



6 January 2015

Mr Kevin McCosh  
Secretary/Executive Director  
Victorian Chapter  
National Electrical Contractors Association,  
By email: [kevin.mccosh@neca.asn.au](mailto:kevin.mccosh@neca.asn.au)

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

Dear Mr McCosh,

**National Electrical Contractors Association, The Victorian Chapter  
Financial Report for the year ended 30 June 2014 - [FR2014/123]**

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 11 December 2014.

The financial report has now been filed. Thank you for incorporating all of the comments in last year's correspondence.

The financial report was filed based on a primary review. This involved confirming that the financial reporting timelines required under s.253, s.265, s.266 and s.268 of the *Fair Work (Registered Organisations) Act 2009* (RO Act) have been satisfied, all documents required under s.268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and reporting guidelines have been complied with. A primary review does not examine all disclosure requirements.

Please note that the financial report for the year ending 30 June 2015 may be subject to an advanced compliance review.

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. The Fair Work Commission will confirm these concerns have been addressed prior to filing next year's report.

**Key Management Personnel Note**

Australian Accounting Standard *AASB 124 Related Party Disclosures* paragraph 17 requires the General Purpose Financial Report to disclose within the statements or the notes compensation paid to key management personnel.

Note 13 contains information on Key Management Personnel including a list of the personnel and total remuneration.

The Note should also include 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*. An example can be seen in the Model Accounts at note 13B.

## Changes to the Reporting Guidelines

There were a number of changes to the reporting guidelines for the 2014 financial year, including changes to how Board information and Donations and Grants are disclosed.

It is no longer a requirement to include Board information under the Reporting Guidelines. The requirement to provide information on Superannuation Trustees remains.

Reporting Guideline 16(e) requires that where grants or donations have been paid, the total amount paid is to be disclosed as follows:

- (i) grants that were \$1,000 or less;
- (ii) grants that exceeded \$1,000;
- (iii) donations that were less than \$1,000; and
- (iv) donations that exceeded \$1,000

Note 3e discloses that \$70,150 was paid in grants and donations but does not distinguish the total amounts paid as described above. For further information on the changes please refer to the reporting guidelines directly.

Please ensure that these new requirements are addressed in next year's report.

## Reporting Requirements

On the FWC website a number of factsheets in relation to the financial reporting process and associated timelines are available. The most recent copy of the Reporting Guidelines and a model set of financial statements can also be found. The FWC 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. Access to this information may be obtained via [this link](#).

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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**NATIONAL ELECTRICAL  
CONTRACTORS ASSOCIATION  
VICTORIAN CHAPTER**

**GENERAL PURPOSE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2014**

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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 2014.

**Chapter Council Members**

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

J.Cutler	D. Spicer	D. Pierce	W. McKnight
C. Hargreaves	R. Chatfield	M. Purnell	

P Tobin (Resigned 20/8/2013) M Graham (Resigned 17/6/2014)

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 Financial Affairs**

A major part of NECA training courses are now carried out by 370 Degrees Group Pty Ltd. Other than this, there has been no significant changes in the state of financial 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 \$74,835 (2013: \$309,390).

**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 1,179 (2013: 1,198) members at financial year end.

**Number of Employees**

The Association had 17 (2013: 17) 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  
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**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
			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:

  
\_\_\_\_\_  
**JOHN CUTLER**  
President

  
\_\_\_\_\_  
**DEAN SPICER**  
Treasurer

Dated this *16<sup>th</sup>* day of *September* 2014

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION  
VICTORIAN CHAPTER**

**Committee of Management Statement**


On 16<sup>th</sup> September 2014 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 2014.

