10 December 2019

Mr Pawel Podolski
Executive Director, Victorian Chapter
National Electrical Contractors Association

By e-mail:

Dear Mr Podolski

Re: – National Electrical Contractors Association, Victorian Chapter - financial report for year ending 30 June 2019 (FR2019/53)

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 (**ROC**) on 20 November 2019.

The financial report has been filed. 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 2020 may be subject to an advanced compliance review.

You are not required to take any further action in respect of the report lodged. However I make the following comment to assist you when preparing the next report.

Officer's declaration statement – to include all nil activity disclosures not elsewhere disclosed.

Item 21 of the reporting guidelines states that if any of the activities identified within items 10-20 of the reporting guidelines have not occurred in the reporting period, a statement to this effect must be included either in the financial statements, the notes or in an officer's declaration statement. I note that the officer's declaration statement included nil activity disclosures for which there was already an equivalent form of disclosure in the body of the notes.

Please note that nil activities only need to be disclosed once.

Reporting Requirements

The ROC website provides a number of factsheets in relation to the financial reporting process and associated timelines. The website also contains the s.253 reporting guidelines and a model set of financial statements. The ROC recommends that reporting units use these model financial statements to assist in complying with the RO Act, the s.253 reporting guidelines and Australian Accounting Standards. Access to this information is available via this link.

If you have any questions about the above or the reporting requirements, please do not hesitate to contact me by email at stephen.kellett@roc.gov.au.

Yours faithfully

Stephen Kellett

Stephen Kellett
Financial Reporting
Registered Organisations Commission

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION VICTORIAN CHAPTER

GENERAL PURPOSE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

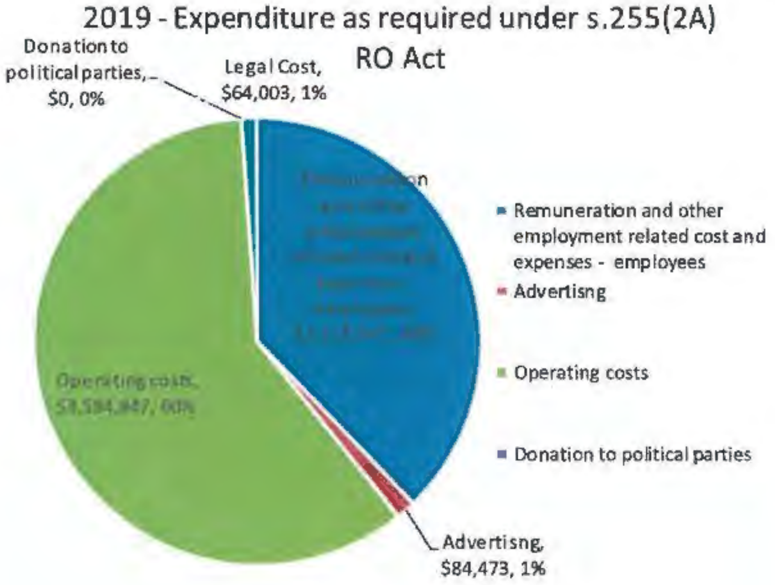
NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER

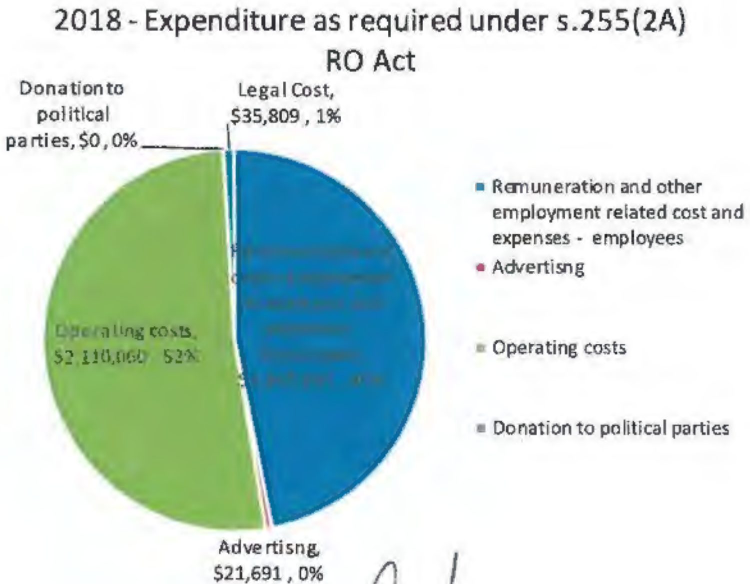
TABLE OF CONTENTS

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER

Report required under Subsection 255(2A)

The Committee of Management presents the expenditure report as required under Subsection 255(2A) on the National Electrical Communications Association for the year ended 30 June 2019





Signature of designated officer: ____________

Name and title of designated officer: PAUL PODOLSKY

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 2019.

