



FAIR WORK
AUSTRALIA

7 February 2011

Mr Philip Green
Secretary/Chief Executive Officer
The National Electrical Contractors Association
Victorian Chapter
Level 12, 222 Kings Way
South Melbourne Victoria 3205

By email: necavic@neca.asn.au

Dear Mr Green,

**Re: The National Electrical Contractors Association - Victorian Chapter
Financial Report for the year ended 30 June 2010 – FR2010/2582
Fair Work (Registered Organisations) Act 2009 (the RO Act)**

I acknowledge receipt of the financial report for The National Electrical Contractors Association ('NECA') - Victorian Chapter for the year ended 30 June 2010. The document was lodged with Fair Work Australia on 28 January 2011.

The documents have been filed. The following improvements should be made in future years.

Designated Officers Certificate

We note that Mr Green has signed the 'Chief Executive Officer's Certificate' as Chief Executive Officer. We note from the last annual return filed by the Victorian Chapter of NECA (AR2010/2580) that Mr Green is the current Secretary of the Victorian Chapter of NECA. He is therefore an elected officer and permitted to sign the Designated Officers Certificate.

However, in future please ensure that this document is referred to under its correct name being the 'Designated Officer's Certificate', and that this document is signed by in the person's capacity as an elected officer (ie as Secretary rather than Chief Executive Officer). - see sections 6, 9, 243 and 268 of the RO Act.

This matter was raised last year in relation to FR2009/287 and has not been addressed.

Operating Report

The Operating Report must state whether any officer or member of the Chapter is a director or trustee of a superannuation or exempt public sector superannuation scheme where the criterion for holding such position is that they are an officer or member of a registered organisation - see s254 of the RO Act.

This was raised last year and in also in 2008 and has still not been addressed.

Timing of financial documents

The RO Act sets out a particular chronological order in which the financial documents must be prepared, made available to members and presented to a meeting. In particular a reporting unit must lodge its financial report within 14 days (or such longer period as the General Manager allows) after the full report has been present to a general meeting - see s268 of the RO Act.

It is noted that the lodged documents did not comply fully with the requirements of s268 of the RO Act as the financial report was lodged with Fair Work Australia more than 2 months after the date of the meeting, rather than within 14 days. Accordingly, in future the financial report should be lodged within 14 days after the full report is presented to a general meeting.

If you have any queries regarding the above please contact me on (03) 8661 7921 or by email at samantha.korman@fwa.gov.au .

Yours sincerely,

A handwritten signature in black ink that reads "Samantha Korman". The signature is written in a cursive, slightly slanted style.

Samantha Korman
Tribunal Services and Organisations

FR 2010/2582



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27 January, 2011

General Manager
Fair Work Australia
GPO Box 1994
MELBOURNE, 3001

Dear Sir/Madam,

Please find attached the audited financial documents as required to be lodged under the Fair Work Act, with regard to the financial year ended 30 June 2010.

These financial accounts were endorsed by resolution of the NECA Victoria Council on 21 September 2010 and by the Annual General Meeting of members held on 8 November 2010.

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

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NECA National Ph: 02 9439 8523	NECA New South Wales Ph: 02 9744 1099	NECA Australian Capital Territory Ph: 02 6280 5580
NECA Victoria Ph: 03 9645 5533	NECA Tasmania Ph: 03 6236 3656	NECA South Australia Ph: 08 8272 2966
NECA Western Australia Ph: 08 9321 8637	NECA Northern Territory Ph: 08 8922 9666	NECA Queensland Ph: 1300 794 846

**NATIONAL ELECTRICAL
CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010**

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

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**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

Operating Report by the Committee of Management

Your Chapter Council members submit the consolidated financial report of the National Electrical Contractors Association – Victoria Chapter ("the Association") for the financial year ended 30 June 2010.

Chapter Council Members

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

W. McKnight	N. Palmer	M. Graham	R. Chatfield (elected 20/7/2010)
N. Lancefield	D. O'Brien	D. Pierce	D. Spicer (elected 20/7/2010)
T. Cottrell	P. Tobin	J. Cutler (elected 20/7/2010)	
R. Ford (retired 13/10/2009)	J.Kokinos (appointed to casual vacancy 20/7/2010)		

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

Principal Activity

The principal activity of the Association during the financial year was representing the interests of its members in the electrical and communications contracting industry. 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/(loss) of the Association for the financial year after providing for income tax amounted to (\$235,001) (2009: \$27,918).

