



6 December 2017

Mr James Keegan
Secretary, Victorian Chapter
National Electrical Contractors Association

Dear Mr Keegan

Re: – National Electrical Contractors Association, Victorian Chapter - financial report for year ending 30 June 2017 (FR2017/245)

I refer to the financial report of the Victorian Chapter of the National Electrical Contractors Association. The documents were lodged with the Registered Organisations Commission ('the RO Commission') on 27 November 2017. Supplementary information and advice in relation to operating lease disclosures were provided today.

The financial report has now been filed. The financial report was filed based on a primary review. This involved confirming whether 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.

You are not required to take any further action in respect of the report lodged. Please note the report for year ending 30 June 2018 may be subject to an advanced compliance review.

Reporting Requirements

On the RO Commission website is a number of factsheets in relation to the financial reporting process and associated timelines. The most recent copy of the Reporting Guidelines and a model set of financial statements can also be found. The RO Commission recommends reporting units use this model as it will assist in ensuring compliance with the RO Act, the s.253 Reporting Guidelines and the Australian Accounting Standards. Access to this information may be obtained via [this link](#).

Please note that new Reporting Guidelines will apply to organisations and branches with financial years *commencing* on or after 1 July 2017. Updates and information on the new guidelines will be provided through the RO Commission website and the [subscription service](#).

Yours faithfully

A handwritten signature in black ink, appearing to read 'Stephen Kellett'.

Stephen Kellett
Financial Reporting
Registered Organisations Commission

From: Dale Vitiritti [mailto:Dale.Vitiritti@neca.asn.au]
Sent: Wednesday, 6 December 2017 1:05 PM
To: KELLETT,Stephen
Cc: Mark Lim
Subject: RE: Financial reporting - y/e 30 June 2017 - information requested [SEC=UNCLASSIFIED]

Dear Mr Kellett

Thank you for sending through this information from your review of the NECA accounts.

We apologise for not including the lease schedule, especially after you brought in to our attention last year. We have had a change in accountants, as well as a change in auditors, since last year and unfortunately the information regarding the necessary changes was not passed through.

I have attached a schedule the shows what lease commits we had. Our only operating lease was for photocopiers and this finished in April this year.

Please let me know if you require further information.

Regards

Dale Vitiritti
Accountant



national
electrical and
communications
association



Victoria Chapter
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South Melbourne
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2016-2017 Note 12A
Neca.docx

From: KELLETT,Stephen
Sent: Tuesday, 5 December 2017 12:11 PM
To: 'Dale.Vitiritti@neca.asn.au'
Subject: Financial reporting - y/e 30 June 2017 - information requested [SEC=UNCLASSIFIED]

Dear Mr Vitiritti,

I am currently examining the Victorian Branch's financial report received on 27 November. The report discloses minimum operating lease rental payments of \$9,982.

In last year's correspondence (see copy of letter attached) the Branch's attention was drawn to the disclosure requirements of paragraph 35 of AASB 117 (see attached). It was not considered that all relevant information had been disclosed, in particular the minimum lease payments for each prescribed period [35(a)] and a general description of the significant leasing arrangements (e.g. the nature of the leased asset and remaining term). Note 12A of the current model financial statements (see highlighted extract attached) illustrates how and where this information could be presented within the financial report. It is not apparent, from a comparison of the 2016 and 2017 reports, that the additional information has been included.

The RO Commission aims to assist reporting units in complying with their obligations under the RO Act and Reporting Guidelines by providing advice about errors or omissions identified in financial reports. Where disclosure issues are identified in any year, the Commission expects subsequent reports to reflect any recommendations or directions.

If I am correct, I must draw the Branch's attention to these disclosure details again. In this case, I would not require amendment to the 2017 report, but would ask that you advise the details of the additional information under sub-paragraphs 35(a) and (d), as appropriate, by email to me. Please don't hesitate to contact me if you wish to discuss or clarify any of the above.

Yours faithfully

STEPHEN KELLETT
Financial Reporting
Registered Organisations Commission

GPO Box 2983 Melbourne VIC 3001
(ph) (02) 6746 3283
(email) stephen.kellett@roc.gov.au



Australian Government
Registered Organisations Commission



2016-2017
model-financial-stater



AASB117_08-15.pdf



2016 letter from K
Morgan FWC.pdf

From: Dale Vitiritti [<mailto:Dale.Vitiritti@neca.asn.au>]
Sent: Monday, 27 November 2017 11:20 AM
To: ROC - Registered Org Commission
Subject: HPRM: ON CMS FR2017/245 NECA VIC Lodgement of Financials

Dear Sir/Madam

The 2017 Financial Accounts and Designated Officer's Certificate for National Electrical Contractors Association – Victorian Chapter are attached for lodging.

Kind regards

Dale Vitiritti
Accountant



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NECA Vic 30 June
2017 Signed Statutor



national
electrical and
communications
association

VICTORIA CHAPTER

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Designated Officer's Certificate

I, James Keegan, being the Executive Director of the National Electrical Contractors Association – Victorian Chapter certify:

- that the documents lodged herewith are copies of the full report referred to in s.268 of the Fair Work (Registered Organisations) Act 2009; and
- that the full report was provided to members on 23 October 2017; and
- that the full report was presented to a general meeting of the members of the reporting unit on 16 November 2017; in accordance with section 266 (1) of the Fair Work (Registered Organisations) Act 2009.