Chapter Council Members

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

D. Spicer	D. Pierce	R. Chatfield	C. Hargreaves	M.Purnell
S. Joyce	M. Falloon	C. Van DeKooi	J. Cutler (resigned 24/4/19)	

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

Principal Activity

National Electrical Contractors Association (NECA) Victoria has been representing the interests of contractors in the electrical and communications industry since 1916. NECA Victoria's role is to promote, safeguard and advance the interests of members and the broader electrical and communications industry. The principal activity of the Branch 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 Association continues to invest significant effort and initiatives into membership services, the restructure of supporting systems and technologies as well a number of commercial initiatives expanding on scope of services provided to members. A number of these initiatives required significant investments, putting some in-year pressure on operational profitability. The profit/(loss) of the Association for the financial year after providing for income tax amounted to $2,487,217 (2018: profit of $9,788,848) including a distribution from Protect of $4,103,670. Distributions from Elecnet are intended to be directed back into the Industry, NECA Vic member services (employers) and supporting Victorian members in growing their businesses and their employees.

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 was a director of the CBus superannuation fund and retired in the financial year 2018. 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 1,221 (2018: 1,338) members at financial year end.

Number of Employees

The Association had 26 (2018: 23) employees at financial year end.

Members Right to Resign

Members may resign from the Association in accordance with Rule 11, Resignation from Membership, of the Federal Rules of the National Electrical Contractors Association. Rule 11 conforms with Section 174, Resignation from Membership, of the Fair Work (Registered Organisations) Act 2009.

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER

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

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.

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

Dean Spicer
President

Mark Fallon
Treasurer

Dated this 15 day of October 2019

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER

Committee of Management Statement

On 15th October 2019 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 2019.

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 or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 and the Reporting Guidelines;

(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 Fair Work Commission under section 273 of the Fair Work (Registered Organisations) Act 2009 during the period.

For the Committee of Management:

Dean Spicer
President

Mark Falloon
Treasurer

Dated this 15 day of October 2019

stannards
ACCOUNTANTS and ADVISORS

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 2019 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.

Stannards Accountants & Advisors

Stannards Accountants & Advisors

Michael Shulman
Registered Company Auditor (163888)
Holder of Public Practice Certificate
Approved Auditor – AA2017/45

Dated
15 October 2019

Stannards Accountants and Advisors Pty Ltd
A.C.N. 006 857 441
Postal: PO Box 581, South Yarra, Vic 3141
Level 1, 60 Toorak Road, South Yarra, Vic 3141
Tel: (03) 9867 4433 Fax: (03) 9867 5118
Email: advisors@stannards.com.au
stannards.com.au

Partners
Marino Angelini, CA
Michael Shulman, CA
Nello Traficante, CPA
Jason Wall, CA
Peter Angelini, CA
Nick Jeans, CPA

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER

Certificate by Prescribed Designated Officer

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 for the National Electrical Contractors Association - Victorian Chapter for the period ended referred to in section 268 of the Fair Work (Registered Organisations) Act 2009;

(b) that the full report was provided to members on 21 October 2019;

(c) that the full report was presented to a general meeting of the members of the reporting unit on 12 November 2019 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 : 19 November 2019

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 $	2018 $
Revenue			
Membership subscription		**1,381,900**	1,580,542
Capitation fees	2a	-	-
Levies	2b	-	-
Interest	2c	**907,323**	105,219
Other revenue	2d	**538,923**	508,031
Total trading revenue		**2,828,146**	2,193,792
Other Income			
Grants and/or donations	2e	**634,888**	131,268
Other income	2f	**4,675,365**	11,299,573
Fair value gain on assets held as fair value through Profit or Loss		**340,655**	242,465
Net gains from sale of assets	2g	**13,733**	7,001
Total other income		**5,664,641**	11,680,307
Total income		**8,492,787**	13,874,099
Expenses			
Employee expenses	3a	**2,272,247**	1,917,691
Capitation fees	3b	**355,771**	326,657
Affiliation fees	3c	-	-
Administration expenses	3d	**2,175,973**	1,488,108
Grants or donations	3e	**23,327**	41,895
Depreciation	3f	**76,959**	102,548
Finance costs	3g	**18,540**	25,216
Legal costs	3h	**64,003**	35,809
Audit fees	4	**20,444**	20,500
Restructure Charge		**814,501**	-
Other expenses	3i	**183,805**	126,828
Total expenses		**6,005,570**	4,085,251
Profit (loss) for the year		**2,487,217**	9,788,848
Net surplus / (deficit) for the year		**2,487,217**	9,788,848
Other Comprehensive Income, net of tax			
Revaluation Gain - Land and Buildings		-	-
Total comprehensive income for the year		**2,487,217**	9,788,848

