



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

Financial Statements For the Year Ended 30 June 2022

Annual Financial Statements
For the year ended 30 June 2022

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of National Electrical and Communications Association National Office and its controlled entities ("NECA National Office" or the "reporting unit"), which comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, the committee of management statement, the subsection 255(2A) report and the officer declarations statement.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of National Electrical and Communications Association National office and its controlled entities as at 30 June 2022, and its financial performance and its cash flows for the year ended on that date in accordance with:

- (a) The Australian Accounting Standards; and
- (b) Any other requirements imposed by the reporting guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act).

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the reporting unit in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Liability limited by a scheme approved under Professional Standards Legislation.

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is external audit, conducted via the Crowe Australasia external audit division and Unison SMSF Audit. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

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

The committee of management is responsible for the other information. The other information obtained at the date of this auditor's report is in the operating report accompanying the financial report.

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

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

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

Responsibilities of the Committee of Management for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the reporting unit's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee of management.
- Conclude on the appropriateness of the committee of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the reporting unit's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the reporting unit to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the reporting unit to express an opinion on the financial report. The auditor is responsible for the direction, supervision and performance of the reporting unit audit. The auditor remains solely responsible for the audit opinion.

We communicate with the committee of management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

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

Crowe Audit Australia

Crowe Audit Australia



Suwarti Asmono
Partner

1 November 2022
Sydney

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

**Report required under subsection 255(2A)
For the year ended 30 June 2022**

The Committee of Management presents the expenditure report as required under subsection 255(2A) on National Electrical and Communications Association National Office for the year ended 30 June 2022.

Categories of expenditure	Consolidated		Parent	
	2022 \$	2021 \$	2022 \$	2021 \$
Remuneration and other employment-related costs and expenses – employees	84,275,030	80,342,476	1,490,246	991,534
Advertising	2,440,407	1,917,367	429,489	188,219
Operating costs	14,878,647	12,559,048	417,642	420,129
Donations to political parties	-	-	-	-
Legal costs	28,840	58,212	-	-

Signature of designated officer



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

Dated: 31 October 2022

**Operating Report
For the year ended 30 June 2022**

The Committee of Management presents its report on the National Electrical and Communications Association National Office and controlled entities ("**NECA**" or "the Group") for the financial year ended 30th of June 2022.

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

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

Significant changes in financial affairs

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

Significant events

No significant events occurred relating to NECA during the year.

After balance date events

As a result of the ongoing impact of the COVID-19 outbreak and the evolving government policies imposed by the Australian Government and other countries, as at the date of these financial statements, NECA is not in a position to reasonably estimate the financial effects of the COVID-19 outbreak on the future financial performance and financial position of NECA.

On 28 October 2022, ECA Training Pty. Limited, one of the subsidiaries of the Group, purchased a property located at 120 Hume Highway, Chullora, NSW for \$2.4 million +GST.

Other than the current disclosures, there has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of NECA, the results of those operations, or the state of affairs of NECA in subsequent financial periods.

Right of members to resign

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

Number of members

NECA had 6,244 (2021: 5,757) members at financial year end.

Number of employees

NECA had 9 full time equivalent (2021: 6 FTE) employees at financial year end. The controlled entities had 86 (2021: 88) employees and 1,257 (2021: 1,232) apprentices and trainees.

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

Name	Position	Is the position held because they are an officer/member of NECA or were nominated by NECA?
Chris Madson	Director of NESS Super Pty Ltd	Yes
John Williams	Director of NESS Super Pty Ltd	Yes
Ian Millner	Alternate Director of NESS Super Pty Ltd (appointed 24 June 2022)	Yes
Bruce Duff	Alternate Director of NESS Super Pty Ltd (resigned 23 August 2021)	Yes

Operating Report (continued)
For the year ended 30 June 2022

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

Name	Position	Period
Bruce Duff	President	1 July 2021 - 30 June 2022
Greg Hodby	Vice President	1 July 2021 - 30 June 2022
Jim Heerey	Treasurer	1 July 2021 - 30 June 2022
David McInnes	Committee Member	1 July 2021 - 30 June 2022
Peter Beveridge	Committee Member	1 July 2021 - 30 June 2022
Andrew Thorpe	Committee Member	1 July 2021 - 30 June 2022
Jack Grego	Committee Member	1 July 2021 - 30 June 2022
Wayne Hobson	Committee Member	1 July 2021 - 30 June 2022
Stephen Kerfoot	Committee Member	1 July 2021 - 30 June 2022
David James	Committee Member	1 July 2021 - 27 August 2021 (resigned 27 August 2021)
Stewart Joyce	Committee Member	1 July 2021 - 29 September 2021 (resigned 29 September 2021) 17 December 2021 - 30 June 2022 (appointed 17 December 2021)
David Peirce	Committee Member	1 July 2021 - 30 June 2022
Peter Hart	Committee Member	1 July 2021 - 27 August 2021 (resigned 27 August 2021)
Robert Shelley	Committee Member	1 July 2021 - 27 August 2021 (resigned 27 August 2021)
Michael Davis	Committee Member	27 August 2021 - 30 June 2022 (appointed 27 August 2021)
Sally Waters	Committee Member	27 August 2021 - 30 June 2022 (appointed 27 August 2021)
Jason Marriott	Committee Member	27 August 2021 - 30 June 2022 (appointed 27 August 2021)
Oliver Judd	Acting Secretary	1 July 2021 - 21 September 2021
	Secretary	22 September 2021 - 30 June 2022
Oliver Judd	CEO	1 July 2021 - 30 June 2022

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

Signature of designated officer



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

Dated: 31 October 2022

**Committee of management statement
For the year ended 30 June 2022**

On 31 October 2022 the Committee of Management of the National Electrical and Communications Association National Office passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 30 June 2022:

The Committee of Management declares that in its opinion:

- a) the financial statements and notes comply with the Australian Accounting Standards;
- b) the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act);
- c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of National Electrical and Communications Association National Office for the financial year to which they relate;
- d) there are reasonable grounds to believe that National Electrical and Communications Association National Office will be able to pay its debts as and when they become due and payable; and
- e) during the financial year to which the GPFR relates and since the end of that year:
 - i. meetings of the Committee of Management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - ii. the financial affairs of National Electrical and Communications Association National Office have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - iii. the financial records of National Electrical and Communications Association National Office have been kept and maintained in accordance with the RO Act; and
 - iv. where the organisation consists of two or more reporting units, the financial records of National Electrical and Communications Association National Office have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and
 - v. where information has been sought in any request by a member of National Electrical and Communications Association National Office or the Commissioner duly made under section 272 of the RO Act, that information has been provided to the member or the Commissioner; and
 - vi. where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

This declaration is made in accordance with a resolution of the committee of management.

Signature of designated officer



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

Dated: 31 October 2022

Statement of comprehensive income
For the year ended 30 June 2022

	Notes	Consolidated		Parent	
		2022	2021	2022	2021
		\$	\$	\$	\$
Revenue from contracts with customers					
Apprentice hire and traineeship revenue		83,710,333	65,894,833	-	-
Sale of products and services		9,950,924	8,780,981	-	-
Licence revenue		759,892	698,366	-	-
Capitation fees	3A	1,258,696	1,097,044	1,258,696	1,097,044
Total revenue from contracts with customers		95,679,845	76,471,224	1,258,696	1,097,044
Income for furthering objectives					
Grants or donations	3B	5,456,505	27,490,320	-	-
Project revenue		-	88,934	-	88,934
Total income for furthering objectives		5,456,505	27,579,254	-	88,934
Other Income					
Net gains from sale of assets	3C	34,186	18,075	-	-
Investment income	3D	286,319	360,814	148	367
Other income	3E	552,831	366,026	1,015,893	416,846
Total other income		873,336	744,915	1,016,041	417,213
Total income		102,009,686	104,795,393	2,274,737	1,603,191
Expenses					
Cost of goods sold - product sales		3,728,977	3,716,084	-	-
Employee expenses	4A	84,275,030	80,342,476	1,490,246	991,534
Affiliation and subscription expenses	4B	156,799	147,015	47,467	46,977
Administration expenses	4C	5,356,098	5,287,799	317,656	329,900
Grants or donations	4D	-	-	-	-
Depreciation and amortisation	4E	1,909,663	1,836,856	4,220	8,065
Finance costs	4F	84,709	122,036	-	-
Legal costs	4G	28,840	58,212	-	-
Audit fees	14	115,506	101,711	26,500	19,200
Other expenses	4H	5,967,302	3,264,914	451,288	204,206
Total expenses		101,622,924	94,877,103	2,337,377	1,599,882
Profit / (loss) for the year before tax		386,762	9,918,290	(62,640)	3,309
Income tax expense / (benefit)	6D	17,795	(1,558)	-	-
Profit / (loss) for the year		368,967	9,919,848	(62,640)	3,309
Other comprehensive income					
Items that will not be subsequently reclassified to profit or loss					
Fair value gain from revaluation of property	10A	1,012,673	-	-	-
Fair value gains / (losses) on financial assets at fair value through other comprehensive income	10A	(640,059)	401,163	-	-
Total comprehensive income for the year		741,581	10,321,011	(62,640)	3,309

