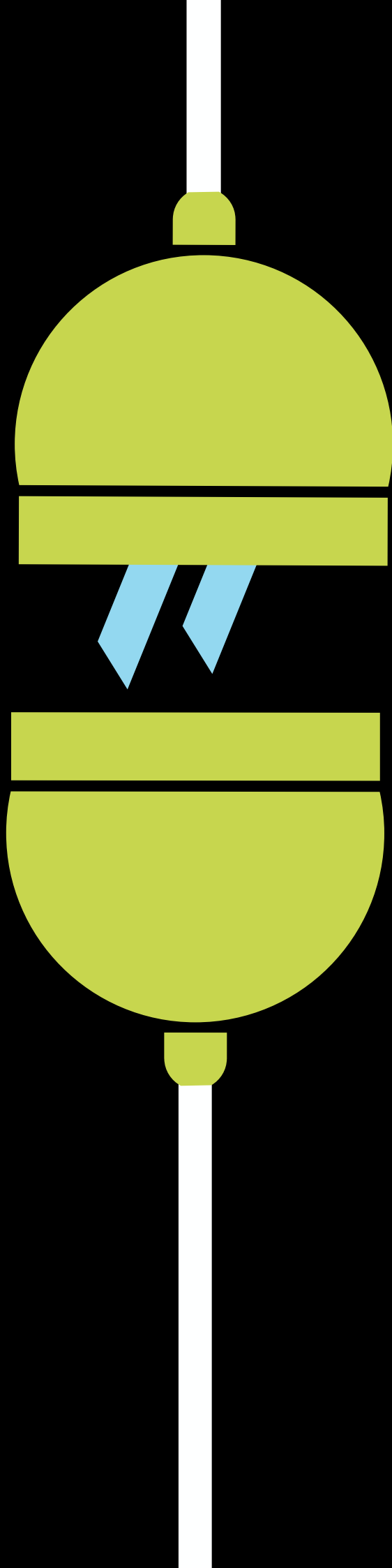
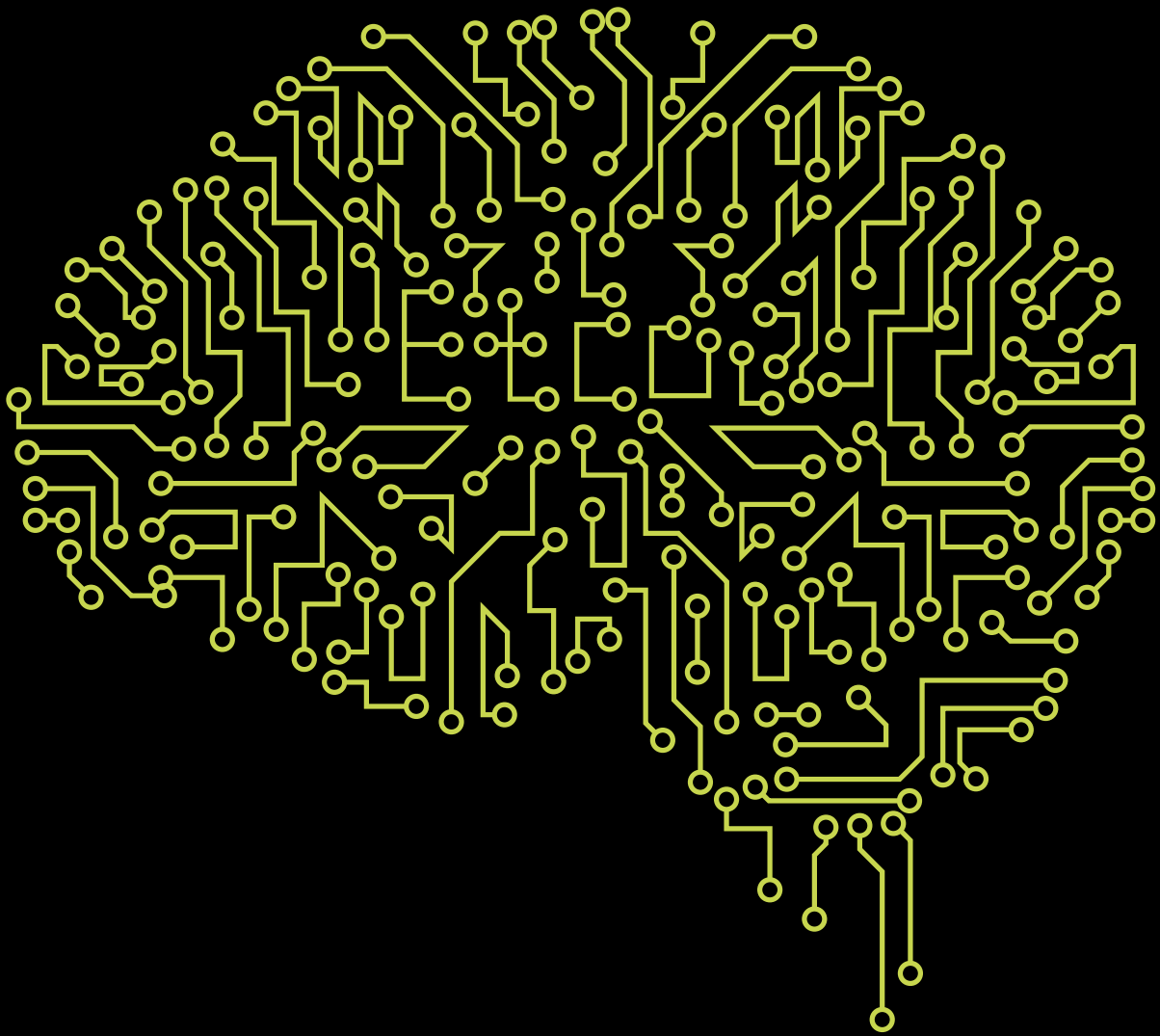


# Annual Report 2017



**etco**  
energising careers

# University is not the only option for **smart** students



**Electrical Apprenticeships**

[www.etco.co.nz](http://www.etco.co.nz)

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# Our Story

**At 26 years new, the Electrical Training Company is a New Zealand Qualifications Authority (NZQA) top level Category One training provider with performance levels that are the envy of the sector. We are wholly owned by the sector and we work entirely for the sector.**

Being a not-for-profit organisation, or more correctly a not-for-dividend, and a registered charity, we re-invest all our retained earnings into developing facilities and resources and programmes to support our apprentices and students and produce the best tradespeople.

