

**NATIONAL ELECTRICAL
CONTRACTORS ASSOCIATION
(NECA)**

Financial Statements

For the Year Ended 30 June 2017

National Electrical Contractors Association – National Office

FINANCIAL STATEMENTS 2016–17

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Independent Auditor's Report to the Members of National Electrical Contractors Association National Office and Controlled Entities

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of National Electrical Contractors Association National Office and Controlled Entities, which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2017, notes to the financial statements, including a summary of significant accounting policies; and the Committee of Management Statement.

In my opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of National Electrical Contractors Association National Office and Controlled Entities as at 30 June 2017, 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).

I declare that management's use of the going concern basis in the preparation of the financial statements of the Reporting Unit is appropriate.

Emphasis of Matter- Going Concern

Without modifying our opinion, we draw attention to Note 1 of the financial report, which describes uncertainty in relation to the ability to continue as a going concern for three subsidiaries of NECA National. The three subsidiaries are NECA Legal Pty Ltd, NECA Training Ltd and NECA Trade Services Pty Ltd. Our opinion is not modified in respect of this matter.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am 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 my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Committee of Management for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Reporting Unit's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.

- Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Reporting Unit's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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. I am responsible for the direction, supervision and performance of the Reporting Unit audit. I remain solely responsible for my audit opinion.

I 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 I identify during my audit.

I declare that I am an approved auditor, a fellow of Chartered Accountants Australia & New Zealand and hold a current Public Practice Certificate.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of section 257(7) of the RO Act, I am required to describe any deficiency, failure or shortcoming in respect of the matters referred to in section 252 and 257(2) of the RO Act. In relation to these matters, we have nothing to report.

Crowe Horwath Melbourne

CROWE HORWATH MELBOURNE

John J Gavens

JOHN GAVENS
Partner

MELBOURNE
31 October 2017

Registration number (as registered by the RO Commissioner under the RO Act): AA2017/164

National Electrical Contractors Association – National Office

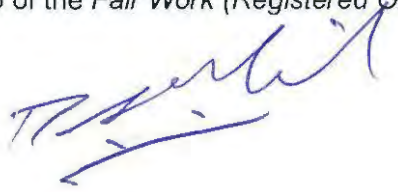
CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

Certificate for the period ended 30 June 2017

I, Suresh Manickam, being the Secretary of the National Electrical Contractors Association – National Office certify:

- that the documents lodged herewith are copies of the full report for the National Electrical Contractors Association – National Office for the period ended 30 June 2017 referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the reporting unit on 7/11/17; and
- that the full report was presented to a general meeting of members of the reporting unit on 23/11/17 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature of prescribed designated officer



Name of prescribed designated officer SURESH MANICKAM

Title of prescribed designated officer CEO AND SECRETARY

Dated: 23/11/2017

National Electrical Contractors Association – National Office

OPERATING REPORT BY THE COMMITTEE

The committee presents its report on the reporting unit for the financial year ended 30th June 2017. The report covers the results of the National Electrical Contractors Association – National Office (the reporting unit) and controlled entities.

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

The reporting unit is the National Office of the organisation whose principal activities involve representing the interests of its members in the electrical and communications contracting industry. Its principal activities, and through its Chapters, include industrial relations, health and safety, legal, training, business-support services and advocacy representation with government, industry bodies, training bodies and in the industrial tribunals. A review of those activities presents the same as in the previous reporting period, such that there were no significant changes in the nature of those activities. Members are directed to the NECA 2017 Annual Review for further information.

The profit of the reporting unit and its controlled entities for the financial year, after providing for income tax, amounted to \$2,788,647 (2016: \$1,528,182).

Significant changes in financial affairs

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

Significant Events

No significant events occurred relating to the reporting unit during the year.

After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of the reporting unit, the results of those operations, or the state of affairs of the reporting unit in future financial years.

Right of members to resign

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

National Electrical Contractors Association – National Office

OPERATING REPORT BY THE COMMITTEE (cont'd)

Officers & members who are superannuation fund trustees or director of a company that is a superannuation fund trustee

Name of officer/member	Position details	Is the position held because they are an officer/member of NECA or were nominated by NECA?
Reg Young	Director of NESS Super	Yes
Tony Glossop	Director of NESS Super	Yes
Chris Madson	Alternate Director of NESS Super	Yes

Number of members

The reporting unit had 4,639 (2016: 4,635) members at financial year end.

Number of employees

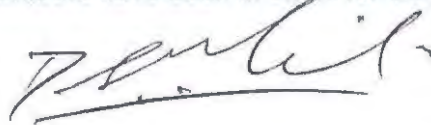
The reporting unit had 4 full time equivalent (2016: 5.4 FTE) employees at financial year end. The controlled entities had 90 (2016: 80.4) employees and 960 (2016: 939) apprentices and trainees.

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

Alan Brown	Alan Charlton
Russell Chatfield	Grant Bawden (elected Mid June 2017)
Anthony Damen	David James
Andrew Thorpe	Barry Skinner
Bruce Duff	Michael Purnell
Jack Grego	Jim Heerey
Greg Hodby	Suresh Manickam
Robert Donnelly (replaced at the election mid June 2017)	David McInnes

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

Signature of designated officer



Name and title of designated officer: SURESH MANICKAM, CEO AND SECRETARY

Dated: 31/10/2017

COMMITTEE OF MANAGEMENT STATEMENT

for the period ended 30 June 2017

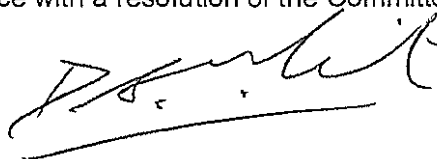
On the 31/10/2017 the Committee of Management of the National Electrical Contractors Association – National Office passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 30 June 2017:

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 the reporting guidelines of the General Manager;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; 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 reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
 - (iv) where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and
 - (v) where information has been sought in any request by a member of the reporting unit or General Manager duly made under section 272 of the RO Act has been provided to the member or General Manager; 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.
- (f) No revenue has been derived from undertaking recovery of wages activity during the reporting period'

This declaration is made in accordance with a resolution of the Committee of Management.

Signature of designated officer



Name and title of designated officer SURESH MANICKAM, CEO AND SECRETARY

Dated:

31/10/17

National Electrical Contractors Association – National Office

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Consolidated		Parent	
		2017	2016	2017	2016
		\$	\$	\$	\$
Revenue					
Membership subscription		-	-	-	-
Apprentice hire fees & traineeship		61,541,027	58,728,752	-	-
Sale of Products and Services		3,006,287	1,742,671	-	-
Licence Revenue		632,967	605,826	-	-
Capitation fees	3A	1,020,809	975,555	1,020,809	975,555
Levies		-	-	-	-
Interest	3B	411,605	324,236	47,789	32,000
Insurance Commission		93,855	139,024	2,071	-
Rental revenue		-	-	-	-
Other revenue		-	-	-	-
Total revenue		66,706,550	62,516,064	1,070,669	1,007,555
Other Income					
Grants and/or donations	3C	2,219,480	2,014,742	-	-
Project Income		638,616	393,493	638,616	393,493
Other Income		745,275	1,016,570	418,995	935,993
Total other income		3,603,371	3,424,805	1,057,611	1,329,486
Total income		70,309,921	65,940,869	2,128,280	2,337,041
Expenses					
Employee expenses	4A	58,472,505	56,478,770	808,820	806,412
Capitation fees		-	-	-	-
Affiliation fees	4B	43,309	45,482	43,309	45,482
Administration expenses	4C	6,805,279	5,863,742	418,595	955,426
Grants or donations		-	-	-	-
Depreciation and amortisation	4D	492,068	503,756	2,283	4,548
Finance costs	4E	60,477	37,008	-	-
Legal costs	4F	49,757	71,940	3,070	10,869
Audit fees	14	117,230	120,242	38,497	39,996
Loss on sale of assets	4G	-	86,295	-	-
Other expenses	4H	1,459,979	1,190,400	806,228	469,184
Total expenses		67,500,604	64,397,635	2,120,802	2,331,917
Profit (loss) for the year before tax		2,809,317	1,543,234	7,478	5,124
Income Tax Expense	6E	20,670	15,052	-	-
Profit (loss) for the year		2,788,647	1,528,182	7,478	5,124
Other comprehensive income					
Items that will not be subsequently reclassified to profit or loss		-	-	-	-
Gain/(Loss) on revaluation of land & buildings		61,775	(669,280)	-	-
Total comprehensive income for the year		2,850,422	858,902	7,478	5,124

The above statement should be read in conjunction with the notes.

