



10 January 2020

Larry Moore  
Secretary, South Australia/Northern Territory Chapter  
The National Electrical Contractors Association

Dear Sir

**Re: – The National Electrical Contractors Association, South Australia/Northern Territory Chapter - financial report for year ending 30 June 2019 (FR2019/88)**

I refer to the financial report of the South Australia/Northern Territory Chapter of The National Electrical Contractors Association. The documents were lodged with the Registered Organisations Commission (**ROC**) on 11 December 2019.

The financial report has been filed. The financial report was filed based on a primary review. This involved confirming that the financial reporting timelines required under s.253, s.265, s.266 and s.268 of the *Fair Work (Registered Organisations) Act 2009* (RO Act) have been satisfied, all documents required under s.268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and reporting guidelines have been complied with. A primary review does not examine all disclosure requirements. Please note that the financial report for the year ending 30 June 2020 may be subject to an advanced compliance review.

You are not required to take any further action in respect of the report lodged. However I make the following comments to assist when preparing the next report.

Documents must be lodged with ROC within 14 days after presentation meeting

Section 268 of the RO Act requires a copy of the full report and the designated officer's certificate to be lodged with the ROC within 14 days after the general meeting of members referred to in section 266. The designated officer's certificate indicates that this meeting occurred on 11 November 2019. If this is correct the documents should have been lodged with the ROC by 25 November 2019.

Please note that in future financial years if the Chapter anticipates that it cannot lodge within the 14 day period prescribed, a written request for an extension of time, signed by a relevant officer, including any reason for the delay, must be made prior to the expiry of the 14 day period.

Auditor's report – various

Audit scope to include subsection 255(2A) report and officer's declaration statement

The documents comprising the general purpose financial report must be identified by title in the auditor's statement in accordance with paragraph 24(c) of Australian Auditing Standard *ASA 700 Forming an Opinion and Reporting on a Financial Report*.

A general purpose financial report prepared under section 253 of the RO Act also includes the expenditure report required to be prepared under subsection 255(2A) as prescribed by reporting guideline 22, and, if one is prepared, the officer's declaration statement.

A subsection 255(2A) report and an officer's declaration statement were included in the copy of the documents lodged with the ROC but the auditor did not refer to these in the auditor's report.

#### Registered auditor's details and declaration

Item 29(a) sets out a declaration to be included in the auditor's report, and item 29(b) requires the auditor to specify the registration number granted under the RO Act. The auditor's report did not include these details.

#### Nil activity disclosures - various

Item 21 of the reporting guidelines states that if any activities identified within items 10-20 of the reporting guidelines have not occurred in the reporting period, a statement to this effect<sup>1</sup> must be included either in the financial statements, the notes or in an officer's declaration statement. The notes and officer's declaration statement contained nil activity information for all prescribed reporting guideline categories not otherwise reported except in respect of RG13(e) - receive revenue from undertaking recovery of wages activity.

Please also note that particular nil activity disclosures only have to be disclosed once within either the notes or an officer's declaration statement to avoid unnecessary duplication.

#### Disclosure – balance within general fund

The officer's declaration statement included nil activity information in respect of RG17(d) – have a balance within the general fund. Having regard to the definition of general fund in the glossary on page 11 of the Reporting Guidelines (see attached), it would seem that the balance of equity of \$2,628,282 is the balance of the general fund and a nil activity disclosure was not applicable.

#### Disclosure – donations exceeding \$1,000

The disclosure of an amount for donations exceeding \$1,000 at Note 4E was advised to be an inadvertent error that should have appeared as an amount for donations \$1,000 or less. The 2019 comparative figures should be adjusted accordingly in the 2020 report.

### **Reporting Requirements**

The ROC website provides a number of factsheets in relation to the financial reporting process and associated timelines. The website also contains the s.253 reporting guidelines and a model set of financial statements. The ROC recommends that reporting units use these model financial statements to assist in complying with the RO Act, the s.253 reporting guidelines and Australian Accounting Standards. Access to this information is available via [this link](#).

If you have any questions about the above or the reporting requirements, please do not hesitate to contact me by email at [stephen.kellett@roc.gov.au](mailto:stephen.kellett@roc.gov.au).

Yours faithfully



Stephen Kellett  
Financial Reporting  
Registered Organisations Commission

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<sup>1</sup> Or line itemised nil balance, as illustrated in the model financial statements

**South Australian Chapter**

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11 December 2019

Ms Kylie Ngo  
Registered Organisations Commission  
GPO Box 2983  
MELBOURNE Victoria 3001

**Re: Lodgement of Financial Report – [FR2019/88]  
Fair Work (Registered Organisations) Act 2009 (The RO Act)**

Dear Kylie

Please find attached copies of financial documentation for 2019 in accordance with the requirements of the Fair Work (Registered Organisations) Act 2009.

Yours faithfully



Larry Moore  
Secretary

**South Australian Chapter**

213 Greenhill Road Eastwood South Australia 5063 Australia  
PO Box 47 Fullarton South Australia 5063  
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11 December 2019

Ms Kylie Ngo  
Registered Organisations Commission  
GPO Box 2983  
MELBOURNE Victoria 3001

**Re: Lodgement of Financial Report – [FR2019/88]  
Fair Work (Registered Organisations) Act 2009 (the RO Act)**

Dear Kylie

**Designated Officer's Certificate**

I, Laurence John Moore, being the Secretary of the National Electrical Contractors Association – South Australian Chapter, certify:

1. that the documents lodged herewith are copies of the full report as required by the Fair Work (Registered Organisations) Act 2009; and
2. that the full report was provided to members on the 21<sup>st</sup> October 2019; and
3. that the full report was presented to a general meeting of members of the reporting unit on the 11<sup>th</sup> November 2019, in accordance with the Fair Work (Registered Organisations) Act 2009.

Signed:



Laurence John Moore  
Secretary

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION SOUTH AUSTRALIA/NORTHERN TERRITORY CHAPTER**

**OPERATING REPORT**

**FOR THE YEAR ENDED 30 JUNE 2019**

The committee presents its report on the reporting unit for the financial year ended 30 June 2019.

**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 entity during the reporting period continue to be to represent the interest of its members in the electrical and communications industry in South Australia.

**Significant changes in financial affairs**

No significant changes in the entity's financial affairs occurred during the financial year.

**Right of members to resign**

- (i) Under Section 174 of the Fair Work (Registered Organisations) Act 2009, a member may resign from membership by written notice addressed and delivered to the Secretary of the chapter to which such member belongs.
- (ii) The register of members of the organisation was maintained in accordance with the Fair Work (Registered Organisations) Act 2009; and
- (iii) Section 272 of the Fair Work (Registered Organisations) Act 2009 outlines members and the entity's rights to certain prescribed information.