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

J-K 7-

James Keegan

Executive Director

Dated: 27 November 2017

**NATIONAL ELECTRICAL
CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017**



**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 2017.

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	R. Chatfield	C. Hargreaves
M. Purnell	S. Joyce	M. Falloon	C. Van DeKooi	

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

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 \$2,190 (2016: loss of (\$375,829)). Inclusive of a revaluation gain on property, total comprehensive income for the year amounted to \$332,732 (2016: loss of (\$375,829))

Superannuation Trustees

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

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.

Number of Members

The Association had 1,260 (2016: 1,200) members at financial year end.

Number of Employees

The Association had 15 (2016: 14) 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.

Events after reporting period

No events after the end of the reporting period are expected to impact the operations of the Association, the results of the operations, or the state of affairs of the Association in future years.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

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

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



Dean Spicer
President



Mark Falloon
Treasurer

Dated this *23rd* day of *October* 2017

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

Committee of Management Statement

On 19th September 2017 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 2017.

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

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the Registered Organisations Commission.
- (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 organisation 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 organisation 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 the Commissioner, Registered Organisations Commission under section 272 of the Fair Work (Registered Organisations) Act 2009 during the period; and
 - (vi) no orders have been made by the Commissioner, Registered Organisations 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:



Dean Spicer
President



Mark Fallbon
Treasurer

Dated this *23rd* day of *October* 2017

AUDITOR'S INDEPENDENCE DECLARATION
TO THE COMMITTEE OF
NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION VICTORIAN CHAPTER

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017 there have been:-

- (i) no contraventions of the auditor Independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

S. Stannards

Stannards Accountants & Advisors

M. Shulman

Michael Shulman
Partner

Dated *23.6.17*

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

Secretary/Executive Director's Certificate

I, Dean Spicer, being the President/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 23 October 2017;
- (c) that the full report was presented to a general meeting of the members of the reporting unit on 16 November 2017 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:



Dean Spicer
President/Director

Date : 23 October 2017

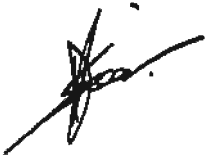
**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

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- (c) that the full report was presented to a general meeting of the members of the reporting unit on 16 November 2017 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:



Dean Spicer
President/Director

Date : 23 October 2017

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017**

	Notes	2017 \$	2016 \$
Revenue			
Membership subscription		1,444,759	1,472,937
Capitation fees	2a	-	-
Levies	2b	-	-
Interest	2c	145,145	104,838
Other revenue	2d	537,808	429,569
Total trading revenue		<u>2,127,712</u>	<u>2,007,344</u>
Other Income			
Grants and/or donations	2e	-	-
Other income	2f	1,193,826	1,318,385
Fair value gain on assets held as fair value through Profit or Loss		41,392	(17,243)
Net gains from sale of assets		-	39,486
Total other income		<u>1,235,218</u>	<u>1,340,628</u>
Total income		<u>3,362,930</u>	<u>3,347,972</u>
Expenses			
Employee expenses	3a	1,651,887	1,475,695
Capitation fees	3b	331,412	312,333
Affiliation fees	3c	-	-
Administration expenses	3d	1,109,957	1,149,190
Grants or donations	3e	3,500	43,773
Depreciation	3f	99,134	111,064
Finance costs	3g	22,900	21,569
Legal costs	3h	23,301	464,801
Audit fees	4	14,658	19,046
Other expenses	3i	103,991	126,330
Total expenses		<u>3,360,740</u>	<u>3,723,801</u>
Net surplus / (deficit) for the year		<u>2,190</u>	<u>(375,829)</u>
Other Comprehensive Income, net of tax			
Revaluation Gain - Land and Buildings		330,542	-
Total comprehensive income for the year		<u>332,732</u>	<u>(375,829)</u>

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017**

	Note	2017 \$	2016 \$
CURRENT ASSETS			
Cash and cash equivalents	5	1,131,536	1,202,332
Trade and other receivables	6	1,539,202	2,118,799
Inventories		18,910	35,905
Financial assets	7	3,541,530	3,460,873
Other current assets		78,119	7,934
Total Current Assets		6,309,297	6,825,843
NON-CURRENT ASSETS			
Building and Improvements	8	1,300,000	994,784
Plant & Equipment	8	142,716	186,860
Total Non-Current Assets		1,442,716	1,181,644
Total Assets		7,752,013	8,007,487
CURRENT LIABILITIES			
Trade and other payables	9	598,570	1,339,229
Other current liabilities	10	1,767,753	1,600,766
Employee provisions	11	160,092	171,767
Total Current Liabilities		2,526,415	3,111,762
Non-Current Liabilities			
Employee provisions	11	11,112	13,971
Total Non-Current Liabilities		11,112	13,971
Total Liabilities		2,537,527	3,125,733
NET ASSETS		5,214,486	4,881,754
MEMBERS' FUNDS			
Retained profits		3,920,324	3,918,134
Reserves		1,294,162	963,620
TOTAL MEMBERS' FUNDS		5,214,486	4,881,754

