National Electrical and Communications Association New South Wales Branch

ABN 27 056 174 413

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 Audit Report to the Members of National Electrical and Communications Association New South Wales Branch

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of National Electrical and Communications Association New South Wales Branch (the reporting unit), which comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended 30 June 2021, and 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 New South Wales Branch 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 ability of 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 directors 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 objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this 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 directors’ 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 the audit.

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

Crowe Audit Australia

Crowe Audit Australia

Suwarti Asmono
Partner

3 November 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 New South Wales Branch for the year ended 30 June 2021.

	2021	2020
Categories of expenditure	**$**	$
Remuneration and other employment-related costs and expenses – employees	2,058,342	2,010,023
Advertising	39,337	193,813
Operating costs	2,591,099	2,244,808
Donations to political parties	-	-
Legal costs	35,113	3,030

Signature of prescribed designated officer

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

Dated: 3 November 2021

Operating Report
For the year ended 30 June 2021

The Committee of Management presents its report on the National Electrical and Communications Association New South Wales Branch ("**the Branch**") for the financial year ended 30th 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 the Branch during the financial year were to represent the interests of its members in the electro technology industry. The main activities were providing industrial relations advice, Work, Health and Safety advice and technical advice.

Non-Financial Results

The Branch's policy function advocates on behalf of the Branch's members to government, the media and other relevant opinion makers to try to create and maintain a conducive business and regulatory environment for its members. This is principally accomplished through submissions to government inquiries, media releases and directly liaising with politicians, regulators and public servants.

The Branch also disseminates information to members regarding political and regulatory developments, in order to assist them in complying with regulations and to take advantage of and mitigate risks relating to issues affecting their businesses

Significant changes in financial affairs

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

Significant events

No significant events occurred relating to the Branch during the year.

After balance date events

As a result of the evolving nature of the COVID-19 outbreak and the rapidly evolving government policies of restrictive measures put in place to contain it, as at the date of these financial statements, the Branch 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 Branch. 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 Branch, the results of those operations, or the state of affairs of the Branch in subsequent financial periods.

Right of members to resign

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

Number of members

The Branch had 2,009 (2020: 1,794) members at financial year end.

Number of employees

The Branch had 14.6 full time equivalent (2020: 16.6 FTE) employees at financial year end.

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

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 WIllaims	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

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

Name	Position	Period
Stephen Kerfoot	President	1 July 2020 - 30 June 2021
David Orr	Vice President	1 July 2020 - 30 June 2021
Chris Madson	Treasurer	1 July 2020 - 30 June 2021
Bruce Duff	Committee Member	1 July 2020 - 30 June 2021
Jeffrey Brown	Committee Member	1 July 2020 - 30 June 2021
Sam Turnbull	Committee Member	1 July 2020 - 30 June 2021
Lea Hicks	Committee Member	1 July 2020 - 30 June 2021
Anthony Cambridge	Committee Member	20 May 2021 - 30 June 2021 (appointed 20 May 2021)
Oliver Judd	Secretary	1 July 2020 - 30 June 2021

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 SECRETARY

Dated: 3 November 2021

Committee of Management Statement
For the year ended 30 June 2021

On 3 November 2021 the Committee of Management of the National Electrical and Communications Association New South Wales Branch ("**the Branch**") 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 the Branch for the financial year to which they relate;

d) there are reasonable grounds to believe that the Branch 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 the Branch have been managed in accordance with the rules of the organisation including the rules of a Branch concerned; and

iii. the financial records of the Branch have been kept and maintained in accordance with the RO Act; and

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

v. where information has been sought in any request by a member of the Branch 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 SECRETARY

Dated: 3 November 2021

Statement of Comprehensive Income
For the year ended 30 June 2021

	Note	2021 $	2020 $
Revenue from contracts with customers			
Membership subscription		2,147,857	2,004,762
Other revenue from another reporting unit	3A	1,718,659	1,262,536
Membership services		453,484	419,499
Product sales		422	-
Total revenue from contracts with customers		**4,320,422**	**3,686,797**
Income for furthering objectives			
Grants and/or donations	3B	202,084	91,203
Total income for furthering objectives		**202,084**	**91,203**
Other income			
Net gains from sale of assets	3C	18,381	149,410
Investment income	3D	1,039,549	79,229
Other income	3E	323,372	592,186
Total other income		**1,381,302**	**820,825**
Total revenue and other income		**5,903,808**	**4,598,825**
Expenses			
Employee expenses	4A	(2,058,342)	(2,010,023)
Cost of goods sold - membership services		(157,052)	(299,715)
Capitation fees and other expense to another reporting unit	4B	(1,302,199)	(947,216)
Affiliation fees	4C	(23,007)	(34,565)
Administration expenses	4D	(677,591)	(860,344)
Depreciation and amortisation	4E	(209,203)	(192,573)
Finance costs	4F	(1,561)	(4,853)
Legal costs	4G	(35,113)	(3,030)
Audit fees	13	(15,000)	(14,200)
Other expenses	4H	(244,823)	(85,155)
Total expenses		**(4,723,891)**	**(4,451,674)**
Profit for the year		**1,179,917**	**147,151**
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss		-	-
Total other comprehensive income		**-**	**-**
Total comprehensive income for the year		**1,179,917**	**147,151**

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

Statement of Financial Position
As At 30 June 2021

	Note	2021 $	2020 $
ASSETS			
Current assets			
Cash and cash equivalents	5A	1,562,098	713,620
Trade and other receivables	5B	1,105,905	927,044
Prepayments	5C	251,178	84,304
Other financial assets	5D	9,904,758	5,824,492
Inventory		395	-
Total current assets		**12,824,334**	**7,549,460**
Non-current assets			
Other financial assets	5D	604,775	769,775
Property, plant and equipment	6A	1,208,318	1,146,716
Intangible assets	6B	157,163	229,911
Other financial assets	6C	-	3,093,947
Investments in associates	6D	7	7
Total non-current assets		**1,970,263**	**5,240,356**
Total assets		**14,794,597**	**12,789,816**
LIABILITIES			
Current liabilities			
Trade payables	7A	1,184,384	641,147
Other payables	7B	33,088	96,387
Contract liabilities	7C	419,966	243,958
Lease liabilities	8A	63,340	63,098
Employee provisions	8B	207,955	276,061
Other provisions	8C	3,602,760	3,400,676
Total current liabilities		**5,511,493**	**4,721,327**
Non-current liabilities			
Employee provisions	8B	17,998	43,846
Lease liabilities	8A	60,546	-
Total non-current liabilities		**78,544**	**43,846**
Total liabilities		**5,590,037**	**4,765,173**
Net assets		**9,204,560**	**8,024,643**
EQUITY			
Asset revaluation reserve	9A	**414,770**	414,770
Retained earnings		**8,789,790**	7,609,873
Total equity		**9,204,560**	**8,024,643**

