



21 October 2014

Mr Philip Green  
Secretary  
Victorian Chapter  
National Electrical Contractors Association,  
[pgreen@neca.asn.au](mailto:pgreen@neca.asn.au)

CC: Crowe Horwath, Attn: John Gavens, [melbourne@crowehorwath.com.au](mailto:melbourne@crowehorwath.com.au)

CC: Mark Lim by email: [mark.lim@neca.asn.au](mailto:mark.lim@neca.asn.au)

CC: Fiona Bunting by email: [fbunts@optusnet.com.au](mailto:fbunts@optusnet.com.au)

Dear Mr Green,

**National Electrical Contractors Association, The Victorian Chapter  
Financial Report for the year ended 30 June 2013 - [FR2013/185]**

I acknowledge receipt of further information from the National Electrical Contractors Association, The Victorian Chapter and Crowe Horwath. The documents were received by the Fair Work Commission on 25 September 2014.

Thank you for addressing, simply and clearly, all of the concerns raised in the earlier correspondence. Your patience in this matter is sincerely appreciated.

The financial report has now been filed based on an advanced compliance review.

I note that the correspondence acknowledges the issues raised for the 2014 financial report and undertakes to incorporate the corrections into the 2014 financial report.

If you have any queries regarding this letter, please contact me on (03) 8661 7974 or via email at [catherine.bebbington@fwc.gov.au](mailto:catherine.bebbington@fwc.gov.au).

Yours sincerely

**CATHERINE BEBBINGTON**  
Regulatory Compliance Branch

**FAIR WORK COMMISSION**

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25 September 2014

Ms Catherine Bebbington  
Regulatory Compliance Branch  
Fair Work Commission  
[catherine.bebbington@fwc.gov.au](mailto:catherine.bebbington@fwc.gov.au)

Dear Ms Bebbington,

**Re: National Electrical Contractors Association, The Victorian Chapter  
Financial Report for the year ended 30 June 2013 – [FR2013/185]**

I write in response to your letter of 19<sup>th</sup> August 2014 in relation to the above. Please find following explanations or additional information as requested in that letter.

**ISSUES THAT MUST BE RESOLVED PRIOR TO FILING THE 2012-13 REPORT**

**Auditor's Report**

Please find following a letter from our auditors – Crowe Horwath – providing information in relation to their qualifications and a declaration relating to management use of the going concern basis of accounting.

**Donations**

Please refer to the Statement of Loans, Grants and Donations lodged on 18<sup>th</sup> September 2014.

**Employee and Holders of Office expenses**

In relation to your query regarding 'separation and redundancies' and 'other employee benefits' I can confirm that both of these line items should have been reported as NIL in our 2012-2013 financial report.

**Statement of Cash flows or the Notes**

Please refer to the tables below, which set out the figures you had queried in your letter, which have now been agreed with the other reporting units. Where required the 2013 comparatives figures in our 2013-2014 financial report will reflect these corrected amounts.

Note 9: Trade and other Payables

VIC Chapter	Other Chapter & Amount	Correct Amount
\$0	National - \$39,131	\$39,131
\$0	QLD - \$3,087	\$3,087
\$0	NSW - \$1,050	\$1,050

Note 6: Receivables

<b>VIC Chapter</b>	<b>Other Chapter &amp; Amount</b>	<b>Correct Amount</b>
\$0	QLD - \$434	\$434

Note 15B: Cash flows in to the branch

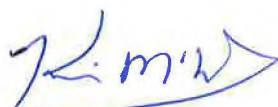
<b>VIC Chapter</b>	<b>Other Chapter &amp; Amount</b>	<b>Correct Amount</b>
\$8,384	QLD - \$9,461	\$8,384

**ISSUES TO ASSIST WITH THE PREPARATION OF THE 2013-2014 REPORT**

These issues have all been noted and we will aim to have them correct for our 2013-2014 financial report.

Should you have any further queries in relation to any of the above matters please don't hesitate to contact me on (03) 9645 5533 or via email at: [kevin.mccosh@neca.asn.au](mailto:kevin.mccosh@neca.asn.au).

Yours sincerely,



Kevin McCosh  
Secretary/Executive Director  
Victorian Chapter

23 July 2014

Mr Suresh Manickham  
National Secretary/CEO  
National Electrical Contractors Association  
[necanat@neca.asn.au](mailto:necanat@neca.asn.au)

Dear Suresh

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION – VICTORIAN CHAPTER  
FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013 – [FR2013/190]**

In a letter to you dated 4 July 2014, the Fair Work Commission requested that we provide you with a signed letter addressing concerns in relation to Auditor qualifications and a declaration relating to going concern.

The purpose of this letter is to comply with this request. On receipt, a copy of the letter should be lodged with the Fair Work Commission.

**Auditor qualifications**

I declare that I am an approved auditor as defined in Regulation 4 of RO Regulations.

I am currently:

- A fellow of the Institute of Chartered Accountants in Australia (#26502)
- A registered Company Auditor (#7516), and
- Hold a Certificate of Public Practice with the ICAA dated 7 March 1989.

**Declaration relating to management use of the going concern basis of accounting**

Item 45 of the Reporting Guidelines requires that auditor's statement must include a declaration, that as part of the audit of the financial statements, the auditor has concluded that management's use of the going concern basis of accounting in the preparation of the reporting unit's financial statements is appropriate.

I declare that, as part of the audit of the financial statements for the year ended 30 June 2013, I have concluded that the going concern basis of accounting in the preparation of the financial statements is appropriate.

Yours sincerely

**CROWE HORWATH MELBOURNE**



**John J Gavens**  
Partner



19 August 2014

Mr Philip Green  
Secretary  
National Electrical Contractors Association, The Victorian Chapter  
[pgreen@neca.asn.au](mailto:pgreen@neca.asn.au)

CC: Crowe Horwath, Attn: John Gavens, [melbourne@crowehorwath.com.au](mailto:melbourne@crowehorwath.com.au)

Dear Mr Green,

**National Electrical Contractors Association, The Victorian Chapter  
Financial Report for the year ended 30 June 2013 - [FR2013/185]**

I acknowledge receipt of the financial report of the National Electrical Contractors Association, The Victorian Chapter. The documents were lodged with the Fair Work Commission on 29 November 2013.