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

To the best of knowledge and belief, no officer or member of the organisation, by virtue of their office or membership of National Electrical Contractors Association South Australia/Northern Territory Chapter is:

- (i) A trustee of a superannuation entity or an exempt public sector superannuation scheme; or
- (ii) A director of a company that is the trustee of a superannuation entity or an exempt public sector superannuation scheme;

Where a criterion for the officer or member being the trustee or director is that the officer or member is an officer or member of a registered organisation.

**Number of members**

National Electrical Contractors Association South Australia/Northern Territory Chapter has 370 members as at 30 June 2019.

**Number of employees**

The number of persons who were, at the end of the financial year to which the report relates, employees of the entity, where the number of employees includes both full time employees and part time employees was 7 with the full time equivalent being 6.8.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION SOUTH AUSTRALIA/NORTHERN TERRITORY CHAPTER**

**OPERATING REPORT**

**FOR THE YEAR ENDED 30 JUNE 2019**

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

The names of persons who were committee members of the entity at any time during the financial year are as follows:

A Thorpe	President
G Hodby	Vice President
A Cross	Treasurer
C Mattner	
B Lindop	
L Tapp	
J Poulton	
L Moore	Secretary

Signature of designated officer:  .....

Name and title of designated officer: Larry Moore, Secretary

Dated: 16 October 2019

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION SOUTH AUSTRALIA/NORTHERN TERRITORY CHAPTER**

**REPORT REQUIRED UNDER SUBSECTION 255 (2A)**

**FOR THE YEAR ENDED 30 JUNE 2019**

The Committee of Management presents the expenditure report as required under subsection 255(2A) on the National Electrical Contractors Association South Australia/ Northern Territory Chapter for the year ended 30 June 2019.

Descriptive form

<b>Categories of expenditures</b>	<b>2019 \$</b>	<b>2018 \$</b>
Remuneration and other employment-related costs and expenses - employees	655,430	639,602
Advertising		-
Operating costs	676,000	529,518
Donations to political parties		-
Legal costs	18,216	7,599

Signature of designated officer:  .....

Name and title of designated officer: Larry Moore, Secretary

Dated: 16 October 2019

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION SOUTH AUSTRALIA/NORTHERN TERRITORY CHAPTER**

**COMMITTEE OF MANAGEMENT STATEMENT**

**FOR THE YEAR ENDED 30 JUNE 2019**

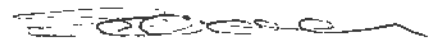
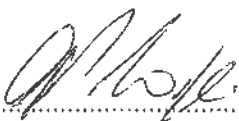
On 16 October 2019 the Committee of Management of the *National Electrical Contractors Association South Australia/ Northern Territory Chapter* passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 30 June 2019:

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 any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act);
- 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 the Commissioner duly made under section 272 of the RO Act, that information has been provided to the member or the Commissioner; 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.

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

Signature of designated officer:



Name and title of

designated officer:

Andrew Thorpe, President

Larry Moore, Secretary

Dated: 16 October 2019



NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION SOUTH AUSTRALIA/NORTHERN  
TERRITORY CHAPTER  
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 \$	2018 \$
<b>Revenue</b>			
Membership subscription		519,244	492,407
Capitation fees		-	-
Levies		-	-
Investment Income	3A	1,280	2,289
Rental revenue	3B	166,489	156,956
Other revenue	3C	676,873	521,603
<b>Total revenue</b>		<b>1,363,886</b>	<b>1,173,255</b>
<b>Other Income</b>			
Grants and/or donations		-	-
Net gains from sale of assets		-	-
<b>Total other income</b>		<b>-</b>	<b>-</b>
<b>Total income</b>		<b>1,363,886</b>	<b>1,173,255</b>
<b>Expenses</b>			
Employee expenses	4A	(655,430)	(639,602)
Capitation fees	4B	(115,732)	(94,760)
Affiliation fees	4C	-	-
Administration expenses	4D	(164,542)	(129,882)
Grants or donations	4E	(1,009)	(260)
Depreciation and amortisation	4F	(71,917)	(64,938)
Finance costs	4G	(2,465)	(1,115)
Legal costs	4H	(18,216)	(7,599)
Audit fees	14	(15,250)	(12,988)
Write-down and impairment of assets		-	-
Net losses from sale of assets		-	-
Other expenses	4I	(305,085)	(225,575)
<b>Total expenses</b>		<b>(1,349,646)</b>	<b>(1,176,719)</b>
<b>Surplus/ (Deficit) for the year</b>		<b>14,240</b>	<b>(3,464)</b>
<b>Other comprehensive income</b>			
Items that will not be subsequently reclassified to profit or loss			
Gain on revaluation of land and buildings		-	-
<b>Total comprehensive income for the year</b>		<b>14,240</b>	<b>(3,464)</b>

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

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION SOUTH AUSTRALIA/NORTHERN  
TERRITORY CHAPTER  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2019

	Notes	2019 \$	2018 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5A	52,408	88,547
Trade and other receivables	5B	219,265	135,032
Other current assets	5C	15,569	13,569
Loan receivable	5D	166,744	202,362
<b>Total current assets</b>		<b>453,986</b>	<b>439,510</b>
<b>Non-Current Assets</b>			
Land and buildings	6A	2,597,500	2,645,000
Plant and equipment	6B	153,355	170,053
<b>Total non-current assets</b>		<b>2,750,855</b>	<b>2,815,053</b>
<b>Total assets</b>		<b>3,204,841</b>	<b>3,254,563</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
<b>Trade payables</b>	7A	<b>172,068</b>	<b>144,931</b>
Other payables	7B	59,049	70,037
Employee provisions	8A	194,827	172,352
Financial liabilities	9A	111,046	111,046
<b>Total current liabilities</b>		<b>536,990</b>	<b>498,366</b>
<b>Non-Current Liabilities</b>			
Employee provisions	8A	11,801	5,807
Financial liabilities	9A	27,768	136,348
<b>Total non-current liabilities</b>		<b>39,569</b>	<b>142,155</b>
<b>Total liabilities</b>		<b>576,559</b>	<b>640,521</b>
<b>Net assets</b>		<b>2,628,282</b>	<b>2,614,042</b>
<b>EQUITY</b>			
<b>Reserves</b>	10A	<b>2,839,639</b>	<b>2,839,639</b>
Accumulated deficit		(211,357)	(225,597)
<b>Total equity</b>		<b>2,628,282</b>	<b>2,614,042</b>

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

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION SOUTH AUSTRALIA/NORTHERN  
TERRITORY CHAPTER  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2019**