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

	Note	Asset revaluation reserve $	Retained earnings $	Total equity $
Balance at 1 July 2019		**2,953,040**	**4,924,452**	**7,877,492**
Profit for the year		-	147,151	**147,151**
Other comprehensive income for the year		-	-	**-**
Transfer to / (from) reserves	9A	(2,538,270)	2,538,270	**-**
Closing balance as at 30 June 2020		**414,770**	**7,609,873**	**8,024,643**
Balance at 1 July 2020		**414,770**	**7,609,873**	**8,024,643**
Profit for the year		-	1,179,917	**1,179,917**
Other comprehensive income for the year			-	**-**
Transfer to / (from) reserves	9A	-	-	**-**
Closing balance as at 30 June 2021		**414,770**	**8,789,790**	**9,204,560**

Statement of Cash Flows
For the year ended 30 June 2021

	Note	2021 $	2020 $
OPERATING ACTIVITIES			
Cash received			
Receipts from customers		2,936,986	2,507,331
Donations and grants		222,292	97,323
Receipts from other reporting units	10B	2,427,760	2,244,054
Interest		102,803	161,363
Distributions/dividends	3D	480,966	162,564
Cash used			
Payments to suppliers and employees		(3,632,929)	(3,140,991)
Interest payments and other finance costs	4F	(1,561)	(4,853)
Payment to other reporting units	10B	(1,207,726)	(1,882,226)
Net cash from operating activities	10A	**1,328,591**	**144,565**
INVESTING ACTIVITIES			
Cash received			
Proceeds from disposal of managed investment schemes		3,254,823	1,368,226
Receipt from repayment of loans receivable		4,003,947	400,000
Proceeds from disposal of property plant and equipment		18,857	3,664,372
Cash used			
Purchase of managed investment schemes		(6,974,993)	(3,079,710)
Loans receivable		(645,000)	(3,263,947)
Purchase of property plant, equipment and intangibles		(74,677)	(93,786)
Net cash used by investing activities		**(417,043)**	**(1,004,845)**
FINANCING ACTIVITIES			
Cash used			
Repayment of borrowings - finance lease		(63,070)	(59,804)
Net cash used by financing activities		**(63,070)**	**(59,804)**
Net increase / (decrease) in cash held		**848,478**	**(920,084)**
Cash & cash equivalents at the beginning of the reporting period		713,620	1,633,704
Cash & cash equivalents at the end of the reporting period	5A	**1,562,098**	**713,620**

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

1.1 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. For the purpose of preparing the general purpose financial statements, National Electrical and Communications Association New South Wales Branch ("**the Branch**") 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.

1.2 Comparative amounts

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

1.3 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 Branch 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 Branch 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 Branch 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.

Estimation of useful lives of assets

The Branch 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 1.8, 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.

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

Note 1 Summary of significant accounting policies (continued)

1.4 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 18.

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

1.5 Investment in associates and joint arrangements

An associate is an entity over which the Branch 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 Branch 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.

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

The Branch 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.

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

Note 1 Summary of significant accounting policies (continued)

1.7 Revenue

The Branch enters into various arrangements where it receives consideration from another party. These arrangements include consideration in the form of membership subscriptions, capitation fees, 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 Branch has a contract with a customer, the Branch recognises revenue when or as it transfers control of goods or services to the customer. The Branch 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.

Membership subscriptions

For membership subscription arrangements that meet the criteria to be contracts with customers, revenue is recognised when the promised goods or services transfer to the customer as a member of the Branch.

If there is only one distinct membership service promised in the arrangement, the Branch recognises revenue as the membership service is provided, which is typically based on the passage of time over the subscription period to reflect the Branch promise to stand ready to provide assistance and support to the member as required.

If there is more than one distinct good or service promised in the membership subscription, the Branch allocates the transaction price to each performance obligation based on the relative standalone selling prices of each promised good or service. In performing this allocation, standalone selling prices are estimated if there is no observable evidence of the price that the branch charges for that good or service in a standalone sale. When a performance obligation is satisfied, which is either when the customer obtains control of the good (for example, books or clothing) or as the service transfers to the customer (for example, member services or training course), the Branch recognises revenue at the amount of the transaction price that was allocated to that performance obligation.

For member subscriptions paid annually in advance, the Branch has elected to apply the practical expedient to not adjust the transaction price for the effects of a significant financing component because the period from when the customer pays and the good or services will transfer to the customer will be one year or less.

When a member subsequently purchases additional goods or services from the branch at their standalone selling price, the Branch accounts for those sales as a separate contract with a customer.

Income of the Branch as a Not-for-Profit Entity

Consideration is received by the Branch to enable the entity to further its objectives. The Branch recognises each of these amounts of consideration as income when the consideration is received (which is when the branch 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 branch recognition of the cash contribution does not give to any related liabilities.

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

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

Note 1 Summary of significant accounting policies (continued)

1.7 Revenue (continued)

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 Branch 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.

1.8 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 reporting unit 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 Branch 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.

1.9 Leases

The Branch 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 Branch as a lessee

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

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

Note 1 Summary of significant accounting policies (continued)

1.9 Leases (continued)

Right-of-use assets

The Branch 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 to 2 years	1 to 2 years

If ownership of the leased asset transfers to the Branch 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.

