



Victorian chapter | **national electrical and communications association**
Level 12, 222 Kingsway South Melbourne Victoria 3205 Australia
telephone +61 3 9645 5533 facsimile +61 3 9645 5544
email: necavic@neca.asn.au
a.b.n. 38 881 083 819

1st December, 2004

Industrial Registrar
Nauru House
80 Collins Street
MELBOURNE, 3000

Dear Sir/Madam,

Please find attached the financial documents as required to be lodged under the Workplace Relations Act, 1996, with regard to the financial year ended 30 June 2004.

These financial accounts were endorsed by resolution of the NECA Victoria Council on 14 September 2004 and by the Annual General Meeting of members held on 8 November 2004.

Should you have any enquiries or these documents are incomplete under the Regulations, then please contact the undersigned on 9645 5533.

Yours sincerely

PHILIP GREEN
CHIEF EXECUTIVE OFFICER

NECA Victoria

**FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2004**

**National Electrical Contractors Association
Victorian Chapter**

Operating Report by the Committee

Your committee members submit the financial report of the National Electrical Contractors Association – Victoria Chapter for the financial year ended 30 June 2004.

Committee Members

The name of committee members throughout the financial year and at the date of this report are:

N. Palmer	W. McKnight	M. Graham	A. Lewis (resigned 14 Oct 2003)
R. Ford	N. Lancefield	D. O'Brien	
D. Pierce	T. Cottrell	P. Jinks (appointed 14 Oct 2003)	

Principal Activities

The principal activity of the association during the financial year was representing the interests of its members in the electrical and construction industry.

No significant change in the nature of these activities occurred during the year.

Operating Result

The profit from ordinary activities after providing for income tax amounted to \$108,336.

After Balance Date Events

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

Number of Members

The association had 1,093 (2003: 1,055) members at financial year end.

Number of Employees

The association had 8 (2003: 9) employees at financial year end.

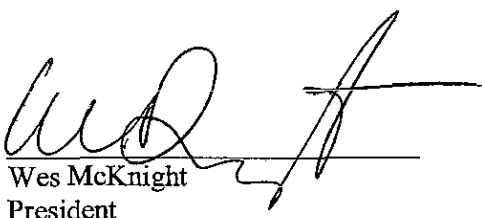
**National Electrical Contractors Association
Victorian Chapter**

Operating Report by the Committee (continued)

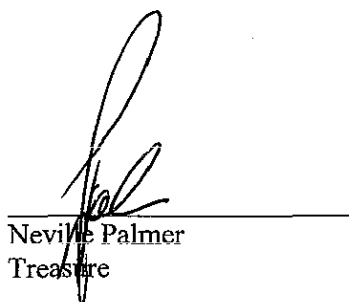
Members Right to Resign

Members may resign from the association in accordance with Rule 11, Resignation from Membership, under the Federal Rules of the National Electrical Contractors Association. Rule 11 conforms with Section 174, Resignation from Membership, of the RAO Schedule 1B of the Workplace Relations Act 1996.

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



Wes McKnight
President



Neville Palmer
Treasurer

Dated this *14th* day of *September* 2004

**National Electrical Contractors Association
Victorian Chapter**

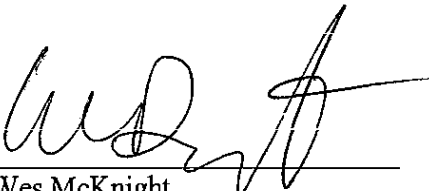
Committee of Management Statement

On 14 September 2004 the Committee of Management of the National Electrical Contractor Association - Victoria Chapter passed the following resolution in relation to the general purpose financial report (GPFR) of National Electrical Contractors Association – Victorian Chapter for the financial year ended 30 June 2004.


