



21 December 2020

Laurence Moore  
Branch Secretary  
National Electrical and Communications Association-South Australia/Northern Territory Branch

Sent via email: [lmoore@necasa.asn.au](mailto:lmoore@necasa.asn.au)  
CC: [suwarti.asmono@crowehorwath.com.au](mailto:suwarti.asmono@crowehorwath.com.au)

Dear Laurence Moore,

**National Electrical and Communications Association-South Australia/Northern Territory Branch**

**Financial Report for the year ended 30 June 2020 – (FR2020/82)**

I acknowledge receipt of the financial report for the year ended 30 June 2020 for the National Electrical and Communications Association-South Australia/Northern Territory Branch (**the reporting unit**). The documents were lodged with the Registered Organisations Commission (**the ROC**) on 2 December 2020. I also acknowledge receipt of designated officer's certificate which was lodged with the ROC on 18 December 2020.

The financial report has now 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 2021 may be subject to an advanced compliance review.

You are not required to take any further action in respect of the report lodged. I make the following comments to assist you when you next prepare a financial report. The ROC will confirm these concerns have been addressed prior to filing next year's report.

**Non-compliance with previous requests**

While we filed last year's financial report, we raised certain issues for the reporting unit to address in the preparation of future financial reports. I note that the same errors have appeared in the current report, namely nil activity disclosures – various, disclosure – balance within general fund and disclosure – donation exceeding \$1,000.

The ROC aims to assist reporting units comply with their obligations under the RO Act and reporting guidelines by providing advice about the errors identified in financial reports. Please ensure that these issues are addressed in next year's financial report.

## **Timescale requirements**

### Documents must be lodged with ROC within 14 days after general 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.

The designated officer's certificate indicates that this meeting occurred on 16 November 2020. If this is correct the documents should have been lodged with the ROC by 30 November 2020

The full report was not lodged until 2 December 2020.

It appears that the reporting unit should have applied to the Commissioner for an extension of time to allow a longer period to lodge the required documents.

Please note that in future financial years if the reporting unit 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.

### **Designated officer's certificate**

As abovementioned, a reporting unit must lodge a copy full report and the designated officer's certificate within 14 days after the general meeting of members. The designated officer's certificate must be signed at or after the general meeting of members and before lodgement of the full report.

The reporting unit's designated officer' certificate was dated 11 December 2020 and lodged with the ROC on 18 December 2020. Therefore, the reporting unit did not lodge the designated officer's certificate within 14 days of the general meeting of members.

Please ensure in future years that the designated officer's certificates are prepared and lodged in accordance with section 268 of the RO Act.

### **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 queries regarding this letter, please contact me on (03) 9603 0764 or via email at [kylie.ngo@roc.gov.au](mailto:kylie.ngo@roc.gov.au).

Yours sincerely,



**Kylie Ngo**  
**Registered Organisations Commission**

**South Australian Chapter**

213 Greenhill Road Eastwood South Australia 5063 Australia  
PO Box 47 Fullarton South Australia 5063  
telephone: (08) 8272 2966 facsimile: (08) 8373 1528  
email: [neca@necasa.asn.au](mailto:neca@necasa.asn.au) website: <http://www.neca.asn.au>

11 December 2020

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

**Re: Lodgement of Financial Report – FR2020/82 NECA SA/NT  
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 23<sup>rd</sup>. October 2020; and
3. that the full report was presented to a general meeting of members of the reporting unit on the 16<sup>th</sup> November 2020, in accordance with the Fair Work (Registered Organisations) Act 2009.

Signed:



Laurence John Moore  
Secretary

**South Australian Chapter**

213 Greenhill Road Eastwood South Australia 5063 Australia  
PO Box 47 Fullarton South Australia 5063  
telephone: (08) 8272 2966 facsimile: (08) 8373 1528  
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Signed:



Laurence John Moore  
Secretary



national  
electrical and  
communications  
association

**National Electrical and Communications Association South  
Australia/Northern Territory Branch**

ABN 63 173 936 711

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Financial Statements For the Year Ended 30 June 2020

**Annual Financial Statements**  
**For the year ended 30 June 2020**

**Contents**

Independent Audit Report	3
Report Required under subsection 255(2A)	6
Operating Report	7
Committee of Management Statement	9
Statement of Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Cash Flow Statement	13
Notes to and Forming Part of the Financial Statements	14
Officer Declaration Statement	46

# Independent Auditor Report to the Members of National Electrical and Communications Association South Australia/Northern Territory Branch

## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of National Electrical and Communications Association South Australia/Northern Territory Branch (the reporting unit), which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2020, notes to the financial statements, including a summary of significant accounting policies, the committee of management statement, the subsection 255(2A) report and the officer declaration statement.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of National Electrical and Communications Association South Australia/Northern Territory Branch as at 30 June 2020, 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).

We 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 conducted our 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 our report. We are 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 our 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.

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The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

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**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 our 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 our 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 our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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.

I declare that I am a registered auditor under the RO Act.

#### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of section 257(7) of the RO Act, we are required to describe any deficiency, failure or shortcoming in respect of the matters referred to in section 252 and 257(2) of the RO Act, we have nothing to report.

*Crowe Audit Australia*

**CROWE AUDIT AUSTRALIA**



**SUWARTI ASMONO**  
**Partner**  
**Sydney, New South Wales**  
**Dated: 22 October 2020**

Registration number (as registered by the Commissioner under the RO Act): AA2017/236

**Report Required Under Subsection 255(2A)  
For the year ended 30 June 2020**

The Committee of Management presents the expenditure report as required under subsection 255(2A) on National Electrical and Communications Association South Australia/Northern Territory Branch for the year ended 30 June 2020.

<b>Categories of expenditure</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Remuneration and other employment-related costs and expenses – employees	635,528	655,430
Advertising	-	-
Operating costs	507,940	701,671
Donations to political parties	-	-
Legal costs	17,624	18,216

Signature of prescribed designated officer



Name of prescribed designated officer LARRY MOORE  
Title of prescribed designated officer SECRETARY

Dated: 22/10/20

**Operating Report**  
**For the year ended 30 June 2020**

The Committee of Management presents its report on the National Electrical and Communications Association South Australia/Northern Territory Branch ("the Branch") for the financial year ended 30th June 2020.

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

The Branch is the South Australia/Northern Territory Branch of the organisation whose principal activities involve representing the interests of its members in the electrical and communications contracting industry. Its principal activities, include industrial relations, health and safety, legal, training, business-support services and advocacy representation with government, industry bodies, training bodies and in the industrial tribunals. A review of those activities presents the same as in the previous reporting period, such that there were no significant changes in the nature of those activities.

The loss of the Branch for the financial year amounted to \$43,001 (2019 profit \$14,240).

**Significant changes in financial affairs**

No significant change in the financial affairs of the Branch occurred during the year.

**Significant events**

No significant events occurred relating to the Branch during the year.

**After balance date events**

As a result of the evolving nature of the COVID-19 outbreak and the rapidly evolving government policies of restrictive measures put in place to contain it, as at the date of these financial statements, the Branch is not in a position to reasonably estimate the financial effects of the COVID-19 outbreak on the future financial performance and financial position of the Branch. Other than the current disclosures, there has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Branch, the results of those operations, or the state of affairs of the Branch in subsequent financial periods.

**Right of members to resign**

Members may resign from the Branch in accordance with Rule 15, Resignation from Membership, of the Federal rules of the National Electrical Contractors Association. Rule 15 conforms with Section 174 of the Fair Work (Registered Organisations) Act 2009.

**Number of members**

The Branch had 361 (2019: 370) members at financial year end.

**Number of employees**

The Branch had 6 full time equivalent (2019: 7 FTE) employees at financial year end.

**Officers or members who are superannuation fund trustees or director of a company that is a superannuation fund trustee where being a member or officer of a registered organisation is a criterion for them holding such position**

To the best of knowledge and belief, no officer or member of the organisation, by virtue of their office or membership of the Branch 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.


