



12 November 2013

Philip Green
Secretary
National Electrical and Communications Association - Victorian Chapter
Level 12, 222 Kings Way
South Melbourne VIC 3205

Dear Mr Green

National Electrical and Communications Association Victorian Chapter Financial Report for the year ended 30 June 2012 - FR2012/282

I acknowledge receipt of the financial report of the National Electrical and Communications Association Victorian Chapter (NECA VIC). The documents were lodged with Fair Work Commission (FWC) on 26 February 2013.

The financial report has now been filed.

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

Timing of lodgment and provision of full report to members

It is acknowledged the delay in the lodgment of the NECA VIC financial report to FWC due to the initial lodgment of the Consolidated NECA financial report for the year ended 30 June 2012 by the National Office.

It is also acknowledged that the full report was provided to members on 26 February 2013 and that the full report was presented to a meeting of the NECA Victoria Council (Committee of Management) on 19 February 2013.

Please note that in future years that the timeframe required for the provision and presentation of the general purpose financial report under section 265 and 266 of the *Fair Work (Registered Organisations) Act 2009 (RO Act)* and the relevant rules of the organisation must be adhered to.

Designated officer's certificate

It is noted that the designated officers' certificate, although signed by a designated officer as per section 243 of the RO Act, was not dated. Please ensure that future designated officer's certificates are dated.

General Purpose Financial Report

Disclosure of contributions to another reporting unit and disclosure of affiliation fees

Reporting Guideline 11(b) requires that where contributions to another reporting unit are made, the amount and the name of each reporting unit are to be disclosed in either the profit and loss statement or the notes.

Reporting Guideline 11(d) requires separate disclosure of affiliation fees paid to political parties and industrial bodies need to be made.

Please ensure that in future financial years that the line item 'affiliation subscription fees' is itemised to ensure compliance with the above requirements.

Disclosure of employee benefits to office holders and other employees

The Reporting Guidelines require reporting units to disclose in the income statement or in the notes to the financial statements employee benefits to holders of office (item 11(g)) and employee benefits to other employees (item 11(h)).

I note that the income statement does not distinguish between employee benefits for office holders and other employees. Employee benefits for office holders and other employees should be separately disclosed.

The Reporting Guidelines also require either the balance sheet or the notes to disclose any liability for employee benefits in respect of office holders and other employees (items 14(c) and 14 (d)). Note 9 and 11 discloses these liabilities but does not distinguish between provisions for office holders and other employees.

In future years please ensure that employee benefits and employee provisions for office holders and other employees are disclosed separately.

Key Management Personnel

General purpose financial reports are required to disclose within the statements or the notes compensation paid to key management personnel.

This normally includes a listing of the key management personnel for the organisation, the total amount of compensation paid to all key management personnel, and then totals for each of the following categories:

- Short term employee benefits
- Post employment benefits
- Other long term employee benefits
- Termination benefits
- Any share based payments.

The definition for these categories can be found within accounting standard *AASB 119: Employee Benefits*.

Please ensure in future years that the Note relevant to key management personnel is disclosed appropriately.

Cash Flow Statement

Reporting Guideline 15 states that *'where another reporting unit of the organisation is the source of cash inflow or the application of a cash outflow, such cash flow should be separately disclosed in the notes to the financial statements and show the name of the other reporting unit concerned'*. This is in addition to the requirement to disclose capitation fees to the national office (Reporting Guideline 11(b)). In future years please ensure that cash flows to and from the national office/any branches, are disclosed in the notes to the cash flow statement.

Changes to the legislation and reporting guidelines

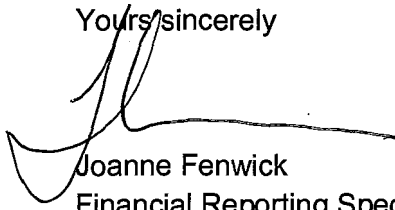
I note with the change of legislation, references to Fair Work Australia will need to be updated to the Fair Work Commission.