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

Statement of Financial Position
As at 30 June 2022

	Notes	Consolidated		Parent	
		2022 \$	2021 \$	2022 \$	2021 \$
ASSETS					
Current Assets					
Cash and cash equivalents	5A	17,245,926	13,865,501	697,385	1,120,533
Trade and other receivables	5B	9,792,080	9,935,568	309,802	196,805
Financial assets	5C	9,942,294	10,714,086	359,077	-
Prepayments		678,424	643,731	54,488	77,238
Inventory		740,507	738,555	-	-
Total current assets		38,399,231	35,897,441	1,420,752	1,394,576
Non-Current Assets					
Property, plant and equipment	6A	30,981,853	30,113,071	48,466	8,990
Intangibles	6B	20,175	45,426	-	-
Other investments	6C	-	-	104	104
Deferred tax assets	6D	320,854	333,648	-	-
Total non-current assets		31,322,882	30,492,145	48,570	9,094
Total assets		69,722,113	66,389,586	1,469,322	1,403,670
LIABILITIES					
Current Liabilities					
Trade payables	7A	2,682,155	2,212,556	244,816	191,700
Other payables	7B	2,579,800	2,562,623	108,668	42,067
Employee provisions	8A	6,433,989	5,745,724	157,306	54,414
Contract liabilities	9A	4,251,752	2,782,193	-	95,864
Borrowings	9B	786,796	419,896	-	-
Total current liabilities		16,734,492	13,722,992	510,790	384,045
Non-Current Liabilities					
Employee provisions	8A	163,059	279,204	1,890	343
Contract liabilities	9A	438,387	423,564	-	-
Borrowings	9B	1,554,067	1,873,299	-	-
Total non-current liabilities		2,155,513	2,576,067	1,890	343
Total liabilities		18,890,005	16,299,059	512,680	384,388
Net assets		50,832,108	50,090,527	956,642	1,019,282
EQUITY					
Reserves	10A	4,933,612	4,560,998	-	-
Retained earnings		45,898,496	45,529,529	956,642	1,019,282
Total equity		50,832,108	50,090,527	956,642	1,019,282

Statement of Changes In Equity
For the year ended 30 June 2022

Consolidated		Asset revaluation reserve	Financial asset revaluation reserve	Retained earnings	Total equity
Notes		\$	\$	\$	\$
Balance as at 1 July 2020		4,092,176	67,659	35,609,681	39,769,516
Profit for the year		-	-	9,919,848	9,919,848
Other comprehensive income for the year		-	401,163	-	401,163
Transfer to / (from) reserves		-	-	-	-
Closing balance as at 30 June 2021		4,092,176	468,822	45,529,529	50,090,527
Balance at 1 July 2021		4,092,176	468,822	45,529,529	50,090,527
Profit for the year		-	-	368,967	368,967
Other comprehensive income for the year		1,012,673	(640,059)	-	372,614
Transfer to / (from) reserves		-	-	-	-
Closing balance as at 30 June 2022		5,104,849	(171,237)	45,898,496	50,832,108
Parent		Asset revaluation reserve	Financial asset revaluation reserve	Retained earnings	Total equity
		\$	\$	\$	\$
Balance as at 1 July 2020		-	-	1,015,973	1,015,973
Profit for the year		-	-	3,309	3,309
Other comprehensive income for the year		-	-	-	-
Transfer to / (from) reserves		-	-	-	-
Closing balance as at 30 June 2021		-	-	1,019,282	1,019,282
Balance at 1 July 2021		-	-	1,019,282	1,019,282
Loss for the year		-	-	(62,640)	(62,640)
Other comprehensive income for the year		-	-	-	-
Transfer to / (from) reserves		-	-	-	-
Closing balance as at 30 June 2022		-	-	956,642	956,642

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows
For the year ended 30 June 2022

	Notes	Consolidated		Parent	
		2022	2021	2022	2021
		\$	\$	\$	\$
OPERATING ACTIVITIES					
Cash received					
Receipts from other reporting units	11B	2,687,305	2,152,399	340,842	1,366,669
Receipts from customers		108,812,825	112,621,544	2,127,122	259,771
Distributions / dividends		375,126	226,828	-	-
Interest income		26,505	32,944	148	367
Cash used					
Payments to employees and suppliers		(103,984,240)	(103,847,621)	(1,332,067)	(1,875,487)
Net Income tax paid		(20,778)	(14,250)	-	-
Payment to other reporting units	11B	(3,124,072)	(1,332,755)	(1,156,420)	(294,724)
Net cash from operating activities	11A	4,772,671	9,839,089	(20,375)	(543,404)
INVESTING ACTIVITIES					
Cash received					
Proceeds from sale property plant and equipment		34,186	20,455	-	-
Proceeds from sale of investments		16,421	459,920	-	-
Cash used					
Purchase of property plant and equipment		(1,012,125)	(3,067,003)	(43,696)	(8,073)
Purchase of computer software		-	(69,478)	-	-
Purchase of investments		-	(4,176,201)	(359,077)	-
Net cash (used by) investing activities		(961,518)	(6,832,307)	(402,773)	(8,073)
FINANCING ACTIVITIES					
Cash received					
Proceeds from borrowings - related party		884,000	715,000	-	-
Cash used					
Repayment of borrowings - related party loans		(914,000)	(3,978,261)	-	-
Repayment of borrowings - lease liabilities		(400,728)	(392,947)	-	-
Net cash from financing activities Net (decrease) / increase in cash held		(430,728)	(3,656,208)	-	-
Cash & cash equivalents at the beginning of the reporting period		13,865,501	14,514,927	1,120,533	1,672,010
Cash & cash equivalents at the end of the reporting period	5A	17,245,926	13,865,501	697,385	1,120,533

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

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Notes to the financial statements For the year ended 30 June 2022

Note 1 Summary of significant accounting policies

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

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

1.1 Going Concern

NECA Trade Services Pty Limited, a subsidiary of the Group, is reliant on National Electrical and Communications Association New South Wales Branch for up to \$400,000 to ensure it has the ability to continue as a going concern.

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

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

1.2 Basis of preparation of the financial statements

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

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

1.3 Comparative amounts

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

1.4 Significant accounting judgements and estimates

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

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

Coronavirus (COVID-19) pandemic

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

Notes to the financial statements
For the year ended 30 June 2022

Note 1 Summary of significant accounting policies (continued)

1.4 Significant accounting judgements and estimates (continued)

Allowance for expected credit losses

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

Estimation of useful lives of assets

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

Employee benefits provision

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

1.5 New Australian Accounting Standards

Adoption of New Australian Accounting Standard requirements

The accounting policies adopted are consistent with those of the previous financial year except for the following standards and amendments, which have been adopted for the first time this financial year:

International Financial Reporting Standards Interpretations Committee (IFRS IC) agenda decision on configuration or customisation costs in cloud computing or Software-as-a-Service (SaaS) arrangements
The application of the agenda decision on SaaS is treated as a change in accounting policy.

AASB 2021-3 Amendments to AASs - COVID-19-Related Rent Concessions beyond 30 June 2021

This amendment provides relief to lessees from applying AASB 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under AASB 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the period of application of the practical expedient was extended to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021.