	<b>Reserves</b>	<b>Retained losses</b>	<b>Total equity</b>
	\$	\$	\$
<b>Balance as at 1 July 2017</b>	2,839,639	(222,133)	2,617,506
Deficit for the year	-	(3,464)	(3,464)
Other comprehensive income for the year	-	-	-
<b>Closing balance as at 30 June 2018</b>	<b>2,839,639</b>	<b>(225,597)</b>	<b>2,614,042</b>
Deficit for the year	-	14,240	14,240
Other comprehensive income for the year	-	-	-
<b>Closing balance as at 30 June 2019</b>	<b>2,839,639</b>	<b>(211,357)</b>	<b>2,628,282</b>

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

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION SOUTH AUSTRALIA/NORTHERN  
TERRITORY CHAPTER  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2019**

	Notes	2019 \$	2018 \$
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Receipts from other reporting units	11B	231,883	164,529
Interest		1,280	2,289
Receipts from customers/members		1,030,109	1,004,833
<b>Cash used</b>			
Payments to suppliers and employees		(986,439)	(1,047,729)
Payment to other reporting units	11B	(244,104)	(133,911)
Interest expense		(2,465)	(1,115)
<b>Net cash provided by / (used in) operating activities</b>	11A	<b>30,264</b>	<b>(11,104)</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash used</b>			
Purchase of plant and equipment		(7,822)	(59,659)
<b>Cash received</b>			
Proceeds from sale of plant and equipment		-	-
<b>Net cash provided by / (used by) investing activities</b>		<b>(7,822)</b>	<b>(59,659)</b>
<b>FINANCING ACTIVITIES</b>			
<b>Cash used</b>			
Repayment of finance lease		(8,581)	(4,105)
Repayment of borrowings		(100,000)	(202,362)
<b>Cash received</b>			
Proceeds from borrowings		50,000	200,000
Proceeds from finance lease		-	51,500
<b>Net cash provided by / (used in) financing activities</b>		<b>(58,581)</b>	<b>45,033</b>
<b>Net (decrease) / increase in cash held</b>		<b>(36,139)</b>	<b>(25,730)</b>
Cash & cash equivalents at the beginning of the reporting period		88,547	114,277
<b>Cash &amp; cash equivalents at the end of the reporting period</b>	5A	<b>52,408</b>	<b>88,547</b>

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

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## **Note 1 Summary of significant accounting policies**

### **1.1 Basis of preparation of the financial statements**

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period and the *Fair Work (Registered Organisation) Act 2009*. For the purpose of preparing the general purpose financial statements, the National Electrical Contractors Association South Australia/Northern Territory Chapter is a not-for-profit entity.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost, except for certain assets and liabilities measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

### **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.

### **1.3 Significant accounting judgements and estimates**

The following accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

(i) **Impairment**

The entity assesses impairment at each reporting date by evaluation of conditions and events specific to the entity that may be indicative of impairment triggers. The committee evaluate estimates and judgements 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 externally and within the entity.

(ii) **Adoption of New Australian Accounting Standards Requirements : Impact on adoption of AASB 9**

AASB 9 Financial Instruments (AASB 9) replaces AASB139 Financial Instruments: Recognition and Measurement (AASB 139) for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The implementation of AASB 9 did not have a material impact and no adjustment was required to opening retained earnings at 1 July 2018.

**(i) Classification and measurement**

Under AASB 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the entity's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the entity's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

## Note 1 Summary of significant accounting policies (Cont)

### 1.3 Significant accounting judgements and estimates (Cont)

#### (i) Classification and measurement (Cont)

The classification and measurement requirements of AASB 9 did not have a significant impact to the entity.

- Trade receivables and other non-current financial assets (i.e., Loan to a related party) previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as debt instruments at amortised cost.

#### (iii) Impairment loss

The adoption of AASB 9 has fundamentally changed the entity's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking ECL approach. AASB 9 requires the entity to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets, i.e. those held at amortised cost and at FVTOCI.

### 1.4 New Australian Accounting Standards

#### *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 future reporting periods that are expected to have a future financial impact on the entity include:

#### **AASB 16 Leases (AASB 16)**

AASB 16 was issued in January 2016 and it replaces AASB 117 *Leases*, AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB Interpretation-115 *Operating Leases-Incentives* and AASB Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

For NFP entities, AASB 16 will commence from financial years beginning on or after 1 January 2019. Either a full retrospective application or a modified retrospective application is required for AASB 16. The entity plans to adopt AASB 16 on the required effective date 1 July 2019 using the modified retrospective method.

AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

## Note 1 Summary of significant accounting policies (Cont)

### 1.4 New Australian Accounting Standards (Cont)

Lessor accounting under AASB 16 is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.

During the financial year ended 30 June 2019, the entity performed a preliminary assessment of AASB 16 and this is not expected to have a material impact as minimal operating leases are held.

#### ***AASB 1058 Income of Not-for-Profit Entities (AASB 1058) and AASB 15 Revenue from Contracts with Customers (AASB 15)***

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities in conjunction with AASB 15. AASB 1058 and AASB 15 supersede all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 *Contributions*.

For NFP entities, both AASB 1058 and 15 will commence from financial years beginning on or after 1 January 2019. Either a full retrospective application or a modified retrospective application is required for AASB 15. The entity plans to adopt AASB 15 on the required effective date 1 July 2019 using the modified retrospective method.

During the financial year ended 30 June 2019, the entity performed a preliminary assessment of AASB 1058 and 15.

Given the nature of revenue streams for the entity. Mainly membership revenue and grant revenue. The implementation of AASB 15 and AASB 1058 is not expected to have a material impact on the entity.

#### ***AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation***

The amendments to AASB 9 clarify that a financial asset passes the solely payments of principal and interest criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments apply retrospectively and are effective from 1 January 2019, with earlier application permitted.

#### ***AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement***

The amendments to AASB 119 specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period using the actuarial assumptions used to re-measure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event
- Determine net interest for the remainder of the period using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to re-measure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.



## **Note 1 Summary of significant accounting policies (Cont)**

### **1.4 New Australian Accounting Standards (Cont)**

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019, with early application permitted.

### **1.5 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.

Donation income is recognised when it is received.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. A provision nature that is based on historical credit loss. A provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment has been established.

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease.

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

### **1.6 Gains**

#### ***Sale of assets***

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

### **1.7 Capitation fees and levies**

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

### **1.8 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 which are expected to be settled 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 which are expected to be settled beyond twelve months 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.

### **1.9 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.

## Note 1 Summary of significant accounting policies (Cont)

### 1.9 Leases (Cont)

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.

### 1.10 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 financial liabilities in current liabilities on the statement of financial position.

### 1.11 Financial instruments

#### Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the entity's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the entity initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the entity commits to purchase or sell the asset.

#### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in five categories:

- (Other) financial assets at amortised cost
- (Other) financial assets at fair value through other comprehensive income
- Investments in equity instruments designated at fair value through other comprehensive income
- (Other) financial assets at fair value through profit or loss
- (Other) financial assets designated at fair value through profit or loss

## Note 1 Summary of significant accounting policies (Cont)

### 1.12 Financial assets

#### Financial assets at amortised cost

The entity measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The entity's financial assets at amortised cost includes trade receivables and loans to related parties.