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

- a) the financial statements and notes comply with the Australian Accounting Standards;
- b) the financial statements and notes comply with the reporting guidelines of the Industrial Registrar;
- c) the financial statements and notes gives a true and fair view of the financial performance, financial position and cash flows of the association for the financial year to which they relate;
- d) there are reasonable grounds to believe that the association will be able to pay its debts as and when they become due and payable; 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 association;
 - ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the association including the rules of a branch concerned;
 - iii) the financial records of reporting units have been kept and maintained in accordance with the RAO Schedules and the RAO Regulations;
 - iv) no requests have been made from any member of the association or a Register under section 272 of the RAO Schedule; and
 - v) no orders have been made by the Commission under section 273 of the RAO Schedule during the period.

For the Committee of Management:



Wes McKnight
President



Neville Palmer
Treasurer

Dated this *14th* day of *September* 2004

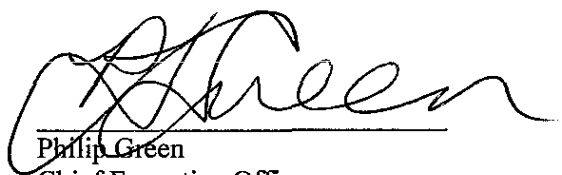
**National Electrical Contractors Association
Victorian Chapter**

Designated Officer's Certificates

I, Philip Green, being the Chief Executive Officer of the National Electrical Contractors Association – Victorian Chapter certify:

- a) that the documents lodged herewith are copies of the full report referred to in s.268 of the RAO Schedule;
- b) that the full report was provided to members on 11 October 2004;
- c) that the full report was presented to a general meeting of the members of the reporting unit on 8 November 2004 in accordance with section 266 of the RAO Schedule.

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


Philip Green
Chief Executive Officer

Dated this *1st* day of *December* 2004

**National Electrical Contractors Association
Victorian Chapter**

**Statement of Financial Performance
For the year ended 30 June 2004**

	Note	2004 \$	2003 \$
Revenue from ordinary activities	2	<u>1,721,194</u>	<u>1,451,475</u>
Conferences and training		(148,845)	(65,024)
Cost of sales		(54,407)	(45,597)
Depreciation and amortisation expenses	3	(45,572)	(47,258)
Salaries, employee benefits and superannuation expenses		(654,813)	(612,972)
Postage, printing and stationery		(123,130)	(88,224)
Diminution of investment		-	(92,688)
Affiliation subscription fees		(203,152)	(187,324)
Other expenses from ordinary activities		<u>(382,939)</u>	<u>(373,379)</u>
Profit/(loss) from ordinary activities before income tax expense		108,336	(60,991)
Income tax expense relating to ordinary activities	1(b)	<u>-</u>	<u>-</u>
Net profit/(loss) from ordinary activities after income tax expense attributable to the association	14	108,336	(60,991)
Net increase in asset revaluation reserve	13	<u>270,405</u>	<u>-</u>
Total changes in equity of the association		<u><u>378,741</u></u>	<u><u>(60,991)</u></u>

The Statement of Financial Performance is to be read in conjunction with the notes to the financial statements set out on pages 8 to 20.

**National Electrical Contractors Association
Victorian Chapter**

**Statement of Financial Position
As at 30 June 2004**

	Note	2004 \$	2003 \$
CURRENT ASSETS			
Cash Assets	4	757,155	748,011
Receivables	5	1,236,792	1,077,425
Inventories		12,526	17,064
Other financial assets	6	1,706,150	1,585,841
Other	7	6,000	18,781
Total Current Assets		<u>3,718,623</u>	<u>3,447,122</u>
NON-CURRENT ASSETS			
Property, Plant & Equipment	8	1,046,449	798,156
Total Non-Current Assets		<u>1,046,449</u>	<u>798,156</u>
Total Assets		<u>4,765,072</u>	<u>4,245,278</u>
CURRENT LIABILITIES			
Payables	9	444,575	361,286
Interest-bearing liabilities	10	8,295	7,736
Provisions	11	109,498	86,088
Other	12	1,200,383	1,159,806
Total Current Liabilities		<u>1,762,751</u>	<u>1,614,916</u>
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	10	29,658	38,000
Provisions	11	7,408	5,848
Total Non-Current Liabilities		<u>37,066</u>	<u>43,848</u>
Total Liabilities		<u>1,799,817</u>	<u>1,658,764</u>
NET ASSETS		<u>2,965,255</u>	<u>2,586,514</u>
MEMBERS' FUNDS			
Retained profits	14	2,114,570	2,006,234
Reserves	13	850,685	580,280
TOTAL MEMBERS' FUNDS		<u>2,965,255</u>	<u>2,586,514</u>

