



Mr Philip Green
Chief Executive Officer
The National Electrical and Contractors Association
Victorian Chapter
Level 12, 222 Kingsway
SOUTH MELBOURNE VIC 3205
e: necavic@neca.asn.au

Dear Mr Green,

Financial Reports for the Year Ended 30th June 2006 - FR2006/463
Schedule 1 of the Workplace Relations Act 1996 (RAO Schedule)

Thank you for the financial reports of The National Electrical and Contractors Association, Victorian Chapter for the year ended 30th June 2006. The documents were lodged in the Industrial Registry on 29 November 2006.

The documents have been filed.

I would, however, like to draw your attention to the following issues in order to assist you in preparation of next year's financial documents. You do not need to take any further action in respect of the financial documents already lodged.

Operating Report – Superannuation Trustees

The Operating Report is required to state whether any officer or member of the Chapter is a trustee of a superannuation entity (or a director of a company that is a trustee of a superannuation entity) – see section 254(2)(d) of the RAO Schedule. In the event that no officer or member of the Chapter is a trustee or director of a superannuation entity, the Operating Report should include a comment to this effect.

General Purpose Financial Report - Notice under Sections 272(1), (2) and (3)

The Notes to the GPFR are required to include a notice drawing attention to the fact that information that is prescribed by the RAO Regulations is available to members on request – see Guideline 8(c) of the Reporting Guidelines, which requires disclosure of the notice required by section 272(5) of the RAO Schedule. Specifically, the GPFR is required to include a notice setting out subsections 272(1), (2) and (3) as follows:

“272 Information to be provided to members or Registrar

(1) A member of a reporting unit, or a Registrar, 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).”

For your information, the ‘prescribed information’ that is referred to in subsection 272(1) covers a broad range of matters such as compulsory levies, voluntary contributions, grants and donations, and loans – see RAO Regulation 166.

A copy of the financial report has been placed on the website maintained by the Industrial Registry at <http://www.e-airc.gov.au/233vvic>.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'R Pfeiffer', written in a cursive style.

for
Robert Pfeiffer
Statutory Services Branch

23 February 2007



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 website: www.neca.asn.au

ABN 38 881 083 819

FR2006/463

27 November, 2006

Industrial Registrar
GPO Box 1994
MELBOURNE, 3001

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 2006.

These financial accounts were endorsed by resolution of the NECA Victoria Council on 12 September 2006 and by the Annual General Meeting of members held on 13 November 2006.

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

REF:APICORRESPONDENCE\LTR\271106-2

NECA National Ph: 03 9645 5566

NECA Victoria Ph: 03 9645 5533

NECA Western Australia Ph: 08 9231 8637

NECA New South Wales Ph: 02 9744 1099

NECA Tasmania Ph: 03 6236 3656

NECA Northern Territory Ph: 08 8922 9666

NECA Australian Capital Territory Ph: 02 9744 1099

NECA South Australia Ph: 08 8272 2966

NECA Queensland Ph: 07 3377 0822

**NATIONAL ELECTRICAL
CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006**

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

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**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

Operating Report by the Committee

Your committee members submit the consolidated financial report of the National Electrical Contractors Association – Victoria Chapter (“the association”) for the financial year ended 30 June 2006.

Committee Members

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

W. McKnight	N. Palmer	M. Graham
R. Ford	N. Lancefield	D. O'Brien
D. Pierce	T. Cottrell	P. Jinks

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

Principal Activity

The principal activity of the association during the financial year was representing the interests of its members in the electrical and construction industry. No significant change in the nature of these activities occurred during the year.

No Significant Changes in State of Affairs

No significant changes in the state of affairs of the association occurred during the financial year.

Operating Results

The profit of the association for the financial year after providing for income tax amounted to \$387,467 (2005: \$590,906).

Australian Equivalents to International Financial Reporting Standards

As a result of the introduction of Australian equivalents to International Financial Reporting Standards (IFRS), the association's financial report has been prepared in accordance with those standards. A reconciliation of adjustments arising on the transition to IFRS is included in Note 2 to this report.

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 1133 (2005: 1,114) members at financial year end.

Number of Employees

The association had 10 (2005: 8) employees at financial year end.

The accompanying notes form part of these financial statements.

