National Electrical and Communications Association – National Office and its controlled entities

Financial Statements For the Year Ended 30 June 2021

Annual Financial Statements
For the year ended 30 June 2021

Contents

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Independent Auditor Report to the Members of National Electrical and Communications Association National Office and its controlled entities

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of National Electrical and Communications Association National Office and its controlled entities (the reporting unit), which comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2021, notes to the financial statements, including a summary of significant accounting policies, the committee of management statement, the subsection 255(2A) report and the officer declaration statement.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of National Electrical and Communications Association National Office and its controlled entities as at 30 June 2021, and its financial performance and its cash flows for the year ended on that date in accordance with:

a) the Australian Accounting Standards; and
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).

We declare that management's use of the going concern basis in the preparation of the financial statements of the reporting unit is appropriate.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities 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 reporting unit in accordance with 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 ethical responsibilities in accordance with the Code.

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

Information Other than the Financial Report and Auditor's Report Thereon

The committee of management is responsible for the other information. The other information obtained at the date of this auditor's report is in the operating report accompanying the financial report. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. we have nothing to report in this regard.

Responsibilities of Committee of Management for the Financial Report

The committee of management of the reporting unit is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the committee of management determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the committee of management is responsible for assessing the reporting unit'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 intend to liquidate the reporting unit or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objective is 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 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 audit 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 reporting unit'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 reporting unit's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the reporting unit to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the reporting unit to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the reporting unit 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.

I declare that I am a registered auditor under the RO Act.

Crowe Audit Australia

Crowe Audit Australia

Suwarti Asmono
Partner

28 October 2021
Sydney

Registration number (as registered by the Commissioner under the RO Act): AA2017/236

Report required under subsection 255(2A)
For the year ended 30 June 2021

The Committee of Management presents the expenditure report as required under subsection 255(2A) on National Electrical and Communications Association National Office for the year ended 30 June 2021.

	Consolidated		Parent	
	2021	2020	**2021**	2020
Categories of expenditure	**$**	$	**$**	$
Remuneration and other employment-related costs and expenses – employees	80,342,476	78,223,066	991,534	775,115
Advertising	1,917,367	1,609,882	188,219	168,225
Operating costs	12,559,048	14,444,242	420,129	583,378
Donations to political parties	-	-	-	-
Legal costs	58,212	137,511	-	22,177

Signature of prescribed designated officer

Name of prescribed designated officer   OLIVER JUDD
Title of prescribed designated officer   CEO AND SECRETARY

Dated: 28th October 2021

Operating Report
For the year ended 30 June 2021

The Committee of Management presents its report on the National Electrical and Communications Association National Office and controlled entities ("**NECA**") for the financial year ended 30th of June 2021.

Review of principal activities, the results of those activities and any significant changes in the nature of those activities during the year

The principal activities of NECA involve representing the interests of its members in the electrical and communications contracting industry. Its principal activities, and through its Branch's, include industrial relations, health and safety, legal, training, business-support services and advocacy representation with government, industry bodies, training bodies and in the industrial tribunals. A review of those activities presents the same as in the previous reporting period, such that there were no significant changes in the nature of those activities.

Significant changes in financial affairs

No significant change in the financial affairs of NECA occurred during the year.

Significant events

No significant events occurred relating to NECA during the year.

After balance date events

As a result of the evolving nature of the COVID-19 outbreak and the evolving government policies of restrictive measures put in place to contain it, as at the date of these financial statements, NECA is not in a position to reasonably estimate the financial effects of the COVID-19 outbreak on the future financial performance and financial position of NECA. Other than the current disclosures, there has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of NECA, the results of those operations, or the state of affairs of NECA in subsequent financial periods.

Right of members to resign

Members may resign from NECA in accordance with Rule 15, Resignation from Membership, of the Federal rules of the National Electrical and Communications Association. Rule 15 conforms with Section 174 of the Fair Work (Registered Organisations) Act 2009.

Number of members

NECA had 5,757 (2020: 5,359) members at financial year end.

Number of employees

NECA had 6 full time equivalent (2020: 4 FTE) employees at financial year end. The controlled entities had 88 (2020: 85) employees and 1,232 (2020: 1,185) apprentices and trainees.

Officers or members who are superannuation fund trustees or director of a company that is a superannuation fund trustee where being a member or officer of a registered organisation is a criterion for them holding such position

Name	**Position**	**Is the position held because they are an officer/member of NECA or were nominated by NECA?**
Chris Madson	Director of NESS Super Pty Ltd	Yes
John Williams	Director of NESS Super Pty Ltd (appointed 21 May 2021)	Yes
Bruce Duff	Alternate Director of NESS Super Pty Ltd (appointed 30 January 2021)	Yes

Operating Report (continued)
For the year ended 30 June 2021

Names of Committee of Management members and period positions held during the financial year

Name	Position	Period
Bruce Duff	President	1 July 2020 - 30 June 2021
Greg Hodby	Vice President	1 July 2020 - 30 June 2021
Jim Heerey	Treasurer	1 July 2020 - 30 June 2021
David McInnes	Committee Member	1 July 2020 - 30 June 2021
Peter Beveridge	Committee Member	1 July 2020 - 30 June 2021
Barry Skinner	Committee Member	1 July 2020 - 30 June 2021
Andrew Thorpe	Committee Member	1 July 2020 - 30 June 2021
Jack Grego	Committee Member	1 July 2020 - 30 June 2021
Wayne Hobson	Committee Member	1 July 2020 - 30 June 2021
Stephen Kerfoot	Committee Member	1 July 2020 - 30 June 2021
Grant Bawden	Committee Member	1 July 2020 - 30 June 2021
David James	Committee Member	1 July 2020 - 30 June 2021
Stewart Joyce	Committee Member	1 July 2020 - 30 June 2021
David Peirce	Committee Member	1 July 2020 - 30 June 2021
Oliver Judd	Acting Secretary	3 September 2020 - 30 June 2021 - (appointed 3 September 2020)
Oliver Judd	CEO	29 March 2021 - 30 June 2021 - (appointed 29 March 2021)
Suresh Manickam	Secretary	1 July 2020 - 15 May 2021 - (resigned 15 May 2021)
Suresh Manickam	CEO	1 July 2020 - 7 December 2020 - (resigned 7 December 2020)

Unless otherwise stated, committee members have been in office for the full financial year.

Signature of prescribed designated officer

Name of prescribed designated officer OLIVER JUDD
Title of prescribed designated officer CEO AND SECRETARY

Dated: 28th October 2021

Committee of management statement
For the year ended 30 June 2021

On 28/10/2021 the Committee of Management of the National Electrical and Communications Association National Office passed the following resolution in relation to the general purpose financial report (**GPFR**) for the year ended 30 June 2021:

The Committee of Management declares that in its opinion:

a) the financial statements and notes comply with the Australian Accounting Standards;
b) the financial statements and notes comply with 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);
c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of National Electrical and Communications Association National Office for the financial year to which they relate;
d) there are reasonable grounds to believe that National Electrical and Communications Association National Office will be able to pay its debts as and when they become due and payable; and
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 National Electrical and Communications Association National Office have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
iii. the financial records of National Electrical and Communications Association National Office have been kept and maintained in accordance with the RO Act; and
iv. where the organisation consists of two or more reporting units, the financial records of National Electrical and Communications Association National Office have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and
v. where information has been sought in any request by a member of National Electrical and Communications Association National Office or the Commissioner duly made under section 272 of the RO Act, that information has been provided to the member or the Commissioner; and
vi. where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

Signature of prescribed designated officer

Name of prescribed designated officer OLIVER JUDD
Title of prescribed designated officer CEO AND SECRETARY

Dated: 28th October 2021

Statement of comprehensive income
For the year ended 30 June 2021

	Notes	Consolidated 2021 $	Consolidated 2020 $	Parent 2021 $	Parent 2020 $
Revenue from contracts with customers					
Apprentice hire and traineeship revenue		65,894,833	76,913,867	-	-
Sale of products and services		8,780,981	7,781,993	-	-
Licence revenue		698,366	708,617	-	-
Capitation fees	3A	1,097,044	1,071,731	1,097,044	1,071,731
Total revenue from contracts with customers		**76,471,224**	**86,476,208**	**1,097,044**	**1,071,731**
Income for furthering objectives					
Grants or donations	3B	27,490,320	11,754,554	-	-
Project revenue		88,934	120,521	88,934	120,521
Total income for furthering objectives		**27,579,254**	**11,875,075**	**88,934**	**120,521**
Other Income					
Net gains from sale of assets	3C	18,075	25,275	-	-
Investment income	3D	360,814	247,224	367	1,476
Other income	3E	366,026	602,500	416,846	475,190
Total other income		**744,915**	**874,999**	**417,213**	**476,666**
Total income		**104,795,393**	**99,226,282**	**1,603,191**	**1,668,918**
Expenses					
Cost of goods sold - product sales		3,716,084	3,686,271	-	-
Employee expenses	4A	80,342,476	78,223,066	991,534	775,115
Affiliation and subscription expenses	4B	147,015	132,527	46,977	47,979
Administration expenses	4C	5,287,799	4,375,582	329,900	487,246
Grants or donations	4D	-	1,400	-	1,000
Depreciation and amortisation	4E	1,836,856	1,504,111	8,065	9,429
Finance costs	4F	122,036	251,636	-	-
Legal costs	4G	58,212	137,511	-	22,177
Audit fees	14	101,711	102,715	19,200	20,582
Other expenses	4H	3,264,914	5,999,882	204,206	185,367
Total expenses		**94,877,103**	**94,414,701**	**1,599,882**	**1,548,895**
Profit for the year before tax		**9,918,290**	**4,811,581**	**3,309**	**120,023**
Income tax benefit	6D	**(1,558)**	**(2,022)**	**-**	**-**
Profit for the year		**9,919,848**	**4,813,603**	**3,309**	**120,023**
Other comprehensive income					
Items that will not be subsequently reclassified to profit or loss					
Gain/(loss) on revaluation of financial assets	10A	401,163	(73,177)	-	-
Total comprehensive income for the year		**10,321,011**	**4,740,426**	**3,309**	**120,023**

The above statement of comprehensive income should be read in conjunction with the accompanying notes