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017**

	Asset revaluation reserve \$	Capital profits reserve \$	Retained earnings \$	Total \$
Total comprehensive income /				
Balance at 1 July 2015	383,340	580,280	4,293,963	5,257,583
Transfers to and from reserves	-	-	-	-
Revaluation increment	-	-	-	-
Profit for the year	-	-	(375,829)	(375,829)
Other comprehensive income	-	-	-	-
Balance at 30 June 2016	383,340	580,280	3,918,134	4,881,754
Transfers to and from reserves	-	-	-	-
Revaluation increment	330,542	-	-	330,542
Profit for the year	-	-	2,190	2,190
Other comprehensive income	-	-	-	-
Balance at 30 June 2017	713,882	580,280	3,920,324	5,214,486

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017 \$	2016 \$
Cash flows from operating activities			
Receipts in the course of operations		3,747,596	3,507,023
Receipts from related entities	14b	220,945	303,320
Interest		145,146	104,838
Payment to suppliers and employees		(3,625,825)	(3,203,747)
Payment to related entities	14b	(490,270)	(523,639)
Net cash provided by (used In) operating activities	14a	<u>(2,409)</u>	<u>187,795</u>
Cash flows from investing activities			
Redemption/(Purchase) of investments		(39,265)	(81,439)
Payment for plant and equipment		(29,664)	(129,953)
Proceeds from sale of non-current assets		-	57,700
Net cash (used In) investing activities		<u>(68,929)</u>	<u>(153,692)</u>
Cash flows from financing activities			
Dividends Received		542	-
Net cash provided by financing activities		<u>542</u>	<u>-</u>
Net increase/(decrease) in cash held		(70,796)	34,103
Cash at beginning of financial year		<u>1,202,332</u>	<u>1,168,229</u>
Cash at end of financial year	5	<u>1,131,536</u>	<u>1,202,332</u>

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**RECOVERY OF WAGES ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2017**

	2017	2016
	\$	\$
Cash assets in respect of recovered money at beginning of year	-	-
Receipts		
Amounts recovered from employers in respect of wages etc.	-	-
Interest received on recovered money	-	-
Total receipts	-	-
Payments		
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	-	-
Total payments	-	-
Cash asset's in respect of recovered money at end of year	-	-
Number of workers to which the monies recovered relates	-	-
Aggregate payables to workers attributable to recovered monies but not yet distributed		
Payable balance	-	-
Number of workers the payable relates to	-	-
Fund or account operated for recovery of wages	-	-

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

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 and Regulations 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 the notes.

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

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 2017**

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.

Depreciation

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

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

Class of fixed asset	Depreciation rates	Depreciation basis
Buildings	2.5 %	Straight Line
Plant and equipment	8 - 12 %	Straight Line
Computers and office equipment	33 %	Straight Line
Furniture and fittings	5 - 10 %	Straight Line
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 2017**

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.

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 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 2017**

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 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 2017**

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 statement of financial position.

(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 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 or 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 statement of financial position 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.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

(n) Fair Value measurement

The Association measures financial instruments, such as, financial assets 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 reporting date. Fair values of financial instruments measured at amortised cost are disclosed in Note 7.

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.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

(o) 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 2017.

(p) New Australian accounting standards

Adoption of new Australian accounting standard requirements

The Association has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and interpretations did not have any significant impact on the financial performance of the Association.

The following Accounting Standards have been issued but are not yet effective

- AASB 9 *Financial Instruments*; and
- AASB 15 *Revenue from Contracts with Customers*.
- AASB 16 *Leases*

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The expected impact on the financial statements of the Accounting Standards that have been issued but are not yet effective is detailed below:

AASB 9 *Financial Instruments*

AASB 9 replaces the existing guidance in AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de recognition on financial instruments from AASB 139.

AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Committee of the Association anticipate that the application of AASB 9 in the future may have an impact on the amounts reported in respect to the Association's financial assets and liabilities. However, it is not practicable to provide a reasonable estimate of the effect of AASB 9 until the Association undertakes a detailed review.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
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**NOTES TO THE FINANCIAL STATEMENTS
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(p) New Australian accounting standards (continued)

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The core principle of AASB 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be in exchange for those goods or services.

The Committee of Management of the Association anticipates that the application of AASB 15 in the future may have an impact on the amounts reported in respect to the Association's financial assets and liabilities. However, it is not practicable to provide a reasonable estimate of the effect of AASB 15 until the Association undertakes a detailed review.

AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the Committee of Management anticipate that the adoption of AASB 16 may impact the Association's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 2014-10: Amendments to Australian Accounting Standards – Sale of Contribution of Assets between an investor and its Associate or Joint Venture (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-10: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128).