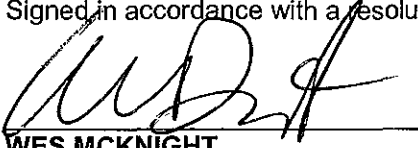
**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

Operating Report by the Committee (cont'd)

Members Right to Resign

Members may resign from the association in accordance with Rule 11, Resignation from Membership, of the Federal Rules of 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 26th day of September 2006

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

Designated Officer's Certificate

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 6 October 2006.
- c) That the full report was presented to a general meeting of the members of the reporting unit on 13 November 2006 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 twenty seventh day of November 2006.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**


Committee of Management Statement

On 12 September 2006 the Committee of Management of the National Electrical Contractor Association – Victoria Chapter ("the association") passed the following resolution in relation to the general purpose financial report (GPFR) of the association for the financial year ended 30 June 2006.

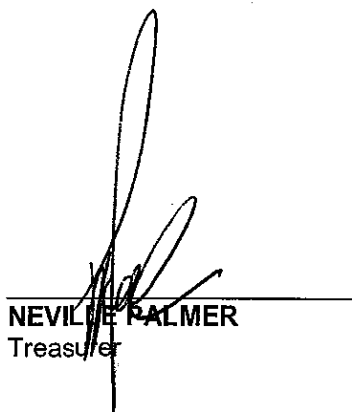
The Committee of Management declares in relation to the GPFR that in its opinion:

- 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 give 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 the Registrar 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 year.

For the Committee of Management:



WES MCKNIGHT
President



NEVILLE PALMER
Treasurer

Dated this 26th day of September 2006

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006**

	Note	2006 \$	2005 \$
Revenue from ordinary activities	3	1,646,712	1,522,837
Other income	3	798,687	831,069
 Conferences and training		(118,853)	(173,535)
Cost of sales		(40,842)	(40,817)
Depreciation expenses		(57,609)	(51,784)
Salaries, employee benefits and superannuation expenses		(717,413)	(621,374)
Postage, printing and stationery		(154,997)	(103,314)
Affiliation subscription fees		(238,406)	(213,460)
Other expenses		(729,812)	(558,716)
 Profit before income tax expense		387,467	590,906
 Income tax expense	1(a)	-	-
 Profit attributable to the association		387,467	590,906

The accompanying notes form part of these financial statements.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**BALANCE SHEET
AS AT 30 JUNE 2006**

	Note	2006 \$	2005 \$
CURRENT ASSETS			
Cash and cash equivalents	6	1,298,453	1,210,424
Trade and other receivables	7	1,960,770	1,392,511
Inventories	8	13,541	16,679
Financial assets	9	1,953,652	1,831,182
Other current assets	10	9,091	7,273
Total Current Assets		5,235,507	4,458,069
NON-CURRENT ASSETS			
Property, Plant & Equipment	11	972,396	1,021,424
Total Non-Current Assets		972,396	1,021,424
Total Assets		6,207,903	5,479,493
CURRENT LIABILITIES			
Trade and other payables	12	898,979	764,714
Short term borrowings	13	20,811	8,895
Short term provisions	14	136,606	109,039
Other current liabilities	15	1,192,795	1,013,215
Total Current Liabilities		2,249,191	1,895,863
Non-Current Liabilities			
Long term borrowings	13	-	20,811
Long term provisions	14	15,084	6,658
Total Non-Current Liabilities		15,084	27,469
Total Liabilities		2,264,275	1,923,332
NET ASSETS		3,943,628	3,556,161
MEMBERS' FUNDS			
Retained profits		3,102,393	2,710,201
Reserves		841,235	845,960
TOTAL MEMBERS' FUNDS		3,943,628	3,556,161

The accompanying notes form part of these financial statements.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2006**

	Asset revaluation reserve \$	Capital profits reserve \$	Retained earnings \$	Total \$
Balance at 1 July 2004	270,405	580,280	2,114,570	2,965,255
Transfers to and from reserves	(4,725)	-	4,725	0
Profit attributable to members of Association	-	-	590,906	590,906
Balance at 1 July 2005	265,680	580,280	2,710,201	3,556,161
Transfers to and from reserves	(4,725)	-	4,725	0
Profit attributable to members of Association	-	-	387,467	387,467
Balance at 30 June 2006	260,955	580,280	3,102,393	3,943,628

The accompanying notes form part of these financial statements.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2006**

	Note	2006 \$	2005 \$
Cash flows from operating activities			
Receipts in the course of operations		2,044,449	2,194,434
Payment to suppliers and employees		(2,056,970)	(1,791,215)
Interest received		133,501	127,946
Net cash provided by operating activities	19	120,980	531,165
 Cash flows from investing activities			
Payment for plant and equipment		(8,581)	(26,759)
Payment for finance lease		(8,895)	(8,247)
Net cash provided by investing activities		(17,476)	(35,006)
 Net increase/(decrease) in cash held		103,504	496,159
Cash at beginning of financial year		2,045,380	1,549,221
Cash at end of financial year	6	2,148,884	2,045,380

The accompanying notes form part of these financial statements.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the and the Workplace Relations Act 1996.