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) 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 consistent manner with each of the other reporting units of the organisation; and
  - (v) 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
  - (vi) 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:

  
\_\_\_\_\_  
**JOHN CUTLER**  
President

  
\_\_\_\_\_  
**DEAN SPICER**  
Treasurer

Dated this 16<sup>th</sup> day of September 2014

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION  
VICTORIAN CHAPTER**

**Secretary/Executive Director's Certificate**

I, Kevin McCosh, being the Secretary/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 28<sup>th</sup> October 2014;
- (c) that the full report was presented to a general meeting of the members of the reporting unit on 27<sup>th</sup> November 2014, 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:



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**Kevin McCosh**  
Secretary/Executive Director

Date : 11<sup>th</sup> December 2014



**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION  
VICTORIAN CHAPTER**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2014**

	Notes	2014 \$	2013 \$
<b>Revenue</b>			
Membership subscription		1,475,419	1,536,805
Capitation fees	2a	-	-
Levies	2b	-	-
Interest	2c	127,093	145,388
Rental revenue		-	-
Other revenue	2d	633,204	709,864
<b>Total revenue</b>		<u>2,235,716</u>	<u>2,392,057</u>
<b>Other Income</b>			
Grants and/or donations	2e	645,455	331,696
Other income	2f	532,019	759,860
Fair value gain on assets held as fair value through Profit or Loss		94,004	91,435
Share of net profit from associate		-	-
Net gains from sale of assets		-	-
<b>Total other income</b>		<u>1,271,478</u>	<u>1,182,991</u>
<b>Total income</b>		<u>3,507,194</u>	<u>3,575,048</u>
<b>Expenses</b>			
Employee expenses	3a	1,372,186	1,219,017
Capitation fees	3b	345,781	326,908
Affiliation fees	3c	-	-
Administration expenses	3d	1,417,481	1,115,601
Grants or donations	3e	70,150	295,079
Depreciation	3f	143,979	127,744
Finance costs	3g	23,405	22,573
Legal costs	3h	52,161	26,651
Share of net loss from associate		-	-
Write-down and impairment of assets		-	-
Net losses from sale of assets		-	-
Fair value loss on assets held as fair value through Profit or Loss		-	-
Other expenses		139,536	132,085
<b>Total expenses</b>		<u>3,564,679</u>	<u>3,265,658</u>
<b>Profit (loss) for the year</b>		<u>(57,485)</u>	<u>309,390</u>
<b>Other comprehensive income</b>			
Items that will not be subsequently reclassified to profit or loss:			
Gain on revaluation of land & buildings		132,320	-
<b>Total comprehensive income for the year</b>		<u>74,835</u>	<u>309,390</u>

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION  
VICTORIAN CHAPTER**

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2014**

	Note	2014 \$	2013 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	1,340,910	1,317,708
Trade and other receivables	6	1,203,701	2,638,720
Inventories		46,113	11,395
Financial assets	7	2,816,029	3,144,413
Other current assets		16,547	7,238
<b>Total Current Assets</b>		<b>5,423,300</b>	<b>7,119,474</b>
<b>NON-CURRENT ASSETS</b>			
Building and Improvement	8	1,050,000	950,000
Plant & Equipment	8	186,909	212,474
<b>Total Non-Current Assets</b>		<b>1,236,909</b>	<b>1,162,474</b>
<b>Total Assets</b>		<b>6,660,209</b>	<b>8,281,948</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	1,226,911	1,429,599
Other current liabilities	10	47,890	1,579,804
Employee provisions	11	263,253	224,378
<b>Total Current Liabilities</b>		<b>1,538,054</b>	<b>3,233,781</b>
<b>Non-Current Liabilities</b>			
Employee provisions	11	21,514	22,361
<b>Total Non-Current Liabilities</b>		<b>21,514</b>	<b>22,361</b>
<b>Total Liabilities</b>		<b>1,559,568</b>	<b>3,256,142</b>
<b>NET ASSETS</b>		<b>5,100,641</b>	<b>5,025,806</b>
<b>MEMBERS' FUNDS</b>			
Retained profits		4,137,021	4,194,506
Reserves		963,620	831,300
<b>TOTAL MEMBERS' FUNDS</b>		<b>5,100,641</b>	<b>5,025,806</b>

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION  
VICTORIAN CHAPTER**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2014**