Lease liabilities

At the commencement date of the lease, the Branch 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 Branch and payments of penalties for terminating the lease, if the lease term reflects the Branch 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 Branch uses the implicit the interest rate or incremental borrowing rate if the implicit lease rate is not readily determinable. 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 Branch'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.

1.10 Borrowing costs

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

1.11 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.

1.12 Financial instruments

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

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

Note 1 Summary of significant accounting policies (continued)

1.13 Financial assets

Contract assets and receivables

A contract asset is recognised when the Branch's right to consideration in exchange goods or services that has transferred to the customer when that right is conditioned on the Branch'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.

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 Branch's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Branch 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 Branch'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 Branch 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 at fair value through profit or loss
- (Other) financial assets designated at fair value through profit or loss

Financial assets at amortised cost

The Branch 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 Branch'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)
1.13 Financial assets (continued)
Financial assets at fair value through profit or loss
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 Branch 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 Branch has transferred substantially all the risks and rewards of the asset, or
b) the Branch has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Branch 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 Branch 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.

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 Branch 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 Branch does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Branch 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.

Note 1 Summary of significant accounting policies (continued)

1.14 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 Branch's financial liabilities include trade and other payables.

Subsequent measurement

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.

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 Branch 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 Branch 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 Branch considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Branch may also consider a financial asset to be in default when internal or external information indicates that the Branch 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.

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

Note 1 Summary of significant accounting policies (continued)

1.15 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 Branch transfers the related goods or services. Contract liabilities include deferred income. Contract liabilities are recognised as revenue when the Branch 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 Branch's refund liabilities arise from customers' right of return. The liability is measured at the amount the Branch ultimately expects it will have to return to the customer. The Branch updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

1.16 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.

1.17 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.

	2021	2020
Buildings	40 years	40 years
Right of use	2 Years	2 Years
Plant and equipment	2-5 years	2-5 years

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

1.17 Land, buildings, plant and equipment (continued)

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.

1.18 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 the Branch's intangible assets are:

	2021	2020
Software	2-5 years	2-5 years

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.

1.19 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 Branch were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

1.20 Taxation

The Branch 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**").

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.

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

Note 1 Summary of significant accounting policies (continued)

1.21 Fair value measurement

The Branch 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 14.

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 Branch. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Branch 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 Branch 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 Branch 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.

1.22 Going concern

The financial report has been prepared on the going concern basis. The committee of management believe there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable.

The Branch has provided financial support to related entities via loan accounts. Repayments are to be made on a monthly basis and the interest rate on the loan is charged between 0% and 4.52% p.a.

The Branch entered into an agreement with the QLD Branch whereby any losses of the QLD Branch would be underwritten by NECA NSW. This agreed financial support is to continue until 30 June 2021.

No financial support was received from other reporting units during the financial year.

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

Note 2 Events after the reporting period

As a result of the evolving nature of the COVID-19 outbreak and the rapidly evolving government policies of restrictive measures put in place to contain it, as at the date of these financial statements, the Branch 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 Branch. 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 Branch, the results of those operations, or the state of affairs of the Branch 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 the Branch'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.

	2021 $	2020 $
Type of customer		
Members	2,147,857	2,004,762
Other reporting units	1,718,659	1,262,536
Total revenue from contracts with customers	**3,866,516**	**3,267,298**

Disaggregation of income for furthering activities

A disaggregation of the Branch'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:

	2021 $	2020 $
Income funding sources		
Government	-	61,203
Other parties	202,084	30,000
Total income for furthering activities	**202,084**	**91,203**

Note 3A: Other revenue from another reporting unit

	2021 $	2020 $
Reporting unit's:		
National Electrical and Communications Association - National Office		
- Roadshow income	-	627
- Management fee income	94,250	70,902
- Marketing income	79,740	-
- Rental income	54,500	54,500
- Computer recoveries	785	925
- Other income	31,532	9,821
National Electrical and Communications Association - Victorian Branch		
- Computer recoveries	-	19,117
- Other income	-	18,393
National Electrical and Communications Association - Queensland Branch		
- Management fee income	166,099	-
- Computer recoveries	6,263	2,709
- Conference and meeting recoveries	-	552
- Other income	13,938	-
National Electrical and Communications Association - Australian Capital Territory Branch		
- Roadshow income	585	2,187
- Management fee income	60,000	60,000
- Conference and meeting recoveries	-	2,670
- Consultant cost recoveries	54,532	-
- Computer recoveries	4,389	533
- Other income	4,439	26,546

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

	2021 $	2020 $
Note 3A: Other revenue from another reporting unit (continued)		
National Electrical and Communications Association - Tasmanian Branch		
- Management fee income	46,068	60,000
- Conference and meeting recoveries	579	3,910
- Computer recoveries	729	539
- Other income	2,571	2,284
Related parties		
ECA Training Pty Ltd		
- Fuel scheme income	52,149	61,037
- Management fee income	522,065	302,942
- Conference and meeting recoveries	188	409
- Computer recoveries	3,549	4,939
- ISMAA Mentor recoveries	-	61,203
- Information communications technology recoveries	49,884	44,815
- Other income	14,273	19,541
NECA Trade Services Pty Ltd		
- Consultancy fees	152,004	143,552
- Management fee income	52,148	91,049
- Conference and meeting recoveries	-	474
- Computer recoveries	1,996	4,872
- Office expenses recoveries	33,161	38,605
- Sponsorship	30,000	-
- Information communications technology recoveries	12,157	1,943
- Online sales	73,587	-
- Other income	2,446	31,580
NECA Legal Pty Ltd		
- Management fee income	17,940	46,560
- Computer recoveries	1,450	520
- Office expenses recoveries	581	4,486
- Sponsorship	30,000	-
- Information communications technology recoveries	3,572	5,681
- Other income	20,123	7,195
NECA Training Ltd		
- Other income	3,397	24,822
NECA Foundation Limited		
- Management fee income	15,000	15,000
- Computer recoveries	255	270
- Other income	-	11,675
Australian Cabler Registration Service Pty Ltd (ACRS)		
- Other income	308	1,020
Other related parties		
- Other income	3,406	111
Total other revenue from other reporting unit	**1,718,659**	**1,262,536**