Operating Report (continued)  
For the year ended 30 June 2020

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

Name	Position	Period
A Thorpe	President	1 July 2019 - 30 June 2020
G Hodby	Vice President	1 July 2019 - 30 June 2020
A Cross	Treasurer	1 July 2019 - 30 June 2020
C Mattner	Committee Member	1 July 2019 - 30 June 2020
B Lindop	Committee Member	1 July 2019 - 30 June 2020
L Tapp	Committee Member	1 July 2019 - 9 December 2019 (Resigned)
J Poulton	Committee Member	1 July 2019 - 30 June 2020
S Butler	Committee Member	23 December 2019 - 30 June 2020 (Appointed)
L Moore	Secretary	1 July 2019 - 30 June 2020

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

Signature of prescribed designated officer



.....

Name of prescribed designated officer LARRY MOORE  
Title of prescribed designated officer SECRETARY

Dated: 22/10/20 .....

**Committee of Management Statement  
For the year ended 30 June 2020**

On 19/10/2020 the Committee of Management of the National Electrical and Communications Association South Australia/Northern Territory Branch ("the Branch") passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 30 June 2020:

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 Branch for the financial year to which they relate;
- d) there are reasonable grounds to believe that the Branch 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 Branch 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 Branch have been kept and maintained in accordance with the RO Act; and
  - iv. where the organisation consists of two or more reporting unit's, the financial records of the reporting unit's have been kept, as far as practicable, in a consistent manner with each of the other Branch's of the organisation; and
  - v. where information has been sought in any request by a member of the Branch 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.

Signature of prescribed designated officer



Name of prescribed designated officer LARRY MOORE  
Title of prescribed designated officer SECRETARY

Dated: 22/10/20

**National Electrical and Communications Association South Australia/Northern Territory Branch**  
**Annual Financial Statements**  
**ABN 63 173 936 711**

**Statement of Comprehensive Income**  
**For the year ended 30 June 2020**

	2020	2019
Note	\$	\$
<b>Revenue from contracts with customers</b>		
Membership subscription	537,046	511,849
Other revenue from another reporting unit	12,769	299,097
<b>Total revenue from contracts with customers</b>	<b>549,815</b>	<b>810,946</b>
<b>Income for furthering objectives</b>		
Grants and/or donations	117,500	-
<b>Total income for furthering objectives</b>	<b>117,500</b>	<b>-</b>
<b>Other income</b>		
Investment income	1,511	1,280
Rental income	148,975	165,898
Other income	300,290	411,433
<b>Total other income</b>	<b>450,776</b>	<b>578,611</b>
<b>Total revenue and other income</b>	<b>1,118,091</b>	<b>1,389,557</b>
<b>Expenses</b>		
Employee expenses	(635,528)	(655,430)
Capitation fees and other expense to another reporting unit	(119,306)	(157,671)
Administration expenses	(147,213)	(179,981)
Grants and/or donations	(873)	(1,009)
Depreciation and amortisation	(78,094)	(71,917)
Finance costs	(2,913)	(2,465)
Legal costs	(17,624)	(18,216)
Audit fees	(6,200)	(15,250)
Other expenses	(153,341)	(273,378)
<b>Total expenses</b>	<b>(1,161,092)</b>	<b>(1,375,317)</b>
<b>Profit / (loss) for the year</b>	<b>(43,001)</b>	<b>14,240</b>
<b>Other comprehensive income</b>		
<b>Items that will not be subsequently reclassified to profit or loss</b>		
Gain/(loss) on revaluation of land & buildings	215,000	-
<b>Total Other comprehensive income</b>	<b>215,000</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b>171,999</b>	<b>14,240</b>

The above statement of comprehensive income should be read in conjunction with the accompanying notes

**National Electrical and Communications Association South Australia/Northern Territory Branch**  
**Annual Financial Statements**  
**ABN 63 173 936 711**

**Statement of Financial Position**  
**As At 30 June 2020**

	Note	2020 \$	2019 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5A	232,592	52,408
Trade and other receivables	5B	116,653	224,967
Other current assets	5C	17,830	15,569
Loans receivable	5D	84,628	166,744
<b>Total current assets</b>		<b>451,703</b>	<b>459,688</b>
<b>Non-current assets</b>			
Plant and equipment	6A	2,961,401	2,750,855
<b>Total non-current assets</b>		<b>2,961,401</b>	<b>2,750,855</b>
<b>Total assets</b>		<b>3,413,104</b>	<b>3,210,543</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables	7A	145,492	175,133
Other payables	7B	48,734	61,686
Contract liabilities	7C	29,328	-
Borrowings	7D	138,836	109,446
Employee provisions	8A	231,428	194,827
<b>Total current liabilities</b>		<b>593,818</b>	<b>541,092</b>
<b>Non-current liabilities</b>			
Borrowings	7D	13,159	29,368
Employee provisions	8A	5,846	11,801
<b>Total non-current liabilities</b>		<b>19,005</b>	<b>41,169</b>
<b>Total liabilities</b>		<b>612,823</b>	<b>582,261</b>
<b>Net assets</b>		<b>2,800,281</b>	<b>2,628,282</b>
<b>EQUITY</b>			
Asset revaluation reserve	9A	3,054,639	2,839,639
Retained earnings (accumulated deficit)		<b>(254,358)</b>	<b>(211,357)</b>
<b>Total equity</b>		<b>2,800,281</b>	<b>2,628,282</b>

**Statement of Changes in Equity**  
**For the year ended 30 June 2020**

	Asset revaluation reserve	Retained earnings (accumulated deficit)	Total equity
Note	\$	\$	\$
<b>Balance as at 1 July 2018</b>	<b>2,839,639</b>	<b>(225,597)</b>	<b>2,614,042</b>
Profit / (loss) for the year	-	14,240	14,240
Other comprehensive income for the year	-	-	-
Transfer to / (from) reserves	-	-	-
Transfer to / (from) retained earnings	-	-	-
<b>Closing balance as at 30 June 2019</b>	<b>2,839,639</b>	<b>(211,357)</b>	<b>2,628,282</b>
<b>Balance at 1 July 2019</b>	<b>2,839,639</b>	<b>(211,357)</b>	<b>2,628,282</b>
Profit / (loss) for the year	-	(43,001)	(43,001)
Other comprehensive income for the year	215,000	-	215,000
Transfer to / (from) reserves	-	-	-
Transfer to / (from) retained earnings	-	-	-
<b>Closing balance as at 30 June 2020</b>	<b>3,054,639</b>	<b>(254,358)</b>	<b>2,800,281</b>



National Electrical and Communications Association South Australia/Northern Territory Branch  
Annual Financial Statements  
ABN 63 173 936 711

Statement of Cash Flows  
For the year ended 30 June 2020

	2020	2019
Note	\$	\$
<b>OPERATING ACTIVITIES</b>		
<b>Cash received</b>		
Receipts from customers	813,185	847,621
Donations and grants	3B 117,500	-
Receipts from other reporting units	10B 95,948	231,883
Interest	3C 1,511	1,280
Rental income	163,873	182,488
<b>Cash used</b>		
Payments to suppliers and employees	(893,975)	(986,439)
Interest payments and other finance costs	4F (2,913)	(2,465)
Payment to other reporting units	10B (136,602)	(144,104)
<b>Net cash from / (used by) operating activities</b>	<b>10A 158,527</b>	<b>30,264</b>
<b>INVESTING ACTIVITIES</b>		
<b>Cash used</b>		
Purchase of plant and equipment	(41,844)	(7,822)
<b>Net cash from / (used by) investing activities</b>	<b>(41,844)</b>	<b>(7,822)</b>
<b>FINANCING ACTIVITIES</b>		
<b>Cash received</b>		
Proceeds from borrowings	-	50,000
Proceeds from investments - loans	156,289	-
<b>Cash used</b>		
Repayment of borrowings	-	(100,000)
Repayment of finance lease	(18,615)	(8,581)
Purchase of investments - loans	(74,173)	-
<b>Net cash from / (used by) financing activities</b>	<b>63,501</b>	<b>(58,581)</b>
<b>Net increase / (decrease) in cash held</b>	<b>180,184</b>	<b>(36,139)</b>
Cash & cash equivalents at the beginning of the reporting period	52,408	88,547
<b>Cash &amp; cash equivalents at the end of the reporting period</b>	<b>5A 232,592</b>	<b>52,408</b>