The financial report has not been filed.

I have examined the financial report and identified a number of matters, the details of which are set out below, that you are required to address before the report can be filed. Given the current timeframes, the reporting unit should ensure that this information is also included within the report that is being drafted for the next financial year.

The below information is set out into two categories, issues that are required to be explained or corrected prior to filing the 2012-2013 report, and those that are provided to assist you with the preparation of the next financial reports but will not prevent filing. The report cannot be filed until the first set of issues are addressed and the second set of concerns do not require further information at this stage but compliance will be confirmed prior to the filing of the 2013-2014 report.

The matters identified should be read in conjunction with the *Fair Work (Registered Organisations) Act 2009* (the RO Act), *Fair Work (Registered Organisations) Regulations 2009* (the RO Regs), Reporting Guidelines (RG) made under section 255 of the RO Act and Australian Accounting Standards. A set of 'Model financial statements' are also available on the FWC website to assist organisations in preparing their returns.

**ISSUES THAT MUST BE RESOLVED PRIOR TO FILING THE 2012-2013 REPORT**

**Auditor's report**

Auditor's qualifications

Regulation 4 of the RO Regulations provides the definition of an approved auditor. Item 44 of the Reporting Guidelines requires that in the Auditor's Statement, the auditor must declare they are either an approved auditor or the auditor is a member of a firm where at least one member is an approved auditor and must specify that the auditor is a person who is a member of CPA Australia, The Institute of Chartered Accountants in Australia or the Institute of Public Accountants, and holds a current Public Practice Certificate.

I note that this information has not been included in the Auditor's Statement.

## Declaration relating to management use of the going concern basis of accounting

Item 45 of the Reporting Guidelines requires that the Auditor's Statement include a declaration, that as part of the audit of the financial statements, they have concluded that management's use of the going concern basis of accounting in the preparation of the financial statement is appropriate.

Please have the auditor prepare a signed letter addressing these two concerns in relation to the report and lodge it with the Fair Work Commission.

### **Donations**

The statements show \$237,079 worth of donations.

Under subsection 237(1) of the RO Act, if an individual loan, grant or donation made by a branch exceeds \$1,000 a statement showing the relevant particulars of each must be lodged with the FWC within 90 days of the end of the financial year.

Before the financial report can be filed, we require a statement to be lodged which complies with section 237 that includes a written request for an extension of time explaining the reasons for the delay and signed and dated by an officer. A template Loans, Grants and Donations form is available on the FWC website.

### **Employee and Holders of Office expenses**

Note 3a provides a breakdown of expenses for Employees and Holders of office into wages and salaries, superannuation and leave and other entitlements as per the Reporting Guidelines. However, the note does not provide figures on the 'separation and redundancies' or 'other employee benefits' for either employees or office holders. The Reporting Guidelines requires that all employee and office holders expenses be detailed separately (refer to items 17(f) and 17(g)).

Please provide further information in relation to these categories of expense. If no expense was created concerning these categories please confirm that they should have been NIL line items in the report.

### **Statement of Cash flows or the Notes**

There appear to be minor discrepancies in the cash flows between the report of the Victorian chapter and other reporting units. Please find below a breakdown on the items which during a cross checking exercise between all NECA Chapters discrepancy were noted. Please provide evidence to support the figure that appears in the NECA Vic General Purpose Financial Report.

Note 9: Trade and other Payables

<b>VIC Chapter</b>	<b>Other Chapter</b>	<b>Amount</b>
\$0	National	\$39,131
\$0	QLD	\$3,087
\$0	NSW	\$1,050

Note 6: Receivables

<b>VIC Chapter</b>	<b>QLD Chapter</b>
\$0	\$434

Note 15B: Cash flows in to branch

VIC Chapter	QLD Chapter
\$8,384	\$9,461

## **ISSUES TO ASSIST WITH THE PREPARATION OF THE 2013-2014 REPORT**

### **Documents must be lodged with the Fair Work Commission within 14 days of General Meeting**

Section 268 of the RO Act, states that the full report and the Designated Officer's Certificate are required to be lodged with the Fair Work Commission within 14 days of the meeting of members. The Designated Officer's Certificate indicates that this meeting occurred on 11 November 2013. If this is correct the full report should have been lodged with the Fair Work Commission by 25 November 2013.

The full report was lodged on 29 November 2013.

If these dates are correct, the branch should have applied for an extension of time to lodge the required reports and the Designated Officer's Certificate in accordance with section 268 of the RO Act.

Please note that in future financial years a written request for an extension of time must be made prior to required date of lodgement.

### **Designated Officer's certificate**

The Designated Officer's Certificate was not dated.

This was drawn to the attention of the reporting unit last year. Please ensure that in future reports the Designated officer's certificate is dated when it is signed. If the designated officer's certificate is not signed in the 2013/2014 report this may result in the report not being filed.

### **Significant changes in financial affairs**

Section 254(2)(b) of the RO Act requires an Operating Report to give details of any significant changes in the reporting unit's financial affairs during the year. The Operating Report makes no statement in relation to the financial affairs of the Branch. Please ensure that future Operating Reports make a statement that complies with 254(2)(b).

### **Committee of Management Statement**

I note that the Committee of Management statement has been altered from the one provided in the Reporting Guidelines to remove the original (e)(iv):

iv. where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a manner consistent with each of the other reporting units of the organisation; and

Please ensure that the Committee of Management Statement addresses this issue in next year's financial report by providing a declaration that accurately reflects the practice of the reporting unit.

### **Notes to the Financial Statements**

#### For-profit or not-for profit entity

Australian Accounting Standard *AASB 1054 Australian Additional Disclosures* paragraph 8(b) requires that the entity disclose whether, for the purposes of preparing the financial statements, it is a for-profit or not-for-profit entity.