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

(p) New Australian accounting standards (continued)

This Standard amends AASB 10: *Consolidated Financial Statements* with regards to a parent losing control over a subsidiary that is not a "business" as defined in AASB 3: *Business Combinations* to an associate or joint venture, and requires that:

- A gain or loss (including any amounts in other comprehensive income (OCI)) be recognised only to the extent of the unrelated investor's interest in that associate or joint venture;
- The remaining gain or loss be eliminated against the carrying amount of the investment in that associate or joint venture; and
- Any gain or loss from remeasuring the remaining investment in the former subsidiary at fair value also be recognised only to the extent of the unrelated investor's interest in the associate or joint venture.
- The remaining gain or loss should be eliminated against the carrying amount of the remaining investment.

The application of AASB 2014-10 will result in a change in accounting policies for transactions of loss of control over subsidiaries (involving an associate or joint venture) that are businesses per AASB 3 for which gains or losses were previously recognised only to the extent of the unrelated investor's interest.

The transitional provisions require that the Standard should be applied prospectively to sales or contributions of subsidiaries to associates or joint ventures occurring on or after 1 January 2018. Although the Committee of Management anticipate that the adoption of AASB 2014-10 may have an impact of the Union's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

	2017	2016
	\$	\$
NOTE 2 INCOME		
NOTE 2a: CAPITATION FEES	-	-
NOTE 2b: LEVIES	-	-
NOTE 2c: INTEREST		
Deposits	145,145	104,838
Note 2d: OTHER REVENUE		
Sale of products and services	358,285	235,161
Ecosmart accreditation, training and services	63,095	85,683
Petrol administration fee	116,428	108,725
	537,808	429,569
Note 2e: GRANTS AND DONATIONS		
Donations	-	-
Note 2f: OTHER INCOME		
Commercial Service Fee	107,183	32,190
Director fees recharges	154,178	169,633
Distribution - Protect Services Pty Ltd	432,898	683,433
Insurance - Legal Cost Claim	20,586	180,000
Other revenue	478,980	253,129
	1,193,825	1,318,385
NOTE 3a: EMPLOYEE EXPENSES		
Holders of office:		
Wages and salaries	238,805	73,582
Superannuation	35,000	58,894
Leave and other entitlements	-	-
Separation and redundancies	-	-
Other employee expenses	-	-
Subtotal employee expenses holders of office	273,805	132,476
Employees other than office holders:		
Wages and salaries	1,132,705	1,046,095
Superannuation	131,495	160,035
Leave and other entitlements	113,882	97,047
Separation and redundancies	-	40,042
Other employee expenses	-	-
Subtotal employee expenses employees other than office holders	1,378,082	1,343,219
Total employee expenses	1,651,887	1,475,695

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

	2017	2016
	\$	\$
NOTE 3b: CAPITATION FEES		
NECA National	331,412	312,333
	<u>331,412</u>	<u>312,333</u>
NOTE 3c: AFFILIATION FEES	-	-
NOTE 3d: ADMINISTRATION EXPENSES		
Consideration to employers for payroll deductions	-	-
Compulsory levies	-	-
Fees/allowances - meeting and conferences	-	-
Conference and meeting expense	308,260	116,515
Consultants	63,939	234,825
Computer consulting and maintenance	33,789	31,024
Cost of sales relating to industry standards and stationary	9,891	21,298
Ecosmart accreditation and marketing	18,036	16,128
Property expenses	79,338	57,819
Office expenses	28,766	43,433
Information communications technology	44,975	51,447
Members seminar and training	8,578	74,374
Membership communication related expense	145,753	154,014
Membership online services	49,899	48,483
Motor vehicles expense	49,808	62,867
Recruitment	165,715	129,276
Travel and accomodation	64,379	70,338
Other	29,049	24,865
Subtotal administration expense	<u>1,099,975</u>	<u>1,136,706</u>
Operating lease rentals:		
Minimum lease payments	9,982	12,484
Total administration expenses	<u>1,109,957</u>	<u>1,149,190</u>
NOTE 3e: GRANTS OR DONATIONS		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	36,000
Donations		
Total paid that were \$1,000 or less	500	500
Total paid that exceeded \$1,000	3,000	7,273
	<u>3,500</u>	<u>43,773</u>

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017	2016
NOTE 3f: DEPRECIATION AND AMORTISATION			
Depreciation			
Building & building improvements		25,326	27,608
Property, plant and equipment		26,461	20,924
Motor vehicles		47,347	62,532
		99,134	111,064
NOTE 3g: FINANCE COSTS			
Bank charges		22,900	21,569
Finance leases		-	-
Overdrafts/loans		-	-
Unwinding of discount		-	-
		22,900	24,811
NOTE 3h: LEGAL COSTS			
Litigation		-	386,000
General legal matters		23,301	78,801
		23,301	464,801
NOTE 3i: OTHER EXPENSES			
Penalties - via RO Act or RO Regulations		-	-
Other expenses		103,991	126,330
Total other expenses		103,991	126,330
NOTE 4: AUDITOR'S REMUNERATION			
Remuneration of the auditor of the Association for:			
- Financial statement audit services (other services: \$nil)		14,658	19,046
		14,658	19,046
NOTE 5: CASH AND CASH EQUIVALENTS			
Cash at bank		873,662	947,694
Cash portion of the JB Were investment portfolio		257,874	254,638
		1,131,536	1,202,332
The effective interest rate on cash at bank deposits was 0.01% (2016: 0.01%).			
NOTE 6: TRADE AND OTHER RECEIVABLES			
CURRENT			
Receivables from other reporting units:			
NECA NSW		7,120	959
NECA Qld		-	367
NECA Tasmania		-	65
NECA ACT		-	150
NECA Education & Careers		26,101	126,129
General membership		1,405,197	1,183,283
Petrol scheme		-	549,749
Other debtors		124,986	284,679
		1,563,404	2,145,381
Less Provision for doubtful debts		(24,202)	(26,582)
		1,539,202	2,118,799