**Index to the Notes of the Financial Statements**

Note 1	Summary of significant accounting policies
Note 2	Events after the reporting period
Note 3	Revenue and Income
Note 4	Expenses
Note 5	Current assets
Note 6	Non-current assets
Note 7	Current liabilities
Note 8	Provisions
Note 9	Equity
Note 10	Cash flow
Note 11	Contingent liabilities, assets and commitments
Note 12	Related party disclosures
Note 13	Remuneration of auditors
Note 14	Financial instruments
Note 15	Fair value measurements
Note 16	Association Details
Note 17	Section 272 <i>Fair Work (Registered Organisations) Act 2009</i>
Note 18	New Australian accounting standards

**Notes to the Financial Statements  
For the year ended 30 June 2020**

**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, National Electrical and Communications Association South Australia/Northern Territory Branch ("the Branch") 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 Committee of Management make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates. The significant estimates and judgements made have been described below.

**Coronavirus (COVID-19) pandemic**

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Branch based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Branch operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Branch unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

**Allowance for expected credit losses**

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

**Estimation of useful lives of assets**

The Branch determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

**Employee benefits provision**

As discussed in note 1.7, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

**Notes to the Financial Statements**  
**For the year ended 30 June 2020**

**Note 1 Summary of significant accounting policies (continued)**

**1.4 New Australian accounting standards**

**Adoption of New Australian Accounting Standard requirements**

The accounting policies adopted are consistent with those of the previous financial year except for the following standards and amendments, which have been adopted for the first time this financial year:

- AASB 15 Revenue from Contracts with Customers, which replaces AASB 118 Revenue, and AASB 1058 Income of Not-for-Profit-Entities, which replaces in the income recognition requirements of AASB 1004 Contributions.
- AASB 16 Leases and amending standards, which replaces AASB 117 Leases.

The impact of applying the above standard is detailed in Note 18.

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

**1.5 Acquisition of assets and or liabilities that do not constitute a business combination**

The Branch did not 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 the organisation, a determination or revocation by the General Manager of the Fair Work Commission under subsections 245(1) or 249(1) of the RO Act.

**1.6 Revenue**

The Branch enters into various arrangements where it receives consideration from another party. These arrangements include consideration in the form of membership subscriptions, capitation fees, grants, and donations.

The timing of recognition of these amounts as either revenue or income depends on the rights and obligations in those arrangements.

**Revenue from contracts with customers**

Where the Branch has a contract with a customer, the Branch recognises revenue when or as it transfers control of goods or services to the customer. The Branch accounts for an arrangement as a contract with a customer if the following criteria are met:

- the arrangement is enforceable; and
- the arrangement contains promises (that are also known as performance obligations) to transfer goods or services to the customer (or to other parties on behalf of the customer) that are sufficiently specific so that it can be determined when the performance obligation has been satisfied.

**Membership subscriptions**

For membership subscription arrangements that meet the criteria to be contracts with customers, revenue is recognised when the promised goods or services transfer to the customer as a member of the Branch.

If there is only one distinct membership service promised in the arrangement, the Branch recognises revenue as the membership service is provided, which is typically based on the passage of time over the subscription period to reflect the Branch promise to stand ready to provide assistance and support to the member as required.

**Notes to the Financial Statements**  
**For the year ended 30 June 2020**

**Note 1 Summary of significant accounting policies (continued)**

**1.6 Revenue (continued)**

If there is more than one distinct good or service promised in the membership subscription, the Branch allocates the transaction price to each performance obligation based on the relative standalone selling prices of each promised good or service. In performing this allocation, standalone selling prices are estimated if there is no observable evidence of the price that the branch charges for that good or service in a standalone sale. When a performance obligation is satisfied, which is either when the customer obtains control of the good (for example, books or clothing) or as the service transfers to the customer (for example, member services or training course), the Branch recognises revenue at the amount of the transaction price that was allocated to that performance obligation.

For member subscriptions paid annually in advance, the Branch has elected to apply the practical expedient to not adjust the transaction price for the effects of a significant financing component because the period from when the customer pays and the good or services will transfer to the customer will be one year or less.

When a member subsequently purchases additional goods or services from the branch at their standalone selling price, the Branch accounts for those sales as a separate contract with a customer.

**Income of the Branch as a Not-for-Profit Entity**

Consideration is received by the Branch to enable the entity to further its objectives. The Branch recognises each of these amounts of consideration as income when the consideration is received (which is when the branch obtains control of the cash) because, based on the rights and obligations in each arrangement:

- the arrangements do not meet the criteria to be contracts with customers because either the arrangement is unenforceable or lacks sufficiently specific promises to transfer goods or services to the customer; and
- the branch recognition of the cash contribution does not give to any related liabilities.

During the year, the Branch received cash consideration from the following arrangements whereby that consideration will be recognised as income upon receipt:

- government grants.

**Gains from sale of assets**

An item of property, plant and equipment is derecognised upon disposal (which is at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

**Interest income**

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

**Rental income**

Leases in which the Branch as a lessor, does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the relevant lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

**Notes to the Financial Statements**  
**For the year ended 30 June 2020**

**Note 1 Summary of significant accounting policies (continued)**

**1.7 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.

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

Provision is made for separation and redundancy benefit payments. The Branch recognises a provision for termination as part of a broader restructuring when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations. A provision for voluntary termination is recognised when the employee has accepted the offer of termination.

**1.8 Leases**

The Branch assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**The Branch as a lessee**

The Branch applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Branch recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**Right-of-use assets**

The Branch recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	2020	2019
Plant and equipment	1 to 5 years	N/A

If ownership of the leased asset transfers to the Branch at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Notes to the Financial Statements  
For the year ended 30 June 2020

**Note 1 Summary of significant accounting policies (continued)**

**1.8 Leases (continued)**

**Lease liabilities**

At the commencement date of the lease, the Branch recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Branch and payments of penalties for terminating the lease, if the lease term reflects the Branch exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Branch uses the implicit the interest rate or incremental borrowing rate if the implicit lease rate is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

**Short-term leases and leases of low-value assets**

The Branch's short-term leases are those that have a lease term of 12 months or less from the commencement. It also applies the lease of low-value assets recognition exemption to leases that are below \$5,000. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**1.9 Borrowing costs**

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

**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 short-term borrowings in current liabilities on the statement of financial position.

**1.11 Financial instruments**

Financial assets and financial liabilities are recognised when the Branch becomes a party to the contractual provisions of the instrument.

**1.12 Financial assets**

**Contract assets and receivables**

A contract asset is recognised when the Branch's right to consideration in exchange goods or services that has transferred to the customer when that right is conditioned on the Branch's future performance or some other condition.

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets and receivables are subject to impairment assessment. Refer to accounting policies on impairment of financial assets below.

**Notes to the Financial Statements**  
**For the year ended 30 June 2020**

**Note 1 Summary of significant accounting policies (continued)**

**1.12 Financial assets (continued)**

**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 Branch's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Branch 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 Branch's 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 Branch 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

**Financial assets at amortised cost**

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

**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.



Notes to the Financial Statements  
For the year ended 30 June 2020

**Note 1 Summary of significant accounting policies (continued)**

**1.12 Financial assets (continued)**

**Impairment**

**Expected credit losses**

Receivables for goods and services, which have 30-day terms, are recognised at the nominal amounts due less any loss allowance due to expected credit losses at each reporting date. 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.

**(i) Trade receivables**

For trade receivables that do not have a significant financing component, the Branch 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 Branch does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Branch 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.

**1.13 Financial liabilities**

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, at amortised cost unless or at fair value through profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The Branch's financial liabilities include trade and other payables.

**Subsequent measurement**

**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.

**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 Branch 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 Branch 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).