National Electrical Contractors Association – National Office

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

		Consolidated		Parent	
	Notes	2017	2016	2017	2016
		\$	\$	\$	\$
ASSETS					
Current Assets					
Cash and cash equivalents	5A	9,864,386	7,144,675	618,253	316,394
Trade and other receivables	5B	10,215,056	7,835,555	170,193	113,649
Inventory		102,481	59,708	-	-
Other current assets	5C	7,453,569	7,604,108	980,000	987,062
Total current assets		27,635,492	22,644,046	1,768,446	1,417,105
Non-Current Assets					
Land and buildings	6A	9,032,459	9,080,385	-	-
Plant and equipment	6B	1,095,927	847,840	2,739	5,018
Intangibles	6C	-	1,954	-	-
Other investments	6D	-	-	104	104
Deferred tax assets	6E	293,026	280,296	-	-
Total non-current assets		10,421,412	10,210,475	2,843	5,122
Total assets		38,056,904	32,854,521	1,771,289	1,422,222
LIABILITIES					
Current Liabilities					
Trade payables	7A	3,448,786	2,593,505	109,422	101,589
Other payables	7B	3,298,398	2,061,927	366,230	41,850
Deferred income	9A	512,955	487,681	-	-
Employee provisions	8A	3,721,265	3,499,724	80,177	70,806
Total current liabilities		10,981,404	8,642,837	555,829	214,245
Non-Current Liabilities					
Employee provisions	8A	59,016	63,790	5,986	5,986
Deferred income	9A	400,239	382,077	-	-
Total non-current liabilities		459,255	445,867	5,986	5,986
Total liabilities		11,440,659	9,088,704	561,815	220,231
Net assets		26,616,245	23,765,817	1,209,474	1,201,996
EQUITY					
Asset Revaluation Reserve	10A	1,632,051	1,570,276	-	-
Retained earnings (accumulated deficit)		24,984,194	22,195,541	1,209,474	1,201,996
Total equity		26,616,245	23,765,817	1,209,474	1,201,996

The above statement should be read in conjunction with the notes.

National Electrical Contractors Association – National Office

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

Consolidated	Notes	Asset Revaluation Reserve	Retained earnings	Total equity
		\$	\$	\$
Balance as at 1 July 2015		2,239,556	20,667,364	22,906,920
Profit for the year		-	1,528,182	1,528,182
Other comprehensive income for the year		(669,280)	-	(669,280)
Transfer to/from Reserves	10A	-	-	-
Transfer from retained earnings		-	-	-
Closing balance as at 30 June 2016		1,570,276	22,195,546	23,765,822
Profit for the year		-	2,788,648	2,788,648
Other comprehensive income for the year	10A	61,775	-	61,775
Transfer to/from Reserves		-	-	-
Transfer from retained earnings		-	-	-
Closing balance as at 30 June 2017		1,632,051	24,984,194	26,616,245
Parent	Notes	Asset Revaluation Reserve	Retained earnings	Total equity
		\$	\$	\$
Balance as at 1 July 2015		-	1,196,867	1,196,867
Profit/(Loss) for the year		-	-	-
Other comprehensive income for the year		-	5,129	5,129
Transfer to/from Reserves	10A	-	-	-
Transfer from retained earnings		-	-	-
Closing balance as at 30 June 2016		-	1,201,996	1,201,996
Profit for the year		-	7,478	7,478
Other comprehensive income for the year		-	-	-
Transfer to/from Reserves	10A	-	-	-
Transfer from retained earnings		-	-	-
Closing balance as at 30 June 2017		-	1,209,474	1,209,474

The above statement should be read in conjunction with the notes.

National Electrical Contractors Association – National Office

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2017**

		Consolidated		Parent	
		2017	2016	2017	2016
		\$	\$	\$	\$
OPERATING ACTIVITIES	Notes				
Cash received					
Receipts from other reporting units/controlled entities	11B	1,989,553	1,357,933	1,449,397	1,470,121
Receipts from customers		72,433,159	65,493,672	574,551	1,374,169
Interest		411,605	324,236	47,789	32,000
Cash used		74,834,317	67,175,841	2,071,737	2,876,290
Payments to Employees & Suppliers		(70,112,477)	(62,835,160)	(1,129,786)	(2,507,583)
Net Income Tax Paid		(8,252)	(15,052)	-	-
Payment to other reporting units/controlled entities	11B	(1,522,971)	(1,226,522)	(647,148)	(452,721)
Net cash from (used by) operating activities	11A	3,190,617	3,099,107	294,803	(84,014)
INVESTING ACTIVITIES					
Cash received					
Proceeds from sale of plant and equipment		18,645	5,102	-	-
Proceeds from sale of land and buildings		-	-	-	-
Proceeds from sale of investment		150,539	-	-	-
Cash used		169,184	5,102	-	-
Purchase of plant and equipment		(647,147)	(608,861)	-	-
Purchase of land and buildings		-	-	-	-
Purchase of investment		-	-	-	-
Net cash from (used by) investing activities		(477,963)	(603,759)	-	-
FINANCING ACTIVITIES					
Cash received					
Contributed equity/Other		7,057	-	7,057	-
Cash used					
Repayment of borrowings		-	-	-	-
Others		-	-	-	(28,019)
Net cash from (used by) financing activities		7,057	-	7,057	(28,019)
Net increase (decrease) in cash held		2,719,711	1,172,475	301,860	(112,033)
Cash & cash equivalents at the beginning of the reporting period		7,144,675	5,972,200	316,394	428,427
Cash & cash equivalents at the end of the reporting period	5A	9,864,386	7,144,675	618,254	316,394

The above statement should be read in conjunction with the notes.

National Electrical Contractors Association – National Office

RECOVERY OF WAGES ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2017

	Consolidated		Parent	
	2017	2016	2017	2016
	\$	\$	\$	\$
Cash assets in respect of recovered money at beginning of year	-	-	-	-
Receipts				
Amounts recovered from employers in respect of wages etc.	-	-	-	-
Interest received on recovered money	-	-	-	-
Total receipts	-	-	-	-
Payments				
Deductions of amounts due in respect of membership for:				
12 months or less	-	-	-	-
Greater than 12 months	-	-	-	-
Deductions of donations or other contributions to accounts or funds of:				
The reporting unit:				
name of account	-	-	-	-
name of fund	-	-	-	-
Name of other reporting unit of the organisation:				
name of account	-	-	-	-
name of fund	-	-	-	-
Name of other entity:				
name of account	-	-	-	-
name of fund	-	-	-	-
Deductions of fees or reimbursement of expenses	-	-	-	-
Payments to workers in respect of recovered money	-	-	-	-
Total payments	-	-	-	-
Cash assets in respect of recovered money at end of year	-	-	-	-
Number of workers to which the monies recovered relates	-	-	-	-
Aggregate payables to workers attributable to recovered monies but not yet distributed				
Payable balance	-	-	-	-
Number of workers the payable relates to	-	-	-	-
Fund or account operated for recovery of wages	-	-	-	-

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

Note 1 Summary of significant accounting policies

The financial statements cover the National Electrical Contractors Association (NECA) as a consolidated entity. The National Electrical Contractors Association ("NECA") is an association of employers registered under the Fair Work (Registered Organisations) Act 2009.