The outstanding performance of Etco apprentices is in large part due to our partnership with quality host companies who provide the required work experience and on-job training.

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**Etco hosts are committed to giving back and contributing in their sector, and to supporting young people moving into an aspirational career in an exciting and evolving industry.**

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Our hosts take pride in contributing, and they understand the strong commercial benefits that flow from working with apprentices who have been through Etco's robust and intensive selection and induction programmes.

With training centres in Auckland, Hamilton, Rotorua, Wellington, Christchurch and Dunedin, supported by offices in Invercargill and New Plymouth, and night class tutors throughout the regions, Etco has a comprehensive national footprint that grows year on year.

We are proud of our graduates, our apprentices, our host companies, our night class tutors, and our staff because together they work hard to consistently and relentlessly provide New Zealand with highly competent electricians who qualify and move on to become respected business and industry leaders and experts in their field – many of whom are now training the next generation of Etco apprentices.

## the electrical training company





# Chairman's Report



**Steve Hallett**  
**Chairman of the Board**

**2017 was a year of many firsts for Etco. We welcomed our first new CEO in 25 years, we put an offer in to purchase our first training centre (and were successful), for the first time we broke through the 600 trainee barrier and we leased the first of our hybrid electric vehicles.**

Jeremy has shown to the Board that there is further potential within Etco and has been working hard to understand the organisation and remove some of the perceived constraints around growth and efficiencies. For some time the Board believed that Etco had more to offer the electrical industry and this, thanks to Jeremy and his team is starting to show positive outcomes.

In 2017 the Board met on five occasions, had a number of teleconferences and visited three training centres throughout the country. We also met with a number of host company representatives and industry

stakeholders around the regions which gives the Board a better understanding of what we are doing well and where we can improve.

In November the Board and the CEO spent a day reviewing and updating the business plan while realigning the goals that had been set in previous years.

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**We also met with a number of host company representatives and industry stakeholders around the regions which gives the Board a better understanding of what we are doing well and where we can improve.**

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This allows clearer guidelines for every major decision that we make to ensure that the outcomes assist us to get closer to our goals. Part of our charter is to ensure that the Board are challenged and continue to meet predetermined KPI's on a regular basis. These KPI's were reviewed and updated in March and we as a Board are satisfied that the results show that the governance of the organisation is healthy and strong.

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## Our Vision

To be recognised leaders of excellence in the Electrical Industry

## Our Mission

Develop and educate people to be the best in the Industry

## Our Values

Integrity, Passion, Professionalism, Teamwork, Accountability

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Finally I would like to thank my fellow directors Bruce Dalton, Stuart Burgess, Wendie Harvey, David Le Mouton and Dean Addie. Having a strong and diverse Board challenges thinking and ensures that we will be around for the next 25 years. Thank you all for your excellent work during the last year and I look forward to another successful year in 2018.



L - R: Dean Addie, Bruce Dalton, Stuart Burgess, Wendie Harvey, Steve Hallett, David Le Mouton, Jeremy Sole, Karyn Mitchell



# Chief Executive's Report



## Jeremy Sole Chief Executive Officer

**It's been almost twelve months since I first sat in this seat and Etco has already left an indelible mark on me because of the extraordinary dedication and passion our staff bring to work every day, and through the achievements of our apprentices. Everyone here does it because they know they are making a difference to the lives and careers of others, and they are making their industry sector a better and more robust place.**

I'd like to acknowledge my predecessor, Peter Rushworth, without whose vision and tenacity this business would probably not exist, and certainly would not have reached the levels of achievement that it has. And I'd like to acknowledge and thank the Etco Board for their robust engagement and understanding of the business, and for their support and advice; and their tolerance as I have got to know the business. And of course, our coordinators, training, admin, finance and recruitment teams have done an awesome job during the year which ended slightly ahead of forecasted results.

It is inevitable that a new set of eyes and perspectives will result in change and there has been quite a lot of that over the past nine months. We have created a new Business Development/Marketing role, a first for Etco, which has resulted in a refreshed look and feel and a gradual roll out of new branding and vehicle signage, alongside a strong

drive into social media marketing.

We have been focusing strongly on messages that an electrical apprenticeship is a pathway – and we are using graphics to show that path explicitly, even on the cars, and we have launched a new slogan 'University isn't the only option for smart students'. One indicator that the new somewhat radical vehicle branding and market positioning is getting attention from the target audiences, is that Rotorua based Regional Training Manager, Steve Gardner, has been stopped twice by the police so the officers could ask him how to get their sons/daughters into an electrical apprenticeship. Other staff with the newly branded cars have found people 'reading their cars' and have ended up answering lots of questions, so we are ensuring

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### **It is inevitable that a new set of eyes and perspectives will result in change**

---

the cars always have a bundle of marketing collateral on board. At the same time, we have built a new recruitment division supported by an online application portal available through our website and social media activities. The recruitment team are pumping through the applications and passing the baton to the coordinator team to make final selections. We had a strong presence at educational conferences this year which has resulted





in Maths and Science teachers having a stronger understanding of our entry requirements and the academic necessities – and why they are necessities.