**Notes to the Financial Statements**  
**For the year ended 30 June 2020**

**Note 1 Summary of significant accounting policies (continued)**

**1.13 Financial liabilities (continued)**

The Branch considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Branch may also consider a financial asset to be in default when internal or external information indicates that the Branch 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.

**1.14 Liabilities relating to contracts with customers**

**Contract liabilities**

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Branch transfers the related goods or services. Contract liabilities include deferred income. Contract liabilities are recognised as revenue when the Branch performs under the contract (i.e., transfers control of the related goods or services to the customer).

**Refund liabilities**

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer. The Branch's refund liabilities arise from customers' right of return. The liability is measured at the amount the Branch ultimately expects it will have to return to the customer. The Branch updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

**1.15 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.

**1.16 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 straight-line method of depreciation. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

For the year ended 30 June 2020

**Note 1 Summary of significant accounting policies (continued)**

**1.16 Land, buildings, plant and equipment (continued)**

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2020	2019
Buildings	40 years	40 years
Right of use	5 Years	N/A
Furniture, Fixtures and Fittings	2-13 years	2-13 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.

**1.17 Impairment of 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 Branch were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

**1.18 Taxation**

The Branch 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 statement of cash flows 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.

**1.19 Fair value measurement**

The Branch measures financial instruments, such as, financial assets as at fair value through the profit and loss, financial assets at fair value through OCI, 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 14.

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

**Notes to the Financial Statements**  
**For the year ended 30 June 2020**

**Note 1 Summary of significant accounting policies (continued)**

**1.19 Fair value measurement (continued)**

The principal or the most advantageous market must be accessible by the Branch. 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 Branch 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 Branch 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 Branch 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.

**1.20 Going concern**

The financial report has been prepared on the going concern basis. The committee of management believe 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.

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 Branch, thus causing negative cash flows.

The Branch notes that current assets total \$451,703 and current liabilities \$593,818. Included in the \$593,818 are \$231,428 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 2020 cash on hand was \$232,592 (2019: \$52,408), which was a net increase in cash of \$180,184 from the previous year end. The Branch has bank overdraft facilities with Westpac Banking Corporation for \$300,000 which can be drawn down upon if required. At 30 June 2020 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 \$2,765,000.

No financial support was received from other reporting units during the financial year.

**Notes to the Financial Statements**  
**For the year ended 30 June 2020**

**Note 2 Events after the reporting period**

As a result of the evolving nature of the COVID-19 outbreak and the rapidly evolving government policies of restrictive measures put in place to contain it, as at the date of these financial statements, the Branch is not in a position to reasonably estimate the financial effects of the COVID-19 outbreak on the future financial performance and financial position of the Branch. Other than the current disclosures, there has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Branch, the results of those operations, or the state of affairs of the Branch in subsequent financial periods.

Notes to the Financial Statements  
For the year ended 30 June 2020

**Note 3 Revenue and income**

**Disaggregation of revenue from contracts with customers**

A disaggregation of the Branch's revenue by type of arrangements is provided on the face of the Statement of Comprehensive Income. The table below also sets out a disaggregation of revenue by type of customer.

Type of customer	2020 \$	2019 \$
Members	537,046	511,849
Other reporting units	12,769	299,097
<b>Total revenue from contracts with customers</b>	<b>549,815</b>	<b>810,946</b>

**Disaggregation of income for furthering activities**

A disaggregation of the Branch's income by type of arrangement is provided on the face of the Statement of comprehensive income. The table below also sets out a disaggregation of income by funding source:

<b>Income funding sources</b>		
Other reporting units	-	299,097
Government	117,500	-
<b>Total income for furthering activities</b>	<b>117,500</b>	<b>299,097</b>

**Note 3A: Other revenue from another reporting unit**

National Electrical and Communications Association - National Office		
Project mentoring income	-	206,906
Excellence Awards - ticket sales	164	159
Other income	150	117
National Electrical and Communications Association - New South Wales Branch		
Sponsorship income	-	54,000
National Electrical and Communications Association - Victorian Branch		
NECA HSEQ	12,455	37,636
National Electrical and Communications Association - Western Australian Branch		
Other income	-	279
<b>Total other revenue from other reporting unit</b>	<b>12,769</b>	<b>299,097</b>

**Note 3B: Grants**

Grants	117,500	-
<b>Total grants</b>	<b>117,500</b>	<b>-</b>

**Note 3C: Investment income**

<b>Interest</b>		
Deposits	1,511	1,280
<b>Total investment income</b>	<b>1,511</b>	<b>1,280</b>

**Note 3D: Rental income**

Properties	148,975	165,898
<b>Total rental income</b>	<b>148,975</b>	<b>165,898</b>

National Electrical and Communications Association South Australia/Northern Territory Branch  
Annual Financial Statements  
ABN 63 173 936 711

Notes to the Financial Statements  
For the year ended 30 June 2020

**Note 3 revenue and income (continued)**

**Note 3E: Other income**

	2020 \$	2019 \$
Fuel scheme income	17,546	30,189
Insurance commission	32,160	29,890
Advertising income	14,355	11,649
Sponsorship income	39,070	60,266
Excellence Awards - ticket sales	54,131	47,573
NECA HSEQ	94,704	94,205
Recoveries	13,073	9,290
Standards income	3,843	71,294
Roadshow income	-	12,872
Directors fees	5,310	7,025
Other income	26,098	37,180
<b>Total revenue from other income</b>	<b>300,290</b>	<b>411,433</b>

**Note 4 Expenses**

**Note 4A: Employee expenses**

**Holders of office:**

Wages and salaries	137,162	129,365
Superannuation	25,000	24,792
Leave and other entitlements	15,085	12,284

**Subtotal employee expenses holders of office**

**177,247**      **166,441**

**Employees other than office holders:**

Wages and salaries	351,618	372,447
Superannuation	37,572	39,504
Leave and other entitlements	58,703	64,776
Other employee expenses	10,388	12,262

**Subtotal employee expenses employees other than office holders**

**458,281**      **488,989**

**Total employee expenses**

**635,528**      **655,430**

**Note 4B: Capitation fees and other expense to another reporting unit**

**Capitation fees**

National Electrical and Communications Association - National Office	98,592	115,732
<b>Subtotal capitation fees</b>	<b>98,592</b>	<b>115,732</b>

**Other expense to another reporting unit**

National Electrical and Communications Association - National Office		
Conference and meeting expenses	-	571
Information communications technology	350	-
Excellence awards expenses	13,926	34,029
Insurance	2,043	1,895
Newsletter expenses	-	1,083
Other expenses	3,638	2,452
National Electrical and Communications Association - Victorian Branch		
Roadshow expenses	757	-
National Electrical and Communications Association - Western Australian Branch		
Conference and meeting expenses	-	1,909
<b>Subtotal other expense to another reporting unit</b>	<b>20,714</b>	<b>41,939</b>
<b>Total capitation fees and other expense to another reporting unit</b>	<b>119,306</b>	<b>157,671</b>

Notes to the Financial Statements  
For the year ended 30 June 2020

	2020 \$	2019 \$
<b>Note 4 Expenses (continued)</b>		
<b>Note 4C: Administration expenses</b>		
Conference and meeting expenses	26,062	27,962
Contractors/consultants	14,218	23,053
Property expenses	64,802	65,992
Office expenses	14,708	24,277
Information communications technology	13,920	17,513
Member services	13,503	21,184
<b>Subtotal administration expense</b>	<b>147,213</b>	<b>179,981</b>
<b>Operating lease rentals:</b>		
Minimum lease payments	-	-
<b>Total administration expenses</b>	<b>147,213</b>	<b>179,981</b>
<b>Note 4D: Grants or donations</b>		
<b>Grants:</b>		
Total expensed that were \$1,000 or less	873	-
Total expensed that exceeded \$1,000	-	1,009
<b>Donations:</b>		
Total expensed that were \$1,000 or less	-	-
Total expensed that exceeded \$1,000	-	-
<b>Total grants or donations</b>	<b>873</b>	<b>1,009</b>
<b>Note 4E: Depreciation and amortisation</b>		
<b>Depreciation</b>		
Land & buildings	47,500	47,500
Property, plant and equipment	30,594	24,417
<b>Total depreciation and amortisation</b>	<b>78,094</b>	<b>71,917</b>
<b>Note 4F: Finance costs</b>		
Overdrafts/loans	2,028	2,465
Unwinding of discount - Right-of-use asset	885	-
<b>Total finance costs</b>	<b>2,913</b>	<b>2,465</b>
<b>Note 4G: Legal costs</b>		
Litigation	-	-
Other legal matters	17,624	18,216
<b>Total legal costs</b>	<b>17,624</b>	<b>18,216</b>