The Statement of Financial Position is to be read in conjunction with the notes to the financial statements as set out on pages 8 to 20.

**National Electrical Contractors Association
Victorian Chapter**

**Statement of Cash Flows
For the year ended 30 June 2004**

	Note	2004 \$	2003 \$
Cash flows from operating activities			
Cash receipts in the course of operations		1,749,208	1,501,160
Cash payments in the course of operations		(1,781,600)	(1,473,591)
Interest received		110,314	118,116
Net cash provided by operating activities	19 (ii)	77,922	145,685
 Cash flows from investing activities			
Payment for property, plant and equipment		(23,460)	(5,473)
Financial lease liability		(7,783)	(7,978)
Net cash provided by investing activities		(31,243)	(13,451)
 Net increase/(decrease) in cash held		 46,679	 132,234
 Cash at beginning of the financial year		 1,502,542	 1,370,308
Cash at the end of the financial year	19(i)	1,549,221	1,502,542

The Statement of Cash Flows is to be read in conjunction with the notes to the financial statements set out on pages 8 to 20.

National Electrical Contractors Association Victorian Chapter

Notes to the Financial Statements for the year ended 30 June 2004

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other pronouncements of the Australian Accounting Standards Board and the Workplace Relations Act 1996. It has been prepared on the basis of historical costs and does not take into account changing money values.

The financial report covers National Electrical Contractors Association Victorian Chapter as an individual entity. National Electrical Contractors Association Victorian Chapter is an association incorporated in Victoria under the Association Incorporation Act of Victoria.

The financial report has been prepared on an accruals basis and is based on historical costs. It does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the Association in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

a) Revenue Recognition

Operating

Sales revenue comprises revenue earned (net of returns, discounts and allowances) from the provision of products or services to members. Sales revenue is recognised when the goods are provided, or when the fee in respect of services provided is receivable.

Petrol and Telephone Schemes

The Chapter earns commission on petrol and telephone sales made to members. Commission is recognised on an accruals basis.

Interest Income

Interest income is recognised as it accrues.

Asset Sales

The gross proceeds of asset sales are included as revenue of the Chapter. The profit or loss on sale is recognised when an unconditional contract of sale is signed.

b) Income Tax Expense

No provision for income tax is necessary as "Associations of Employers" are exempt from income tax under Section 50-40 of the Income Tax Assessment Act.

c) Cash and Short-Term Deposits

Cash and short-term deposits are carried at face value of the amounts deposited. The carrying amount of the cash and short-term deposits approximate net fair value. Interest revenue is accrued at the market or contracted rate.

**National Electrical Contractors Association
Victorian Chapter**

Notes to the Financial Statements for the year ended 30 June 2004

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. The carrying amount of trade debtors approximates fair value.

e) Inventories

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

f) Non-Current Assets

The carrying amounts of non-current assets are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower amount. In assessing recoverable amounts the relevant cash flows have not been discounted to their present value.

g) Property, Plant and Equipment

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

Property

Buildings are measured on the fair value basis, being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. It is the policy of the association to have an independent valuation every three years, with annual appraisals being made by the Committee of Management.

The revaluation of buildings has not taken account of the potential capital gains tax on assets acquired after the introduction of capital gains tax.

Plant and Equipment

Plant and equipment are measured on the cost basis.