#### Derecognition

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired or
- The entity has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - a) the entity has transferred substantially all the risks and rewards of the asset, or
  - b) the entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the entity has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the entity continues to recognise the transferred asset to the extent of its continuing involvement together with associated liability.

#### Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### Impairment

##### (i) Trade receivables

For trade receivables that do not have a significant financing component, the entity applies a simplified approach in calculating expected credit losses (ECLs) which requires lifetime expected credit losses to be recognised from initial recognition of the receivables.

Therefore, the entity does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The entity has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

## **Note 1 Summary of significant accounting policies (Cont)**

### **1.12 Financial assets (Cont)**

#### **(ii) Debt instruments other than trade receivables**

For all debt instruments other than trade receivables and debt instruments not held at fair value through profit or loss, the entity recognises an allowance for expected credit losses using the general approach. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the entity expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages:

- Where there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses from possible default events within the next 12-months (a 12-month ECL).
- Where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the debt, irrespective of the timing of the default (a lifetime ECL).

The entity considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the entity may also consider a financial asset to be in default when internal or external information indicates that the entity is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### **1.13 Financial Liabilities**

After initial recognition, trade payables and interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

#### **Financial liabilities at amortised cost**

After initial recognition, trade payables and interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

#### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

## Note 1 Summary of significant accounting policies (cont)

### 1.14 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

### 1.15 Land, Buildings, Plant and Equipment

#### ***Asset Recognition Threshold***

Purchases of land, buildings, plant and equipment are recognised initially at cost in the Statement of Financial Position. The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

#### ***Revaluations—Land and Buildings***

Following initial recognition at cost, land and buildings are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient frequency such that the carrying amount of assets do not differ materially from those that would be determined using fair values as at the reporting date.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the profit or loss except to the extent that they reverse a previous revaluation increment for that class. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

#### ***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 diminishing value method except buildings which is depreciated on a straight line basis. 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 based on the following useful lives:

	2019	2018
Buildings	40 years	40 years
Office Machines	3-7 years	3-7 years
Computer equipment	2-3 years	2-3 years
Furniture and fittings	7-13 years	7-13 years
Motor vehicles	12 years	12 years

#### ***Derecognition***

An item of land, buildings, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss.

## **Note 1 Summary of significant accounting policies (cont)**

### **1.16 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 of disposal 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 entity were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

### **1.17 Taxation**

The entity is exempt from income tax under section 50.1 of the Income Tax Assessment Act 1997 however still has obligation for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

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.

### **1.18 Fair value measurement**

The entity measures financial instruments at fair value at each reporting date.

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 entity. 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 entity 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.

## Note 1 Summary of significant accounting policies (cont)

### 1.18 Fair value measurement (cont)

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 entity 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. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the entity 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.

### 1.19 Going concern

The reporting unit is not reliant on financial support of other reporting units. National Electrical Contractors Association South Australia/Northern Territory Chapter is considered to be able to continue operations on a going concern basis without financial support.

Similar to other employer associations, the entity is a membership based organisation which relies mostly on membership fees for the full financial year. This membership income is essentially drawn down during the rest of the year to fund the operations of the Chapter, thus causing negative cash flows.

The reporting unit notes that current assets total \$453,986 and current liabilities \$536,990. Included in the \$536,990 are \$194,827 of employee provisions which in most cases are not taken within a 12 month period even though the reporting unit recommends that annual employee entitlements are taken within 12 months.

At June 2019 cash on hand was \$52,408 (2018: \$88,547), which was a net decrease in cash of \$36,139 from the previous year end. The Association has bank overdraft facilities with Westpac Banking Corporation for \$300,000 which can be drawn down upon if required. At 30 June 2019 the overdraft remains unutilised.

Accordingly any short term negative cash flows can be easily satisfied from the bank overdraft. The overdraft is secured against the land and buildings of the Association of which are valued at \$2,740,000.

**Note 2 Events after the reporting period**

There were no events that occurred after 30 June 2019, and/or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of National Electrical Contractors Association South Australia/Northern Territory Chapter.

	2019	2018
	\$	\$

**Note 3 Income****Note 3A: Interest**

<b>Total interest</b>	<u>1,280</u>	<u>2,289</u>
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**Note 3B: Rental revenue**

Properties	166,489	156,956
<b>Total rental revenue</b>	<u>166,489</u>	<u>156,956</u>

**Note 3C: Other revenue**

Fuel scheme income	32,189	42,620
Insurance commission	29,890	30,312
Advertising income	11,648	12,709
Sponsorship income	114,266	66,455
Ticket sales	47,732	39,368
NECA HSEQ	131,840	137,252
WHS	-	1,938
Project mentoring income	212,042	102,694
Recoveries	9,290	53,558
Training resources income	71,294	-
Other income	16,682	34,697
<b>Total other revenue</b>	<u>676,873</u>	<u>521,603</u>



<b>2019</b>	2018
\$	\$

**Note 4 Expenses**

**Note 4A: Employee expenses**

**Holders of office:**

Wages and salaries	<b>129,365</b>	126,254
Superannuation	<b>24,792</b>	24,963
Leave and other entitlements	<b>12,284</b>	12,946
Separation and redundancies	-	-
Other employee expenses	-	-
<b>Subtotal employee expenses holders of office</b>	<b>166,441</b>	164,163

**Employees other than office holders:**

Wages and salaries	<b>376,045</b>	405,664
Superannuation	<b>39,504</b>	38,977
Leave and other entitlements	<b>69,444</b>	21,439
Separation and redundancies		
Other employee expenses	<b>3,996</b>	9,359
<b>Subtotal employee expenses employees other than office holders</b>	<b>488,989</b>	475,439
<b>Total employee expenses</b>	<b>655,430</b>	639,602

**Note 4B: Capitation fees**

National Electrical Contractors Association- National Office	<b>115,732</b>	94,760
<b>Total capitation fees</b>	<b>115,732</b>	94,760

**Note 4C: Affiliation fees**

<b>Total affiliation fees/subscriptions</b>	-	-
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2019	2018
\$	\$

**Note 4D: Administration expenses**

Conference and meeting expenses	30,355	21,650
Contractors/consultants	18,713	488
Property expenses	66,887	62,466
Office expenses	30,529	27,042
Information communications technology	18,058	18,236
<b>Total administration expense</b>	<b>164,542</b>	<b>129,882</b>

**Note 4E: Grants or donations**

Donations:

Total paid that were \$1,000 or less	-	260
Total paid that exceeded \$1,000	1,009	-
<b>Total grants or donations</b>	<b>1,009</b>	<b>260</b>