	<b>Asset revaluation reserve</b>	<b>Capital profits reserve</b>	<b>Retained earnings</b>	<b>Total</b>
	\$	\$	\$	\$
<b>Total comprehensive income / Balance at 30 June 2012</b>	<b>251,020</b>	<b>580,280</b>	<b>3,885,116</b>	<b>4,716,416</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>251,020</b>	<b>580,280</b>	<b>4,194,506</b>	<b>5,025,806</b>
Transfers to and from reserves	-	-	-	-
Revaluation increment	132,320	-	-	132,320
Profit for the year	-	-	(57,485)	(57,485)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income / Balance at 30 June 2014</b>	<b>383,340</b>	<b>580,280</b>	<b>4,137,021</b>	<b>5,100,641</b>

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION  
VICTORIAN CHAPTER**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2014 \$	2013 \$
<b>Cash flows from operating activities</b>			
Receipts in the course of operations		3,980,513	2,530,176
Receipts from other related entities	15b	741,971	377,397
Interest		127,093	145,388
Payment to suppliers and employees		(4,505,267)	(2,217,826)
Payment to related entities	15b	(657,403)	(703,859)
<b>Net cash provided by operating activities</b>	15	<u>(313,093)</u>	<u>131,276</u>
<b>Cash flows from investing activities</b>			
Redemption/(Purchase) of investments		422,388	(928,865)
Payment for plant and equipment		(86,093)	(48,164)
Proceeds from sale of non-current assets		-	-
<b>Net cash used in investing activities</b>		<u>336,295</u>	<u>(977,029)</u>
<b>Cash flows from financing activities</b>			
Repayments of finance lease		-	-
<b>Net cash provided by financing activities</b>		<u>-</u>	<u>-</u>
<b>Net increase/(decrease) in cash held</b>		23,202	(845,753)
Cash at beginning of financial year		1,317,708	2,163,461
<b>Cash at end of financial year</b>	5	<u>1,340,910</u>	<u>1,317,708</u>

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION  
VICTORIAN CHAPTER**

**RECOVERY OF WAGES ACTIVITY  
FOR THE YEAR ENDED 30 JUNE 2014**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>Cash assets in respect of recovered money at beginning of year</b>	-	-
<b>Receipts</b>		
Amounts recovered from employers in respect of wages etc.	-	-
Interest received on recovered money	-	-
<b>Total receipts</b>	-	-
<b>Payments</b>		
Deductions of amounts due in respect of membership for:		
12 months or less	-	-
Greater than 12 months	-	-
Deductions of donations or other contributions to accounts or funds of:		
The reporting unit:		
name of account	-	-
name of fund	-	-
Name of other reporting unit of the organisation:		
name of account	-	-
name of fund	-	-
Name of other entity:		
name of account	-	-
name of fund	-	-
Deductions of fees or reimbursement of expenses	-	-
Payments to workers in respect of recovered money	-	-
<b>Total payments</b>	-	-
<b>Cash asset's in respect of recovered money at end of year</b>	-	-
Number of workers to which the monies recovered relates	-	-
<b>Aggregate payables to workers attributable to recovered monies but not yet distributed</b>		
Payable balance	-	-
Number of workers the payable relates to	-	-
<b>Fund or account operated for recovery of wages</b>		
<i>[Insert fund or account name. If invested in assets include value of each asset]</i>	-	-

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION  
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**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**

NECA Vic is a not-for-profit entity. 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.

The Victorian Chapter is a branch of the National Electrical Contractors Association (NECA), a not-for-profit entity which comprises Chapters in each State and the ACT and the National Office, 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 50-1 of the Income Tax Assessment Act 1997.

**(b) Property, Plant and Equipment**

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

**Property**

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

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

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION  
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**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.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION  
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**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 2014**

**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.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**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) Government Grants**

Government grants are not recognised until there is reasonable assurance that the NECA Vic will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which NECA Vic recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the NECA Vic should purchase, construct otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the NECA Vic with no future related costs are recognised in profit or loss in the period in which they become receivable.

**(l) Goods and Services Tax (GST)**

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

**(m) Comparative Figures**

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

**(n) 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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**(o) Fair Value measurement**

The Association measures financial instruments, such as, financial asset as at fair value through the profit and loss, available for sale financial assets, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 8.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Association. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Association uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1—Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Association determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as land and buildings and investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the Association has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

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**(p) 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 2014.