1.1 Going Concern

NECA Legal Pty Ltd

NECA Legal Pty Ltd has incurred a net profit after tax amounting to \$183,168.

It has Net assets deficiency \$337,467 as at 30 June 2017. The net assets deficiency is due to NECA Legal having a loan payable to NECA NSW Chapter amounting to \$507,457. NECA Legal Pty Ltd started to pay interest on the loan from financial year 2016. 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.

NECA Legal has received a guarantee of continuing financial support from NECA National Office to allow the company to meet its liabilities.

NECA Training Ltd

NECA Training Ltd has a net assets deficiency of \$89,536 as at 30 June 2017. The net assets deficiency is due to NECA Training Ltd having a loan payable to NECA NSW Chapter amounting to \$324,306. NECA Training Ltd has received a guarantee of continuing financial support from NECA National Office to allow the company to meet its liabilities.

NECA Trade Services Pty Ltd

NECA Trade Services Pty Ltd has a net assets deficiency of 406,423 as at 30 June 2017. The net assets deficiency is due to NECA Trade Services Pty Ltd having a loan payable to NECA NSW Chapter of \$533,602. NECA Trade Services Pty Ltd has received a guarantee of continuing financial support from NECA National Office to allow the company to meet its liabilities.

Notwithstanding the above factors, National Electrical Contractors Association and its controlled entities have made a consolidated profit of \$27,88,648 and have a positive consolidated working capital of \$16,654,088. The committee is therefore confident that NECA can access funding to provide financial support to the above four controlled entities which will enable them to pay their debts as and when they fall due. The financial support will continue to be made available until at least 12 months from the date of signing of these consolidated financial statements.

1.2 Basis of preparation of the financial statements

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period and the *Fair Work (Registered Organisation) Act 2009*. For the purpose of preparing the general purpose financial statements, NECA 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.

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

1.3 Comparative amounts

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

1.4 Significant accounting judgements and estimates

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

1.5 New Australian Accounting Standards

Adoption of New Australian Accounting Standard requirements

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

The accounting policies adopted are consistent with those of the previous financial year..

1.6 Basis of consolidation

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

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

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

All state chapters of NECA are separate reporting units. All other controlled entities are consolidated in the NECA National consolidation and are treated as one reporting unit.

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

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

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

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

1.7 Investment in associates and joint arrangements

Investments in associates are recognised in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the reporting unit's share of net assets of the associate entity. In addition, the reporting unit's share of the profit or loss of the associate company is included in the reporting unit's profit or loss.

Profits and losses resulting from transactions between the reporting unit and the associate are eliminated to the extent of the reporting unit's interest in the associate.

When the reporting unit's share of losses in an associate equals or exceeds its interest in the associate, the reporting unit discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. Upon the associate subsequently making profits, the reporting unit will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

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

1.8 Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from subscriptions is accounted for on an accrual basis and is recorded as revenue in the year to which it relates.

Revenue from the sale of goods is recognised when, the risks and rewards of ownership have been transferred to the buyer, the entity retains no managerial involvement or effective control over the goods, the revenue and transaction costs incurred can be reliably measured, and it is probable that the economic benefits associated with the transaction will flow to the entity.

Revenue from the rendering of services is recognised upon the delivery of the service to the customer.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

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

Contributions for the ElectroComms Contracting Foundation are recognised as revenue when the right to receive a contribution has been established.

Licence fees received in advance are carried forward as a liability in the Balance Sheet to be amortised into income for the relevant years. Licence revenue for 1 year & 3 year licences is recognised proportionally over the period to which it relates.

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

1.9 Government grants

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

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

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

1.10 Gains

Sale of assets

Gains and losses from disposal of assets are recognised when control of the asset has passed to the buyer.

1.11 Capitation fees and levies

Capitation fees and levies are recognised on an accrual basis and recorded as a revenue and/or expense in the year to which it relates.

1.12 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.

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

1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

1.14 Borrowing costs

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

1.15 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 consolidated statement of financial position.

1.16 Financial instruments

Financial assets and financial liabilities are recognised when a *reporting unit* entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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

1.17 Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised upon trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the reporting unit manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the reporting units documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of comprehensive income.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity dates that the reporting unit has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

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

1.17 Financial assets (cont'd)

Available-for-sale

Listed shares and listed redeemable notes held by the reporting unit that are traded in an active market are classified as available-for-sale and are stated at fair value. The reporting unit also has investments in unlisted shares that are not traded in an active market but that are also classified as available-for-sale financial assets and stated at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the reporting unit right to receive the dividends is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

Loan and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest rate basis except for debt instruments other than those financial assets that are recognised at fair value through profit or loss.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the reporting

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

1.17 Financial assets (cont'd)

Impairment of financial assets (cont'd)

units past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition of financial assets

The reporting unit derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

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

1.18 Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the reporting unit manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the reporting units documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statement of comprehensive income.

Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The reporting unit derecognises financial liabilities when, and only when, the reporting units obligations are discharged, cancelled or they expire. The difference between the carrying amounts of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

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

1.19 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.

1.20 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.

Computer software is recognised as an asset in accordance with the requirement of AASB 116. This asset is carried at cost less any accumulated depreciation and any accumulated impairment loss.

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.

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

1.20 Land, Buildings, Plant and Equipment (cont'd)
Depreciation (cont'd)

Depreciation rates applying to each class of depreciable asset are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5%
Plant and Equipment	7.5 - 40%
Furniture, Fixtures and Fittings	5 - 40%
Motor Vehicles	22.5%
Office Equipment	18 - 37.5%
Computer Equipment	40%
Computer Software	40%
Leasehold Improvements	2.5 - 4%

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.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Statement of Comprehensive Income

1.21 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit and loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

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

1.22 Intangibles

An internally-generated intangible asset arising from the Association's development such as Training development and website costs is recognised only if the Association can demonstrate all of the following conditions in accordance with AASB 138 Intangible Assets:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- the probability that the asset created will generate future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during development

The Association's internally-generated intangibles are amortised on a straight-line basis over its estimated useful life of three years. Where no internally-generated intangible asset can be recognised, development expenditure is charged to the statement of comprehensive income in the period in which it is incurred.

The estimated useful lives and depreciation method are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis.

Any impairment losses are recognised in the Statement of Comprehensive Income in accordance with the requirements of AASB 136 Impairment of Assets.

For website costs, the requirements of AASB Interpretation 132 Website costs have been complied with.

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.

1.23 Impairment for 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.

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

1.23 Impairment for non-financial assets (cont'd)

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 [reporting unit] were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

1.24 Non-current assets held for sale

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

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

1.25 Taxation

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

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

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

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

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

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

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

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

1.25 Taxation (cont'd)

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

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

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

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

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

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

1.26 Fair value measurement

The reporting unit measures financial instruments, such as, financial asset as at fair value through the profit and loss, available for sale financial assets, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 16A.