One of the most significant initiatives this year was when the Board approved expenditure on a new Student Apprentice Management System (SAMS) to replace the existing one which is not fit for purpose and which, it seems, 99% of staff have been seriously frustrated with. This project is timed to commence in January with a planned go-live-date in September.

There have been many times during the year where I have been in awe of our staff in going the extra mile to hold everything together when the systems haven't been supporting them.

The SAMS project is a significant step towards achieving higher levels of operational efficiency and productivity both of which will be a strong focus over the next year. Such efficiency will remove a lot of frustrations within and between operating divisions, and for our hosts and apprentices, and will enable more energy to be directed towards productive endeavours and I'm looking forward to this releasing more creativity in the business.

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**This is an exciting time for Etco and I'm really looking forward to working with the team and the Board to make the business even better next year.**

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I know we will have achieved what we want when we have a lot of happy hosts, lots of happy and successful apprentices, meeting budgets, and all our apprentices, staff and students are working in safe and supportive healthy environments – and staff continue to be passionate and proud about what they are doing. Roll on 2018...

**University is not the only option for smart students**



# Health & Safety



## Brian Cleur National Health & Safety Manager

**Etco has continued to listen to feedback from our apprentices and host companies during the 2017 year, to look for new ways to make improvements to health and safety.**

Mobile Elevated Work Platform (MEWP) training was introduced into the apprentice induction training program in the second half of 2017. This was in response to the increase in the number of host work sites where formal training is now required to operate an MEWP.

This means that all new apprentices will now have a HIANZ silver card, so they are able to operate a scissor lift or boom lift on sites, if required.

The Etco knife safety policy was reviewed mid-year, which included seeking feedback from our apprentice employees and host company electricians. The policy was subsequently amended to allow the use of knives that are regularly used by electricians. Etco apprentices can now use Irwin and Stanley style knives (which were previously banned), but it is compulsory to use Cut 5 rated gloves at all times while using a knife.

It is interesting to note, that after the amended policy was released in July, there were no further knife injuries reported for the duration of the year.



## The video was a new approach to engage with our apprentice employees to promote an important health and safety message.

Etco ran a soft tissue / back injury campaign in late 2017, which included a video and associated handout. The campaign was developed in conjunction with our ANZETA partner organisations. This was the first time Etco had been involved in a video campaign, that featured an Etco apprentice who had been seriously affected by an injury. The video was a new approach to engage with our apprentice employees to promote an important health and safety message. The campaign received positive feedback from our employees and hosts.

Thank you once again to our employees, host companies, management and Board for the efforts made to ensure that health and safety continues to be prioritised in the work place.

the  
electrical  
training  
company

etco

Finding the best  
apprentices is easier  
than you think

energising  
careers



# Recruitment & ELITE



## Luke Boustridge Special Projects Manager

**2017 was a busy and successful year for the Recruitment Department.**

We successfully recruited, inducted and employed 208 new Etco apprentices.

During the second half of 2017, we looked at how we could change our policies and procedures to create an efficient and candidate focussed recruitment process.

We implemented several changes including:

- Online applications, directly imported into our Student Management system
- Regular standard Aptitude testing times and dates throughout each region
- Increased analysis and reporting of candidate status.

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**208** NEW APPRENTICES  
successfully recruited, inducted  
and employed in 2017

---

We have strengthened the philosophy that our Apprenticeship Coordinators are an integral part of the recruitment process and they carry out all of the candidate interviews and make the final recommendation of employment.





We have had some exciting developments with our ELITE Induction programme in 2017.

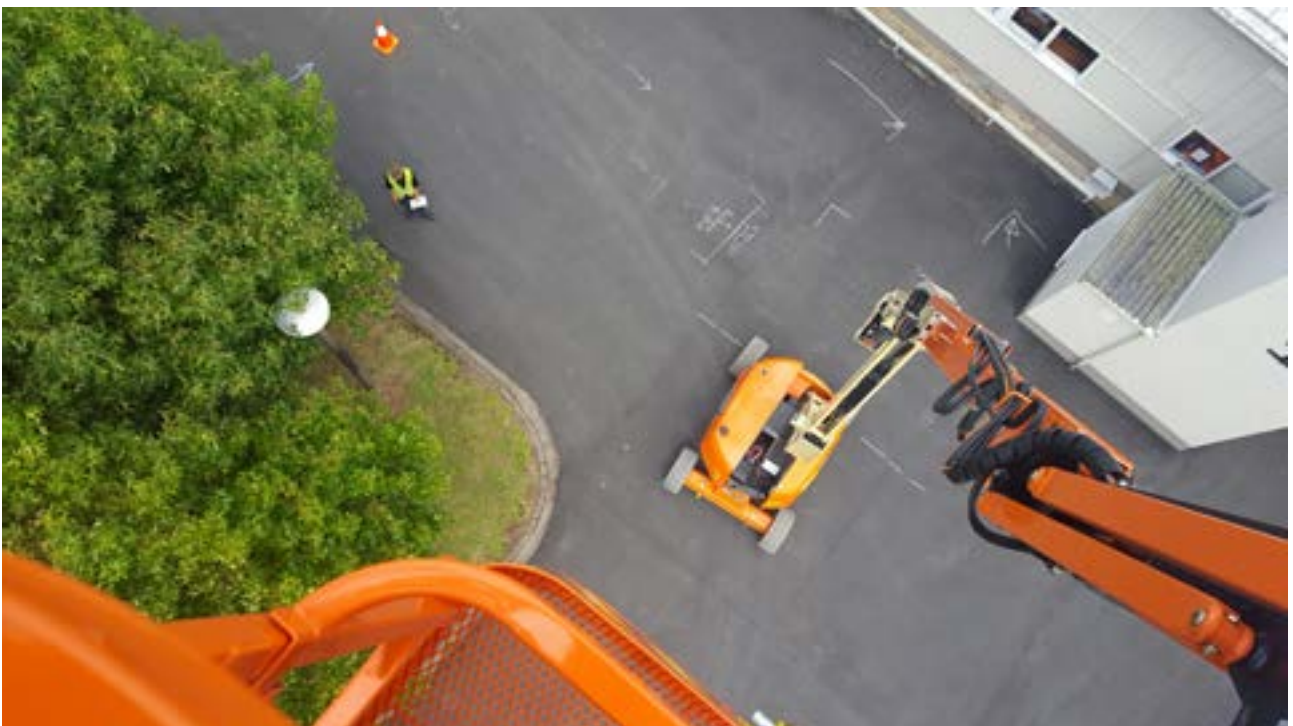
We reviewed and changed the suppliers of our apprentice toolkits and were pleased to start issuing a battery drill to each of our apprentices.