**Note 4F: Depreciation and amortisation**

Depreciation		
Land and buildings	47,500	47,500
Property, plant and equipment	24,417	17,438
<b>Total depreciation</b>	<b>71,917</b>	<b>64,938</b>
Amortisation		
Intangibles	-	-
<b>Total amortisation</b>	<b>-</b>	<b>-</b>
<b>Total depreciation and amortisation</b>	<b>71,917</b>	<b>64,938</b>

2019	2018
\$	\$

**Note 4G: Finance costs**

Finance leases	2,465	1,115
<b>Total finance costs</b>	<b>2,465</b>	<b>1,115</b>

**Note 4H: Legal costs**

Litigation	-	-
Other legal matters	18,216	7,599
<b>Total legal costs</b>	<b>18,216</b>	<b>7,599</b>

**Note 4I: Other expenses**

Industrial services expenses	798	2,120
Project Mentoring expenses	(10,607)	27,926
Excellence awards expenses	108,971	66,072
Newsletter expenses	12,914	23,850
Sponsorship and apprentice awards	8,727	20,319
Insurance	7,240	6,872
Other expenses	177,042	78,416
<b>Total other expenses</b>	<b>305,085</b>	<b>225,575</b>

2019	2018
\$	\$

**Note 5 Current Assets**

**Note 5A: Cash and Cash Equivalents,**

Cash at bank	52,408	88,547
<b>Total cash and cash equivalents</b>	<b>52,408</b>	<b>88,547</b>

**Note 5B: Trade and Other Receivables**

**Receivables from other reporting unit**

National Electrical Contractors Association- National office	-	-
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<b>Total receivables from other reporting units</b>	<b>-</b>	<b>-</b>
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**Less provision for doubtful debts**

National Electrical Contractors Association- National office	-	-
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<b>Total allowance for expected credit loss</b>	<b>-</b>	<b>-</b>
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<b>Receivable from other reporting unit</b>	<b>-</b>	<b>-</b>
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**Other receivables:**

Other trade receivables	223,592	139,359
Provision for expected credit loss	(4,327)	(4,327)
GST receivable	-	-

<b>Total other receivables</b>	<b>219,265</b>	<b>135,032</b>
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**Note 5C: Other Current Assets**

Prepayments	15,569	13,569
<b>Total other current assets</b>	<b>15,569</b>	<b>13,569</b>

**Note 5D: Loans Receivable**

**Current**

Loans Receivable NECA Careers & Apprenticeships Ltd	166,744	202,362
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<b>Total current loans receivable</b>	<b>166,744</b>	<b>202,362</b>
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2019                      2018  
\$                              \$

**Note 6      Non-current Assets**

**Note 6A: Land and buildings**

Land and buildings:		
Land at fair value	840,000	840,000
Buildings at fair value	1,900,000	1,900,000
Total fair value of land and buildings	<u>2,740,000</u>	<u>2,740,000</u>
Accumulated depreciation	(142,500)	(95,000)
<b>Total land and buildings</b>	<u><b>2,597,500</b></u>	<u><b>2,645,000</b></u>

**Reconciliation of Opening and Closing Balances of Land and Buildings**

<b>As at 1 July</b>		
Gross book value	2,692,500	2,740,000
Accumulated depreciation and impairment	(47,500)	(47,500)
<b>Net book value 1 July</b>	<u><b>2,645,000</b></u>	<u><b>2,692,500</b></u>
Additions:		
By purchase	-	-
From acquisition of entities (including restructuring)	-	-
Revaluations	-	-
Impairments	-	-
Depreciation expense	(47,500)	(47,500)
Other movement	-	-
Disposals:		
From disposal of entities (including restructuring)	-	-
Other	-	-
<b>Net book value 30 June</b>	<u><b>2,597,500</b></u>	<u><b>2,645,000</b></u>
<b>Net book value as of 30 June represented by:</b>		
Gross book value	2,740,000	2,740,000
Accumulated depreciation and impairment	(142,500)	(95,000)
<b>Net book value 30 June</b>	<u><b>2,597,500</b></u>	<u><b>2,645,000</b></u>

Management determined that land and buildings constitute one class of asset under AASB 13, based on the nature, characteristics and risks of the property.

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.

The valuations were performed by a member of the Australian Property Institute on 21 June 2016, an accredited independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the investment property being valued.

The fair value of completed investment property has been determined on a market value basis in accordance with International Valuation Standards (IVS), as set out by the International Valuation Standards Council (IVSC). In arriving at their estimates of market values, the valuers have used their market knowledge and professional judgement and not only relied on historical transactional comparables.

**Note 6 Non-current Assets (Cont)****Note 6A: Land and buildings (Cont)**

Under the DCF method, a property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's life including estimated rental income and an exit or terminal value.

This involves the projection of a series of cash flows and to this an appropriate, market-derived discount rate is applied to establish the present value of the income stream. Under the income capitalisation method, a property's fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation rate (the investor's rate of return).

**Note 6B: Plant and equipment**

	2019	2018
	\$	\$
Plant and equipment:		
at cost	341,837	334,118
accumulated depreciation	(188,482)	(164,065)
<b>Total plant and equipment</b>	<b>153,355</b>	<b>170,053</b>

**Reconciliation of Opening and Closing Balances of Plant and Equipment**

<b>As at 1 July</b>		
Gross book value	334,118	292,966
Accumulated depreciation and impairment	(164,065)	(164,232)
<b>Net book value 1 July</b>	<b>170,053</b>	<b>128,734</b>
Additions:		
By purchase	7,822	59,659
From acquisition of entities (including restructuring)	-	-
Impairments	-	-
Depreciation expense	(24,417)	(17,438)
Other movement	-	-
Disposals:		
From disposal of entities (including restructuring)	-	-
Other	(103)	(902)
<b>Net book value 30 June</b>	<b>153,355</b>	<b>170,053</b>
<b>Net book value as of 30 June represented by:</b>		
Gross book value	341,837	334,118
Accumulated depreciation and impairment	(188,482)	(164,065)
<b>Net book value 30 June</b>	<b>153,355</b>	<b>170,053</b>

2019	2018
\$	\$

**Note 7 Current Liabilities**

**Note 7A: Trade payables**

Trade creditors and accruals	139,308	118,872
Operating lease rentals	-	-
<b>Subtotal trade creditors</b>	<u>139,308</u>	<u>118,872</u>
<b>Payables to other reporting unit</b>		
National Electrical Contractors Association- National office	30,660	26,059
NECA WA	2,100	-
<b>Subtotal payables to other reporting unit</b>	<u>32,760</u>	<u>26,059</u>
<b>Total trade payables</b>	<u>172,068</u>	<u>144,931</u>

Settlement is usually made within 30 days.