**National Electrical and Communications Association South Australia/Northern Territory Branch**  
**Annual Financial Statements**  
**ABN 63 173 936 711**

**Notes to the Financial Statements**  
**For the year ended 30 June 2020**

	2020 \$	2019 \$
<b>Note 4 Expenses (continued)</b>		
<b>Note 4H: Other expenses</b>		
Excellence awards expenses	86,383	74,942
NECA HSEQ	16,065	19,483
Project Mentoring expenses	6,694	(10,069)
Roadshow expenses	3,520	32,512
Newsletter expenses	11,410	11,832
Sponsorship and apprentice awards	286	8,727
Insurance	11,760	10,136
Training resources expenses	4,059	70,435
Bad debts	(1,570)	3,934
Other expenses	14,734	51,446
<b>Total other expenses</b>	<b>153,341</b>	<b>273,378</b>
<b>Note 5 Current Assets</b>		
<b>Note 5A: Cash and cash equivalents</b>		
Cash at bank	232,408	52,408
Cash on hand	184	-
<b>Total cash and cash equivalents</b>	<b>232,592</b>	<b>52,408</b>
<b>Note 5B: Trade and other receivables</b>		
<b>Receivables from other reporting units</b>		
National Electrical and Communications Association - National Office	-	41,678
National Electrical and Communications Association - New South Wales Branch	-	19,800
National Electrical and Communications Association - Victorian Branch	-	20,250
National Electrical and Communications Association - Western Australian Branch	250	-
<b>Total receivables from other reporting units</b>	<b>250</b>	<b>81,728</b>
<b>Less allowance for expected credit losses</b>	<b>-</b>	<b>-</b>
<b>Total allowance for expected credit losses</b>	<b>-</b>	<b>-</b>
<b>Receivable from other reporting units (net)</b>	<b>250</b>	<b>81,728</b>
<b>Other receivables:</b>		
Trade receivables	18,379	7,974
Fuel scheme receivables	73,281	110,037
Other receivables	27,500	29,555
<b>Total other receivables</b>	<b>119,160</b>	<b>147,566</b>
<b>Less allowance for expected credit losses</b>	<b>(2,757)</b>	<b>(4,327)</b>
<b>Total allowance for expected credit losses</b>	<b>(2,757)</b>	<b>(4,327)</b>
<b>Other receivables (net)</b>	<b>116,403</b>	<b>143,239</b>
<b>Total trade and other receivables (net)</b>	<b>116,653</b>	<b>224,967</b>

The movement in the allowance for expected credit losses of trade and other receivables is as follows:

<b>Balance at Beginning of Year</b>	<b>(4,327)</b>	<b>(4,327)</b>
Increase in provision recognised in the Statement of Comprehensive Income	-	-
Reversal of unused provision recognised in the Statement of Comprehensive Income	1,570	-
<b>Balance at End of Year</b>	<b>(2,757)</b>	<b>(4,327)</b>

Notes to the Financial Statements  
For the year ended 30 June 2020

	2020 \$	2019 \$
<b>Note 5 Current assets (continued)</b>		
<b>Note 5C: Other current assets</b>		
Prepayments	17,830	15,569
<b>Total other current assets</b>	<b>17,830</b>	<b>15,569</b>
<b>Note 5D: Loans receivable</b>		
<b>Current</b>		
NECA Careers & Apprenticeships Ltd	84,628	166,744
<b>Total loans Receivable</b>	<b>84,628</b>	<b>166,744</b>
<b>Note 6 Non-current Assets</b>		
<b>Note 6A: Property, Plant and Equipment</b>		
<b>Land</b>		
Land at fair value	850,000	840,000
<b>Total land</b>	<b>850,000</b>	<b>840,000</b>
<b>Buildings</b>		
Buildings at fair value	1,915,000	1,900,000
less accumulated depreciation	-	(142,500)
<b>Total buildings</b>	<b>1,915,000</b>	<b>1,757,500</b>
<b>Plant and equipment</b>		
Plant and equipment at cost	374,131	341,837
less accumulated depreciation	(209,553)	(188,482)
<b>Total plant and equipment</b>	<b>164,578</b>	<b>153,355</b>
<b>Right-of-use plant and equipment</b>		
Right-of-use plant and equipment at cost	31,796	-
less accumulated depreciation	(9,523)	-
<b>Total plant and equipment</b>	<b>22,273</b>	<b>-</b>
Capital works in progress	9,550	-
<b>Total property, plant &amp; equipment</b>	<b>2,961,401</b>	<b>2,750,855</b>

**Valuations**

Land and/or buildings are at Unit 1, 213 Greenhill Road, Eastwood, South Australia, 5063 and were independently valued in June 2020 by the independent firm McGees (SA) Pty Ltd on the basis of and in accordance with Australian Accounting Standards AASB 13 Fair Value Measurement and AASB 116 Property, Plant & Equipment. The Directors do not believe there has been a material movement in fair value since the valuation date.

The Branch has a set policy for regular valuation of freehold land and buildings at least once every three to five financial years. Refer to Note 15 for further information on fair value measurement.

**Significant market uncertainty**

The valuation has assumed a normalisation of the market and operational conditions commensurate to the experienced prior to the COVID-19 pandemic and associated restrictions. The valuation assumed a normalisation within the shorter term (e.g. the next 12 months). Should a prolonged period of uncertainty and disruption occur the valuation may require review.

Notes to the financial statements  
For the year ended 30 June 2020

Note 6 Non-current Assets (continued)

Note 6A Property, Plant and Equipment (continued)

Reconciliations of the Carrying Amounts of Each Class of Asset

Consolidated	Land	Buildings	Plant and equipment	Right-of-use plant and equipment	Capital works in progress	Total
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>	840,000	1,805,000	170,053	-	-	2,815,053
Additions	-	-	7,822	-	-	7,822
Disposals	-	-	(103)	-	-	(103)
Net Transfers Between Classes	-	-	-	-	-	-
Depreciation	-	(47,500)	(24,417)	-	-	(71,917)
<b>Balance at 30 June 2019</b>	<b>840,000</b>	<b>1,757,500</b>	<b>153,355</b>	<b>-</b>	<b>-</b>	<b>2,750,855</b>

	Land	Buildings	Plant and equipment	Right-of-use plant and equipment	Capital works in progress	Total
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2019</b>	840,000	1,757,500	153,355	-	-	2,750,855
Recognition of Right-of-use Assets on initial application of AASB 16	-	-	-	31,796	-	31,796
<b>Adjusted Balance at 1 July 2019</b>	<b>840,000</b>	<b>1,757,500</b>	<b>153,355</b>	<b>31,796</b>	<b>-</b>	<b>2,782,651</b>
Additions	-	-	32,294	-	9,550	41,844
Disposals	-	-	-	-	-	-
Revaluation increment/(decrements)	10,000	205,000	-	-	-	215,000
Net Transfers Between Classes	-	-	-	-	-	-
Depreciation	-	(47,500)	(21,071)	(9,523)	-	(78,094)
<b>Balance at 30 June 2020</b>	<b>850,000</b>	<b>1,915,000</b>	<b>164,578</b>	<b>22,273</b>	<b>9,550</b>	<b>2,961,401</b>

Notes to the Financial Statements  
For the year ended 30 June 2020

	2020 \$	2019 \$
<b>Note 7 Current liabilities</b>		
<b>Note 7A: Trade payables</b>		
Trade creditors and accruals	107,908	142,373
<b>Subtotal trade creditors</b>	<b>107,908</b>	<b>142,373</b>
<b>Payables to other reporting units</b>		
National Electrical and Communications Association - National Office	37,584	30,660
National Electrical and Communications Association - Western Australian Branch	-	2,100
<b>Subtotal payables to other reporting units</b>	<b>37,584</b>	<b>32,760</b>
<b>Total trade payables</b>	<b>145,492</b>	<b>175,133</b>

Settlement is usually made within 30 days.

