National Electrical Contractors Association – National Office and its controlled entities

Financial Statements For the Year Ended 30 June 2019

Annual Financial Statements
For the year ended 30 June 2019

Contents

Certificate by prescribed designated officer
For the year ended 30 June 2019

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 2019 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 ..24../..10../2019 ; and
• that the full report was presented to a general meeting of members of the reporting unit on ..21../..11../2019 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: 21 - 11 - 2019

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 (the reporting unit), which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2019, notes to the financial statements, including a summary of significant accounting policies, the committee of management statement, the subsection 255(2A) report and the officer declaration statement.

In 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 2019, 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.

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 a registered auditor under the RO Act.

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, we have nothing to report.

CROWE MELBOURNE

JOHN GAVENS
Partner

24 October 2019
Melbourne

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

Report required under subsection 255(2A)
For the year ended 30 June 2019

The Committee of management presents the expenditure report as required under subsection 255(2A) on the reporting unit for the year ended 30 June 2019.

	Consolidated		Parent	
	2019	2018	**2019**	2018
Categories of expenditure	**$**	$	**$**	$
Remuneration and other employment-related costs and expenses – employees	**69,021,601**	63,606,539	**641,115**	752,311
Advertising	**991,896**	482,970	**41,914**	52,756
Operating costs	**14,883,754**	9,700,447	**4,291,988**	3,736,133
Donations to political parties	**-**	-	**-**	-
Legal costs	**77,753**	45,756	**-**	875

Signature of prescribed designated officer

Name of prescribed designated officer SURESH MANICKAM
Title of prescribed designated officer CEO AND SECRETARY

Dated: 24 / 10 / 2019

Operating Report
For the year ended 30 June 2019

The Committee presents its report on the reporting unit for the financial year ended 30th June 2019. 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 2019 Annual Review for further information.

The profit of the reporting unit and it's controlled entities for the financial year, after providing for income tax, amounted to $3,284,847 (2018: $2,432,127).

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

ECA Training Pty Ltd purchased a commercial property located at 120 Hume Highway Chullora. The intention is to use the property for day to day operations. Settlement occurred in two transaction which took place on 2 August 2019 for 7.92 million and 15 November 2019 for 2.48 million.

Other than the items noted above there has not been any matters 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.

Number of members

The reporting unit had 5,255 (2018: 5,294) members at financial year end.

Number of employees

The reporting unit had 4 full time equivalent (2018: 4 FTE) employees at financial year end. The controlled entities had 84 (2018: 97) employees and 1,190 (2018: 1,115) apprentices and trainees.

Operating Report (continued)
For the year ended 30 June 2019

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

Name 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

Names of committee of management members and period positions held during the financial year

Alan Brown - President (resigned on 04/02/2019)
Russell Chatfield
Andrew Thorpe
Bruce Duff
Jack Grego
Greg Hodby - Vice President
David McInnes
Grant Bawden
David James
Alan Charlton (resigned on 26/03/2019)
Barry Skinner
Michael Purnell
Jim Heerey - Treasurer
Wayne Hobson
Suresh Manickam
Stephen Kerfoot (appointed on 20/02/2019)
Peter Beveridge (appointed on 25/06/2019)

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

Signature of prescribed designated officer

Name of prescribed designated officer SURESH MANICKAM
Title of prescribed designated officer CEO AND SECRETARY

Dated: 24 / 10 / 2019

Committee of management statement
For the year ended 30 June 2019

On 24/10/2019 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 June2019:

The Committee of Management declares that in its opinion:

a) the financial statements and notes comply with the Australian Accounting Standards;

b) the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the **RO Act**);

c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they

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 the Commissioner duly made under section 272 of the RO Act, that information has been provided to the member or the Commissioner; and

vi. where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

Signature of prescribed designated officer

Name of prescribed designated officer SURESH MANICKAM
Title of prescribed designated officer CEO AND SECRETARY

Dated: 24/10/2019

Statement Of Financial Position
As At 30 June 2019

		Consolidated		Parent	
		2019	2018	2019	2018
	Notes	$	$	$	$
ASSETS					
Current Assets					
Cash and cash equivalents	5A	**16,809,256**	10,240,041	**1,235,254**	1,030,962
Trade and other receivables	5B	**12,811,601**	12,161,098	**603,979**	1,443,344
Inventory		**363,344**	137,157	**-**	-
Other current assets	5C	**4,552,789**	10,569,767	**44,745**	43,842
Total current assets		**34,536,990**	33,108,063	**1,883,978**	2,518,148
Non-Current Assets					
Land and buildings	6A	**12,745,321**	8,921,209	**-**	-
Plant and equipment	6B	**4,395,772**	1,390,444	**15,362**	16,139
Intangibles	6C	**-**	-	**-**	-
Other investments	6D	**-**	-	**104**	104
Deferred tax assets	6E	**313,024**	295,319	**-**	-
Total non-current assets		**17,454,117**	10,606,972	**15,466**	16,243
Total assets		**51,991,107**	43,715,035	**1,899,444**	2,534,391
LIABILITIES					
Current Liabilities					
Trade payables	7A	**3,800,537**	3,691,040	**106,837**	77,245
Other payables	7B	**4,340,605**	4,137,784	**16,087**	1,547,585
Employee provisions	8A	**4,902,154**	4,445,017	**79,600**	97,064
Deferred income	9A	**3,405,112**	1,822,831	**776,138**	488,263
Total current liabilities		**16,448,408**	14,096,672	**978,662**	2,210,157
Non-Current Liabilities					
Employee provisions	8A	**95,449**	97,092	**24,832**	21,681
Deferred income	9A	**418,160**	472,899	**-**	-
Total non-current liabilities		**513,609**	569,991	**24,832**	21,681
Total liabilities		**16,962,017**	14,666,663	**1,003,494**	2,231,838
Net assets		**35,029,090**	29,048,372	**895,950**	302,553
EQUITY					
Reserves	10A	**4,335,387**	1,632,051	**-**	-
Retained earnings (accumulated deficit)		**30,693,703**	27,416,321	**895,950**	302,553
Total equity		**35,029,090**	29,048,372	**895,950**	302,553

The statement of financial position
is to be read in conjunction with the notes to the financial statements set out on pages 15 to 60.

Statement of comprehensive income
For the year ended 30 June 2019

	Notes	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
Revenue					
Membership subscription		**-**	-	**-**	-
Apprentice hire fees and traineeship		**73,548,405**	66,337,452	**-**	-
Sale of Products and Services		**5,575,665**	3,770,224	**-**	-
Licence Revenue		**672,837**	646,474	**-**	-
Capitation fees	3A	**1,165,841**	1,081,474	**1,165,841**	1,081,474
Levies	3B	**-**	-	**-**	-
Investment income	3C	**507,931**	415,394	**1,645**	1,414
Other revenue		**-**	-	**-**	-
Total Revenue		**81,470,679**	72,251,018	**1,167,486**	1,082,888
Other Income					
Grants and/or donations	3D	**2,509,494**	2,087,043	**-**	-
Project Income		**4,041,898**	2,120,699	**4,041,898**	2,120,699
Revenue from recovery of wages activity		**-**	-	**-**	-
Other Income		**237,780**	421,407	**360,025**	439,912
Total other income		**6,789,172**	4,629,149	**4,401,923**	2,560,611
Total income		**88,259,851**	76,880,167	**5,569,409**	3,643,499
Expenses					
Employee expenses	4A	**69,021,601**	63,606,539	**641,115**	752,311
Capitation fees and other expenses to another reporting unit	4B	**-**	-	**-**	-
Affiliation fees	4C	**59,425**	45,572	**61,425**	45,572
Administration expenses	4D	**9,959,442**	6,657,894	**372,851**	307,309
Grants or donations	4E	**-**	-	**-**	1,012,224
Depreciation and amortisation	4F	**741,915**	601,996	**10,610**	8,345
Finance costs	4G	**46,313**	47,533	**-**	-
Legal costs	4H	**77,753**	45,756	**-**	875
Audit fees	14	**128,743**	148,348	**42,700**	45,000
Other expenses	4I	**4,937,614**	3,284,070	**3,846,316**	2,378,784
Total expenses		**84,972,806**	74,437,708	**4,975,017**	4,550,420
Profit (loss) for the year before tax		**3,287,045**	2,442,459	**594,392**	(906,921)
Income Tax Expense	6E	**2,198**	**10,332**	**-**	-
Profit (loss) for the year		**3,284,847**	2,432,127	**594,392**	(906,921)
Other comprehensive income					
Items that will not be subsequently reclassified to profit or loss		**-**	-	**-**	-
Gain/(Loss) on revaluation of financial assets		**140,836**	-	**-**	-
Gain/(Loss) on revaluation of land & buildings		**2,562,500**	-	**-**	-
Total comprehensive income for the year		**5,988,183**	2,432,127	**594,392**	(906,921)

The statement comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 15 to 60.