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	2019	2018
		$	$
CURRENT ASSETS			
Cash and cash equivalents	5	**3,723,203**	1,039,691
Trade and other receivables	6	**1,722,902**	1,116,173
Inventories		**4,542**	9,358
Financial assets	7	**14,819,898**	14,007,518
Other current assets		**-**	-
Total Current Assets		**20,270,545**	16,172,740
NON-CURRENT ASSETS			
Building and Improvements	8	**1,235,000**	1,267,500
Plant & Equipment	8	**59,426**	109,971
Total Non-Current Assets		**1,294,426**	1,377,471
Total Assets		**21,564,971**	17,550,211
CURRENT LIABILITIES			
Trade and other payables	9	**1,336,376**	1,227,517
Other current liabilities	10	**2,597,969**	1,189,322
Employee provisions	11	**116,507**	106,215
Total Current Liabilities		**4,050,852**	2,523,054
Non-Current Liabilities			
Employee provisions	11	**23,568**	23,823
Total Non-Current Liabilities		**23,568**	23,823
Total Liabilities		**4,074,420**	2,546,877
NET ASSETS		**17,490,551**	15,003,334
MEMBERS' FUNDS			
Retained profits		**16,196,389**	13,709,172
Reserves		**1,294,162**	1,294,162
TOTAL MEMBERS' FUNDS		**17,490,551**	15,003,334

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Asset revaluation reserve	Capital profits reserve	Retained earnings	Total
	$	$	$	$
Balance at 1 July 2017	**713,882**	**580,280**	**3,920,324**	**5,214,486**
Profit for the year	-	-	**9,788,848**	**9,788,848**
Other comprehensive income	-	-	-	-
Balance at 30 June 2018	**713,882**	**580,280**	**13,709,172**	**15,003,334**
Profit for the year	-	-	**2,487,217**	**2,487,217**
Other comprehensive income	-	-	-	-
Balance at 30 June 2019	**713,882**	**580,280**	**16,196,389**	**17,490,551**

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Receipts in the course of operations		1,466,068	3,402,756
Distribution - Protect Services Pty Ltd		4,103,670	10,388,124
Receipts from related entities	14b	1,054,609	637,561
Interest		907,323	105,219
Payment to suppliers and employees		(3,676,867)	(3,768,572)
Payment to related entities	14b	(719,385)	(601,658)
Net cash provided by (used in) operating activities	14a	3,135,418	10,163,430
Cash flows from investing activities			
Redemption/(Purchase) of investments		(471,725)	(10,223,523)
Payment for plant and equipment		(11,000)	(44,304)
Proceeds from sale of non-current assets		30,819	7,001
Net cash (used in) investing activities		(451,906)	(10,260,826)
Cash flows from financing activities			
Dividends Received		-	5,551
Net cash provided by financing activities		-	5,551
Net increase/(decrease) in cash held		2,683,512	(91,845)
Cash at beginning of financial year		1,039,691	1,131,536
Cash at end of financial year	5	3,723,203	1,039,691

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Preparation

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

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.

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

(c) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Association commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs except where the instrument is classified as "at fair value through profit or loss" in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practicel expedient was applied as specified in AASB 15: *Revenue from Contracts with Customers.*

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at:
-amortised cost; or
-air value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is:
-a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
-held for trading; or
-initially designated as fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in the profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is tha rate that discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:
- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit-taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in effective hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

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

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial Assets

Financial assets are subsequently measured at:
- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:
- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:
- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured fair value through other comprehensive income:
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets thet do not meet the measurement conditions of amortised cost and fair value through other comprehensiva income are subsequently measured at fair value through profit or loss.

The entity initially designates a financial instrument as measured at fair value through profit or loss if:
- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different basis;
- it is in accordance with the documented risk management or investment strategy and information about the groupings is documented appropriately, so the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

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

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading or is not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the entity made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Association's accounting policy.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:
- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the entity no longer controls the asset (ie has no practical ability to make unilateral decision to sell the asset to a third party

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which the entity elected to classify under fair value through comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluaton reserve is not reclassified to profit or loss, but is transferred to retained earnings.

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

The entity recognises a loss allowance for expected credit losses on:
- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets;
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:
- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the profitability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The entity used the following approaches to impairment, as applicable under AASB9:

- the general approach;
- the simplified approach;
- the purchased or originated credit-impaired approach; and
- low credit risk operational simplification.