In August 2017, we started to deliver Elevated Working Platform training in partnership with the Hire Industry Association of New Zealand (HIANZ) so all our new apprentices start with the HIANZ Silver card qualification on day one.

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Take **charge** of your future



# Operations

## Roger Rowley General Manager Operations

**Our 2017 goals were a continuation of those set in 2016, with two new objectives around Digital Strategy and Blended Learning.**

- **Growth**
- **Investment in People**
- **Investment in Training Environments and delivery Model**
- **Further Systems Development**

We continue to see growth in apprentice numbers, up 4.5% over the prior year and student numbers up 8.7% in the July semester, details of which can be found in their respective sections. The increase in student numbers continues to reflect the growing economy as well as Etc being a preferred provider.

We continue to be committed to our medium-term strategy of having apprentice numbers in the 600-650 area and towards the end of 2017 we were in the 600+ territory.

Early in 2017 we contracted an HR professional to manage the improvements recommended in the report and from subsequent staff feedback. This work continued through to the end of the 2017 year, at which time it was decided to make this a full time role within the business.

We are in the middle of significant change in terms of training and its delivery. The July 2017 semester saw the launch of the new NZ Certificate

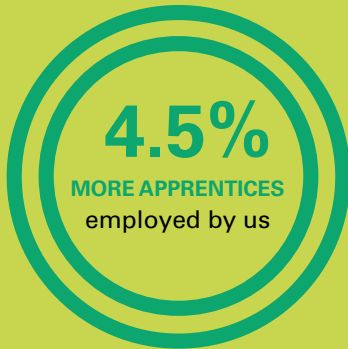
in Electrical Engineering qualification. This along with classroom and workshop developments was also a springboard for the digital strategy and blended learning components of our overall strategy.

The digital strategy sets out to understand all the various systems and applications that we use and how they relate to each other and the user experience. This was timely given that in 2017 we also reviewed the efficacy of JobReady, our current student and apprentice management system. We also started down the path of looking at digital learning and have started a programme looking into how augmented reality and virtual reality can be used in student learning. These new learning concepts also form part of the blended learning strategy along with the development of a moodle site.

As noted above, the review of the JobReady application resulted in a recommendation to the board to look at a replacement system more suited to our requirements. As a result of this, late in 2017 OA Systems was engaged to build a purpose built system to cater for the diverse needs of our business.

Also as part of the digital strategy, we introduced SharePoint as our internal intranet. This provides a wealth of opportunity for information sharing and document storage as we continue our move toward a cloud based strategy.

The second half of the year saw a change in recruitment with Ian Ross leaving the business. We took the opportunity to review the processes within recruitment which was completed later in the year. This culminated in changes that gave us a high degree of transparency in the process from first contact to Elite.



With demand growing in the Waikato area, the decision was made to open a new training centre in Hamilton. Significant work was undertaken to create a state of the art training facility that provides a great environment for learning and showcases the technology used today. The Hamilton training centre was scheduled to be ready for business at the start of 2018 and this objective was met.

Christchurch operations were also expanded with a move to a new location upon expiry of the current lease, and the building of workshops in the same theme as Hamilton so that we now offer block courses to our apprentices and students in Christchurch, alleviating the need for travel to Dunedin.

Growth in the Auckland area has brought the Mt. Wellington

**With demand growing in the Waikato area, the decision was made to open a new training centre in Hamilton.**

premises on to the agenda and we are currently investigating options for developing this site to cater for increased student numbers.

This year sees the end of the Modern Apprenticeships scheme expiring at the end of 2017, so as we move into 2018 all apprentices will be under the New Zealand Apprentice scheme administered by The Skills Organisation. We continue to build on the strong relationship we have with Skills across a number of areas. As a part of recognising the learning achieved by apprentices at the Elite course and beyond into the workplace a Limited Credit Programme (LCP) was set up which recognises the skills learnt through being awarded unit standards.

We signed an agreement with Skills for the use of learning resources for both off-job and on-job components of the new qualification. This provides great synergies with our own in-house development team as we continue to invest in and build resources to support tutors and help students in their off-job learning activities.