The financial report was authorised for issue on 16 September 2014.

**(q) New Australian accounting standards**

**Adoption of new Australian accounting standard requirements**

During the current year, the Association adopted the following new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

*AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13*

The entity has applied AASB 13 and its consequential amendments from 1 July 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used.

*AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)*

The standard also changed the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted

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**NOTES TO THE FINANCIAL STATEMENTS  
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	2014 \$	2013 \$
<b>NOTE 2 INCOME</b>		
<b>NOTE 2a: CAPITATION FEES</b>	<u>-</u>	<u>-</u>
<b>NOTE 2b: LEVIES</b>	<u>-</u>	<u>-</u>
<b>NOTE 2c: INTEREST</b>		
Deposits	<u>127,093</u>	<u>145,388</u>
<b>Note 2d: OTHER REVENUE</b>		
Sale of products and services	409,852	503,459
Ecosmart accreditation, training and services	119,249	97,336
Petrol administration fee	104,103	109,069
Donations	-	-
	<u>633,204</u>	<u>709,864</u>
<b>Note 2e: GRANTS OR DONATIONS</b>		
Grants - Lighting for Living	-	79,504
Grants - Mentors/advisers project	645,455	252,192
Donations	-	-
	<u>645,455</u>	<u>331,696</u>
<b>Note 2f: OTHER INCOME</b>		
Director fees recharges	184,307	181,631
Distribution - Protect Services Pty Ltd	169,752	45,876
Distribution - EITF	-	217,500
Grant - Mighty Lifts	-	(9,938)
370 Degrees Group service & Acting CEO fee	13,333	185,000
Other revenue	164,627	139,791
	<u>532,019</u>	<u>759,860</u>
<b>NOTE 3 EXPENSES</b>		
<b>NOTE 3a: EMPLOYEE EXPENSES</b>		
<b>Holders of office:</b>		
Wages and salaries	168,861	148,346
Superannuation	19,256	16,329
Leave and other entitlements	23,729	15,731
Separation and redundancies	-	-
Other employee expenses	-	-
<b>Subtotal employee expenses holders of office</b>	<u>211,846</u>	<u>180,406</u>
<b>Employees other than office holders:</b>		
Wages and salaries	893,909	825,781
Superannuation	168,014	119,591
Leave and other entitlements	98,417	93,239
Separation and redundancies	-	-
Other employee expenses	-	-
<b>Subtotal employee expenses employees other than office holders</b>	<u>1,160,340</u>	<u>1,038,611</u>
<b>Total employee expenses</b>	<u>1,372,186</u>	<u>1,219,017</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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	2014	2013
	\$	\$
<b>NOTE 3b: CAPITATION FEES</b>		
NECA National	345,781	326,908
	<b>345,781</b>	<b>326,908</b>
<b>NOTE 3c: AFFILIATION FEES</b>		
	-	-
<b>NOTE 3d: ADMINISTRATION EXPENSES</b>		
Consideration to employers for payroll deductions	-	-
Compulsory levies	-	-
Fees/allowances - meeting and conferences	-	-
Conference and meeting expense	76,646	60,768
Consultants	98,446	91,902
Computer consulting and maintenance	36,558	32,369
Cost of sales relating to industry standards and stationeries	12,428	24,924
Ecosmart accreditation and marketing	887	15,240
Property expenses	47,996	54,317
Office expenses	65,772	59,266
Information communications technology	33,765	31,568
Lighting for Living Project	-	44,747
Members seminar and training	83,855	150,802
Mentors/adviser project	645,455	252,192
Membership communication related expense	174,406	147,164
Motor vehicles expense	63,685	58,105
Travel and accomodation	48,812	55,120
Other	16,566	24,907
<b>Subtotal administration expense</b>	<b>1,405,277</b>	<b>1,103,391</b>
Operating lease rentals:		
Minimum lease payments	12,204	12,210
<b>Total administration expenses</b>	<b>1,417,481</b>	<b>1,115,601</b>
<b>NOTE 3e: GRANTS OR DONATIONS</b>		
Grants	61,200	57,600
Donations	8,950	237,479
	<b>70,150</b>	<b>295,079</b>
<b>NOTE 3f: DEPRECIATION AND AMORTISATION</b>		
Depreciation		
Building & building improvements	32,320	32,320
Property, plant and equipment	44,045	40,666
Motor vehicles	67,614	54,758
	<b>143,979</b>	<b>127,744</b>
<b>NOTE 3g: FINANCE COSTS</b>		
Bank charges	23,405	22,573
	<b>23,405</b>	<b>22,573</b>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2014 \$	2013 \$
<b>NOTE 3h: LEGAL COSTS</b>			
Litigation		-	-
General legal matters		52,161	26,651
		52,161	26,651
<b>NOTE 3i: OTHER EXPENSES</b>			
Penalties - via RO Act or RO Regulations		-	-
<b>Total other expenses</b>		-	-
<b>NOTE 4: AUDITOR'S REMUNERATION</b>			
Remuneration of the auditor of the Association for:			
- Financial statement audit services		39,178	39,960
- Other services		-	-
		-	-
<b>NOTE 5: CASH AND CASH EQUIVALENTS</b>			
Cash at bank		1,340,910	1,317,708