This information has not been provided and is required to be included in the next financial report.



## New and Future Australian Accounting Standards

Australian Accounting Standard *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors* paragraphs 14 and 28 require that the entity disclose:

- Australian Accounting Standards adopted during the period; and
- Australian Accounting Standards issued but not yet effective with an assessment of the future impact of the standard on the entity.

This information has not been provided and is required to be included in the next financial report.

## Disclosure of audit fees

Australian Accounting Standard *AASB 1054 Australian Additional Disclosures* paragraph 10 requires the financial statements to separately disclose amounts paid to the auditor for audit fees and for non-audit services.

This information has not been provided.

## **Activities under Reporting Guideline not disclosed**

Items 14, 20 and 22 of the Reporting Guidelines state that if the activities identified in items 10, 19 and 21 have not occurred in the reporting period, a statement of this effect must be included in the notes to the GPFR. I note that for the following items no such disclosure has been made:

- 10 going concern financial support received from another reporting unit
- 11 going concern financial support provided to another reporting unit
- 13 business combinations
- 19 receivable or payable with another reporting unit
- 21(a) payables to employers as consideration for the employers making payroll deductions of membership subscriptions
- 21(b) payables in respect of legal costs and other expenses related to litigation or other legal matters

## **Changes to the reporting guidelines and model financial statement**

A fourth edition of the General Manager's s.253 Reporting Guidelines was gazetted on 13 June 2014. These guidelines will apply to all financial reports that end on or after 30 June 2014. A model set of financial statements for the 2013-2014 financial year is also available on the Fair Work Commission website. The Fair Work Commission recommends reporting units use this model as it will assist in ensuring compliance with the *Fair Work (Registered Organisations) Act 2009*, the s.253 Reporting Guidelines and the Australian Accounting Standards.

The Reporting Guidelines and Model Financial Statements are available on the website here: <https://www.fwc.gov.au/registered-organisations/compliance-governance/financial-reporting>

If you have any queries regarding this letter, please contact me on (03) 8661 7974 or via email at [catherine.bebbington@fwc.gov.au](mailto:catherine.bebbington@fwc.gov.au).

Yours sincerely



**CATHERINE BEBBINGTON**

Regulatory Compliance Branch

## **FAIR WORK COMMISSION**

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**VICTORIA CHAPTER**

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ABN 38 881 083 819

25 November, 2013

Ms Bernadette O'Neill  
General Manager  
Fair Work Commission  
GPO Box 1994  
MELBOURNE, 3001

Dear Ms O'Neill

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 2013.

These financial accounts were endorsed by resolution of the NECA Victoria Council on 26 September 2013 and by the Annual General Meeting of members held on 11 November 2013.

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

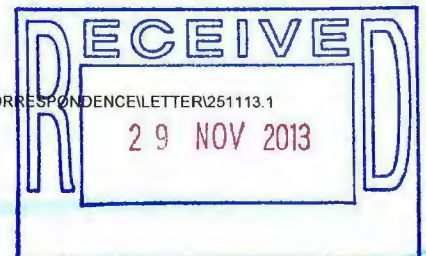
Yours sincerely,



**PHILIP GREEN**  
**EXECUTIVE DIRECTOR**

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29 NOV 2013





national  
electrical and  
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association

**VICTORIA CHAPTER**

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25 November, 2013

Ms Bernadette O'Neill  
General Manager  
Fair Work Commission  
GPO Box 1994  
MELBOURNE, 3001

Dear Ms O'Neill

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 2013.

These financial accounts were endorsed by resolution of the NECA Victoria Council on 26 September 2013 and by the Annual General Meeting of members held on 11 November 2013.

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

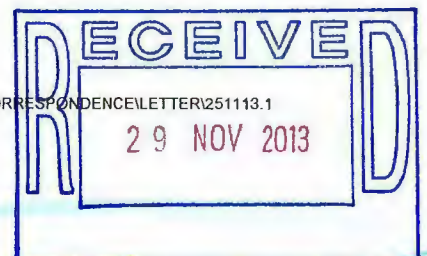
Yours sincerely,



**PHILIP GREEN**  
**EXECUTIVE DIRECTOR**

REF\G\2013\CORRESPONDENCE\LETTER\251113.1

29 NOV 2013



**NATIONAL ELECTRICAL  
CONTRACTORS ASSOCIATION  
VICTORIAN CHAPTER**

**GENERAL PURPOSE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2013**

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**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 general purpose financial report of the National Electrical Contractors Association – Victoria Chapter (“the Association”) for the financial year ended 30 June 2013.

**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
M. Purnell			

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 \$309,390 (2012: \$207,148).

**Superannuation Trustees**

No officer or employee of the Association is a trustee or director of a superannuation scheme or superannuation entity.

Life member Peter Smith is a director of the CBus superannuation fund. NECA has no legal entitlement to nominate any person to the board of CBus. Directors are only nominated by the sponsors of the fund.

**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 1,198 (2012: 1,202) members at financial year end.

**Number of Employees**

The Association had 17 (2012: 12) employees at financial year end.