**Note 7B: Other payables**

Superannuation	5,695	5,501
Consideration to employers for payroll deductions*	11,221	10,310
Legal costs*		
Litigation	-	-
Other legal matters	-	-
Prepayments received/unearned revenue	-	-
GST payable	3,883	6,176
Income received in advance	1,000	-
Other -- bond monies payable	37,250	48,050
<b>Total other payables</b>	<u>59,049</u>	<u>70,037</u>

Total other payables are expected to be settled in:

No more than 12 months	59,049	70,037
More than 12 months	-	-
<b>Total other payables</b>	<u>59,049</u>	<u>70,037</u>

2019            2018  
\$                    \$

**Note 8      Provisions**

**Note 8A: Employee Provisions**

**Office Holders:**

Annual leave	84,712	73,206
Long service leave	90,380	86,582
Separations and redundancies	-	-
Other	-	-

<b><i>Subtotal employee provisions—office holders</i></b>	<b>175,092</b>	<b>159,788</b>
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**Employees other than office holders:**

Annual leave	12,703	12,563
Long service leave	18,833	5,808
Separations and redundancies	-	-
Other	-	-

<b><i>Subtotal employee provisions—employees other than office holders</i></b>	<b>31,536</b>	<b>18,371</b>
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<b>Total employee provisions</b>	<b>206,628</b>	<b>178,159</b>
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Current	194,827	172,352
Non-Current	11,801	5,807
<b><i>Total employee provisions</i></b>	<b>206,628</b>	<b>178,159</b>

**Note 9      Non-current Liabilities**

**Note 9A: Financial liabilities**

Finance lease	11,046	11,046
Loan payable to NECA NSW	100,000	100,000
<b>Total current financial liabilities</b>	<b>111,046</b>	<b>111,046</b>

Finance lease	27,768	36,348
Loan payable to NECA NSW	-	100,000
<b>Total non-current financial liabilities</b>	<b>27,768</b>	<b>136,348</b>

**Note 10     Equity**

**Note 10A: Reserves**

<b>Asset revaluation reserve</b>		
<b>Balance as at start of year</b>	2,839,639	2,839,639
Transferred to reserve	-	-
Transferred out of reserve	-	-
<b>Total Reserves</b>	<b>2,839,639</b>	<b>2,839,639</b>



## Note 11 Cash Flow

### Note 11A: Cash Flow Reconciliation

Reconciliation of cash and cash equivalents as per Statement of financial position to Statement of cash flows:

	2019	2018
<b>Cash and cash equivalents as per:</b>	\$	\$
Statement of cash flows	52,408	88,547
Statement of financial position	52,408	88,547
<b>Difference</b>	-	-
<b>Reconciliation of profit/(deficit) to net cash from operating activities:</b>		
Surplus/(deficit) for the year	14,240	(3,464)
<b>Adjustments for non-cash items</b>		
Depreciation	71,917	64,938
Gain/Loss sale	103	902
<b>Changes in assets/liabilities</b>		
(Increase)/decrease in trade and other receivables (net)	(98,615)	(1,603)
(Increase)/decrease in other current assets	(2,000)	-
Increase/(decrease) in trade and other payables	16,149	(57,004)
Increase/(decrease) in employee provisions	28,470	(14,873)
<b>Net cash from (used by) operating activities</b>	<b>30,264</b>	<b>(11,104)</b>

### Note 11B: Cash flow information

<b>Cash inflows from operations</b>		
National Electrical Contractors Association	170,826	112,963
National Electrical Contractors Association-VIC	21,150	51,566
National Electrical Contractors Association-NSW	39,600	-
National Electrical Contractors Association-QLD	-	-
National Electrical Contractors Association-WA	307	-
<b>Total cash inflows</b>	<b>231,883</b>	<b>164,529</b>
<b>Cash inflows from financing</b>		
National Electrical Contractors Association-NSW	-	200,000
	-	200,000
<b>Cash outflows</b>		
National Electrical Contractors Association	144,104	116,434
National Electrical Contractors Association-NSW	100,000	3,650
National Electrical Contractors Association-VIC	-	2,420
National Electrical Contractors Association-QLD	-	-
National Electrical Contractors Association-WA	-	11,407
<b>Total cash outflows</b>	<b>244,104</b>	<b>133,911</b>

2019	2018
\$	\$

**Note 12 Contingent Liabilities, Assets and Commitments**

**Operating lease commitments—as lessee**

Within one year	9,584	9,584
After one year but not more than five years	21,813	31,397
More than five years	-	-
	<u>31,397</u>	<u>40,981</u>

**Operating lease commitments—as lessor**

Future minimum rentals receivable under non-cancellable operating leases as at 30 June are:

Within one year	35,000	173,391
After one year but not more than five years	105,020	70,020
After five years	-	-
	<u>140,020</u>	<u>243,411</u>

**Capital commitments**

At 30 June 2019 the entity has no capital commitments (2018: Nil).

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**Finance lease commitments—as lessee**

Within one year	11,046	11,045
After one year but not more than five years	30,242	41,288
More than five years	-	-
<b>Total minimum lease payments</b>	<u>41,288</u>	<u>52,333</u>
Less amounts representing finance charges	<u>2,818</u>	<u>5,265</u>
<b>Present value of minimum lease payments</b>	<u>38,470</u>	<u>47,068</u>

Included in the financial statements as:

Current interest-bearing loans and borrowings	-	-
Non-current interest-bearing loans and borrowings	-	-
<b>Total included in interest-bearing loans and borrowings</b>	<u>-</u>	<u>-</u>

Leasing commitments represent hire purchase agreements over motor vehicles, which have been fully paid off during the financial year.

## Note 13 Related Party Disclosures

### Note 13A: Related Party Transactions for the Reporting Period

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

During the year the National Electrical Contractors Association South Australia/Northern Territory Chapter received subscriptions from committee member related entities on normal commercial terms and conditions.

Remuneration of committee members during the year was Nil (2018: Nil).

The National Electrical Contractors Association South Australia/Northern Territory Chapter remits subscriptions and other related expenses to the National Electrical Contractors Association on a regular basis. All dealings with this related entity are in the ordinary course of business and on normal terms and conditions. The total amount of monies remitted was \$170,826 for the year ended 30 June 2019 (2018: \$112,963) the total amount of monies received was \$Nil for the year ended 30 June 2019 (2018: \$Nil).