The effective interest rate on cash at bank deposits was 0.01% (2013: 0.01%).

**NOTE 6: TRADE AND OTHER RECEIVABLES**

**CURRENT**

Receivables from related entity:

NECA Qld	846	434
370 Degrees Group	257,781	268,897
General membership	172,730	1,602,600
Petrol scheme	739,462	724,442
Other debtors	49,097	59,930
	1,219,916	2,656,303
Less Provision for doubtful debts	(16,215)	(17,583)
	1,203,701	2,638,720

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 2014 was \$16,215 (2013: \$17,583).

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.

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**NOTES TO THE FINANCIAL STATEMENTS  
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	Note	2014 \$	2013 \$
<b>NOTE 7: FINANCIAL ASSETS</b>			
<b>CURRENT</b>			
<b>Financial assets at fair value through Profit &amp; Loss</b>			
Short Term deposit		2,025,735	2,448,123
Investment Fund - at fair value		790,294	696,290
		<b>2,816,029</b>	<b>3,144,413</b>
The effective interest rate on the short term deposits was 3.60% (2013: 4.20%)			
<b>NOTE 8: PROPERTY, PLANT AND EQUIPMENT</b>			
<b>BUILDING AND IMPROVEMENT</b>			
<b>Building</b>			
At valuation		811,510	754,190
Less accumulated depreciation		-	(50,000)
		<b>811,510</b>	<b>704,190</b>
<b>Building Improvement</b>			
At valuation		292,798	292,798
Less accumulated depreciation		(54,308)	(46,988)
		<b>238,490</b>	<b>245,810</b>
		<b>1,050,000</b>	<b>950,000</b>
<b>PLANT AND EQUIPMENT</b>			
<b>Computer &amp; office equipment</b>			
At cost		210,883	195,322
Less accumulated depreciation		(184,015)	(144,755)
		<b>26,868</b>	<b>50,567</b>
<b>Furniture &amp; fittings</b>			
At cost		65,609	64,699
Less accumulated depreciation		(40,626)	(36,366)
		<b>24,983</b>	<b>28,333</b>
<b>Plant &amp; equipment</b>			
At cost		11,058	9,433
Less accumulated depreciation		(9,897)	(9,372)
		<b>1,161</b>	<b>61</b>
<b>Motor vehicles</b>			
At cost		289,990	221,993
Less accumulated depreciation		(156,093)	(88,480)
		<b>133,897</b>	<b>133,513</b>
		<b>1,236,909</b>	<b>1,162,474</b>



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

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

(a) Fair value of the properties was determined by using market comparable method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. As at the date of revaluation 10<sup>th</sup> June 2014, the properties' fair values are based on valuations performed by S. Lipshut, Certified Practising Valuer, an accredited independent 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	704,190	245,810	50,567	28,333	61	133,513	1,162,474
Revaluation increment	132,320	-	-	-	-	-	132,320
Additions	-	-	15,561	910	1,625	67,998	86,094
Disposals	-	-	-	-	-	-	-
Depreciation expense	(25,000)	(7,320)	(39,260)	(4,260)	(525)	(67,614)	(143,979)
Carrying amounts at the end of the year	<u>811,510</u>	<u>238,490</u>	<u>26,868</u>	<u>24,983</u>	<u>1,161</u>	<u>133,897</u>	<u>1,236,909</u>

(b) Fair value hierarchy

The following tables provide an analysis of financial and non-financial assets that are measured at fair value, by fair value hierarchy.