Statement Of Changes In Equity
For the year ended 30 June 2019

Consolidated	Notes	Asset Revaluation Reserve	Financial Asset Revaluation Reserve	Retained earnings	Total equity
		$	$	$	$
Balance as at 1 July 2017		**1,632,051**	**-**	**24,984,194**	**26,616,245**
Profit for the year		-	-	2,432,127	2,432,127
Other comprehensive income for the year		-	-	-	-
Transfer to/from Reserves	10A	-	-	-	-
Transfer from retained earnings		-	-	-	-
Closing balance as at 30 June 2018		**1,632,051**	**-**	**27,416,321**	**29,048,372**
Balance at 1 July 2018		**1,632,051**	**-**	**27,416,321**	**29,048,372**
Retrospective change in accounting policy		**-**	**-**	**(7,465)**	**(7,465)**
Restated Balance at 1 July 2018		**1,632,051**	**-**	**27,408,856**	**29,040,907**
Profit for the year		**-**	**-**	**3,284,847**	**3,284,847**
Other comprehensive income for the year	10	2,562,500	140,836	-	2,703,336
Transfer to/from Reserves		-	-	-	-
Transfer from retained earnings		-	-	-	-
Closing balance as at 30 June 2019		**4,194,551**	**140,836**	**30,693,703**	**35,029,090**

Parent	Notes	Asset Revaluation Reserve	Financial Asset Revaluation Reserve	Retained earnings	Total equity
		$	$	$	$
Balance as at 1 July 2017		**-**	**-**	**1,209,474**	**1,209,474**
Profit/(Loss) for the year		-	-	(906,921)	(906,921)
Other comprehensive income for the year	10	-	-	-	-
Transfer to/from Reserves		-	-	-	-
Transfer from retained earnings		-	-	-	-
Closing balance as at 30 June 2018		-	-	**302,553**	**302,553**
Balance at 1 July 2018		**-**	**-**	**302,553**	**302,553**
Retrospective change in accounting policy		**-**	**-**	**(995)**	**(995)**
Restated Balance at 1 July 2018		**-**	**-**	**301,558**	**301,558**
Profit for the year		**-**	**-**	**594,392**	**594,392**
Other comprehensive income for the year	10	-	-	-	-
Transfer to/from Reserves		-	-	-	-
Transfer from retained earnings		-	-	-	-
Closing balance as at 30 June 2019		**-**	**-**	**895,950**	**895,950**

Statement of Cash Flows
For the year ended 30 June 2019

		Consolidated		Parent	
		2019	2018	**2019**	2018
OPERATING ACTIVITIES	Notes	**$**	$	**$**	$
Cash received					
Receipts from other reporting units/controlled entities	11B	**1,821,607**	2,114,164	**1,381,095**	1,518,613
Receipts from customers		**85,383,852**	71,683,129	**1,656,178**	2,274,742
Interest		**507,931**	415,394	**1,645**	1,414
		87,713,390	74,212,687	**3,038,918**	3,794,769
Cash used					
Payments to Employees & Suppliers		**(71,065,505)**	(70,867,766)	**(909,901)**	(2,323,442)
Net Income Tax Paid		**(17,700)**	(25,242)	**-**	-
Payment to other reporting units/controlled entities	11B	**(3,349,949)**	(2,158,761)	**(1,914,892)**	(1,036,873)
Net cash from (used by) operating activities	11A	**13,280,236**	1,160,918	**214,125**	434,454
INVESTING ACTIVITIES					
Cash received					
Proceeds from sale of plant and equipment		**-**	15,858	**-**	-
Proceeds from sale of land and buildings		**-**	-	**-**	-
Proceeds from sale of investment		**2,076,982**	-	**-**	-
Cash used					
Purchase of plant and equipment		**(3,621,838)**	(801,121)	**(9,833)**	(21,745)
Purchase of land and buildings		**(1,387,017)**	-	**-**	-
Purchase of investment		**(3,779,148)**	-	**-**	-
Net cash from (used by) investing activities		**(6,711,021)**	(785,263)	**(9,833)**	(21,745)
FINANCING ACTIVITIES					
Cash received					
Contributed equity/Other		**-**	-	**-**	-
Cash used					
Repayment of borrowings		**-**	-	**-**	-
Others		**-**	-	**-**	-
Net cash from (used by) financing activities		**-**	-	**-**	-
Net increase (decrease) in cash held		**6,569,215**	375,655	**204,292**	412,709
Cash & cash equivalents at the beginning of the reporting period		**10,240,041**	9,864,386	**1,030,962**	618,253
Cash & cash equivalents at the end of the rep	5A	**16,809,256**	10,240,041	**1,235,254**	1,030,962

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 15 to 60.

Index to the notes of the financial statements

Notes to the financial statements
For the year ended 30 June 2019

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* .

These financial statements comprise NECA – National Office and the subsidiaries entities listed at note 17. Separate audited financials statements are prepared for all NECA state Chapters.

1.1 Going Concern

NECA Legal Pty Ltd

NECA Legal Pty Ltd reccorded a net profit after tax of $7,805.
It has Net assets deficiency $386,237 as at 30 June 2019. The net assets deficiency is due to NECA Legal having a loan payable to NECA NSW Chapter amounting to $497,458. 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 $260,159 as at 30 June 2019. The net assets deficiency is due to NECA Training Ltd having a loan payable to NECA NSW Chapter amounting to $362,000. 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 $283,797 as at 30 June 2019. The net assets deficiency is due to NECA Trade Services Pty Ltd having a loan payable to NECA NSW Chapter of $1,035,919. 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 $3,277,382 and have a positive consolidated working capital of $14,030,538. The committee is therefore confident that NECA can access funding to provide financial support to the above three 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.

The National Electrical Contractors Association – National Office's ability to continue as a going concern is not reliant on the agreed financial support of another reporting unit.

The National Electrical Contractors Association – National Office has not agreed to provide financial support to ensure another reporting unit has the ability to continue as a going concern.

1.2 Basis of preparation of the financial statements

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

Notes to the financial statements
For the year ended 30 June 2019

1.2 Basis of preparation of the financial statements (continued)

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

1.3 Comparative amounts

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

1.4 Significant accounting judgements and estimates

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 except for the following standards and amendments, which have been adopted for the first time this financial year:

• AASB 9 Financial Instruments and relevant amending standards, which replaces AASB 139 Financial Instruments: Recognition and Measurement. The impact of applying this standard is discussed further below

Impact on adoption of AASB 9

(a) Initial application
AASB 9 Financial Instruments (**AASB 9**) replaces *AASB139 Financial Instruments: Recognition and Measurement* (**AASB 139**) for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.
NECA has applied AASB 9 retrospectively, with an initial application date of 1 July 2018. NECA has not restated the comparative information, which continues to be reported under AASB 139. Differences arising from the adoption of AASB 9 have been recognised directly in opening retained earnings and other components of equity as at 1 July 2018. The nature and effect of the changes as a result of adoption of AASB 9 are as follows:

Impact on the statement of financial position (increase/(decrease)):

		Consolidated	Parent
	Ref adjustments	1-Jul-18	1-Jul-18
		$	$
Classification and measurement	(i)	140,836	-
Impairment	(ii)	7,465	991
Other adjustments		-	-
		148,301	991

Notes to the financial statements
For the year ended 30 June 2019

1.5 New Australian Accounting Standards (continued)

	Ref adjustments	Consolidated 1-Jul-18	Parent 1-Jul-18
Assets		$	$
Trade and other receivables	(ii)	(7,465)	(991)
Other non-current assets	(ii)	140,836	-
Total assets			
Total adjustments on equity			
Retained earnings	(i), (ii)	(7,465)	(991)
Other components of equity	(i), (ii)	140,836	-

The nature of these adjustments are described below.

(i) Classification and measurement
Under AASB 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: NECA business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of NECA business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

- Trade receivables and other non-current financial assets (i.e., Loan to a related party) previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as debt instruments at amortised cost.
- Quoted debt instruments previously classified as available-for-sale (AFS) financial assets are now classified and measured as debt instruments at fair value through OCI as they failed the
- Equity investments in non-listed companies previously classified as AFS financial assets are now classified and measured as equity instruments designated at FVTOCI. NECA elected to classify irrevocably its non-listed equity investments under this category as it intends to hold these investments for the foreseeable future. There were no impairment losses recognised in profit or loss for these investments in prior periods.
- Listed equity investments previously classified as AFS financial assets are now classified and measured as financial assets at fair value through profit or loss.