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 6: TRADE AND OTHER RECEIVABLES (Cont'd)

Current receivables are non-interest bearing loans and generally are receivable within 30 days. A provision for impairment is recognised against receivables where there is subjective evidence that an individual trade receivable is impaired. The impairment loss recognised at 30 June 2017 was \$24,202 (2016: \$26,582).

The NECA Education & Careers receivable is past due and not considered impaired. There are no other balances within trade and other receivables that are past due and are impaired. Impaired assets are provided for in full where applicable.

	Note	2017	2016
NOTE 7: FINANCIAL ASSETS			
CURRENT			
Short Term deposit - held to maturity		2,960,856	2,918,355
Investment Fund - at fair value through Profit & Loss		580,674	542,518
		3,541,530	3,460,873

The effective interest rate on the short term deposits was 2.75% (2016: 2.75%)

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

BUILDING AND IMPROVEMENTS

Building			
At valuation		1,007,202	811,510
Less accumulated depreciation		-	(40,576)
		1,007,202	770,934

Building Improvements			
At cost		292,798	292,798
Less accumulated depreciation		-	(68,948)
		292,798	223,850

TOTAL BUILDING AND IMPROVEMENTS		1,300,000	994,784
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PLANT AND EQUIPMENT

Computer & office equipment			
At cost		284,746	256,022
Less accumulated depreciation		(237,667)	(217,469)
		47,079	38,553

Furniture & fittings			
At cost		85,647	84,708
Less accumulated depreciation		(55,922)	(50,477)
		29,725	34,231

Plant & equipment			
At cost		21,367	21,368
Less accumulated depreciation		(13,343)	(12,527)
		8,024	8,841

Motor vehicles			
At cost		208,167	238,574
Less accumulated depreciation		(150,279)	(133,339)
		57,888	105,235

TOTAL PLANT AND EQUIPMENT		142,716	186,860
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TOTAL PROPERTY, PLANT & EQUIPMENT		1,442,716	1,181,644
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**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

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, adjusted for differences in the nature, location or condition of the specific property. As at the date of revaluation 22nd May 2017, the properties' fair value was based on the valuation 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 Improvements \$	Computer and Office Equipment \$	Furniture and Fittings \$	Plant and Equip't \$	Motor Vehicle \$	Total \$
Balance at the beginning of the year	770,934	223,850	38,553	34,231	8,841	105,235	1,181,644
Revaluation increment	249,364	81,178	-	-	-	-	330,542
Additions	-	-	28,725	939	-	-	29,664
Disposals	-	-	-	-	-	-	-
Depreciation expense	(13,096)	(12,230)	(20,199)	(5,445)	(817)	(47,347)	(99,134)
Carrying amounts at the end of the year	<u>1,007,202</u>	<u>292,798</u>	<u>47,079</u>	<u>29,725</u>	<u>8,024</u>	<u>57,888</u>	<u>1,442,716</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— 30 June 2017

	Date of valuation	Level 1 \$	Level 2 \$	Level 3 \$
Assets measured at fair value		\$	\$	\$
Building and Improvements	22 nd May 2017	-	1,300,000	-
Total		-	<u>1,300,000</u>	-

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017 \$	2016 \$
NOTE 9: TRADE AND OTHER PAYABLES			
CURRENT			
Payables to reporting units:			
NECA National		-	-
NECA NSW		-	973
NECA SA		-	1,000
NECA Qld		-	-
NECA Education & Careers		4,151	-
Trade creditors and accruals		123,861	395,813
Petrol scheme creditor		92,510	549,749
Goods and services tax payable		157,749	120,406
Unearned income		37,391	-
Security Deposits		175,078	257,788
Fringe benefit tax		7,830	13,500
		598,570	1,339,229

NOTE 10: OTHER CURRENT LIABILITIES

		\$	\$
CURRENT			
Deferred income:			
- Subscriptions		1,500,403	1,403,766
- Sponsorships		267,350	197,000
Consideration to employers for payroll deductions		-	-
Legal costs		-	-
		1,767,753	1,600,766

The income from the annual membership renewal for the year 2017/2018 was invoiced to members in June 2017 and only recognised as income in the respective year of membership.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017 \$	2016 \$
NOTE 11: EMPLOYEE PROVISIONS			
Office Holders:			
Annual leave		9,831	7,111
Long service leave		4,805	173
Separations and redundancies		-	-
Other		-	-
Subtotal employee provisions—office holders		14,636	7,284
Employees other than office holders:			
Annual leave		117,009	100,928
Long service leave		39,559	77,526
Separations and redundancies		-	-
Other		-	-
Subtotal employee provisions—employees other than office holders		156,568	178,454
Total employee provisions		171,204	185,738
Current			
- Unconditional and expected to settle within 12 months		81,986	69,427
- Unconditional and expected to settle after 12 months		78,106	102,340
Non Current		11,112	13,971
Total employee provisions		171,204	185,738

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(g).