Statement of Financial Position
As at 30 June 2020

		Consolidated		Parent	
		2021	2020	**2021**	2020
	Notes	**$**	$	**$**	$
ASSETS					
Current Assets					
Cash and cash equivalents	5A	13,865,501	14,514,927	1,120,533	1,672,010
Trade and other receivables	5B	9,935,568	10,876,763	196,805	61,066
Financial assets	5C	10,714,086	6,495,600	-	-
Prepayments		643,731	216,409	77,238	4,991
Inventory		738,555	686,678	-	-
Total current assets		**35,897,441**	**32,790,377**	**1,394,576**	**1,738,067**
Non-Current Assets					
Property, plant and equipment	6A	30,113,071	28,293,876	8,990	8,982
Intangibles	6B	45,426	-	-	-
Other investments	6C	-	-	104	104
Deferred tax assets	6D	333,648	332,090	-	-
Total non-current assets		**30,492,145**	**28,625,966**	**9,094**	**9,086**
Total assets		**66,389,586**	**61,416,343**	**1,403,670**	**1,747,153**
LIABILITIES					
Current Liabilities					
Trade payables	7A	2,212,556	2,630,491	191,700	83,999
Other payables	7B	2,562,623	3,474,555	42,067	17,996
Employee provisions	8A	5,745,724	5,839,264	54,414	104,900
Contract liabilities	9A	2,782,193	3,655,956	95,864	494,786
Borrowings	9B	419,896	578,769	-	-
Total current liabilities		**13,722,992**	**16,179,035**	**384,045**	**701,681**
Non-Current Liabilities					
Employee provisions	8A	279,204	221,656	343	29,499
Contract liabilities	9A	423,564	451,507	-	-
Borrowings	9B	1,873,299	4,794,629	-	-
Total non-current liabilities		**2,576,067**	**5,467,792**	**343**	**29,499**
Total liabilities		**16,299,059**	**21,646,827**	**384,388**	**731,180**
Net assets		**50,090,527**	**39,769,516**	**1,019,282**	**1,015,973**
EQUITY					
Reserves	10A	4,560,998	4,159,835	-	-
Retained earnings		45,529,529	35,609,681	1,019,282	1,015,973
Total equity		**50,090,527**	**39,769,516**	**1,019,282**	**1,015,973**

Statement of Changes In Equity
For the year ended 30 June 2021

Consolidated	Notes	**Asset revaluation reserve** $	**Financial asset revaluation reserve** $	**Retained earnings** $	**Total equity** $
Balance as at 1 July 2019		**4,194,551**	**140,836**	**30,693,703**	**35,029,090**
Profit for the year		-	-	4,813,603	**4,813,603**
Other comprehensive income for the year	10A	-	(73,177)	-	**(73,177)**
Transfer to / (from) reserves		(102,375)	-	102,375	**-**
Closing balance as at 30 June 2020		**4,092,176**	**67,659**	**35,609,681**	**39,769,516**
Balance at 1 July 2020		**4,092,176**	**67,659**	**35,609,681**	**39,769,516**
Profit for the year		-	-	9,919,848	**9,919,848**
Other comprehensive income for the year	10A	-	401,163	-	**401,163**
Transfer to / (from) reserves	10A	-	-	-	**-**
Closing balance as at 30 June 2021		**4,092,176**	**468,822**	**45,529,529**	**50,090,527**

Parent	**Asset revaluation reserve** $	**Financial asset revaluation reserve** $	**Retained earnings** $	**Total equity** $
Balance as at 1 July 2019	**-**	**-**	**895,950**	**895,950**
Profit for the year	-	-	120,023	**120,023**
Other comprehensive income for the year	-	-	-	**-**
Transfer to / (from) reserves	-	-	-	**-**
Closing balance as at 30 June 2020	-	-	**1,015,973**	**1,015,973**
Balance at 1 July 2020	**-**	**-**	**1,015,973**	**1,015,973**
Profit for the year	-	-	3,309	**3,309**
Other comprehensive income for the year	-	-	-	**-**
Transfer to / (from) reserves	-	-	-	**-**
Closing balance as at 30 June 2021	**-**	**-**	**1,019,282**	**1,019,282**

Statement of Cash Flows
For the year ended 30 June 2021

		Consolidated		Parent	
		2021	2020	**2021**	2020
OPERATING ACTIVITIES	Notes	**$**	$	**$**	$
Cash received					
Receipts from other reporting units	11B	2,152,399	2,616,783	1,366,669	1,645,994
Receipts from customers		112,621,544	105,919,172	259,771	23,593
Distributions / dividends		226,828	252,303	-	-
Interest income		32,944	67,040	367	1,476
Cash used					
Payments to employees and suppliers		(103,847,621)	(97,275,287)	(1,875,487)	(898,534)
Net Income tax paid		(14,250)	(20,211)	-	-
Payment to other reporting units	11B	(1,332,755)	(2,352,966)	(294,724)	(377,469)
Net cash from operating activities	11A	**9,839,089**	**9,206,834**	**(543,404)**	**395,060**
INVESTING ACTIVITIES					
Cash received					
Proceeds from sale property plant and equipment		20,455	557,545	-	-
Proceeds from sale of investments		459,920	192,097	-	-
Cash used					
Purchase of property plant and equipment		(3,067,003)	(12,534,578)	(8,073)	(3,049)
Purchase of computer software		(69,478)	-	-	-
Purchase of investments		(4,176,201)	(1,030,450)	-	-
Net cash (used by) investing activities		**(6,832,307)**	**(12,815,386)**	**(8,073)**	**(3,049)**
FINANCING ACTIVITIES					
Cash received					
Proceeds from borrowings		715,000	3,263,947	-	-
Cash used					
Repayment of borrowings - related party loans		(3,978,261)	(400,000)	-	-
Repayment of borrowings - lease liabilties		(392,947)	(310,307)	-	-
Net cash from financing activities		**(3,656,208)**	2,553,640	**-**	-
Net (decrease) / increase in cash held		**(649,426)**	**(1,054,912)**	**(551,477)**	**392,011**
Cash & cash equivalents at the beginning of the reporting period		14,514,927	15,569,839	1,672,010	1,279,999
Cash & cash equivalents at the end of the reporting period	5A	**13,865,501**	**14,514,927**	**1,120,533**	**1,672,010**

The above statement of cash flows should be read in conjunction with the accompanying notes

Index to the notes of the financial statements

Notes to the financial statements
For the year ended 30 June 2021

Note 1 Summary of significant accounting policies

The financial statements cover the National Electrical and Communications Association National Office and its Controlled Entities (the "**Group'**). The Group is an association of employers registered under the *Fair Work (Registered Organisations) Act 2009.*

These financial statements comprise National Electrical and Communications Association National Office and the subsidiaries entities listed at note 17. Separate audited financials statements are prepared for all National Electrical and Communications Association state Branch's.

1.1 Going Concern

The Group's ability to continue as a going concern is not reliant on the agreed financial support of another reporting unit.

The Group has not agreed to provide financial support to ensure another reporting unit has the ability to continue as a going concern.

1.2 Basis of preparation of the financial statements

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (**AASB**) that apply for the reporting period, and the *Fair Work (Registered Organisation) Act 2009* (**RO Act**). For the purpose of preparing the general purpose financial statements, the Group is a not-for-profit entity.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost, except for certain assets and liabilities measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

1.3 Comparative amounts

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

1.4 Significant accounting judgements and estimates

The Committee of Management make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates. The significant estimates and judgements made have been described below.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Notes to the financial statements
For the year ended 30 June 2021

Note 1 Summary of significant accounting policies (continued)
1.4 Significant accounting judgements and estimates (continued)
Estimation of useful lives of assets
The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Employee benefits provision
As discussed in Note 1 (1.10), the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

1.5 New Australian Accounting Standards
Adoption of New Australian Accounting Standard requirements
The accounting policies adopted are consistent with those of the previous financial year except for the following standards and amendments, which have been adopted for the first time this financial year:
• *AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material*

The impact of applying the above standard is detailed in Note 20.

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

1.6 Basis of consolidation
Pursuant to section 242 of the *Fair Work (Registered Organisations) Act 2009* where an organisation is divided into branches, each branch will be a reporting unit unless a certificate is issued by the Commissioner stating that the organisation is, for the purpose of compliance with that Part of the Act, divided into reporting units on an alternative basis. Alternative reporting units are:

(a) the whole of the organisation; or

(b) a combination of 2 or more branches of the organisation.

Each Branch of an organisation must be in one, and only one, reporting unit.

All state Branch's of National Electrical and Communications Association are separate reporting units. All other controlled entities are consolidated in the National Electrical and Communications Association National Office consolidation and are treated as one reporting unit.

Pursuant to section 253, as soon as practicable after the end of each financial year, a reporting unit must cause a general purpose financial report to be prepared, in accordance with the Australian Accounting Standards, from the financial records kept under subsection 252(1) in relation to the financial year. These GPFR are required to comply with Tier 1 reporting requirements of AASB 1053.

For purposes of the consolidation, the parent comprises the National Electrical and Communications Association National Office and the subsidiaries and associates of NECA National that are not otherwise required to report as separate reporting units. Refer to Note 17 for the entities comprising this reporting unit.

In preparing the consolidated financial statements, all inter group balances and transactions between entities in the Group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Notes to the financial statements
For the year ended 30 June 2021

Note 1 Summary of significant accounting policies (continued)

1.7 Investment in associates and joint arrangements

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the individual assets and obligations for the liabilities of the joint operation.

The results and assets and liabilities of associates and its joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with *AASB 5 Non-current Asset Held for Sale and Discontinued Operations* . Under the equity method, an investment in an associate or joint venture is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the share of the profit or loss and other comprehensive income of the associate. When the share of losses of an associate or joint venture exceeds the interest in that associate, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Any excess of the cost of acquisition over the share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Details of the reporting unit's investments in associates are shown at Note 17.

1.8 Acquisition of assets and or liabilities that do not constitute a business combination

The Group 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 the organisation, a determination or revocation by the General Manager of the Fair Work Commission under subsections 245(1) or 249(1) of the RO Act .

1.9 Revenue

The Group enters into various arrangements where it receives consideration from another party. These arrangements include consideration in the form of capitation fees, levies, grants, and donations.