General approech

Under the general approach, at each reporting period, the entity assesses whether the financial instruments are credit-impaired, and:

If the credit risk of the financial instrument has increased significantly since initial recognition, the entity measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
If there is no significant increase in credit risk since initial recognition, the entity measures the loss allowance for the financial instrument at an emount equal to 12-month expected credit losses.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:
- trade receivables; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used taking into consideration various data to get to an expected credit loss (ie delivery of its customer base, appropriate groupings of its historical loss experience, etc).

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

Purchased or originated credit-impaired approach

For financial assets that are considered to be credit-impaired (not on acquisition or originations), the Association measures any change in lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Evidence of credit impairment includes:
- significant financial difficulty of the issuer or borrower;
- a breach of contract (eg default or past due event);
- a lender has granted to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;
- the likelihood that the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for the financial asset because of financial difficulties.

Low credit risk operational simplification approach

If a financial asset is determined to heve low credit risk at the initial reporting date, the entity assumes that the credit risk has not increased significantly since initial recognition and, accordingly, can continue to recognise a loss allowance of 12-month expected credit loss.

In order to make such a determination that the financial asset has low credit risk, the entity applies its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

A financial asset is considered to have low credit risk if:
- there is a low risk of default by the borrower;
- the borrower has a strong capacity to meets its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term, may, but not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Recognition of expected credit losses in financial statements

At each reporting date, the Association recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit and loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

Financial instruments are initially measured at cost on trade date, which includes the transaction costs, when the related contractual rights or obligations exist.

Subsequent to the initial recognition, the Committee & Management assess whether there is objective evidence that a financial instrument has been impaired. A prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen, impairment losses are recognised In the Income Statement.

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 tha 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.

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.

No changes to comparative information were required given the adoption of AASB15: Revenue from Contracts with Customers.

All revenue is recognized at the point of sales/servica delivery. There are no unsatisfied performance obligations where revenue has been recognized.

(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 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.

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

(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.

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

(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 2019.

(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.

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 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 expadient, 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.

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

(p) New Australian accounting standards (continued)

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.

(q) Fund Analysis

For the financial year ended 30 June 2019, there was no applicable fund or account operated in respect of compulsory levies, voluntary contributions or required by the rules of the Association; and there was no transfer and/or withdrawal from a fund, account, asset or controlled entity which is kept for a specific purpose.

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019 $	2018 $
NOTE 2 INCOME		
NOTE 2a: CAPITATION FEES	-	-
NOTE 2b: LEVIES	-	-
NOTE 2c: INTEREST		
Deposits	**535,045**	65,167
Interest - Protect Services Pty Ltd	**372,278**	40,052
Total Interest	**907,323**	105,219
Note 2d: OTHER REVENUE		
Sale of products and services	**434,862**	365,526
Ecosmart accreditation, training and services	-	32,650
Petrol administration fee	**104,061**	109,855
	538,923	508,031
Note 2e: GRANTS AND DONATIONS		
Donations	-	-
Grant - Mentors Project	**634,888**	131,268
	634,888	131,268
Note 2f: OTHER INCOME		
Commercial Service Fee	**167,780**	128,359
Director fees recharges	**154,178**	154,178
Distribution - ElecNet (Aust) Pty Ltd	**4,103,670**	10,388,124
Other revenue	**249,737**	628,912
	4,675,365	11,299,573
Note 2g: NET GAINS FROM SALE OF ASSETS		
Motor vehicles	**13,733**	7,001
NOTE 3a: EMPLOYEE EXPENSES		
Holders of office:		
Wages and salaries	**337,099**	260,386
Superannuation	**32,024**	24,737
Leave and other entitlements	-	-
Seperation and redundancies	-	-
Other employee expenses	-	-
Subtotal employee expenses holders of office	**369,123**	285,123
Employees other than office holders:		
Wages and salaries	**1,596,124**	1,287,948
Superannuation	**157,009**	166,173
Leave and other entitlements	**8,277**	117,254
Separation and redundancies	**141,714**	61,193
Other employee expenses	-	-
Subtotal employee expenses employees other than office holders	**1,903,124**	1,632,568
Total employee expenses	**2,272,247**	1,917,691