Superannuation Trustees

No officer or Councillor of the Association is a trustee or director of an industry related superannuation entity.

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 1,204 (2009: 1,183) members at financial year end.

Number of Employees

The Association had 12 (2009: 11) employees at financial year end.

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER

Operating Report by the Committee of Management (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 the National Electrical Contractors Association. Rule 11 conforms with Section 174, Resignation from Membership, of the Fair Work (Registered Organisations) Act 2009.

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



WES MCKNIGHT
President



MICHAEL GRAHAM
Treasurer

Dated this *21st* day of *September* 2010

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

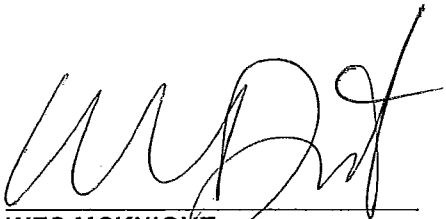
Committee of Management Statement


On 21st September 2010 the Committee of Management (Chapter Council) of the National Electrical Contractors Association – Victorian Chapter (“the Association”) passed the following resolution in relation to the general purpose financial report (GPFR) of the association for the financial year ended 30 June 2010.

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

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of Fair Work Australia;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the Committee of Management were held in accordance with the rules of the organization including the rules of a branch concerned; and
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organization including the rules of a branch concerned; and
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009; and
 - (iv) no requests for information have been received from a member of the reporting unit or a Registrar under section 272 of the Fair Work (Registered Organisations) Act 2009 during the period; and
 - (v) no orders have been made by the Commission under section 273 of the Fair Work (Registered Organisations) Act 2009 during the period.

For the Committee of Management:


WES MCKNIGHT
President


MICHAEL GRAHAM
Treasurer

Dated this *21st* day of *September* 2010

The accompanying notes form part of these financial statements

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

Chief Executive 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 section 268 of the Fair Work (Registered Organisations) Act 2009;
- (b) that the full report was provided to members on 4 October 2010;
- (c) that the full report was presented to a general meeting of the members of the reporting unit on 8 November 2010; in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009.

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



Philip Green
Chief Executive Officer

Dated this *11th* day of *October* 2010

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**STATEMENT OF COMPREHENSIVE INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	2010 \$	2009 \$
Revenue	2	1,961,073	1,896,537
Other income	2	446,408	667,308
Affiliation subscription fees		(296,242)	(275,534)
Member seminars, meetings and training		(154,151)	(248,787)
Cost of sales		(40,821)	(51,363)
Consultants		(93,441)	(81,094)
Computer consulting and maintenance		(28,702)	(34,688)
Depreciation expenses	3	(88,983)	(87,571)
Ecosmart accreditation, marketing, training and consultants		(119,143)	(84,132)
Finance costs	3	(21,601)	(23,637)
Lease expense		(11,727)	(27,459)
Legal and professional fees		(165,154)	(76,914)
Motor vehicle expenses		(50,032)	(51,314)
Salaries, employee benefits and related expenses		(1,090,749)	(956,824)
Travel and accomodation		(49,201)	(69,189)
Postage, printing and stationery		(142,986)	(115,170)
Investment write-down		(20,480)	(184,479)
Other expenses		(269,069)	(167,772)
Profit before income tax		(235,001)	27,918
Income tax expense	1(a)	-	-
Net profit from ordinary activities		<u>(235,001)</u>	<u>27,918</u>
Other comprehensive income		-	-
Total comprehensive income		<u>(235,001)</u>	<u>27,918</u>

The accompanying notes form part of these financial statements

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010**

	Note	2010 \$	2009 \$
CURRENT ASSETS			
Cash and cash equivalents	5	4,694,752	4,683,108
Trade and other receivables	6	2,108,718	1,910,466
Inventories	7	16,047	31,015
Financial assets	8	749,038	765,577
Total Current Assets		<u>7,568,555</u>	<u>7,390,166</u>
NON-CURRENT ASSETS			
Trade and other receivables	6	130,000	130,000
Property, Plant & Equipment	9	1,421,292	1,478,669
Total Non-Current Assets		<u>1,551,292</u>	<u>1,608,669</u>
Total Assets		<u>9,119,847</u>	<u>8,998,835</u>
CURRENT LIABILITIES			
Trade and other payables	10	1,284,978	1,071,659
Short term borrowings	11	24,487	9,100
Other current liabilities	13	1,461,691	1,305,807
Total Current Liabilities		<u>2,771,156</u>	<u>2,386,566</u>
Non-Current Liabilities			
Long term borrowings	11	-	24,487
Long term provisions	12	9,662	13,752
Total Non-Current Liabilities		<u>9,662</u>	<u>38,239</u>
Total Liabilities		<u>2,780,818</u>	<u>2,424,805</u>
NET ASSETS		<u>6,339,029</u>	<u>6,574,030</u>
MEMBERS' FUNDS			
Retained profits		5,271,919	5,506,920
Reserves		1,067,110	1,067,110
TOTAL MEMBERS' FUNDS		<u>6,339,029</u>	<u>6,574,030</u>