The adoption of these standards and amendments did not have any significant impact on the financial performance or position of the consolidated entity.

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

Future Australian Accounting Standards

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 include:

Notes to the financial statements
For the year ended 30 June 2022

Note 1 Summary of significant accounting policies (continued)

1.5 New Australian Accounting Standards (continued)

Future Australian Accounting Standards (continued)

- AASB 2020-3 Amendments to AASs – Annual Improvements 2018–2020 and Other Amendments
 - Amendments to AASB 3 – Reference to the Conceptual Framework
 - Amendment to AASB 9 – Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities
 - Amendments to AASB 116 – Property, Plant and Equipment: Proceeds before Intended Use
 - Amendments to AASB 137 – Onerous Contracts – Cost of Fulfilling a Contract
 - Amendment to AASB 141 – Taxation in Fair Value Measurements
- AASB 2014-10 Amendments to AASs – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- AASB 2020-1 Amendments to AASs – Classification of Liabilities as Current or Non-current
- AASB 2021-2 Amendments to AASs – Disclosure of Accounting Policies and Definition of Accounting Estimates
 - Amendments to AASB 7, AASB 101, AASB 134 and AASB Practice Statement 2
 - Amendments to AASB 108
- AASB 2021-5 Amendments to AASs – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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

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

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

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

1.7 Investment in associates and joint arrangements

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

Notes to the financial statements
For the year ended 30 June 2022

Note 1 Summary of significant accounting policies (continued)

1.7 Investment in associates and joint arrangements (continued)

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

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

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

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

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

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

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

1.9 Revenue

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

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

Revenue from contracts with customers

Where the Group has a contract with a customer, the Group recognises revenue when or as it transfers control of goods or services to the customer. The Group accounts for an arrangement as a contract with a customer if the following criteria are met:

- the arrangement is enforceable; and
- the arrangement contains promises (that are also known as performance obligations) to transfer goods or services to the customer (or to other parties on behalf of the customer) that are sufficiently specific so that it can be determined when the performance obligation has been satisfied.

Apprentice hire and traineeship revenue

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

Notes to the financial statements
For the year ended 30 June 2022

Note 1 Summary of significant accounting policies (continued)

1.9 Revenue (continued)

Sale of products and services

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

Capitation fees

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

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

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

Consideration is received by the Group to enable the entity to further its objectives. The Group recognises each of these amounts of consideration as income when the consideration is received (which is when the Group obtains control of the cash) because, based on the rights and obligations in each arrangement:

- the arrangements do not meet the criteria to be contracts with customers because either the arrangement is unenforceable or lacks sufficiently specific promises to transfer goods or services to the customer; and
- the Group's recognition of the cash contribution does not give to any related liabilities.

During the year, the Group received cash consideration from the following arrangements whereby that consideration will be recognised as income upon receipt:

- donations from members; and
- government grants.

Gains from sale of assets

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

Interest income

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

Rental income

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

1.10 Employee benefits

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

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

Notes to the financial statements
For the year ended 30 June 2022

Note 1 Summary of significant accounting policies (continued)

1.10 Employee benefits (continued)

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

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

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

1.11 Leases

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

The Group as a lessee

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

Right-of-use assets

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

	2022	2021
Plant and equipment	1-5 years	1-5 years
Land and buildings	1-10 years	1-10 years

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

Lease liabilities

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

Notes to the financial statements
For the year ended 30 June 2022

Note 1 Summary of significant accounting policies (continued)

1.11 Leases (continued)

Lease liabilities (continued)

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

Short-term leases and leases of low-value assets

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

1.12 Borrowing costs

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

1.13 Cash

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

1.14 Financial instruments

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

1.15 Financial assets

Contract assets and receivables

A contract asset is recognised when the Group's right to consideration in exchange goods or services that has transferred to the customer when that right is conditioned on the Group's future performance or some other condition.

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

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

Initial recognition and measurement

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

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

Notes to the financial statements
For the year ended 30 June 2022

Note 1 Summary of significant accounting policies (continued)

1.15 Financial assets (continued)

Initial recognition and measurement (continued)

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

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

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

Subsequent measurement

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

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

Financial assets at amortised cost

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

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

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

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

Investments in equity instruments designated at fair value through other comprehensive income

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

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

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

Notes to the financial statements
For the year ended 30 June 2022

Note 1 Summary of significant accounting policies (continued)

1.15 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
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - a) The Group has transferred substantially all the risks and rewards of the asset, or
 - b) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

Offsetting

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

Impairment

Expected credit losses

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

Notes to the financial statements
For the year ended 30 June 2022

Note 1 Summary of significant accounting policies (continued)

1.15 Financial assets (continued)

(i) Trade receivables

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

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

Debt instruments other than trade receivables

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

ECLs are recognised in two stages:

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

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

1.16 Financial Liabilities

Initial recognition and measurement

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

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

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

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.

Notes to the financial statements
For the year ended 30 June 2022

Note 1 Summary of significant accounting policies (continued)

1.16 Financial Liabilities (continued)

Financial liabilities at amortised cost

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

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

Derecognition

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

1.17 Liabilities relating to contracts with customers

Contract liabilities

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

Refund liabilities

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

1.18 Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which the amount cannot be reliably measured.

Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

1.19 Land, buildings, plant and equipment

Asset recognition threshold

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

Revaluations—Land and Buildings

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

Notes to the financial statements
For the year ended 30 June 2022

Note 1 Summary of significant accounting policies (continued)

1.19 Land, buildings, plant and equipment (continued)

Revaluations—Land and Buildings (continued)

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:

	2022	2021
Buildings	40 years	40 years
Right of use	1-10 Years	1-10 Years
Plant and equipment	2-15 years	2-15 years

Derecognition

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

1.20 Intangibles

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

	2022	2021
Website assets	1-10 Years	1-10 Years
Software	1-5 Years	1-5 Years

Derecognition

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

1.21 Impairment of non-financial assets

All assets are assessed for impairment at the end of each reporting period to the extent that there is an impairment trigger. Where indications of impairment exist, the asset's recoverable amount is estimated, and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

Notes to the financial statements
For the year ended 30 June 2022

Note 1 Summary of significant accounting policies (continued)

1.21 Impairment of non-financial assets (continued)

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Group were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

1.22 Non-current assets held for sale

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

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

1.23 Taxation

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

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

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

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 / (benefit) 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.

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.

Notes to the financial statements
For the year ended 30 June 2022

Note 1 Summary of significant accounting policies (continued)

1.23 Taxation (continued)

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

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

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

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

1.24 Fair value measurement

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

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

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

- Level 1—Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Notes to the financial statements
For the year ended 30 June 2022

Note 1 Summary of significant accounting policies (continued)

1.24 Fair value measurement (continued)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. External valuers are involved for valuation of significant assets, such as land and buildings and investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

1.25 Inventory

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

Inventories held for distribution

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

Note 2 Events after the reporting period

As a result of the evolving nature of the COVID-19 outbreak and the evolving government policies of restrictive measures put in place to contain it, as at the date of these financial statements, the Group is not in a position to reasonably estimate the financial effects of the COVID-19 outbreak on the future financial performance and financial position of the Group.

On 28 October 2022, ECA Training Pty. Limited, one of the subsidiaries of the Group, purchased a property located at 120 Hume Highway, Chullora, NSW for \$2.4 million, excluding GST.

Other than the current disclosures, there has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial periods.