**Fair value hierarchy—Consolidated 30 June 2014**

	Date of valuation \$ 10 <sup>th</sup> June 2014	Level 1 \$	Level 2 \$	Level 3
<b>Assets measured at fair value</b>				
Building and Improvements		-	1,050,000	-
<b>Total</b>			<b>1,050,000</b>	

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

	2014 \$	2013 \$
<b>Note</b>		
<hr/>		
<b>NOTE 9: TRADE AND OTHER PAYABLES</b>		
<b>CURRENT</b>		
Payables to related entity:		
NECA National	11,418	39,131
NECA NSW	3,702	3,087
NECA Qld	-	1,050
370 Degrees Group	21,953	7,805
Trade creditors and accruals	182,008	125,530
Petrol scheme creditor	739,462	724,442
Goods and services tax payable	(1,060)	167,960
Unearned income	1,686	53,666
Mentor/Adviser Project	14,622	78,909
Security Deposits	242,839	224,539
Fringe benefit tax	10,281	3,480
	<b>1,226,911</b>	<b>1,429,599</b>

**NOTE 10: OTHER CURRENT LIABILITIES**

**CURRENT**

Deferred income:		
- Subscriptions	20,202	1,544,525
- Excellence Award	27,688	35,279
Consideration to employers for payroll deductions	-	-
Legal costs	-	-
	<b>47,890</b>	<b>1,579,804</b>

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**NOTES TO THE FINANCIAL STATEMENTS  
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	2014	2013
Note	\$	\$
<b>NOTE 11: EMPLOYEE PROVISIONS</b>		
<b>Office Holders:</b>		
Annual leave	4,189	11,822
Long service leave	9,785	6,625
Separations and redundancies	-	-
Other	-	-
<b>Subtotal employee provisions—office holders</b>	<b>13,974</b>	<b>18,447</b>
<b>Employees other than office holders:</b>		
Annual leave	137,436	110,965
Long service leave	133,357	117,327
Separations and redundancies	-	-
Other	-	-
<b>Subtotal employee provisions—employees other than office holders</b>	<b>270,793</b>	<b>228,292</b>
<b>Total employee provisions</b>	<b>284,767</b>	<b>246,739</b>
<b>Current</b>		
- Unconditional and expected to settle within 12 months	83,507	75,009
- Unconditional and expected to settle after 12 months	179,746	149,369
<b>Non Current</b>	<b>21,514</b>	<b>22,361</b>
<b>Total employee provisions</b>	<b>284,767</b>	<b>246,739</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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**NOTE 13: OFFICE HOLDERS**

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

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

Remuneration of \$249,792 was paid to office holders. Councillors receive \$66 per meeting expenses for their attendance at Council meeting. Some Councillors have declined the payment and donated it to the Electrocomms Foundation.

**NOTE 14: RELATED PARTY TRANSACTIONS**

The following table provides the total amount of transactions that have been entered into with related parties for the relevant year.

	2014	2013
<b>Revenue received from:</b>		
NECA NSW	1,935	6,236
NECA ACT	192	185
NECA National	650,552	252,192
NECA Qld	8,240	1,478
NECA Tas	136	4,167
370 Degrees Group	63,259	169,583
<b>Expenses paid to:</b>		
NECA NSW	19,698	17,207
NECA National	396,167	326,908
NECA Qld	61,200	69,583
NECA Training	-	3,818
370 Degrees Group	22,236	15,309
<b>Amount owed by:</b>		
NECA Qld	846	434
370 Degrees Group	257,781	268,897
<b>Amount owed to:</b>		
NECA NSW	3,702	1,050
NECA National	11,418	39,131
NECA Qld	-	3,087
NEC Training	-	4,200
370 Degrees Group	21,953	7,805

**Terms and conditions of transactions with related parties**

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances for sales and purchases at the yearend are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

(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

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**NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 14: RELATED PARTY TRANSACTIONS (continued)**

**Terms and conditions of transactions with related parties (continued)**

(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 \$169,752 (2013: \$45,876) was received from Protect Services Pty Ltd and directors fees of \$145,451 (2013: \$145,451) were received by the Chapter from the Electrical Industry Severance Scheme.