**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.


**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION  
VICTORIAN CHAPTER**

Operating Report by the Committee of Management (cont'd)

**Officers & employees who are directors of a company or a member of a board**

Name of officer/employee	Name of company/board	Principal activities of Company/Board	Is the position held because they are an officer/employee of NECA or were nominated by NECA?
Philip Green (Secretary)	CoINVEST Ltd	Long Service Leave fund trustee	Yes
Philip Green	ElecNet (Aust) Pty Ltd	Corporate Trustee of Protect Redundancy Fund	Yes
Philip Green	Protect Services Pty Ltd	Redundancy Fund administration	Yes
Philip Green	Electrical Industry Training Foundation Pty Ltd	Corporate Trustee of EITF	Yes
Philip Green	370 Degrees Group Pty Ltd	Training company	Yes
Philip Green	EcoSmart Electricians Pty Ltd	Energy Efficiency	Yes
Philip Green	EPIC Industry Training Board (incorporated association)	Training advice	Yes
Paul Tobin (Councillor)	370 Degrees Group Pty Ltd (resigned 16/07/2013)	Training company	Yes
Paul Tobin	EcoSmart Electricians Pty Ltd	Energy Efficiency	Yes
			No
			No
			No
			No
			No
			No
			No
			No
Mike Purnell (Councillor)	370 Degrees Group Pty Ltd	Training company	Yes
Wes McKnight (Councillor)	EcoSmart Electricians Pty Ltd	Energy Efficiency	Yes
Wes McKnight	370 Degrees Group Pty Ltd (resigned 21/02/2013)	Training company	
			No
			No
			No
			No

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



**WES MCKNIGHT**  
President



**MICHAEL GRAHAM**  
Treasurer

Dated this 26th day of September 2013

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION  
VICTORIAN CHAPTER**

**Committee of Management Statement**

On 17<sup>th</sup> September 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 2013.

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.
- (f) In relation to recovery of wages activity:
  - (i) There were no recovery of wages activity for the financial year or any fees or reimbursements of expenses or other contributions that were deducted from wages recovered from employers on behalf of workers to be reported in the financial statements.

For the Committee of Management:

  
**WES MCKNIGHT**  
President

  
**MICHAEL GRAHAM**  
Treasurer

Dated this 16<sup>th</sup> day of September 2013



**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION  
VICTORIAN CHAPTER**

**Executive Director'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 provided to members on 11 October 2013;
- (c) that the full report was presented to a general meeting of the members of the reporting unit on 11 November 2013;  
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**  
Executive Director

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION  
VICTORIAN CHAPTER**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2013**

	Notes	2013 \$	2012 \$
<b>Revenue</b>			
Membership subscription		1,536,805	1,452,922
Capitation fees	2a	-	-
Levies	2b	-	-
Interest	2c	145,388	103,908
Other revenue	2d	709,864	656,446
<b>Total revenue</b>		<u>2,392,057</u>	<u>2,213,276</u>
<b>Other Income</b>			
Grants and/or donations	2e	331,696	300,000
Other income	2f	759,860	727,442
Fair value gain on assets held as fair value through Profit or Loss		91,435	-
<b>Total other income</b>		<u>1,182,991</u>	<u>1,027,442</u>
<b>Total income</b>		<u>3,575,048</u>	<u>3,240,718</u>
<b>Expenses</b>			
Employee expenses	3a	1,219,017	1,058,100
Capitation fees	3b	-	-
Affiliation fees	3c	326,908	323,854
Administration expenses	3d	1,115,601	1,136,436
Grants or donations	3e	295,079	77,873
Depreciation	3f	127,744	104,346
Finance costs	3g	22,573	23,169
Legal costs	3h	26,651	59,408
Fair value loss on assets held as fair value through Profit or Loss		-	36,876
Debt forgiven - NECA Qld			130,000
Other expenses		132,085	83,508
<b>Total expenses</b>		<u>3,265,658</u>	<u>3,033,570</u>
<b>Profit (loss) for the year</b>		<u>309,390</u>	<u>207,148</u>
<b>Other comprehensive income</b>			
Items that will not be subsequently reclassified to profit or loss:			
Gain on revaluation of land & buildings		-	10,000
<b>Total comprehensive income for the year</b>		<u>309,390</u>	<u>217,148</u>

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION  
VICTORIAN CHAPTER**

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2013**

	Note	2013 \$	2012 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	1,128,902	2,163,461
Trade and other receivables	6	2,638,720	2,214,636
Inventories		11,395	14,290
Financial assets	7	3,333,219	2,124,113
Other current assets		7,238	-
<b>Total Current Assets</b>		<b>7,119,474</b>	<b>6,516,500</b>
<b>NON-CURRENT ASSETS</b>			
Property, Plant & Equipment	8	1,408,284	1,487,864
<b>Total Non-Current Assets</b>		<b>1,408,284</b>	<b>1,487,864</b>
<b>Total Assets</b>		<b>8,527,758</b>	<b>8,004,364</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	1,429,599	1,240,059
Other current liabilities	10	1,579,804	1,582,443
Employee provisions	11	224,378	202,716
<b>Total Current Liabilities</b>		<b>3,233,781</b>	<b>3,025,218</b>
<b>Non-Current Liabilities</b>			
Long service leave provisions	11	22,361	16,920
<b>Total Non-Current Liabilities</b>		<b>22,361</b>	<b>16,920</b>
<b>Total Liabilities</b>		<b>3,256,142</b>	<b>3,042,138</b>
<b>NET ASSETS</b>		<b>5,271,616</b>	<b>4,962,226</b>
<b>MEMBERS' FUNDS</b>			
Retained profits		4,194,506	3,885,116
Reserves		1,077,110	1,077,110
<b>TOTAL MEMBERS' FUNDS</b>		<b>5,271,616</b>	<b>4,962,226</b>

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION  
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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2013**

	Asset revaluation reserve \$	Capital profits reserve \$	Retained earnings \$	Total \$
<b>Total comprehensive income / Balance at 30 June 2011</b>	<b>486,830</b>	<b>580,280</b>	<b>3,677,968</b>	<b>4,745,078</b>
Transfers to and from reserves	-	-	-	-
Revaluation increment	10,000	-	-	10,000
Profit for the year	-	-	207,148	207,148
Other comprehensive income	-	-	-	-
<b>Total comprehensive income / Balance at 30 June 2012</b>	<b>496,830</b>	<b>580,280</b>	<b>3,885,116</b>	<b>4,962,226</b>
Transfers to and from reserves	-	-	-	-
Revaluation increment	-	-	-	-
Profit for the year	-	-	309,390	309,390
Other comprehensive income	-	-	-	-
<b>Total comprehensive income / Balance at 30 June 2013</b>	<b>496,830</b>	<b>580,280</b>	<b>4,194,506</b>	<b>5,271,616</b>