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

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

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

1.26 Fair value measurement (cont'd)

The reporting unit 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 reporting unit 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 reporting unit 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 hierarc

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

Note 2 Events after the reporting period

There were no events that occurred after 30 June 2017, and/or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of National Electrical Contractors Association – National Office.

	Consolidated		Parent	
	2017	2016	2017	2016
	\$	\$	\$	\$

Note 3 Income

Note 3A: Capitation fees

NSW Chapter	360,758	355,259	360,758	355,259
VIC Chapter	331,415	312,333	331,415	312,333
WA Chapter	197,653	171,773	197,653	171,773
SA Chapter	92,631	94,306	92,631	94,306
ACT Chapter	28,139	28,088	28,139	28,088
TAS Chapter	10,213	13,796	10,213	13,796
Total capitation fees	1,020,809	975,555	1,020,809	975,555

Note 3B: Interest

Deposits	411,605	324,236	47,789	32,000
Loans	-	-	-	-
Total interest	411,605	324,236	47,789	32,000

Note 3C: Grants or donations

Grants	2,219,480	2,014,742	-	-
Donations	-	-	-	-
Total grants or donations	2,219,480	2,014,742	-	-

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

	Consolidated		Parent	
	2017	2016	2017	2016
	\$	\$	\$	\$
Note 4 Expenses				
Note 4A: Employee expenses				
Holders of office:				
Wages and salaries	228,833	228,833	228,833	228,833
Superannuation	21,739	21,739	21,739	21,739
Leave and other entitlements	5,088	2,246	5,088	2,246
Separation and redundancies	-	-	-	-
Other employee expenses	-	-	-	-
Subtotal employee expenses holders of office	255,660	252,818	255,660	252,818
Employees other than office holders:				
Wages and salaries	52,793,984	51,000,820	452,902	475,380
Superannuation	4,752,353	4,727,999	42,907	45,161
Leave and other entitlements	46,372	(23,358)	4,282	(7,257)
Separation and redundancies	12,604	-	12,604	-
Other employee expenses	611,532	520,491	40,465	40,310
Subtotal employee expenses employees other than office holders	58,216,845	56,225,952	553,160	553,594
Total employee expenses	58,472,505	56,478,770	808,820	806,412

Note 4B: Affiliation fees

Australian Chamber of Commerce & Industry	42,621	41,379	42,621	41,379
North Sydney Forum	-	2,000	-	2,000
NECA USA	597	731	597	731
Other	91	1,372	91	1,372
Total affiliation fees/subscriptions	43,309	45,482	43,309	45,482

	Consolidated		Parent	
	2017	2016	2017	2016
	\$	\$	\$	\$
Note 4C: Administration expenses				
Consideration to employers for payroll deductions	-	-	-	-
Compulsory levies	-	-	-	-
Fees/allowances - meeting and conferences	-	-	-	-
Apprentice Costs (other than Salaries)	734,846	929,338	-	-
Conference and meeting expenses	125,696	693,884	27,423	600,885
Contractors/consultants	273,565	194,637	117,216	87,715
Directors Remuneration	125,000	120,000	-	-

National Electrical Contractors Association – National Office

Property expenses	218,346	234,324	48,959	52,462
Office expenses	1,962,366	1,228,703	20,224	21,167
Information communications technology	421,116	406,220	102,876	71,994
Management Fees	379,098	134,318	-	-
Motor Vehicle Expenses	169,241	158,343	-	-
Training	690,454	557,946	-	1,518
Travel & Accommodation	88,225	99,261	36,546	51,084
Other	1,566,341	1,045,561	65,351	68,601
Subtotal administration expense	6,754,294	5,802,535	418,595	955,426
Operating lease rentals:				
Minimum lease payments	50,985	61,207	-	-
Total administration expenses	6,805,279	5,863,742	418,595	955,426

Note 4D: Depreciation and amortisation

Depreciation				
Land & buildings	109,701	110,440	-	-
Property, plant and equipment	380,413	375,624	2,283	4,548
Total depreciation	490,114	486,064	2,283	4,548
Amortisation				
Intangibles	1,954	17,692	-	-
Total amortisation	1,954	17,692	-	-
Total depreciation and amortisation	492,068	503,756	2,283	4,548

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

	Consolidated		Parent	
	2017	2016	2017	2016
	\$	\$	\$	\$
Note 4E: Finance costs				
Finance leases	-	-	-	-
Overdrafts/loans	60,477	37,008	-	-
Unwinding of discount	-	-	-	-
Total finance costs	60,477	37,008	-	-

Note 4F: Legal costs

Litigation	-	-	-	-
Other legal matters	49,757	71,940	3,070	10,869
Total legal costs	49,757	71,940	3,070	10,869

Note 4G: Net losses from sale of assets

Land and buildings	-	-	-	-
Plant and equipment	-	86,295	-	-
Intangibles	-	-	-	-
Total net losses from asset sales	-	86,295	-	-

Note 4H: Other expenses

Advertising & Promotion	661,994	464,864	44,717	833
Bad Debts	35,996	348,678	-	-
Doubtful Debts	478	(91,493)	-	-
Excellence Awards Expenses	122,895	159,858	122,895	159,858
Loss on write off of investment in associate	-	-	-	-
Project Expenses	638,616	308,493	638,616	308,493
Penalties - via RO Act or RO Regulations	-	-	-	-
Total other expenses	1,459,979	1,190,400	806,228	469,184

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

	Consolidated		Parent	
	2017	2016	2017	2016
	\$	\$	\$	\$
Note 5 Current Assets				
Note 5A: Cash and Cash Equivalents				
Cash at bank	5,031,597	4,709,777	618,253	316,394
Cash on hand	500	324	-	-
Short term deposits	4,832,289	2,434,574	-	-
Total cash and cash equivalents	9,864,386	7,144,675	618,253	316,394
Note 5B: Trade and Other Receivables				
Receivables from other reporting units				
New South Wales Chapter	26,976	2,601	5,320	-
Victorian Chapter	4,151	3,764	-	-
Queensland Chapter	7,789	4,888	7,571	4,888
Western Australian Chapter	672	-	672	-
South Australian Chapter	25,704	25,934	25,704	25,934
Australian Capital Territory Chapter	-	-	-	-
Tasmanian Chapter	-	400	-	400
Total receivables from other reporting units	65,292	37,587	39,267	31,222
Other receivables:				
GST receivable from the Australian Taxation Office	-	-	-	-
Trade receivables	9,025,061	7,040,584	48,650	15,034
Other trade receivables	1,371,720	882,079	82,277	67,393
Total provision for doubtful debts	(247,017)	(124,695)	-	-
Total other receivables	10,149,764	7,797,968	130,927	82,427
Total trade and other receivables (net)	10,215,056	7,835,555	170,194	113,649
Note 5C: Other Current Assets				
Financial assets held as available for sale investments. ¹	2,023,569	1,917,051	-	-
Financial assets held to maturity ² .	5,430,000	5,687,057	980,000	987,057
Total other current assets	7,453,569	7,604,108	980,000	987,057

1. The financial investments are reflected at market value.

These investments are made in liquid funds and the banks provide advice as to the investment strategy. These mainly relate to investments in managed funds, equity shares and cash. The financial assets have been classified as available for sale, as these investments are not held for short term gains, or have fixed payments, and are neither held to maturity.