(d) During the year, \$63,259 (2013: \$169,583) was charged to 370 Degrees Group – a related entity of National Electrical Contractors Association, for Commercial Service Agreement and \$13,333 (2013: \$Nil) for Acting CEO Services.

	Note	2014	2013
		\$	\$

**NOTE 15: CASH FLOW**

**NOTE 15A: CASH FLOW RECONCILIATION**

Reconciliation of cash flows from operations with Profit from ordinary activities

Operating Profit/(Loss) from ordinary activities after income tax	(57,485)	309,390
Non-cash flows in operating profit		
Depreciation	143,979	127,744
Movement in investment value	(94,004)	(91,435)
Gain on disposal of non-current assets	-	-
Change in assets and liabilities		
(Increase)/decrease in trade and other receivables	1,425,709	(431,323)
(Increase)/decrease in inventories	(34,719)	2,895
Increase/(decrease) in trade and other payables	57,498	35,197
Increase/(decrease) in other current liabilities	(1,792,100)	151,704
Increase/(decrease) in provision for employee entitlements	38,029	27,104
Net cash provided by operating activities	(313,093)	131,276

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**NOTES TO THE FINANCIAL STATEMENTS  
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	Note	2014 \$	2013 \$
<b>NOTE 15 : CASH FLOW (continued)</b>			
<b>NOTE 15B: CASH FLOW INFORMATION</b>			
<b>Cash inflows</b>			
NECA National		644,886	364,328
NECA NSW		2,128	6,859
NECA Qld		8,218	8,384
NECA Tas		166	4,685
NECA ACT		211	204
NECA Training		827	-
370 Degrees Group		85,535	85,518
Total cash inflows		741,971	469,978
<b>Cash outflows</b>			
NECA National		552,965	397,152
NECA NSW		19,016	20,280
NECA Qld		70,406	84,748
NECA Training		4,200	-
370 Degrees Group		10,816	234,340
Total cash outflows		657,403	736,520

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**NOTES TO THE FINANCIAL STATEMENTS  
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	2014	2013
Note	\$	\$

**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	2014	2013
Cash and cash equivalents	1,340,910	1,317,708
Financial assets at fair value through profit or loss	2,816,029	3,144,413
Trade and other receivables	1,203,701	2,638,720
<b>Total financial assets</b>	<b>5,360,639</b>	<b>7,100,841</b>
Financial Liabilities		
- Trade and other payables	1,226,911	1,429,599
<b>Total financial liabilities</b>	<b>1,226,911</b>	<b>1,429,599</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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	<b>2014</b>	<b>2013</b>
<b>Note</b>	<b>\$</b>	<b>\$</b>

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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 2014.

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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2014                      2013  
Note                      \$                              \$

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

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.

*Financial liability maturity analysis - Non-derivative*

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial liabilities due for payment</b>								
Trade and other payables	<b>1,226,911</b>	1,429,599	-	-	-	-	<b>1,226,911</b>	1,429,599
Total contractual outflows	<b>1,226,911</b>	1,429,599	-	-	-	-	<b>1,226,911</b>	1,429,599

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

(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	2014 \$	2012 \$
Cash at bank @ floating rate	5	<b>627,453</b>	1,317,208
Cash at bank @ fixed rate		<b>713,457</b>	188,806
Financial assets held as fair value through profit and loss	7	<b>2,816,029</b>	3,144,413
		<b>4,156,939</b>	4,462,121