# Apprenticeship

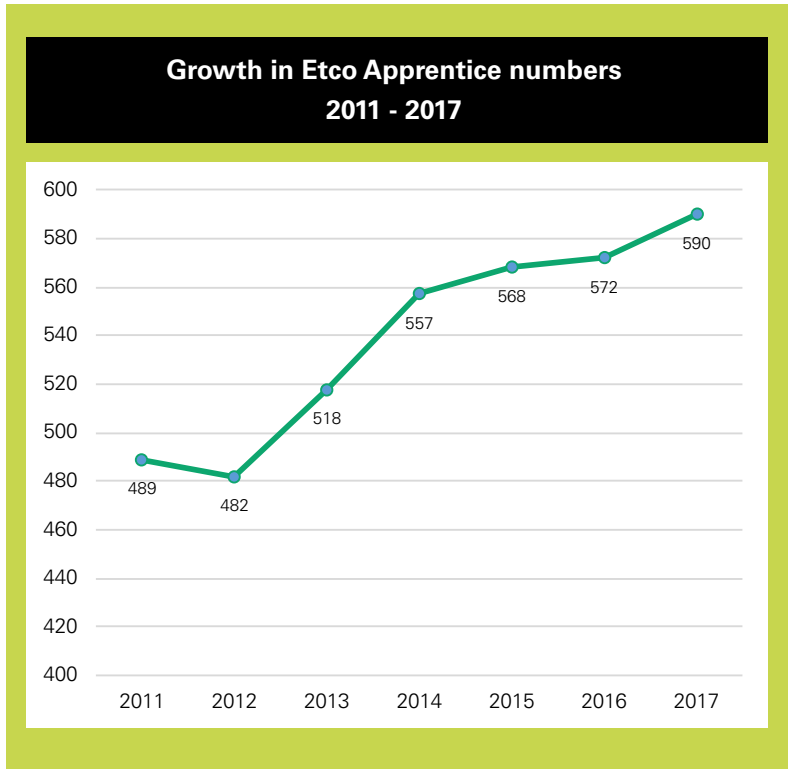
## Murray Samson National Apprenticeship Manager

We had 218 new apprentices start with us during the year. During the year apprentice numbers continued to grow to a peak of 615 in November, finishing the year at 583 apprentices, an increase of 4.5% over the prior year.

Over the year we had 130 successful completions (2016:147).

Our downtime averaged 4.68 hours per apprentice for the year (2016:4.46). This result was particularly high in the March to May period this year and then we saw an increase again in the last quarter due to construction and project delays and, anecdotally at least, the general elections causing a degree of uncertainty.

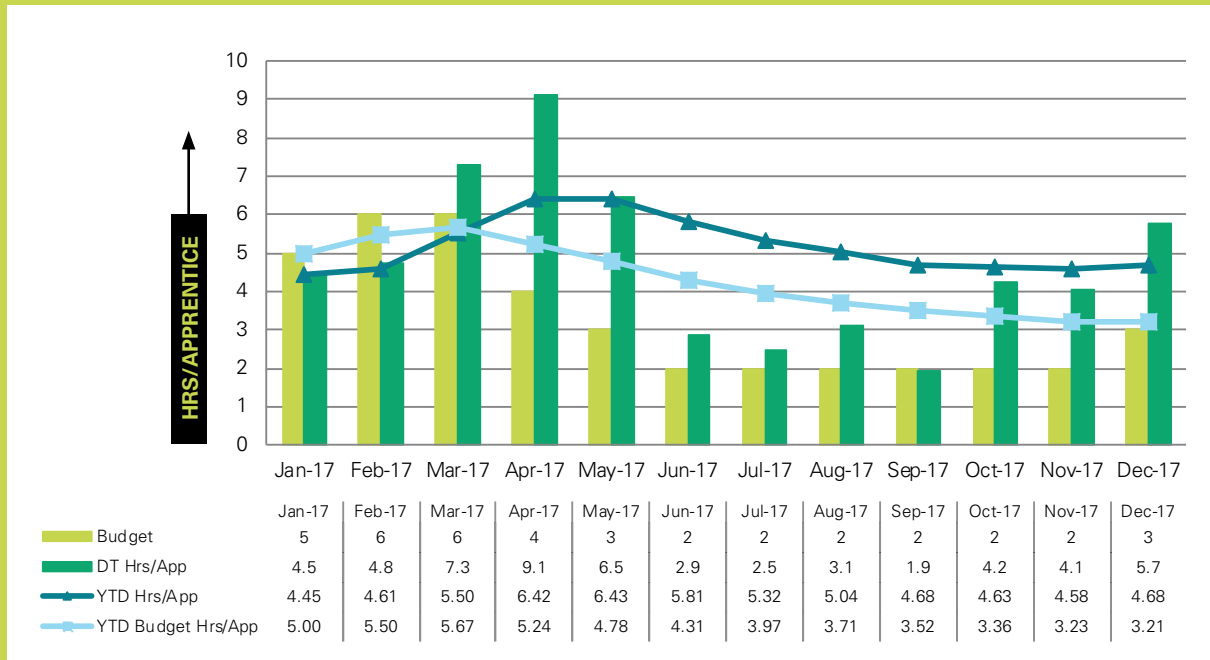
With the increasing number of apprentices, we recorded a record 1,073,934 (2016: 1,052,082) hours of on the job training for our apprentices alone.



With coordinators directly involved in the recruitment process and the re-introduction of aptitude tests, feedback from both hosts and Training is that we are seeing positive changes and expect on-time completions to revert to expected levels over the next couple of years.

