FINANCIAL STATEMENTS

for the Year Ended 31 December 2017

INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF THE ELECTRICAL TRAINING COMPANY LIMITED

Opinion

We have audited the financial statements of The Electrical Training Company Limited ("the Company"), which comprise the statement of financial position as at 31 December 2017, and the statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2017 and its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards ("PBE Standards") issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Company.

Board's Responsibilities for the Financial Statements

The Board are responsible on behalf of the Company for the preparation and fair presentation of the financial statements in accordance with PBE Standards, and for such internal control as the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board are responsible on behalf of the Company for assessing the Company'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 Board either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 ISAs (NZ) 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 decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 statements 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Who we Report to

This report is made solely to the Members of the Board, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board Members and the Board, as a body, for our audit work, for this report or for the opinion we have formed.

BDO Auckland

BDO Auckland
Auckland
New Zealand
6 April 2018

COMPANY DIRECTORY

Nature of Business:	Training of Electrotechnology Apprentices
Registered Office:	24A Allright Place Mt Wellington Auckland 1060
Date of Incorporation:	1991
Issued Capital:	2000 Ordinary Shares
Directors:	Steve Hallett – Chairman Stuart Burgess Wendie Harvey Bruce Dalton Dean Addie David Le Mouton
Company Number:	494469
Shares:	2000
Charities Commission Number:	CC36469
Shareholder:	The Electrical Contractors Association NZ
Auditor:	BDO Auckland
Solicitors:	Buddle Findlay
Bankers:	Auckland Savings Bank (ASB)

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

for the Year Ended 31 December 2017

	Note	2017	2016
		$	$
Revenue from non-exchange transactions			
Grant revenue	5	5,198,462	4, 560, 367
		5,198,462	4, 560, 367
Revenue from exchange transactions			
Apprenticeship	6	25,062,806	24, 372, 825
Training	7	1,608,868	1, 192, 358
Other income		164,289	117, 132
		26,835,963	25, 682, 315
Total revenue		**32,034,425**	**30, 242, 682**
Expenses			
Apprenticeship employment	8	20,266,868	19, 338, 926
Staff employment	9	5,052,197	4, 524, 379
Employment related expenses	10	2,067,675	1, 737, 947
Course delivery	11	890,846	782, 760
Infrastructure overheads	12	2,385,979	2, 199, 926
Promotion	13	258,602	194, 325
Depreciation	15	244,791	165, 337
Finance costs	14	225,307	196, 097
Total expenses		**31,392,265**	**29, 139, 697**
Total surplus for the year		**642,160**	**1, 102, 985**
Other comprehensive revenue and expenses		-	-
Total comprehensive revenue and expenses		**642,160**	**1, 102, 985**

The above statement is to be read in conjunction with the accompanying notes and the Audit Report.

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STATEMENT OF CHANGES IN NET ASSETS/EQUITY

for the Year Ended 31 December 2017

	Share Capital	Retained Surplus	TOTAL
	$	$	$
Opening balance 1 January 2016	**2, 000**	**5,757,298**	**5,759,298**
Comprehensive revenue and expenses for the year	-	1,102,985	1,102,985
Closing equity 31 December 2016	**2, 000**	**6,860,283**	**6,862,283**
Opening balance 1 January 2017	**2,000**	**6,860,283**	**6,862,283**
Comprehensive revenue and expenses for the year	-	642,160	642,160
Closing net assets/equity 31 December 2017	**2,000**	**7,502,443**	**7,504,443**

The above statement is to be read in conjunction with the accompanying notes and the Audit Report.