Additionally, a third edition to the General Manager's s.253 reporting guidelines was gazetted on 26 June 2013. These guidelines will apply to all financial reports that end on or after 30 June 2013. Fair Work Commission has also developed a model set of financial statement for the 2012-2013 financial year. There is no requirement to use this model but it may be a useful resource to ensure compliance with the *Fair Work (Registered Organisations) Act 2009*, the s.253 reporting guidelines and the Australian Accounting Standards.

The guidelines and model financial statements are available on the website here:
<http://www.fwc.gov.au/index.cfm?pagename=regorgsfrguidelines#finance>

If you have any queries regarding this letter, please contact me on (03) 8661 7886, or by email at joanne.fenwick@fwc.gov.au.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Joanne Fenwick', written over a horizontal line.

Joanne Fenwick
Financial Reporting Specialist
Regulatory Compliance Branch

**NATIONAL ELECTRICAL
CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2012**

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

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**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
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Operating Report by the Committee of Management

Your Chapter Council members submit the general purpose financial report of the National Electrical Contractors Association – Victoria Chapter (“the Association”) for the financial year ended 30 June 2012.

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	P.Tobin	M. Graham	D. Pierce
C. Hargreaves	D. Spicer	J. Cutler	R. Chatfield
J.Kokinos (resigned 13/12/2011)		N. Lancefield(resigned 20/3/2012)	
M. Purnell (elected 15/5/2012)			

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 and providing services and training to members. 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 \$207,148 (2011: (\$1,593,951)).

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 1,202 (2011: 1,249) members at financial year end.

Number of Employees

The Association had 12 (2011: 12) employees at financial year end.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
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Operating Report by the Committee of Management (cont'd)

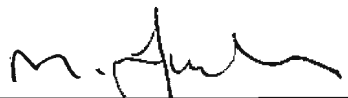
Members Right to Resign

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 *19th* day of *February* 2013

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
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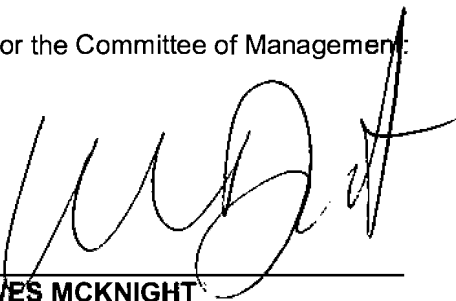
Committee of Management Statement

On 19th February 2013 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 2012.

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 *19th* day of *February* 2013

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
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Designated Officer's Certificate

I, Philip Green, being the Secretary and Executive Director 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 presented to the NECA Victoria Council (Committee of Management) on 19 February 2013.
- (c) that the full report was provided to NECA Victoria members on 26 February 2013;

Signed in accordance with a resolution of the Members of the NECA Victoria Council:



Philip Green
Executive Director

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
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**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012**

	Note	2012 \$	2011 \$
Revenue	2a	2,086,617	2,116,338
Other income	2b	1,154,101	890,128
Affiliation subscription fees		(329,692)	(299,900)
Member seminars, meetings and training		(158,494)	(140,869)
Cost of sales relating to industry standards and stationeries		(27,694)	(54,982)
Consultants		(58,464)	(61,765)
Computer consulting and maintenance		(56,834)	(29,401)
Depreciation expense		(104,346)	(68,571)
Ecosmart accreditation, marketing, training and consultants		(25,280)	(56,327)
Finance costs		(23,169)	(21,997)
Operating lease expense		(11,604)	(11,271)
Legal and professional fees		(56,961)	(240,188)
Lighting for Living Project		(376,168)	(174,426)
Motor vehicle expenses		(43,740)	(49,520)
Presenters fee		(104,391)	(46,600)
Salaries, employee benefits and related expenses		(1,136,240)	(1,129,905)
Travel and accomodation		(36,104)	(37,439)
Postage, printing and stationery		(95,824)	(96,940)
Fair value loss on assets held as fair value through Profit or Loss		(36,876)	-
Other expenses		(221,689)	(157,025)
Distribution from EITF		-	1,326,709
Payment to replace the ETU as a member of the 370 Degrees Group		-	(3,250,000)
Debt forgiven - NECA Qld		(130,000)	-
Surplus / (Deficit)		207,148	(1,593,951)
Other comprehensive income		10,000	-
Total comprehensive income		217,148	(1,593,951)