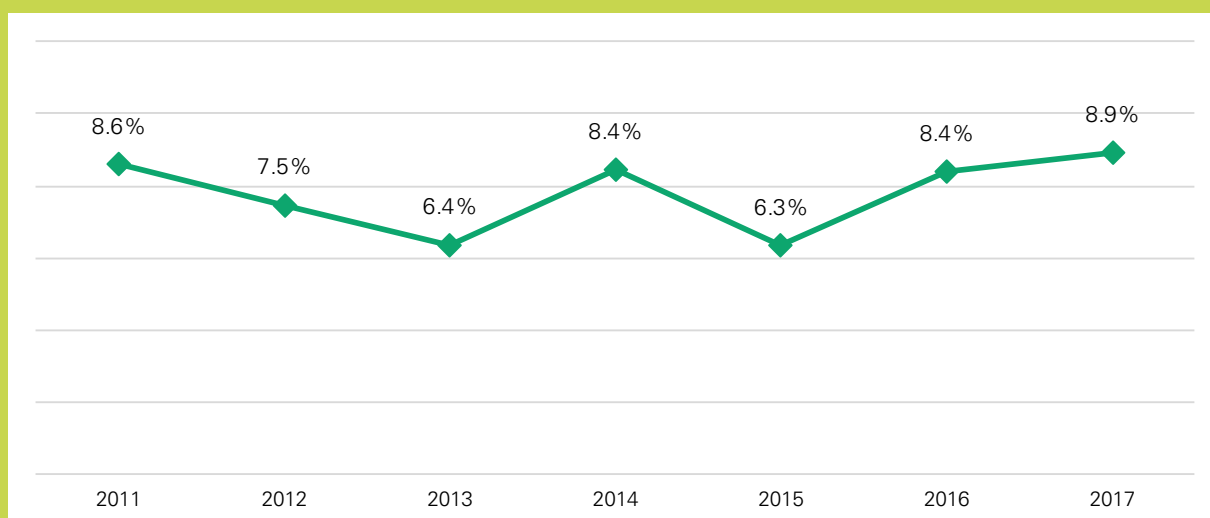


### Downtime Hours for 2017



Christchurch, Wellington and Auckland had relatively low levels of downtime, which was this off-set by the Hawkes Bay, Dunedin, Hamilton & Taranaki areas suffering from higher than expected levels.

### Early Leavers as % of average apprentices employed



We had 53 apprentices terminate early for a variety of reasons. Resignations accounted for 41 (77%) of these with dismissals making up the balance.

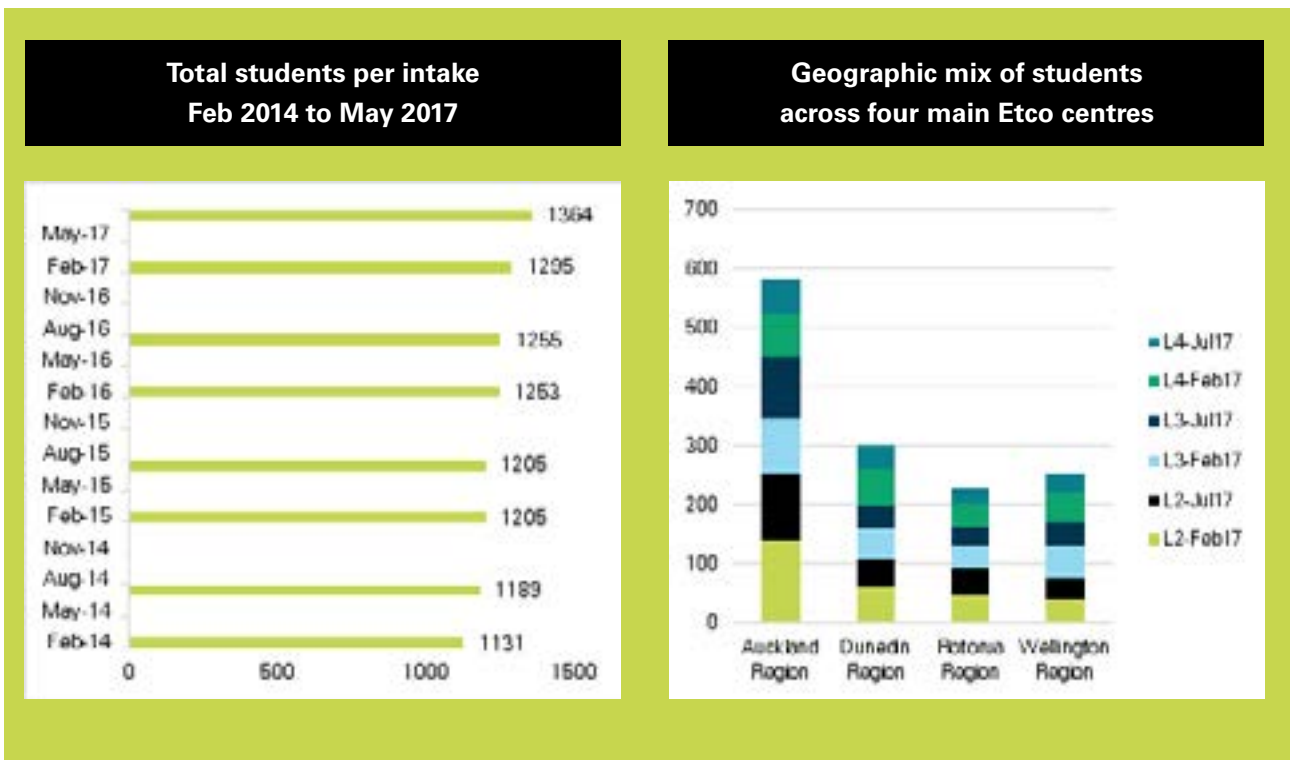
During the year we undertook more formal exit interviews as a part of our strategy to understand the reasons behind apprentices leaving early. Of the 41 resignations, 32 (78%) were in the category of going to another career with a wide variety of end-points.



# Training

**Gary Whittaker**  
National Training Manager

In 2017 the trend of more students and employers selecting Etco as their preferred provider continued. The student numbers over the past few years has shown a steady increase.



The geographical mix of students over the regions remains consistent, with previous years.