The names of persons who were committee members of the entity at any time during the financial year are as follows:

A Thorpe	President
G Hodby	Vice President
A Cross	Treasurer
C Mattner	
B Lindop	
L Tapp	
J Poulton	
L Moore	Secretary

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

	2019	2018
	\$	\$
<b>Revenues collected:</b>		
Nilsen (SA) Pty Ltd	9,623	12,963
Niramar Pty Ltd	4,524	3,170
NSG (BOFFA) Pty Ltd	11,342	9,461
PEER VEET	26,584	14,672
CME Group	12,876	6,996
MIMP Connecting Solutions	3,950	500
ABC Tapp Electrical Services	4,223	2,626
Nexphase Electrical	4,843	3,765
Portable Long Service Leave	10,788	657
National Industry Skills Council (E-Oz)	4,695	13,284
<b>Expenses paid:</b>		
National Industry Skills Council (E-Oz)	-	10,000
Industry Skills Board (ESSA)	-	77

**Note 13 Related Party Disclosures (Cont)****Note 13A: Related Party Transactions for the Reporting Period (Cont)**

	2019	2018
	\$	\$
<b>Amount owed by:</b>		
NECA Careers and Apprenticeships (NCA) Ltd	166,744	202,362
<b>Amount payable to:</b>		
National Electrical Contractors Association-NSW	(100,000)	(200,000)

During the course of the 2018 financial year an agreement was entered into of which NECA SA/NT would provide a loan to NECA Careers and Apprenticeships Ltd. This loan was funded by borrowings provided to NECA SA/NT from NECA NSW.

This amount owed by NCA totals \$166,744 which has been provided to support its set up and initial operations. The loan is interest free. \$50,000 was required to be repaid by June 2019 and the remaining balance is required to be repaid by December 2019.

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 2019, the entity has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (2018: \$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.

	2019	2018
	\$	\$
<b>Note 13B: Key Management Personnel Remuneration for the Reporting Period</b>		
<b>Short-term employee benefits</b>		
Salary (including annual leave taken)	129,365	126,254
Annual leave accrued	8,049	8,841
Performance bonus	-	-
<b>Total short-term employee benefits</b>	<u>137,414</u>	<u>135,095</u>
<b>Post-employment benefits:</b>		
Superannuation	25,003	24,963
<b>Total post-employment benefits</b>	<u>25,003</u>	<u>24,963</u>
<b>Other long-term benefits:</b>		
Long-service leave	4,024	4,105
<b>Total other long-term benefits</b>	<u>4,024</u>	<u>4,105</u>
<b>Termination benefits</b>		
<b>Total</b>	<u>166,441</u>	<u>164,163</u>

**Note 14 Remuneration of Auditors**

	2019	2018
	\$	\$
<b>Value of the services provided</b>		
Financial statement audit services	15,250	12,988
Other services	-	-
<b>Total remuneration of auditors</b>	<u>15,250</u>	<u>12,988</u>

**Note 15 Financial Instruments**

The main risks the entity is exposed to through its financial instruments are liquidity risk, credit risk and market risk.

**Note 15A: Categories of Financial Instruments****Financial Assets**

Loans and receivables:		
Trade and other receivables	219,265	135,032
Loans Receivable	166,744	202,362
Cash and cash equivalents	52,408	88,547
<b>Carrying amount of financial assets</b>	<u>438,417</u>	<u>425,941</u>

**Financial Liabilities**

Other financial liabilities:		
Trade and other payables	231,117	214,968
Borrowings	100,000	200,000
Finance leases	38,814	47,395
<b>Total</b>	<u>369,931</u>	<u>462,363</u>
<b>Carrying amount of financial liabilities</b>	<u>369,931</u>	<u>462,363</u>

**Note 15B: Net Income and Expense from Financial Assets**

<b>Cash and cash equivalents</b>		
Interest revenue	1,280	2,289
<b>Net gain from cash and cash equivalents</b>	<u>1,280</u>	<u>2,289</u>

**Note 15C: Net Income and Expense from Financial Liabilities**

<b>Finance leases</b>		
Interest expense	2,465	1,115
<b>Net loss financial liabilities – finance leases</b>	<u>2,465</u>	<u>1,115</u>

**Note 15 Financial Instruments (Cont)**

**Note 15D: 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 entity. Credit risk is managed through maintaining procedures ensuring, to the extent possible, that members and counterparties to transactions are of sound credit worthiness. Risk is also minimized through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the committee has otherwise cleared as being financially sound.

**The following table illustrates the entity's gross exposure to credit risk, excluding any collateral or credit enhancements.**

	2019	2018
<b>Financial assets</b>	<b>\$</b>	<b>\$</b>
Trade receivables	219,265	135,032

**Credit quality of financial instruments not past due or individually determined as impaired**

	Not Past Due Nor Impaired 2019 \$	Past due or impaired 2019 \$	Not Past Due Nor Impaired 2018 \$	Past due or impaired 2018 \$
Trade receivables	117,547	106,635	118,276	21,083
<b>Total</b>	<b>117,547</b>	<b>106,635</b>	<b>118,276</b>	<b>21,083</b>

**Ageing of financial assets that were past due but not impaired for 2019**

	0 to 30 days \$	31 to 60 days \$	61 to 90 days \$	90+ days \$	Total \$
Trade receivables	2,517	25,511	25,572	53,035	106,635
<b>Total</b>	<b>2,517</b>	<b>25,511</b>	<b>25,572</b>	<b>53,035</b>	<b>106,635</b>

**Ageing of financial assets that were past due but not impaired for 2018**

	0 to 30 days \$	31 to 60 days \$	61 to 90 days \$	90+ days \$	Total \$
Trade receivables	4,261	1,407	305	15,110	21,083
<b>Total</b>	<b>4,261</b>	<b>1,407</b>	<b>305</b>	<b>15,110</b>	<b>21,083</b>

## Note 15 Financial Instruments (Cont)

### Note 15E: Liquidity Risk

Liquidity risk arises from the possibility that the entity 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:

- only investing surplus cash with major financial institutions; and
- proactively monitoring the recovery of unpaid subscriptions.

#### Contractual maturities for financial liabilities 2019

	On Demand	< 1 year \$	1– 2 years \$	2– 5 years \$	>5 years \$	Total \$
Trade and other payables	231,117	-	-	-	-	231,117
Borrowings	-	100,000	-	-	-	100,000
Finance leases	-	11,046	-	27,768	-	38,814
<b>Total</b>	<b>231,117</b>	<b>111,046</b>	<b>-</b>	<b>27,768</b>	<b>-</b>	<b>369,931</b>

#### Maturities for financial liabilities 2018

	On Demand	< 1 year \$	1– 2 years \$	2– 5 years \$	>5 years \$	Total \$
Trade and other payables	214,968	-	-	-	-	214,968
Borrowings	-	100,000	100,000	-	-	200,000
Finance leases	-	11,046	-	36,348	-	47,394
<b>Total</b>	<b>214,968</b>	<b>111,046</b>	<b>100,000</b>	<b>36,348</b>	<b>-</b>	<b>462,362</b>

### Note 15F: Market Risk

#### *Interest rate risk*

Exposure to interest rate risk arises on financial assets recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows.

#### *Sensitivity analysis*

The entity's cash levels would not change significantly through an increase of 2% of the interest rate on cash deposits. Therefore no sensitivity analysis has been calculated and disclosed.