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

**National Electrical Contractors Association
Victorian Chapter**

Notes to the Financial Statements for the year ended 30 June 2004

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Property, Plant and Equipment (Continued)

Depreciation and Amortisation

Property, plant and equipment are depreciated over their estimated useful life. The straight line method is used. Assets are depreciated or amortised from the date of acquisition.

The depreciation rates used for each class of assets are as follows:

Building	2.5 %
Plant and equipment	8-12 %
Computers	30 %
Furniture and fittings	5-10 %

h) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at their nominal amount. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the association to an employee superannuation fund and are charged as expenses when incurred.

i) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the association, are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the association will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

j) Accounts Payable

Liabilities are recognised for amounts to be paid in the future for goods or services, whether or not billed to the Association. Trade accounts payable are normally settled within 60 days. The carrying amount of accounts payable approximates net fair value.

**National Electrical Contractors Association
Victorian Chapter**

Notes to the Financial Statements for the year ended 30 June 2004

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Goods and Services Tax (GST)

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

l) Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within 2 working days.

m) Change in Accounting Policy

The association changed its accounting policy in the financial year ending 30 June 2004 relating to revaluation of property in accordance with Accounting Standard AASB 1041 Revaluation of Non-current Assets because it reflects a better presentation of its financial position. The financial effect of this change in accounting policy has been to recognise \$270,405 as asset revaluation reserve, and increased the gross and net assets by \$270,405.

n) Comparatives

Where necessary, comparative information has been reclassified to achieve consistency with current financial year amounts and other disclosures.

o) Adoption of Australia Equivalents to International Financial Reporting Standards

Australia is currently preparing for the introduction of International Financial Reporting Standards (IFRS) effective for financial years commencing 1 January 2005. This requires the production of accounting data for future comparatives purposes at the end of the current financial year.

The committee are assessing the significance of these changes and preparing for their implementation. The committee are of the opinion that the key difference in the Association's accounting policies which will arise from the adoption of IFRS are:

Impairment of assets

The entity determines the recoverable amount of an asset on the basis on undiscounted net cash flows that will be received from the assets use and subsequent disposal. In AASB 136 Impairment of Assets, the recoverable amount if an asset will be determined as the higher of fair value less cost to sell and value in use. It is likely that this change in accounting policy will lead to impairments being recognised more often than under the existing policy.

Non-current investments

Under AASB 139 Financial Instruments: Recognition and measurement, financial instruments that are classified as available for sale instruments must be carried at fair value. Unrealised gains and losses may be recognised either in income or directly to equity. Current accounting policy is to measure non-current investments at cost, with an annual review by directors to ensure that the carrying amounts are not in excess of the recoverable value of the instrument.

**National Electrical Contractors Association
Victorian Chapter**

Notes to the Financial Statements for the year ended 30 June 2004

	Note	2004 \$	2003 \$
2. REVENUE			
Operating activities			
Subscriptions - Members		919,295	853,180
Sale of products and services		398,517	249,736
Interest received or due and receivable from other persons		110,314	118,116
Rental income		2,400	-
Petrol administration fee		84,460	103,743
Investment revaluation		82,774	-
Other revenue		123,434	126,700
 Total Revenue		1,721,194	1,451,475
 3. PROFIT / (LOSS) FROM ORDINARY ACTIVITIES			
Profit / (Loss) from ordinary activities before income tax expense / (income tax revenue) has been determined after:			
Expenses			
Depreciation of:			
- property, plant and equipment		45,572	47,258
Operating lease rental		40,009	31,196
 Remuneration of auditors for:			
- audit or review services		11,004	9,504
 4. CASH ASSETS			
Cash at bank		757,155	748,011
 5. RECEIVABLES			
General membership		799,228	715,686
Petrol scheme		356,939	289,330
Other debtors		84,376	76,160
		1,240,543	1,081,176
Less Provision for doubtful debts		(3,751)	(3,751)
		1,236,792	1,077,425