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION  
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**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2013**

	Note	2013 \$	2012 \$
<b>Cash flows from operating activities</b>			
Receipts in the course of operations		2,530,176	3,238,980
Receipts from other related entities	15b	377,397	13,767
Interest		145,388	103,908
Payment to suppliers and employees		(2,217,826)	(2,291,295)
Payment to related entities	15b	(703,859)	(458,142)
<b>Net cash provided by operating activities</b>	15	<b>131,276</b>	<b>607,218</b>
<b>Cash flows from investing activities</b>			
Redemption/(Purchase) of investments		(1,117,671)	(1,366,229)
Payment for plant and equipment		(48,164)	(272,406)
Proceeds from sale of non-current assets		-	60,100
<b>Net cash used in investing activities</b>		<b>(1,165,835)</b>	<b>(1,578,535)</b>
<b>Cash flows from financing activities</b>			
Repayments of finance lease		-	-
<b>Net cash provided by financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash held</b>		<b>(1,034,559)</b>	<b>(971,317)</b>
Cash at beginning of financial year		2,163,461	3,134,778
<b>Cash at end of financial year</b>	5	<b>1,128,902</b>	<b>2,163,461</b>



**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**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.

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.



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VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**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:

<b>Class of fixed asset</b>	<b>Depreciation rates</b>	<b>Depreciation basis</b>
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.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**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  
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**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  
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**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 three 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.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION  
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**(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 2013.

The financial report was authorised for issue on 17 September 2013.

**(o) New Australian accounting standards**

**Adoption of new Australian accounting standard requirements**

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

The accounting policies adopted are consistent with those of the previous financial year.

**Future Australian accounting standards requirements**

New standards, amendments to standards or interpretations that were issued prior to the sign-off date and are application to the future reporting period are not expected to have a future financial impact on the Association.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION  
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

	2013	2012
	\$	\$
<b>NOTE 2 INCOME</b>		
<b>NOTE 2a: CAPITATION FEES</b>	-	-
<b>NOTE 2b: LEVIES</b>	-	-
<b>NOTE 2c: INTEREST</b>		
Deposits	145,388	103,908
<b>Note 2d: OTHER REVENUE</b>		
Sale of products and services	503,459	451,361
Ecosmart accreditation, training and services	97,336	90,828
Petrol administration fee	109,069	114,257
Donations	-	-
	709,864	656,446
<b>Note 2e: GRANTS OR DONATIONS</b>		
Grants - Lighting for Living	79,504	300,000
Grants - Mentors/advisers project	252,192	-
Donations	-	-
	331,696	300,000
<b>Note 2f: OTHER INCOME</b>		
Director fees recharges	181,631	145,451
Distribution - Protect Services Pty Ltd	45,876	-
Distribution - EITF	217,500	-
Profit /(Loss) on disposal of asset	-	13,190
Grant - Mighty Lifts	(9,938)	33,391
370 Degrees Group commercial service fee	185,000	199,992
Other revenue	139,791	335,418
	759,860	727,442
<b>NOTE 3 EXPENSES</b>		
<b>NOTE 3a: EMPLOYEE EXPENSES</b>		
<b>Holders of office:</b>		
Wages and salaries	148,346	129,914
Superannuation	15,802	15,028
Leave and other entitlements	15,731	19,632
<b>Subtotal employee expenses holders of office</b>	179,879	164,574
<b>Employees other than office holders:</b>		
Wages and salaries	825,781	700,088
Superannuation	120,118	120,440
Leave and other entitlements	93,239	72,998
<b>Subtotal employee expenses employees other than office holders</b>	1,039,138	893,526
<b>Total employee expenses</b>	1,219,017	1,058,100

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

	2013	2012
	\$	\$
<b>NOTE 3b: CAPITATION FEES</b>	-	-
<b>NOTE 3c: AFFILIATION FEES</b>		
NECA National	326,908	323,854
	<u>326,908</u>	<u>323,854</u>
<b>NOTE 3d: ADMINISTRATION EXPENSES</b>		
Consideration to employers for payroll deductions	-	-
Compulsory levies	-	-
Fees/allowances - meeting and conferences	-	-
Conference and meeting expense	60,768	57,265
Consultants	91,902	58,464
Computer consulting and maintenance	32,369	56,834
Cost of sales relating to industry standards and stationeries	24,924	27,694
Ecosmart accreditation and marketing	15,240	25,280
Property expenses	54,317	42,258
Office expenses	59,266	65,290
Information communications technology	31,568	27,309
Lighting for Living Project	44,747	390,116
Members seminar and training	150,802	115,370
Mentors/adviser project	252,192	-
Membership communication related expense	147,164	162,515
Motor vehicles expense	58,105	43,740
Travel and accomodation	55,120	36,104
Other	24,907	16,593
<b>Subtotal administration expense</b>	<u>1,103,391</u>	<u>1,124,832</u>
Operating lease rentals:		
Minimum lease payments	12,210	11,604
<b>Total administration expenses</b>	<u>1,115,601</u>	<u>1,136,436</u>
<b>NOTE 3e: GRANTS OR DONATIONS</b>		
Grants	57,600	64,800
Donations	237,479	13,073
	<u>295,079</u>	<u>77,873</u>
<b>NOTE 3f: DEPRECIATION AND AMORTISATION</b>		
Depreciation		
Building & building improvements	32,320	32,320
Property, plant and equipment	40,666	30,725
Motor vehicles	54,758	41,301
	<u>127,744</u>	<u>104,346</u>
<b>NOTE 3g: FINANCE COSTS</b>		
Bank charges	22,573	23,169
<b>Note 3h: Legal costs</b>		
General legal matters	26,651	59,408
<b>Note 3i: Other expenses</b>		
Penalties - via RO Act or RO Regulations	-	-



**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION  
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

	2013 \$	2012 \$
<b>NOTE 4: AUDITOR'S REMUNERATION</b>		
Remuneration of the auditor of the Association for:		
- auditing or reviewing the financial report	<u>38,960</u>	<u>14,500</u>

**NOTE 5: CASH AND CASH EQUIVALENTS**

Cash at bank	<u>1,128,902</u>	<u>2,163,461</u>
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The effective interest rate on cash at bank deposits was 0.01% (2012: 0.01%).