	2021 $	2020 $
Note 3B: Grants		
Grants	-	61,203
Grants - Mert	202,084	30,000
Total grants	**202,084**	**91,203**

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

	2021 $	2020 $
Note 3 revenue and income (continued)		
Note 3C: Net gains from sale of assets		
Land and buildings	-	149,410
Plant and equipment	18,381	-
Total net gains from sale of assets	**18,381**	**149,410**

	2021 $	2020 $
Note 3D: Investment income		
Interest		
- Deposits	583	2,613
- Loans	102,220	125,042
Managed investment schemes		
- Distributions/dividends	480,966	162,564
- Net gain / (loss) on disposal of financial instruments	147,183	(37,946)
- Net gain / (loss) on revaluation of financial instruments	308,597	(173,044)
Total investment income	**1,039,549**	**79,229**

	2021 $	2020 $
Note 3E: Other income		
Fuel scheme income	59,631	54,261
Insurance commission	135,555	169,490
Events and conferences		
- Conferences	-	-
- Excellence awards - ticket sales	-	209,151
- Sponsorship income	75,300	89,000
- Roadshow income	-	6,829
- Other events	-	3,218
Other income	52,886	60,237
Total revenue from other income	**323,372**	**592,186**

	2021 $	2020 $
Note 4 Expenses		
Note 4A: Employee expenses		
Holders of office:		
- Wages and salaries	173,612	238,054
- Superannuation	16,493	22,666
- Leave and other entitlements	-	17,343
Subtotal employee expenses holders of office	**190,105**	**278,063**
Employees other than office holders:		
- Wages and salaries	1,583,422	1,429,843
- Superannuation	138,358	136,465
- Leave and other entitlements	(31,333)	(864)
- Separation and redundancies	72,529	63,384
- Other employee expenses	105,261	103,132
Subtotal employee expenses employees other than office holders	**1,868,237**	**1,731,960**
Total employee expenses	**2,058,342**	**2,010,023**

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

	2021 $	2020 $
Note 4 Expenses (continued)		
Note 4B: Capitation fees and other expense to another reporting unit		
Capitation fees		
National Electrical Contractors Association - National Office	434,368	409,839
Subtotal capitation fees	**434,368**	**409,839**
Other expense to another reporting unit		
Reporting unit's:		
National Electrical and Communications Association - National Office		
- Management Fee	27,566	-
- Excellence Awards and marketing	8,071	-
- Insurance	13,580	-
- Computer recoveries	2,123	-
- Other expenses	12,776	16,576
National Electrical and Communications Association - Victorian Branch		
- Other expenses	-	51,093
National Electrical and Communications Association - Queensland Branch		
- Insurance commission	1,313	-
- Consultant cost	16,098	-
- Other expenses	72,742	2,967
National Electrical and Communications Association - Australian Capital Territory Branch		
- Insurance commission	4,487	-
- Consultant cost	20,136	-
- Other expenses	-	5,791
National Electrical and Communications Association - Tasmanian Branch		
- Other expense	-	5,570
National Electrical and Communications Association - Western Australian Branch		
- Other expense	27,566	-
Related parties		
ECA Training Pty Ltd		
- Management fee expense	434,752	178,145
- Insurance expenses	3,173	-
- Computer expenses	35,195	23,902
- Other expenses	11,492	18,655
NECA Trade Services Pty Ltd		
- Other expenses	7,966	190,890
NECA Legal Pty Ltd		
- Other expenses	206,754	26,257
NECA Training Ltd		
- Other expenses	12,162	1,487
NECA Foundation Limited		
- Other expenses	-	11,945
Australian Cabler Registration Service Pty Ltd (ACRS)		
- Other expenses	1,219	1,020
Other related parties		
- Other income	-	3,079
Subtotal other expense to another reporting unit	**867,831**	**537,377**
Total capitation fees and other expense to another reporting unit	**1,302,199**	**947,216**

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

	2021 $	2020 $
Note 4 Expenses (continued)		
Note 4C: Affiliation fees		
Affiliation fees	-	-
Subscriptions	23,007	34,565
Total affiliation fees/subscriptions	**23,007**	**34,565**
Note 4D: Administration expenses		
Conference and meeting expenses	19,965	208,526
Contractors/consultants	329,029	291,668
Property expenses	45,804	72,201
Office expenses	27,257	23,896
Information communications technology	19,520	5,613
Computer expenses	143,195	159,875
Travel and accommodation expenses	21,198	13,226
Motor vehicle expenses	5,999	9,542
Investment management expenses	54,760	57,178
Other	10,864	18,619
Subtotal administration expense	**677,591**	**860,344**
Operating lease rentals:		
Minimum lease payments	-	-
Total administration expenses	**677,591**	**860,344**
Note 4E: Depreciation and amortisation		
Buildings	8,724	8,724
Property, plant and equipment	104,452	95,477
Amortisation	96,027	88,372
Total depreciation and amortisation	**209,203**	**192,573**
Note 4F: Finance costs		
Unwinding of discount - Right-of-use asset	1,561	4,853
Total finance costs	**1,561**	**4,853**
Note 4G: Legal costs		
Litigation	35,113	3,030
Other legal matters	-	-
Total legal costs	**35,113**	**3,030**
Note 4H: Other expenses		
Insurance	31,446	20,644
Bad debts	11,293	28,346
MERT Grant transferred to Provision	202,084	30,000
Other expenses	-	6,165
Total other expenses	**244,823**	**85,155**

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

	2021 $	2020 $
Note 5 Current Assets		
Note 5A: Cash and cash equivalents		
Cash at bank	1,562,080	663,602
Cash on hand	18	18
Short term deposits	-	50,000
Total cash and cash equivalents	**1,562,098**	**713,620**