**National Electrical Contractors Association
Victorian Chapter**

Notes to the Financial Statements for the year ended 30 June 2004

	Note	2004 \$	2003 \$
6. OTHER FINANCIAL ASSETS			
<i>Current</i>			
Short Term Deposits		792,066	754,531
Investment Fund		1,052,962	1,052,962
Less Provision for diminution of investment		(138,878)	(221,652)
		<u>1,706,150</u>	<u>1,585,841</u>
7. OTHER ASSETS			
Prepayments		<u>6,000</u>	<u>18,781</u>
8. PROPERTY, PLANT AND EQUIPMENT			
Building - at cost		-	765,433
Building - at valuation	8 (a)	945,000	-
Less accumulated depreciation		-	(71,703)
Total Building		<u>945,000</u>	<u>693,730</u>
Computer & office equipment - at cost		111,797	101,868
Less accumulated depreciation		(100,200)	(91,552)
Total computer & office equipment		<u>11,597</u>	<u>10,316</u>
Furniture & fittings - at cost		98,048	87,667
Less accumulated depreciation		(38,873)	(33,084)
Total furniture & fittings		<u>59,175</u>	<u>54,583</u>
Plant & equipment -at cost		17,749	14,599
Less accumulated depreciation		(11,762)	(11,302)
Total Plant & equipment		<u>5,987</u>	<u>3,297</u>
Leased Motor vehicles – at cost		46,157	46,157
Less accumulated depreciation		(21,467)	(9,927)
Total motor vehicles		<u>24,690</u>	<u>36,230</u>
Total Property, Plant and Equipment - at net book value		<u>1,046,449</u>	<u>798,156</u>

- (a) An independent valuation of the building based on open market value was undertaken on 30 June 2004 by P. Wheeler, Certified Practising Valuer.

**National Electrical Contractors Association
Victorian Chapter**

Notes to the Financial Statements for the year ended 30 June 2004

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in carrying amounts

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

	Building	Computer and Office Equipment	Furniture and Fittings	Plant and Equipment	Leased Motor Vehicles	Total
	\$	\$	\$	\$	\$	\$
Balance at the beginning of the year	693,730	10,316	54,583	3,297	36,230	798,156
Additions	-	9,929	10,381	3,150	-	23,460
Depreciation expense	19,135	8,648	5,789	460	11,540	45,572
Revaluation increments	270,405	-	-	-	-	270,405
Carrying amounts at the end of the year	945,000	11,597	59,175	5,987	24,690	1,046,449

	Note	2004 \$	2003 \$
9. PAYABLES			
Current			
Trade creditors and accruals		84,877	66,230
Petrol scheme creditor		356,939	289,330
Fringe benefit tax		2,759	5,726
		<u>444,575</u>	<u>361,286</u>
10. INTEREST-BEARING LIABILITIES			
Current			
Lease liability		<u>8,295</u>	<u>7,736</u>
Non-current			
Lease liability		<u>29,658</u>	<u>38,000</u>

**National Electrical Contractors Association
Victorian Chapter**

Notes to the Financial Statements for the year ended 30 June 2004

	Note	2004 \$	2003 \$
11. PROVISIONS			
Current			
Annual leave provision		73,310	51,316
Employee entitlements		36,188	34,772
		109,498	86,088
Non-current			
Employee entitlements		7,408	5,848
		7,408	5,848
Number of employees at year end		8	9
12. OTHER CURRENT LIABILITIES			
Unsecured			
Deferred income - Subscriptions		929,009	832,812
Bryan Mason trust		9,801	10,251
Security deposit		110,555	103,655
Deferred income - Excellence Award		59,829	44,890
GST Payable		91,189	73,699
Project funds		-	94,499
		1,200,383	1,159,806
13. RESERVES			
Asset Revaluation Reserve		270,405	-
Capital profit reserve		580,280	580,280
		850,685	580,280
Asset Revaluation Reserve			
Movements during the year			
Opening balance		-	-
Revaluation increment arising on revaluing buildings to fair value		270,405	-
Closing balance		270,405	-

**National Electrical Contractors Association
Victorian Chapter**

Notes to the Financial Statements for the year ended 30 June 2004

	Note	2004 \$	2003 \$
14. RETAINED PROFITS			
Retained profits at the beginning of the financial year		2,006,234	2,067,225
Net profit / (loss) attributable to the association		108,336	(60,991)
Retained profits at the end of the financial year		2,114,570	2,006,234

15. COUNCILORS REMUNERATION

No members of the Council receive remuneration apart from reimbursement of expenses.