2. Financial assets held to maturity are held as term deposits with major banks

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

	Consolidated 2017	2016	Parent 2017	2016
	\$	\$	\$	\$
Note 6 Non-current Assets				
Note 6A: Land and buildings				
Land and buildings:				
fair value	9,130,000	9,207,189	-	-
accumulated depreciation	(97,541)	(126,804)	-	-
Total land and buildings	9,032,459	9,080,385	-	-

Reconciliation of the Opening and Closing Balances of Land and Buildings

As at 1 July				
Gross book value	9,207,189	9,575,011	-	-
Accumulated depreciation and impairment	(126,804)	(131,266)	-	-
Net book value 1 July	9,080,385	9,443,745	-	-
Additions:				
By purchase	-	416,360	-	-
From acquisition of entities (including restructuring)	-	-	-	-
Revaluations	61,775	(669,280)	-	-
Impairments	-	-	-	-
Depreciation expense	(109,701)	(110,440)	-	-
Other movement]	-	-	-	-
Disposals:				
From disposal of entities (including restructuring)	-	-	-	-
Other	-	-	-	-
Net book value 30 June	9,032,459	9,080,385	-	-
Net book value as of 30 June represented by:				
Gross book value	9,130,000	9,207,189	-	-
Accumulated depreciation and impairment	(97,541)	(126,804)	-	-
Net book value 30 June	9,032,459	9,080,385	-	-

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

Note 6 Non-current Assets (cont'd)

Note 6A: Land and buildings (cont'd)

Fair value of Land & Buildings

For the Land & Buildings carried at fair value, the following fair valuations have been carried out:

Entity	Fair Value as per independent valuation	Year of revaluation	Type of Valuation	Valuation method
NECA Education and Careers ,Lygon Street	8,580,000	2016	Independent Valuation	"Direct Comparison Approach" for Land and Depreciated replacement costs for Building
ECA Training Pty Ltd	550,000	2017	Independent Valuation	"Capitalisation of net income, Direct Comparison approach.

**NECA Education and
Careers**

The formal valuation was performed by Charter Keck Cramer on 8 July 2016 adopting a 'Depreciated Replacement Cost' Approach.

The result was the Lygon Street property being valued at \$8.58m.

ECA Training Pty Ltd

The formal valuation was performed by Herron Todd White on 31 May 2017 adopting a 'Capitalisation ' Approach. The result was the Yallourn Street property being valued at \$ 550k.

The split of the value between land and buildings is disclosed in the table below:

	Land \$000	Buildings \$000	Total \$000
Lygon Street	4,000	4,580	8,580
ECA Training	-	550	550
	<u>4,000</u>	<u>5,130</u>	<u>9,130</u>

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

Note 6 Non-current Assets (cont'd)

Note 6A: Land and buildings (cont'd)

The Lygon Street Property has been used as a security for a bank overdraft with the Commonwealth Bank of \$1m. As at 30 June 2017 the balance of the overdraft was \$nil (2016:\$nil)

The following table provides an analysis of the land and buildings that are measured at fair value, by fair value hierarchy:

	Date of valuation	Level 1	Level 2	Level 3
Assets measured at fair value	\$	\$	\$	\$
Land- Lygon Street	Jul-16		4,000,000	
Building- Lygon Street	Jul-16		4,580,000	
Land & Building Yallourn Street, Fyshwick	May-17		550,000	
		Consolidated		Parent
		2017	2016	2017
		\$	\$	\$
				2016
				\$

Note 6B: Plant and equipment

Plant and equipment:

at cost	2,647,914	1,686,454	100,761	100,761
accumulated depreciation	(1,551,987)	(838,614)	(98,022)	(95,743)
Total plant and equipment	1,095,927	847,840	2,739	5,018

Reconciliation of the Opening and Closing Balances of Plant and Equipment

As at 1 July				
Gross book value	1,686,454	1,951,478	100,761	100,761
Accumulated depreciation and impairment	(838,614)	(778,400)	(95,743)	(91,191)
Net book value 1 July	847,840	1,173,078	5,018	9,570
Additions:				
By purchase	647,147	97,918	-	-
From acquisition of entities (including restructuring)	-	-	-	-
Impairments	-	-	-	-
Depreciation expense	(380,415)	(375,624)	(2,279)	(4,548)
Other movement	-	-	-	-
Disposals:				
From disposal of entities (including restructuring)	-	-	-	-
Other	(18,645)	(47,532)	-	-
Net book value 30 June	1,095,927	847,840	2,739	5,022
Net book value as of 30 June represented by:				
Gross book value	2,647,914	1,686,454	100,761	100,761
Accumulated depreciation and impairment	(1,551,987)	(838,614)	(98,022)	(95,739)
Net book value 30 June	1,095,927	847,840	2,739	5,022

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

	Consolidated		Parent	
	2017	2016	2017	2016
	\$	\$	\$	\$
Note 6C: Intangibles				
Computer software at cost:				
internally developed	70,385	70,385	-	-
Purchased	-	-	-	-
accumulated amortisation	(70,385)	(68,431)	-	-
Total intangibles	-	1,954	-	-

Reconciliation of the Opening and Closing Balances of Intangibles

As at 1 July				
Gross book value	70,385	70,385	-	-
Accumulated amortisation and impairment	(68,431)	(50,739)	-	-
Net book value 1 July	1,954	19,646	-	-
Additions:				
By purchase	-	-	-	-
From acquisition of entities (including restructuring)	-	-	-	-
Impairments	-	-	-	-
Amortisation	(1,954)	(17,692)	-	-
Other movements [give details below]	-	-	-	-
Disposals:				
From disposal of entities (including restructuring)	-	-	-	-
Other	-	-	-	-
Net book value 30 June	-	1,954	-	-

Net book value as of 30 June represented by:

Gross book value	70,385	70,385	-	-
Accumulated amortisation and impairment	(70,385)	(68,431)	-	-
Net book value 30 June	-	1,954	-	-

National Electrical Contractors Association – National Office

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

	Consolidated		Parent	
	2017	2016	2017	2016
Note 6D: Other Investments	\$	\$	\$	\$
Deposits	-	-	-	-
Other	-	-	104	104
Total other investments	-	-	-	104
(a) Other investments				
Subsidiary - NECA Education & Careers Ltd b)	-	-	-	-
Subsidiary - NECA Legal Pty Ltd	-	-	100	100
Subsidiary – NECA Trade Services Pty Ltd	-	-	0	0
Subsidiary - ECA Training Pty Ltd	-	-	2	2
Subsidiary - Australian Cabler Registration Service Pty Ltd	-	-	2	2
Subsidiary - NECA Training Ltd (b)	-	-	-	-
	-	-	104	104
Note 6E: Other Non-current Assets				
Deferred Tax Assets	293,026	280,296	-	-
Other	-	-	-	-
Total other non-financial assets	293,026	280,296	-	-
Income Tax				
Australian Cabler Registration Pty Ltd (ACRS) is the only tax paying entity within the consolidated group. The income tax expense for the consolidated group is calculated as follows:				
(1) Prima facie Tax on profit/(loss) from ordinary activities before income tax at 30% (2017: 30%) (ACRS Profit for 2017: \$53,022 2016: Profit \$50,172)	(15,907)	(15,052)	-	-
- Over provision of tax from prior periods	(4,763)	-	-	-
- Other non-deductible expenses	-	-	-	-
Income tax attributable to the entity	(20,670)	(15,052)	-	-
(2) The components of tax expense comprise:	-	-	-	-
- Current tax expense	33,399	15,052	-	-
- Deferred tax expense	(12,729)	-	-	-
Aggregate income tax benefit/(expense)	20,670	15,052	-	-
(3) Deferred Tax Asset balance				
This balance comprises temporary differences attributable to:				
- Accruals	4,714	2,340	-	-
- Deferred income	273,959	260,926	-	-
- Differential on depreciation of property, plant and equipment	-	4,764	-	-
- Provisions	14,353	12,266	-	-
- Tax losses	0	0	-	-
Total deferred tax asset balance	293,026	280,296	-	-

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

	Consolidated		Parent	
	2017	2016	2017	2016
	\$	\$	\$	\$
Note 7 Current Liabilities				
Note 7A: Trade payables				
Trade creditors and accruals	3,332,762	2,404,209	108,919	101,589
Subtotal trade creditors	3,332,762	2,404,209	108,919	101,589
Payables to other reporting units				
New South Wales Chapter	73,423	62,567	503	-
Victorian Chapter	26,101	126,129	-	-
Queensland Chapter	16,500	-	-	-
Tasmanian Chapter	-	600	-	-
Western Australian Chapter	-	-	-	-
Subtotal payables to other reporting units	116,024	189,296	503	-
Total trade payables	3,448,786	2,593,505	109,422	101,589

Settlement is usually made within 30 days.