As a result of the change in classification of NECA listed equity investments, the AFS reserve of $0 related to those investments that were previously presented under accumulated OCI, was reclassified to retained earnings as at 1 July 2018. The remaining amount of available for sale reserve of $140,836 was renamed to the fair value reserve for financial assets at FVTOCI.

NECA has [not] designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for NECA financial liabilities.

In summary, upon adoption of AASB 9, NECA applied the following required or elected reclassifications:

Notes to the financial statements
For the year ended 30 June 2019

1.5 New Australian Accounting Standards (continued)

1 July 2018	Consolidated		
	AASB 9 measurement category		
	Fair value through profit or loss	Amortised cost	Fair value through OCI
	$	$	$
AASB 139 measurement category			
Loans and receivables	-	-	-
Available for sale	-	-	140,836
	-	-	140,836

1 July 2018	Parent		
	AASB 9 measurement category		
	Fair value through profit or loss	Amortised cost	Fair value through OCI
	$	$	$
AASB 139 measurement category			
Loans and receivables	-	-	-
Available for sale	-	-	-
	-	-	-

*The change in carrying amount is a result of additional impairment allowance. See discussion on impairment below.

(ii) Impairment loss

The adoption of AASB 9 has fundamentally changed NECA's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires NECA to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets, i.e. those held at amortised cost and at FVTOCI.

Upon adoption of AASB 9 NECA recognised additional impairment on the trade receivables and loan receivable from related party of $7,465 which resulted in a decrease in retained earnings of the same amount as at 1 July 2018.

Set out below is the reconciliation of the ending impairment allowances in accordance with AASB 139 to the opening loss allowances determined in accordance with AASB 9.

	Allowance for impairment under AASB 139 as at 30 June 2018	Re-measurement	ECL under AASB 9 as at 1 July 2018
	$	$	$
Trade receivables	-	7,465	7,465
Loan to a related party	-	-	-
	-	7,465	7,465

Notes to the financial statements
For the year ended 30 June 2019

1.5 New Australian Accounting Standards (continued)

Future Australian Accounting Standards Requirements
New standards, amendments to standards or interpretations that were issued prior to the sign-off date and are applicable to future reporting periods that are expected to have a future financial impact on NECA include:

AASB 16 Leases (AASB 16)
AASB 16 was issued in January 2016 and it replaces AASB 117 Leases, AASB Interpretation 4 Determining whether an Arrangement contains a Lease, AASB Interpretation-115 Operating Leases-Incentives and AASB Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

For not-for profit (NFP) entities, AASB 16 will commence from financial years beginning on or after 1 January 2019. Either a full retrospective application or a modified retrospective application is required for AASB 16. NECA plans to adopt AASB 16 on the required effective date 1 July 2019 of using modified retrospective method.

AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under AASB 16 is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.

During the financial year ended 30 June 2019, NECA performed a preliminary assessment of AASB 16.
The assessment has indicated that most operating leases, with the exception of short term (< 12 months) and low value leases (<$5K per item) will come on to the balance sheet and will be recognised as right of use assets with a corresponding lease liability. The assessment concluded that the operating leases will now be classified as finance leases for motor vehicles, property and some IT equipment.

In the operating statement, the operating lease expense will be replaced by depreciation expense of the asset and an interest charge.

Notes to the financial statements
For the year ended 30 June 2019

1.5 New Australian Accounting Standards (continued)

AASB 1058 Income of Not-for-Profit Entities (AASB 1058) and AASB 15 Revenue from Contracts with Customers (AASB 15)
AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities in conjunction with AASB 15. AASB 1058 and AASB 15 supersede all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contributions.

For NFP entities, both AASB 1058 and 15 will commence from financial years beginning on or after 1 January 2019. Either a full retrospective application or a modified retrospective application is required for AASB 15. NECA plans to adopt AASB 15 on the required effective date 1 July 2019 of using modified retrospective method.

During the financial year ended 30 June 2019, NECA performed a preliminary assessment of AASB 1058 and 15. Grant revenue is currently recognised as expenses are incurred. The assessment has indicated that there will be no significant impact to the NECA upon adoption of AASB 15.

AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation
The amendments to AASB 9 clarify that a financial asset passes the solely payments of principal and interest criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments apply retrospectively and are effective from 1 January 2019, with earlier application permitted. The standard is not expected to have a significant impact on NECA.

AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement
The amendments to AASB 119 specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period using the actuarial assumptions used to re-measure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event
- Determine net interest for the remainder of the period using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to re-measure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019, with early application permitted. The standard is not expected to have a significant impact on NECA.

Notes to the financial statements
For the year ended 30 June 2019

1.5 New Australian Accounting Standards (continued)

AASB 2017-7 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation

The amendments clarify that an entity applies AASB 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in AASB 9 applies to such long-term interests.

The amendments apply retrospectively and are effective from 1 January 2019, with early application permitted. The standard is not expected to have a significant impact on NECA.

AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle

These improvements include:

- **AASB 11 Joint Arrangements**

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in AASB 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

Amendment applies to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. The standard is not expected to have a significant impact on NECA.

- **AASB 123 Borrowing Costs**

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.
Amendment applies for annual reporting periods beginning on or after 1 January 2019, with early application permitted. The standard is not expected to have a significant impact on NECA.

1.6 Basis of consolidation

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

(a) the whole of the organisation; or

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

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

All state 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.

Notes to the financial statements
For the year ended 30 June 2019

1.6 Basis of consolidation (continued)

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.

1.7 Investment in associates and joint arrangements

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

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

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

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

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

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

1.8 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.

Notes to the financial statements
For the year ended 30 June 2019

1.8 Revenue (continued)

Donation income is recognised when it is received.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any loss allowance due to expected credit losses at each reporting date. A provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment has been established.

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

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease.

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

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.

1.9 Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which NECA recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that NECA 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 NECA with no future related costs are recognised in profit or loss in the period in which they become receivable.

1.10 Gains

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.

Notes to the financial statements
For the year ended 30 June 2019

1.12 Employee benefits (continued)

Liabilities for short-term employee benefits (as defined in AASB 119 Employee Benefits) and termination benefits which are expected to be settled within twelve months of the end of reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits which are expected to be settled beyond twelve months are measured as the present value of the estimated future cash outflows to be made by the reporting unit in respect of services provided by employees up to reporting date.

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

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

1.13 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 statement of financial position.

Notes to the financial statements
For the year ended 30 June 2019

1.16 Financial instruments

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

1.17 Financial assets

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

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

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

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

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

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in five categories:
- (Other) financial assets at amortised cost
- (Other) financial assets at fair value through other comprehensive income
- Investments in equity instruments designated at fair value through other comprehensive income
- (Other) financial assets at fair value through profit or loss
- (Other) financial assets designated at fair value through profit or loss

Financial assets at amortised cost
NECA measures financial assets at amortised cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

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

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

Notes to the financial statements
For the year ended 30 June 2019

1.17 Financial assets (continued)

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

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

Derecognition
A financial asset is derecognised when:

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

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

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

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

Impairment
(i) Trade receivables
For trade receivables that do not have a significant financing component, NECA applies a simplified approach in calculating expected credit losses (**ECLs**) which requires lifetime expected credit losses to be recognised from initial recognition of the receivables.

Therefore, NECA does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. NECA has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Notes to the financial statements
For the year ended 30 June 2019

1.17 Financial assets (continued)

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

ECLs are recognised in two stages:

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

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

1.18 Financial Liabilities

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

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

NECA's financial liabilities include trade and other payables.

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

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

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

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

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

Notes to the financial statements
For the year ended 30 June 2019

1.18 Financial Liabilities (continued)

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

1.19 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.

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

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

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%

Notes to the financial statements
For the year ended 30 June 2019

1.20 Land, Buildings, Plant and Equipment (continued)

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

1.21 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.

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.

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.

Notes to the financial statements
For the year ended 30 June 2019

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.

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 NECA 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 2019

1.25 Taxation (continued)

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

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

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

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

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

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

1.26 Fair value measurement

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place

- 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 NECA. 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.

NECA 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

Notes to the financial statements
For the year ended 30 June 2019

1.26 Fair value measurement (continued)

For assets and liabilities that are recognised in the financial statements on a recurring basis, NECA 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, NECA has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

Notes to the financial statements
For the year ended 30 June 2019

Note 2 Events after the reporting period

There were no events that occurred after 30 June 2019, 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.