**NOTE 6: TRADE AND OTHER RECEIVABLES**

**CURRENT**

Receivables from related entity:

370 Degrees Group	268,897	111,823
General membership	1,603,034	1,366,768
Petrol scheme	724,442	702,099
Other debtors	<u>59,930</u>	<u>44,961</u>
	2,656,303	2,225,651
Less Provision for doubtful debts	<u>(17,583)</u>	<u>(11,015)</u>
	<u>2,638,720</u>	<u>2,214,636</u>

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 2013 was \$17,583 (2012: \$11,015).

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**

Short Term deposit	2,636,929	1,519,258
Investment Fund - at fair value	<u>696,290</u>	<u>604,855</u>
	<u>3,333,219</u>	<u>2,124,113</u>

The effective interest rate on the short term deposits was 4.20% (2012: 5.50%)

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

	Note	2013 \$	2012 \$
<b>NOTE 8: PROPERTY, PLANT AND EQUIPMENT</b>			
<b>PROPERTY</b>			
Building			
At valuation		1,000,000	1,000,000
Less accumulated depreciation		(50,000)	(25,000)
		<b>950,000</b>	<b>975,000</b>
<b>PLANT AND EQUIPMENT</b>			
Building Improvement			
At cost		292,798	292,798
Less accumulated depreciation		(46,988)	(39,668)
		<b>245,810</b>	<b>253,130</b>
Computer & office equipment			
At cost		195,322	182,681
Less accumulated depreciation		(144,755)	(108,913)
		<b>50,567</b>	<b>73,768</b>
Furniture & fittings			
At cost		64,699	64,699
Less accumulated depreciation		(36,366)	(31,721)
		<b>28,333</b>	<b>32,978</b>
Plant & equipment			
At cost		9,433	9,433
Less accumulated depreciation		(9,372)	(9,193)
		<b>61</b>	<b>240</b>
Motor vehicles			
At cost		221,993	186,469
Less accumulated depreciation		(88,480)	(33,721)
		<b>133,513</b>	<b>152,748</b>
		<b>1,408,284</b>	<b>1,487,864</b>

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

	Note	2013 \$	2012 \$					
<b>NOTE 8: PROPERTY, PLANT AND EQUIPMENT (CONT'D)</b>								
(a) An independent valuation of the building based on open market value was undertaken on 12 <sup>th</sup> 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	Computer	Furniture	Plant and	Motor	Total
		\$	Improvem'ts	and Office	and	Equip't	Vehicle	\$
		\$	\$	Equipment	Fittings	\$	\$	\$
Balance at the beginning of the year		975,000	253,130	73,768	32,978	240	152,748	1,487,864
Revaluation increment		-	-	-	-	-	-	-
Additions		-	-	12,641	-	-	35,523	48,164
Disposals		-	-	-	-	-	-	-
Depreciation expense		(25,000)	(7,320)	(35,842)	(4,645)	(179)	(54,758)	(127,744)
Carrying amounts at the end of the year		<u>950,000</u>	<u>245,810</u>	<u>50,567</u>	<u>28,333</u>	<u>61</u>	<u>133,513</u>	<u>1,408,284</u>

	Note	2013 \$	2012 \$
<b>NOTE 9: TRADE AND OTHER PAYABLES</b>			
<b>CURRENT</b>			
Trade creditors and accruals		176,603	163,748
Petrol scheme creditor		724,442	702,100
Goods and services tax payable		167,960	155,556
Unearned income		53,666	-
Mentor/Adviser Project		78,909	-
Security Deposits		224,539	215,539
Fringe benefit tax		3,480	3,116
Annual leave		-	-
Long service leave		-	-
		<u>1,429,599</u>	<u>1,240,059</u>

<b>NOTE 10: OTHER CURRENT LIABILITIES</b>			
Deferred income:			
- Subscriptions		1,544,525	1,551,356
- Excellence Award		35,279	31,087
		<u>1,579,804</u>	<u>1,582,443</u>

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
Note	\$	\$
<b>NOTE 11: EMPLOYEE PROVISIONS</b>		
<b>Office Holders:</b>		
Annual leave	11,822	5,824
Long service leave	6,625	11,833
Separations and redundancies	-	-
Other	-	-
<b><i>Subtotal employee provisions—office holders</i></b>	<b>18,447</b>	<b>17,657</b>
<b>Employees other than office holders:</b>		
Annual leave	110,965	98,993
Long service leave	117,327	102,986
Separations and redundancies	-	-
Other	-	-
<b><i>Subtotal employee provisions—employees other than office holders</i></b>	<b>228,292</b>	<b>201,979</b>
<b>Total employee provisions</b>	<b>246,739</b>	<b>219,636</b>
Current	224,378	202,716
Non Current	22,361	16,920
<b>Total employee provisions</b>	<b>246,739</b>	<b>219,636</b>

