter, which comprises the Statement of Financial Position as at 30 June 2016, the statement of Comprehensive Income for the year then ended, Statement of Changes in Equity, Statement of Cash Flows, Statement by Members of the Committee, notes comprising a summary of significant accounting policies and other explanatory information.

## 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 committee determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the committee 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 and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.** An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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.

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

### Auditor's 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.

### Other Matters

I declare that, as part of the audit of the financial statements for the year ended 30 June 2016, I have concluded that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

I also declare that I am an approved auditor as defined in Regulation 4 of the 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

### Auditor's opinion

In our opinion, the general purpose report of the National Electrical Contractors Association - VIC Chapter for the year ended 30 June 2016 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*

**CROWE HORWATH MELBOURNE**

*John J Gavens*

**JOHN GAVENS**  
Partner

**Melbourne Victoria**  
**Dated this 6 October 2016**