Notes to the financial statements
For the year ended 30 June 2022

Note 3 Revenue and income

Disaggregation of revenue from contracts with customers

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

	Consolidated		Parent	
	2022	2021	2022	2021
Type of customer	\$	\$	\$	\$
Other reporting units	1,258,696	1,097,044	1,258,696	1,097,044
Other parties	94,421,149	75,374,180	-	-
Total revenue from contracts with customers	95,679,845	76,471,224	1,258,696	1,097,044

Disaggregation of income for furthering activities

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

Income funding sources				
Government	5,436,505	27,060,781	-	88,934
Other parties	20,000	518,473	-	-
Total revenue from contracts with customers	5,456,505	27,579,254	-	88,934

Note 3A: Capitation fees from another reporting unit

NECA - New South Wales Branch	466,823	434,368	466,823	434,368
NECA - Victorian Branch	350,982	317,696	350,982	317,696
NECA - Queensland Branch	30,798	27,164	30,798	27,164
NECA - Western Australian Branch	259,523	178,263	259,523	178,263
NECA - South Australia/Northern Territory Branch	101,899	99,048	101,899	99,048
NECA - Australian Capital Territory Branch	36,095	29,833	36,095	29,833
NECA - Tasmanian Branch	12,576	10,672	12,576	10,672
Total capitation fees	1,258,696	1,097,044	1,258,696	1,097,044

Note 3B: Grants or donations

Grants	5,436,505	26,971,847	-	-
Donations	20,000	518,473	-	-
Total grants or donations	5,456,505	27,490,320	-	-

Note 3C: Net gains from sale of assets

Land and buildings	-	-	-	-
Plant and equipment	34,186	18,075	-	-
Total net gains from sale of assets	34,186	18,075	-	-

Notes to the financial statements
For the year ended 30 June 2022

	Consolidated		Parent	
	2022	2021	2022	2021
	\$	\$	\$	\$
Note 3 Income (continued)				
Note 3D: Investment income				
Interest				
Deposits	26,505	32,944	148	367
Managed investment schemes				
Distributions / dividends	375,126	226,828	-	-
Net loss on disposal of financial instruments	(19,620)	(7,587)	-	-
Net (loss) / gain on revaluation of financial instruments	(95,692)	108,629	-	-
Total investment income	286,319	360,814	148	367

Note 3E: Other income				
Events and conferences	282,461	154,081	282,461	154,081
Management fee income	-	-	647,875	165,000
Other income	270,370	211,945	85,557	97,765
Total revenue from other income	552,831	366,026	1,015,893	416,846

Note 4 Expenses				
Note 4A: Employee expenses				
Holders of office:				
Wages and salaries	273,055	182,055	273,055	182,055
Superannuation	27,305	19,853	27,305	19,853
Leave and other entitlements	28,495	10,662	28,495	10,662
Separation and redundancies	-	122,622	-	122,622
Other employee expenses	-	43,841	-	43,841
Total employee expenses holders of office	328,855	379,033	328,855	379,033
Employees other than office holders:				
Wages and salaries	73,134,651	68,870,888	836,971	443,759
Superannuation	6,499,494	4,005,536	95,435	42,037
Leave and other entitlements	2,665,955	2,902,149	3,018	(102,037)
Separation and redundancies	209,869	50,688	-	-
Other employee expenses	1,436,206	4,134,182	225,967	228,742
Total employee expenses employees other than office holders	83,946,175	79,963,443	1,161,391	612,501
Total employee expenses	84,275,030	80,342,476	1,490,246	991,534

Note 4B: Affiliation and subscription expenses				
Affiliation fees				
Australian Chamber of Commerce & Industry	45,100	39,463	45,100	39,463
Subscriptions	111,699	107,552	2,367	7,514
Total affiliation and subscription expenses	156,799	147,015	47,467	46,977

Notes to the financial statements
For the year ended 30 June 2022

	Consolidated		Parent	
	2022	2021	2022	2021
	\$	\$	\$	\$
Note 4 Expenses (continued)				
Note 4C: Administration expenses				
Conference and meeting expenses	24,845	49,891	25,832	20,933
Contractors/consultants	908,408	1,069,305	106,504	215,061
Directors remuneration	213,469	215,349	-	-
Property expenses	966,156	958,623	22,912	31,158
Office expenses	541,294	513,671	17,651	19,591
Information communications technology	792,605	755,263	59,545	16,303
Management fees	220,338	287,401	-	-
Motor vehicle expenses	191,861	139,078	-	-
Travel & accommodation	62,189	56,557	8,046	7,854
Other expenses	1,203,597	931,315	55,766	6,500
Subtotal administration expense	5,124,762	4,976,453	296,256	317,400
Operating lease rentals:				
Short-term lease payments	231,336	311,346	21,400	12,500
Low-value assets lease payments	-	-	-	-
Total administration expenses	5,356,098	5,287,799	317,656	329,900
Note 4D: Grants or donations				
Grants				
Total expensed that were \$1,000 or less	-	-	-	-
Total expensed that exceeded \$1,00€	-	-	-	-
Donations				
Total expensed that were \$1,000 or less	-	-	-	-
Total expensed that exceeded \$1,00€	-	-	-	-
Total grants or donations	-	-	-	-
Note 4E: Depreciation and amortisation				
Depreciation				
Buildings	352,043	360,559	-	-
Plant and equipment	1,102,617	1,046,905	4,220	8,065
Right of use assets	429,752	405,340	-	-
Total depreciation	1,884,412	1,812,804	4,220	8,065
Amortisation				
Intangibles	25,251	24,052	-	-
Total amortisation	25,251	24,052	-	-
Total depreciation and amortisation	1,909,663	1,836,856	4,220	8,065
Note 4F: Finance costs				
Overdrafts/loans	53,473	58,320	-	-
Unwinding of discount - right of use assets	31,236	63,716	-	-
Total finance costs	84,709	122,036	-	-

Notes to the financial statements
For the year ended 30 June 2022

	Consolidated		Parent	
	2022	2021	2022	2021
	\$	\$	\$	\$
Note 4 Expenses (continued)				
Note 4G: Legal costs				
Litigation	-	-	-	-
Other legal matters	28,840	58,212	-	-
Total legal costs	28,840	58,212	-	-
Note 4H: Other expenses				
Apprentice costs (other than Salaries)	693,649	758,626	-	-
Training	2,654,892	211,693	-	-
Insurance	414,591	227,035	16,714	13,072
Advertising & promotion	2,440,407	1,917,367	429,489	188,219
Bad debts expense / (reversal)	(291,076)	112,121	5,085	2,915
Inventory obsolescence	13,000	-	-	-
Debt recovery costs	41,839	38,072	-	-
Total other expenses	5,967,302	3,264,914	451,288	204,206
Note 5 Current assets				
Note 5A: Cash and cash equivalents				
Cash at bank	12,419,148	9,786,873	651,454	1,074,636
Cash on hand	1,710	1,700	-	-
Short term deposits	4,825,068	4,076,928	45,931	45,897
Total cash and cash equivalents	17,245,926	13,865,501	697,385	1,120,533
Note 5B: Trade and other receivables				
Receivables from other reporting units				
NECA - New South Wales Branch	114,406	48,218	114,406	14,925
NECA - Victorian Branch	-	1,482	-	1,482
NECA - Queensland Branch	21,466	11,432	16,050	8,499
NECA - Western Australian Branch	-	116	-	116
NECA - South Australia/Northern Territory Branch	-	27,238	-	27,238
NECA - Australian Capital Territory Branch	651	26,536	-	303
NECA - Tasmanian Branch	208	167	-	-
Total receivables from other reporting units	136,731	115,189	130,456	52,563
Other receivables:				
Trade receivables	8,266,901	8,603,755	188,928	97,327
Contract assets	413,012	14,867	-	-
Other trade receivables	2,332,291	2,827,354	-	51,412
Total other receivables	11,012,204	11,445,976	188,928	148,739
Less - allowance for expected credit losses	(1,356,855)	(1,625,597)	(9,582)	(4,497)
Total allowance for expected credit losses	(1,356,855)	(1,625,597)	(9,582)	(4,497)
Total trade and other receivables (net)	9,792,080	9,935,568	309,802	196,805
Balance at beginning of year	1,625,597	1,487,993	4,497	1,582
Increase / (decrease) in provision recognised in the Statement of Comprehensive Income	(268,742)	137,604	5,085	2,915
Balance at end of year	1,356,855	1,625,597	9,582	4,497