<b>Note 7B: Other payables</b>		
Wages and salaries	10,735	11,221
Superannuation	5,350	5,695
GST payable / (receivable)	(8,582)	4,957
Fuel scheme bonds monies	37,700	37,250
Other	3,531	2,563
<b>Total other payables</b>	<b>48,734</b>	<b>61,686</b>
<b>Total other payables are expected to be settled in:</b>		
No more than 12 months	48,734	61,686
More than 12 months	-	-
<b>Total other payables</b>	<b>48,734</b>	<b>61,686</b>

<b>Note 7C: Contract liabilities</b>		
<b>Current</b>		
Income in advance	29,328	-
<b>Total contract liabilities</b>	<b>29,328</b>	<b>-</b>

<b>Note 7D: Borrowings</b>		
<b>Current</b>		
Lease liability	38,836	9,446
Loan - National Electrical and Communications Association - New South Wales Branch	100,000	100,000
<b>Total current borrowings</b>	<b>138,836</b>	<b>109,446</b>
<b>Non-current</b>		
Lease liability	13,159	29,368
<b>Total non-current borrowings</b>	<b>13,159</b>	<b>29,368</b>
<b>Total borrowings</b>	<b>151,995</b>	<b>138,814</b>

Notes to the Financial Statements  
For the year ended 30 June 2020

	2020 \$	2019 \$
<b>Note 8 Provisions</b>		
<b>Note 8A: Employee Provisions</b>		
<b>Office Holders:</b>		
Annual leave	82,871	84,712
Long service leave	103,058	90,380
<b>Subtotal employee provisions—office holders</b>	<b>185,929</b>	<b>175,092</b>
<b>Employees other than office holders:</b>		
Annual leave	28,437	12,703
Long service leave	22,908	18,833
<b>Subtotal employee provisions—employees other than office holders</b>	<b>51,345</b>	<b>31,536</b>
<b>Total employee provisions</b>	<b>237,274</b>	<b>206,628</b>
Current	231,428	194,827
Non Current	5,846	11,801
<b>Total employee provisions</b>	<b>237,274</b>	<b>206,628</b>

<b>Note 9 Equity</b>		
<b>Note 9A: Asset revaluation reserve</b>		
<b>Balance as at start of year</b>	2,839,639	2,839,639
Gain/(Loss) on revaluation of land and buildings	215,000	-
Transferred out of reserve	-	-
<b>Balance as at end of year</b>	<b>3,054,639</b>	<b>2,839,639</b>
<b>Total asset revaluation reserve</b>	<b>3,054,639</b>	<b>2,839,639</b>

<b>Note 10 Cash flow</b>		
<b>Note 10A: Cash flow reconciliation</b>		
<b>Reconciliation of cash and cash equivalents as per balance sheet to cash flow statement:</b>		
<b>Cash and cash equivalents as per:</b>		
Cash flow statement	232,592	52,408
Balance sheet	232,592	52,408
<b>Difference</b>	<b>-</b>	<b>-</b>
<b>Reconciliation of profit / (deficit) to net cash from operating activities:</b>		
Profit / (deficit) for the year	(43,001)	14,240
<b>Adjustments for non-cash items</b>		
Depreciation/amortisation	78,094	71,917
Gain/Loss sale of fixed assets	-	103
<b>Changes in assets/liabilities</b>		
(Increase) / decrease in net receivables	108,314	(98,615)
(Increase) / decrease in net other assets	(2,261)	(2,000)
Increase / (decrease) in trade payables	(29,641)	28,137
Increase / (decrease) in other payables	(12,952)	(11,988)
Increase / (decrease) in contract liabilities	29,328	-
Increase / (decrease) in employee provisions	30,646	28,470
<b>Net cash from / (used by) operating activities</b>	<b>158,527</b>	<b>30,264</b>

Notes to the Financial Statements  
For the year ended 30 June 2020

	2020 \$	2019 \$
<b>Note 10 Cash Flow (continued)</b>		
<b>Note 10B: Cash flow information</b>		
<b>Cash inflows from operations</b>		
<b>Other reporting units</b>		
National Electrical and Communications Association - National Office	42,198	170,826
National Electrical and Communications Association - New South Wales Branch	19,800	39,600
National Electrical and Communications Association - Victorian Branch	33,950	21,150
National Electrical and Communications Association - Western Australian Branch	-	307
<b>Total cash inflows</b>	<b>95,948</b>	<b>231,883</b>
<b>Cash outflows</b>		
<b>Other reporting units</b>		
National Electrical and Communications Association - National Office	132,845	144,104
National Electrical and Communications Association - New South Wales Branch	-	-
National Electrical and Communications Association - Victorian Branch	832	-
National Electrical and Communications Association - Western Australian Branch	2,100	-
<b>Related parties</b>		
NECA Trade Services Pty Limited	825	-
<b>Total cash outflows</b>	<b>136,602</b>	<b>144,104</b>
<b>Cash outflows from financing</b>		
<b>Other reporting units</b>		
National Electrical and Communications Association - New South Wales Branch	-	100,000
<b>Total cash outflows</b>	<b>-</b>	<b>100,000</b>

**Note 11 Contingent liabilities, assets and commitments**

**Note 11A: Commitments and contingencies**

**Operating lease commitments—as lessor**

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

Within one year	160,183	35,000
After one year but not more than five years	304,588	105,020
More than five years	-	-
	<b>464,771</b>	<b>140,020</b>

There are no material financial contingencies to report at balance date.

**Notes to the Financial Statements**  
**For the year ended 30 June 2020**

**Note 12 Related party disclosures**

**Note 12A: Related party transactions for the reporting period**

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

During the year the Branch received subscriptions from committee member related entities on normal commercial terms and conditions.

Remuneration of committee members during the year was Nil (2019: Nil).

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

	2020 \$	2019 \$
<b>Revenue received from:</b>		
<b>Other reporting units</b>		
Refer to Note 3A: Other revenue from another reporting unit	12,769	299,097
<b>Related parties</b>		
Nilsen (SA) Pty Ltd	8,939	9,623
Niramar Pty Ltd	4,605	4,524
NSG (BOFFA) Pty Ltd	9,995	11,342
PEER VEET	-	26,584
ABC Tapp Electrical Services	1,440	4,223
Nexphase Electrical	3,520	4,843
CME Group	8,715	12,876
MIMP Connecting Solutions	4,605	3,950
Portable Long Service Leave	8,125	10,788
National Industry Skills Council (E-Oz)	6,269	4,695
NECA Careers and Apprenticeships (NCA) Ltd	53,322	-
<b>Expenses paid to:</b>		
<b>Other reporting units</b>		
Refer to Note 4B: Capitation fees and other expense to another reporting unit	119,306	157,671
<b>Related parties</b>		
NECA Trade Services Pty Ltd	750	-
NECA Careers and Apprenticeships (NCA) Ltd	311	-
<b>Amounts owed by</b>		
<b>Other reporting units</b>		
Refer to Note 5B: Trade and Other Receivables	250	81,728
<b>Amounts owed to</b>		
<b>Other reporting units</b>		
Refer to Note 7A: Trade payables	37,584	32,760
<b>Loans from/to</b>		
Amount owed by:		
NECA Careers and Apprenticeships (NCA) Ltd	84,628	166,744
Amount payable to:		
National Electrical and Communications Association - New South Wales Branch	100,000	100,000

**Notes to the Financial Statements  
For the year ended 30 June 2020**

**Note 12 Related party disclosures (continued)**

**Note 12A: Related party transactions for the reporting period (continued)**

**Terms and conditions of transactions with related parties**

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 2020, the Branch has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (2019: \$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.