	Note	2019 $	2018 $
NOTE 3b: CAPITATION FEES			
NECA National		**355,771**	326,657
		355,771	326,657
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		**393,524**	297,028
Consultants & initiatives		**343,317**	85,074
Computer consulting and maintenance		**266,804**	210,171
Cost of sales relating to industry standards and stationary		**7,091**	11,147
Property expenses		**76,978**	158,309
Office expenses		**121,995**	39,577
Members seminar and training		-	48,187
Membership communication related expense		**199,124**	149,909
Membership online services		**346,368**	199,801
Motor vehicles expense		**40,133**	73,406
Recruitment and training		**194,929**	105,850
Travel and accomodation		**67,629**	74,418
Other		**43,249**	34,955
Subtotal administration expense		**2,101,141**	1,487,832
Operating lease rentals:			
Minimum lease payments		**74,832**	276
Total administration expenses		**2,175,973**	1,488,108
NOTE 3e: GRANTS OR DONATIONS			
Grants:			
Total paid that were $1,000 or less		-	-
Total paid that exceeded $1,000		-	-
Donations			
Total paid that were $1,000 or less		**327**	455
Total paid that exceeded $1,000		**23,000**	41,440
		23,327	41,895
NOTE 3f: DEPRECIATION AND AMORTISATION			
Depreciation			
Building & building improvements		**32,500**	32,500
Property, plant and equipment		**38,853**	35,565
Motor vehicles		**5,606**	34,483
		76,959	102,548

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
NOTE 3g: FINANCE COSTS			
Bank charges		**18,540**	25,216
Finance leases		-	-
Overdrafts/loans		-	-
Unwinding of discount		-	-
		18,540	25,216
NOTE 3h: LEGAL COSTS			
Litigation		-	-
General legal matters		**64,003**	35,809
		64,003	35,809
NOTE 3i: OTHER EXPENSES			
Penalties - via RO Act or RO Regulations		-	-
Other expenses		**183,805**	126,828
Total other expenses		**183,805**	126,828
NOTE 4: AUDITOR'S REMUNERATION			
Remuneration of the auditor of the Association for:			
- Financial statement audit services (other services: $nil)		**20,444**	20,500
NOTE 5: CASH AND CASH EQUIVALENTS			
Cash at bank		**3,723,203**	1,039,691
		3,723,203	1,039,691

The effective interest rate on cash at bank deposits was 0.01% (2018: 0.01%).

	2019	2018
NOTE 6: TRADE AND OTHER RECEIVABLES		
CURRENT		
Receivables from other reporting units:		
NECA NSW	**3,916**	3,770
NECA Qld	-	-
NECA Tasmania	-	-
NECA ACT	-	-
NECA Education & Careers	**17,898**	4,620
NECA National	**1,642**	1,843
General membership	**959,654**	1,056,268
Petrol scheme	**652,786**	-
Other debtors	**107,298**	71,887
	1,743,194	1,138,388
Less Provision for doubtful debts	**(20,292)**	(22,215)
	1,722,902	1,116,173

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. Impaired assets are provided for in full where applicable. The impairment loss recognised at 30 June 2019 was $20,292 (2018: $22,215).

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 in full where applicable.

	Note	2019	2018
NOTE 7: FINANCIAL ASSETS			
CURRENT			
Investment Fund - at fair value through Profit & Loss		**14,819,898**	14,007,518
		14,819,898	14,007,518

The effective interest rate on the short term deposits was 0.00% (2018: 2.65%)

	Note	2019	2018
NOTE 8: PROPERTY, PLANT AND EQUIPMENT			
BUILDING AND IMPROVEMENTS			
Building			
At valuation		**1,007,202**	1,007,202
Less accumulated depreciation		**(50,360)**	(25,180)
		956,842	982,022
Building Improvements			
At cost		**292,798**	292,798
Less accumulated depreciation		**(14,640)**	(7,320)
		278,158	285,478
TOTAL BUIDING AND IMPROVEMENTS		**1,235,000**	1,267,500
PLANT AND EQUIPMENT			
Computer & office equipment			
At cost		**136,100**	125,100
Less accumulated depreciation		**(97,133)**	(63,721)
		38,967	61,379
Furniture & fittings			
At cost		**86,547**	86,547
Less accumulated depreciation		**(66,801)**	(61,360)
		19,746	25,187
Motor vehicles			
At cost		**67,217**	172,643
Less accumulated depreciation		**(66,504)**	(149,238)
		713	23,405
TOTAL PLANT AND EQUIPMENT		**59,426**	109,971
TOTAL PROPERTY, PLANT & EQUIPMENT		**1,294,426**	1,377,471

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 Practicing 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	Motor Vehicle	Total
	$	$	$	$	$	$
Balance at the beginning of the year	982,022	285,478	61,379	25,187	23,405	1,377,471
Additions	-	-	11,000	-	-	11,000
Disposals	-	-	-	-	(17,086)	(17,086)
Depreciation expense	(25,180)	(7,320)	(33,412)	(5,441)	(5,606)	(76,959)
Carrying amounts at the end of the year	956,842	278,158	38,967	19,746	713	1,294,426

(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 2019

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

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 9: TRADE AND OTHER PAYABLES

	Note	2019 $	2018 $
CURRENT			
Payables to reporting units:			
NECA National		**8,272**	18,425
NECA NSW		**10,752**	25,614
NECA SA		**20,250**	-
NECA Qld		**-**	-
NECA Education & Careers		**2,750**	-
Trade creditors and accruals		**485,679**	438,397
Petrol scheme creditor		**652,786**	-
Goods and services tax payable		**97,772**	124,614
Unearned income		**50,111**	613,987
Security Deposits		**-**	-
Fringe benefit tax		**8,004**	6,480
		1,336,376	1,227,517

There were no payables (2018: $Nil) for legal costs or consideration for making payroll deductions of membership subscriptions included in trade or other payables.