Note 3 Income

Note 3A: Capitation fees and other revenue from another reporting unit

	Consolidated		Parent	
	2019	2018	**2019**	2018
	$	$	**$**	$
NSW Chapter	**393,209**	371,906	**393,209**	371,906
VIC Chapter	**355,621**	326,659	**355,621**	326,659
QLD Chapter	**35,141**	16,928	**35,141**	16,928
WA Chapter	**251,224**	238,218	**251,224**	238,218
SA Chapter	**94,993**	94,760	**94,993**	94,760
ACT Chapter	**27,753**	27,517	**27,753**	27,517
TAS Chapter	**7,900**	5,486	**7,900**	5,486
Subtotal capitation fees	**1,165,841**	1,081,474	**1,165,841**	1,081,474
Other revenue from another reporting unit:				
Other revenue	**-**	-	**-**	-
Subtotal other revenue from another reporting unit	**-**	-	**-**	-
Total capitation fees and another revenue from other reporting unit	**1,165,841**	1,081,474	**1,165,841**	1,081,474

Note 3B: Levies

	Consolidated		Parent	
	2019	2018	**2019**	2018
	$	$	**$**	$
Levies	**-**	-	**-**	-
Total levies	**-**	-	**-**	-

Note 3C: Investment income

	Consolidated		Parent	
	2019	2018	**2019**	2018
	$	$	**$**	$
Interest				
Deposits	**507,931**	415,394	**1,645**	1,414
Total investment income	**507,931**	415,394	**1,645**	1,414

Notes to the financial statements
For the year ended 30 June 2019

	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
Note 3 Income (continued)				
Note 3D: Grants or donations				
Grants	**2,497,670**	2,087,043	**-**	-
Donations	**11,824**	-	**-**	-
Total grants or donations	**2,509,494**	2,087,043	**-**	-

	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
Note 4 Expenses				
Note 4A: Employee expenses				
Holders of office:				
Wages and salaries	**237,970**	**237,618**	**237,970**	237,618
Superannuation	**22,607**	**24,902**	**22,607**	24,902
Leave and other entitlements	**(4,348)**	**23,195**	**(4,348)**	23,195
Separation and redundancies	**-**	**-**	**-**	-
Other employee expenses	**-**	**-**	**-**	-
Subtotal employee expenses holders of office	**256,229**	285,715	**256,229**	285,715
Employees other than office holders:				
Wages and salaries	**62,557,980**	57,103,813	**232,356**	288,819
Superannuation	**5,315,666**	4,741,149	**22,064**	24,541
Leave and other entitlements	**255,330**	494,370	**(9,965)**	9,387
Separation and redundancies	**123,132**	122,273	**-**	-
Other employee expenses	**513,264**	859,219	**140,431**	143,849
Subtotal employee expenses employees other than office holders	**68,765,372**	63,320,824	**384,886**	466,596
Total employee expenses	**69,021,601**	63,606,539	**641,115**	752,311

	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
Note 4B: Capitation fees and other expense to another reporting unit				
Capitation fees				
Other Reporting Units	**-**	-	**-**	-
Subtotal capitation fees	**-**	-	**-**	-
Other expense to another reporting unit				
Other Reporting Units	**-**	-	**-**	-
Subtotal other expense to another reporting unit	**-**	-	**-**	-
Total capitation fees and other expense to another reporting unit	**-**	-	**-**	-

Notes to the financial statements
For the year ended 30 June 2019

Note 4 Expenses (continued)

Note 4C: Affiliation fees

	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
Australian Chamber of Commerce & Industry	**54,230**	42,940	**54,230**	42,940
Other	**5,195**	2,632	**7,195**	2,632
Total affiliation fees/subscriptions	**59,425**	45,572	**61,425**	45,572

Note 4D: Administration expenses

	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
Total paid to employers for payroll deductions of membership subscriptions	**-**	-	**-**	-
Compulsory levies	**-**	-	**-**	-
Fees/allowances - meeting and conferences	**-**	-	**-**	-
Apprentice Costs (other than Salaries)	**264,380**	126,579	**-**	-
Conference and meeting expenses	**145,307**	186,152	**45,659**	46,051
Contractors/consultants	**385,723**	342,003	**141,621**	112,162
Directors Remuneration	**200,010**	165,343	**-**	-
Property expenses	**338,477**	229,551	**64,915**	57,843
Office expenses	**3,615,725**	2,429,607	**31,348**	27,891
Information communications technology	**978,813**	386,215	**33,671**	16,347
Management Fees	**360,230**	336,429	**-**	-
Motor Vehicle Expenses	**317,298**	247,615	**-**	-
Training	**895,837**	392,940	**-**	-
Travel & Accommodation	**129,967**	92,212	**36,280**	27,141
Other	**2,320,475**	1,689,633	**19,357**	19,874
Subtotal administration expense	**9,952,242**	6,624,279	**372,851**	307,309
Operating lease rentals:				
Minimum lease payments	**7,200**	33,615	**-**	-
Total administration expenses	**9,959,442**	6,657,894	**372,851**	307,309

Note 4E: Grants or donations

	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
Grants:				
Total expensed that were $1,000 or less	**-**	-	**-**	-
Total expensed that exceeded $1,000	**-**	-	**-**	-
Donations:				
Total expensed that were $1,000 or less	**-**	-	**-**	-
Total expensed that exceeded $1,000 (refer note 17C)	**-**	-	**-**	1,012,224
Total grants or donations	**-**	-	**-**	1,012,224

Notes to the financial statements
For the year ended 30 June 2019

Note 4 Expenses (continued)

Note 4F: Depreciation and amortisation

	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
Depreciation				
Land & buildings	**125,405**	111,250	**-**	-
Property, plant and equipment	**616,510**	490,746	**10,610**	8,345
Total depreciation	**741,915**	601,996	**10,610**	8,345
Amortisation				
Intangibles	**-**	-	**-**	-
Total amortisation	**-**	-	**-**	-
Total depreciation and amortisation	**741,915**	601,996	**10,610**	8,345

Note 4G: Finance costs

	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
Finance leases	**-**	-	**-**	-
Overdrafts/loans	**46,313**	47,533	**-**	-
Unwinding of discount	**-**	-	**-**	-
Total finance costs	**46,313**	47,533	**-**	-

Note 4H: Legal costs

	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
Litigation	**-**	-	**-**	-
Other legal matters	**77,753**	45,756	**-**	875
Total legal costs	**77,753**	45,756	**-**	875

Note 4I: Other expenses

	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
Advertising & Promotion	**991,896**	972,182	**77,968**	127,186
Bad Debts	**222,370**	45,463	**0**	-
Doubtful Debts	**-**	-	**-**	-
Excellence Awards Expenses	**-**	130,899	**134,113**	130,899
Project Expenses	**3,723,348**	2,135,526	**3,634,235**	2,120,699
Penalties - via RO Act or the Fair Work Act 2009	**-**	-	**-**	-
Total other expenses	**4,937,614**	3,284,070	**3,846,316**	2,378,784

Notes to the financial statements
For the year ended 30 June 2019

Note 5 Current Assets

Note 5A: Cash and Cash Equivalents

	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
Cash at bank	**14,621,343**	7,329,178	**1,235,254**	1,030,962
Cash on hand	**17**	17	**-**	-
Short term deposits	**2,187,896**	2,910,846	**-**	-
Total cash and cash equivalents	**16,809,256**	10,240,041	**1,235,254**	1,030,962

Note 5B: Trade and Other Receivables

	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
Receivables from other reporting units				
New South Wales Chapter	**160,729**	27,913	**116,607**	3,751
Victorian Chapter	**14,117**	18,426	**8,727**	18,426
Queensland Chapter	**12,222**	9,405	**12,222**	9,405
Western Australian Chapter	**4,538**	5,716	**4,538**	5,716
South Australian Chapter	**30,661**	39,017	**30,661**	39,017
Australian Capital Territory Chapter	**17,228**	-	**-**	-
Tasmanian Chapter	**-**	19,075	**-**	19,075
Total receivables from other reporting units	**239,495**	119,552	**172,755**	95,390
Less allowance for expected credit losses	**-**	**-**	**-**	**-**
Total allowance for expected credit losses	**-**	**-**	**-**	**-**
Receivable from other reporting units (net)	**239,495**	**119,552**	**172,755**	**95,390**
Other receivables:				
GST receivable from the Australian Taxation Office	**104,042**	-	**104,042**	-
Trade receivables	**9,970,487**	9,612,852	**174,774**	1,319,172
Other trade receivables	**2,878,729**	2,649,333	**153,403**	28,782
Total other receivables	**12,953,258**	12,262,185	**432,219**	1,347,954
Less allowance for expected credit losses	**(381,152)**	**(220,639)**	**(995)**	**-**
Total allowance for expected credit losses	**(381,152)**	**(220,639)**	**(995)**	**-**
Receivable from other reporting units (net)	**12,572,106**	12,041,546	**431,224**	1,347,954
Total trade and other receivables (net)	**12,811,601**	12,161,098	**603,979**	1,443,344