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
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**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012**

	Note	2012 \$	2011 \$
CURRENT ASSETS			
Cash and cash equivalents	5	3,682,719	3,134,778
Trade and other receivables	6	2,214,636	2,340,579
Inventories		14,290	13,406
Financial assets	7	604,855	794,759
Total Current Assets		<u>6,516,500</u>	<u>6,283,522</u>
NON-CURRENT ASSETS			
Trade and other receivables	6	-	130,000
Property, Plant & Equipment	8	1,487,864	1,356,715
Total Non-Current Assets		<u>1,487,864</u>	<u>1,486,715</u>
Total Assets		<u>8,004,364</u>	<u>7,770,237</u>
CURRENT LIABILITIES			
Trade and other payables	9	1,442,775	1,409,065
Other current liabilities	10	1,582,443	1,596,649
Total Current Liabilities		<u>3,025,218</u>	<u>3,005,714</u>
Non-Current Liabilities			
Long service leave provisions	11	16,920	19,445
Total Non-Current Liabilities		<u>16,920</u>	<u>19,445</u>
Total Liabilities		<u>3,042,138</u>	<u>3,025,159</u>
NET ASSETS		<u>4,962,226</u>	<u>4,745,078</u>
MEMBERS' FUNDS			
Retained profits		3,885,116	3,677,968
Reserves		1,077,110	1,067,110
TOTAL MEMBERS' FUNDS		<u>4,962,226</u>	<u>4,745,078</u>

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012**

	Asset revaluation reserve \$	Capital profits reserve \$	Retained earnings \$	Total \$
Total comprehensive income / Balance at 30 June 2010	486,830	580,280	5,271,919	6,339,029
Transfers to and from reserves	-	-	-	-
Revaluation increment	-	-	-	-
Loss for the year	-	-	(1,593,951)	(1,593,951)
Other comprehensive income	-	-	-	-
Total comprehensive income / Balance at 30 June 2011	486,830	580,280	3,677,968	4,745,078
Transfers to and from reserves	-	-	-	-
Revaluation increment	10,000	-	-	10,000
Profit for the year	-	-	207,148	207,148
Other comprehensive income	-	-	-	-
Total comprehensive income / Balance at 30 June 2012	496,830	580,280	3,885,116	4,962,226

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012**

	Note	2012 \$	2011 \$
Cash flows from operating activities			
Receipts in the course of operations		3,252,748	2,636,533
Distribution from EITF		-	1,326,709
Payment to suppliers and employees		(2,749,437)	(2,379,543)
Payment to replace ETU as a member of 370 Degrees Group		-	(3,250,000)
Interest received		103,908	136,566
Net cash provided by operating activities	15	<u>607,219</u>	<u>(1,529,735)</u>
Cash flows from investing activities			
Proceeds from sale of investments		-	-
Redemption/(Purchase) of investments		153,029	(26,245)
Payment for plant and equipment		(272,406)	(3,994)
Proceeds from sale of non-current assets		60,100	-
Net cash provided by investing activities		<u>(59,277)</u>	<u>(30,239)</u>
Cash flows from financing activities			
Repayments of finance lease		-	-
Net cash provided by financing activities		<u>-</u>	<u>-</u>
Net increase/(decrease) in cash held		547,942	(1,559,974)
Cash at beginning of financial year		3,134,778	4,694,752
Cash at end of financial year	5	<u>3,682,720</u>	<u>3,134,778</u>

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

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.