	2021 $	2020 $
Note 5B: Trade and other receivables		
Receivables from other reporting units		
National Electrical and Communications Association - National Office	30,326	2,053
National Electrical and Communications Association - Victorian Branch	8,360	3,260
National Electrical and Communications Association - Queensland Branch	2,179	457
National Electrical and Communications Association - Tasmanian Branch	-	12,908
National Electrical and Communications Association - South Australia/Northern Territory Branch	-	-
National Electrical and Communications Association - Australian Capital Territory Branch	35,589	54,306
Receivables from related parties		
ECA Training Pty Ltd	87,689	32,592
NECA Trade Services Pty Ltd	36,949	53,518
NECA Legal Pty Ltd	2,717	484
NECA Training Ltd	3,710	-
NECA Education and Careers Limited	-	1,210
NECA Foundation Ltd	1,375	-
Total receivables from other reporting units	**208,894**	**160,788**
Less allowance for expected credit losses	-	-
Total allowance for expected credit losses	**-**	-
Receivable from other reporting units (net)	**208,894**	**160,788**
Other receivables:		
Trade receivables	1,020,394	867,108
Other receivables	6,685	22,927
Total other receivables	**1,027,079**	**890,035**
Less allowance for expected credit losses	(130,068)	(123,779)
Total allowance for expected credit losses	**(130,068)**	**(123,779)**
Other receivables (net)	**897,011**	**766,256**
Total trade and other receivables (net)	**1,105,905**	**927,044**

The movement in the allowance for expected credit losses of trade and other receivables is as follows:

	2021 $	2020 $
Balance at Beginning of Year	**(123,779)**	**(101,841)**
Increase in provision recognised in the Statement of Comprehensive Income	(6,289)	(21,938)
Reversal of unused provision recognised in the Statement of Comprehensive	-	-
Balance at End of Year	**(130,068)**	**(123,779)**

	2021 $	2020 $
Note 5C: Prepayments		
Prepayments - general	139,574	6,284
Prepayments - event costs	111,604	78,020
Total other current assets	**251,178**	**84,304**

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

	2021 $	2020 $
Note 5 Current Assets (continued)		
Note 5D: Other Financial Assets		
Current		
Loans receivable		
National Electrical and Communications Association - South Australia/Northern Territory Branch	-	100,000
NECA Training Ltd	386,110	381,795
Managed investment schemes		
Macquarie portfolio	9,518,648	5,342,697
Total current other financial assets	**9,904,758**	**5,824,492**
Non-current		
Loans receivable		
NECA Trade Services Pty Ltd	1,030,919	955,919
NECA Legal Pty Ltd	107,458	347,458
Less allowance for expected credit losses - loans receivable	(533,602)	(533,602)
Total non-current other financial assets	**604,775**	**769,775**
Total current other financial assets	**10,509,533**	**6,594,267**

The movement in the allowance for expected credit losses of loans receivable is as follows:

Balance at Beginning of Year	**533,602**	**533,602**
Increase in provision recognised in the Statement of Comprehensive Income	-	-
Reversal of unused provision recognised in the Statement of Comprehensive	-	-
Balance at End of Year	**533,602**	**533,602**

Note 6 Non-current Assets		
Note 6A: Property, Plant and Equipment		
Land:		
Land at fair value	774,700	774,700
Total land	**774,700**	**774,700**
Buildings		
Buildings at fair value	348,943	348,943
less accumulated depreciation	(149,815)	(141,091)
Total buildings	**199,128**	**207,852**
Right-of-use buildings		
Right-of-use buildings	246,788	122,902
less accumulated depreciation	(122,902)	(61,452)
Total buildings	**123,886**	**61,450**
Plant and equipment		
Plant and equipment at cost	324,342	302,874
less accumulated depreciation	(213,738)	(200,160)
Total plant and equipment	**110,604**	**102,714**
Total property, plant & equipment	**1,208,318**	**1,146,716**

Notes to the financial statements
For the year ended 30 June 2020

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

	Land $	Buildings $	Plant and equipment $	Right-of-use buildings $	Total $
Balance at 1 July 2019	**2,412,300**	**2,093,438**	**57,931**	**-**	**4,563,669**
Recognition of Right-of-use Assets on initial application of AASB 16	-	-	-	122,902	122,902
Adjusted Balance at 1 July 2019	**2,412,300**	**2,093,438**	**57,931**	**122,902**	**4,686,571**
Additions	-	-	79,308	-	**79,308**
Disposals	(1,637,600)	(1,876,861)	(501)	-	**(3,514,962)**
Net Transfers Between Classes	-	-	-	-	**-**
Depreciation	-	(8,725)	(34,024)	(61,452)	**(104,201)**
Balance at 30 June 2020	**774,700**	**207,852**	**102,714**	**61,450**	**1,146,716**

	Land $	Buildings $	Plant and equipment $	Right-of-use buildings $	Total $
Balance at 1 July 2020	**774,700**	**207,852**	**102,714**	**61,450**	**1,146,716**
Additions	-	-	51,397	123,886	**175,283**
Disposals	-	-	(505)	-	**(505)**
Net Transfers Between Classes	-	-	-	-	**-**
Depreciation	-	(8,724)	(43,002)	(61,450)	**(113,176)**
Balance at 30 June 2021	**774,700**	**199,128**	**110,604**	**123,886**	**1,208,318**

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)

Valuations

Land and/or buildings are at Suite 19, 30 Atchison Street, St Leonards, NSW 2065 were independently valued in May 2018 by the independent firm Herron Todd White (Sydney) Pty Ltd 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 the valuation date.

The Branch has a set policy for regular valuation of freehold land and buildings at least once every three to five financial years. Refer to Note 15 for further information on fair value measurement.