The timing of recognition of these amounts as either revenue or income depends on the rights and obligations in those arrangements.

Revenue from contracts with customers

Where the Group has a contract with a customer, the Group recognises revenue when or as it transfers control of goods or services to the customer. The Group accounts for an arrangement as a contract with a customer if the following criteria are met:
• the arrangement is enforceable; and
• the arrangement contains promises (that are also known as performance obligations) to transfer goods or services to the customer (or to other parties on behalf of the customer) that are sufficiently specific so that it can be determined when the performance obligation has been satisfied.

Notes to the financial statements
For the year ended 30 June 2021

Note 1 Summary of significant accounting policies (continued)
1.9 Revenue (continued)

Apprentice hire and traineeship revenue
Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Sale of products and services
Revenue from the sale of products and service is recognised at the point in time when the customer obtains control of the product or service, which is generally at the time of delivery.

Capitation fees
Where the Group's arrangement with a branch or another reporting unit meets the criteria to be a contract with a customer, the Group recognises the capitation fees promised under that arrangement when or as it transfers the Group.

In circumstances where the criteria for a contract with a customer are not met, the Group will recognise capitation fees as income upon receipt (as specified in the income recognition policy below).

Income of the Group as a Not-for-Profit Entity
Consideration is received by the Group to enable the entity to further its objectives. The Group recognises each of these amounts of consideration as income when the consideration is received (which is when the Group obtains control of the cash) because, based on the rights and obligations in each arrangement:
• the arrangements do not meet the criteria to be contracts with customers because either the arrangement is unenforceable or lacks sufficiently specific promises to transfer goods or services to the customer; and
• the Group’s recognition of the cash contribution does not give to any related liabilities.

During the year, the Group received cash consideration from the following arrangements whereby that consideration will be recognised as income upon receipt:
• donations from members; and
• government grants.

Gains from sale of assets
An item of property, plant and equipment is derecognised upon disposal (which is at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

Interest income
Interest revenue is recognised on an accrual basis using the effective interest method.

Rental income
Leases in which the Group as a lessor, does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the relevant lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Notes to the financial statements
For the year ended 30 June 2021

Note 1 Summary of significant accounting policies (continued)

1.10 Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and termination benefits when it is probable that settlement will be required, and they are capable of being measured reliably.

Liabilities for short-term employee benefits (as defined in *AASB 119 Employee Benefits*) and termination benefits which are expected to be settled within twelve months of the end of reporting period are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability. Other long-term employee benefits which are expected to be settled beyond twelve months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Provision is made for separation and redundancy benefit payments. The Group recognises a provision for termination as part of a broader restructuring when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations. A provision for voluntary termination is recognised when the employee has accepted the offer of termination.

1.11 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	2021	2020
Plant and equipment	1-5 years	1-5 years
Land and buildings	1-10 years	1-10 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Notes to the financial statements
For the year ended 30 June 2021

Note 1 Summary of significant accounting policies (continued)
1.11 Leases (continued)
Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the implicit the interest rate or incremental borrowing rate if the implicit lease rate is not readily determinable, the Group to use as applicable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group’s short-term leases are those that have a lease term of 12 months or less from the commencement. It also applies the lease of low-value assets recognition exemption to leases that are below $5,000. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

1.12 Borrowing costs
All borrowing costs are recognised in profit and loss in the period in which they are incurred.

1.13 Cash
Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand, deposits held at call with bank, other short-term highly liquid investments with original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

1.14 Financial instruments
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

1.15 Financial assets
Contract assets and receivables
A contract asset is recognised when the Group’s right to consideration in exchange goods or services that has transferred to the customer when that right is conditioned on the Group’s future performance or some other condition.

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets and receivables are subject to impairment assessment. Refer to accounting policies on impairment of financial assets below.

Notes to the financial statements
For the year ended 30 June 2021

Note 1 Summary of significant accounting policies (continued)
1.15 Financial assets (continued)

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (**OCI**), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' (**SPPI**) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in five categories:

- (Other) financial assets at amortised cost
- (Other) financial assets at fair value through other comprehensive income
- Investments in equity instruments designated at fair value through other comprehensive income
- (Other) financial assets designated at fair value through profit or loss
- (Other) financial assets at fair value through profit or loss

Financial assets at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (**EIR**) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables and loans to related parties.

Notes to the financial statements
For the year ended 30 June 2021

Note 1 Summary of significant accounting policies (continued)

1.15 Financial assets (continued)

Investments in equity instruments designated at fair value through other comprehensive income
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its listed and non-listed equity investments under this category.

Financial assets at fair value through profit or loss (including designated)
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

Derecognition
A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  a) The Group has transferred substantially all the risks and rewards of the asset, or
  b) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement together with associated liability.

Offsetting
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Notes to the financial statements
For the year ended 30 June 2021

Note 1 Summary of significant accounting policies (continued)
1.15 Financial assets (continued)
Impairment
Expected credit losses
Receivables for goods and services, which have 30-day terms, are recognised at the nominal amounts due less any loss allowance due to expected credit losses at each reporting date. A provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment has been established.

(i) Trade receivables
For trade receivables that do not have a significant financing component, the Group applies a simplified approach in calculating expected credit losses (**ECLs**) which requires lifetime expected credit losses to be recognised from initial recognition of the receivables.
Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment

Debt instruments other than trade receivables
For all debt instruments other than trade receivables and debt instruments not held at fair value through profit or loss, the Group recognises an allowance for expected credit losses using the general approach. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages:

- Where there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses from possible default events within the next 12-months (a 12-month ECL).
- Where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the debt, irrespective of the timing of the default (a lifetime ECL).

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

1.16 Financial Liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, at amortised cost unless or at fair value through profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables.

Notes to the financial statements
For the year ended 30 June 2021

Note 1 Summary of significant accounting policies (continued)

1.16 Financial Liabilities (continued)

Subsequent measurement

Financial liabilities at fair value through profit or loss (including designated)

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 9 are satisfied.

Financial liabilities at amortised cost

After initial recognition, trade payables and interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

1.17 Liabilities relating to contracts with customers

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities include deferred income. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer. The Group's refund liabilities arise from customers' right of return. The liability is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

1.18 Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

Notes to the financial statements
For the year ended 30 June 2021

Note 1 Summary of significant accounting policies (continued)
1.19 Land, buildings, plant and equipment

Asset recognition threshold

Purchases of land, buildings, plant and equipment are recognised initially at cost in the statement of financial position. The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Revaluations—Land and Buildings

Following initial recognition at cost, land and buildings are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient frequency such that the carrying amount of assets do not differ materially from those that would be determined using fair values as at the reporting date.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the profit or loss except to the extent that they reverse a previous revaluation increment for that class. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful life using, in all cases, the straight-line method of depreciation. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2021	2020
Buildings	40 years	40 years
Right of use	1-10 Years	1-10 Years
Plant and equipment	2-15 years	2-15 years

Derecognition

An item of land, buildings, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss

1.20 Intangibles

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful life. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. The useful life of Group intangible assets are:

	2021	2020
Website assets	1-10 Years	1-10 Years
Software	1-5 Years	1-5 Years

Notes to the financial statements
For the year ended 30 June 2021

Note 1 Summary of significant accounting policies (continued)
1.20 Intangibles (continued)

Derecognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit and loss when the asset is derecognised.

1.21 Impairment of non-financial assets

All assets are assessed for impairment at the end of each reporting period to the extent that there is an impairment trigger. Where indications of impairment exist, the asset's recoverable amount is estimated, and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Group were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

1.22 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs of disposal.

1.23 Taxation

The Group is exempt from income tax under section 50.1 of the Income Tax Assessment Act 1997 however still has obligation for Fringe Benefits Tax (**FBT**) and the Goods and Services Tax (**GST**).

Some subsidiaries however, that fall under the control of the Group are for profit entities that are subject to income tax. The relevant tax treatments for these entities are set out below.

The income tax expense / (benifit) for the year comprises current income tax expense / (benifit) and deferred tax expense / (benifit).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities / (assets) are therefore measured at the amounts expected to be paid to / (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense / (benifit) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Notes to the financial statements
For the year ended 30 June 2021

Note 1 Summary of significant accounting policies (continued)
1.23 Taxation (continued)
Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting year. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office is classified within operating cash flows.

1.24 Fair value measurement
The Group measures financial instruments, such as, financial assets as at fair value through the profit and loss, financial assets at fair value through OCI, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 16.

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 Group. 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.

Notes to the financial statements
For the year ended 30 June 2021

Note 1 Summary of significant accounting policies (continued)

1.24 Fair value measurement (continued)

The Group 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 Group 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 Group 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.

1.25 Inventory

Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories held for distribution

The Group holds inventories for distribution in the future for no or nominal consideration. The future economic benefit or service potential of the inventory is reflected by the amount the Group would need to pay to acquire the economic benefit or service potential if it were necessary to achieve the Group's objectives. Where the economic benefit or service potential cannot be acquired in a market, the replacement cost is estimated. If the purpose of the inventory changes it will be measured as per (i) above.

Note 2 Events after the reporting period

As a result of the evolving nature of the COVID-19 outbreak and the evolving government policies of restrictive measures put in place to contain it, as at the date of these financial statements, the Group is not in a position to reasonably estimate the financial effects of the COVID-19 outbreak on the future financial performance and financial position of the Group. Other than the current disclosures, there has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial periods.

Notes to the financial statements
For the year ended 30 June 2021

Note 3 Revenue and income

Disaggregation of revenue from contracts with customers

A disaggregation of NECA's revenue by type of arrangements is provided on the face of the Statement of Comprehensive Income. The table below also sets out a disaggregation of revenue by type of customer.