NOTE 10: OTHER CURRENT LIABILITIES

	$	$
CURRENT		
Deferred income:		
- Subscriptions	**1,318,419**	769,375
- Sponsorships	**127,605**	191,785
- Mentor/advisor program	**317,444**	228,162
Restructuring provision	**834,501**	-
Consideration to employers for payroll deductions	**-**	-
	2,597,969	1,189,322

The income from the annual membership renewal for the year 2019/2020 was invoiced to members in June 2019 and will only be recognised as income in the respective year of membership.

NOTE 11: EMPLOYEE PROVISONS

	Note	2019 $	2018 $
Office Holders:			
Annual leave		**6,467**	18,126
Long service leave		**176**	3,688
Separations and redundancies		**-**	-
Other		**-**	-
Subtotal employee provisions—office holders		**6,643**	21,814
Employees other than office holders:			
Annual leave		**97,159**	80,496
Long service leave		**36,273**	27,728
Separations and redundancies		**-**	-
Other		**-**	-
Subtotal employee provisions—employees other than office holders		**133,432**	108,224
Total employee provisions		**140,075**	130,038
Current			
- Unconditional and expected to settle within 12 months		**72,621**	84,366
- Unconditional and expected to settle after 12 months		**43,886**	21,849
Non Current		**23,568**	23,823
Total employee provisions		**140,075**	130,038

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.

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.

	2019 $	2018 $
Revenue received from:		
NECA NSW	42,617	41,559
NECA ACT	-	-
NECA National	803,247	363,099
NECA Qld	-	241
NECA SA	-	2,200
NECA Tas	-	-
NECA WA	-	280
NECA Education & Careers	191,171	151,324
Expenses paid to:		
NECA NSW	81,265	165,518
NECA National	449,948	370,419
NECA Qld	-	-
NECA SA	37,636	46,678
NECA WA	27,618	410
NECA Trade Services	-	-
NECA Education & Careers	-	-
Amount owed by:		
NECA NSW	3,916	3,770
NECA National	1,642	1,843
NECA Qld	-	-
NECA Tas	-	-
NECA ACT	-	-
NECA Training	-	-
NECA Education & Careers	17,898	4,620
Amount owed to:		
NECA NSW	10,752	25,614
NECA National	8,272	18,425
NECA Qld	-	-
NECA SA	20,250	-
NECA Training	-	-
NECA Trade Services	-	-
NECA Education & Careers	2,750	-

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) ElectNet (Aust) Pty Ltd is the trustee of the Electrical Industry Severance Scheme (the Scheme), it is a company incorporated in Australia. . NECA Victoria owns 50% (2018 : 50%) of that company, and have an entitlement to 25% of the income and capital of the Electrical Division of the Scheme. The Scheme has been set up for the

NOTE 13A: RELATED PARTY TRANSACTIONS (continued)

benefit of its members and not NECA Victoria. The purpose of the Scheme is for employer groups to contribute to it, and hold monies in trust for its members if they become redundant or are terminated. No monies are distributed to NECA Victoria in respect of those contributions. Further, NECA Victoria under the Trust Deed has no risk in relation to an unfunded Scheme position (contingent liability). NECA does have in place a Facility Agreement with Elecnet that expires in 2020, to the extent of a capped portion of the distributions. NECA Victoria does not have the majority of voting rights on the Board, nor does it have significant influence by virtue of the Board structure, hence the accounts of the Scheme have not been consolidated, nor equity accounted. During the year, NECA Victoria received distributions of $4,103,670 (2018 : $10,388,124) from the Scheme and directors fees of $154,178 (2018 : $154,178).

(b) Protect Services Pty is a company incorporated in Australia. NECA Victoria owns 25% (2018 : 25%) of that company which is trustee of Protect Services Trust (PST). PST collects premiums for a designated insurer in its capacity as administrator. NECA Victoria has a 25% entitlement to profits made by PST. NECA Victoria does not have the majority of voting rights on the Board, nor does it have significant influence over Board decisions by virtue of the Board structure, hence the accounts of the company have not been consolidated, nor equity accounted. During the year, NECA Victoria received interest of $372,278 (2018 : $40,052) from PST.

(c) During the year, $167,780 (2018: $128,359) was charged to NECA Education & Careers – a related entity of National Electrical Contractors Association, for commercial service fees.