	2021	2020
	$	$
Note 6B: Intangible assets		
Software - at cost	440,714	417,435
less accumulated amortisation	(283,551)	(187,524)
Total intangible assets	**157,163**	**229,911**
Balance at 1 July 2019	**303,804**	
Additions	14,479	
Disposals	-	
Amortisation	(88,372)	
Balance at 30 June 2020	**229,911**	
Balance at 1 July 2020	**229,911**	
Additions	23,279	
Disposals	-	
Amortisation	(96,027)	
Balance at 30 June 2021	**157,163**	

Note 6C: Other Financial Assets		
Loans receivable:		
- ECA Training Pty Ltd	-	3,093,947
Total other Financial Assets	**-**	**3,093,947**

Note 6D: Investments in Associates		
NECA Trade Services Pty Ltd	4	4
NESS Super Pty Ltd	2	2
MERT Pty Limited	1	1
Total investments in associates	**7**	**7**

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

	2021 $	2020 $
Note 7 Current liabilities		
Note 7A: Trade payables		
Trade creditors and accruals	1,133,864	593,564
Subtotal trade creditors	**1,133,864**	**593,564**
Payables to other reporting units		
National Electrical and Communications Association - National Office	14,925	4,568
National Electrical and Communications Association - Victorian Branch	2,302	-
National Electrical and Communications Association - Queensland Branch	-	-
National Electrical and Communications Association - Tasmanian Branch	-	-
National Electrical and Communications Association - South Australia/Northern Territory Branch	-	-
National Electrical and Communications Association - Western Australian Branch	-	-
Payables to related parties		
ECA Training Pty Ltd	2,446	-
NECA Trade Services Pty Ltd	3,838	3,766
NECA Legal Pty Ltd	25,790	29,898
NECA Training Ltd	-	8,224
Australian Cabler Registration Service Pty Ltd	1,219	1,127
Subtotal payables to other reporting units	**50,520**	**47,583**
Total trade payables	**1,184,384**	**641,147**

Settlement is usually made within 30 days.

	2021 $	2020 $
Note 7B: Other payables		
Wages and salaries	5,515	46,258
Superannuation	9,029	14,006
GST payable	18,544	36,123
Total other payables	**33,088**	**96,387**
Total other payables are expected to be settled in:		
No more than 12 months	1,217,472	737,534
More than 12 months	-	-
Total other payables	**1,217,472**	**737,534**

	2021 $	2020 $
Note 7C: Contract liabilities		
Current		
Income in advance	419,966	243,958
Total contract liabilities	**419,966**	**243,958**

	2021 $	2020 $
Note 8 Other liabilities		
Note 8A: Lease liabilities		
Current		
Lease liability	63,340	63,098
Total current lease liabilities	**63,340**	**63,098**
Non-current		
Lease liability	60,546	-
Total non-current lease liabilities	**60,546**	**-**
Total lease liabilities	**123,886**	**63,098**

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

	2021 $	2020 $
Note 8 Other liabilities (continued)		
Note 8B: Employee Provisions		
Office Holders:		
Annual leave	-	10,792
Long service leave	-	47,001
Subtotal employee provisions—office holders	**-**	**57,793**
Employees other than office holders:		
Annual leave	115,789	126,835
Long service leave	110,164	135,279
Subtotal employee provisions—employees other than office holders	**225,953**	**262,114**
Total employee provisions	**225,953**	**319,907**
Current	207,955	276,061
Non Current	17,998	43,846
Total employee provisions	**225,953**	**319,907**

Note 8C: Other Provisions

	2021 $	2020 $
Funds restricted for specific purposes	3,602,760	3,400,676
Total other provisions	**3,602,760**	**3,400,676**

Note 9 Equity
Note 9A: Asset revaluation reserve

	2021 $	2020 $
Balance as at start of year	414,770	2,953,040
Gain/(Loss) on revaluation of land and buildings	-	-
Transferred out of reserve	-	(2,538,270)
Balance as at end of year	**414,770**	**414,770**
Total asset revaluation reserve	**414,770**	**414,770**

Note 10 Cash flow
Note 10A: Cash flow reconciliation

	2021 $	2020 $
Reconciliation of cash and cash equivalents as per balance sheet to cash flow statement:		
Cash and cash equivalents as per:		
Cash flow statement	1,562,098	713,620
Balance sheet	1,562,098	713,620
Difference	**-**	**-**
Reconciliation of profit/(deficit) to net cash from operating activities:		
Profit for the year	1,179,917	147,151
Adjustments for non-cash items		
Depreciation/amortisation	209,203	192,573
Net (gain)/loss on revaluation of financial instruments	(147,183)	37,946
Net (gain)/loss on disposal of financial instruments	(308,597)	173,044
Net (gain)/loss on disposal of non-current assets	(18,381)	(149,410)
Accrued interest on loans	(4,314)	(18,875)
Changes in assets/liabilities		
(Increase)/decrease in net receivables	(178,861)	356,401
(Increase)/decrease in prepayments	(166,874)	41,055
(Increase)/decrease in inventory	(395)	-
Increase/(decrease) in trade payables	543,237	(667,190)
Increase/(decrease) in other payables	(63,299)	79,389
Increase/(decrease) in contract liabilities	176,008	(90,958)
Increase/(decrease) in employee provisions	(93,954)	13,439
Increase/(decrease) in other provisions	202,084	30,000
Net cash from/(used by) operating activities	**1,328,591**	**144,565**

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

	2021	2020
Note 10 Cash Flow (continued)	**$**	$
Note 10B: Cash flow information		
Cash inflows from operations		
Other reporting units		
National Electrical Contractors Association - National Office	257,674	231,249
National Electrical Contractors Association - Victorian Branch	45,913	48,752
National Electrical Contractors Association - Queensland Branch	195,791	4,482
National Electrical Contractors Association - Tasmanian Branch	161,864	149,544
National Electrical and Communications Association - South Australia/Northern Territory Branch	-	-
National Electrical Contractors Association - Australian Capital Territory Branch	515,358	464,495
Related parties		
ECA Training Pty Ltd	767,367	814,406
NECA Trade Services Pty Ltd	384,514	353,472
NECA Legal Pty Ltd	77,648	127,053
NECA Training Ltd	1,003	15,720
NECA Education and Careers Limited	1,210	3,630
Australian Cabler Registration Service Pty Ltd	309	1,665
NECA Foundation Limited	19,109	29,586
Total cash inflows	**2,427,760**	**2,244,054**
Cash outflows		
Other reporting units		
National Electrical Contractors Association - National Office	537,221	633,489
National Electrical Contractors Association - Victorian Branch	243	20,358
National Electrical Contractors Association - Queensland Branch	1,444	33,262
National Electrical Contractors Association - Tasmanian Branch	-	16,584
National Electrical and Communications Association - South Australia/Northern Territory Branch	-	19,800
National Electrical Contractors Association - Australian Capital Territory Branch	4,935	59,737
National Electrical Contractors Association - Western Australian Branch	-	247,047
Related parties		
ECA Training Pty Ltd	414,985	631,519
NECA Trade Services Pty Ltd	8,306	8,238
NECA Legal Pty Ltd	231,241	205,442
NECA Training Ltd	8,224	5,637
Australian Cabler Registration Service Pty Ltd	1,127	1,113
NECA Foundation Limited	-	-
Total cash outflows	**1,207,726**	**1,882,226**
Cash inflows from investing		
Related parties		
National Electrical and Communications Association - South Australia/Northern Territory Branch	100,000	-
NECA Trade Services Pty Ltd	530,000	250,000
NECA Legal Pty Ltd	280,000	150,000
ECA Training Pty Ltd	3,093,947	-
Total cash inflows	**4,003,947**	**400,000**
Cash outflows from investing		
Related parties		
ECA Training Pty Ltd	-	3,093,947
NECA Trade Services Pty Ltd	605,000	170,000
NECA Legal Pty Ltd	40,000	-
Total cash outflows	**645,000**	**3,263,947**