NOTE 12: RESERVES

(a) Asset Revaluation Reserve

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

(b) Capital Profits Reserve

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

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 13A: RELATED PARTY TRANSACTIONS

NECA Victoria is affiliated with NECA National, and NECA National is affiliated with all the respective state chapters. The following table provides the total amount of transactions that have been entered into with related parties for the relevant year.

	2017	2016
	\$	\$
Revenue received from:		
NECA NSW	44,193	34,135
NECA ACT		136
NECA National	5,052	85,951
NECA Qld	1,435	7,965
NECA SA	249	2,127
NECA Tas		28,279
NECA WA	280	-
NECA Education & Careers	129,910	55,674
Expenses paid to:		
NECA NSW	10,865	13,563
NECA National	390,311	377,927
NECA Qld		43,273
NECA SA	41,076	26,988
NECA WA	410	14,860
NECA Trade Services	140	-
NECA Education & Careers	71,153	24,741
Amount owed by:		
NECA NSW	7,120	959
NECA Qld		367
NECA Tas		65
NECA ACT		150
NECA Education & Careers	26,101	126,129
Amount owed to:		
NECA NSW		973
NECA SA		1,000
NECA Trade Services		-
NECA Education & Careers	4,151	

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 year-end 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

(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, distributions of \$432,898 (2016: \$683,433) were received from Protect Services Pty Ltd and directors fees of \$154,178 (2016: \$169,633) were received by the Chapter from the Electrical Industry Severance Scheme.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 13A: RELATED PARTY TRANSACTIONS (continued)

(c) During the year, \$74,118 (2016: \$32,190) was charged to NECA Education & Careers – a related entity of National Electrical Contractors Association, for commercial service fee.

NOTE 13B: KEY MANAGEMENT PERSONNEL REMUNERATION FOR THE REPORTING PERIOD

	2017	2016
	\$	\$
Short-term employee benefits		
Salary (including annual leave taken)	396,057	297,359
Annual leave accrued	9,931	7,110
Performance bonus	40,000	
Total short-term employee benefits	<u>445,988</u>	<u>304,469</u>
Post-employment benefits:		
Long-service leave	4,805	173
Total other long-term benefits	<u>4,805</u>	<u>173</u>
Termination benefits	<u>54,044</u>	-
Total	<u>504,837</u>	<u>304,642</u>

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017 \$	2016 \$
NOTE 14: CASH FLOW			
NOTE 14A: CASH FLOW RECONCILIATION			
Reconciliation of cash flows from operations with Profit from ordinary activities			
Operating Profit/(Loss) from ordinary activities after income tax		2,190	(375,829)
Non-cash flows in operating profit			
Depreciation		99,134	111,064
Dividend Received		(542)	-
Movement in Fair Value		(41,392)	17,243
Gain on disposal of non-current assets		-	(39,486)
Change in operating assets and liabilities:-			
(Increase)/decrease in trade and other receivables		509,412	295,788
(Increase)/decrease in inventories		16,995	11,759
Increase/(decrease) in trade and other payables		(740,659)	110,384
Increase/(decrease) in other current liabilities		166,987	77,003
Increase/(decrease) in provision for employee entitlements		(14,534)	(20,131)
Net cash provided by/ (used in) operating activities		<u>(2,409)</u>	<u>187,795</u>
NOTE 14B: CASH FLOW INFORMATION			
Cash inflows			
NECA National		5,557	167,388
NECA NSW		42,453	36,590
NECA Qld		1,579	9,270
NECA SA		274	2,340
NECA ACT		150	-
NECA WA		308	-
NECA Tas		65	-
NECA Education & Careers		170,559	87,732
Total cash inflows		<u>220,945</u>	<u>303,320</u>
Cash outflows			
NECA National		401,322	416,310
NECA NSW		40,445	13,946
NECA Qld		-	47,600
NECA SA		45,184	29,437
NECA Trade Services		2,868	-
NECA WA		451	16,346
NECA Education & Careers		-	-
Total cash outflows		<u>490,270</u>	<u>523,639</u>

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 15: 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	2017	2016
Cash and cash equivalents	1,131,536	1,202,332
Financial assets at fair value through profit or loss	3,541,530	3,460,873
Trade and other receivables	1,539,202	2,118,799
Total financial assets	6,212,268^F	6,782,004
Financial Liabilities		
- Trade and other payables	598,570	1,339,229
Total financial liabilities	598,570	1,339,229

The Association does not have any derivative instruments at 30 June 2017.

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 Association and arises principally from the receivables.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

Note 15: 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 Association 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 statement of financial position and notes to the financial statements.