Notes to the financial statements
For the year ended 30 June 2022

	Consolidated		Parent	
	2022	2021	2022	2021
	\$	\$	\$	\$
Note 5C: Financial assets				
Fair value through profit or loss				
Managed investments	1,401,465	1,116,764	359,077	-
Fair value through other comprehensive income				
Managed investments	8,540,829	8,871,663	-	-
Amortised cost				
Term deposit	-	725,659	-	-
Total financial assets	9,942,294	10,714,086	359,077	-
Note 6 Non-current assets				
Note 6A: Property, plant and equipment				
Land				
Land at fair value	8,279,712	7,779,712	-	-
Total land	8,279,712	7,779,712	-	-
Buildings				
Buildings at revalued amount	15,297,250	15,119,775	-	-
Less accumulated depreciation	(708,416)	(691,569)	-	-
Total buildings	14,588,834	14,428,206	-	-
Right-of-use assets				
Right-of-use assets	1,356,461	1,063,293	-	-
Less accumulated depreciation	(528,270)	(533,746)	-	-
Total buildings	828,191	529,547	-	-
Plant and equipment				
Plant and equipment at cost	11,822,235	11,230,053	187,156	143,460
Less accumulated depreciation	(4,537,119)	(3,854,447)	(138,690)	(134,470)
Total plant and equipment	7,285,116	7,375,606	48,466	8,990
Total property, plant and equipment	30,981,853	30,113,071	48,466	8,990

Valuations

In the current year, land and buildings at 1024 Lygon St, Carlton North VIC 3054 were independently valued in June 2022 by the independent firm Charter Keck Cramer.

Valuations are carried out on the basis of and in accordance with Australian Accounting Standards *AASB 13 Fair Value Measurement* and *AASB 116 Property, Plant & Equipment* by adopting a 'Direct Sales Comparison' for land and a 'Current Replacement Cost' approach for buildings.

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

Other information

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

The Lygon Street Property has been used as a security for a bank overdraft facility with the Commonwealth Bank of \$1 million. As at 30 June 2022 the balance of the overdraft was \$ nil (2021:\$nil).

Notes to the financial statements
For the year ended 30 June 2022

Note 6 Non-current Assets (continued)
Note 6A Property, Plant and Equipment (continued)

Reconciliations of the carrying amounts of each class of asset follow:

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

	Consolidated					Parent	
	Land	Buildings	Plant and equipment	Right-of-use assets	Total	Plant and equipment	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2021	7,779,712	14,428,204	7,375,608	529,547	30,113,071	8,990	8,990
Additions	-	-	1,012,125	728,396	1,740,521	43,696	43,696
Disposals	-	-	-	-	-	-	-
Net transfers between classes	-	-	-	-	-	-	-
Revaluation increments/(decrements)	500,000	512,673	-	-	1,012,673	-	-
Depreciation	-	(352,043)	(1,102,617)	(429,752)	(1,884,412)	(4,220)	(4,220)
Balance at 30 June 2022	8,279,712	14,588,834	7,285,116	828,191	30,981,853	48,466	48,466

Notes to the financial statements
For the year ended 30 June 2022

	Consolidated		Parent	
	2022	2021	2022	2021
	\$	\$	\$	\$
Note 6 Non-current assets (continued)				
Note 6B: Intangibles				
Computer software, at cost	152,652	152,651	-	-
Accumulated amortisation	(132,477)	(107,225)	-	-
Total intangibles	20,175	45,426	-	-

Reconciliation of the Opening and Closing Balances of Intangibles

Balance at 1 July 2020				
Additions	69,478		-	-
Disposals	-		-	-
Amortisation	(24,052)		-	-
Balance at 30 June 2021	45,426		-	-
Balance at 1 July 2021	45,426		-	-
Additions	-		-	-
Disposals	-		-	-
Amortisation	(25,252)		-	-
Balance at 30 June 2022	20,174		-	-

Note 6C: Other investments

NECA Legal Pty Ltd	-	-	100	100
ECA Training Pty Ltd	-	-	2	2
Australian Cabler Registration Service Pty Ltd	-	-	2	2
Total other investments	-	-	104	104

Note 6D: Deferred tax

Deferred Tax Assets	320,854	333,648	-	-
Total deferred tax	320,854	333,648	-	-

Income Tax

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

(1) Prima facie Tax on profit/(loss) from ordinary activities before income tax at 30% (2021: 30%)	17,795	(1,558)	-	-
Income tax attributable to the entity	17,795	(1,558)	-	-
(2) The components of tax expense comprise:				
Current tax expense	5,001	5,730	-	-
Deferred tax expense	12,794	(7,288)	-	-
Aggregate income tax benefit/(expense)	17,795	(1,558)	-	-
(3) Deferred Tax Asset balance				
This balance comprises temporary differences attributable to:				
Accruals	2,850	4,996	-	-
Provisions	16,390	16,160	-	-
Differential on depreciation	(1,150)	-	-	-
Deferred income	301,791	312,492	-	-
Other liabilities	849	-	-	-
Other assets	124	-	-	-
Tax losses	-	-	-	-
Total deferred tax asset balance	320,854	333,648	-	-

Notes to the financial statements
For the year ended 30 June 2022

	Consolidated		Parent	
	2022 \$	2021 \$	2022 \$	2021 \$
Note 7 Current liabilities				
Note 7A: Trade payables				
Trade creditors and accruals	2,568,773	1,955,301	236,713	132,885
Subtotal trade creditors	2,568,773	1,955,301	236,713	132,885
Payables to other reporting units				
NECA - New South Wales Branch	92,644	162,765	-	30,325
NECA - Victorian Branch	-	-	-	-
NECA - Queensland Branch	-	77,990	-	28,490
NECA - Western Australian Branch	-	-	-	-
NECA - South Australia/Northern Territory Branch	-	-	-	-
NECA - Australian Capital Territory Branch	5,063	-	3,978	-
NECA - Tasmanian Branch	15,675	16,500	4,125	-
Total payables to other reporting units	113,382	257,255	8,103	58,815
Total trade payables	2,682,155	2,212,556	244,816	191,700
Note 7B: Other payables				
Wages and salaries	1,184,946	367,709	70,735	21,719
Superannuation	583,799	538,181	14,149	6,526
GST payable	736,858	677,410	23,784	13,822
Income tax payable / (refundable)	(11,940)	(11,986)	-	-
Other payables	86,137	991,309	-	-
Total other payables	2,579,800	2,562,623	108,668	42,067
Total other payables are expected to be settled in:				
No more than 12 months	2,579,800	2,562,623	108,668	42,067
More than 12 months	-	-	-	-
Total other payables	2,579,800	2,562,623	108,668	42,067
Note 8 Provisions				
Note 8A: Employee provisions				
Office Holders:				
Annual leave	23,944	10,661	23,944	10,661
Long service leave	-	-	-	-
Total employee provisions - office holders	23,944	10,661	23,944	10,661
Employees other than office holders:				
Annual leave	4,530,378	4,235,172	61,538	28,541
Long service leave	831,944	673,206	73,714	15,555
Other	1,210,782	1,105,889	-	-
Total employee provisions - employees other than office holders	6,573,104	6,014,267	135,252	44,096
Total employee provisions	6,597,048	6,024,928	159,196	54,757
Current	6,433,989	5,745,724	157,306	54,414
Non Current	163,059	279,204	1,890	343
Total employee provisions	6,597,048	6,024,928	159,196	54,757

Notes to the financial statements
For the year ended 30 June 2022

	Consolidated		Parent	
	2022	2021	2022	2021
	\$	\$	\$	\$
Note 9 Other liabilities				
Note 9A: Contract liabilities				
Current				
Income in advance	4,251,752	2,782,193	-	95,864
Total current contract liabilities	4,251,752	2,782,193	-	95,864
Non-current				
Income in advance	438,387	423,564	-	-
Total non-current contract liabilities	438,387	423,564	-	-
Total contract liabilities	4,690,139	3,205,757	-	95,864
Note 9B: Borrowings				
Current				
Related party loans	-	107,458	-	-
Lease liability	786,796	312,438	-	-
Total current borrowings	786,796	419,896	-	-
Non-current				
Related party loans	1,494,487	1,667,029	-	-
Lease liability	59,580	206,270	-	-
Total non-current borrowings	1,554,067	1,873,299	-	-
Total borrowings	2,340,863	2,293,195	-	-
Note 10 Equity				
Note 10A: Reserves				
Land and Building Asset Revaluation Reserve				
Balance as at start of year	4,092,176	4,092,176	-	-
Gain on revaluation of land and buildings	1,012,673	-	-	-
Transferred out of reserve	-	-	-	-
Balance as at end of year	5,104,849	4,092,176	-	-
Financial Asset Revaluation Reserve				
Balance as at start of year	468,822	67,659	-	-
Gain / (loss) on revaluation of financial assets	(640,059)	401,163	-	-
Transferred out of reserve	-	-	-	-
Balance as at end of year	(171,237)	468,822	-	-
Total Reserves	4,933,612	4,560,998	-	-