Note 7B: Other payables

Consideration to employers for payroll deductions	-	-	-	-
Legal costs	-	-	-	-
Prepayments received	399,427	523,122	372,288	8,948
GST payable	437,914	315,186	(22,170)	11,132
Other	2,461,057	1,223,619	16,112	21,770
Total other payables	3,298,398	2,061,927	366,230	41,850

Total other payables are expected to be settled in:

No more than 12 months	3,811,304	2,549,608	366,230	41,850
More than 12 months	-	-	-	-
Total other payables	3,811,304	2,549,608	366,230	41,850

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

	Consolidated		Parent	
	2017	2016	2017	2016
	\$	\$	\$	\$
Note 8 Provisions				
Note 8A: Employee Provisions				
Office Holders:				
Annual leave	26,708	21,620	26,708	21,620
Long service leave	2,304	2,304	2,304	2,304
Separations and redundancies	-	-	-	-
Other	-	-	-	-
Subtotal employee provisions—office holders	29,012	23,924	29,012	23,924
Employees other than office holders:				
Annual leave	2,822,294	2,698,313	10,716	9,212
Long service leave	431,844	358,530	34,936	34,461
Separations and redundancies	-	-	-	-
Other	497,131	482,747	11,499	9,195
Subtotal employee provisions—employees other than office holders	3,751,269	3,539,590	57,151	52,868
Total employee provisions	3,780,281	3,563,514	86,163	76,792
Current	3,721,265	3,499,724	80,177	70,806
Non Current	59,016	63,790	5,986	5,986
Total employee provisions	3,780,281	3,563,514	86,163	76,792
Note 9A Deferred income				
Deferred income- current	512,955	487,681		
Deferred income- non-current	400,239	382,077	-	-
Total deferred income	913,194	869,758	-	-
Note 10 Equity				
Note 10A: Funds				
Asset Revaluation Reserve				
Balance as at start of year	1,570,276	2,239,556	-	-
Gain/(Loss) on revaluation of land and buildings	61,775	(669,280)	-	-
Transferred out of reserve	-	-	-	-
Balance as at end of year	1,632,051	1,570,276	-	-
Total Reserves	1,632,051	1,570,276	-	-

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

	Consolidated		Parent	
	2017	2016	2017	2016
	\$	\$	\$	\$
Note 11 Cash Flow				
Note 11A: Cash Flow Reconciliation				
Reconciliation of profit/(deficit) to net cash from operating activities:				
Profit/(deficit) for the year	2,788,647	1,528,182	7,478	5,124
Adjustments for non-cash items				
Depreciation/amortisation	492,068	503,756	2,283	4,548
Bad Debts/Doubtful Debts written off	122,322	257,185		-
Income tax expense	20,670	15,052		
Tax paid	(8,252)	5,691		
Changes in assets/liabilities				
(Increase)/decrease in net receivables	(2,508,880)	467,994	(56,544)	539,249
Increase/(decrease) in payables	2,023,839	380,658	332,214	(627,924)
Increase/(decrease) in employee provisions	216,767	(33,680)	9,371	(5,011)
Increase/(decrease) in deferred income	43,436	(25,731)	-	-
Net cash from (used by) operating activities	3,190,617	3,099,107	294,802	(84,014)

Note 11B: Cash flow information**Cash inflows**

New South Wales Chapter	1,217,142	550,609	1,007,619	473,366
Victoria Chapter	401,322	416,310	401,322	416,310
Queensland Chapter	99,192	113,011	96,952	112,359
Western Australian Chapter	58,539	55,516	266,805	245,599
South Australian Chapter	110,534	133,995	110,534	133,995
Australian Capital Territory Chapter	58,539	55,516	56,133	55,516
Tasmanian Chapter	44,285	32,976	44,285	32,976
Total cash inflows	1,989,553	1,357,933	1,983,650	1,470,121

Cash outflows

New South Wales Chapter	1,192,675	631,146	640,791	122,512
Victorian Chapter	176,116	255,120	5,557	167,388
Queensland Chapter	150,977	288,759	800	112,359
Western Australian Chapter	0	29,462	0	29,462
South Australian Chapter	2,000	15,000	0	358,850
Australian Capital Territory Chapter	543	4,435	0	-
Tasmanian Chapter	660	2,600	0	360
Total cash outflows	1,522,971	1,226,522	647,148	2,699,875

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

Consolidated		Parent	
2017	2016	2017	2016
\$	\$	\$	\$

Note 12 Contingent Liabilities, Assets and Commitments

Note 12A: Commitments and Contingencies

Operating lease commitments—as lessee

The reporting unit has an operating lease commitment in respect of its motor vehicle fleet. Future minimum rentals payable under non-cancellable operating lease as at 30 June are as follows:

Within one year	217,912	56,063	-	-
After one year but not more than five years	451,933	66,767	-	-
More than five years	-	-	-	-
	669,845	122,830	-	-

Financial Support

NECA National Office has provided a letter of financial support to ACRS Pty Ltd, NECA Legal Pty Ltd, NECA Trade Services Pty Ltd and NECA Training Limited to repay their debts should they fail to repay them.

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

Consolidated		Parent	
2017	2016	2017	2016
\$	\$	\$	\$

Note 13 Related Party Disclosures**Note 13A: Related Party Transactions for the Reporting Period**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

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

Revenue received from other reporting units includes:**Capitation Fees**

NSW Chapter	360,758	355,259	360,758	355,259
VIC Chapter	331,415	312,333	331,415	312,333
WA Chapter	197,653	171,773	197,653	171,773
SA Chapter	92,631	94,306	92,631	94,306
ACT Chapter	28,139	28,088	28,139	28,088
TAS Chapter	10,213	13,796	10,213	13,796
Total Capitation Fees	1,020,809	975,555	1,020,809	975,555

Grants Received

NSW Chapter	-	-	-	-
Total Grants Received	-	-	-	-

Other Revenue/Other Income

NSW Chapter	287,057	158,763	81,598	885
VIC Chapter	100,706	25,626	29,553	93,919
QLD Chapter	91,441	103,701	91,441	103,454
WA Chapter	121,025	52,851	96,189	52,851
SA Chapter	11,868	22,060	11,868	22,060
ACT Chapter	22,894	20,566	22,894	20,566
TAS Chapter	16,369	12,786	33,000	12,786
Total Other Income	651,360	396,353	366,543	306,521
Total Revenue received from Other Reporting Units	1,672,169	1,371,908	1,387,352	1,282,076

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

Note 13 Related Party Disclosures (cont'd)

Note 13A: Related Party Transactions for the Reporting Period (cont'd)

	Consolidated		Parent	
	2017	2016	2017	2016
	\$	\$	\$	\$
Expenses paid to the following related parties includes:				
NSW Chapter	1,135,703	562,354	583,706	66,854
VIC Chapter	134,962	167,845	5,052	112,171
QLD Chapter	152,252	146,887	727	6,460
WA Chapter	-	29,238	-	29,238
SA Chapter	1,818	-	-	-
ACT Chapter	493	395	-	-
TAS Chapter	-	545	-	-
Total Expenses paid to Related Parties	1,425,228	907,264	589,485	214,723

Amounts owed by related parties:

Refer to Note 5B for amounts owed by related parties

Amounts owed to related parties:

Refer to Note 7A for amounts owed to related parties

Loans from NECA NSW includes the following:

	2017	2016
Loan to NECA Legal Pty Ltd	507,458	607,458
Loan to NECA Training Pty Ltd	324,305	305,000
Loan to NECA Trade Services Pty Ltd	533,602	300,000

Assets transferred from/to related parties includes the following:

There were no assets transferred from/to related parties during the financial year (2017: \$nil)

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 2017, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. (2016: \$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.