The names of the person who held office as Councilors during the year are:

N. Palmer	W. McKnight	M. Graham
R. Ford	N. Lancefield	D. O'Brien
D. Pierce	T. Cottrell	
A. Lewis (resigned 14 Oct 2003)		
P. Jinks (appointed 14 Oct 2003)		

16. LEASING COMMITMENTS

(a) Operating lease commitments

Payable not later than 1 year	21,533	38,136
Payable later than 1 but not later than 5 years	86,614	60,573
	108,147	98,709

The operating leases are 3 novated leases. The lease payments are paid monthly in advance. 1 lease commenced in April 2001 for 4 years, one lease commenced in July 2003 for a period of 3 years, and the other lease commenced in June 2004 for a period of 2 years. The lease allows the lessee (the employee) to purchase the vehicle at expiration date.

(b) Finance lease commitments

Payable not later than 1 year	9,664	10,638
Payable later than 1 year but not later than 5 years	39,457	42,407
Minimum lease payments	49,121	53,045
Less future finance charges	(11,168)	(7,309)
	37,953	45,736

The finance lease on the motor vehicle, which commenced in 2002, is a 4-year lease. The equipment is being financed through CBFC Leasing Pty Ltd with lease payments paid monthly in advance.

National Electrical Contractors Association Victorian Chapter

Notes to the Financial Statements for the year ended 30 June 2004

17. RELATED PARTIES

Council Members and Their Related Entities

Members of the Council and their related entities are able to use the services provided by National Electrical Contractors Association, Victorian Chapter. Such services are made available on terms and conditions no more favourable than those available to all other members.

During the year the National Electrical Contractors Association Victorian Chapter entered into transactions with other Chapters and the National Office and related entities on normal terms and conditions.

Related Party Transactions

ElecNet (Aust) Pty Ltd is the trustee of the National Electrical Contractors Association Severance Scheme Trust and is a related party to the Victorian Chapter. During the year, no management fees (2003: \$ Nil) were received by the Chapter from the Trust.

The Chapter remits subscriptions to the National Electrical Contractors Association – National Office on a yearly basis. The total amount of subscriptions remitted for the year was \$195,044 (2003: \$179,651).

Related Party Balances

The Association has no debts due and receivable from and payable to related parties at the year ended (2003: Nil)

18. SEGMENT REPORTING

The Association operates predominantly in one business and geographical segment, being an employer organisation in the electrical and electronic industry operating as a Victorian Chapter of NECA National.

Note	2004	2003
	\$	\$

19. STATEMENT OF CASH FLOWS

(i) Reconciliation of cash

For the purpose of the Statement of Cash Flows, cash includes cash on hand and short term deposits at call, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related terms in the balance sheet as follows:

Cash at Bank	757,155	748,011
Short term deposits	792,066	754,531
	1,549,221	1,502,542

**National Electrical Contractors Association
Victorian Chapter**

Notes to the Financial Statements for the year ended 30 June 2004

19. STATEMENT OF CASH FLOWS (Continued)

**(ii) Reconciliation of cash flows from operations profit
attributable to members**

Operating profit	108,336	(60,991)
Non-cash flows in operating profit		
Depreciation	45,572	47,258
Investment revaluation	(82,774)	92,688
Movement in provisions	24,970	15,098
Net cash provided by/(used in) operating activities before change in assets and liabilities	96,104	94,053
Change in assets and liabilities		
(Increase)/decrease in receivables	(159,367)	29,346
(Increase)/decrease in other current assets	12,781	(6,862)
(Increase)/decrease in inventories	4,538	(2,718)
Increase/(decrease) in payables	12,730	35,070
Increase/(decrease) in unearned revenue	111,136	(3,204)
Cash Flows from operating activities	77,922	145,685