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

Note 11 Contingent liabilities, assets and commitments

There are no material financial contingencies to report at balance date.

Note 12 Related party disclosures

Note 12A: 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.

During the year the Branch received subscriptions from committee member related entities on normal commercial terms and conditions.

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.

	2021	2020
Revenue received from:	**$**	$
Other reporting units		
Refer to Note 3A: Other revenue from another reporting unit	1,718,659	1,262,536
Expenses paid to:		
Other reporting units		
Refer to Note 4B: Capitation fees and other expense to another reporting unit	1,302,199	947,216
Amounts owed by		
Other reporting units		
Refer to Note 5B: Trade and Other Receivables	208,894	160,788
Amounts owed to		
Other reporting units		
Refer to Note 7A: Trade payables	50,520	47,583
Loans from/to		
Amount owed by:		
Refer to Note 5D Other financial assets	386,110	481,795
Refer to Note 6C Other financial assets	-	3,093,947

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 Branch 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 loan provided to National Electrical and Communications Association South Australian Branch received a rate of interest of 0% and was repaid in full in 31 December 2020.

Expected credit losses have been raised in relation to the NECA Trade Services Pty Ltd loan of $533,602 (2020: $533,602). No expected credit loss has has been recognised for the remaining outstanding balances, and no expense has been recognised in respect of expected credit losses due from loan to a related party during the year (2020: nil).

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

Note 12B: Key management personnel remuneration for the reporting period

	2021 $	2020 $
Short-term employee benefits		
Salary (including annual leave taken)	173,612	238,054
Annual leave accrued	-	4,277
Total short-term employee benefits	**173,612**	**242,331**
Post-employment benefits:		
Superannuation	16,493	22,666
Total post-employment benefits	**16,493**	**22,666**
Other long-term benefits:		
Long-service leave	-	13,066
Total other long-term benefits	**-**	**13,066**
Termination benefits		
Total key management personnel remuneration for the reporting period	**190,105**	**278,063**

Note 12C: Transactions with key management personnel and their close family members

Loans to/from key management personnel

The Branch has not provided or received any loans with key management personnel (2020: $nil)

Other transactions with key management personnel

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

Note 13 Remuneration of auditors

	2021 $	2020 $
Value of the services provided		
Financial statement audit services	12,800	12,000
Other services	2,200	2,200
Total remuneration of auditors	**15,000**	**14,200**

The auditor is Crowe Audit Australia. The fees are stated net of GST.

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

Note 14 Financial instruments

The main risks the Branch 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 Branch 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 related parties.

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:

	Note	2021 $	2020 $
Note 14A: Categories of financial instruments			
Financial Assets at amortised cost			
Cash and cash equivalents	5A	1,562,098	713,620
Trade and other receivables	5B	1,105,905	927,044
Total financial Assets at amortised cost		**2,668,003**	**1,640,664**
Financial liabilities at amortised cost			
Trade payables	7A	1,184,384	641,147
Other payables	7B	33,088	96,387
Contract liabilities	7C	419,966	243,958
Lease liabilities	8A	63,340	63,098
Total financial liabilities at amortised cost		**1,700,778**	**1,044,590**

The Committee of Management has overall responsibility for the establishment of the Branch'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 Association's activities.

The day to day risk management is carried out under policies and objectives which have been approved by the Committee of Management. The 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 Branch does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

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

Note 14 Financial instruments (continued)

Note 14B: Net income and expense from financial assets

	Note	2021 $	2020 $
Amortised cost			
Interest revenue	3D	1,039,549	79,229
Net income and expense from financial assets		**1,039,549**	**79,229**

Note 14C: Net income and expense from financial liabilities

	Note	2021 $	2020 $
Amortised cost			
Interest expense	4F	1,561	4,853
Net Income and expense from financial liabilities		**1,561**	**4,853**

Note 14C: 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 Branch'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 Branch 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.

	2021 $	2020 $
Financial assets		
Trade receivables	1,235,973	1,050,823
Total financial assets	**1,235,973**	**1,050,823**

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

Note 14 Financial instruments (continued)
Note 14C: Credit risk

Set out below is the information about the credit risk exposure on financial assets using a provision matrix:

30 June 2021	Trade and other receivables					
	Days past due					
	On Demand	<30 days $	30-60 days $	61-90 days $	>91 days $	Total $
Expected credit loss rate	0%	6.27%	10.00%	46%	100%	
Estimate total gross carrying amount at default	-	1,117,547	42,714	24,628	44,399	**1,229,288**
Expected credit loss	-	70,084	4,271	11,314	44,399	**130,068**

30 June 2020	Trade and other receivables					
	Days past due					
	On Demand	<30 days $	30-60 days $	61-90 days $	>91 days $	Total $
Expected credit loss rate	0%	2.39%	5.20%	100.0%	100.0%	
Estimate total gross carrying amount at default	-	851,527	76,942	5,759	93,668	**1,027,896**
Expected credit loss	-	20,351	4,001	5,759	93,668	**123,779**

The Branch's maximum exposure to credit risk for the components of the statement of financial position at the balance date is the carrying amounts as illustrated in Note 14C.