	Consolidated		Parent	
	2021	2020	**2021**	2020
	$	$	**$**	$
Type of customer				
Other reporting units	1,097,044	1,071,731	1,097,044	1,071,731
Other parties	75,374,180	85,404,477	-	-
Total revenue from contracts with customers	**76,471,224**	**86,476,208**	**1,097,044**	**1,071,731**

Disaggregation of income for furthering activities

A disaggregation of NECA's income by type of arrangement is provided on the face of the Statement of comprehensive income. The table below also sets out a disaggregation of income by funding source:

Income funding sources				
Government	27,060,781	11,852,170	88,934	120,521
Other parties	518,473	22,905	-	-
Total revenue from contracts with customers	**27,579,254**	**11,875,075**	**88,934**	**120,521**

Note 3A: Capitation fees from another reporting unit

NECA - New South Wales Branch	434,368	409,839	434,368	409,839
NECA - Victorian Branch	317,696	310,927	317,696	310,927
NECA - Queensland Branch	27,164	32,900	27,164	32,900
NECA - Western Australian Branch	178,263	184,311	178,263	184,311
NECA - South Australia/Northern Territory Branch	99,048	97,259	99,048	97,259
NECA - Australian Capital Territory Branch	29,833	29,999	29,833	29,999
NECA - Tasmanian Branch	10,672	6,496	10,672	6,496
Total capitation fees	**1,097,044**	**1,071,731**	**1,097,044**	**1,071,731**

Note 3B: Grants or donations

Grants	26,971,847	11,731,649	-	-
Donations	518,473	22,905	-	-
Total grants or donations	**27,490,320**	**11,754,554**	**-**	**-**

Note 3C: Net gains from sale of assets

Land and buildings	-	25,275	-	-
Plant and equipment	18,075	-	-	-
Total net gains from sale of assets	**18,075**	**25,275**	**-**	**-**

Notes to the financial statements
For the year ended 30 June 2021

	Consolidated		Parent	
	2021	2020	**2021**	2020
	$	$	**$**	$
Note 3 Income (continued)				
Note 3D: Investment income				
Interest				
Deposits	32,944	67,040	367	1,476
Managed investment schemes				
Distributions / dividends	226,828	252,303	-	-
Net (loss) / gain on disposal of financial instruments	(7,587)	(3,503)	-	-
Net (loss) / gain on revaluation of financial instruments	108,629	(68,616)	-	-
Total investment income	**360,814**	**247,224**	**367**	**1,476**

Note 3E: Other income

Events and conferences	154,081	156,582	154,081	156,582
Management fee income	-	-	165,000	172,485
Other income	211,945	445,918	97,765	146,123
Total revenue from other income	**366,026**	**602,500**	**416,846**	**475,190**

Note 4 Expenses
Note 4A: Employee expenses

Holders of office:				
Wages and salaries	182,055	237,970	182,055	237,970
Superannuation	19,853	22,607	19,853	22,607
Leave and other entitlements	10,662	18,451	10,662	18,451
Separation and redundancies	122,622	-	122,622	-
Other employee expenses	43,841	-	43,841	-
Total employee expenses holders of office	**379,033**	**279,028**	**379,033**	**279,028**
Employees other than office holders:				
Wages and salaries	68,870,888	67,902,620	443,759	304,218
Superannuation	4,005,536	5,881,703	42,037	28,853
Leave and other entitlements	2,902,149	2,991,671	(102,037)	11,516
Separation and redundancies	50,688	33,765	-	-
Other employee expenses	4,134,182	1,134,279	228,742	151,500
Total employee expenses employees other than office holders	**79,963,443**	**77,944,038**	**612,501**	**496,087**
Total employee expenses	**80,342,476**	**78,223,066**	**991,534**	**775,115**

Note 4B: Affiliation and subscription expenses

Affiliation fees				
Australian Chamber of Commerce & Industry	39,463	45,102	39,463	45,102
Subscriptions	107,552	87,425	7,514	2,877
Total affiliation and subscription expenses	**147,015**	**132,527**	**46,977**	**47,979**

Notes to the financial statements
For the year ended 30 June 2021

	Consolidated		Parent	
	2021	2020	**2021**	2020
	$	$	**$**	$
Note 4 Expenses (continued)				
Note 4C: Administration expenses				
Conference and meeting expenses	49,891	354,816	20,933	247,269
Contractors/consultants	1,069,305	423,168	215,061	98,501
Directors remuneration	215,349	218,488	-	-
Property expenses	958,623	880,291	31,158	37,675
Office expenses	513,671	532,854	19,591	18,858
Information communications technology	755,263	828,302	16,303	14,632
Management fees	287,401	152,337	-	-
Motor vehicle expenses	139,078	241,255	-	-
Travel & accommodation	56,557	90,377	7,854	26,185
Other expenses	931,315	472,242	6,500	31,626
Subtotal administration expense	**4,976,453**	**4,194,130**	**317,400**	**474,746**
Operating lease rentals:				
Short-term lease payments	311,346	181,452	12,500	12,500
Low-value assets lease payments	-	-	-	-
Total administration expenses	**5,287,799**	**4,375,582**	**329,900**	**487,246**
Note 4D: Grants or donations				
Grants				
Total expensed that were $1,000 or less	-	-	-	-
Total expensed that exceeded $1,000	-	-	-	-
Donations				
Total expensed that were $1,000 or less	-	1,400	-	1,000
Total expensed that exceeded $1,000	-	-	-	-
Total grants or donations	**-**	**1,400**	**-**	**1,000**
Note 4E: Depreciation and amortisation				
Depreciation				
Buildings	360,559	342,455	-	-
Plant and equipment	1,046,905	874,581	8,065	9,429
Right of use assets	405,340	287,075	-	-
Total depreciation	**1,812,804**	**1,504,111**	**8,065**	**9,429**
Amortisation				
Intangibles	24,052	-	-	-
Total amortisation	**24,052**	**-**	**-**	**-**
Total depreciation and amortisation	**1,836,856**	**1,504,111**	**8,065**	**9,429**
Note 4F: Finance costs				
Overdrafts/loans	58,320	226,902	-	-
Unwinding of discount - right of use assets	63,716	24,734	-	-
Total finance costs	**122,036**	**251,636**	**-**	**-**

Notes to the financial statements
For the year ended 30 June 2021

	Consolidated		Parent	
	2021	2020	**2021**	2020
	$	$	**$**	$
Note 4 Expenses (continued)				
Note 4G: Legal costs				
Litigation	-	-	-	-
Other legal matters	58,212	137,511	-	22,177
Total legal costs	**58,212**	**137,511**	**-**	**22,177**
Note 4H: Other expenses				
Apprentice costs (other than Salaries)	758,626	1,136,790	-	-
Training	211,693	1,648,274	-	-
Insurance	227,035	429,627	13,072	15,560
Advertising & promotion	1,917,367	1,609,882	188,219	168,225
Bad debts	112,121	945,596	2,915	1,582
Debt recovery costs	38,072	229,713	-	-
Total other expenses	**3,264,914**	**5,999,882**	**204,206**	**185,367**
Note 5 Current assets				
Note 5A: Cash and cash equivalents				
Cash at bank	9,786,873	7,541,733	1,074,636	1,626,294
Cash on hand	1,700	1,700	-	-
Short term deposits	4,076,928	6,971,494	45,897	45,716
Total cash and cash equivalents	**13,865,501**	**14,514,927**	**1,120,533**	**1,672,010**
Note 5B: Trade and other receivables				
Receivables from other reporting units				
NECA - New South Wales Branch	48,218	47,583	14,925	4,568
NECA - Victorian Branch	1,482	6,430	1,482	270
NECA - Queensland Branch	11,432	633	8,499	633
NECA - Western Australian Branch	116	1,001	116	1,001
NECA - South Australia/Northern Territory Branch	27,238	26,747	27,238	26,747
NECA - Australian Capital Territory Branch	26,536	-	303	-
NECA - Tasmanian Branch	167	-	-	-
Total receivables from other reporting units	**115,189**	**82,394**	**52,563**	**33,219**
Other receivables:				
Trade receivables	8,603,755	7,228,075	97,327	19,522
Other trade receivables	2,842,221	5,054,287	51,412	9,907
Total other receivables	**11,445,976**	**12,282,362**	**148,739**	**29,429**
Less allowance for expected credit losses	(1,625,597)	(1,487,993)	(4,497)	(1,582)
Total allowance for expected credit losses	**(1,625,597)**	**(1,487,993)**	**(4,497)**	**(1,582)**
Total trade and other receivables (net)	**9,935,568**	**10,876,763**	**196,805**	**61,066**
Balance at beginning of year	**1,487,993**	**380,157**	**1,582**	**995**
Increase in provision recognised in the Statement of Comprehensive Income	137,604	1,107,836	2,915	587
Reversal of unused provision recognised in the Statement of Comprehensive income	-	-	-	-
Balance at end of year	**1,625,597**	**1,487,993**	**4,497**	**1,582**

Notes to the financial statements
For the year ended 30 June 2021

	Consolidated		Parent	
	2021	2020	**2021**	2020
Note 5C: Financial assets	**$**	$	**$**	$
Fair value through profit or loss				
Managed investments	1,116,764	960,088	-	-
Fair value through other comprehensive income				
Managed investments	8,871,663	4,810,897	-	-
Amortised cost				
Term deposit	725,659	724,615	-	-
Total financial assets	**10,714,086**	**6,495,600**	**-**	**-**
Note 6 Non-current assets				
Note 6A: Property, plant and equipment				
Land				
Land at fair value	7,779,712	7,779,712	-	-
Total land	**7,779,712**	**7,779,712**	**-**	**-**
Buildings				
Buildings at revalued amount	15,119,775	15,097,250	-	-
Less accumulated depreciation	(691,569)	(351,148)	-	-
Total buildings	**14,428,206**	**14,746,102**	**-**	**-**
Right-of-use assets				
Right-of-use assets	1,063,293	654,586	-	-
Less accumulated depreciation	(533,746)	(287,075)	-	-
Total buildings	**529,547**	**367,511**	**-**	**-**
Plant and equipment				
Plant and equipment at cost	11,230,053	7,918,601	143,460	135,388
Less accumulated depreciation	(3,854,447)	(2,518,050)	(134,470)	(126,406)
Total plant and equipment	**7,375,606**	**5,400,551**	**8,990**	**8,982**
Total property, plant and equipment	**30,113,071**	**28,293,876**	**8,990**	**8,982**

Valuations

Land and buildings at 1024 Lygon St, Carlton North VIC 3054 were independently valued in June 2019 by the independent firm Charter Keck Cramer.

Valuations are carried out on the basis of and in accordance with Australian Accounting Standards *AASB 13 Fair Value Measurement* and *AASB 116 Property, Plant & Equipment*. The Directors do not believe there has been a material movement in fair value since valuation dates.