Notes to the financial statements
For the year ended 30 June 2019

Note 5 Current Assets (continued)

Note 5C: Other Current Assets

	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
Financial assets held as available for sale investments.	**-**	2,076,982	**-**	-
Financial assets held to maturity.	**4,552,789**	8,492,785	**44,745**	43,842
Total other current assets	**4,552,789**	10,569,767	**44,745**	43,842

Note 6 Non-current Assets

Note 6A: Land and buildings

	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
Land and buildings:				
fair value	**12,787,017**	9,130,000	**-**	-
accumulated depreciation	**(41,696)**	(208,791)	**-**	-
Total land and buildings	**12,745,321**	8,921,209	**-**	-

	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
Reconciliation of the Opening and Closing Balances of Land and Buildings				
As at 1 July				
Gross book value	**9,130,000**	9,130,000	**-**	-
Accumulated depreciation and impairment	**(208,791)**	(97,541)	**-**	-
Net book value 1 July	**8,921,209**	9,032,459	**-**	-
Additions:				
By purchase	**1,387,017**	-	**-**	-
From acquisition of entities (including restructuring)	**-**	-	**-**	-
Revaluations	**2,562,500**	-	**-**	-
Impairments	**-**	-	**-**	-
Depreciation expense	**(125,405)**	(111,250)	**-**	-
Other movement				
Disposals:				
From disposal of entities (including restructuring)	**-**	-	**-**	-
Other	**-**	-	**-**	-
Net book value 30 June	**12,745,321**	8,921,209	**-**	-
Net book value as of 30 June represented by:				
Gross book value	**13,079,517**	9,130,000	**-**	-
Accumulated depreciation and impairment	**(334,196)**	(208,791)	**-**	-
Net book value 30 June	**12,745,321**	8,921,209	**-**	-

Notes to the financial statements
For the year ended 30 June 2019

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 2019 the balance of the overdraft was $nil (2018:$nil)

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

	Date of	Level 1	Level 2	Level 3
Assets measured at fair value	**$**	**$**	**$**	**$**
Land- Lygon Street	30 June 2019		5,500,000	
Building- Lygon Street	30 June 2019		5,350,000	
Land & Building Yallourn Street, Fyshwick	1 May 2017		550,000	
Land & Building Tennant Street, Fyshwick	25 September 2018		1,387,017	

	Consolidated		Parent	
	2019	2018	**2019**	2018
	$	$	**$**	$
Note 6B: Plant and equipment				
Plant and equipment:				
at cost	**6,633,631**	3,275,865	**132,340**	122,507
accumulated depreciation	**(2,237,859)**	(1,885,421)	**(116,978)**	(106,368)
Total plant and equipment	**4,395,772**	1,390,444	**15,362**	16,139

	Consolidated		Parent	
	2019	2018	**2019**	2018
	$	$	**$**	$
Reconciliation of the Opening and Closing Balances of Plant and Equipment				
As at 1 July				
Gross book value	**3,275,865**	2,647,914	**122,507**	100,761
Accumulated depreciation and impairment	**(1,885,421)**	(1,551,987)	**(106,368)**	(98,022)
Net book value 1 July	**1,390,444**	1,095,927	**16,139**	2,739
Additions:				
By purchase	**3,621,838**	801,121	**9,833**	21,745
From acquisition of entities (including restructuring)	**-**	-	**-**	-
Impairments	**-**	-	**-**	-
Depreciation expense	**(616,510)**	(490,746)	**(10,610)**	(8,345)
Other movement	**-**	-	**-**	-
Disposals:	**-**			
From disposal of entities (including restructuring)	**-**	-	**-**	-
Other		(15,858)	**-**	-
Net book value 30 June	**4,395,772**	1,390,444	**15,362**	16,139
Net book value as of 30 June represented by:				
Gross book value	**6,897,703**	3,275,865	**132,340**	122,507
Accumulated depreciation and impairment	**(2,501,931)**	(1,885,421)	**(116,978)**	(106,368)
Net book value 30 June	**4,395,772**	1,390,444	**15,362**	16,139

Notes to the financial statements
For the year ended 30 June 2019

	Consolidated		Parent	
	2019	2018	**2019**	2018
	$	$	**$**	$
Note 6 Non-current Assets (continued)				
Note 6C: Intangibles				
Computer software at cost:				
internally developed	**(70,385)**	70,385	**-**	-
Purchased	**-**	-	**-**	-
accumulated amortisation	**70,385**	(70,385)	**-**	-
Total intangibles	**-**	-	**-**	-

	Consolidated		Parent	
	2019	2018	**2019**	2018
	$	$	**$**	$
Reconciliation of the Opening and Closing Balances of Intangibles				
As at 1 July				
Gross book value	**70,385**	70,385	**-**	-
Accumulated amortisation and impairment	**(70,385)**	(70,385)	**-**	-
Net book value 1 July	**-**	-	**-**	-
Additions:				
By purchase	**-**	-	**-**	-
From acquisition of entities (including restructuring)	**-**	-	**-**	-
Impairments	**-**	-	**-**	-
Amortisation	**-**	-	**-**	-
Other movements [*give details below*]	**-**	-	**-**	-
Disposals:	**-**			
From disposal of entities (including restructuring)	**-**	-	**-**	-
Other	**-**	-	**-**	-
Net book value 30 June	**-**	-	**-**	-
Net book value as of 30 June represented by:				
Gross book value	**70,385**	70,385	**-**	-
Accumulated amortisation and impairment	**(70,385)**	(70,385)	**-**	-
Net book value 30 June	**-**	-	**-**	-

Notes to the financial statements
For the year ended 30 June 2019

	Consolidated		Parent	
	2019	2018	**2019**	2018
	$	$	**$**	$
Note 6 Non-current Assets (continued)				
Note 6D: Other Investments				
Deposits	**-**	-	**-**	-
Other	**-**	-	**104**	104
Total other investments	**-**	-	**104**	104
(a) Other investments				
Subsidiary - NECA Education & Careers Ltd b)	**-**	-	**-**	-
Subsidiary - NECA Legal Pty Ltd	**-**	-	**100**	100
Subsidiary – NECA Trade Services Pty Ltd	**-**	-	**-**	-
Subsidiary - ECA Training Pty Ltd	**-**	-	**2**	2
Subsidiary - Australian Cabler Registration Service Pty	**-**	-	**2**	2
Subsidiary - NECA Training Ltd (b)	**-**	-	**-**	-
	-		**104**	104

	Consolidated		Parent	
	2019	2018	**2019**	2018
	$	$	**$**	$
Note 6E: Other Non-current Assets				
Deferred Tax Assets	**295,319**	280,296	**-**	-
Other	**-**	-	**-**	-
Total other non-financial assets	**295,319**	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:

	Consolidated		Parent	
	2019	2018	**2019**	2018
	$	$	**$**	$
(1) Primafacie Tax on profit/(loss) from ordinary (ACRS Profit for 2019: $24,339; 2018: Profit $15,228)	**(2,198)**	(10,332)	**-**	-
- Over provision of tax from prior periods	**-**	-	**-**	-
- Other non-deductable expenses	**-**	-	**-**	-
Income tax attributable to the entity	**(2,198)**	(10,332)	**-**	-
(2) The components of tax expense comprise:				
- Current tax expense	**19,902**	12,625	**-**	-
- Deferred tax expense	**(17,705)**	(2,293)	**-**	-
Aggregate income tax benefit/(expense)	**2,197**	10,332	**-**	-
(3) Deferred Tax Asset balance				
This balance comprises temporary differences attributable to:				
- Accruals	**3,339**	3,965	**-**	-
- Deferred income	**18,220**	15,876	**-**	-
- Differential on depreciation of property, plant and	**-**	-	**-**	-
- Provisions	**290,716**	275,478	**-**	-
- Other liabilities	**749**	-	**-**	-
- Tax losses	**-**	-	**-**	-
Total deferred tax asset balance	**313,024**	295,319	**-**	-

Notes to the financial statements
For the year ended 30 June 2019

Note 7 Current Liabilities

	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
Note 7A: Trade payables				
Trade creditors and accruals	**3,535,561**	3,576,875	**56,746**	70,519
Subtotal trade creditors	**3,535,561**	3,576,875	**56,746**	70,519
Payables to other reporting units				
New South Wales Chapter	**119,663**	71,512	**6,771**	-
Victorian Chapter	**19,540**	6,463	**1,642**	1,843
Queensland Chapter	**80,210**	34,790	**-**	120
Tasmanian Chapter	**660**	1,400	**-**	1,400
Western Australian Chapter	**2,100**	-	**-**	3,363
South Australian Chapter	**-**	-	**41,678**	-
Australian Capital Territory Chapter	**42,803**	-	**-**	-
Subtotal payables to other reporting units	**264,976**	114,165	**50,091**	6,726
Total trade payables	**3,800,537**	3,691,040	**106,837**	77,245

Settlement is usually made within 30 days.