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 2010

	Asset revaluation reserve \$	Capital profits reserve \$	Retained earnings \$	Total \$
Balance at 30 June 2008	486,830	580,280	5,479,002	6,546,112
Transfers to and from reserves	-	-	-	-
Revaluation increment	-	-	-	-
Profit for the year	-	-	27,918	27,918
Balance at 30 June 2009	486,830	580,280	5,506,920	6,574,030
Transfers to and from reserves	-	-	-	-
Revaluation increment	-	-	-	-
Profit for the year	-	-	(235,001)	(235,001)
Balance at 30 June 2010	486,830	580,280	5,271,919	6,339,029

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 2010**

	Note	2010 \$	2009 \$
Cash flows from operating activities			
Receipts in the course of operations		2,010,503	2,325,017
Payment to suppliers and employees		(2,112,931)	(2,313,479)
Interest received		173,385	314,310
Net cash provided by operating activities	18	70,957	325,848
 Cash flows from investing activities			
Proceeds from sale of investments		771,342	-
Purchase of investments		(775,283)	
Payment for plant and equipment		(46,272)	(73,145)
Proceeds from sale of non- current assets		-	28,000
Net cash provided by investing activities		(50,213)	(45,145)
 Cash flows from financing activities			
Repayments of finance lease		(9,100)	(7,787)
Net cash provided by financing activities		(9,100)	(7,787)
 Net increase/(decrease) in cash held			
Cash at beginning of financial year		11,644	280,703
		4,683,108	4,402,405
Cash at end of financial year	5	4,694,752	4,683,108

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 2010**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Fair Work (Registered Organisations) Act 2009.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Accounting Policies

(a) Income Tax

No provision for income tax is necessary as "Associations of Employers" registered under the Fair Work (Registered Organisations) Act 2009 are exempt from income tax under Section 50-40 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, accumulated depreciation applies to buildings and impairment losses apply to freehold land and buildings.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

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

Plant and equipment

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

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

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

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

Depreciation

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

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

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.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

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

(d) Financial Instruments

Recognition and Initial Measurement

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

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

Derecognition

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

Classification and Subsequent Measurement

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

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

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

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

(v) Financial liabilities

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

Impairment

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

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

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

(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.

(e) Inventories

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

(f) Leases

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

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

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

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

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

(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.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

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

(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 four 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.

Apprenticeship fees are recognised when the service is provided.

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

Key estimates — Impairment

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

No impairment has been recognised in respect of property, plant and equipment for the year ended 30 June 2010.

The financial report was authorised for issue on 21 September 2010.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	Notes	2010 \$	2009 \$
NOTE 2. REVENUE			
Operating activities			
- Member subscriptions		1,307,788	1,245,882
- Sale of products and services		332,884	480,019
- Ecosmart accreditation and services		196,958	58,800
Petrol administration fee		123,443	111,836
		1,961,073	1,896,537
Non-operating activities			
Director fees		130,908	120,000
Interest from other corporations		173,386	314,310
Profit /(Loss) on disposal of asset		(2,666)	12,719
Other revenue		144,780	220,279
		446,408	667,308
Total Revenue		2,407,481	2,563,845

NOTE 3: PROFIT FROM ORDINARY ACTIVITIES

Expenses			
Affiliation fees		294,692	266,274
Member seminars, meetings and training		154,151	248,787
Depreciation of:			
- Property, plant and equipment		88,983	87,571
Finance charges		21,601	23,637
Legal and professional fees		165,154	76,914
Movement in investment value		20,480	184,479
Rental expense on operating leases			
- Minimum lease payments		11,727	27,459
		11,727	27,459

NOTE 4: AUDITOR'S REMUNERATION

Remuneration of the auditor of the Association for:			
- auditing or reviewing the financial report		13,750	12,850

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	2010 \$	2009 \$
	Note	
<hr/>		
NOTE 5: CASH AND CASH EQUIVALENTS		
Cash at bank	1,798,153	1,894,988
Short term deposits	2,896,599	2,788,120
	<u>4,694,752</u>	<u>4,683,108</u>

The effective interest rate on cash at bank deposits was 0.25% (2009: 0.25%) and the short term deposits was 5.30% (2009:3.7%).