The Group has a set policy for regular valuation of freehold land and buildings at least once every three to five financial years. Refer to Note 16 for further information on fair value measurement.

Other information

The Group purchased land and buildings at 120 and 122 Hume Highway, Chullora NSW 2190 in August 2019.

The Lygon Street Property has been used as a security for a bank overdraft facility with the Commonwealth Bank of $1 million. As at 30 June 2021 the balance of the overdraft was $nil (2020:$nil)

Notes to the financial statements
For the year ended 30 June 2021

Note 6 Non-current Assets (continued)
Note 6A Property, Plant and Equipment (continued)
Reconciliations of the carrying amounts of each class of asset

	Consolidated					Parent	
	Land	Buildings	Plant and equipment	Right-of-use assets	Total	Plant and equipment	Total
	$	$	$	$	$	$	$
Balance at 1 July 2019	**5,500,000**	**7,245,321**	**4,395,772**	**-**	**17,141,093**	**15,362**	**15,362**
Recognition of Right-of-use Assets on initial application of AASB 16	-	-	-	654,586	654,586	-	**-**
Adjusted Balance at 1 July 2019	**5,500,000**	**7,245,321**	**4,395,772**	**654,586**	**17,795,679**	**15,362**	**15,362**
Additions	2,279,712	8,360,233	1,894,633	-	**12,534,578**	3,049	**3,049**
Disposals	-	(516,997)	(15,273)	-	**(532,270)**	-	**-**
Net Transfers Between Classes	-	-	-	-	**-**	-	**-**
Revaluation increment/(decrements)	-	-	-	-	**-**	-	**-**
Depreciation	-	(342,455)	(874,581)	(287,075)	**(1,504,111)**	(9,429)	**(9,429)**
Balance at 30 June 2020	**7,779,712**	**14,746,102**	**5,400,551**	**367,511**	**28,293,876**	**8,982**	**8,982**

	Consolidated					Parent	
	Land	Buildings	Plant and equipment	Right-of-use assets	Total	Plant and equipment	Total
	$	$	$	$	$	$	$
Balance at 1 July 2020	**7,779,712**	**14,746,102**	**5,400,551**	**367,511**	**28,293,876**	**8,982**	**8,982**
Additions	-	42,661	3,024,342	567,376	**3,634,379**	8,073	**8,073**
Disposals	-	-	(2,380)	-	**(2,380)**	-	**-**
Net Transfers Between Classes	-	-	-	-	**-**	-	**-**
Revaluation increment/(decrements)	-	-	-	-	**-**	-	**-**
Depreciation	-	(360,559)	(1,046,905)	(405,340)	**(1,812,804)**	(8,065)	**(8,065)**
Balance at 30 June 2021	**7,779,712**	**14,428,204**	**7,375,608**	**529,547**	**30,113,071**	**8,990**	**8,990**

Notes to the financial statements
For the year ended 30 June 2021

	Consolidated 2021 $	Consolidated 2020 $	Parent 2021 $	Parent 2020 $
Note 6 Non-current assets (continued)				
Note 6B: Intangibles				
Computer software at cost:	152,651	83,172	-	-
accumulated amortisation	(107,225)	(83,172)	-	-
Total intangibles	**45,426**	**-**	**-**	**-**
Reconciliation of the Opening and Closing Balances of Intangibles				
Balance at 1 July 2019	**-**		**-**	
Additions	-		-	
Disposals	-		-	
Amortisation	-		-	
Balance at 30 June 2020	**-**		**-**	
Balance at 1 July 2020	**-**		**-**	
Additions	69,478		-	
Disposals	-		-	
Amortisation	(24,052)		-	
Balance at 30 June 2021	**45,426**		**-**	
Note 6C: Other investments				
NECA Legal Pty Ltd	-	-	100	100
ECA Training Pty Ltd	-	-	2	2
Australian Cabler Registration Service Pty Ltd	-	-	2	2
Total other investments	**-**	**-**	**104**	**104**
Note 6D: Deferred tax				
Deferred Tax Assets	333,648	332,090	-	-
Total deferred tax	**333,648**	332,090	**-**	-

Income Tax

Australian Cabler Registration Pty Ltd, NECA Legal Pty Ltd and NECA Trade Services Pty Ltd are the only tax paying entity within the Group. The income tax expense for the consolidated group is calculated as follows:

	Consolidated 2021 $	Consolidated 2020 $	Parent 2021 $	Parent 2020 $
(1) Primafacie Tax on profit/(loss) from ordinary activities before income tax at 30% (2020: 30%)	(1,558)	(2,022)	-	-
Income tax attributable to the entity	**(1,558)**	**(2,022)**	**-**	**-**
(2) The components of tax expense comprise:				
Current tax expense	5,730	17,045	-	-
Deferred tax expense	(7,288)	(19,067)	-	-
Aggregate income tax benefit/(expense)	**(1,558)**	**(2,022)**	**-**	**-**
(3) Deferred Tax Asset balance				
This balance comprises temporary differences attributable to:				
Accruals	4,996	3,146	-	-
Provisions	16,160	19,207	-	-
Differential on depreciation	-	-	-	-
Deferred income	312,492	309,014	-	-
Other liabilities	-	723	-	-
Tax losses	-	-	-	-
Total deferred tax asset balance	**333,648**	**332,090**	**-**	**-**

Notes to the financial statements
For the year ended 30 June 2021

	Consolidated		Parent	
	2021	2020	**2021**	2020
	$	$	**$**	$
Note 7 Current liabilities				
Note 7A: Trade payables				
Trade creditors and accruals	1,955,301	2,508,907	132,885	33,788
Subtotal trade creditors	**1,955,301**	**2,508,907**	**132,885**	**33,788**
Payables to other reporting units				
NECA - New South Wales Branch	162,765	89,857	30,325	6,771
NECA - Victorian Branch	-	19,203	-	1,642
NECA - Queensland Branch	77,990	12,524	28,490	120
NECA - Western Australian Branch	-	-	-	-
NECA - South Australia/Northern Territory Branch	-	-	-	41,678
NECA - Australian Capital Territory Branch	-	-	-	-
NECA - Tasmanian Branch	16,500	-	-	-
Total payables to other reporting units	**257,255**	**121,584**	**58,815**	**50,211**
Total trade payables	**2,212,556**	**2,630,491**	**191,700**	**83,999**
Note 7B: Other payables				
Wages and salaries	367,709	461,640	21,719	12,916
Superannuation	538,181	516,849	6,526	4,087
GST payable	677,410	1,465,694	13,822	993
Income tax payable	(11,986)	890	-	-
Other payables	991,309	1,029,482	-	-
Total other payables	**2,562,623**	**3,474,555**	**42,067**	**17,996**
Total other payables are expected to be settled in:				
No more than 12 months	2,562,623	3,474,555	42,067	17,996
More than 12 months	-	-	-	-
Total other payables	**2,562,623**	**3,474,555**	**42,067**	**17,996**
Note 8 Provisions				
Note 8A: Employee provisions				
Office Holders:				
Annual leave	10,661	46,930	10,661	46,930
Long service leave	-	29,499	-	29,499
Total employee provisions - office holders	**10,661**	**76,429**	**10,661**	**76,429**
Employees other than office holders:				
Annual leave	4,235,172	4,340,018	28,541	32,063
Long service leave	673,206	539,869	15,555	14,408
Other	1,105,889	1,104,604	-	11,499
Total employee provisions - employees other than office holders	**6,014,267**	**5,984,491**	**44,096**	**57,970**
Total employee provisions	**6,024,928**	**6,060,920**	**54,757**	**134,399**
Current	5,745,724	5,839,264	54,414	104,900
Non Current	279,204	221,656	343	29,499
Total employee provisions	**6,024,928**	**6,060,920**	**54,757**	**134,399**

Notes to the financial statements
For the year ended 30 June 2021

	Consolidated		Parent	
	2021	2020	**2021**	2020
	$	$	**$**	$
Note 9 Other liabilities				
Note 9A: Contract liabilities				
Current				
Income in advance	2,782,193	3,655,956	95,864	494,786
Total current contract liabilities	**2,782,193**	**3,655,956**	**95,864**	**494,786**
Non-current				
Income in advance	423,564	451,507	-	-
Total non-current contract liabilities	**423,564**	**451,507**	**-**	**-**
Total contract liabilities	**3,205,757**	**4,107,463**	**95,864**	**494,786**
Note 9B: Borrowings				
Current				
Related party loans	107,458	347,458	-	-
Lease liability	312,438	231,311	-	-
Total current borrowings	**419,896**	**578,769**	**-**	**-**
Non-current				
Related party loans	1,667,029	4,681,661	-	-
Lease liability	206,270	112,968	-	-
Total non-current borrowings	**1,873,299**	**4,794,629**	**-**	**-**
Total borrowings	**2,293,195**	**5,373,398**	**-**	**-**
Note 10 Equity				
Note 10A: Reserves				
Land and Building Asset Revaluation Reserve				
Balance as at start of year	**4,092,176**	**4,194,551**	**-**	**-**
Gain / (loss) on revaluation of land and buildings	-	-	-	-
Transferred out of reserve	-	(102,375)	-	-
Balance as at end of year	**4,092,176**	**4,092,176**	**-**	**-**
Financial Asset Revaluation Reserve				
Balance as at start of year	**67,659**	**140,836**	**-**	**-**
Gain / (loss) on revaluation of financial assets	401,163	(73,177)	-	-
Transferred out of reserve	-	-	-	-
Balance as at end of year	**468,822**	**67,659**	**-**	**-**
Total Reserves	**4,560,998**	**4,159,835**	**-**	**-**