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

Note 13 Related Party Disclosures (cont'd)

Note 13A: Related Party Transactions for the Reporting Period (cont'd)

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances for sales and purchases at the yearend are unsecured and interest free and settlement occurs in cash.

There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2017, the Association has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (2016: \$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.

	Consolidated		Parent	
	2017	2016	2017	2016
	\$	\$	\$	\$
Note 13B: Key Management Personnel Remuneration for the Reporting Period				
Short-term employee benefits				
Salary (including annual leave taken)	1,435,201	1,376,343	228,883	228,833
Annual leave accrued	26,708	21,620	26,708	21,620
Directors Remuneration	125,000	120,000		-
Performance bonus	-	-		-
Total short-term employee benefits	1,586,909	1,517,963	255,591	250,453
Post-employment benefits:				
Superannuation	120,783	123,987	21,739	21,739
Total post-employment benefits	120,783	123,987	21,739	21,739
Other long-term benefits:				
Long-service leave	2,304	2,304	2,304	2,304
Total other long-term benefits	2,304	2,304	2,304	2,304
Termination benefits		-		-
Total	1,709,996	1,644,254	279,634	274,496

**NOTES TO THE FINANCIAL STATEMENTS
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Note 13 Related Party Disclosures (cont'd)

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

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

The following transactions occurred with key management personnel within Consolidated Entity (ECA Training Pty Ltd):	<i>Debtors/ (Creditors)</i>	<i>Income/ (Expenses)</i>
J. Tinslay – JCT Advisory	(220)	(1,272)
M. Brame – Delta Elcom Pty Limited	13,598	217,389
P. Murray – P M Electric Pty Limited	125,862	1,233,467
R. Easthorpe – Heyday5 Pty Limited	211,951	1,381,448
S. Kerfoot – Kerfoot Electric Pty Limited	51,490	667,937
R. Houlahan – Downer EDI Engineering	47,824	320,349
T. Emeleus – General Manager – E-oz energy skill	(313)	(47,733)
T. Emeleus – General Manager – NSW industry Training and Advisory Board	-	(6,000)
T. Emeleus – General Manager – General Manager-ANZETA	-	(3,000)
T. Emeleus – General Manager – General Manager-GTA NSW & ACT	-	(10,098)
M. Wood & P. Stabback- Group Training QLD & NT	-	(5,325)

Consolidated 2017	2016	Parent 2017	2016
\$		\$	

Note 14 Remuneration of Auditors

Value of the services provided

Crowe Horwath

Audit of NECA National & ACRS	46,827	48,580	38,497	39,996
Other services	4,500	4,500	-	-

Moore Stephens

Audit of NECA Training Ltd, NECA Legal P/L & ECA Training P/L	32,881	33,804	-	-
Other services	11,522	11,858	-	-

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Stannards

Audit of NECA Education & Careers	21,500	21,500	-	-
Other services	-	-	-	-
Total remuneration of auditors	117,230	120,242	38,497	39,996

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

**NOTES TO THE FINANCIAL STATEMENTS
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Note 15 Financial Instruments

The main risks the reporting unit and its controlled entities 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 reporting unit and its controlled entities financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, bank loans and overdrafts, loans to and from subsidiaries.

The totals for each category of financial instruments, measured in accordance with AASB 139, as detailed in the accounting policies to these financial statements, are as follows:

Categories of Financial Instruments

		Consolidated	
	Note	2017	2016
		\$	\$
Financial Assets			
Cash and cash equivalents	5A	9,864,386	7,144,675
Available for sale financial assets	5C	2,023,569	1,917,051
Financial assets held to maturity	5C	5,430,000	5,687,057
Trade and other receivables	5B	10,215,056	7,835,555
Total financial assets		<u>27,533,011</u>	<u>22,584,338</u>
Financial Liabilities			
<i>Financial liabilities at amortised cost</i>			
Trade payables	7A	3,448,786	2,593,505
Other payables	7B	3,811,304	2,549,608
Bank overdraft		-	-
Total financial liabilities		<u>7,260,090</u>	<u>5,143,113</u>

Financial risk management policies

The Committee of Management has overall responsibility for the establishment of the Association'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 at an individual chapter/subsidiary level under policies and objectives which have been approved by the Committee of Management. Each Chief Financial Officer has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate and foreign exchange rate risk and assessment of market forecasts for interest rate movements.

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

Note 15 Financial Instruments (cont'd)

The Committee of Management receives monthly reports which provide details of the effectiveness of the processes and policies in place.

National Electrical Contractors Association (NECA) does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

Mitigation strategies for specific risks faced are described below:

Note 15A: 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 Association'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 Association has no significant concentration of credit risk with any single counterparty or Association 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.

Note 15B: Liquidity risk

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

- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

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

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

Note 15C: Liquidity Risk - financial liability and asset maturity analysis

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.

Financial liability maturity analysis - Non-derivative

Consolidated	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment								
Trade and other payables	7,260,090	5,143,113	-	-	-	-	7,260,090	5,143,113
Bank overdraft	-	-	-	-	-	-	-	-
Total contractual outflows	7,260,090	5,143,113	-	-	-	-	7,260,090	5,143,113

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

Note 15D: Market risk

Market risk is the risk that the fair value or future cash flows of the financial instruments held within the Association will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk. The exposure to market risk is a result of the asset allocation strategy prescribing investments across certain asset classes. The Association is only exposed to interest rate risk and other price risk as detailed below.

The Association's financial instruments portfolio as impacting market risk:

	Note	Consolidated	
		2017	2016
		\$	\$
Cash at bank @ floating rate	5A	9,864,386	7,144,675
Financial assets held as available for sale	5C	2,023,569	1,917,051
Financial assets held to maturity	5C	5,430,000	5,687,057
		17,317,955	14,748,783

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

Note 15D: Market Risk (cont'd)

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

2017	Consolidated				
	Fixed Interest	Cash @ Floating Rate	Managed Investments	Equities	Total
	\$	\$	\$	\$	\$
ECA Training Pty Ltd	-	148,120	1,511,409	364,040	2,023,569
	-	148,120	1,511,409	364,040	2,023,569
2016					
ECA Training Pty Ltd	-	205,897	1,392,869	318,285	1,917,051
	-	205,897	1,392,869	318,285	1,917,051

Interest rate risk is the risk that the fair value or future cash flows of a financial market instrument will fluctuate because of changes in market interest rates. The Association is affected by interest rate risk due to its directly held cash balances. The Association does not have any floating rate debt instruments for both 2017 and 2016. The exposure to interest rate risk has a direct impact on the Statement of Comprehensive Income and Statement of Financial Position of the Association.

Interest rate risk is measured and monitored by the calculation of the duration of the investment portfolios which approximates the percentage change in portfolio valuation from a percentage change in market interest rates.