	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
Note 7B: Other payables				
Consideration to employers for payroll deductions	**-**	-	**-**	-
Legal costs				
Litigation	**-**	-	**-**	-
Other legal costs	**-**	-	**-**	-
Prepayments received	**-**	-	**-**	-
GST payable	**605,399**	442,732	**-**	112,121
Other	**3,735,206**	3,695,052	**16,087**	1,435,464
Total other payables	**4,340,605**	4,137,784	**16,087**	1,547,585
Total other payables are expected to be settled in:				
No more than 12 months	**4,340,605**	4,137,784	**16,087**	1,547,585
More than 12 months	**-**	-	**-**	-
Total other payables	**4,340,605**	4,137,784	**16,087**	1,547,585

Notes to the financial statements
For the year ended 30 June 2019

Note 8 Provisions

	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
Note 8A: Employee Provisions				
Office Holders:				
Annual leave	**33,146**	120,025	**33,146**	41,973
Long service leave	**24,832**	15,787	**24,832**	-
Separations and redundancies	**-**	-	**-**	-
Other	**-**	-	**-**	-
Subtotal employee provisions—office holders	**57,978**	135,812	**57,978**	41,973
Employees other than office holders:				
Annual leave	**3,432,774**	3,366,898	**17,937**	18,646
Long service leave	**455,524**	312,200	**17,018**	24,946
Separations and redundancies	**-**	-	**-**	-
Other	**1,051,327**	630,108	**11,499**	11,499
Subtotal employee provisions—employees other	**4,939,625**	4,309,206	**46,454**	55,091
Total employee provisions	**4,997,603**	4,445,018	**104,432**	97,064
Current	**4,902,154**	4,445,017	**79,600**	97,064
Non Current	**95,449**	97,092	**24,832**	21,681
Total employee provisions	**4,997,603**	4,542,109	**104,432**	118,745

Note 9 Non-current liabilities

	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
Note 9A Deferred income				
Deferred income- current	**3,405,112**	1,822,831	**776,138**	488,263
Deferred income- non-current	**418,160**	472,899	**-**	-
Total deferred income	**3,823,272**	2,295,730	**776,138**	488,263

Note 10 Equity

	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
Note 10A: Funds				
Asset Revaluation Reserve				
Balance as at start of year	**1,632,051**	1,632,051	**-**	-
Gain/(Loss) on revaluation of land and buildings	**2,562,500**	-	**-**	-
Transferred out of reserve	**-**	-	**-**	-
Balance as at end of year	**4,194,551**	1,632,051	**-**	-
Total Reserves	**4,194,551**	1,632,051	**-**	-

Notes to the financial statements
For the year ended 30 June 2019

	Consolidated		Parent	
	2019	2018	**2019**	2018
Note 10 Equity (continued)	**$**	$	**$**	$
Note 10B: Other specific disclosures - funds				
Financial Asset Revaluation Reserve				
Balance as at start of year	**-**	-	**-**	-
Gain/(Loss) on revaluation of financial assets	**140,836**	-	**-**	-
Transferred out of reserve	**-**	-	**-**	-
Balance as at end of year	**140,836**	-	**-**	-
Total Reserves	**140,836**	-	**-**	-

	Consolidated		Parent	
	2019	2018	**2019**	2018
	$	$	**$**	$
Note 11 Cash Flow				
Note 11A: Cash Flow Reconciliation				
Reconciliation of profit/(deficit) to net cash from				
Profit/(deficit) for the year	**3,284,847**	2,432,127	**594,392**	(906,921)
Adjustments for non-cash items				
Depreciation/amortisation	**741,915**	601,996	**10,610**	8,345
Bad Debts/Doubtful Debts written off	**222,370**	26,378	**-**	-
Income tax expense	**2,198**	10,332	**-**	-
Tax paid	**(17,700)**	(25,242)	**-**	-
Changes in assets/liabilities				
(Increase)/decrease in net receivables	**6,751,252**	(5,123,294)	**838,462**	(336,993)
Increase/(decrease) in payables	**312,318**	1,094,257	**(1,501,906)**	1,149,178
Increase/(decrease) in employee provisions	**455,494**	761,828	**(14,313)**	32,582
Increase/(decrease) in deferred income	**1,527,542**	1,382,536	**287,875**	488,263
Net cash from (used by) operating activities	**13,280,236**	1,160,918	**215,120**	434,454
Note 11B: Cash flow information				
Cash inflows				
New South Wales Chapter	**852,150**	1,032,827	**474,565**	473,366
Victoria Chapter	**563,602**	424,630	**504,642**	389,035
Queensland Chapter	**140,554**	119,869	**140,264**	119,374
Western Australian Chapter	**-**	302,462	**-**	302,462
South Australian Chapter	**144,104**	116,434	**144,104**	116,434
Australian Capital Territory Chapter	**63,043**	63,220	**63,043**	63,220
Tasmanian Chapter	**58,154**	54,722	**54,477**	54,722
Total cash inflows	**1,821,607**	2,114,164	**1,381,095**	1,518,613
Cash outflows				
New South Wales Chapter	**946,322**	1,053,951		269,454
Victorian Chapter	**801,606**	541,011	**801,606**	397,566
Queensland Chapter	**955,048**	406,476	**544,056**	213,190
Western Australian Chapter	**280,884**	31,900	**280,884**	31,900
South Australian Chapter	**170,826**	112,963	**170,826**	112,963
Australian Capital Territory Chapter	**180,873**	-	**63,043**	-
Tasmanian Chapter	**14,390**	12,460	**54,477**	11,800
Total cash outflows	**3,349,949**	2,158,761	**1,914,892**	1,036,873

Notes to the financial statements
For the year ended 30 June 2019

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:

	Consolidated		Parent	
	2019	2018	**2019**	2018
	$	$	**$**	$
Within one year	**223,331**	54,500	**-**	-
After one year but not more than five years	**220,675**	-	**-**	-
More than five years	**-**	-	**-**	-
	444,006	54,500	-	-

Financial Support

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

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	Consolidated		Parent	
	2019	2018	**2019**	2018
Capitation Fees	**$**	$	**$**	$
NSW Chapter	**393,209**	371,906	**393,209**	371,906
VIC Chapter	**355,621**	326,659	**355,621**	326,659
QLD Chapter	**35,141**	16,928	**35,141**	16,928
WA Chapter	**251,224**	238,218	**251,224**	238,218
SA Chapter	**94,993**	94,760	**94,993**	94,760
ACT Chapter	**27,753**	27,517	**27,753**	27,517
TAS Chapter	**7,900**	5,486	**7,900**	5,486
Total Capitation Fees	**1,165,841**	1,081,474	**1,165,841**	1,081,474
Grants Received				
NSW Chapter	**-**	-	**-**	-
Total Grants Received	**-**	-	**-**	-
Other Revenue/Other Income				
NSW Chapter	**914,371**	263,550	**141,497**	142,977
VIC Chapter	**504,248**	76,545	**94,327**	43,760
QLD Chapter	**130,338**	93,514	**94,933**	93,262
WA Chapter	**-**	41,333	**-**	41,333
SA Chapter	**123,407**	23,192	**28,414**	23,192
ACT Chapter	**72,977**	29,955	**29,562**	29,955
TAS Chapter	**35,529**	61,603	**24,287**	61,603
Total Other Income	**1,780,870**	589,692	**413,020**	436,082
Total Revenue received from Other Reporting Units	**2,946,711**	1,671,166	**1,578,861**	1,517,556

Notes to the financial statements
For the year ended 30 June 2019

Note 13 Related Party Disclosures (continued)

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

Expenses paid to the following related parties includes:

	Consolidated		Parent	
	2019	2018	**2019**	2018
	$	$	**$**	$
NSW Chapter	**1,220,879**	930,373	**192,438**	245,820
VIC Chapter	**921,395**	514,423	**730,224**	363,099
QLD Chapter	**721,644**	386,151	**494,487**	193,918
WA Chapter	**270,092**	19,000	**259,474**	19,000
SA Chapter	**193,186**	102,694	**193,186**	102,694
ACT Chapter	**1,023**	-	**-**	-
TAS Chapter	**12,409**	12,600	**11,809**	12,000
Total Expenses paid to Related Parties	**3,340,628**	1,965,241	**1,881,618**	936,531

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:

	2019	2018	2017
Loan to NECA Legal Pty Ltd	**497,458**	507,458	507,458
Loan to NECA Training Pty Ltd	**362,000**	343,613	324,305
Loan to NECA Trade Services Pty Ltd	**1,035,919**	876,659	533,602

Assets transferred from/to related parties includes the following:

There were no assets transferred from/to related parties during the financial year (2018: $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 2019, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. (2018: $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.