NECA VIC is a division of NECA Group and as a consequence the members of the NECA VIC should be aware that there may be a potential financial impact which may be out of the control of this chapter. These financial statements should be read in conjunction with the consolidated financial statements of NECA which are presented on NECA's website.

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 statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in notes. The material accounting policies that have been adopted in the preparation of these statements are presented below.

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
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

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
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

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

(c) 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
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

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

(d) 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.

(g) 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.

(h) 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
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

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

(i) 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.

(j) Revenue

Revenue from subscriptions are accounted for on an accruals basis over the period to which they relate.

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.

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

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian 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.

(l) Comparative Figures

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

(m) 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, derivatives not held for hedging purposes, or when they are 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. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

(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 2012.

The financial report was authorised for issue on 19 February 2013.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

	Note	2012 \$	2011 \$
NOTE 2. REVENUE			
(a) Operating activities			
Member subscriptions		1,452,922	1,439,369
Sale of products and services		428,610	431,685
Ecosmart accreditation, training and services		90,828	127,443
Petrol administration fee		114,257	117,841
		2,086,617	2,116,338
(b) Other income			
Director fees recharges		145,451	140,604
Interest income		103,908	136,566
Movement in investment value		-	45,721
Profit/(Loss) on disposal of asset		13,190	-
Grant - Lighting for Living (Footnote 1)		300,000	343,816
Grant - Mighty Lifts		30,000	-
Other revenue		561,552	223,421
		1,154,101	890,128
Total Revenue		3,240,718	3,006,466

(Footnote 1) Significant items of Income and Expense

The surplus from operating activities for the year includes the following abnormal items of income and expense that should be taken into account when interpreting the surplus for the year

Government grant :

- Lighting for Living Project		300,000	343,816
Less Project costs to date		376,168	174,426
		(76,168)	169,390

NOTE 3: PROFIT FROM ORDINARY ACTIVITIES

Expenses

Affiliation fees		329,692	299,900
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**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

	2012 \$	2011 \$
NOTE 4: AUDITOR'S REMUNERATION		
Remuneration of the auditor of the Association for: - auditing or reviewing the financial report	15,500	14,500

NOTE 5: CASH AND CASH EQUIVALENTS

Cash at bank	2,163,461	1,834,778
Short term deposits	1,519,258	1,300,000
	3,682,719	3,134,778

The effective interest rate on cash at bank deposits was 0.01% (2011: 0.25%) and the short term deposits was 5.50% (2011:5.50%).

NOTE 6: TRADE AND OTHER RECEIVABLES

CURRENT

General membership	1,478,591	1,553,799
Petrol scheme	702,099	738,978
Other debtors	44,961	62,001
	2,225,651	2,354,778
Less Provision for doubtful debts	(11,015)	(14,199)
	2,214,636	2,340,579

NON-CURRENT

Loan due from related entity	-	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 2012 was \$11,015 (2011: \$14,199).

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: FINANCIAL ASSETS

CURRENT

Financial assets at fair value through Profit & Loss

Investment Fund - at fair value	604,855	794,759
	604,855	794,759

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

	Note	2012 \$	2011 \$
NOTE 8: PROPERTY, PLANT AND EQUIPMENT			
PROPERTY			
Building			
At valuation	9(a)	1,000,000	1,100,000
Less accumulated depreciation		<u>(25,000)</u>	<u>(110,000)</u>
		975,000	990,000
PLANT AND EQUIPMENT			
Building Improvement			
At cost		292,798	292,798
Less accumulated depreciation		<u>(39,668)</u>	<u>(32,348)</u>
		253,130	260,450
Computer & office equipment			
At cost		182,681	96,745
Less accumulated depreciation		<u>(108,913)</u>	<u>(83,221)</u>
		73,768	13,524
Furniture & fittings			
At cost		64,699	64,699
Less accumulated depreciation		<u>(31,721)</u>	<u>(26,868)</u>
		32,978	37,831
Plant & equipment			
At cost		9,433	9,433
Less accumulated depreciation		<u>(9,193)</u>	<u>(9,013)</u>
		240	420
Motor vehicles			
At cost		186,469	147,326
Less accumulated depreciation		<u>(33,721)</u>	<u>(92,836)</u>
		152,748	54,490
		1,487,864	1,356,715