The financial report covers National Electrical Contractors Association – Victorian Chapter (“the association”), for the financial year ended 30 June 2006.

The financial report of the association complies with all Australian equivalents to International Financial Reporting Standards (IFRS) in their entirety.

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.

Basis of Preparation

First-time Adoption of Australian Equivalents to International Financial Reporting Standards

The association has prepared financial statements in accordance with the Australian equivalents to International Financial Reporting Standards (IFRS) from 1 July 2005.

In accordance with the requirements of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards, adjustments to the association accounts resulting from the introduction of IFRS have been applied retrospectively to 2005 comparative figures excluding cases where optional exemptions available under AASB 1 have been applied. These accounts are the first financial statements of the association to be prepared in accordance with Australian equivalents to IFRS.

The accounting policies set out below have been consistently applied to all years presented. The association has however elected to adopt the exemptions available under AASB 1 relating to AASB 132: Financial Instruments: Disclosure and Presentation, and AASB 139: Financial Instruments: Recognition and Measurement. Refer to Note 21 for further details.

Reconciliations of the transition from previous Australian GAAP to IFRS have been included in Note 2 to this report.

Functional and presentation currency

The functional currency of the association is measured using the currency of the primary economic environment in which the association operates. The financial statements are presented in Australian dollars which is functional and presentation currency of the association.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

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

Accounting Policies

(a) Income Tax

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 1997.

(b) Property, Plant and Equipment

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

Property

Where freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

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

Plant and equipment

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

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

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

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Depreciation

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

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

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

(c) Plant and Equipment (cont'd)

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

Class of fixed asset	Depreciation rates	Depreciation basis
Buildings	2.5 %	Straight Line
Plant and equipment	8 - 12 %	Straight Line
Computers and office equipment	33 %	Straight Line
Furniture and fittings	5 - 10 %	Straight Line
Leased motor vehicles	25 %	Straight Line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

(d) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables

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

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

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

(d) Financial Instruments (cont'd)

Held-to-maturity investments

These investments have fixed maturities, and it is the association's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

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

(e) Impairment of Assets

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

Where it is not possible to estimate the recoverable amount of an individual asset, the association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(f) Inventories

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

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

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

(g) Leases

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

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

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

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

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

(h) Employee Benefits

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

(i) Provisions

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

(j) Cash and Cash Equivalents

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

(k) Revenue

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

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

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

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

(k) Revenue (cont'd)

Apprenticeship fees are recognised when the service is provided.

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

(l) Goods and Services Tax (GST)

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

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(m) Comparative Figures

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

(n) Critical accounting estimates and judgments

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

Key estimates — Impairment

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

No impairment has been recognised in respect of property, plant and equipment for the year ended 30 June 2006.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

**NOTE 2: FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO
INTERNATIONAL FINANCIAL REPORTING STANDARDS**

	Note	Previous GAAP at 1 July 2004 \$	Effect of transition to Australian equivalents to IFRS \$	Australian equivalents to IFRS at 1 July 2004 \$
Reconciliation of Equity at 1 July 2004				
CURRENT ASSETS				
Cash and cash equivalents		757,155	-	757,155
Trade and other receivables		1,236,792	-	1,236,792
Inventories		12,526	-	12,526
Financial assets		1,706,150	-	1,706,150
Other current assets		6,000	-	6,000
TOTAL CURRENT ASSETS		<u>3,718,623</u>	-	<u>3,718,623</u>
NON-CURRENT ASSETS				
Property, Plant and equipment		1,046,449	-	1,046,449
TOTAL NON-CURRENT ASSETS		<u>1,046,449</u>	-	<u>1,046,449</u>
TOTAL ASSETS		<u>4,765,072</u>	-	<u>4,765,072</u>
CURRENT LIABILITIES				
Trade and other payables		646,319	-	646,319
Short term borrowings		8,295	-	8,295
Short term provisions		109,498	-	109,498
Other current liabilities		998,639	-	998,639
TOTAL CURRENT LIABILITIES		<u>1,762,751</u>	-	<u>1,762,751</u>
NON-CURRENT LIABILITIES				
Long term borrowings		29,658	-	29,658
Long term provisions		7,408	-	7,408
TOTAL NON-CURRENT LIABILITIES		<u>37,066</u>	-	<u>37,066</u>
TOTAL LIABILITIES		<u>1,799,817</u>	-	<u>1,799,817</u>
NET ASSETS		<u>2,965,255</u>	-	<u>2,965,255</u>
EQUITY				
Retained earnings		2,114,570	-	2,114,570
Reserves		850,685	-	850,685
TOTAL EQUITY		<u>2,965,255</u>	-	<u>2,965,255</u>