Notes to the financial statements
For the year ended 30 June 2022

	Consolidated		Parent	
	2022	2021	2022	2021
	\$	\$	\$	\$
Note 11 Cash Flow				
Note 11A: Cash Flow Reconciliation				
Reconciliation of cash and cash equivalents as per balance sheet to cash flow statement:				
Cash and cash equivalents as per:				
Cash flow statement	17,245,926	13,865,501	697,385	1,120,533
Balance sheet	17,245,926	13,865,501	697,385	1,120,533
Difference	-	-	-	-
Reconciliation of profit to net cash from operating activities:				
Profit for the year	368,967	9,919,848	(62,640)	3,309
Adjustments for non-cash items				
Depreciation/amortisation	1,909,663	1,836,856	4,220	8,065
Net (gain)/loss on disposal of financial instruments	19,620	7,587	-	-
Net (gain)/loss on revaluation of financial instruments	95,692	(108,629)	-	-
Net (gain)/loss on disposal of non-current assets	(34,186)	(18,075)	-	-
Accrued interest expense on loans	(250,000)	8,629	-	-
Accrued interest expense on deposit	-	-	-	-
Changes in assets/liabilities				
(Increase)/decrease in net receivables	143,488	941,195	(112,997)	(135,739)
(Increase)/decrease in prepayments	(34,693)	(427,322)	22,750	(72,247)
(Increase)/decrease in Inventory	(1,952)	(51,877)	-	-
(Increase)/decrease in deferred tax assets	12,794	(1,558)	-	-
Increase/(decrease) in trade payables	469,599	(417,935)	53,116	107,701
Increase/(decrease) in other payables	17,177	(911,932)	66,601	24,071
Increase/(decrease) in employee provisions	572,120	(35,992)	104,439	(79,642)
Increase/(decrease) in contract liabilities	1,484,382	(901,706)	(95,864)	(398,922)
Net cash from / (used by) operating activities	4,772,671	9,839,089	(20,375)	(543,404)
Note 11B: Cash flow information				
Cash inflows				
NECA - New South Wales Branch	2,157,182	1,201,104	183,762	537,221
NECA - Victorian Branch	-	430,594	-	383,577
NECA - Queensland Branch	248,317	92,754	77,990	45,231
NECA - Western Australian Branch	-	232,133	-	232,133
NECA - South Australia/Northern Territory Branch	-	113,829	-	113,829
NECA - Australian Capital Territory Branch	123,941	42,821	41,965	38,962
NECA - Tasmanian Branch	157,866	39,164	37,125	15,716
Total cash inflows	2,687,306	2,152,399	340,842	1,366,669
Cash outflows				
NECA - New South Wales Branch	1,471,426	742,651	911,801	257,674
NECA - Victorian Branch	-	504,149	-	20,350
NECA - Queensland Branch	424,083	71,895	135,352	2,640
NECA - Western Australian Branch	-	8,800	-	8,800
NECA - South Australia/Northern Territory Branch	-	5,260	-	5,260
NECA - Australian Capital Territory Branch	929,733	-	73,837	-
NECA - Tasmanian Branch	298,830	-	35,430	-
Total cash outflows	3,124,072	1,332,755	1,156,420	294,724

Notes to the financial statements
For the year ended 30 June 2022

	Consolidated		Parent	
	2022	2021	2022	2021
	\$	\$	\$	\$
Note 11 Cash Flow (continued)				
Note 11B: Cash flow information (continued)				
Cash inflows from financing				
Related parties				
NECA - New South Wales Branch	884,000	715,000	-	-
Total cash inflows	884,000	715,000	-	-
Cash outflows from financing				
Related parties				
NECA - New South Wales Branch	914,000	3,978,261	-	-
Total cash outflows	914,000	3,978,261	-	-

Note 12 Contingent Liabilities, Assets and Commitments

Note 12A: Commitments and Contingencies

There are no other material commitments and or contingencies to report at balance date.

Note 13 Related Party Disclosures

Note 13A: Related Party Transactions for the Reporting Period

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

Remuneration of Committee members during the year was \$nil (2021: \$nil).

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

Revenue received from other reporting units includes:				
Capitation Fees				
Refer to Note 3A	1,258,696	1,097,044	1,258,696	1,097,044
Other Revenue/Other Income				
NECA - New South Wales Branch	2,204,081	776,828	180,740	64,116
NECA - Victorian Branch	-	319,321	-	32,178
NECA - Queensland Branch	161,819	80,987	50,000	21,137
NECA - Western Australian Branch	-	31,562	-	31,562
NECA - South Australia/Northern Territory Branch	-	4,903	-	4,903
NECA - Australian Capital Territory Branch	117,744	39,805	41,900	5,889
NECA - Tasmanian Branch	142,765	25,099	37,500	3,630
Total Other Income	2,626,409	1,278,505	310,140	163,415
Total Revenue received from Other Reporting Units	3,885,105	2,375,549	1,568,836	1,260,459

Notes to the financial statements
For the year ended 30 June 2022

	Consolidated		Parent	
	2022	2021	2022	2021
	\$	\$	\$	\$
Note 13 Related Party Disclosures (continued)				
Note 13A: Related Party Transactions for the Reporting Period (continued)				
Expenses paid to the following related parties includes:				
NECA - New South Wales Branch	1,508,249	1,586,448	960,600	260,807
NECA - Victorian Branch	-	628,848	-	18,500
NECA - Queensland Branch	457,093	202,842	137,512	28,300
NECA - Western Australian Branch	-	-	-	-
NECA - South Australia/Northern Territory Branch	-	4,872	-	4,872
NECA - Australian Capital Territory Branch	887,518	-	66,983	-
NECA - Tasmanian Branch	339,189	15,600	32,209	-
Total Expenses paid to Related Parties	3,192,049	2,438,610	1,197,304	312,479
Amounts owed by related parties:				
Refer to Note 5B for amounts owed by related parties	136,731	115,189	130,456	52,563
Amounts owed to related parties:				
Refer to Note 7A for amounts owed to related parties	113,382	257,255	8,103	58,815

Loans from NECA NSW includes the following:

	Consolidated			
	2022	2021	2020	2019
NECA Legal Pty Ltd	147,458	107,458	347,458	497,458
NECA Training Ltd	386,110	386,110	381,795	362,919
NECA Trade Services Pty Ltd	960,919	1,030,919	955,919	1,035,919
ECA Training Pty Ltd	-	-	3,093,947	-
Total related party loans	1,494,487	1,524,487	4,779,119	1,896,296
Current	-	107,458	1,685,172	1,896,296
Non Current	1,494,487	1,417,029	3,093,947	-
Total related party loans	1,494,487	1,524,487	4,779,119	1,896,296

Assets transferred from/to related parties includes the following:

There were no assets transferred from/to related parties during the financial year (2021: \$nil).