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STATEMENT OF FINANCIAL POSITION

for the Year Ended 31 December 2017

	Note	2017	2016
		$	$
Current Assets			
Cash	20	4,685,452	4,709,286
Short term investments		1,193,371	1,050,000
Receivables from exchange transactions		1,846,023	1, 699, 535
Prepayments		637,063	67, 258
Inventories		41,466	64, 502
		8,403,375	7, 590, 581
Non-current assets			
Property, plant and equipment	15	2,234,380	2, 026, 834
		2,234,380	2, 026, 834
Total Assets		**10,637,755**	**9, 617, 415**
Current liabilities			
Trade and other payables	16	500,825	549, 291
Employee entitlement	17	1,775,125	1, 481, 274
Accruals	18	148,314	84, 635
GST payable		709,048	639, 932
		3,133,312	2, 755, 132
Total liabilities		**3,133,312**	**2, 755, 132**
Total net assets		**7,504,443**	**6, 862, 283**
Net Assets/Equity			
Share capital		2,000	2,000
Retained surplus		7,502,443	6,860,283
Total net assets/equity attributable to the owners of the controlling entity		**7,504,443**	**6,862,283**

Signed for and on behalf of the Board of Directors who authorised these financial statements for issue on 2017:

Director: ____________ Date: 6·4·18 Chief Executive: ____________ Date: 6-4-18

The above statement is to be read in conjunction with the accompanying notes and the Audit Report.

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STATEMENT OF CASH FLOWS

for the Year Ended 31 December 2017

	Note	2017	2016
		$	$
Cash flows from operating activities			
Receipts			
Receipts from non-exchange transactions		5,198,462	4, 560, 367
Receipts from exchange transactions		26,379,207	25, 691, 430
		31,577,669	30, 251, 797
Payments			
Payments to employees		27,386,740	25, 524, 362
Payments to suppliers		3,760,734	3, 325, 699
		31,147,474	28, 850, 061
Net cash flows from operating activities	19	**430,195**	**1, 401, 736**
Cash flows from investing activities			
Receipts			
Interest received		102,252	114, 265
Sundry Sales		62,035	10, 956
		164,287	125, 221
Payments			
Purchase of capital expenditure		474,945	359, 765
Short term investments		1,193,371	2,050,000
		1,668,316	1,409,765
Net cash flows from investing activities		**(1,504,029)**	**(1,284,544)**
Net increase in cash and cash equivalent		1,480,195	2,451,736
Cash and cash equivalent - opening balance		4,709,286	3,542,094
Cash and cash equivalent - closing balance	**20**	**4,685,452**	**4,709,286**

The above statement is to be read in conjunction with the accompanying notes and the Audit Report.

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NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 31 December 2017

1. REPORTING ENTITY

The reporting entity is The Electrical Training Company Limited ("the Company"). The company is domiciled in New Zealand and is a charitable organisation registered in New Zealand under the Companies Act 1993 and the Charities Act 2005.

These financial statements and the accompanying notes summarises the financial results of activities carried out by the company. The company was established to provide employment and training for the electrical industry in New Zealand.

These financial statements have been approved and were authorised for issue by the Board of Directors on the date stipulated in the statement of financial position.

For the purposes of complying with generally accepted accounting practice in New Zealand ("NZ GAAP"), the company is a not-for-profit public benefit entity

2. STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP") and the Financial Reporting Act 2013. They comply with Public Benefit Entity International Public-Sector Accounting Standards ("PBE IPSAS") and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for Not-For-Profit entities. For the purposes of complying with NZ GAAP, the company is a public benefit not-for-profit entity and is applying Tier 1 Not-For-Profit PBE IPSAS even though expenditure is less than $30 million.

3. CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies during the year.

4. SUMMARY OF ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these financial statements as set out below have been applied consistently to both years presented in these financial statements.

4.1 Basis of measurement

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets and liabilities as identified in specific accounting policies below.

4.2 Functional and presentation currency

The financial statements are presented in New Zealand dollars, which is the company's functional currency. All financial information presented in New Zealand dollars have been rounded to the nearest dollar.

4.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the company and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The company receives revenue as a result of both exchange and non-exchange transactions.

Exchange transactions are transactions in which the company receives assets, such as cash, and directly gives approximately equal value to another entity in exchange for those assets.