**National Electrical Contractors Association
Victorian Chapter**

Notes to the Financial Statements for the year ended 30 June 2004

20. FINANCIAL INSTRUMENTS

a) Interest Rate Risks

The Association's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

2004	Weighted Average	Floating Interest Rate	Fixed Interest Rate Maturing			Non-Interest Bearing	Total
			Within 1 Year	1 to 5 years	Over 5 years		
	%	\$	\$	\$	\$	\$	\$
Financial Assets							
Cash at bank	4.5	757,155	-	-	-	-	757,155
Investments	5.3	-	792,066	-	-	1,052,962	1,845,028
Receivables		-	-	-	-	1,156,167	1,156,167
		757,155	792,066	-	-	2,209,129	3,758,350
Financial Liabilities							
Payables	7.0	-	8,295	29,658	-	84,877	122,830
Net financial assets/ (liabilities)		757,155	783,771	(29,658)	-	2,124,252	3,635,520
2003							
	Weighted Average	Floating Interest Rate	Fixed Interest Rate Maturing			Non-Interest Bearing	Total
	%	\$	Within 1 Year	1 to 5 years	Over 5 years	\$	\$
Financial Assets							
Cash at bank	3.6	748,011	-	-	-	-	748,011
Investments		-	754,531	-	-	1,052,962	1,807,493
Receivables		-	-	-	-	1,005,016	1,005,016
		748,011	754,531	-	-	2,057,978	3,560,520
Financial Liabilities							
Payables	7.0	-	7,736	38,000	-	66,230	111,966
Net financial assets/ (liabilities)		748,011	746,795	(38,000)	-	1,991,748	3,448,554

**National Electrical Contractors Association
Victorian Chapter**

Notes to the Financial Statements for the year ended 30 June 2004

20. FINANCIAL INSTRUMENTS (continued)

b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to and forming part of the financial statements.

The Association does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Association.

c) Net Fair Values

The net fair values of assets and liabilities approximate their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form. Financial assets where the carrying amount exceeds net fair values have not been written down as the association intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to and forming part of the financial statements.

21. ASSOCIATION DETAILS

The principal place of business of the association is:

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

Audit & Assurance Services Division

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
THE NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION, VICTORIAN CHAPTER****Scope****The financial report and committee's responsibility**

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the statement by members of the committee for the National Electrical Contractors Association, Victorian Chapter (the association), for the year ended 30 June 2004.

The committee of the association is responsible for the preparation and true and fair presentation of the financial report in accordance with the Associations Incorporations Act of Victoria. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

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

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Associations Incorporation Act of Victoria, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the association's financial position, and of its performance as represented by the results of its operations and cash flows.

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

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

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

Page 21

ABN 62 667 316 249

Level 7, 114 William Street
Melbourne Vic. AustraliaGPO Box 2266
Melbourne Vic 3001

Telephone 61 3 9274 0600

Facsimile 61 3 9274 0736

E-mail audit@melb.bentleys.com.au**Partners**

Theo J Eversteyn FCA

Adrian J Beckwith FCA

Greg R Lay FCA

Stirling L Home CA

Martin A Phelan CA

Bruno A Secatore CA

Scott W Phillips CA

Peter R Vince FCA

Jeffrey C Luckins Affiliate ICAA

Consultants

John J Templeton FCA

Tom Linardos FCA

A member of Moores Rowland International an association of independent accounting firms throughout the world.

Associated in all States of Australia. The firms practising as Bentleys MRI and Moores Rowland are independent. They are affiliated only and not in partnership.

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
THE NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION,
VICTORIAN CHAPTER (Continued)**

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Audit Opinion

In our opinion, the financial report of the National Electrical Contractors Association, Victorian Chapter, presents a true and fair view in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, the financial position of the National Electrical Contractors Association, Victorian Chapter, as at 30 June 2004, and the results of its operations and its cash flows for the year then ended.