It would normally be expected that floating rate cash instruments have a direct exposure to interest rate risk. However, because the cash investments in the Association's St George investment account are in the nature of a pooled investment scheme, it is the unit price of the scheme which reflects the value of the financial investment. On this basis, the sensitivity of changes to the unit price for these instrument investments is included below in note (i): 'Other Price Risk'.

Interest rate risk is measured and monitored by the calculation of the duration of the investment portfolios which approximates the percentage change in portfolio valuation from a percentage change in market interest rates. The only component of the financial instruments directly impacted by interest rates volatility for the purposes of quantifying the interest rate sensitivities are the cash holdings either within the individual portfolios or the master custodian accounts for the investment portfolio.

It would normally be expected that floating rate cash instruments have a direct exposure to interest rate risk. However, because the cash investments in the Association's St George's investment account are in the nature of a pooled investment scheme, it is the unit price of the scheme which reflects the value of the financial investment. On this basis, the sensitivity of changes to the unit price for these instrument investments is included below in note (i) Other Price Risk.

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

Note 15 Financial Instruments (cont'd)

Note 15D: Market risk (cont'd)

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

	Consolidated	
	Profit	Equity
	\$	\$
Year ended 30 June 2017		
+/- 2% in interest rates	190,478	190,478
Year ended 30 June 2016		
+/- 2% in interest rates	174,869	174,869

i. Other Price risk

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

There is a fundamental financial relationship between risk and return. The investments are diversified across different risk profiles in return for commensurate returns in accordance with St George's strategic asset allocation policy, meaning that the other price risk exposure is understood.

Whilst equity markets are inherently volatile and not suitable for short-term investment, over the long-term, equity investments have proven to be a good source of inflation protection, through the achievement of high returns in real terms. To manage the price risk, the investment portfolio is diversified in accordance with asset class limits (in accordance with St George's strategic asset allocation policy).

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**
Note 15 Financial Instruments (cont'd)**Note 15D: Market risk (cont'd)**

	Consolidated	
	Profit	Equity
	\$	\$
Year ended 30 June 2016		
+/- 3% in RBA cash rate	+/- 4,444	+/- 4,444
+/- 5% in ASX All ordinaries Index	+/- 93,772	+/- 93,772
Year ended 30 June 2015		
+/- 3% in RBA cash rate	+/- 6,177	+/- 6,177
+/- 5% in ASX All ordinaries Index	+/- 85,558	+/- 85,558

Note 16: Fair Value of Financial Instruments

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the Statement of Financial Position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Consolidated	2017		2016	
	Net Carrying Value	Net Fair value	Net Carrying Value	Net Fair value
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	9,864,386	7,864,386	7,144,675	7,144,675
Trade and other receivables	10,215,056	10,215,056	7,835,555	7,835,555
Investments at market value	7,453,569	9,453,569	7,604,108	7,604,108
Total financial assets	27,533,011	27,533,011	22,584,338	22,584,338
Financial liabilities				
Trade and other payables	7,260,090	7,260,090	5,143,113	5,143,113
Bank overdraft	-	-	-	-
Total financial liabilities	7,260,090	7,260,090	5,143,113	5,143,113

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

Note 16 Fair value measurements (cont'd)

Note 16A: Fair Value of Financial Instruments

Fair value measurements categorised by fair value hierarchy—Consolidated

The following table provides an analysis of financial instruments that are measured at fair value, by valuation method.

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 for financial assets

	Level 1		Level 2		Level 3	
	2017	2016	2017	2016	2017	2016
Available for sale						
Cash	148,120	205,897	-	-	-	-
Managed Investments	1,511,409	1,392,869	-	-	-	-
Equities	364,040	318,285	-	-	-	-
Total	2,023,569	1,917,051	-	-	-	-

Note 16B: Capital Management

Capital is defined as the Association's total equity comprising retained earnings and the asset revaluation reserve. It is the Committee's policy to maintain a strong capital base so as to maintain member, stakeholder, creditor, market confidence and to sustain future development of the business. Capital management plays a central role in managing risk to create member value whilst also ensuring that the interests of all stakeholders including investors, policy holders, lenders and regulators are met.

Capital finances growth, capital expenditure and business plans and also provides support if adverse outcomes arise from health insurance, investment performance or other activities. The appropriate level of capital is determined by the Board on both regulatory and economic considerations.

There were no changes in the Association's approach to capital management during the year.

Note 16B: Net Income and Expense from Financial Assets

	Consolidated		Parent	
	2017	2016	2017	2016
	\$	\$	\$	\$
Available for sale				
Interest revenue	106,517	129,800	--	-
Unrealised Losses	-	-	--	-
Net gain/(loss) from available for sale	106,517	129,800		

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

Note 17 Investments in Subsidiaries and Associates

Interests are held in the following entities:

Name	Country of Incorporation	Ownership Interest*	
		2017	2016
		%	%
<i>Subsidiaries:</i>			
Australian Cabler Registration Service Pty Ltd (a)	Australia	100	100
NECA Education and Careers (b)	Australia	100	100
ECA Training Pty Ltd	Australia	100	100
NECA Training Ltd	Australia	100	100
NECA Legal Pty Ltd	Australia	100	100
NECA Trade Services Pty Ltd	Australia	100	100
<i>Entities 50% owned but not consolidated:</i>			
Elecnet (Australia) Pty Ltd (c)	Australia	50	50
<i>Entities owned greater than 20% but not equity accounted for:</i>			
Protect Services Pty Ltd (d)	Australia	25	25

(a) ACRS has been consolidated as NECA is the sole shareholder and has majority at the board, and therefore NECA controls ACRS.

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

(c) Although NECA has 50% ownership, it does not have the majority on the board. In addition, the Scheme has been set up for the benefit of its members and not NECA. The purpose of the Scheme is for employer groups to contribute to the Scheme and hold monies in trust for its members until e.g. redundancies or terminations. No monies are distributed to NECA directly. Further, there is no risk to NECA of an unfunded Scheme position (contingent liability) given that employers are funding the scheme. Hence, there is neither control nor significant influence.

**NOTES TO THE FINANCIAL STATEMENTS
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Note 17 Investments in Subsidiaries and Associates (cont'd)

(d) Protect Services Pty Ltd has been set up for the benefits of its members and not NECA. The purpose of the Scheme is for employer groups to contribute to the Scheme and hold monies in trust for its members until e.g. redundancy and terminations. No monies are distributed to NECA directly. Further, there is no risk to NECA of an unfunded scheme position (contingent liability) given that employers are funding the scheme. Hence NECA does not have significant influence on this entity.

Note 18 Association Details

The principal place of business of the association is:

National Electrical Contractors Association – National Office
Level 4, 30 Atchison St
St Leonards NSW 1590

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

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

Information to be provided to members or General Manager:

(1)A member of a reporting unit, or the General Manager, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.

(2)The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.

(3)A reporting unit must comply with an application made under subsection (1).

Note 20 Recovery of Wages Activity

There was no recovery of wage activity undertaken by the reporting unit during the financial year.

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

Note 21 Business Combinations

The reporting unit did not acquire any asset or liability during the financial year as a result of:

- a) an amalgamation under Part 2 of Chapter 3, of the RO Act in which the organisation (of which the reporting unit forms part) was the amalgamated organisation; or
- b) a restructure of the branches of the organisation; or
- c) a determination by the General Manager under subsection 245(1) of the RO Act of an alternative reporting structure for the organisation; or
- d) a revocation by the General Manager under subsection 249(1) of the RO Act of a certificate issued to an organisation under subsection