Non-exchange transactions are transactions in which the company receives assets, such as cash, but does not directly give approximately equal value to another entity in exchange for those assets. Revenue from non-exchange transactions is usually recognised when it becomes receivable/is received. However, where a non-exchange transaction has an associated condition, which is a requirement to expend the received assets in a specified manner or return unexpended funds, a liability is initially recognised and revenue is recognised (and the liability extinguished) as the requirements associated with the revenue are met.

The following specific recognition criteria must be met before revenue is recognised.

BDO AUCKLAND

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 31 December 2017

SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Revenue from non-exchange transactions

Grant revenue

Grant revenue is recognised when the conditions attached to the grant has been compiled with. Where there are unfulfilled condition is recognised as a liability and released to revenue as the conditions are fulfilled.

Revenue from exchange transactions

Apprenticeship and training

Apprenticeship and training is measured at the fair value of the consideration received or receivable and represent amounts received for services provided in the normal course of business, net of discount and sale related taxes.

4.4 Income tax

Due to its charitable status, the company is exempt from income tax.

4.5 Cash and cash equivalents

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4.6 Inventory

Inventories are stated at the lower of cost and net realisable value. Cost is assigned on the basis of weighted average cost. Net realisable value is the estimate selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale, exchange or distribution.

4.7 Goods and services tax (GST)

All amounts in these financial statements are shown exclusive of GST except for receivables and payables that are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the Inland Revenue is included as part of receivables or payables in the Statement of Financial Position.

4.8 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation

The straight line and diminishing value basis is used to depreciate asset over its useful life, except for land. Land is not depreciated. Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life:

Leasehold Improvement	14.3% - 25% SL
Machinery and Equipment	12% - 50% DV
Office Equipment	8% - 50% DV
Office Furniture	12% - 50% DV
Motor Vehicles	25%
Reference Material	22% DV
Building	2% SL

Depreciation methods, useful lives and residual values are reviewed at each reporting date and are adjusted if there is a change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset.

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 31 December 2017

SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

4.9 Leases

Payments on operating lease agreements, net of incentives provided by lessor, where the lessor retains substantially the risk and rewards of ownership of an asset, are recognised as an expense on a straight-line basis over the lease term.

4.10 Employee benefits

Short-term employee benefits

Short-term employee benefit liabilities are recognised when the Company has a legal or constructive obligation to remunerate employees for services provided within 12 months of reporting date, and is measured on an undiscounted basis and expensed in the period in which employment services are provided.

Termination benefits

Termination benefits are recognised as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

4.11 Financial instruments

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

Financial assets

The company classifies its investments in the following categories: financial assets at fair value through surplus or deficit, loans and receivables, held to maturity investments and available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date. At balance date all the company's financial assets are classified as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the company provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current assets.

The company's loans and receivables comprise cash and cash equivalents and receivables from exchange transactions.

Loans and receivables are recognised when the company becomes a party to the contractual provisions of the instrument. Loans and receivables are initially recognised at fair value plus transaction costs and are thereafter carried at amortised cost using the effective interest method.

The company assesses at each balance date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Loans and receivables are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

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NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 31 December 2017

Receivables from exchange transactions

Receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Receivables are assessed at each reporting date to determine whether there is objective evidence of impairment. A receivable is impaired if there has been an event, or events, subsequent to the initial recognition of the asset that has impacted the asset's future cash flows. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered objective evidence of impairment.

Individually significant receivables are individually assessed for impairment; debts which are known to be uncollectible are written off and impaired receivables are written down to their impaired amount, with the amount of impairment recognised being the difference between the asset's carrying amount and the present value of its estimated future cash flows, discounted at the original effective interest rate.

Following the impairment assessment of individually significant receivables, those individually significant receivables that are not impaired, and all other receivables, are collectively assessed for impairment by grouping together receivables with similar risk characteristics. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Impairment is recognised in surplus or deficit.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed and the reversal is recognised in surplus or deficit.

Subsequent recoveries of amounts written off are recognised in surplus or deficit."

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

4.12 Standards, amendments and interpretations issued that are not yet effective and have not been adopted early

There are no PBE IPSAS standards issued that are not effective.