Notes to the financial statements
For the year ended 30 June 2021

	Consolidated		Parent	
	2021	2020	**2021**	2020
	$	$	**$**	$
Note 11 Cash Flow				
Note 11A: Cash Flow Reconciliation				
Reconciliation of cash and cash equivalents as per balance sheet to cash flow statement:				
Cash and cash equivalents as per:				
Cash flow statement	13,865,501	14,514,927	1,120,533	1,672,010
Balance sheet	13,865,501	14,514,927	1,120,533	1,672,010
Difference	**-**	**-**	**-**	**-**
Reconciliation of profit to net cash from operating activities:				
Profit for the year	9,919,848	4,813,603	3,309	120,023
Adjustments for non-cash items				
Depreciation/amortisation	1,836,856	1,504,111	8,065	9,429
Net (gain)/loss on disposal of financial instruments	7,587	3,503	-	-
Net (gain)/loss on revaluation of financial instruments	(108,629)	68,616	-	-
Net (gain)/loss on disposal of non-current assets	(18,075)	(25,275)	-	-
Accrued interest expense on loans	8,629	68,876	-	-
Accrued interest expense on deposit	-	(4,700)	-	-
Changes in assets/liabilities				
(Increase)/decrease in net receivables	941,195	(345,801)	(135,739)	285,468
(Increase)/decrease in prepayments	(427,322)	1,938,811	(72,247)	148,412
(Increase)/decrease in Inventory	(51,877)	(323,334)	-	-
(Increase)/decrease in deferred tax assets	(1,558)	(19,066)	-	-
Increase/(decrease) in trade payables	(417,935)	397,742	107,701	(22,838)
Increase/(decrease) in other payables	(911,932)	(670,229)	24,071	105,951
Increase/(decrease) in employee provisions	(35,992)	1,063,318	(79,642)	29,967
Increase/(decrease) in contract liabilities	(901,706)	736,659	(398,922)	(281,352)
Net cash from (used by) operating activities	**9,839,089**	**9,206,834**	**(543,404)**	**395,060**
Note 11B: Cash flow information				
Cash inflows				
NECA - New South Wales Branch	1,201,104	1,485,438	537,221	633,489
NECA - Victorian Branch	430,594	499,225	383,577	437,115
NECA - Queensland Branch	92,754	149,868	45,231	111,714
NECA - Western Australian Branch	232,133	249,204	232,133	249,204
NECA - South Australia/Northern Territory Branch	113,829	133,670	113,829	132,845
NECA - Australian Capital Territory Branch	42,821	73,302	38,962	55,551
NECA - Tasmanian Branch	39,164	26,076	15,716	26,076
Total cash inflows	**2,152,399**	**2,616,783**	**1,366,669**	**1,645,994**
Cash outflows				
NECA - New South Wales Branch	742,651	1,576,781	257,674	231,249
NECA - Victorian Branch	504,149	248,215	20,350	317
NECA - Queensland Branch	71,895	462,704	2,640	86,010
NECA - Western Australian Branch	8,800	19,795	8,800	17,695
NECA - South Australia/Northern Territory Branch	5,260	42,198	5,260	42,198
NECA - Australian Capital Territory Branch	-	1,953	-	-
NECA - Tasmanian Branch	-	1,320	-	-
Total cash outflows	**1,332,755**	**2,352,966**	**294,724**	**377,469**

Notes to the financial statements
For the year ended 30 June 2021

	Consolidated		Parent	
	2021	2020	**2021**	2020
	$	$	**$**	$
Note 11 Cash Flow (continued)				
Note 11B: Cash flow information (continued)				
Cash inflows from financing				
Related parties				
NECA - New South Wales Branch	715,000	3,263,947	-	-
Total cash inflows	**715,000**	**3,263,947**	**-**	**-**
Cash outflows from financing				
Related parties				
NECA - New South Wales Branch	3,978,261	400,000	-	-
Total cash outflows	**3,978,261**	**400,000**	**-**	**-**

Note 12 Contingent Liabilities, Assets and Commitments
Note 12A: Commitments and Contingencies
There are no other material commitments and or contingencies to report at balance date.

Note 13 Related Party Disclosures
Note 13A: Related Party Transactions for the Reporting Period
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Remuneration of Committee members during the year was Nil (2020: $nil).

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

	Consolidated 2021	Consolidated 2020	Parent 2021	Parent 2020
Revenue received from other reporting units includes:				
Capitation Fees				
Refer to Note 3A	1,097,044	1,071,731	1,097,044	1,071,731
Other Revenue/Other Income				
NECA - New South Wales Branch	776,828	811,612	64,116	40,077
NECA - Victorian Branch	319,321	129,157	32,178	71,993
NECA - Queensland Branch	80,987	93,558	21,137	63,859
NECA - Western Australian Branch	31,562	45,071	31,562	45,071
NECA - South Australia/Northern Territory Branch	4,903	18,918	4,903	18,168
NECA - Australian Capital Territory Branch	39,805	21,147	5,889	20,672
NECA - Tasmanian Branch	25,099	13,037	3,630	13,037
Total Other Income	**1,278,505**	**1,132,500**	**163,415**	**272,877**
Total Revenue received from Other Reporting Units	**2,375,549**	**2,204,231**	**1,260,459**	**1,344,608**

Notes to the financial statements
For the year ended 30 June 2021

	Consolidated		Parent	
	2021	2020	**2021**	2020
	$	$	**$**	$
Note 13 Related Party Disclosures (continued)				
Note 13A: Related Party Transactions for the Reporting Period (continued)				
Expenses paid to the following related parties includes:				
NECA - New South Wales Branch	1,586,448	1,392,745	260,807	206,367
NECA - Victorian Branch	628,848	320,889	18,500	-
NECA - Queensland Branch	202,842	260,477	28,300	78,191
NECA - Western Australian Branch	-	15,498	-	15,498
NECA - South Australia/Northern Territory Branch	4,872	753	4,872	-
NECA - Australian Capital Territory Branch	-	314	-	314
NECA - Tasmanian Branch	15,600	1,200	-	-
Total Expenses paid to Related Parties	**2,438,610**	**1,991,876**	**312,479**	**300,370**
Amounts owed by related parties:				
Refer to Note 5B for amounts owed by related parties	115,189	82,394	52,563	33,219
Amounts owed to related parties:				
Refer to Note 7A for amounts owed to related parties	257,255	121,584	58,815	50,211

Loans from NECA NSW includes the following:	**2021**	2020	**2019**	2018
NECA Legal Pty Ltd	107,458	347,458	497,458	507,458
NECA Training Ltd	386,110	631,795	562,919	343,613
NECA Trade Services Pty Ltd	-	955,919	1,035,919	876,659
ECA Training Pty Ltd	-	3,093,947	-	-
Total related party loans	**493,568**	**5,029,119**	**2,096,296**	**1,727,730**
Current	493,568	1,935,172	2,096,296	1,727,730
Non Current	1,030,919	3,093,947	-	-
Total related party loans	**1,524,487**	**5,029,119**	**2,096,296**	**1,727,730**

Assets transferred from/to related parties includes the following:
There were no assets transferred from/to related parties during the financial year (2020: $nil).

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. For the year ended 30 June 2021, the Group has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (2020: $nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

The Group did not make a payment to a former related party of the Group.

Notes to the financial statements
For the year ended 30 June 2021

	Consolidated		Parent	
	2021	2020	**2021**	2020
	$	$	**$**	$
Note 13 Related Party Disclosures (continued)				
Note 13B: Key Management Personnel Remuneration for the Reporting Period				
Short-term employee benefits				
Salary (including annual leave taken)	1,211,408	1,129,847	304,677	237,970
Annual leave accrued	83,531	82,389	13,783	13,783
Directors Remuneration	165,000	165,000	-	-
Total short-term employee benefits	**1,459,939**	**1,377,236**	**318,460**	**251,753**
Post-employment benefits:				
Superannuation	191,716	253,938	19,853	22,607
Total post-employment benefits	**191,716**	**253,938**	**19,853**	**22,607**
Other long-term benefits:				
Long-service leave	20,189	19,532	5,078	4,668
Total other long-term benefits	**20,189**	**19,532**	**5,078**	**4,668**
Total	**1,671,844**	**1,650,706**	**343,391**	**279,028**

Note 13C: Transactions with key management personnel and their close family members

Committee members, directors and their related entities are able to use the services provided by the Group. Such services are made available on terms and conditions no more favourable than those available to other members.

Notes to the financial statements
For the year ended 30 June 2021

	Consolidated		Parent	
	2021	2020	**2021**	2020
	$	$	**$**	$
Note 14 Remuneration of Auditors				
Value of the services provided				
Crowe Australasia				
Financial statement audit services	49,500	59,115	15,000	16,382
Other services	23,700	19,500	4,200	4,200
Stannards Accountants				
Financial statement audit services	4,116	-	-	-
Other services	-	-	-	-
McLean Delmo Bentleys				
Financial statement audit services	23,295	23,000	-	-
Other services	1,100	1,100	-	-
Total remuneration of auditors	**101,711**	**102,715**	**19,200**	**20,582**

The auditor of the Group is Crowe Audit Australia. The fees are stated net of GST. Unless otherwise stated Crowe Audit Australia is the auditor.

Other services provided by the auditors related to tax compliance and consulting services in relation to consolidation of accounts.

Component auditors of subsidiaries:
Stannards Accountants completed the audit of Constructive Legal Solutions.

McLean Delmo Bentleys completed the audit of NECA Education and Careers Limited (2020: McLean Delmo Bentleys)

Note 15 Financial Instruments

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

The Group financial instruments consist mainly of deposits with banks, local money market instruments, short term investments, accounts receivable and payable, bank loans and overdrafts, loans to and from subsidiaries.