NOTE 6: TRADE AND OTHER RECEIVABLES

CURRENT

General membership	1,409,435	1,235,075
Petrol scheme	654,234	574,815
Other debtors	77,218	119,074
	<u>2,140,887</u>	<u>1,928,964</u>
Less Provision for doubtful debts	<u>(32,169)</u>	<u>(18,498)</u>
	<u>2,108,718</u>	<u>1,910,466</u>

NON-CURRENT

Loan due from related entity	130,000	130,000
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Current trade receivables are non-interest bearing loans and generally are receivable within 30 days. A provision for impairment is recognised against subscriptions where there is subjective evidence that an individual trade receivable is impaired. The impairment loss recognised at 30 June 2010 was \$32,169 (2009: \$18,498).

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

NOTE 7: INVENTORIES

CURRENT

Finished Goods at cost	16,047	31,015
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**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	2010 \$	2009 \$
NOTE 8: FINANCIAL ASSETS			
CURRENT			
Financial assets at fair value through Profit & Loss			
Investment Fund - at fair value		749,038	765,577
		<u>749,038</u>	<u>765,577</u>
 NOTE 9: PROPERTY, PLANT AND EQUIPMENT			
Building			
At valuation - 30 June 2007	9(a)	1,100,000	1,100,000
Less accumulated depreciation		<u>(82,500)</u>	<u>(55,000)</u>
		<u>1,017,500</u>	<u>1,045,000</u>
 PLANT AND EQUIPMENT			
Building Improvement			
At cost		292,798	292,798
Less accumulated depreciation		<u>(25,028)</u>	<u>(17,708)</u>
		<u>267,770</u>	<u>275,090</u>
Computer & office equipment			
At cost		92,751	78,240
Less accumulated depreciation		<u>(75,325)</u>	<u>(64,558)</u>
		<u>17,426</u>	<u>13,682</u>
Furniture & fittings			
At cost		64,699	64,699
Less accumulated depreciation		<u>(22,016)</u>	<u>(17,164)</u>
		<u>42,683</u>	<u>47,535</u>
Plant & equipment			
At cost		9,433	9,433
Less accumulated depreciation		<u>(8,746)</u>	<u>(8,416)</u>
		<u>687</u>	<u>1,017</u>
Leased Motor vehicles			
At cost		147,326	147,563
Less accumulated depreciation		<u>(72,100)</u>	<u>(51,218)</u>
		<u>75,226</u>	<u>96,345</u>
 Total Property, Plant and Equipment		 <u>1,421,292</u>	 <u>1,478,669</u>

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

NOTE 9: PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) An independent valuation of the building based on open market value was undertaken on 10th July 2007 by K. Connolly, Certified Practising Valuer.

(b) Movements in Carrying Amounts

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

	Building \$	Building Improv'm'ts \$	Computer and Office Equipment \$	Furniture and Fittings \$	Plant and Equip't \$	Motor Vehicle \$	Total \$
Balance at the beginning of the year	1,045,000	275,090	13,682	47,535	1,017	96,345	1,478,669
Revaluation increment	-	-	-	-	-	-	-
Additions	-	-	14,511	-	-	31,761	46,272
Disposals	-	-	-	-	-	14,666	14,666
Depreciation expense	27,500	7,320	10,767	4,852	330	38,214	88,983
Carrying amounts at the end of the year	<u>1,017,500</u>	<u>267,770</u>	<u>17,426</u>	<u>42,683</u>	<u>687</u>	<u>75,226</u>	<u>1,421,292</u>

Note	2010 \$	2009 \$
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NOTE 10: TRADE AND OTHER PAYABLES

CURRENT

Trade creditors and accruals	138,529	67,323
Petrol scheme creditor	654,234	574,815
Goods and services tax payable	148,851	127,621
Security Deposits	179,079	169,578
Fringe benefit tax	3,239	2,752
Short-term employee benefits	161,046	129,570
	1,284,978	1,071,659

NOTE 11: SHORT TERM BORROWINGS

CURRENT

Lease liability	15(b) <u>24,487</u>	9,100
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NON CURRENT