4.13Significant judgements and estimates

In preparing the financial statements, the Board of Directors required to make judgments, estimates and assumptions based on historical experiences and other factors that are considered to be relevant that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. The uncertainty from these assumptions and estimates could result in outcomes that may result in a material adjustment to the carrying amount of the asset or liability.

The company based its assumptions and estimates on information available when the financial statements are prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the company. Such changes are reflected in the assumptions when they occur. Judgement and estimation that has significant risk of resulting in a material adjustment in the year relates to assessment of useful life of the property, plant and equipment.

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BDO AUCKLAND

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 31 December 2017

	2017	2016
	$	$

5. GRANT REVENUE

	2017	2016
National Certificate funding	3,010,074	2, 795, 893
Registered Training Workplace funding	2,039,570	1, 512, 641
Modern Apprenticeship	148,818	251, 833
Total	**5,198,462**	**4, 560, 367**

6. APPRENTICESHIP

	2017	2016
Chargeable hours	23,020,398	22, 376, 674
Allowances	341,723	337, 631
Overtime	1,646,729	1, 658, 520
Induction Fees	53,956	-
Total	**25,062,806**	**24,372, 825**

7. TRAINING

	2017	2016
National certificatestudent fees	174,879	413, 612
Competency course fees	179,964	36, 209
Other course fees	1,254,025	742, 537
Total	**1,608,868**	**1, 192, 358**

8. APPRENTICESHIP EMPLOYMENT

	2017	2016
Holiday pay	1,615,802	1, 537, 269
Sick pay	398,412	352, 511
Statutory holidays	939,026	664, 299
Block course	305,831	320, 725
Chargeable hours	16,361,455	15, 811, 818
Downtime	444,298	406, 662
ETCO time	68,174	82, 642
Achievement bonus	133,870	163, 000
Total	**20,266,868**	**19, 338, 926**

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NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 31 December 2017

	2017	2016
	$	$
9. STAFF EMPLOYMENT		
Administration	1,736,338	1, 494, 693
Regional Training Managers	442,307	360, 225
Full-time Tutors	716,810	645, 467
Holiday Pay	44,253	4, 771
Long Service Leave	-	20, 603
National Managers	217,432	207, 914
Night Class Tutors	747,330	732, 092
Coordination	1,147,727	1, 058, 614
Total	**5,052,197**	**4, 524, 379**

10. EMPLOYMENT RELATED EXPENSES		
ACC	277,702	232, 438
Kiwisaver Employer Contribution	691,505	612, 857
Accommodation and Meals	175,678	145, 184
Safety Equipment	107,077	89, 062
Third Party Labour	197,264	160, 293
Tool Expenditure	254,988	203, 523
Other	363,461	294, 590
Total	**2,067,675**	**1, 737, 947**

11. COURSE DELIVERY		
Contract Tutors	184,259	122, 796
Course Materials	108,997	74, 283
Electrical Workers Registration Board Course Fees	125,008	157, 501
The Open Polytechnic of NZ License Fee	103,000	75, 000
New Zealand Qualifications Authority (NZQA) Fees	102,207	90, 314
NZQA Fees	5,369	16, 347
Delivery Material	262,006	246, 519
Total	**890,846**	**782, 760**

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NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 31 December 2017

	2017	2016
	$	$
12. INFRASTRUCTURE OVERHEADS		
Cleaning	89,870	84, 157
Computer Costs/Support	287,244	221, 758
Conference	48,541	60, 079
Lease Costs	240,181	384, 802
Rent and Rates	855,838	775, 259
Office Expenses	313,544	225, 389
Travel	193,441	141, 779
Vehicles	168,231	150, 104
Other infrastructures	189,089	156, 599
Total	**2,385,979**	**2, 199, 926**

	2017	2016
13. PROMOTION		
Advertising	3,263	7, 948
Apprentice of Year Award	23,234	6, 104
Marketing	232,105	180, 273
Total	**258,602**	**194, 325**