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

NOTE 8: PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) An independent valuation of the building based on open market value was undertaken on 12th September 2011 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 Improvem'ts \$	Computer and Office Equipment \$	Furniture and Fittings \$	Plant and Equip't \$	Motor Vehicle \$	Total \$
Balance at the beginning of the year	990,000	260,450	13,524	37,831	420	54,490	1,356,715
Revaluation increment	10,000	-	-	-	-	-	10,000
Additions	-	-	85,936	-	-	186,469	272,405
Disposals	-	-	-	-	-	(46,910)	(46,910)
Depreciation expense	(25,000)	(7,320)	(25,692)	(4,853)	(180)	(41,301)	(104,346)
Carrying amounts at the end of the year	<u>975,000</u>	<u>253,130</u>	<u>73,768</u>	<u>32,978</u>	<u>240</u>	<u>152,748</u>	<u>1,487,864</u>

Note	2012 \$	2011 \$
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NOTE 9: TRADE AND OTHER PAYABLES

CURRENT

Trade creditors and accruals	163,748	116,633
Petrol scheme creditor	702,100	738,978
Goods and services tax payable	155,556	170,391
Security Deposits	215,539	195,679
Fringe benefit tax	3,116	3,116
Annual leave	104,817	103,649
Long service leave	97,899	80,619
	<u>1,442,775</u>	<u>1,409,065</u>

NOTE 10: OTHER CURRENT LIABILITIES

Deferred income:

- Subscriptions	1,551,356	1,506,187
- Excellence Award	31,087	90,462
	<u>1,582,443</u>	<u>1,596,649</u>

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

	2012	2011
Note	\$	\$
<hr/>		
NOTE 11: PROVISIONS		
NON-CURRENT		
Employee benefits	16,920	19,445
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 12: 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.

NOTE 13: OFFICE HOLDERS

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

W McKnight	P Tobin
M Graham	D Peirce
R Chatfield	M Purnell
D Spicer	J Cutler
C Hargreaves	P Green (Chapter Secretary)

Remuneration of \$194,600 was paid to office holders

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

	2012	2011
Note	\$	\$

NOTE 14: 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 (2011: \$Nil) and directors fees of \$145,451 (2011: \$140,604) 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 \$323,854 (2011 \$294,252).

(d) During the year, \$199,992 was charged to 370 Degrees Group – a related entity of National Electrical Contractors Association, for OHS Advisory Services and NECA Logo Licence Fee.

(d) Receivable from related entities at year end:

	2012	2011
	\$	\$
National Electrical Contractors Association – Queensland Chapter	-	130,000
370 Degree Group	91,663	-

NOTE 15: CASH FLOW INFORMATION

Reconciliation of cash flows from operations with Profit from ordinary activities

Operating Profit/(Loss) from ordinary activities after income tax	207,148	(1,593,951)
Non-cash flows in operating profit		
Depreciation	104,346	68,571
Movement in investment value	36,876	(19,476)
Gain on disposal of non-current assets	(13,189)	-
Qld debt forgiven	130,000	-
Change in assets and liabilities		
(Increase)/decrease in trade and other receivables	125,943	(231,861)
(Increase)/decrease in inventories	(884)	2,641
Increase/(decrease) in trade and other payables	10,237	62,848
Increase/(decrease) in other current liabilities	(9,181)	148,488
Increase/(decrease) in provision for employee entitlements	15,923	33,005
Net cash provided by operating activities	607,219	(1,529,735)

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

Note	2012 \$	2011 \$
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NOTE 16: 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 2012.