There are no material amounts of collateral held as security at 30 June 2017.

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.

(c) Liquidity Risk

Liquidity risk arises from the possibility that the Association might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Association 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 Association ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days.

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

Note 15: 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.

Financial liability maturity analysis - Non-derivative

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment								
Trade and other payables	598,570	1,339,229	-	-	-	-	598,570	1,339,229
Total contractual outflows	598,570	1,339,229	-	-	-	-	598,570	1,339,229

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:

d. Market risk

	Note	2017 \$	2016 \$
Cash at bank	5	1,131,536	1,202,332
Term deposits	7	2,960,856	2,918,355
Financial assets held as fair value through profit and loss	7	580,674	542,518
		<u>4,673,066</u>	<u>4,663,205</u>

The financial assets are broken down into the following indirectly held investments

	Fixed Interest \$	Cash @ Floating Rate \$	Equities \$	Total \$
2017				
NECA VIC	2,702,982	257,874	580,674	3,541,530
	<u>2,702,982</u>	<u>257,874</u>	<u>580,674</u>	<u>3,541,530</u>
2016				
NECA VIC	2,663,717	254,638	542,518	3,460,873
	<u>2,663,717</u>	<u>254,638</u>	<u>542,518</u>	<u>3,460,873</u>

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

Note 15: 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 2017 and 2016. 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 Association'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.

	Consolidated	
	Profit	Equity
	\$	\$
Year ended 30 June 2017		
+ 2% in interest rates	81,848	81,848
- 2% in interest rates	(81,848)	(81,848)
Year ended 30 June 2016		
+ 2% in interest rates	82,413	82,413
- 2% in interest rates	(82,413)	(82,413)

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).

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

Note 15: FINANCIAL RISK MANAGEMENT (CONT'D)

The table below summarises the impact of increases/decreases of the abovementioned investment exposures on the Association's 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 knowledge and experience of the financial markets, the impact on profit or loss and the impact on equity in the table below is '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	
	2017	2016	2017	2016
	\$	\$	\$	\$
+/- 5% in ASX All Ordinaries Index	29,033	24,864	29,033	24,864

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.

	2017		2016	
	Net Carrying Value	Net Fair value	Net Carrying Value	Net Fair value
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	1,131,536	1,131,536	1,202,332	1,202,332
Investments at market value	3,541,530	3,541,530	3,460,873	3,460,873
Trade and other receivables	1,539,202	1,539,202	2,118,799	2,118,799
Total financial assets	6,212,268	6,212,268	6,782,004	6,782,004
Financial liabilities				
Trade and other payables	598,570	598,570	1,339,229	1,339,229
Total financial liabilities	598,570	598,570	1,339,229	1,339,229

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

Note 15: 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, capital profit reserve and the asset revaluation reserve. It is the Committee'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 members 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 Committee on both regulatory and economic considerations.

There were no changes in the Association'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 2017

	Date of valuation	Level 1	Level 2	Level 3
Assets measured at fair value		\$	\$	\$
Investment Fund	30 th June		838,548	
Total	2017			

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 16: 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 17: 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 18: s272 INFORMATION TO BE PROVIDED TO MEMBERS OR COMMISSIONER – REGISTERED ORGANISATIONS COMMISSION

- (1) A member of a reporting unit, or the Commissioner, Registered Organisations Commission, 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 19: 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 20: 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 totaling \$nil (2016: \$36,000).

NOTE 21: 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 Audit of the Financial Report

Auditor's Opinion

We have audited the accompanying general purpose financial report of the National Electrical Contractors Association – Victorian Chapter (the Association), which comprises the statement of financial position as at 30 June, 2017, the statement of comprehensive income, statement of cash flows, statement of changes in equity for the year then ended, a summary of significant accounting policies, other explanatory notes and the Committee of Management Statement.

In our opinion under the Fair Work (Registered Organisations) Act 2009, the general purpose financial report is presented fairly in accordance with any of the following that apply in relation to the reporting unit:

- a) Australian Accounting Standards, and Australian Accounting Interpretations;
- b) in relation to recovery of wages activity;
 - (i) that the scope of the audit encompassed recovery of wages activity
 - (ii) that the financial statements and notes and recovery of wages activity fairly report all information required by the reporting guidelines of the Commissioner, Registered Organisations Commission, including;
 - 1 Any fees charged to or reimbursements of expenses claimed from members and others for recovery of wages activity; and
 - 2. Any donations or other contributions deducted from recovered money; and
- c) Any other requirements imposed by these Reporting Guidelines or the Fair Work (Registered Organisations) Act 2009.

In our opinion, there were kept by the organisation satisfactory accounting records detailing the source and nature of all income and the nature of all expenditure.

As part of our audit of the organisation for the year ended 30 June 2017, we are of the opinion that the Committee of Management's use of the going concern basis of accounting in the preparation of its financial statements is appropriate.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibility under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Association in accordance with the independence requirements of Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other responsibilities in accordance with the Code.

We confirm that the independence declaration by the *Corporations Act 2001*, which has been given to the Committee of Management, would be in the same terms if given to the Committee of Management as at the time of this auditor's report.