The totals for each category of financial instruments, measured in accordance with AASB 9, as detailed in the accounting policies to these financial statements, are as follows:

		Consolidated 2021	Consolidated 2020	Parent 2021	Parent 2020
Note 15A: Categories of Financial Instruments					
Financial Assets at amortised cost					
Cash and cash equivalents	5A	13,865,501	14,514,927	1,120,533	1,672,010
Trade and other receivables	5B	9,935,568	10,876,763	196,805	61,066
Term deposits		725,659	724,615	-	-
Total financial assets at amortised cost		**24,526,728**	**26,116,305**	**1,317,338**	**1,733,076**

Notes to the financial statements
For the year ended 30 June 2021

	Note	Consolidated 2021 $	Consolidated 2020 $	Parent 2021 $	Parent 2020 $
Note 15 Financial Instruments (continued)					
Note 15A: Categories of Financial - Instruments (continued)					
Fair value through profit or loss					
Managed investment schemes		1,116,764	960,088	-	-
Fair value through other comprehensive income					
Managed investment schemes		8,871,663	4,810,897	-	-
Financial liabilities at amortised cost					
Trade payables	7A	2,212,556	2,630,491	191,700	83,999
Other payables	7B	2,562,623	3,474,555	42,067	17,996
Contract liabilities	9A	3,205,757	4,107,463	95,864	494,786
Borrowings	9B	2,293,195	5,373,398	-	-
Total financial liabilities at amortised cost		**10,274,131**	**15,585,907**	**329,631**	**596,781**

The Committee of Management has overall responsibility for the establishment of the Group's financial risk management framework. This includes the development of policies covering specific areas such as, interest rate risk and credit risk.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The day to day risk management is carried out at an individual chapter/subsidiary level under policies and objectives which have been approved by the Committee of Management. Each Chief Financial Officer has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate and foreign exchange rate risk and assessment of market forecasts for interest rate movements. The Committee of Management receives monthly reports which provide details of the effectiveness of the processes and policies in place.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

	Consolidated 2021 $	Consolidated 2020 $	Parent 2021 $	Parent 2020 $
Note 15B: Net income and expense from financial assets				
Fair value through profit or loss				
Distributions / dividends	57,266	51,510	-	-
Net (loss) / gain on disposal of financial instruments	(7,587)	(3,503)	-	-
Net (loss) / gain on revaluation of financial instruments	108,629	(68,616)	-	-
Fair value through other comprehensive income				
Distributions/dividends	169,562	200,793		
Net (loss) / gain on revaluation of financial instruments	401,163	(73,177)	-	-
Amortised cost				
Interest revenue	32,944	67,040	367	1,476
Total net income and expense from financial assets	**761,977**	**174,047**	**367**	**1,476**

Notes to the financial statements
For the year ended 30 June 2021

		Consolidated		Parent	
		2021	2020	**2021**	2020
		$	$	**$**	$
Note 15 Financial Instruments (continued)					
Note 15C: Net income and expense from financial liabilities					
At amortised cost					
Interest expense		122,036	251,636	-	-
Total net income and expense from financial liabilities		**122,036**	**251,636**	**-**	**-**

Note 15D: 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 Group's receivables.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the Statement of Financial Position.

The Group has no significant concentration of credit risk with any single counterparty or Branch of counterparties. Details with respect to credit risk of Trade and Other Receivables are provided in Note 5B.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at Note 5B.

The following table illustrates the entity's gross exposure to credit risk, excluding any collateral or credit enhancements.

Financial assets					
Trade receivables	5B	9,935,568	10,876,763	196,805	61,066
Total financial assets		**9,935,568**	**10,876,763**	**196,805**	**61,066**
Financial liabilities					
Trade payables	7A	2,212,556	2,630,491	191,700	83,999
Other payables	7B	2,562,623	3,474,555	42,067	17,996
Borrowings	9B	2,293,195	5,373,398	-	-
Total financial liabilities		**7,068,374**	**11,478,444**	**233,767**	**101,995**

Notes to the financial statements
For the year ended 30 June 2021

Note 15 Financial Instruments (continued)
Note 15D: Credit risk

30 June 2021	Trade and other receivables					
	Days past due					
	On Demand	<30 days	30-60 days	61-90 days	>91 days	Total
Consolidated		$	$	$	$	$
Expected credit loss rate	0%	16.03%	4.27%	34.50%	62.51%	
Estimate total gross carrying amount at default	-	4,916,907	2,569,368	152,942	1,079,727	**8,718,944**
Expected credit loss	-	788,061	109,806	52,771	674,959	**1,625,597**

30 June 2020	Trade and other receivables					
	Days past due					
	On Demand	<30 days	30-60 days	61-90 days	>91 days	Total
Consolidated		$	$	$	$	$
Expected credit loss rate	0%	12.43%	16.63%	40.64%	78.0%	
Estimate total gross carrying amount at default	-	5,623,508	649,783	342,582	694,596	**7,310,469**
Expected credit loss	-	699,233	108,080	139,222	541,458	**1,487,993**

30 June 2021	Trade and other receivables					
	Days past due					
	On Demand	<30 days	30-60 days	61-90 days	>91 days	Total
Parent		$	$	$	$	$
Expected credit loss rate	0%	0.7%	4.3%	0.0%	5.3%	
Estimate total gross carrying amount at default	-	27,360	27,492	35,342	59,696	**149,890**
Expected credit loss	-	180	1,169	-	3,148	**4,497**

30 June 2020	Trade and other receivables					
	Days past due					
	On Demand	<30 days	30-60 days	61-90 days	>91 days	Total
Parent		$	$	$	$	$
Expected credit loss rate	0%	0.6%	0.0%	1.5%	7.4%	
Estimate total gross carrying amount at default	-	11,103	-	26,747	14,891	**52,741**
Expected credit loss	-	63	-	411	1,108	**1,582**

The Group's maximum exposure to credit risk for the components of the statement of financial position at 30 June 2021 and 2020 is the carrying amounts as illustrated in Note 15D.

Note 15E: Liquidity risk

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

• 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

Notes to the financial statements
For the year ended 30 June 2021

Note 15 Financial Instruments (continued)
Note 15D: Liquidity risk (continued)

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

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.
The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

Contractual maturities for financial liabilities 2021

Consolidated	On Demand	< 1 year $	1– 2 years $	2– 5 years $	>5 years $	Total $
Trade payables	-	2,212,556	-	-	-	**2,212,556**
Other payables		2,562,623	-	-	-	**2,562,623**
Borrowings	-	419,896	206,270	1,667,029	-	**2,293,195**
Total	**-**	**5,195,075**	**206,270**	**1,667,029**	**-**	**7,068,374**

Contractual maturities for financial liabilities 2020

Consolidated	On Demand	< 1 year $	1– 2 years $	2– 5 years $	>5 years $	Total $
Trade payables	-	2,630,491	-	-	-	**2,630,491**
Other payables	-	3,474,555	-	-	-	**3,474,555**
Borrowings	-	578,769	112,968	4,681,661	-	**5,373,398**
Total	**-**	**6,683,815**	**112,968**	**4,681,661**	**-**	**11,478,444**

Contractual maturities for financial liabilities 2021

Parent	On Demand	< 1 year $	1– 2 years $	2– 5 years $	>5 years $	Total $
Trade payables	-	191,700	-	-	-	**191,700**
Other payables	-	42,067	-	-	-	**42,067**
Total	**-**	**233,767**	**-**	**-**	**-**	**233,767**

Contractual maturities for financial liabilities 2020

Parent	On Demand	< 1 year $	1– 2 years $	2– 5 years $	>5 years $	Total $
Trade payables	-	83,999	-	-	-	**83,999**
Other payables	-	17,996	-	-	-	**17,996**
Total	**-**	**101,995**	**-**	**-**	**-**	**101,995**

Note 15F: Market risk

Market risk is the risk that the fair value or future cash flows of the financial instruments held within the Group 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 Group is only exposed to interest rate risk and other price risk as detailed below.

Interest rate risk

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 Group is affected by interest rate risk due to its directly held cash balances. The Group does not have any floating rate debt instruments for both 2021 and 2020. The exposure to interest rate risk has a direct impact on the Statement of Comprehensive Income and Statement of Financial Position of the Group.

Notes to the financial statements
For the year ended 30 June 2021

Note 15 Financial Instruments (continued)
Note 15F: Market risk (continued)

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 Group's investment accounts 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 (i): 'Other Price Risk'.

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. The only component of the financial instruments directly impacted by interest rates volatility for the purposes of quantifying the interest rate sensitivities are the cash holdings either within the individual portfolios or the master custodian accounts for the investment portfolio.

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

Sensitivity analysis of the risk that the entity is exposed to for 2021

Consolidated	**Change in risk variable %**	**Effect on Profit $**	**Effect on Equity $**
Interest rate risk	2	277,310	277,310
Interest rate risk	(2)	(277,310)	(277,310)

Sensitivity analysis of the risk that the entity is exposed to for 2020

Consolidated	Change in risk variable %	Effect on Profit $	Effect on Equity $
Interest rate risk	2	290,299	290,299
Interest rate risk	(2)	(290,299)	(290,299)

Sensitivity analysis of the risk that the entity is exposed to for 2021

Parent	**Change in risk variable %**	**Effect on Profit $**	**Effect on Equity $**
Interest rate risk	2	22,411	22,411
Interest rate risk	(2)	(22,411)	(22,411)

Sensitivity analysis of the risk that the entity is exposed to for 2020

Parent	Change in risk variable %	Effect on Profit $	Effect on Equity $
Interest rate risk	2	33,440	33,440
Interest rate risk	(2)	(33,440)	(33,440)

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For the year ended 30 June 2021

Note 15 Financial Instruments (continued)
Note 15F: Market risk (continued)
i. Other Price risk
A large proportion of the financial instrument investments held by the Group are exposed to other price risk as a result of the Group's exposure to equity securities (those indirectly held investments at available for sale via Macquarie's 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 Macquarie's strategic asset 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 returns in real terms. To manage the price risk, the investment portfolio is diversified in accordance with asset class limits (in accordance with Macquarie's strategic asset allocation policy).

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

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

Note 16: Fair Value of Financial Instruments
Management of the Group assessed that cash, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of financial assets and liabilities is included at the amount which the instrument could be exchanged in a current transaction between willing parties. The following methods and assumptions were used to estimate the fair values:

- Fair values of the Group’s interest-bearing borrowings and loans are determined by using a discounted cash flow method. The discount rate used reflects the issuer’s borrowing rate as at the end of the reporting period. The own performance risk as at 30 June 2021 was assessed to be insignificant.
- Fair value of financial assets is derived from quoted market prices in active markets.
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Group based on parameters such as interest rates and individual credit worthiness of the customer. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 30 June 2021 the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

Notes to the financial statements
For the year ended 30 June 2021

Note 16: Fair Value of Financial Instruments (continued)

The following table contains the carrying amounts and related fair values for the Group's financial assets and liabilities:

Consolidated		**Carrying amount 2021**	**Fair value 2021**	Carrying amount 2020	Fair value 2020
Financial assets	Note	**$**	**$**	$	$
Cash and cash equivalents	5A	13,865,501	13,865,501	14,514,927	14,514,927
Trade and other receivables	5B	9,935,568	9,935,568	10,876,763	10,876,763
Other current assets	5C	10,714,086	10,714,086	6,495,600	6,495,600
Total financial assets		**34,515,155**	**34,515,155**	**31,887,290**	**31,887,290**
Financial liabilities					
Trade payables	7A	2,212,556	2,212,556	2,630,491	2,630,491
Other payables	7B	2,562,623	2,562,623	3,474,555	3,474,555
Borrowings	9B	2,293,195	2,293,195	5,373,398	5,373,398
Total financial liabilities		**7,068,374**	**7,068,374**	**11,478,444**	**11,478,444**

Parent		**Carrying amount 2021**	**Fair value 2021**	Carrying amount 2020	Fair value 2020
		$	**$**	$	$
Financial assets					
Cash and cash equivalents	5A	**1,120,533**	**1,120,533**	1,672,010	1,672,010
Trade and other receivables	5B	**196,805**	**196,805**	61,066	61,066
Total financial assets		**1,317,338**	**1,317,338**	**1,733,076**	**1,733,076**
Financial liabilities					
Trade and other payables	7A	191,700	191,700	83,999	83,999
Other payables	7B	42,067	42,067	17,996	17,996
Total financial liabilities		**233,767**	**233,767**	**101,995**	**101,995**

Note 16B: Financial and non-financial assets and liabilities 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.