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 2012.

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 2012**

NOTE 16: 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 2012 and 30 June 2011 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	
	2012	2011	2012	2011	2012	2011
	%	%	\$	\$	\$	\$
Financial Assets:						
Cash at bank	0.01	0.25	2,163,461	1,834,778	-	-
Short term deposits	5.5	5.5	-	-	1,519,258	1,300,000
Investment	6.10	6.10	604,855	794,759	-	-
Trade and other receivables	-	-	-	-	-	-
Total Financial Assets:			2,768,316	2,629,537	1,519,258	1,300,000
Financial Liabilities:						
Trade and other payables	-	-	-	-	-	-
Finance lease	-	-	-	-	-	-
Total Financial Liabilities:			-	-	-	-

Weighted Average

	Effective Interest Rate		Non-Interest Bearing		Total	
	2012	2011	2012	2011	2012	2011
	%	%	\$	\$	\$	\$
Financial Assets:						
Cash at bank	0.01	0.25	-	-	2,163,461	1,834,778
Short term deposits	5.5	5.5	-	-	1,519,258	1,300,000
Investment	6.10	6.10	-	-	604,855	794,759
Trade and other receivables	-	-	2,225,651	2,484,778	2,225,651	2,484,778
Total Financial Assets:			2,225,651	2,484,778	6,513,225	6,414,315
Financial Liabilities:						
Trade and other payables	-	-	1,240,059	1,224,797	1,240,059	1,224,797
Finance lease	-	-	-	-	-	-
Total Financial Liabilities:			1,240,059	1,224,797	1,240,059	1,224,797

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

NOTE 16: 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:

	2012		2011	
	Carrying Amount \$	Net Fair Value \$	Carrying Amount \$	Net Fair Value \$
Financial assets				
Investment at fair value	604,855	604,855	794,759	794,759
Trade and other receivables	2,214,636	2,214,636	2,470,579	2,470,579
Total financial assets	2,819,491	2,819,491	3,265,338	3,265,338
Financial liabilities				
Trade and other payables	1,442,775	1,442,775	1,409,065	1,409,065
Lease liabilities	-	-	-	-
Total financial liabilities	1,442,775	1,442,775	1,409,065	1,409,065

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

NOTE 16: 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 2012, 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:

	2012	2011
	\$	\$
Change in profit		
— Increase in interest rate by 3%	110,467	93,689
— Decrease in interest rate by 3%	(110,467)	(93,689)
Change in equity		
— Increase in interest rate by 3%	110,467,	93,689
— Decrease in interest rate by 3%	(110,467)	(93,689)

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 17: 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 2012**

NOTE 18: 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 19: s272 INFORMATION TO BE PROVIDED TO MEMBERS OR GENERAL MANAGER - FAIR WORK AUSTRALIA

- (1) A member of a reporting unit, or the General Manager - FWA, 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 Auditor's Report to the Members of National Electrical Contractors Association – Vic Chapter

Report on the financial report

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 Contractors Association - VIC Chapter (the Association), for the year ended 30 June 2012.

Committee's responsibility for the financial report

The committee of the association is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Fair Work (Registered Organisations) Act 2009*, and for such internal control as the committee determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the committee also states, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee, as well as evaluating the overall presentation of the financial report.



The financial report has been prepared for distribution to members for the purpose of fulfilling the committee's financial reporting obligations under the *Fair Work (Registered Organisations) Act 2009*. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies and the *Fair Work (Registered Organisations) Act 2009*.

Auditor's opinion

In our opinion, the general purpose report of the National Electrical Contractors Association - VIC Chapter for the year ended 30 June 2012 is presented fairly in accordance with applicable Australian Accounting Standards and the requirements imposed by Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009*.

CROWE HORWATH MELBOURNE

A handwritten signature in black ink, appearing to read "Peter Sexton", written over a horizontal line.

Peter Sexton
Melbourne, Victoria

19th day of February 2013