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

	2019 $	2018 $
Short-term employee benefits		
Salary (including annual leave taken)	**625,502**	321,960
Annual leave accrued	**24,702**	28,076
Performance bonus	-	39,833
Total short-term employee benefits	**650,204**	389,869
Post-employment benefits:		
Superannuation	-	-
Total post-employment benefits	-	-
Other long-term benefits:		
Long-service leave	**16,708**	3,688
Total other long-term benefits	**16,708**	3,688
Termination benefits	-	-
Total	**666,912**	393,557

NOTE 14: CASH FLOW

NOTE 14A: CASH FLOW RECONCILIATION

	Note	2019 $	2018 $
Reconciliation of cash flows from operations with Profit from ordinary activities			
Operating Profit/(Loss) from ordinary activities after income tax		**2,487,217**	9,788,848
Non-cash flows in operating profit			
Depreciation		**76,959**	102,548
Dividend Received		**-**	(5,551)
Movement in Fair Value		**(340,655)**	(242,465)
Gain on disposal of non-current assets		**(13,733)**	(7,001)
Change in operating assets and liabilites:-			
(Increase)/decrease in trade and other receivables		**(606,729)**	508,149
(Increase)/decrease in inventories		**4,816**	9,552
Increase/(decrease) in trade and other payables		**108,859**	628,947
Increase/(decrease) in other current liabilities		**1,408,647**	(578,431)
Increase/(decrease) in provision for employee entitlements		**10,037**	(41,166)
Net cash provided by/ (used in) operating activities		**3,135,418**	10,163,430

NOTE 14B: CASH FLOW INFORMATION

	2019 $	2018 $
Cash inflows		
NECA National	**801,606**	397,566
NECA NSW	**46,733**	49,065
NECA Qld	**-**	265
NECA SA	**-**	2,420
NECA ACT	**-**	-
NECA WA	**-**	308
NECA Tas`	**-**	-
NECA Education & Careers	**206,270**	187,937
Total cash inflows	**1,054,609**	637,561
Cash outflows		
NECA National	**504,642**	389,035
NECA NSW	**104,253**	156,456
NECA Qld	**-**	-
NECA SA	**21,150**	51,565
NECA Trade Services	**-**	-
NECA WA	**30,380**	451
NECA Education & Careers	**58,754**	4,151
NECA Legal	**206**	-
Total cash outflows	**719,385**	**601,658**

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	**2019**	**2018**
Cash and cash equivalents	3,723,203	1,039,691
Financial assets at fair value through profit or loss	14,819,898	14,007,518
Trade and other receivables	1,722,902	1,116,173
Total financial assets	**20,266,003**	**16,163,382**
Financial Liabilities		
- Trade and other payables	1,336,376	1,227,517
Total financial liabilities	**1,336,376**	**1,227,517**

The Association does not have any derivative instruments at 30 June 2018.

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.

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 2018.

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.

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	
	2019	2018	2019	2018	2019	2018	2019	2018
	$	$	$	$	$	$	$	$
Financial liabilities due for payment								
Trade and other payables	**1,336,376**	1,227,517	-	-	-	-	**1,336,376**	1,227,517
Total contractual outflows	**1,336,376**	1,227,517	-	-	-	-	**1,336,376**	1,227,517

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	2019	2018
		$	$
Cash at bank	5	**3,723,203**	1,039,691
Term deposits	7	**0**	0
Financial assets held as fair value through profit and loss	7	**14,819,898**	14,007,518
		18,543,101	15,047,209

The financial assets and term deposits are broken down into the following indirectly held investments:

	Fixed Interest	Cash @ Floating Rate	Equities	Total
	$	$	$	$
2019				
NECA VIC	3,304,849	4,604,271	6,910,778	14,819,898
	3,304,849	**4,604,271**	**6,910,778**	**14,819,898**
2018				
NECA VIC	3,824,053	4,604,271	5,579,194	14,007,518
	3,824,053	**4,604,271**	**5,579,194**	**14,007,518**

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 2019 and 2018. 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 Pitcher Partners 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 2019		
+ 2% in interest rates	**78,063**	**78,063**
- 2% in interest rates	**(78,063)**	**(78,063)**
Year ended 30 June 2018		
+ 2% in interest rates	189,360	189,360
- 2% in interest rates	(189,360)	(189,360)

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 Pitcher Partners 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 Pitcher Partners 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 Pitcher Partners'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).

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	
	2019	2018	2019	2018
	$	$	$	$
+/- 5% in ASX All Ordinaries Index	**310,870**	278,960	**310,870**	298,960

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.