The different levels are defined below:
Level 1: Fair value obtained from unadjusted quoted prices in active markets for identical instruments.
Level 2: Fair value derived from inputs other than quoted prices included within Level 1 that are observable for the instrument, either directly or indirectly.
Level 3: Fair value derived from inputs that are not based on observable market data.

Fair value hierarchy – 30 June 2021

	Date of valuation	**Level 1**	**Level 2**	**Level 3**
Assets measured at fair value		**$**	**$**	**$**
Other current assets	30 June 2020	10,714,086	-	-
Land and Building	30 June 2019	-	22,207,916	-
Total assets measured at fair value		**10,714,086**	**22,207,916**	**-**

Fair value hierarchy – 30 June 2020

	Date of valuation	**Level 1**	**Level 2**	**Level 3**
Assets measured at fair value		**$**	**$**	**$**
Other current assets	30 June 2019	6,495,600	-	-
Land and Building	30 June 2019	-	22,525,814	-
Total assets measured at fair value		**6,495,600**	**22,525,814**	**-**

Notes to the financial statements
For the year ended 30 June 2021

Note 17 Investments in Subsidiaries and Associates

Interests are held in the following entities:

Name	Country of Incorporation	Ownership Interest*	
		2021	2020
Subsidiaries:		**%**	%
Australian Cabler Registration Service Pty Ltd (a)	Australia	100	100
NECA Education and Careers Limited (b)	Australia	100	100
ECA Training Pty Ltd (a)	Australia	100	100
NECA Training Ltd	Australia	100	100
NECA Legal Pty Ltd (a)	Australia	100	100
NECA Trade Services Pty Ltd (c)	Australia	100	100
NECA Foundation Limited (e)	Australia	100	100
Constructive Legal Solutions Pty Ltd (a),(j)	Australia	100	-
Entities 50% owned but not consolidated:			
Elecnet (Australia) Pty Ltd (d)	Australia	50	50
Ness Super Pty Ltd (f)	Australia	50	50
Future Energy Skills Pty Ltd (g)	Australia	50	50
Entities owned greater than 20% but not equity accounted for:			
Protect Services Pty Ltd (h)	Australia	25	25
Mert Pty. Limited (i)	Australia	20	20

(a) Entities has been consolidated as National Electrical and Communications Association National Office is the sole shareholder and has majority at the board, and therefore the Group controls these entities.

(b) NECA Education and Careers Ltd is a Group controlled entity for the purposes of the parent entity separate and consolidated group financial reports. The Group is the sole member of NECA Education and Careers Ltd and has the power to govern its financial and reporting policies. The constitution for NECA Education and Careers Ltd specifically prohibits any member from sharing in either the net income or net assets of the organisation even on wind up. This is standard wording designed to ensure that NECA Education and Careers Ltd is entitled to enjoy income tax exemption status. Consequently, unless the constitution of NECA Education and Careers Ltd is changed and the company's tax status rescinded, at no time now or in the future will the Group be entitled to share in the financial performance of NECA Education and Careers Ltd in the usual parent / subsidiary relationship.

(c) NECA Trade Services Pty Ltd has been consolidated as National Electrical and Communications Association New South Wales Branch is the sole shareholder and has majority at the board, and therefore controls NECA Trade Services Pty Ltd.

(d) ElecNet (Aust) Pty Ltd is the trustee of the Electrical Industry Severance Scheme ("the scheme"), it is the company incorporated in Australia. National Electrical and Communications Association Victorian Branch ("NECA Victoria") owns 50% (2019: 50%) of the scheme, and have entitlement to 25% of the income and capital of the Electrical Division of the scheme. The scheme has been set up for the benefit of its members and not the Group. 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 the Group 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 had in place a facility agreement with Elecnet that expired post 2020, to the extent of a capped portion of the distributions. The Group does not have the majority 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 $nil (2020: $1,321,816) from the scheme and directors fees of $164,664 (2020: $149,993).

Notes to the financial statements
For the year ended 30 June 2021

Note 17 Investments in Subsidiaries and Associates (continued)
(e) NECA Foundation Limited is a trustee company of NECA Foundation. NECA Foundation was established to fundraise, invest and allocate monies for education and research that benefits and advances the interests of the community including the electrotechnology industry.

(f) NESS Super Pty Ltd is the trustee of NESS Super (“the fund”), it is the company incorporated in Australia. The National Electrical and Communications Association New South Wales Branch (“NECA New South Wales”)/ The Electrical Contractors Association (“ECA NSW") owns 50% (2020: 50%) of the trustee company NESS Super Pty Ltd, and have no entitlements of the income and capital of the fund. The fund has been set up by electrical industry representatives to service the electrotechnology industry, contractors and employees. The purpose of the fund is for employer groups to contribute to it, and hold monies for its member's superannuation fund. No monies are distributed to the Group in respect of those contributions.

(g) Future Energy Skills Pty Ltd ("Future") is a company limited by guarantee and registered with the Australian Charities and Not For Profit Commission ("ACNC"). Future is governed by a board of directors from industry peak bodies, the National Electrical and Communications Association ("NECA") and the Electrical Trades Union of Victoria ("ETU") as members. Current NECA Victoria directors who are part of the board include Phillip John Green and Robert Peyerl. The directors are ultimately responsible for managing the business of Future on behalf of the members. The board of directors (from NECA and ETU) is comprised of: up to two directors appointed by the ETU; up to two directors appointed by NECA; and up to two independent directors. During the year, no transactions have occurred between NECA Victoria and Future.

(h) Protect Services Pty Ltd is a company incorporated in Australia, NECA Victoria owns 25% (2020: 25%) of that company which is a 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 majority 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.

(i) MERT Pty Ltd is the trustee of the Mechanical and Electrical Redundancy Trust (“the scheme”), it is the company incorporated in Australia. The National Electrical and Communications Association New South Wales Branch (“NECA New South Wales”) / The Electrical Contractors Association (“ECA NSW") owns 20% (2020: 20%) of the scheme, and has no entitlement of the income and capital of the scheme. The scheme has been set up to safeguard the redundancy benefits of electrical and mechanical workers within the electrical and construction industry. 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 the Group in respect of those contributions. The Group does not have the majority voting rights on the board, nor does it have significant influence by virtue of the board structure, hence the scheme has not been consolidated, nor equity accounted. During the year, NECA New South Wales received distributions of $202,084 (2020 :$30,000) from the scheme.

(j) Constructive legal solutions was incorporated on the 19th of October 2020, the Victorian Branch provided initial share capital of $10 and maintains control of Constructive legal solutions.

(k) Victorian Electrotechnology Industry Development Trust (VEID Trust) is a special vehicle trust with the purpose to contribute to the development and enrichment of the Electrotechnology Industry in Victoria. The entity is separate to NECA with no ownership relationship, however, has some shared directors who also sit on NECA Victoria Council. During the year, NECA Victoria was named as a beneficiary to the VEID Trust and is entitled to a $50,000 (2020: nil) distribution from the trust which is still outstanding as at 30 June 2021. NECA Victoria also provided an extraordinary grant of $1,500,000 (2020: $10,000,000) to the VEID Trust to contribute to the development and enrichment of the Electrotechnology Industry in Victoria, as at year end this amount has not been paid.

Notes to the Financial Statements
For the year ended 30 June 2021

Note 18 Association Details

The principal place of business of the association is:

National Electrical and Communications Association National Office
122 Hume Highway
Chullora NSW 2190

Note 19 Section 272 Fair Work (Registered Organisations) Act 2009

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of subsections (1) to (3) of section 272, which reads as follows:

Information to be provided to members or Commissioner:

1) A member of the Group, or the Commissioner, may apply to the reporting unit for specified prescribed information in relation to the Group 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 Group.
3) The Group must comply with an application made under subsection (1).

Note 20 New Australian Accounting Standards

Impact on adoption of *AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material*

The amendments provide a new definition of material that states, “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Group.

Officer declaration statement

I, Oliver Judd, being the CEO and Secretary of the National Electrical and Communications Association National Office declare that the following activities did not occur during the reporting period ending 30 June 2021.

The Group did not:
- agree to receive financial support from another reporting unit to continue as a going concern
- receive periodic or membership subscriptions
- 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 capitation fees to another reporting unit
- pay compulsory levies
- pay a grant that exceeded $1,000
- pay a donation that exceeded $1,000
- pay other employee expenses to holders of office
- pay separation and redundancy to employees (other than holders of office)
- pay to a person fees or allowances to attend conferences or meetings as a representative of the reporting unit
- pay legal costs relating to litigation
- pay a penalty imposed under the RO Act or the Fair Work Act 2009
- have a long service leave provision in respect of holders of office
- 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 payable in respect of legal costs relating to other legal matters
- have a separation and redundancy provision in respect of holders of office
- have a separation and redundancy provision in respect of employees (other than holders of office)
- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity
- have a balance within the general fund
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit

Signature of prescribed designated officer

Name of prescribed designated officer OLIVER JUDD
Title of prescribed designated officer CEO AND SECRETARY

Dated: 28th October 2021