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

**NOTE 2: FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO
INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONT'D)**

	Note	Previous GAAP at 30 June 2005 \$	Effect of transition to Australian equivalents to IFRS \$	Australian equivalents to IFRS at 30 June 2005 \$
Reconciliation of Equity at 30 June 2005				
CURRENT ASSETS				
Cash and cash equivalents		1,210,424	-	1,210,424
Trade and other receivables		1,392,511	-	1,392,511
Inventories		16,679	-	16,679
Financial assets		1,831,182	-	1,831,182
Other current assets		7,273	-	7,273
TOTAL CURRENT ASSETS		<u>4,458,069</u>	-	<u>4,458,069</u>
NON-CURRENT ASSETS				
Property, Plant and equipment		1,021,424	-	1,021,424
TOTAL NON-CURRENT ASSETS		<u>1,021,424</u>	-	<u>1,021,424</u>
TOTAL ASSETS		<u>5,479,493</u>	-	<u>5,479,493</u>
CURRENT LIABILITIES				
Trade and other payables		764,714	-	764,714
Short term borrowings		8,895	-	8,895
Short term provisions		109,039	-	109,039
Other current liabilities		1,013,215	-	1,013,215
TOTAL CURRENT LIABILITIES		<u>1,895,863</u>	-	<u>1,895,863</u>
NON-CURRENT LIABILITIES				
Long term borrowings		20,811	-	20,811
Long term provisions		6,658	-	6,658
TOTAL NON-CURRENT LIABILITIES		<u>27,469</u>	-	<u>27,469</u>
TOTAL LIABILITIES		<u>1,923,332</u>	-	<u>1,923,332</u>
NET ASSETS		<u>3,556,161</u>	-	<u>3,556,161</u>
EQUITY				
Retained earnings	2a	2,705,476	4,725	2,710,201
Reserves	2a	850,685	(4,725)	845,960
TOTAL EQUITY		<u>3,556,161</u>	-	<u>3,556,161</u>

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

**NOTE 2: FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO
INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONT'D)**

		Previous GAAP at 30 June 2005	Effect of transition to Australian equivalents to IFRS	Australian equivalents to IFRS at 30 June 2005
	Note	\$	\$	\$
Reconciliation of Profit or Loss for Year Ended 30 June 2005				
Revenue from ordinary activities		1,522,837	-	1,522,837
Other Income		831,069	-	831,069
			-	
Conferences and training		(173,535)	-	(173,535)
Cost of sales		(40,817)	-	(40,817)
Depreciation expense		(51,784)	-	(51,784)
Salaries, employee benefits and superannuation expense		(621,374)	-	(621,374)
Postage, printing and stationery		(103,314)	-	(103,314)
Affiliation subscription fees		(213,460)	-	(213,460)
Other expenses		(558,716)	-	(558,716)
			-	
Profit before income tax expense		590,906	-	590,906
Income tax expense				-
Profit attributable to the association		590,906		590,906

- 2a Applying AAS116 Property, Plant and Equipment each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

	Note	2006 \$	2005 \$
NOTE 3. REVENUE			
Operating activities			
- Member subscriptions		1,112,909	1,007,566
- Sale of products and services		414,004	423,417
Petrol administration fee		119,799	91,854
		<u>1,646,712</u>	<u>1,522,837</u>
Non-operating activities			
Director fees		130,909	51,818
Interest from other corporations		133,501	127,946
Distribution - Protect Severance Scheme		279,845	359,588
Movement in investment value		106,995	82,140
Other revenue		147,437	209,577
		<u>798,687</u>	<u>831,069</u>
Total Revenue		<u>2,445,399</u>	<u>2,353,906</u>

NOTE 4: PROFIT FROM ORDINARY ACTIVITIES

Profit from ordinary activities before income tax expense has been determined after:

Expenses		
Affiliation fees	226,702	206,841
Conferences and meeting	118,853	173,535
Depreciation of:		
- Property, plant and equipment	57,609	51,784
Legal and professional fees	104,222	202,711
Rental expense on operating leases		
- Minimum lease payments	<u>43,615</u>	<u>37,116</u>

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

	Note	2006 \$	2005 \$
<hr/>			
NOTE 5: AUDITOR'S REMUNERATION			
Remuneration of the auditor of the association for:			
- auditing or reviewing the financial report		12,000	12,000
		<hr/>	<hr/>

NOTE 6: CASH AND CASH EQUIVALENTS

Cash at bank	1,298,453	1,210,424
	<hr/>	<hr/>
	1,298,453	1,210,424

The effective interest rate on cash at bank deposits was 4.1% (2005: 4.5%).

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the balance sheet as follows:

Cash at bank	1,298,453	1,210,424
Short term deposits	850,431	834,956
	<hr/>	<hr/>
	2,148,884	2,045,380

NOTE 7: TRADE AND OTHER RECEIVABLES

CURRENT

General membership	1,275,366	909,174
Petrol scheme	577,407	443,807
Other debtors	87,997	69,530
Loan due from related entity	70,000	-
	<hr/>	<hr/>
	2,010,770	1,422,511
Less Provision for doubtful debts	(50,000)	(30,000)
	<hr/>	<hr/>
	1,960,770	1,392,511

NOTE 8: INVENTORIES

CURRENT

Finished Goods at cost	13,541	16,679
	<hr/>	<hr/>

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

	Note	2006 \$	2005 \$
NOTE 9: FINANCIAL ASSETS			
CURRENT			
Short Term Deposits	6	850,431	834,956
Investment Fund - at fair value		1,103,221	996,226
		<u>1,953,652</u>	<u>1,831,182</u>
The exact interest rate on short term deposits was 5.6% (2005: 5.3%).			
NOTE 10: OTHER CURRENT ASSETS			
Prepayments		9,091	7,273
		<u>9,091</u>	<u>7,273</u>
NOTE 11: PROPERTY, PLANT AND EQUIPMENT			
Building			
At valuation	11(a)	945,000	945,000
Less accumulated depreciation		(47,250)	(23,625)
		<u>897,750</u>	<u>921,375</u>
PLANT AND EQUIPMENT			
Computer & office equipment			
At cost		144,517	136,936
Less accumulated depreciation		(124,265)	(109,612)
		<u>20,252</u>	<u>27,324</u>
Furniture & fittings			
At cost		100,668	99,668
Less accumulated depreciation		(51,609)	(45,252)
		<u>49,059</u>	<u>54,416</u>
Plant & equipment			
At cost		17,749	17,749
Less accumulated depreciation		(14,026)	(12,591)
		<u>3,723</u>	<u>5,158</u>
Leased Motor vehicles			
At cost		46,157	46,157
Less accumulated depreciation		(44,545)	(33,006)
		<u>1,612</u>	<u>13,151</u>
Total Property, Plant and Equipment		<u>972,396</u>	<u>1,021,424</u>

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

NOTE 11: PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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

(b) Movements in Carrying Amounts

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

	Building \$	Computer and Office Equipment \$	Furniture and Fittings \$	Plant and Equipment \$	Leased Motor Vehicle \$	Total \$
Balance at the beginning of the year	921,375	27,324	54,416	5,158	13,151	1,021,424
Additions	-	7,581	1,000	-	-	8,581
Disposals	-	-	-	-	-	-
Depreciation expense	23,625	14,653	6,357	1,435	11,539	57,609
Carrying amounts at the end of the year	897,750	20,252	49,059	3,723	1,612	972,396

	2006 \$	2005 \$
Note		

NOTE 12: TRADE AND OTHER PAYABLES

CURRENT

Trade creditors and accruals	83,820	76,350
Petrol scheme creditor	577,407	443,807
Goods and services tax payable	102,867	113,992
Security Deposits	132,105	127,805
Fringe benefit tax	2,780	2,760
	<u>898,979</u>	<u>764,714</u>

NOTE 13: SHORT TERM BORROWINGS

CURRENT

Lease liability	17(b)	<u>20,811</u>	8,895
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NON CURRENT

Lease liability	17(b)	<u>-</u>	20,811
-----------------	-------	----------	--------

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

NOTE 14: PROVISIONS

	Employee Entitlements	Total \$
Opening balance at 1 July 2005	115,697	115,697
Additional provisions raised during the year	87,556	87,556
Amounts used	51,563	51,563
Balance at 30 June 2006	<u>151,690</u>	<u>151,690</u>