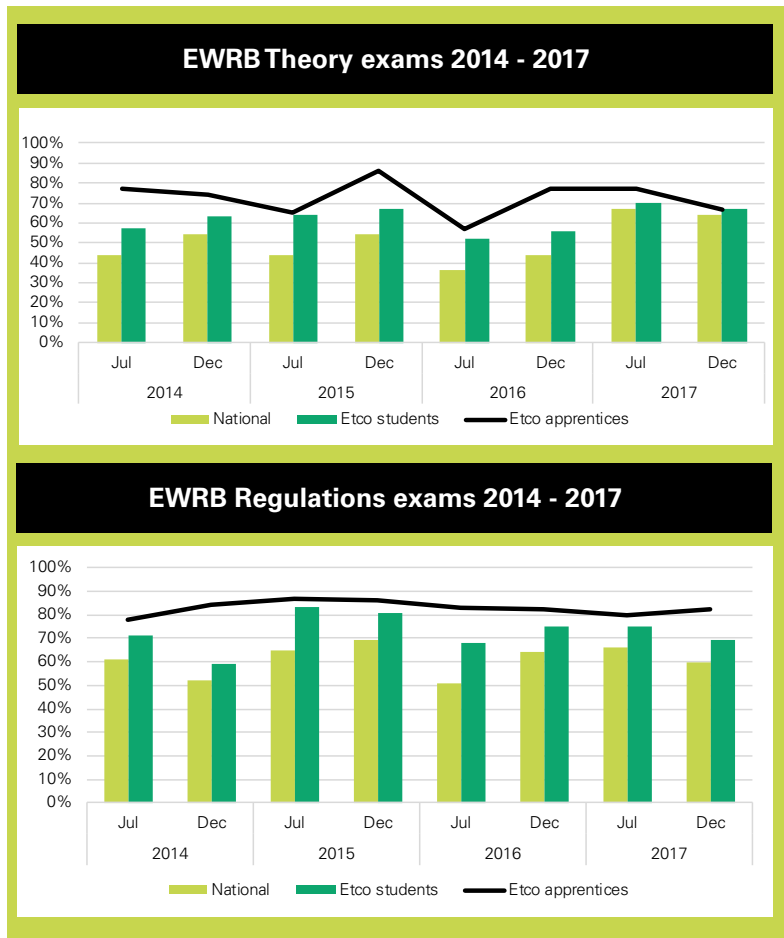
**In addition to the modern learning environment the Etco board has approved a budget for research and development into reality technology to support teaching and learning using augmented and virtual reality software**

Etco training is committed to providing a support network and a learning environment that creates a learning experience that gives the trainees the best opportunity to succeed and also achieve good results in the national EWRB exams.

During 2017 in 30 locations throughout the country, Etco delivered 116 night classes a week with a total of 4408 night classes in the year.

### New Qualification

In 2017 a new qualification NZCEE (New Zealand Certificate in Electrical Engineering Theory and Practice (Trade) (Level 4)) was introduced which replaced the current NCEEE qualification and all new apprentices signed up after 1 March 2017 were signed onto the new qualification. Starting a complete new qualification was challenging and a lot of planning and human resource time needed to be allocated to ensure resources for the new qualification which included designing a new delivery book, lesson plans and assessments would be ready for the July 17 intake.



### Training facilities

New training facilities are planned for Hamilton and Christchurch due to the growth in demand for our services and also the economy in both regions has been strong and the rate of growth is predicted to increase.

As part of our strategic goal to have aspirational facilities that are high tech, cater for emerging technology and also move the focus from traditional classrooms and formal training programs into the realm of modern learning both facilities will be focussed on creating a modern learning environment.

In addition to the modern learning environment the Etco board has approved a budget for research and development into reality technology to support teaching and learning using augmented and virtual reality software. Students can be immersed in a virtually enhanced world which encourages them to use their imagination and discover the possibilities of the new world, all this while learning new things in a fun and interactive way.

### New appointments:

Eric Ryder was appointed as a Regional Training Manager in Auckland due to the growth in trainee numbers within the region.

### Staff milestones:

Steve Brook, Tutor Dunedin – 20 years; David Barnes, Regional Training Manager Wellington – 15 years; Eleanor Grant, Training Administrator Dunedin – 10 years; Werner Müller, Tutor Dunedin – 5 years.



# Awards & Accolades

Since its conception in 1992 the Etco Apprentice of the Year Award has been a highly anticipated event in the Etco calendar and this year was no different.



Most Improved Apprentice winner 2017 Leo Kirk with Steve Hallett



Etco Apprentice of the Year winner 2017 Joshua Phillips with Steve Hallett



The awards evening took place this year at the Novotel in Ellerslie, Auckland on Thursday 19 April 2018.

Each year at Etco the achievements and performances of our senior apprentices are deservedly recognized by presenting the Apprentice of the Year Award and Most Improved Apprentice. Nominations for the awards are made by our Regional Apprenticeship Coordinators who put forward those apprentices that they consider have performed exceptionally in their on- and off-job training and have achieved to a consistently high standard throughout their apprenticeship as indicated by host company feedback and performance appraisal reports.

The finalists this year were:

**APPRENTICE OF THE YEAR 2017**

**DEAN SANDS**

**JOSHUA PHILLIPS**

**NICHOLAS JOHNSON**

**MOST IMPROVED APPRENTICE 2017**

**GARETH WHITTAKER**

**LEO KIRK**

**ZACHARY WELLMAN**

Each Apprentice of the Year finalist received \$1000 from Etco, with Most Improved Apprentice finalists receiving \$800, in recognition of their efforts. The winner of the Etco Apprentice of the Year 2017 also received an additional \$1200. Finalists also received gifts and vouchers kindly donated by the suppliers of our apprentice tools and safety gear namely NZ Safety Blackwoods, J. A. Russell Ltd and Transnet.

Subsequent to the presentation of these gifts, **Joshua Phillips** was named the winner of the Apprentice of the Year 2017 and was presented the John Fisher Memorial Trophy. **Leo Kirk** was named the winner for the Most Improved Apprentice 2017 and presented the ECANZ cup. Both awards were presented by Etco Board Director Steve Hallett.