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.

The reporting unit did not make a payment to a former related party of the reporting entity.

Notes to the financial statements
For the year ended 30 June 2019

	Consolidated		Parent	
	2019	2018	**2019**	2018
	$	$	**$**	$
Note 13 Related Party Disclosures (continued)				
Note 13B: Key Management Personnel Remuneration for the Reporting Period				
Short-term employee benefits				
Salary (including annual leave taken)	**1,086,613**	1,443,986	**237,618**	237,618
Annual leave accrued	**95,646**	33,571	**23,195**	23,195
Directors Remuneration	**165,000**	165,343	**-**	-
Performance bonus	**-**	-	**-**	-
Total short-term employee benefits	**1,347,259**	1,642,900	**260,813**	260,813
Post-employment benefits:				
Superannuation	**114,628**	123,946	**24,902**	24,902
Total post-employment benefits	**114,628**	123,946	**24,902**	24,902
Other long-term benefits:				
Long-service leave	**18,096**	24,123	**-**	-
Total other long-term benefits	**18,096**	24,123	**-**	-
Termination benefits				
Total	**1,479,983**	1,790,969	**285,715**	285,715

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):	*Debtors/ (Creditors)*	*Income/ (Expenses)*
J. Tinslay – JCT Advisory	600	-
M. Brame – Delta Elcom Pty Limited	29,560	586,493
P. Murray – P M Electric Pty Limited	58,074	1,496,008
R. Easthorpe – Heyday5 Pty Limited	186,737	1,814,594
S. Kerfoot – Kerfoot Electric Pty Limited	74,955	1,247,031
R. Houlahan – Downer EDI Engineering	10,457	124,586
T. Emeleus – General Manager – E-oz energy skill	-	(255)
T. Emeleus – General Manager – NSW Industry Training and Advisory Board	-	(3,623)
T. Emeleus – General Manager – General Manager – ANZETA	-	(3,000)

Notes to the financial statements
For the year ended 30 June 2019

Note 14 Remuneration of Auditors

	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
Value of the services provided				
Crowe Australasia				
Audit of NECA National & ACRS	**51,000**	58,227	**38,500**	45,000
Other services	**4,200**	-	**4,200**	-
Moore Stephens				
Audit of ECA Training Pty Ltd, NECA Training Ltd, NECA Legal Pty Ltd, NECA Trade Services Pty Ltd and NECA Foundation Limited	**37,612**	29,842	**-**	-
Other services	**13,331**	15,581	**-**	-
McLean Delmo Bentleys				
Audit of NECA Education & Careers	**22,600**	44,698	**-**	-
Other services	**0**	-	**-**	-
Total remuneration of auditors	**128,743**	148,348	**42,700**	45,000

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

Note 15 Financial Instruments

The main risks the reporting unit and it's 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 it's 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 9, as detailed in the accounting policies to these financial statements, are as follows:

Note 15A: Categories of Financial Instruments

	Note	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
Financial Assets at amortised cost					
Cash and cash equivalents	5A	**16,809,256**	10,240,041	**1,235,254**	1,030,962
Available for sale financial assets	5C	**0**	2,076,982	**-**	-
Financial assets held to maturity	5C	**4,552,789**	8,492,785	**44,745**	43,842
Trade and other receivables	5B	**12,811,601**	12,161,098	**603,979**	1,443,344
Total financial assets		**34,173,646**	32,970,906	**1,883,978**	2,518,148

Notes to the financial statements
For the year ended 30 June 2019

	Note	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
Note 15A: Categories of Financial Instruments (continued)					
Financial Liabilities at fair value through profit or loss					
Financial liabilities at amortised cost					
Trade payables	7A	**3,800,537**	3,691,040	**106,837**	77,245
Other payables	7B	**4,340,605**	4,137,784	**16,087**	1,547,585
Bank overdraft		**-**	-	**-**	-
Total financial liabilities		**8,141,142**	7,828,824	**122,924**	1,624,830

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. 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	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
Note 15B: Net income and expense from financial assets					
Held-to-maturity					
Interest revenue		**507,931**	415,394	**1,645**	1,414
Exchange gains/(loss)		**-**	-	**-**	-
Impairment		**-**	-	**-**	-
Gain/loss on disposal		**-**	-	**-**	-
Net gain/(loss) held-to-maturity		**507,931**	**415,394**	**1,645**	1,414

Notes to the financial statements
For the year ended 30 June 2019

		Consolidated		Parent	
		2019	2018	**2019**	2018
	Note	**$**	$	**$**	$
Note 15C: Net income and expense from financial liabilities					
At amortised cost					
Interest expense		-	-	-	-
Exchange gains/(loss)		-	-	-	-
Gain/loss on disposal		-	-	-	
Net gain/(loss) financial liabilities - at amortised cost		-	-	-	-
Fair value through profit and loss					
Held for trading:					
Change in fair value		-	-	-	-
Interest expense		-	-	-	-
Exchange gains/(loss)		-	-	-	-
Total held for trading		-	-	-	-
Designated as fair value through profit and loss:					
Change in fair value					
Interest expense		-	-	-	-
Total designated as fair value through profit and loss		-	-	-	-
Net gain/(loss) at fair value through profit and loss					
Net gain/(loss) from financial liabilities		-	-	-	-

Note 15D: Credit risk

Exposure to credit risk relating to financial assets arises from the potential non performance by counterparties of contract obligations that could lead to a financial loss to the Association and arises principally from the 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.

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

Notes to the financial statements
For the year ended 30 June 2019

Note 15D: Credit risk

30-Jun-19	Trade and other receivables				
	Days past due				
	Current	<30 days	<60 days	<90 days	Total
Consolidated	$	$	$	$	$
Expected credit loss rate	0.85%	0.78%	5.49%	22.26%	
Estimate total gross carrying amount at default	4,651,702	1,033,072	478,434	236,050	6,399,258
Expected credit loss	39,354	8,021	26,243	52,534	126,152

30-Jun-18	Trade and other receivables				
	Days past due				
	Current	<30 days	<60 days	<90 days	Total
Consolidated	$	$	$	$	$
Expected credit loss rate	0.08%	0.11%	0.14%	0.18%	
Estimate total gross carrying amount at default	4,649,994	968,603	530,880	1,090,830	7,240,307
Expected credit loss	3,756	1,042	739	1,928	7,465

30-Jun-19	Trade and other receivables				
	Days past due				
	Current	<30 days	<60 days	<90 days	Total
Parent	$	$	$	$	$
Expected credit loss rate	0.16%	0.00%	0.00%	9.53%	
Estimate total gross carrying amount at default	192,334	134,256	-	7,300	333,890
Expected credit loss	299	-	-	696	995

30-Jun-18	Trade and other receivables				
	Days past due				
	Current	<30 days	<60 days	<90 days	Total
Parent	$	$	$	$	$
Expected credit loss rate	0.01%	0.00%	0.00%	0.97%	
Estimate total gross carrying amount at default	1,335,011	-	986	78,565	1,414,562
Expected credit loss	191	-	-	766	957

NECA's maximum exposure to credit risk for the components of the statement of financial position at 30 June 2019 and 2018 is the carrying amounts as illustrated in Note 15D.