Analysis of Total Provisions

	2006 \$	2005 \$
CURRENT		
Employee benefits	<u>136,606</u>	<u>109,039</u>
NON-CURRENT		
Employee benefits	<u>15,084</u>	<u>6,658</u>
Total Employee benefits	<u>151,690</u>	<u>115,697</u>
Number of employees at year end	<u>10</u>	<u>8</u>

Provision for Employee Entitlements

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

Note	2006 \$	2005 \$
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NOTE 15: OTHER CURRENT LIABILITIES

CURRENT

Deferred income:

- Subscriptions	1,125,670	946,856
- Excellence Award	57,324	48,823
- Combined Association Seminars	-	7,735
Bryan Mason trust	9,801	9,801
	<u>1,192,795</u>	<u>1,013,215</u>

NOTE 16: RESERVES

(a) Asset Revaluation Reserve

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

(b) Capital Profits Reserve

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

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

	Note	2006 \$	2005 \$
NOTE 17: CAPITAL AND LEASING COMMITMENTS			
(a) Operating lease commitments			
Non-cancelable operating leases contracted for but not capitalised in the financial statements:			
Payable			
- not later than one year		41,329	47,914
- later then one year but not later than five years		55,810	38,550
		<u>97,139</u>	<u>86,464</u>

The operating leases comprise three novated leases.

The operating leases are 3 novated leases. The lease payments are paid monthly in advance. One lease commenced in April 2001 for 3 years, one lease commenced in February 2006 for a period of 4 years, and the other lease commenced in May 2006 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 — minimum lease payments

- not later than 12 months	21,161	10,710
- between 12 months and five years	-	21,161
Minimum lease payments	21,161	31,871
Less future finance charges	(350)	(2,165)
Present value of minimum lease payments	<u>20,811</u>	<u>29,706</u>

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.

NOTE 18: RELATED PARTY TRANSACTIONS

The following Committee members were key management personnel of the association:

W McKnight	N Palmer
R Ford	M Graham
D Pierce	D O'Brien
T Cottrell	P Jinks
N Lancefield	

No remunerations was paid or payable to key management personnel.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

	2006	2005
Note	\$	\$

NOTE 18: RELATED PARTY TRANSACTIONS (CONT'D)

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

Transactions with related parties

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

(b) ElecNet (Aust) Pty Ltd is the trustee of the National Electrical Contractors Association Severance Scheme Trust and is a related party to the Victorian Chapter. During the year, distribution of \$279,845 (2005: \$359,588) and directors fees of \$130,909 (2005: \$51,818) were received by the Chapter from the trust.

(c) 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 \$226,702 (2005: \$206,841).

(d) Receivable from related entities at year end:

	2006	2005
	\$	\$
National Electrical Contractors Association – National Office	70,000	1,348

NOTE 19: CASH FLOW INFORMATION

Reconciliation of Cash Flow from operations with Profit from ordinary activities

Profit from ordinary activities after income tax	387,467	590,906
Non-cash flows in operating profit		
Depreciation	57,609	51,784
Movement in investment value	(106,995)	(82,142)
Movement in provisions	35,993	(1,209)
Change in assets and liabilities		
(Increase)/decrease in trade and other receivables	(568,259)	(155,719)
(Increase)/decrease in other current assets	(1,818)	(1,273)
(Increase)/decrease in inventories	3,138	(4,153)
Increase/(decrease) in trade and other payables	126,530	126,130
Increase/(decrease) in other current liabilities	187,315	6,841
Net cash provided by operating activities	120,980	531,165

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

NOTE 20: FINANCIAL INSTRUMENTS

(a) Financial Risk Management

The association's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments and accounts receivable and payable. The main purpose of non-derivative financial instruments is to raise finance for the association's operations.

The association does not have any derivative instruments at 30 June 2006.

i. Treasury Risk Management

A finance committee consisting of senior executives of the association meet on a regular basis to analyse currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

ii. Financial Risks

The main risks the association is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Interest rate risk

The association is not exposed to fluctuations in interest rate risk. For further details on interest rate risk refer to Note 21(b).

Liquidity risk

The association manages liquidity risk by monitoring forecast cash flows and ensuring that adequate working capitals facilities are maintained.

Credit risk

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

The association does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the association.