Lease liability	15(b) <u>-</u>	24,487
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**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	2010 \$	2009 \$
NOTE 12: PROVISIONS		
NON-CURRENT		
Opening balance	13,752	6,546
Additional provisions raised during the year	(4,090)	7,206
Amounts used	-	-
Closing balance	9,662	13,752

Analysis of Total Provisions

NON-CURRENT		
Employee benefits	9,662	13,752
Number of employees at year end	11	11

Provision for Employee Entitlements

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

NOTE 13: OTHER CURRENT LIABILITIES

	\$	\$
CURRENT		
Deferred income:		
- Subscriptions	1,418,296	1,281,167
- Excellence Award	43,395	22,789
Bryan Mason trust	-	1,851
	1,461,691	1,305,807

NOTE 14: 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 2010**

Note	2010 \$	2009 \$
NOTE 15: 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 1 year	-	-
- later than 1 but not later than 5 years	-	-
	-	-

The operating lease comprises one novated lease, which has expired during the year.

(b) Finance lease commitments

Payable - minimum lease payments		
- not later than 1 year	24,487	11,483
- later than 1 year but not later than 5 years	-	24,970
Minimum lease payments	24,487	36,453
Less future finance charges	-	(2,866)
Present value if minimum lease payments	24,487	33,587

The finance lease on the motor vehicle, which commenced in Oct 2006 is a 4 year lease. The equipment is being financed through CBFC Leasing Pty Ltd with lease payments paid monthly in advance.

NOTE 16: KEY MANAGEMENT PERSONNEL

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 Tobin
N Lancefield	R Chatfield
D Spicer	J Kokinos
J Cutler	

No remuneration 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 2010**

	2010	2009
Note	\$	\$

NOTE 17: RELATED PARTY TRANSACTIONS

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 Electrical Industry Severance Scheme and is a related party to the Victorian Chapter. During the year, distribution of \$Nil (2009: \$Nil) and directors fees of \$130,908 (2009: \$120,000) 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 \$294,692 (2009 \$266,274).

(d) Receivable from related entities at year end:

	2010	2009
	\$	\$
National Electrical Contractors Association – Queensland Chapter	130,000	130,000

NOTE 18: CASH FLOW INFORMATION

Reconciliation of Cash Flow from operations with Profit from ordinary activities

Operating Profit/(Loss) from ordinary activities after income tax	(235,001)	27,918
Non-cash flows in operating profit		
Depreciation	87,570	87,571
Movement in investment value	20,480	184,479
Gain on disposal of non-current assets	-	(12,719)
Fixed assets written off	16,079	-
Change in assets and liabilities		
(Increase)/decrease in trade and other receivables	(211,923)	88,201
(Increase)/decrease in other current assets	13,671	9,630
(Increase)/decrease in inventories	14,968	31,032
Increase/(decrease) in trade and other payables	170,173	(221,914)
Increase/(decrease) in other current liabilities	167,554	120,506
Increase/(decrease) in provision for employee entitlements	27,386	11,144
Net cash provided by operating activities	<u>70,957</u>	<u>325,848</u>

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

NOTE 19: FINANCIAL RISK MANAGEMENT

a. Financial Risk Management Policies

The Association's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable.

The Association does not have any derivative instruments at 30 June 2010.

i. Treasury Risk Management

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

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

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

ii. Financial Risk Exposures and Management

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 to interest rate risk. For further details on interest rate risk refer to note 19(c).

Foreign currency risk

The Association is not exposed to fluctuations in foreign currencies.

Liquidity risk

The Association manages liquidity risk by monitoring forecast cash flows and ensuring that adequate working capital 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.

There are no material amounts of collateral held as security at 30 June 2010.

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

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

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

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

NOTE 19: FINANCIAL RISK MANAGEMENT (CONT'D)

At year end 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.

The trade receivables balances at 30 June 2010 and 30 June 2009 do not include any counterparties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

b. Financial Instrument Composition and Maturity Analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the balance sheet.