**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.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

	2013	2012
Note	\$	\$
<b>NOTE 13: OFFICE HOLDERS</b>		
The following Committee members were key management personnel of the Association:		
W McKnight M Graham R Chatfield D Spicer C Hargreaves	P Tobin D Peirce M Purnell J Cutler P Green (Chapter Secretary)	
<p>Remuneration of \$204,735 was paid to office holders. Councillors receive \$66 per meeting expenses for their attendance at Council meeting. Some Councillors has declined the payment and donated it to the Electrocomms Foundation.</p>		
<b>NOTE 14: RELATED PARTY TRANSACTIONS</b>		
<p>Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated</p>		
<i>Transactions with related parties</i>		
<p>(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.</p>		
<p>(b) ElecNet (Aust) Pty Ltd is the trustee of the Electrical Industry Severance Scheme and is a related party to the Victorian Chapter. Protect Services Pty Ltd is the administration company of the Electrical Industry Severance Scheme. During the year, distribution of \$45,876 (2012: \$Nil) was received from Protect Services Pty Ltd and directors fees of \$145,451 (2012: \$145,451) were received by the Chapter from the Electrical Industry Severance Scheme.</p>		
<p>(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 \$326,908 (2012 \$323,854).</p>		
<p>(d) During the year, \$169,583 (2012: \$199,992) was charged to 370 Degrees Group – a related entity of National Electrical Contractors Association, for Commercial Service Agreement.</p>		
<p>(d) Receivable from related entities at year end:</p>		
	2013	2012
	\$	\$
National Electrical Contractors Association – Queensland Chapter	-	-
370 Degree Group	268,897	91,663

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

	Note	2013 \$	2012 \$
<b>NOTE 15: CASH FLOW</b>			
<b>NOTE 15A: CASH FLOW RECONCILIATION</b>			
Reconciliation of cash flows from operations with Profit from ordinary activities			
Operating Profit/(Loss) from ordinary activities after income tax		309,390	207,148
Non-cash flows in operating profit			
Depreciation		127,744	104,346
Movement in investment value		(91,435)	36,876
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		(431,323)	125,943
(Increase)/decrease in inventories		2,895	(884)
Increase/(decrease) in trade and other payables		35,197	10,237
Increase/(decrease) in other current liabilities		151,704	(9,181)
Increase/(decrease) in provision for employee entitlements		27,104	15,923
Net cash provided by operating activities		131,276	607,219
<b>NOTE 15B: CASH FLOW INFORMATION</b>			
<b>Cash inflows</b>			
NECA National		364,328	506
NECA Qld		8,384	2,158
NECA NSW		-	-
NECA Tas		4,685	11,103
Total cash inflows		377,397	13,767
<b>Cash outflows</b>			
NECA National		397,152	375,814
NECA NSW		12,029	12,290
NECA Qld		84,748	59,400
370 Degrees Group		209,930	10,638
Total cash outflows		703,859	458,142

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

	<b>2013</b>	<b>2012</b>
<b>Note</b>	<b>\$</b>	<b>\$</b>

**NOTE 16: FINANCIAL RISK MANAGEMENT**

**a. Financial Risk Management Policies**

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

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

The total of each category of financial instruments measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows

Financial Assets	2013	2012
Cash and cash equivalents	1,128,902	2,163,461
Financial assets at fair value through profit or loss	3,333,219	2,124,113
Trade and other receivables	2,638,720	2,214,636
<b>Total financial assets</b>	<b>7,100,841</b>	<b>6,502,210</b>
Financial Liabilities		
- Trade and other payables	1,429,599	1,240,059
<b>Total financial liabilities</b>	<b>1,429,599</b>	<b>1,240,059</b>

The Association does not have any derivative instruments at 30 June 2013.

**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**

**(a) Foreign currency risk**

The Association is not exposed to fluctuations in foreign currencies.

**(b) Credit risk**

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

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

Note	2013 \$	2012 \$
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**Note 16: FINANCIAL RISK MANAGEMENT (CONT'D)**

It is the association's policy that all customers who wish to trade on credit terms undergo a credit assessment process which takes into account the customer's financial position, past experience and other factors. Credit limits are then set based on ratings in accordance with the limits set by the Committee of Management, these limits are reviewed on a regular basis.

Goods are sold subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim.

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 2013.

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.

**(b) Liquidity risk**

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

- \* preparing forward-looking cash flow analysis in relation to its operational, investing and financial activities which are monitored on a monthly basis;
- \* using derivatives that are only traded in highly liquid markets;
- \* monitoring undrawn credit facilities;
- \* obtaining funding from a variety of sources;
- \* maintaining a reputable credit profile;
- \* managing credit risk related to financial assets;
- \* only investing surplus cash with major financial institutions; and
- \* comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

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

The available funds to the Group are discussed in note 18.



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

	Note	2013 \$	2012 \$						
<b>Note 16: FINANCIAL RISK MANAGEMENT (CONT'D)</b>									
c) Liquidity Risk - financial liability and asset maturity analysis									
The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.									
The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.									
<i>Financial liability maturity analysis - Non-derivative</i>									
		<b>Within 1 Year</b>		<b>1 to 5 Years</b>		<b>Over 5 Years</b>		<b>Total</b>	
		2013	2012	2013	2012	2013	2012	2013	2012
		\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial liabilities due for payment</b>									
Trade and other payables		1,429,599	1,240,0594	-	-	-	-	1,429,599	1,240,059
<b>Total contractual outflows</b>		<b>1,429,599</b>	<b>1,240,0594</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,429,599</b>	<b>1,240,059</b>

The timing of expected outflows is not expected to be materially different from contracted cashflows.

(d) Market risk

Market risk is the risk that the fair value or future cash flows of the financial instruments held within the Association will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk. The exposure to market risk is a result of the asset allocation strategy prescribing investments across certain asset classes. The Association is only exposed to interest rate risk and other price risk as detailed below.

The Association's financial instruments portfolio as impacting market risk:

	Note	2013 \$	2012 \$
Cash at bank @ floating rate	5	1,128,902	2,768,316
Financial assets held as fair value through profit and loss	7	3,333,219	2,124,113
		<b>4,462,121</b>	<b>4,894,429</b>

The available for sale financial assets are broken down into the following indirectly held investments:

	Fixed Interest	Cash @ Floating Rate	Equities	Total
	\$	\$	\$	\$
<b>2013</b>				
NECA VIC	2,884,571	27,974	420,674	3,333,219
	<b>2,884,571</b>	<b>27,974</b>	<b>420,674</b>	<b>3,333,219</b>
<b>2012</b>				
NECA VIC	1,775,844	11,890	336,379	2,124,113
	<b>1,775,844</b>	<b>11,890</b>	<b>336,379</b>	<b>2,124,113</b>

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

	2013 \$	2012 \$
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**Note 16: FINANCIAL RISK MANAGEMENT (CONT'D)**

Interest rate risk is the risk that the fair value or future cash flows of a financial market instrument will fluctuate because of changes in market interest rates. The Association is affected by interest rate risk due to its directly held cash balances. The Association does not have any floating rate debt instruments for both 2013 and 2012. The exposure to interest rate risk has a direct impact on the Statement of Comprehensive Income and Statement of Financial Position of the Association.