The loan provided to NECA Careers and Apprenticeships (NCA) Ltd receives a rate of interest of 0% and is repayable before 31 December 2020.

No expected credit losses have been raised in relation to any outstanding balances, and no expense has been recognised in respect of expected credit losses due from loan to a related party.

**Note 12B: Key management personnel remuneration for the reporting period**

**Short-term employee benefits**

Salary (including annual leave taken)

Annual leave accrued

**Total short-term employee benefits**

**Post-employment benefits:**

Superannuation

**Total post-employment benefits**

**Other long-term benefits:**

Long-service leave

**Total other long-term benefits**

**Termination benefits**

**Total key management personnel remuneration for the reporting period**

	2020 \$	2019 \$
	137,162	129,365
	11,385	10,558
<b>Total short-term employee benefits</b>	<b>148,547</b>	<b>139,923</b>
	25,000	24,792
<b>Total post-employment benefits</b>	<b>25,000</b>	<b>24,792</b>
	3,700	4,024
<b>Total other long-term benefits</b>	<b>3,700</b>	<b>4,024</b>
<b>Total key management personnel remuneration for the reporting period</b>	<b>177,247</b>	<b>168,739</b>

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

**Loans to/from key management personnel**

The Branch has not provided or received any loans with key management personnel (2019: \$nil)

**Other transactions with key management personnel**

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

**Note 13 Remuneration of auditors**

**Value of the services provided**

Financial statement audit services

Other services

**Total remuneration of auditors**

	4,000	15,250
	2,200	-
<b>Total remuneration of auditors</b>	<b>6,200</b>	<b>15,250</b>

The auditor is Crowe Audit Australia (2019: Grant Thornton Audit Pty Ltd). The fees are stated net of GST.



**Notes to the Financial Statements  
For the year ended 30 June 2020**

**Note 14 Financial instruments**

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

The Branch financial instruments consist mainly of deposits with banks, local money market instruments, short term investments, accounts receivable and payable, bank loans and overdrafts, loans to and from related parties.

The totals for each category of financial instruments, measured in accordance with AASB 9, as detailed in the accounting policies to these financial statements, are as follows:

	2020	2019
Note	\$	\$
<b>Note 14A: Categories of financial instruments</b>		
<b>Financial Assets at amortised cost</b>		
Cash and cash equivalents	5A 232,592	52,408
Trade and other receivables	5B 116,653	224,967
Loans receivable	5D 84,628	166,744
<b>Total financial Assets at amortised cost</b>	<b>433,873</b>	<b>444,119</b>
<b>Financial liabilities at amortised cost</b>		
Trade payables	7A 145,492	175,133
Other payables	7B 48,734	61,686
Contract liabilities	7C 29,328	-
Borrowings	7D 138,836	109,446
<b>Total financial liabilities at amortised cost</b>	<b>362,390</b>	<b>346,265</b>

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

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

The day to day risk management is carried out under policies and objectives which have been approved by the Committee of Management. The Chief Financial Officer has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate and foreign exchange rate risk and assessment of market forecasts for interest rate movements. The Committee of Management receives monthly reports which provide details of the effectiveness of the processes and policies in place.

The Branch does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

Notes to the Financial Statements  
For the year ended 30 June 2020

**Note 14 Financial instruments (continued)**

**Note 14B: Net income and expense from financial assets**

**Amortised cost**

Interest revenue

**Net income and expense from financial assets**

	2020 \$	2019 \$
Note		
3C	1,511	1,280
	<u>1,511</u>	<u>1,280</u>

**Note 14C: Net income and expense from financial liabilities**

**Amortised cost**

Interest expense

**Net Income and expense from financial liabilities**

	2020 \$	2019 \$
Note		
4F	2,913	2,465
	<u>2,913</u>	<u>2,465</u>

**Note 14C: Credit risk**

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

**Credit risk exposures**

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

The Branch has no significant concentration of credit risk with any single counterparty or Branch of counterparties. Details with respect to credit risk of Trade and Other Receivables are provided in Note 5B.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at Note 5B.

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

**Financial assets**

Trade receivables

**Total financial assets**

	119,410	229,294
	<u>119,410</u>	<u>229,294</u>

**Notes to the Financial Statements**  
**For the year ended 30 June 2020**

**Note 14 Financial instruments (continued)**  
**Note 14C: Credit risk**

Set out below is the information about the credit risk exposure on financial assets using a provision matrix:

	30 June 2020					
	Trade and other receivables					
	Days past due					Total
On Demand	<30 days	30-60 days	61-90 days	>91 days		
		\$	\$	\$	\$	\$
Expected credit loss rate	0%	0.5%	34.5%	0%	64.6%	
Estimate total gross carrying amount at default	-	115,437	1,200	-	2,773	119,410
Expected credit loss	-	551	414	-	1,792	2,757

	30 June 2019					
	Trade and other receivables					
	Days past due					Total
On Demand	<30 days	30-60 days	61-90 days	>91 days		
		\$	\$	\$	\$	\$
Expected credit loss rate	0%	0.7%	0.9%	0.8%	5.8%	
Estimate total gross carrying amount at default	-	125,585	25,511	25,572	52,626	229,294
Expected credit loss	-	866	216	216	3,029	4,327

The Branch's maximum exposure to credit risk for the components of the statement of financial position at 30 June 2020 and 2019 is the carrying amounts as illustrated in Note 15C.

**Note 14D: Liquidity risk**

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

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

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

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

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

Notes to the Financial Statements  
For the year ended 30 June 2020

Note 14 Financial instruments (continued)  
Note 14D: Liquidity risk (continued)

Contractual maturities for financial liabilities 2020

	On Demand	< 1 year \$	1– 2 years \$	2– 5 years \$	>5 years \$	Total \$
Trade and other payables	-	194,226	-	-	-	194,226
Related party loans	-	100,000	-	-	-	100,000
Lease liabilities	-	38,836	13,159	-	-	51,995
<b>Total</b>	<b>-</b>	<b>333,062</b>	<b>13,159</b>	<b>-</b>	<b>-</b>	<b>346,221</b>

Contractual maturities for financial liabilities 2019

	On Demand	< 1 year \$	1– 2 years \$	2– 5 years \$	>5 years \$	Total \$
Trade and other payables	-	194,226	-	-	-	194,226
Related party loans	-	-	100,000	-	-	100,000
Lease liabilities	-	9,446	29,368	-	-	38,814
<b>Total</b>	<b>-</b>	<b>203,672</b>	<b>129,368</b>	<b>-</b>	<b>-</b>	<b>333,040</b>

Note 14E: Market risk

Market risk is the risk that the fair value or future cash flows of the financial instruments held within the Branch 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 Branch is only exposed to interest rate risk and other price risk as detailed below.

**Interest rate risk**

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 Branch is affected by interest rate risk due to its directly held cash balances. The Branch does not have any floating rate debt instruments for both 2020 and 2019. The exposure to interest rate risk has a direct impact on the Statement of Comprehensive Income and Statement of Financial Position of the Branch.

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.

Interest rate risk is measured and monitored by the calculation of the duration of the investment portfolios which approximates the percentage change in portfolio valuation from a percentage change in market interest rates. The only component of the financial instruments directly impacted by interest rates volatility for the purposes of quantifying the interest rate sensitivities are the cash holdings either within the individual portfolios or the master custodian accounts for the investment portfolio.

**Notes to the Financial Statements**  
**For the year ended 30 June 2020**

**Note 14 Financial instruments (continued)**

**Note 14E: Market risk (continued)**

The following table illustrates sensitivities to the Branch'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.