Note 15E: 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

Notes to the financial statements
For the year ended 30 June 2019

Note 15E: Liquidity risk (continued)

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

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

Contractual maturities for financial liabilities 2019

Consolidated	On Demand	< 1 year $	1– 2 years $	2– 5 years $	>5 years $	Total $
Trade and other payables	-	8,141,142	-	-	-	-
Bank overdraft	-	-	-	-	-	-
Total	-	8,141,142	-	-	-	-

Contractual maturities for financial liabilities 2018

Consolidated	On Demand	< 1 year $	1– 2 years $	2– 5 years $	>5 years $	Total $
Trade and other payables	-	7,828,824	-	-	-	-
Bank overdraft	-	-	-	-	-	-
Total	-	7,828,824	-	-	-	-

Contractual maturities for financial liabilities 2019

Parent	On Demand	< 1 year $	1– 2 years $	2– 5 years $	>5 years $	Total $
Trade and other payables	-	122,924	-	-	-	-
Bank overdraft	-	-	-	-	-	-
Total	-	122,924	-	-	-	-

Contractual maturities for financial liabilities 2018

Parent	On Demand	< 1 year $	1– 2 years $	2– 5 years $	>5 years $	Total $
Trade and other payables	-	122,924	-	-	-	-
Bank overdraft	-	-	-	-	-	-
Total	-	122,924	-	-	-	-

Note 15F: Market risk

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial market instrument will fluctuate because of changes in market interest rates. NECA is affected by interest rate risk due to its directly held cash balances. NECA does not have any floating rate debt instruments for both 2018 and 2017. The exposure to interest rate risk has a direct impact on the Statement of Comprehensive Income and Statement of Financial Position of NECA.

Notes to the financial statements
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Note 15F: Market risk (continued)

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

It would normally be expected that floating rate cash instruments have a direct exposure to interest rate risk. However, because the cash investments in NECA'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 NECA'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.

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

Sensitivity analysis of the risk that the entity is exposed to for 2019

Consolidated	**Risk**	**Change in risk variable %**	**Effect on**	
			Profit and $	**Equity $**
Interest rate risk		**2**	**336,185**	**336,185**
Interest rate risk	-	**(2)**	**(336,185)**	**(336,185)**

Sensitivity analysis of the risk that the entity is exposed to for 2018

Consolidated	Risk	Change in risk variable %	Effect on	
			Profit and $	Equity $
Interest rate risk	-	**2**	204,801	204,801
Interest rate risk	-	**(2)**	(204,801)	(204,801)

Notes to the financial statements
For the year ended 30 June 2019

Note 15F: Market risk (continued)

Sensitivity analysis of the risk that the entity is exposed to for 2019

Parent	Risk	Change in risk variable %	Effect on Profit and $	Effect on Equity $
Interest rate risk		2	24,705	24,705
Interest rate risk	-	(2)	(24,705)	(24,705)

Sensitivity analysis of the risk that the entity is exposed to for 2018

Parent	Risk	Change in risk variable %	Effect on Profit and $	Effect on Equity $
Interest rate risk	-	2	20,619	20,619
Interest rate risk	-	(2)	(20,619)	(20,619)

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
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Note 16: Fair Value of Financial Instruments

Management of the NECA assessed that cash, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

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

- Fair values of the reporting unit's interest-bearing borrowings and loans are determined by using a discounted cash flow method. The discount rate used reflects the issuer's borrowing rate as at the end of the reporting period. The own performance risk as at 30 June 2019 was assessed to be insignificant.
- Fair value of available-for-sale financial assets is derived from quoted market prices in active markets.
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by NECA based on parameters such as interest rates and individual credit worthiness of the customer. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 30 June 2019 the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

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

Consolidated	**Carrying amount 2019 $**	**Fair value 2019 $**	Carrying amount 2018 $	Fair value 2018 $
Financial assets				
Cash and cash equivalents	**16,809,256**	**16,809,256**	10,240,041	10,240,041
Trade and other receivables	**12,811,601**	**12,811,601**	12,161,098	12,161,098
Investments at market value	**-**	**-**	-	-
Total	**29,620,857**	**29,620,857**	22,401,139	22,401,139
Financial liabilities				
Trade and other payables	**8,141,142**	**8,141,142**	7,828,824	7,828,824
Bank overdraft	**-**	**-**	-	-
Total	**8,141,142**	**8,141,142**	7,828,824	7,828,824

Parent	**Carrying amount 2019 $**	**Fair value 2019 $**	Carrying amount 2018 $	Fair value 2018 $
Financial assets				
Cash and cash equivalents	**1,235,254**	**1,235,254**	1,030,962	1,030,962
Trade and other receivables	**603,979**	**603,979**	1,443,344	1,443,344
Investments at market value	**-**	**-**	-	-
Total	**1,839,233**	**1,839,233**	2,474,306	2,474,306
Financial liabilities				
Trade and other payables	**122,924**	**122,924**	1,624,830	1,624,830
Bank overdraft	**-**	**-**	-	-
Total	**122,924**	**122,924**	1,624,830	1,624,830

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Financial and non-financial assets and liabilities fair value hierarchy

The following tables provide an analysis of financial and non-financial assets and liabilities that are measured at fair value, by fair value hierarchy.

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

Fair value hierarchy – 30 June 2019

	Date of valuation	Level 1	Level 2	Level 3
Assets measured at fair value		**$**	**$**	**$**
Cash		16,809,256	-	-
Managed Investments			-	-
Equities			-	-
Total		**16,809,256**	**-**	**-**
Liabilities measured at fair value				
Trade and other payables		-	-	-
Bank overdraft		-	-	-
Total		**-**	**-**	**-**

Fair value hierarchy – 30 June 2018

	Date of valuation	Level 1	Level 2	Level 3
Assets measured at fair value		**$**	**$**	**$**
Cash		108,417	-	-
Managed Investments		1,494,749	-	-
Equities		473,816	-	-
Total		**2,076,982**	**-**	**-**
Liabilities measured at fair value				
Trade and other payables		-	-	-
Bank overdraft		-	-	-
Total		**-**	**-**	**-**

Notes to the financial statements
For the year ended 30 June 2019

Note 17 Investments in Subsidiaries and Associates

Interests are held in the following entities:

Name	Country of Incorporation	Ownership Interest*	
		2019	2018
		%	%
Subsidiaries:			
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
NECA Foundation Limited (c)	Australia	**100**	100
Entities 50% owned but not consolidated:			
Elecnet (Australia) Pty Ltd	Australia	**50**	50
Entities owned greater than 20% but not equity accounted for:			
Protect Services Pty Ltd	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) NECA Foundation Limited is a trustee company of NECA Foundation. NECA Foundation was established to fundraise, invest and allocate monies for education and research that benefits and advances the interests of the community including the electrotechnology industry. NECA National had a bank account with funds received historically for the purpose of establishing NECA Foundation. In the year ending 30 June 2018 these funds were transferred from NECA National to NECA Foundation (refer Note 4I)

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

Notes to the financial statements
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Note 19 Section 272 Fair Work (Registered Organisations) Act 2009

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

Information to be provided to members or Commissioner:

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

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

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

Note 20 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 Commissioner under subsection 245(1) of the RO Act of an alternative reporting structure for the organisation; or

d) a revocation by the Commissioner under subsection 249(1) of the RO Act of a certificate issued to an organisation under subsection

Officer declaration statement

I, Suresh Manickam, being the Secretary of the National Electrical Contractors Association – National Office declare that the following activities did not occur during the reporting period ending 30 June 2019.

The reporting unit did not:

- agree to receive financial support from another reporting unit to continue as a going concern.
- acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission
- receive periodic or membership subscriptions
- receive revenue via compulsory levies
- receive revenue from undertaking recovery of wages activity
- incur fees as consideration for employers making payroll deductions of membership subscriptions
- pay capitation fees or any other expense to another reporting unit
- pay compulsory levies
- pay a grant that was $1,000 or less
- pay a donation that was $1,000 or less
- pay a donation that exceeded $1,000
- pay separation and redundancy to holders of office
- pay other employee expenses to holders of office
- pay separation and redundancy to employees (other than holders of office)
- pay legal costs relating to litigation
- pay a penalty imposed under the RO Act or the Fair Work Act 2009
- have a payable to an employer for that employer making payroll deductions of membership subscriptions
- have a payable in respect of legal costs relating to litigation
- have a payable in respect of legal costs relating to other legal matters
- have a separation and redundancy provision in respect of holders of office
- have a separation and redundancy provision in respect of employees (other than holders of office
- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- transfer to or withdraw from a fund (other than the general fund), account, asset or controlled enti
- have a balance within the general fund
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit

Signature of prescribed designated officer

Name of prescribed designated officer SURESH MANICKAM
Title of prescribed designated officer CEO AND SECRETARY

Dated: 24/10/2019