	2017	2016
14. FINANCE COSTS		
Audit Fees	36,000	18, 040
Insurance	74,939	73, 081
Bank Fees	25,884	7, 032
Other finance costs	88,484	77, 944
Total	**225,307**	**196,097**

BDO AUCKLAND

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 31 December 2017

15. PROPERTY PLANT AND EQUIPMENT

2017	Land and building	Asset under construction	Leasehold improvement	Machinery and equipment	Office equipment and furniture	Motor vehicles	Reference material	Total
Cost	1,400,000	2,416	1,074,157	290,308	2,390,609	40,700	1,010	5,199,200
Accumulated dep	-	-	999,429	193,044	1,740,537	30,818	992	2,964,820
Net book value	**1,400,000**	**2,416**	**74,728**	**97,264**	**650,072**	**9,882**	**18**	**2,234,380**
2016								
Cost	1, 400, 000	451, 185	1, 062, 726	201, 286	2, 497, 444	144, 280	1, 010	5, 757, 931
Accumulated dep	-	234, 263	1, 048, 854	173, 589	2, 137, 209	136, 194	988	3, 731, 097
Net book value	**1, 400, 000**	**216, 922**	**13, 872**	**27, 697**	**360, 235**	**8, 086**	**22**	**2, 026, 834**

Reconciliation of the carrying amount at the beginning and end of the period

PROPERTY PLANT AND EQUIPMENT (CONTINUED)

2017	Land and building	Asset under construction	Leasehold improvement	Machinery and equipment	Office equipment and furniture	Motor vehicles	Reference material	Total
Opening balance	1, 400, 000	216,922	13,872	27,697	360,235	8,086	22	2,026,834
Additions	-	2416	13,668	40,708	306,299	3,992	-	367,083
Disposals	-	-	53,995	8,626	11,462	-	-	74,083
Depreciation	-	-	(4,570)	(18,122)	(219,899)	(2,196)	(4)	(244,791)
Reclassification	-	(216,922)	(2,237)	38,355	191,975	-	-	11,171
Closing balance	**1,400,000**	**2,416**	**74,728**	**97,264**	**650,072**	**9,882**	**18**	**2,234,380**
2016								
Opening balance	1, 400, 000	64, 482	19, 636	36, 492	311, 210	10, 875	28	1, 842, 723
Additions	-	182, 987	-	-	176, 778	-	-	359, 765
Disposals	-	-	-	-	(11, 962)	-	-	(11, 962)
Depreciation	-	(30, 547)	(5, 764)	(8, 795)	(115, 791)	(2, 789)	(6)	(163, 692)
Closing balance	**1, 400, 000**	**216, 922**	**13, 872**	**27, 697**	**360, 235**	**8,086**	**22**	**2, 026, 834**

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NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 31 December 2017

	2017	2016
	$	$
16. TRADE AND OTHER PAYABLES		
Trade payables	358,926	438, 450
Income in advance	141,899	110, 841
Total	500,825	**549, 291**
17. EMPLOYEE ENTITLEMENT		
Holiday pay	1,070,977	1, 258, 255
Accrued wages	704,148	223, 019
Total	1,775,125	**1, 481, 274**
18. ACCRUALS		
Audit fees and FBT	24,438	19, 105
ACC levy	(50,318)	(62, 174)
Sundry accruals	174,194	127, 704
Total	148,314	**84, 635**
19. NET CASH FLOWS FROM OPERATING ACTIVITIES		
Net surplus for the reporting period	642,158	1, 102, 985
Non-cash items:		
Depreciation	244,791	165, 337
	244,791	165, 337
Add/deduct items classified as investing or financing activities:		
Interest received	(102,252)	(114, 265)
	(102,252)	(114, 265)
Movements in working capital:		
Increase in receivables	(146,488)	31, 738
Decrease in inventory	23,036	5, 234
Increase in prepayment	(569,805)	133, 727
Increase in payables	238,581	(13, 458)
Increase in income in advance	31,058	90, 636
Increase in GST payable	69,116	(198)
	354,502	247, 679
Net cash flows from operating activities	**430,195**	**1, 401, 736**

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NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 31 December 2017

	2017	2016
	$	$
20. CASH AND CASH EQUIVALENTS		
Cash in hand and on banks	3,463,492	4,709,286
Short term deposit	1,221,960	-
Total	4,685,452	4,709,286

Cash at bank earns interest at floating rates on daily deposit balances.
Shor term deposits are made for periods of 3 months or less and earn interest of between 3.45% to 3.65%.