Price risk

The association is not exposed to any material commodity price risk.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

NOTE 20: FINANCIAL INSTRUMENTS (CONT'D)

(b) Interest Rate Risk

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 classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate	
	2006 %	2005 %	2006 \$	2005 \$	2006 \$	2005 \$
Financial Assets:						
Cash at bank	4.1	4.5	1,298,453	1,210,424	-	-
Short term deposits	5.6	5.3	-	-	850,431	834,956
Trade and other receivables		-	-	-	-	-
Total Financial Assets:			<u>1,298,453</u>	<u>1,210,424</u>	<u>850,431</u>	<u>834,956</u>
Financial Liabilities:						
Trade and other payables		-	-	-	-	-
Finance lease	7.0	7.0	-	-	20,811	29,706
Total Financial Liabilities:			<u>-</u>	<u>-</u>	<u>20,811</u>	<u>29,706</u>

	Weighted Average Effective Interest Rate		Non-Interest Bearing		Total	
	2006 %	2005 %	2006 \$	2005 \$	2006 \$	2005 \$
Financial Assets:						
Cash at bank			-	-	1,298,453	1,210,424
Short term deposits			-	-	850,431	834,956
Trade and other receivables			1,960,770	1,352,511	1,960,770	1,352,511
Total Financial Assets:			<u>1,960,770</u>	<u>1,352,511</u>	<u>4,109,654</u>	<u>3,397,891</u>
Financial Liabilities:						
Trade and other payables			898,979	764,714	898,979	764,714
Finance lease			-	-	20,811	29,706
Total Financial Liabilities:			<u>898,979</u>	<u>764,714</u>	<u>919,790</u>	<u>794,420</u>

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

NOTE 20: FINANCIAL INSTRUMENTS (CONT'D)

(c) Net Fair Value

The net fair value of assets and liabilities approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form.

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.

Details of aggregate net fair value and carrying amounts of financial assets and financial liabilities at balance date:

	2006		2005	
	Carrying Amount \$	Net Fair Value \$	Carrying Amount \$	Net Fair Value \$
Financial assets				
Deposits and investment at fair value	1,953,652	1,953,652	1,831,182	1,831,182
Trade and other receivables	1,960,770	1,960,770	1,392,511	1,392,511
Total financial assets	3,914,422	3,914,422	3,223,693	3,223,693
Financial liabilities				
Trade and other payables	898,979	898,979	764,714	764,714
Lease liabilities	20,811	20,811	29,706	29,706
Total financial liabilities	919,790	919,790	794,420	794,420

NOTE 21: 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 22: EVENTS AFTER BALANCE SHEET DATE

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

NOTE 23: CHANGE IN ACCOUNTING POLICY

The association has adopted the following Accounting Standards for application on or after 1 January 2005:

- AASB 132: Financial Instruments: Disclosure and Presentation
- AASB 139: Financial Instruments: Recognition and Measurement

The changes resulting from the adoption of AASB 132 relate primarily to increased disclosures required under the standard and do not affect the value of amounts reported in the financial statements.

The adoption of AASB 139 has resulted in material differences in the recognition and measurement of the association's financial instruments. The association has elected not to adjust comparative information resulting from the introduction of AASB 139 as permitted under the transitional provisions of this standard. As such, previous Australian Accounting Standards have been applied to comparative information.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

NOTE 24: ASSOCIATION DETAILS

The principal place of business of the association is:

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

Melbourne
Bentleys MRI
ABN 62 667 316 249
Audit & Assurance Services Division

Level 7, 114 William Street
Melbourne Vic 3000

GPO Box 2266
Melbourne Vic 3001

T +61 3 9274 0600
F +61 3 9274 0736

audit@melb.bentleys.com.au
www.bentleys.com.au

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 income statement, balance sheet, statement of changes in equity, statement of cash flows, accompanying notes to the financial statements, and the committee of management statement for the National Electrical Contractors Association - Victorian Chapter ("the association"), for the year ended 30 June 2006.

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 controls, 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 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.

**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 fairly in accordance with applicable Accounting Standards, the requirements imposed by Part 3 of Chapter 8 of Schedule 1B (RAO Schedule) of the Workplace Relations Act 1996, and other mandatory professional reporting requirements in Australia, the financial position of the National Electrical Contractors Association - Victorian Chapter, as at 30 June 2006, and the results of its operations and its cash flows for the year then ended.