Weighted Average

	Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate	
	2010	2009	2010	2009	2010	2009
	%	%	\$	\$	\$	\$
Financial Assets:						
Cash at bank	0.25	0.25	1,798,153	1,894,988	-	-
Short term deposits	5.3	3.7	-	-	2,896,599	2,788,120
Investment	(2.64)	(13.80)	749,038	765,577	-	-
Trade and other receivables	-	-	-	-	-	-
Total Financial Assets:			2,547,191	2,660,565	2,896,599	2,788,120
Financial Liabilities:						
Trade and other payables	-	-	-	-	-	-
Finance lease	7	7	-	-	24,487	33,587
Total Financial Liabilities:			-	-	24,487	33,587

Weighted Average

	Effective Interest Rate		Non-Interest Bearing		Total	
	2010	2009	2010	2009	2010	2009
	%	%	\$	\$	\$	\$
Financial Assets:						
Cash at bank	0.25	0.25	-	-	1,798,153	1,894,988
Short term deposits	5.3	3.7	-	-	2,896,599	2,788,120
Investment	(2.64)	(13.80)	-	-	749,038	765,577
Trade and other receivables	-	-	2,270,887	2,058,964	2,270,887	2,058,964
Total Financial Assets:			2,270,887	2,058,964	7,714,677	7,507,649
Financial Liabilities:						
Trade and other payables	-	-	1,123,932	942,089	1,123,932	942,089
Finance lease	7	7	-	-	24,487	33,587
Total Financial Liabilities:			1,123,932	942,089	1,148,419	975,676

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

NOTE 19: 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:

	2010		2009	
	Carrying Amount \$	Net Fair Value \$	Carrying Amount \$	Net Fair Value \$
Financial assets				
Investment at fair value	749,038	749,038	765,577	765,577
Trade and other receivables	2,238,718	2,238,718	2,040,466	2,040,466
Total financial assets	2,987,756	2,987,756	2,806,043	2,806,043
Financial liabilities				
Trade and other payables	1,284,978	1,284,978	1,071,659	1,071,659
Lease liabilities	24,487	24,487	33,587	33,587
Total financial liabilities	1,309,465	1,309,465	1,105,246	1,105,246

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

NOTE 19: FINANCIAL INSTRUMENTS (CONT'D)

Sensitivity analysis

Interest rate risk

The Association has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on current year results and equity which could result from a change in this risk.

As at 30 June 2010, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2010	2009
	\$	\$
Change in profit		
— Increase in interest rate by 3%	140,827	140,478
— Decrease in interest rate by 3%	(140,827)	(140,478)
Change in equity		
— Increase in interest rate by 3%	140,827	140,478
— Decrease in interest rate by 3%	(140,827)	(140,478)

The 3% sensitivity is based upon an analysis of interest rate changes experienced by the Association over the last few years as well as recent reports by the Reserve Bank of Australia. The analysis was performed on the assumption that all other variables remain unchanged.

No sensitivity analysis has been performed on foreign currency risk as the Association is not exposed to foreign currency fluctuations. Furthermore, no sensitivity analysis was carried out in relation to the expected returns on invested funds because the portfolio was liquidated after year end.

Capital Management

The committee members control the capital of the Association in order to maintain a good debt-to-equity ratio and to ensure that the Association can fund its operations and continue as a going concern.

The Association's debt and capital includes financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

The committee members effectively manage the Association's capital by assessing the Association's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels.

There have been no changes in the strategy adopted by management to control the capital of the Association since the prior year. This strategy is to ensure that adequate working capital facilities are maintained.

NOTE 20: SEGMENT REPORTING

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

NOTE 21: 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.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

NOTE 22: ASSOCIATION DETAILS

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

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

NOTE 23: s272 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).

INDEPENDENT AUDIT REPORT

TO THE MEMBERS OF THE NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION VIC CHAPTER

Scope

The financial report and National Executives' responsibility:

The financial report comprises the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, accompanying notes to the financial statements, and the statement by members of the committee for the National Executive of the National Electrical & Communications Association - VIC Chapter (the Association), for the year ended 30 June 2010.

The Committee of the Association is responsible for the preparation and true and fair presentation of the financial report in accordance with the Fair Work (Registered Organizations) Act 2009. 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 Fair Work (Registered Organizations) Act 2009, 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 their performance as represented by the results of their 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.

INDEPENDENT AUDIT REPORT (CONTINUED)

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and section 257 of the Fair Work (Registered Organizations) Act 2009

Audit Opinion

In our opinion, the general purpose financial report of the National Electrical & Communications Association - VIC Chapter for the year ended 30 June 2010, presents fairly in accordance with applicable Australian Accounting Standards, the requirements imposed by Part 3 of Chapter 8 of Schedule 1 of the Fair Work (Registered Organizations) Act 2009, and other mandatory professional reporting requirements in Australia.

WHK HORWATH MELBOURNE



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Peter Sexton – Chartered Accountant
Partner
Registered company auditor # 85044

Dated: 21 September 2010