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

	Fixed Interest	Cash @ Floating Rate	Equities	Total
2014	\$	\$	\$	\$
NECA VIC	<b>2,278,465</b>	<b>36,238</b>	<b>501,326</b>	<b>2,816,029</b>
	<b>2,278,465</b>	<b>36,238</b>	<b>501,326</b>	<b>2,816,029</b>
2013				
NECA VIC	<b>2,695,765</b>	<b>27,974</b>	<b>420,674</b>	<b>3,144,413</b>
	<b>2,695,765</b>	<b>27,974</b>	<b>420,674</b>	<b>3,144,413</b>

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	2014	2013
Note	\$	\$

**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 2014</b>		
+/- 2% in interest rates	<b>12,549</b>	<b>12,549</b>
<b>Year ended 30 June 2013</b>		
+/- 2% in interest rates	26,344	26,344

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 JBWere 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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	2014	2013
Note	\$	\$

**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	
	2014	2013	2014	2013
	\$	\$	\$	\$
+/- 3% in RBA cash rate	1,087	839	1,087	839
+/- 5% in ASX All Ordinaries Index	25,066	21,034	25,066	21,034

**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	2014		2013	
	Net Carrying Value	Net Fair value	Net Carrying Value	Net Fair value
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	1,340,910	1,340,910	1,317,708	1,317,708
Investments at market value	2,816,029	2,816,029	3,144,413	3,144,413
Trade and other receivables	1,203,701	1,203,701	2,638,720	2,638,720
<b>Total financial assets</b>	<b>5,360,640</b>	<b>5,360,640</b>	<b>7,100,841</b>	<b>7,100,841</b>
<b>Financial liabilities</b>				
Trade and other payables	1,226,911	1,226,911	1,429,599	1,429,599
<b>Total financial liabilities</b>	<b>1,226,911</b>	<b>1,226,911</b>	<b>1,429,599</b>	<b>1,429,599</b>

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**NOTES TO THE FINANCIAL STATEMENTS  
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	2014	2013
Note	\$	\$

**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.

**Fair value hierarchy**

The following tables provide an analysis of financial and non financial assets and liabilities that are measured at fair value, by fair value hierarchy.

**Fair value hierarchy—Consolidated 30 June 2014**

	Date of valuation	Level 1	Level 2	Level 3
<b>Assets measured at fair value</b>		\$	\$	
Investment Fund	30 <sup>th</sup> June 2014		790,294	
<b>Total</b>				

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**NOTES TO THE FINANCIAL STATEMENTS  
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**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).

**NOTE 20: GOING CONCERN**

The Association has the ability to continue as a going concern. No Going concern financial support has been received from another reporting unit.

**NOTE 21: FINANCIAL SUPPORT TO OTHER REPORTING UNIT**

The Association provided going concern financial support to another reporting unit – NECA Qld during the year. In accordance with an agreement reached at the national level of the organisation with the Chapters at the commencement of the reporting period, the Vic Chapter has, during the reporting period, made grants totalling \$61,200 to the Qld Chapter of the organisation. The terms of the grants are paid on a monthly invoice basis conditional upon the Qld Chapter maintaining the delivery of NECA services to its Qld members.

**NOTE 22: BUSINESS COMBINATIONS**

No business combination has taken place during the year.

# Independent Auditor's Report to the Members of National Electrical Contractors Association – Victorian Chapter

## Report on the financial report

We have audited the accompanying financial report of National Electrical Contractors Association – Victorian Chapter, which comprises the Statement of Financial Position as at 30 June 2014, the statement of Profit or Loss for the year then ended, Statement of Changes in Equity, Statement of Cash Flows, Statement by Members of the Committee, notes comprising a summary of significant accounting policies and other explanatory information.

## 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 standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 management, 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.

### Auditor's 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 – Victorian Chapter for the year ended 30 June 2014 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*.

### Other Matters

I declare that, as part of the audit of the financial statements for the year ended 30 June 2014, I have concluded that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

I also declare that I am an approved auditor as defined in Regulation 4 of the 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

**CROWE HORWATH MELBOURNE**

A handwritten signature in black ink that reads "John D Gavens".

**JOHN GAVENS**  
Partner

**Melbourne Victoria**  
Dated this 24 September 2014