Note 14D: Liquidity risk

Liquidity risk arises from the possibility that the Branch might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Branch 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

Typically, the Branch 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.

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

Note 14 Financial instruments (continued)
Note 14D: Liquidity risk (continued)

Contractual maturities for financial liabilities 20201

	On Demand	< 1 year $	1– 2 years $	2– 5 years $	>5 years $	Total $
Trade and other payables	-	1,217,472	-	-	-	**1,217,472**
Borrowings	-	60,546	63,340	-	-	**123,886**
Total	**-**	**1,278,018**	**63,340**	**-**	**-**	**1,341,358**

Contractual maturities for financial liabilities 2020

	On Demand	< 1 year $	1– 2 years $	2– 5 years $	>5 years $	Total $
Trade and other payables	-	737,534	-	-	-	**737,534**
Borrowings	-	63,098	-	-	-	**63,098**
Total	**-**	**800,632**	**-**	**-**	**-**	**800,632**

Note 14E: Market risk

Market risk is the risk that the fair value or future cash flows of the financial instruments held within the Branch 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 Branch 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 Branch is affected by interest rate risk due to its directly held cash balances. The Branch 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 Branch.

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.

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.

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

Note 14 Financial instruments (continued)
Note 14E: Market risk (continued)

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

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

	Change in risk variable %	Effect on Profit $	Effect on Equity $
Interest rate risk	2%	31,242	31,242
Interest rate risk	-2%	(31,242)	(31,242)

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

	Change in risk variable %	Effect on Profit $	Effect on Equity $
Interest rate risk	2%	13,272	13,272
Interest rate risk	-2%	(13,272)	(13,272)

Management of the Branch 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 reporting unit’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 available-for-sale financial assets is derived from quoted market prices in active markets.
• Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Branch 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.

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

		Carrying amount 2021 $	Fair value 2021 $	Carrying amount 2020 $	Fair value 2020 $
Financial assets	Note				
Cash and cash equivalents	5A	1,562,098	1,562,098	713,620	713,620
Trade and other receivables	5B	1,105,905	1,105,905	927,044	927,044
Other financial assets	5D & 6C	9,904,758	9,904,758	8,918,439	8,918,439
Total		**12,572,761**	**12,572,761**	**10,559,103**	**10,559,103**
Financial liabilities					
Trade and other payables		1,217,472	1,217,472	737,534	737,534
Borrowings	8A	63,340	63,340	63,098	-
Total		**1,280,812**	**1,280,812**	**800,632**	**737,534**

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

Note 14 Financial instruments (continued)
Note 14F: Price risk

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

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 the Branch's strategic assets allocation policy, meaning that the other price risk exposure is understood.

Whilst equity markets are inherently volatile and suitable for short-term investment, over the long-term, equity investments have proven to be a good source of inflation protection, through the achievement of high return and real terms. To manage the price risk, the investment portfolio is diversified in accordance with asset class limits (in accordance with the Branch's strategic asset allocation policy). As part of the bank asset allocation strategy a portion of the equity investments are of a high quality and are publicly traded on the Australian Securities Exchange (ASX).

The table below summarises the impact of increases/decreases of the abovementioned investment exposures on the Branch's profit for the year and on equity. The analysis is based on the assumption that the respective price indexes for the different asset classes may increase/decrease 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 Branch's knowledge and experience of the financial markets, the impact on profit or loss and the impact on equity in the table below is 'reasonable possible' over the next 12 months if other price risk changes by the following factors from the target benchmarks with all other variables, especially foreign exchange rates, held constant.

	Profit		Equity	
	2021	2020	**2021**	2020
	$	$	**$**	$
+/- 5% in ASX All Ordinaries Index	475,932	267,135	475,932	267,135

Note 15 Fair value measurements

Note 15A: Non-financial assets and liabilities fair value hierarchy

The following tables provide an analysis of 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 Financial Assets		-	9,518,648	-
Land and Building	May 2018	-	973,828	-
Total assets measured at fair value		**-**	**10,492,476**	**-**

Fair value hierarchy – 30 June 2020

	Date of valuation	Level 1	Level 2	Level 3
Assets measured at fair value		$	$	$
Other Financial Assets		-	5,342,697	-
Land and Building	May 2018	-	982,552	-
Total assets measured at fair value		**-**	**6,325,249**	**-**

Note 16 Association Details

The principal place of business of the Branch is:

National Electrical and Communications Association New South Wales Branch
122 Hume Highway
Chullora NSW 2190

Note 17 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 a reporting unit, or the Commissioner, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.
3) A reporting unit must comply with an application made under subsection (1).

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

Note 18 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 Branch.

Officer declaration statement

I, Oliver Judd, being the Secretary of the National Electrical and Communications Association New South Wales Branch ("the Branch") declare that the following activities did not occur during the reporting period ending 30 June 2021.

The Branch did not:

- agree to receive financial support from another reporting unit to continue as a going concern
- 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 capitation fees from another reporting unit
- receive revenue from undertaking recovery of wages activity
- incur fees as consideration for employers making payroll deductions of membership subscriptions
- pay affiliation fees to other entity
- pay compulsory levies
- pay a grant that was $1,000 or less
- pay a grant that exceeded $1,000
- pay a donation that was $1,000 or less
- pay a donation that exceeded $1,000
- pay separation and redundancy to holders of office
- pay other employee expenses to 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 other legal matters
- pay a penalty imposed under the RO Act or the Fair Work Act 2009
- have a payable to an employer for that employer making payroll deductions of membership subscriptions
- have a payable in respect of legal costs relating to litigation
- have a payable in respect of legal costs relating to other legal matters
- have a separation and redundancy provision in respect of holders of office
- have other employee provisions in respect of holders of office
- have a separation and redundancy provision in respect of employees (other than holders of office)
- have other employee provisions 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 SECRETARY

Dated: 3 November 2021