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

**INDEPENDENT AUDIT REPORT
(Cont'd)**

Committee of Management Responsibility for the Financial Report

The Committee of Management are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Reporting Guidelines of the Commissioner, Registered Organisations Commission. This responsibility includes establishing and maintaining internal controls relevant to the preparation and true and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making estimates that are responsible in the circumstances.

In preparing the financial report, the Committee of Management are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee of Management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the auditing 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.

**INDEPENDENT AUDIT REPORT
(Cont'd)**

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Association to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.


We communicate with the Committee of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Committee of Management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Committee of Management, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We can describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.aasb.gov.au/home.aspx>.

Stannards Accountants and Advisors
Stannards Accountants and Advisors


Michael Shulman
Registered Company Auditor (163888)
Holder of Current Public Practice Certificate
Approved Auditor (FWC Act and Regulations – AA2017/45)

Dated: *23/10/17*

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**SUMMARY OF INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2017
(UNAUDITED)**

	2017	2016
	\$	\$
Revenue		
General administration income	2,996,538	2,840,215
Movement in investment value	41,392	(17,243)
Capital Distribution	325,000	525,000
Total Revenue	<u>3,362,930</u>	<u>3,347,972</u>
Less		
General administration expenses	3,360,740	3,723,801
PROFIT/(LOSS) FOR THE YEAR	<u>2,190</u>	<u>(375,829)</u>

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**DETAILED INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2017
(UNAUDITED)**

	2017	2016
	\$	\$
Subscription - Members	1,444,759	1,472,937
Service, Commission & Fees:		
Insurance	97,076	87,541
Petrol administration fee	116,428	108,725
Consulting	33,987	
Sales	50,889	110,773
Interest and Income on Investments	145,145	104,838
Profit / (Loss) on Sale of Fixed Assets		39,486
Social Functions	2,132	12,535
Sundries	69,291	28,235
Enterprise Bargaining Agreements	27,000	18,000
Ecosmart Accreditation	49,599	42,877
Ecosmart seminars and sundries	955	21,689
Ecosmart technical services	12,541	21,117
Members seminar & function	204,689	71,790
Members Services	41,721	33,263
Directors Fees	154,178	169,633
Distribution from income - Protect Services Pty Ltd	107,898	158,433
Dividends Received	542	
NECA E & C - Commercial service fee	107,183	32,190
Roadshow Admission	11,148	
Technical Consultancy		1,335
Sponsorships	298,791	124,818
Insurance - Legal cost claim	20,586	180,000
Total Revenue	2,996,538	2,840,215

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**DETAILED INCOME AND EXPENDITURE STATEMENT ((UNAUDITED)
FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)**

	2017	2016
	\$	\$
GENERAL ADMINISTRATION - EXPENDITURE		
Advertising	16,346	11,150
Advisory Panel	7,550	8,579
Affiliation fees: NECA National	331,412	312,333
Others	3,383	2,208
Audit Fees	14,658	19,048
Bad and doubtful debts	7,500	15,000
Bank charges	22,900	21,569
Body corporate fee	31,320	31,762
Computer consulting and related expenses	33,789	31,024
Consulting services	63,939	234,825
Consulting services - Ecosmart	18,036	9,642
Conferences, meetings	292,136	95,853
Conferences, meetings and training -	1,578	1,207
Cost of sales	9,691	21,298
Depreciation of assets	99,134	111,064
Electricity	8,060	10,722
Ecosmart Accreditation /Marketing	-	6,486
Insurances	16,948	21,227
Industry contribution	3,500	7,773
Industry Giveaways & Prizes	3,333	5,008
Lease of office equipment	9,982	12,484
Lease of motor vehicles	4,890	
Legal and professional fees	23,301	464,801
Marketing - public awareness	23,143	38,301
Marketing	20,856	5,000
Members online services	49,899	48,483
Members seminars and training	8,578	64,482
Members seminars and training - Ecosmart		9,892
Motor vehicle expenses	44,918	62,867
NECA Qld Funding		36,000
Payroll tax	73,625	67,342
Postage	42,200	23,858
Postage - Ecosmart	4,979	
Printing and stationery	28,211	68,185
Printing and stationery	5,366	659
Sub-Total	1,352,145	1,936,910

**NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER**

**DETAILED INCOME AND EXPENDITURE STATEMENT ((UNAUDITED)
FOR THE YEAR ENDED 30 JUNE 2017 (CONTINUED)**

	2017	2016
	\$	\$
Sub-total brought forward	1,352,145	1,936,910
Rates & taxes	3,852	8,310
Relocation expense	-	-
Repairs and maintenance	36,106	7,025
Salaries and related personnel costs	1,485,392	1,256,766
Staff amenities	4,318	5,697
Staff Recruitment /Agency temporaries	165,715	129,276
Storage costs	-	1,509
Strategic Planning	6,997	10,876
Sundry expenses	29,049	24,865
Telephone	44,975	51,447
Travel and accommodation	62,950	55,949
Travel and accommodation - Ecosmart	1,427	14,389
Web / Enews	1,320	1,853
Total	3,360,740	3,723,801