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances for sales and purchases at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2022, the Group has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (2021: \$nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

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

Notes to the financial statements
For the year ended 30 June 2022

	Consolidated		Parent	
	2022 \$	2021 \$	2022 \$	2021 \$
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)	1,113,201	1,211,408	273,055	304,677
Annual leave accrued	88,571	83,531	23,944	13,783
Directors Remuneration	165,000	165,000	-	-
Total short-term employee benefits	1,366,772	1,459,939	296,999	318,460
Post-employment benefits:				
Superannuation	109,106	191,716	27,305	19,853
Total post-employment benefits	109,106	191,716	27,305	19,853
Other long-term benefits:				
Long-service leave	18,552	20,189	4,551	5,078
Total other long-term benefits	18,552	20,189	4,551	5,078
Total	1,494,430	1,671,844	328,855	343,391

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

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

**Notes to the financial statements
For the year ended 30 June 2022**

	Consolidated		Parent	
	2022 \$	2021 \$	2022 \$	2021 \$
Note 14 Remuneration of Auditors				
Value of the services provided				
Crowe Australasia				
Financial statement audit services	56,950	49,500	26,500	15,000
Other services	25,550	23,700	-	4,200
Stannards Accountants				
Financial statement audit services	4,116	4,116	-	-
Other services	-	-	-	-
McLean Delmo Bentleys				
Financial statement audit services	27,750	23,295	-	-
Other services	1,140	1,100	-	-
Total remuneration of auditors	115,506	101,711	26,500	19,200

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

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

Component auditors of subsidiaries:

Stannards Accountants completed the audit of Constructive Legal Solutions Pty Ltd.

McLean Delmo Bentleys completed the audit of NECA Education and Careers Limited.

Note 15 Financial Instruments

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

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short term investments, accounts receivable and payable, contract assets and liabilities, bank loans and overdrafts, and loans to and from related parties.

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

Note 15A: Categories of Financial Instruments

Financial Assets at amortised cost

Cash and cash equivalents	5A	17,245,926	13,865,501	697,385	1,120,533
Trade and other receivables	5B	11,148,935	11,561,165	319,384	201,302
Term deposits	5C	-	725,659	-	-
Total financial assets at amortised cost		28,394,861	26,152,325	1,016,769	1,321,835

Notes to the financial statements
For the year ended 30 June 2022

	Note	Consolidated		Parent	
		2022 \$	2021 \$	2022 \$	2021 \$
Note 15 Financial Instruments (continued)					
Note 15A: Categories of Financial - Instruments (continued)					
Fair value through profit or loss					
Managed investment schemes		1,401,465	1,116,764	359,077	-
Fair value through other comprehensive income					
Managed investment schemes		8,540,829	8,871,663	-	-
Financial liabilities at amortised cost					
Trade payables	7A	2,682,155	2,212,556	244,816	191,700
Other payables	7B	2,579,800	2,562,623	108,668	42,067
Contract liabilities	9A	4,690,139	3,205,757	-	95,864
Borrowings	9B	2,340,863	2,293,195	-	-
Total financial liabilities at amortised cost		12,292,957	10,274,131	353,484	329,631

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

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

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

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

Note 15B: Net income and expense from financial assets

Fair value through profit or loss

Distributions / dividends		14,415	57,266	-	-
Net (loss) / gain on disposal of financial instruments	3D	(19,620)	(7,587)	-	-
Net (loss) / gain on revaluation of financial instruments	3D	(95,692)	108,629	-	-
Fair value through other comprehensive income					
Distributions/dividends		360,711	169,562	-	-
Net (loss) / gain on revaluation of financial instruments		(640,059)	401,163	-	-
Amortised cost					
Interest revenue	3D	26,505	32,944	148	367
Total net income / (expense) from financial assets		(353,740)	761,977	148	367

Notes to the financial statements
For the year ended 30 June 2022

Note 15 Financial Instruments (continued)
Note 15C: Net income and expense from financial liabilities
At amortised cost
Interest expense
Total net income / (expense) from financial liabilities

Note	Consolidated		Parent	
	2022 \$	2021 \$	2022 \$	2021 \$
	84,709	122,036	-	-
	84,709	122,036	-	-

Note 15D: Credit risk

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

Credit risk exposures

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

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

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

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

Financial assets

Trade receivables
Total financial assets

5B	9,792,080	9,935,568	309,802	196,805
	9,792,080	9,935,568	309,802	196,805

Notes to the financial statements
For the year ended 30 June 2022

Note 15 Financial Instruments (continued)

Note 15D: Credit risk

	30 June 2022					
	Trade and other receivables					
	Days past due					
	On Demand	<30 days	30-60 days	61-90 days	>91 days	Total
Consolidated		\$	\$	\$	\$	\$
Expected credit loss rate	0.00%	14.04%	3.12%	7.87%	32.29%	
Estimate total gross carrying amount at default	-	5,783,722	849,191	218,509	1,552,210	8,403,632
Expected credit loss	-	812,008	26,472	17,188	501,187	1,356,855

	30 June 2021					
	Trade and other receivables					
	Days past due					
	On Demand	<30 days	30-60 days	61-90 days	>91 days	Total
Consolidated		\$	\$	\$	\$	\$
Expected credit loss rate	0.00%	16.03%	4.27%	34.50%	62.51%	
Estimate total gross carrying amount at default	-	4,916,907	2,569,368	152,942	1,079,727	8,718,944
Expected credit loss	-	788,061	109,806	52,771	674,959	1,625,597

	30 June 2022					
	Trade and other receivables					
	Days past due					
	On Demand	<30 days	30-60 days	61-90 days	>91 days	Total
Parent		\$	\$	\$	\$	\$
Expected credit loss rate	0.00%	0.19%	2.35%	0.00%	5.10%	
Estimate total gross carrying amount at default	-	94,179	49,794	14,108	161,303	319,384
Expected credit loss	-	180	1,169	-	8,233	9,582

	30 June 2021					
	Trade and other receivables					
	Days past due					
	On Demand	<30 days	30-60 days	61-90 days	>91 days	Total
Parent		\$	\$	\$	\$	\$
Expected credit loss rate	0.00%	0.66%	4.25%	0.00%	5.27%	
Estimate total gross carrying amount at default	-	27,360	27,492	35,342	59,696	149,890
Expected credit loss	-	180	1,169	-	3,148	4,497

The Group's maximum exposure to credit risk for the components of the statement of financial position at 30 June 2022 and 2021 is the carrying amounts as illustrated in Note 15D.

Note 15E: Liquidity risk

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

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

Notes to the financial statements
For the year ended 30 June 2022

Note 15 Financial Instruments (continued)

Note 15D: Liquidity risk (continued)

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

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

Contractual maturities for financial liabilities 2022

	On Demand	< 1 year	1– 2 years	2– 5 years	>5 years	Total
		\$	\$	\$	\$	\$
Consolidated						
Trade payables	-	2,682,155	-	-	-	2,682,155
Other payables	-	2,579,800	-	-	-	2,579,800
Borrowings	-	786,796	59,580	1,494,487	-	2,340,863
Total	-	6,048,751	59,580	1,494,487	-	7,602,818

Contractual maturities for financial liabilities 2021

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

Contractual maturities for financial liabilities 2022

	On Demand	< 1 year	1– 2 years	2– 5 years	>5 years	Total
		\$	\$	\$	\$	\$
Parent						
Trade payables	-	244,816	-	-	-	244,816
Other payables	-	108,668	-	-	-	108,668
Total	-	353,484	-	-	-	353,484

Contractual maturities for financial liabilities 2021

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

Note 15F: Market risk

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial market instrument will fluctuate because of changes in market interest rates. The Group is affected by interest rate risk due to its directly held cash balances. The Group does not have any floating rate debt instruments for both 2022 and 2021. The exposure to interest rate risk has a direct impact on the Statement of Comprehensive Income and Statement of Financial Position of the Group.