Sensitivity analysis of the risk that the entity is exposed to for 2020

	Change in risk variable %	Effect on	
		Profit \$	Equity \$
Interest rate risk	2%	4,652	4,652
Interest rate risk	-2%	(4,652)	(4,652)

Sensitivity analysis of the risk that the entity is exposed to for 2019

	Change in risk variable %	Effect on	
		Profit \$	Equity \$
Interest rate risk	2%	1,048	1,048
Interest rate risk	-2%	(1,048)	(1,048)

Management of the Branch 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 reporting unit'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 2020 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 Branch 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 2020 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 Branch's financial assets and liabilities:

		Carrying amount 2020 \$	Fair value 2020 \$	Carrying amount 2019 \$	Fair value 2019 \$
<b>Financial assets</b>					
Cash and cash equivalents	Note 5A	232,592	232,592	52,408	52,408
Trade and other receivables	5B	116,653	116,653	224,967	224,967
Loans receivable	5D	84,628	84,628	84,628	84,628
<b>Total</b>		<b>433,873</b>	<b>433,873</b>	<b>362,003</b>	<b>362,003</b>
<b>Financial liabilities</b>					
Trade and other payables	7A	194,226	194,226	236,819	236,819
Borrowings	7	151,995	151,995	138,814	138,814
<b>Total</b>		<b>346,221</b>	<b>346,221</b>	<b>375,633</b>	<b>375,633</b>

**Notes to the Financial Statements  
For the year ended 30 June 2020**

**Note 15 Fair value measurements**

**Note 15A: Non-financial assets and liabilities fair value hierarchy**

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

The different levels are defined below:

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

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

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

**Fair value hierarchy – 30 June 2020**

	Date of valuation	Level 1	Level 2	Level 3
Assets measured at fair value		\$	\$	\$
Land and Building	30 June 2020	-	-	2,765,000
<b>Total assets measured at fair value</b>		<b>-</b>	<b>-</b>	<b>2,765,000</b>

**Fair value hierarchy – 30 June 2019**

	Date of valuation	Level 1	Level 2	Level 3
Assets measured at fair value		\$	\$	\$
Land and Building	30 June 2016	-	-	2,740,000
<b>Total assets measured at fair value</b>		<b>-</b>	<b>-</b>	<b>2,740,000</b>

**Note 16 Association Details**

The principal place of business of the Branch is:

National Electrical and Communications Association South Australia/Northern Territory Branch  
213 Greenhill Road  
Eastwood, South Australia, 5063

**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).

**Notes to the Financial Statements**  
**For the year ended 30 June 2020**

**Note 18 New Australian Accounting Standards**

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

AASB 15 Revenue from Contracts with Customers supersedes AASB 111 Construction Contracts, AASB 118 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers.

AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. AASB 15 also includes implementation guidance to assist not-for-profit entities to determine whether particular transactions, or components thereof, are contracts with customers. If a transaction is outside the scope of AASB 15, the recognition and measurement of income arising from the transaction may instead be specified by another Standard, for example AASB 1058 Income of Not-for-Profit Entities.

AASB 1058 replaces the income recognition requirements in AASB 1004 Contributions that had previously applied to the Branch. AASB 1058 provides a more comprehensive model for accounting for income of not-for-profit entities and specifies that:

- the timing of revenue or income recognition will depend on whether a performance obligation is identified or a liability is recognised;
- not-for-profit lessees can elect to recognise assets, including leases provided at significantly less than fair value, at their fair value; and
- all not-for-profit entities can elect to recognise volunteer services at fair value if the fair value of those services can be reliably measured.

The Branch adopted AASB 15 and AASB 1058 using the modified retrospective method of adoption, with the date of initial application of 1 July 2019. In accordance with the transition approach, the Branch recognised the cumulative effect of applying these new standards as an adjustment to opening retained earnings at the date of initial application, i.e., 1 July 2019. Consequently, the comparative information presented has not been restated and continues to be reported under the previous standards on revenue and income recognition. In addition, the Branch has applied the practical expedient and elected to apply these standards retrospectively only to contracts and transactions that were not completed contracts at the date of initial application, i.e., as at 1 July 2019.

The adoption of AASB 15 and AASB 1058 had no impact on the Branch financial statements. No adjustments were required. Comparative information has not been restated.

**Impact on adoption of AASB 16 Leases**

AASB 16 Leases supersedes AASB 117 Leases, Interpretation 4 Determining whether an Arrangement contains a Lease, Interpretation 115 Operating Leases—Incentives and Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under AASB 16 is substantially unchanged from AASB 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in AASB 117. Therefore, AASB 16 does not have an impact for leases where the Branch is the lessor.

The Branch has adopted AASB 16 using the modified retrospective method of transition, with the date of initial application of 1 July 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Branch elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at 1 July 2019.

**Notes to the Financial Statements**  
**For the year ended 30 June 2020**

**Note 18 New Australian Accounting Standards (continued)**

The Branch has lease contracts for vehicles and other equipment. Before the adoption of AASB 16, NECA classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

Upon adoption of AASB 16, the Branch applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 1.9 Leases for the accounting policy beginning 1 July 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Branch.

**Leases previously classified as finance leases**

The Branch did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under AASB 117). The requirements of AASB 16 were applied to these leases from 1 July 2019.

**Leases previously accounted for as operating leases**

The Branch recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Branch also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

Based on the above, as at 1 July 2019:

- Right-of -use assets of \$31,796 were recognised and presented separately in the statement of financial position.
- Additional lease liabilities of \$31,796 (included in lease liabilities) were recognised.
- The net effect of these adjustments had been adjusted to retained earnings \$0



Notes to the Financial Statements  
For the year ended 30 June 2020

Note 18 New Australian Accounting Standards (continued)

	Note	Balance at 30 June 2019	Impact of New Accounting Standards	Restated Balance at 1 July 2019
<b>Balance sheet</b>				
Plant and equipment	6A	2,750,855	31,796	2,782,651
<b>Total Impact on Assets</b>		<b>2,750,855</b>	<b>31,796</b>	<b>2,782,651</b>
Borrowings	7D	138,814	31,796	170,610
<b>Total Impact on Liabilities</b>		<b>138,814</b>	<b>31,796</b>	<b>170,610</b>
Retained earnings		(211,357)	-	(211,357)
<b>Total Impact on Equity</b>		<b>(211,357)</b>	<b>-</b>	<b>(211,357)</b>

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019, as follows:

	1-Jul-19 \$
Total operating lease commitments disclosed at 30 June 2019	31,397
Discounted using the incremental borrowing rate at 1 July 2019	(1,779)
Other minor adjustments relating to commitment disclosures	2,178
Recognition exemption for:	
Short-term leases	-
Low value leases	-
<b>Lease liabilities recognised at 1 July 2019</b>	<b>31,796</b>

**Reporting unit as a lessor**

The Branch is not required to make any adjustments on transition to AASB 16 where it is a lessor.

**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 Branch include:

***AASB 2020-1 – Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current***

This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. For example, the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. This Standard applies to annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted.

**Officer declaration statement**

I, Larry Moore, being the Secretary of the National Electrical and Communications Association South Australia/Northern Territory Branch ("the Branch") declare that the following activities did not occur during the reporting period ending 30 June 2020.

The Branch did not:

- agree to receive financial support from another reporting unit to continue as a going concern
- agree to provide financial support to another reporting unit to ensure they continue as a going concern
- 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 capitation fees or from another reporting unit
- receive revenue from undertaking recovery of wages activity
- incur fees as consideration for employers making payroll deductions of membership subscriptions t
- pay affiliation fees to other entity
- pay compulsory levies
- pay a grant that exceeded \$1,000
- pay a donation that was \$1,000 or less
- pay a donation that exceeded \$1,000
- pay separation and redundancy to holders of office
- pay a penalty imposed under the RO Act or the Fair Work Act 2009
- 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 separation and redundancy provision in respect of holders of office
- have other employee provisions in respect of holders of office
- have a separation and redundancy provision in respect of employees (other than holders of office)
- have other employee provisions in respect of employees (other than holders of office)
- 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 prescribed designated officer



Name of prescribed designated officer LARRY MOORE  
Title of prescribed designated officer SECRETARY

Dated: 22/10/20