	2019		2018	
	Net Carrying Value	Net Fair value	Net Carrying Value	Net Fair value
	$	$	$	$
Financial assets				
Cash and cash equivalents	**3,723,203**	**3,723,203**	1,039,691	1,039,691
Investments at market value	**14,819,898**	**14,819,898**	14,007,518	14,007,518
Trade and other receivables	**1,722,902**	**1,722,902**	1,116,173	1,116,173
Total financial assets	**20,266,003**	**20,266,003**	16,163,382	16,163,382
Financial liabilities				
Trade and other payables	**1,336,376**	**1,336,376**	1,227,517	1,227,517
Total financial liabilities	**1,336,376**	**1,336,376**	1,227,517	1,227,517

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— 30 June 2019

	Date of valuation	Level 1	Level 2	Level 3
Assets measured at fair value		**$**	**$**	**$**
Investment Fund **Total**	**30th June 2019**	-	**11,515,049**	-

Fair value hierarchy— 30 June 2018

	Date of valuation	Level 1	Level 2	Level 3
Assets measured at fair value		**$**	**$**	**$**
Investment Fund **Total**	**30th June 2018**	-	**10,183,465**	-

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 has not provided going concern financial support to another reporting unit 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 (2018: $Nil).

NOTE 21: BUSINESS COMBINATIONS

No business combination has taken place during the year.

NOTE 22: OTHER DISCLOSURES

In 2019, there were $Nil incurred for financial affairs administered by other entities (2018: $Nil)

At reporting date and at 30 June 2018, there were no legal fees payable, nor any amounts payable to employers from peyroll deductions in respect of membership subscriptions.

No Payments were made to political parties this year (2018: $Nil).

The Association did not acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission under subsection 245(1) and 249(1) of the Act.

NOTE 22: OTHER DISCLOSURES (continued)

The Association did not make a payment to any former related entity during the year.

Except as disclosed in the Statement of Profit and Loss, there were no expenses in connection with holding meetings of members on the Association and any conferences or meetings of councils, committees, panels or other bodies for the holding of which the Association was wholly or partly responsible.

No fees or allowances were paid to persons to attend a conference or other meeting as a representative of the Association this year.

The Association did not recover any wages during the year, nor recognize any recovery as income.

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION
VICTORIAN CHAPTER

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

OFFICER DECLARATION STATEMENT

I, Pawel Podolski-Boczar, being the Executive Director of the NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION - VICTORIAN CHAPTER, declare that the following activities did not occur during the reporting period ending 30 June 2019.

The reporting unit did not:

- agree to receive financial support from another reporting unit to continue as a going concern (refers to agreement regarding financial support not dollar amount)
- agree to provide financial support to another reporting unit to ensure they continue as a going concern (refers to agreement regarding financial support not dollar amount)
- acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission
- receive revenue via compulsory levies
- receive revenue from undertaking recovery of wages activity
- incur fees as consideration for employers making payroll deductions of membership subscriptions
- pay affiliation fees to other entity
- pay compulsory levies
- pay a grant that was $1,000 or less
- pay a grant that exceeded $1,000
- pay legal costs relating to litigation
- pay a penalty imposed under the RO Act or the Fair Work Act 2009
- have a payable to an employer for that employer making payroll deductions of membership subscriptions
- have a payable in respect of legal costs relating to litigation
- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit

Signed by the officer:

Dated: 15/10/2019

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, 2019, 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, the subsection 255(2A) Report and the Officer Declaration Statement..

In our opinion under the Fair Work (Registered Organisations) Act 2009, the general purpose financial report is presented fairly in accordance with:

a) Australian Accounting Standards, and Australian Accounting Interpretations;
b) Any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act)

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 2019, 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.

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.

Stannards Accountants and Advisors Pty Ltd
A.C.N. 006 857 441
Postal: PO Box 581, South Yarra, Vic 3141
Level 1, 60 Toorak Road, South Yarra, Vic 3141
Tel: (03) 9867 4433 Fax: (03) 9867 5118
Email: advisors@stannards.com.au
stannards.com.au

Partners
Marino Angelini, CA
Michael Shulman, CA
Nello Traficante, CPA
Jason Wall, CA
Peter Angelini, CA
Nick Jeans, CPA

stannards
ACCOUNTANTS and ADVISORS

INDEPENDENT AUDIT REPORT
(Cont'd)

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 continua 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.

- Evaluate the overell presentation, structure and content of the financial report, including the disclosures, and whether the financiel 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.

stannards
ACCOUNTANTS and ADVISORS

INDEPENDENT AUDIT REPORT
(Cont'd)

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.auasb.gov.au/Home.aspx.

No revenue has been derived from undertaking recovery of wages during the 2019 financial year, as confirmed in the committee of management statement.

I declared that I am an auditor registered under the RO Act.

Stannards Accountants & 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
15 October 2019