Notes to the financial statements
For the year ended 30 June 2022

Note 15 Financial Instruments (continued)

Note 15F: Market risk (continued)

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

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

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

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

Sensitivity analysis of the risk that the entity is exposed to for 2022

Consolidated	Change in risk variable %	Effect on	
		Profit \$	Equity \$
Interest rate risk	2	344,919	344,919
Interest rate risk	(2)	(344,919)	(344,919)

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

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

Sensitivity analysis of the risk that the entity is exposed to for 2022

Parent	Change in risk variable %	Effect on	
		Profit \$	Equity \$
Interest rate risk	2	13,948	13,948
Interest rate risk	(2)	(13,948)	(13,948)

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

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

Notes to the financial statements
For the year ended 30 June 2022

Note 15 Financial Instruments (continued)

Note 15F: Market risk (continued)

i. Other Price risk

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

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

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

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

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

Note 16: Fair Value of Financial Instruments

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

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

- Fair values of the Group's interest-bearing borrowings and loans are determined by using a discounted cash flow method. The discount rate used reflects the issuer's borrowing rate as at the end of the reporting period. The own performance risk as at 30 June 2022 was assessed to be insignificant.
- Fair value of financial assets is derived from quoted market prices in active markets.
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Group based on parameters such as interest rates and individual credit worthiness of the customer. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 30 June 2022 the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

Notes to the financial statements
For the year ended 30 June 2022

Note 16: Fair Value of Financial Instruments (continued)

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

Consolidated		Carrying amount 2022	Fair value 2022	Carrying amount 2021	Fair value 2021
		\$	\$	\$	\$
Financial assets	Note				
Cash and cash equivalents	5A	17,245,926	17,245,926	13,865,501	13,865,501
Trade and other receivables	5B	9,792,080	9,792,080	9,935,568	9,935,568
Other current assets	5C	9,942,294	9,942,294	10,714,086	10,714,086
Total financial assets		36,980,300	36,980,300	34,515,155	34,515,155
Financial liabilities					
Trade payables	7A	2,682,155	2,682,155	2,212,556	2,212,556
Other payables	7B	2,579,800	2,579,800	2,562,623	2,562,623
Borrowings	9B	2,340,863	2,340,863	2,293,195	2,293,195
Total financial liabilities		7,602,818	7,602,818	7,068,374	7,068,374
Parent					
		Carrying amount 2022	Fair value 2022	Carrying amount 2021	Fair value 2021
		\$	\$	\$	\$
Financial assets					
Cash and cash equivalents	5A	697,385	697,385	1,120,533	1,120,533
Trade and other receivables	5B	309,802	309,802	196,805	196,805
Total financial assets		1,007,187	1,007,187	1,317,338	1,317,338
Financial liabilities					
Trade and other payables	7A	244,816	244,816	191,700	191,700
Other payables	7B	108,668	108,668	42,067	42,067
Total financial liabilities		353,484	353,484	233,767	233,767

Note 16B: Financial and non-financial assets and liabilities fair value hierarchy

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

The different levels are defined below:

Level 1: Fair value obtained from unadjusted quoted prices in active markets for identical instruments.

Level 2: Fair value derived from inputs other than quoted prices included within Level 1 that are observable for the instrument, either directly or indirectly.

Level 3: Fair value derived from inputs that are not based on observable market data.

Fair value hierarchy – 30 June 2022

	Date of valuation	Level 1	Level 2	Level 3
		\$	\$	\$
Assets measured at fair value				
Other current assets	30 June 2022	9,942,294	-	-
Land and Building	30 June 2022	-	11,550,000	-
	30 June 2019	-	11,318,546	-
Total assets measured at fair value		9,942,294	22,868,546	-

Notes to the financial statements
For the year ended 30 June 2022

Note 16B: Financial and non-financial assets and liabilities fair value hierarchy (continued)

Fair value hierarchy – 30 June 2021

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

Note 17 Investments in Subsidiaries and Associates

Interests are held in the following entities:

Name	Country of Incorporation	Ownership Interest*	
		2022 %	2021 %
Subsidiaries:			
Australian Cabler Registration Service Pty Ltd (a)	Australia	100	100
NECA Education and Careers Limited (b)	Australia	100	100
ECA Training Pty Ltd (a)	Australia	100	100
NECA Training Ltd (a)	Australia	100	100
NECA Legal Pty Ltd (a)	Australia	100	100
NECA Trade Services Pty Ltd (c)	Australia	100	100
NECA Foundation Limited (e)	Australia	100	100
Constructive Legal Solutions Pty Ltd (a)	Australia	100	100
Entities 50% owned but not consolidated:			
Elecnet (Australia) Pty Ltd (d)	Australia	50	50
NESS Super Pty Ltd (f)	Australia	50	50
Future Energy Skills Pty Ltd (g)	Australia	50	50
Entities owned greater than 20% but not equity accounted for:			
Protect Services Pty Ltd (h)	Australia	25	25
MERT Pty Ltd (i)	Australia	20	20

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

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

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

Notes to the financial statements
For the year ended 30 June 2022

Note 17 Investments in Subsidiaries and Associates (continued)

(d) ElecNet (Aust) Pty Ltd is the trustee of the Electrical Industry Severance Scheme ("the scheme"), it is the company incorporated in Australia. National Electrical and Communications Association Victorian Branch ("NECA Victoria") owns 50% (2021: 50%) of the scheme, and have entitlement to 25% of the income and capital of the Electrical Division of the scheme. The scheme has been set up for the benefit of its members and not the Group. The purpose of the scheme is for employer groups to contribute to it, and hold monies in trust for its members if they become redundant or are terminated. No monies are distributed to the Group in respect of those contributions. Further, NECA Victoria under the Trust Deed has no risk in relation to an unfunded scheme position (contingent liability). NECA does had in place a facility agreement with Elecnet that expired post 2020, to the extent of a capped portion of the distributions. The Group does not have the majority voting rights on the board, nor does it have significant influence by virtue of the board structure, hence the accounts of the scheme have not been consolidated, nor equity accounted.

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

(f) NESS Super Pty Ltd is the trustee of NESS Super ("the fund"), it is the company incorporated in Australia. The National Electrical and Communications Association New South Wales Branch ("NECA New South Wales") / The Electrical Contractors Association ("ECA NSW") owns 50% (2021: 50%) of the trustee company NESS Super Pty Ltd, and have no entitlements of the income and capital of the fund. The fund has been set up by electrical industry representatives to service the electrotechnology industry, contractors and employees. The purpose of the fund is for employers to contribute to it, and hold monies for its member's superannuation fund. No monies are distributed to the Group in respect of those contributions.

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

(h) Protect Services Pty Ltd is a company incorporated in Australia, NECA Victoria owns 25% (2021: 25%) of that company which is a trustee of Protect Services Trust ("PST"). PST collects premiums for a designated insurer in its capacity as administrator. NECA Victoria has a 25% entitlement to profits made by PST. NECA Victoria does not have majority voting rights on the board, nor does it have significant influence over board decisions by virtue of the board structure, hence the accounts of the company have not been consolidated, nor equity accounted.

(i) MERT Pty Ltd is the trustee of the Mechanical and Electrical Redundancy Trust ("the scheme"), it is the company incorporated in Australia. The National Electrical and Communications Association New South Wales Branch ("NECA New South Wales") / The Electrical Contractors Association ("ECA NSW") owns 20% (2021: 20%) of the scheme, and has no entitlement of the income and capital of the scheme. The scheme has been set up to safeguard the redundancy benefits of electrical and mechanical workers within the electrical and construction industry. The purpose of the scheme is for employer groups to contribute to it, and hold monies in trust for its members if they become redundant or are terminated. No monies are distributed to the Group in respect of those contributions. The Group does not have the majority voting rights on the board, nor does it have significant influence by virtue of the board structure, hence the scheme has not been consolidated, nor equity accounted. During the year, NECA New South Wales branch received distributions of \$265,000 (2021: \$202,084) from the scheme.

Notes to the Financial Statements
For the year ended 30 June 2022

Note 18 Association Details

The principal place of business of the association is:

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

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

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

Information to be provided to members or Commissioner:

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

Officer declaration statement

I, Oliver Judd, being the CEO and Secretary of the National Electrical and Communications Association National Office declare that the following activities did not occur during the reporting period ended 30 June 2022.

The Group did not:

- agree to receive financial support from another reporting unit to continue as a going concern
- agree to provide financial support to another reporting unit to ensure they 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 to another reporting unit
- pay compulsory levies
- pay a grant that was \$1,000 or less
- pay a grant that exceeded \$1,000
- pay a donation that was \$1,000 or less
- pay a donation that exceeded \$1,000
- pay separation and redundancy to holders of office
- pay other employee expenses to holders of office
- pay to a person fees or allowances to attend conferences or meetings as a representative of the reporting unit
- pay legal costs relating to 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 other employee provisions in respect of holders of office
- have a separation and redundancy provision in respect of employees (other than holders of office)
- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity
- have a balance within the general fund
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit

Signature of designated officer



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

Dated: 31 October 2022