21. RELATED PARTY TRANSACTIONS

The Company's key management personnel are the senior executives and the Members of the Board of Directors. The Board of Directors do not receive any remuneration.

Senior executive officers are employed as employees of the Company, on normal employment terms.

The aggregate level of remuneration paid and the number of persons in each class of key management personnel is presented below:

	2017		2016	
	Remuneration $'000	Number of individuals	Remuneration $'000	Number of individuals
Senior executive officers	451,410	3 FTE's	566,939	3 FTE's
	451,410		566,939	

22. CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

The carrying amount of financial instruments presented in the Statement of Financial Position relate to the following categories of assets and liabilities:

	2017 $	2016 $
Financial assets - *Loans and receivables*		
Cash and cash equivalents	5,878,823	5, 759, 286
Receivables from exchange transactions	1,846,023	1, 699, 535
	7,724,846	7, 458, 821
Financial liabilities - *At amortised cost*		
Trade and other payables	500,825	549, 291
	500,825	549, 291

The carrying amount of financial assets and financial liabilities are considered to be equivalent to their fair value due to its short-term nature.

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NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 31 December 2017

23. FINANCIAL INSTRUMENT RISK

The company is exposed to various risks in relation to financial instruments. The company's financial assets and liabilities by category are summarised in note 21. The main types of risks are credit risk and liquidity risk.

There were no material changes in the company's risk exposure and risk management objectives and policies during the reporting period.

Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the company. The company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date as follows:

	2017	2016
	$	$
Cash and cash equivalents	5,878,823	5, 759, 286
Receivables from exchange transactions	1,846,023	1, 699, 535
	7,724,846	7, 458, 821

No receivables from exchange transactions are considered to be past due or impaired. The Board of Directors has assessed that all of the above financial assets are not impaired or past due for each of the reporting dates under review and are of good credit quality. With respect to cash and cash equivalents there is a concentration of credit risk as the Company is trading with only one bank. The credit risks for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Liquidity risk analysis

Liquidity risk is the risk that the company might not be able to meet its obligations associated with financial liabilities. The company manages its liquidity need by monitoring payments for financial liabilities and maintaining sufficient cash. Financial liabilities carrying amount is equal to its contractual cashflows. This will mature in less than 6 months.

24. CAPITAL MANAGEMENT

In determining its capital management policy, the main objective of the Board is to ensure that the Company has sufficient funds to continue its main purpose of providing employment and training for the electrical industry in New Zealand.

This is achieved through evaluating the performance of its investments to ensure adequate returns are generated to fund the Company's day. to-day activities as well as to maintain a strong capital base and minimise its risk exposure. Capital for the Company consists mainly of its share capital and retained surplus.

25. CAPITAL COMMITMENT

The company has committed to capital expenditure relating to the purchase of the property in 24A Allright Place Mt. Wellington as at 31 December 2017 amounting to $4.5 million.

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NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 31 December 2017

26. LEASES

As at the reporting date, the Board of Directors has entered into the following operating lease commitments:

	2017	2016
	$	$
No later than one year	305,119	863, 954
Later than one year and no later than five years	1,538,752	2, 036, 735
Later than five years	726,768	-
Total	**2,570,639**	**2, 900, 689**

The company leases property and motor vehicles and equipment in the normal course of its operations. Lease terms ranges from 1 – 12 years and can be renewed at the Company's option.

27. CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets or liabilities at the reporting date. (2016: $Nil).

28. EVENTS AFTER THE REPORTING DATE

The Board of Directors and management is not aware of any other matters or circumstances since the end of the reporting period, not otherwise dealt with in these financial statements that have significantly or may significantly affect the operations of the company.

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