Bentleys mri

**BENTLEYS MRI
CHARTERED ACCOUNTANTS**

S. Phillips

**SCOTT PHILLIPS
PARTNER
APPROVED AUDITOR**

Dated in Melbourne on 27TH day of SEPTEMBER 2006

Melbourne
Bentleys MRI
ABN 62 667 316 249
Audit & Assurance Services Division

Level 7, 114 William Street
Melbourne Vic 3000

GPO Box 2266
Melbourne Vic 3001

T +61 3 9274 0600
F +61 3 9274 0736

audit@melb.bentleys.com.au
www.bentleys.com.au

**COMPILATION REPORT TO THE
NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION -
VICTORIAN CHAPTER**

Scope

On the basis of information provided by the committee of the National Electrical Contractors Association - Victorian Chapter, we have compiled in accordance with APS 9: Statement on Compilation of Financial Reports the special purpose financial report of National Electrical Contractors Association, Victorian Chapter for the year ended 30 June 2006 as set out in pages 32 to 34.

The specific purpose for which the special purpose financial report has been prepared is to provide private information to the committee members. No accounting standards and other mandatory professional reporting requirements have been adopted in the preparation of the special purpose financial report.

The committee is solely responsible for the information contained in the special purpose financial report and have determined that the accounting policies used are consistent and are appropriate to satisfy the requirements of the committee.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the committee provided, into a financial report. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

To the extent permitted by law, we do not accept liability for any loss or damage which any person, other than the company, may suffer arising from any negligence on our part. No person should rely on the special purpose financial report without having an audit or review conducted.

The special purpose financial report was prepared for the benefit of the company and its members and the purpose identified above. We do not accept responsibility to any other person for the contents of the special purpose financial report.

Bentleys MRI Melbourne Pty Ltd

**BENTLEYS MRI MELBOURNE PTY LTD
CHARTERED ACCOUNTANTS**

SD Phillips

**SCOTT PHILLIPS
DIRECTOR**

Dated in Melbourne on *27th* day of *SEPTEMBER* 2006

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**SUMMARY OF INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006**

	2006	2005
	\$	\$
General administration		
General administration income	2,218,605	2,179,910
Movement in investment value	106,995	82,142
Less		
General administration expenses	2,057,932	1,763,000
	<hr/> 267,668	<hr/> 499,052
Add		
Petrol Scheme Surplus	119,799	91,854
OPERATING PROFIT FOR THE YEAR	<hr/> 387,467 <hr/>	<hr/> 590,906 <hr/>

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**DETAILED INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006**

	2006	2005
	\$	\$
Subscription - Members	1,112,909	1,007,566
Service, Commission & Fees:		
Insurance	91,489	101,285
NECAMOBILE	30,310	44,074
Consulting	48,483	20,895
Sales	150,849	97,263
Interest and Income on Investments	133,501	127,946
Social Functions	18,040	15,874
Advisory panel	11,887	3,652
Sundries	28,471	57,537
Rebate - Certificate of Electrical Safety	994	3,189
Enterprise Bargaining Agreements	25,018	53,120
Members seminar & function	155,900	236,103
Directors Fees	130,909	51,818
Distribution - Protect Severance Scheme	279,845	359,588
Total Revenue	2,218,605	2,179,910

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**DETAILED INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006 (CONTINUED)**

	2006 \$	2005 \$
GENERAL ADMINISTRATION - EXPENDITURE		
Advertising	2,490	3,000
Advisory Panel	2,011	3,292
Affiliation fees: NECA National	226,702	206,841
Others	11,704	6,619
Audit Fees	11,004	11,004
Bad and doubtful debts	75,945	26,249
Bank charges	14,552	12,063
Body corporate fee	22,199	21,713
Computer consulting and related expenses	95,228	12,304
Consulting services	40,399	24,346
Conferences and training	118,853	173,535
Cost of sales	40,842	40,817
Depreciation and write-down of assets	57,609	51,784
Electricity	9,453	7,692
Fringe benefits tax	15,719	11,600
Insurances	30,291	25,939
Industry contribution	5,500	1,081
Lease of office equipment	8,726	10,547
Lease of motor vehicles	34,889	26,569
Legal and professional fees	104,222	202,711
Motor vehicle expenses	52,310	41,364
Payroll tax	25,264	20,577
Postage	33,634	41,097
Printing and stationery	121,363	62,217
Rates & taxes	2,410	2,274
Repairs and maintenance	1,461	1,394
Salaries and related personnel costs	697,753	553,881
Staff amenities	1,673	2,283
Staff Recruitment /Agency temporaries	19,660	4,257
Storage costs	2,637	2,541
Sundry expenses	26,220	14,469
Superannuation	72,279	65,808
Telephone	33,734	35,851
Travel and accommodation	39,196	35,281
	2,057,932	1,763,000