Interest rate risk is measured and monitored by the calculation of the duration of the investment portfolios which approximates the percentage change in portfolio valuation from a percentage change in market interest rates.

It would normally be expected that floating rate cash instruments have a direct exposure to interest rate risk. However, because the cash investments in the Association's JB Were Investments are in the nature of a pooled investment scheme, it is the unit price of the scheme which reflects the value of the financial investment. On this basis, the sensitivity of changes to the unit price for these instrument investments is included below in note 'Other Price Risk'

The following table illustrates sensitivities to the Group's exposure to changes in interest rates on its directly held cash balances. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	<b>Consolidated</b>	
	<b>Profit</b>	<b>Equity</b>
	\$	\$
<b>Year ended 30 June 2013</b>		
+/- 2% in interest rates	<b>22,578</b>	<b>22,578</b>
<b>Year ended 30 June 2012</b>		
+/- 2% in interest rates	55,366	55,366

*i. Other Price risk*

A large proportion of the financial instrument investments held by the Association are exposed to other price risk as a result of the Association's exposure to equity securities (those indirectly held investments via JB Were Investment account which are either held in domestic listed and unlisted shares or in managed investment schemes). Other price risk is the risk that the fair value or future cash flows of a financial investment may fluctuate because of the changes in market prices. The exposure to other price risk has a direct impact on the Statement of Comprehensive Income and Statement of Financial Position of the Association.

There is a fundamental financial relationship between risk and return. The investments are diversified across different risk profiles in return for commensurate returns in accordance with JB Were strategic assets allocation policy, meaning that the other price risk exposure is understood.

Whilst equity markets are inherently volatile and not suitable for short-term investment, over the long-term, equity investments have proven to be a good source of inflation protection, through the achievement of high return and real terms. To manage the price risk, the investment portfolio is diversified in accordance with asset class limits (in accordance with JB Were's strategic asset allocation policy). As part of the bank asset allocation strategy a portion of the equity investments are of a high quality and are publicly traded on the Australian Securities Exchange (ASX).

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

	<b>2013</b>	<b>2012</b>
<b>Note</b>	<b>\$</b>	<b>\$</b>

**Note 16: FINANCIAL RISK MANAGEMENT (CONT'D)**

The table below summarises the impact of increases/decreases of the abovementioned investment exposures on the Association's post tax profit for the year and on equity. The analysis is based on the assumption that the respective price indexes for the different asset classes may increase/decrease by the determined volatility factor with all other variables held constant and the financial instruments moving in accordance to the historical correlation with the indexes that the investments are exposed to.

Taking into account past performance, future expectations, economic forecasts, and the Association's management's knowledge and experience of the financial markets, the impact on profit or loss and the impact on equity in the table below are 'reasonably possible' over the next 12 months if other price risk changes by the following volatility factors from the target benchmarks with all other variables, especially foreign exchange rates, held constant.

	Profit		Equity	
	2013	2012	2013	2012
	\$	\$	\$	\$
+/- 3% in RBA cash rate	839	34,305	839	34,305
+/- 5% in ASX All Ordinaries Index	21,034	16,819	21,034	16,819

**Fair value estimation**

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the Statement of Financial Position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Consolidated	2013		2012	
	Net Carrying Value	Net Fair value	Net Carrying Value	Net Fair value
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	1,128,902	1,128,902	2,163,461	2,163,461
Investments at market value	3,333,219	3,333,219	2,124,113	2,124,113
Trade and other receivables	2,638,720	2,638,720	2,214,636	2,214,636
<b>Total financial assets</b>	<b>7,100,841</b>	<b>7,100,841</b>	<b>6,502,210</b>	<b>6,502,210</b>
<b>Financial liabilities</b>				
Trade and other payables	1,429,599	1,429,599	1,240,059	1,240,059
<b>Total financial liabilities</b>	<b>1,429,599</b>	<b>1,429,599</b>	<b>1,240,059</b>	<b>1,240,059</b>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

Note	2013 \$	2012 \$
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**Note 16: FINANCIAL RISK MANAGEMENT (CONT'D)**

**Financial instruments measured at fair value**

The financial instruments recognised at fair value in the Statement of Financial Position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements between those whose fair value is based on. The fair value hierarchy consists of the following levels:

- \* quoted prices in active markets for identical assets or liabilities (Level 1);
- \* inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- \* inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

**Capital Management**

Capital is defined as the Association's total equity comprising retained earnings and the asset revaluation reserve. It is the Board's policy to maintain a strong capital base so as to maintain member, stakeholder, creditor, market confidence and to sustain future development of the business. Capital management plays a central role in managing risk to create member value whilst also ensuring that the interests of all stakeholders including investors, policy holders, lenders and regulators are met.

Capital finances growth, capital expenditure and business plans and also provides support if adverse outcomes arise from health insurance, investment performance or other activities. The appropriate level of capital is determined by the Board on both regulatory and economic considerations.

There were no changes in the Group's approach to capital management during the year.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**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

**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 2013.*

## 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.*

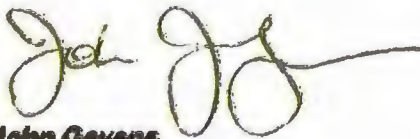
## **Independence**

*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 2013 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**



**John Gavens**  
Melbourne, Victoria

**3<sup>rd</sup> day of October 2013**