Bentleys MRI

**BENTLEYS MRI
CHARTERED ACCOUNTANTS**

Scott Phillips

**SCOTT PHILLIPS
PARTNER**

Dated in Melbourne on 21st day of SEPTEMBER 2004



Australian Government
Australian Industrial Registry

Level 36, Nauru House
80 Collins Street, Melbourne, VIC 3000
GPO Box 1994S, Melbourne, VIC 3001
Telephone: (03) 8661 7822
Fax: (03) 9654 6672

Mr Aart Van Roest
Australian Retailers Association - New South Wales Division
Level 11,
45 Market Street
SYDNEY NSW 2000
Fax: (02) 9290 7180

Dear Mr Van Roest

**RE: FR 2004/333 - Lodgment of financial report for year ended 30 June 2004
Schedule 1B of the Workplace Relations Act 1996 (RAO Schedule)**

I acknowledge receipt of the financial documents of the Australian Retailers Association - New South Wales Division for the year ended 30 June 2004. The documents were lodged in the Industrial Registry on 29 November 2004.

The documents have been filed.

Although the documents have been filed, I would like to comment on some issues arising out of the reports. I make these comments to assist you when you next prepare financial reports. With the exception of my comments about the general purpose financial report, you do not need to take any further action in respect of the financial reports already lodged.

Operating Report

The only comment I have in relation to the operating report is under "Members and Staff".

Right of members to resign:

Subsection 254(2)(c) requires the operating report to "give details" of the right of members to resign from the reporting unit under section 174 of the RAO Schedule. The requirement may be met by the inclusion of a statement that a member has the right to resign and a reference to the relevant rule, which makes such provision. Alternatively, the complete text of the relevant resignation rule may be reproduced in the report.

Auditor's report

The opinion of the auditor made under the auditor's report is expressed in terms previously required under the *Workplace Relations Act 1996*. The RAO Schedule, under subsection 257(5), now sets out the matters upon which an auditor is required to make an opinion. The following wording would satisfy the requirements:

"In our opinion the general purpose financial report is presented fairly in accordance with applicable Australian Accounting Standards and the requirements imposed by Part 3 of Chapter 8 of Schedule 1B of the Workplace Relations Act 1996."

We believe that the term "Australian Auditing Standards" should read "Australian Accounting Standards".

Committee of Management Statement

(a) Consistency with other reporting units

This area of the Committee of Management Statement relates to Item 17(e)(iv) of the Registrar's Reporting Guidelines. Your Branch Committee's statement does not address this issue. Subsection 242(3) of the RAO Schedule provides, in part, that where an organisation is divided into branches (divisions), each branch (division) will be a reporting unit. As the ARA consists of a number of reporting units, you may wish to consider declarations that have been made by other reporting units of the ARA when preparing this statement for next year's financial report financial reports of all reporting units are placed on our website for your perusal at www.airc.gov.au/organisations/list/list.html (click on Org Number).

General Purpose Financial Report

I have noted that the "General Fund for the year ended 30June 2004" includes an item shown as "Salaries Expense" as an expense from ordinary activities. Future financial reports should show such salaries amounts as having been paid to either holders of office or employees as required by the reporting guidelines. (see Item (g) and (h) of the Industrial Registrar's Reporting Guidelines.

I note that last year your attention was drawn to the existence of an amount in "Recurrent Operating Expenses" of \$339,775 which would appear to have been paid as "Contributions to other organisations". I note that this year the figure is \$443,658. I also note that on page 5 of the financial documents there is a 'nil' return for loans, grants and donations. Can you please provide some detail regarding the disbursement of moneys under this category?

Should you wish to discuss any of the matters raised in this letter, I may be contacted on (03) 8661 7822 or by email: margaret.williams@air.gov.au.

Yours sincerely



Margaret Williams
Statutory Services Branch

21 January 2005