## Note 15G: Changes in liabilities arising from financing activities

	1 July 2018	Cash flows	Reclassified	Foreign exchange movement	Changes in fair values	New Leases	30 June 2019
	\$	\$	\$	\$	\$	\$	\$
Current interest-bearing loans and borrowings (excluding items listed below)	100,000	(100,000)	100,000	-	-	-	100,000
Current obligations under finance leases and hire purchase contracts	11,046	(8,580)	8,580	-	-	-	11,046
Non-current interest-bearing loans and borrowings (excluding items listed below)	100,000	-	(100,000)	-	-	-	-
Non-current obligations under finance leases and hire purchase contracts	36,348	-	(8,580)	-	-	-	27,768
Dividends Payable	-	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-	-
<b>Total liabilities from financing activities</b>	<b>247,394</b>	<b>(108,580)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>138,814</b>

	1 July 2017	Cash flows	Reclassified	Foreign exchange movement	Changes in fair values	New Leases	30 June 2018
	\$	\$	\$	\$	\$	\$	\$
Current interest-bearing loans and borrowings (excluding items listed below)	-	100,000	-	-	-	-	100,000
Current obligations under finance leases and hire purchase contracts	-	(4,106)	-	-	-	15,152	11,046
Non-current interest-bearing loans and borrowings (excluding items listed below)	-	100,000	-	-	-	-	100,000
Non-current obligations under finance leases and hire purchase contracts	-	-	-	-	-	36,348	36,348
Dividends Payable	-	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-	-
<b>Total liabilities from financing activities</b>	<b>-</b>	<b>195,894</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51,500</b>	<b>247,394</b>



## Note 16 Fair Value Measurement

### Note 16A: Financial Assets and Liabilities

Management of the entity assessed that cash, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of financial assets and liabilities is included at the amount which the instrument could be exchanged in a current transaction between willing parties. The following methods and assumptions were used to estimate the fair values:

- Fair values of the entity's interest-bearing borrowings and loans are determined by using a discounted cash flow method. The discount rate used reflects the issuer's borrowing rate as at the end of the reporting period. The own performance risk as at 30 June 2019 was assessed to be insignificant.
- Fair value of available-for-sale financial assets is derived from quoted market prices in active markets.
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Group based on parameters such as interest rates and individual credit worthiness of the customer. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 30 June 2019 the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

The following table contains the carrying amounts and related fair values for the entity's financial assets and liabilities:

	Carrying amount 2019 \$	Fair value 2019 \$	Carrying amount 2018 \$	Fair value 2018 \$
<b>Financial Assets</b>				
Cash and cash equivalents	52,408	52,408	88,547	88,547
Trade and other receivables	219,265	219,265	135,032	135,032
Loans Receivable	166,744	166,744	202,362	202,362
<b>Total</b>	<b>438,417</b>	<b>438,417</b>	<b>425,941</b>	<b>425,941</b>
<b>Financial Liabilities</b>				
Trade and other payables	231,117	231,117	214,968	214,968
Borrowings	100,000	100,000	200,000	200,000
Finance leases	38,814	38,814	47,395	47,395
<b>Total</b>	<b>369,931</b>	<b>369,931</b>	<b>462,363</b>	<b>462,363</b>

## Note 16 Fair Value Measurement (cont)

### Note 16B: 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 – 30 June 2019

	Date of valuation	Level 1	Level 2	Level 3
<b>Assets measured at fair value</b>		\$	\$	\$
Land and buildings (gross)	21 June 2016			2,740,000

### Note 16C: Description of Significant Unobservable Inputs

Fair value of the property assets is estimated based on appraisals performed by independent, professionally-qualified property valuers. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the Committee of Management.

### Note 17: 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 Commissioner:

- (1) A member of a reporting unit, or the Commissioner, 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).

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION SOUTH AUSTRALIA/NORTHERN TERRITORY CHAPTER**

**OFFICER DECLARATION STATEMENT**

I, Larry Moore, being the Secretary of the National Electrical Contractors Association South Australia/Northern Territory Chapter, declare that the following activities did not occur during the reporting period ending 30 June 2019.

The reporting unit did not:

- agree to receive financial support from another reporting unit to continue as a going concern (refers to agreement regarding financial support not dollar amount)
- agree to provide financial support to another reporting unit to ensure they continue as a going concern (refers to agreement regarding financial support not dollar amount)
- acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission
- receive any other revenue from another reporting unit
- pay affiliation fees to other entity
- pay a grant that was \$1,000 or less
- pay a grant that exceeded \$1,000
- pay a donation that exceeded \$1,000
- pay to a person fees or allowances to attend conferences or meetings as a representative of the reporting unit
- pay legal costs relating to litigation
- pay a penalty imposed under the RO Act or the Fair Work Act 2009
- have a payable to an employer for that employer making payroll deductions of membership subscriptions
- have a payable in respect of legal costs relating to litigation
- have a payable in respect of legal costs relating to other legal matters
- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity
- have a balance within the general fund
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit

Signature of designated officer:  .....

Name and title of designated officer: Larry Moore, Secretary

Dated: 16 October 2019

# Independent Auditor's Report

## To the Members of National Electrical Contractors Association South Australian/Northern Territory Chapter

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of National Electrical Contractors Association South Australian/Northern Territory Chapter (the Reporting Unit), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the operating report by the Committee of Management.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of National Electrical Contractors Association/Northern Territory Chapter as at 30 June 2019, and its financial performance and its cash flows for the year ended on that date in accordance with:

- a the Australian Accounting Standards; and
- b any other requirements imposed by the reporting guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act).

I declare that management's use of the going concern basis in the preparation of the financial statements of the reporting unit is appropriate.

#### Basis for opinion

We have conducted the audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of the report. I am independent of the reporting unit in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to my audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

### **Information other than the financial report and auditor's report thereon**

The committee of management is responsible for the other information. The other information obtained at the date of this auditor's report is in the operating report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Committee of Management for the financial report**

The committee of management of the reporting unit is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the committee of management 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.

In preparing the financial report, the committee of management is responsible for assessing the reporting unit's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the committee of management either intend to liquidate the reporting unit or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial report**

Our objective is to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 reporting unit's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee of management.
- Conclude on the appropriateness of the committee of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the reporting unit's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. Our conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the reporting unit to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the reporting unit to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the reporting unit audit. We remain solely responsible for our audit opinion.

We communicate with the committee of management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We declare that Bronwyn Wundersitz is an approved auditor, a member of Institute of Chartered Accountants Australia and New Zealand and holds a current Public Practice Certificate.

*Grant Thornton.*

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



B K Wundersitz  
Partner – Audit & Assurance

Registration No. 498932

Adelaide, 16 October 2019