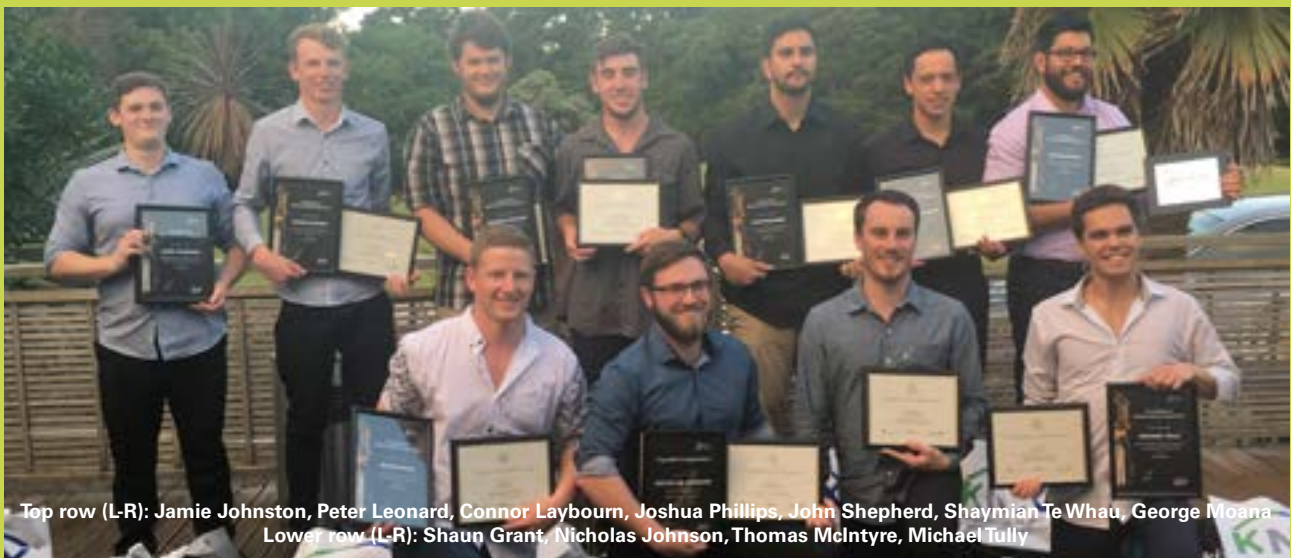
**Following on from the successful implementation of the Etco Future Leaders programme in 2016, Etco was once again able to celebrate the success of eleven of its high achieving apprentices with the Future Leaders programme 2017.**

The Etco Future Leaders programme is designed to upskill those apprentices that have been identified as the future leaders of our industry and to recognise the hard work and determination they have put into their apprenticeship.

This year's programme consisted of three fundamental components:

- KNX home and building automation

The apprentices became KNX certified partners and are now qualified to install and programme a range of KNX devices. This training will allow them and their host companies to offer cutting edge automation services to their customers.



Top row (L-R): Jamie Johnston, Peter Leonard, Connor Laybourn, Joshua Phillips, John Shepherd, Shaymian Te Whau, George Moana  
Lower row (L-R): Shaun Grant, Nicholas Johnson, Thomas McIntyre, Michael Tully

### Future Leaders Top Awards for 2017



**TOP KNX PROGRAMMERS**  
**PETER LEONARD**  
**NICHOLAS JOHNSON**



**DALE CARNEGIE AWARD**  
**GEORGE MOANA**



**TOP LEADERSHIP AWARD**  
**JOHN SHEPHERD**

- Dale Carnegie Leadership Development

The Dale Carnegie Skills for Success programme helps young professionals become more confident and better able to cope with pressure and stress in the modern world. It is designed to prepare individuals for the real world and give them the skills to reach their goals and enable them to live up to their full potential at home and at work.

- Business skills and training

The apprentices learned the essential business management skills every business owner or manager needs, from growing sales to building and leading their own team.

As business owners and managers wear many hats, the apprentices were able to gain key skills and tools in a diverse range of areas. They can all now produce a clear plan to achieve their goals with increased aptitude in building their future teams and resources.

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**The Etco Future Leaders programme is designed to upskill those apprentices that have been identified as the future leaders of our industry**

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# Competitions

**2017 marked the first year that a female apprentice electrician won the prestigious Master Electrician’s Challenge alongside fellow Etco apprentice Nick Johnson.**

At 24 years old, Etco apprentice Harmony Court was named the winner of the Domestic/Commercial division of the competition following the gruelling three-day final. This is the 16th year that the competition has been running and Harmony admits that preparation was the key to her victory.

Working alongside host company Leck Electrical, Harmony says there are no barriers to women in the Electrical Industry. “This industry has been ready for more female workers for a long time, it’s just that now there’s greater visibility of that.”

Harmony’s journey to her apprenticeship started when she heard a radio advertisement about Etco. “I’d like to have started my apprenticeship earlier. The focus at school was on theory and going to university. No-one mentioned apprenticeships to me. I’ve found I’m better at learning in practical ways – you can’t know that until you are exposed to it.”

Harmony will be ready for a bright future upon qualifying in early 2018. “One day, I’d like to start my own business, as a challenge to myself. I recognise how hard it is, but the great thing is, if it doesn’t work out, there is so much demand for licensed electricians that there will always be a choice of jobs.”



Harmony Court

Etco apprentice Nick Johnson, also 24, was named as winner of the Industrial division of the Master Electricians Challenge.

Nick took up an apprenticeship after beginning a degree in electrical engineering but decided university was not for him. “I didn’t have the study habit for university,” he says. “I realised I needed something a bit more hands-on where I could see right away what I was achieving. I also like the fact that you are paid while you are learning.”

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**“The competition is a real learning experience and I wanted to get the most out of that.”**

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Nick is working in the commercial electrical field with host employer Seven Electrical, but decided to enter the industrial category to set himself an even greater challenge. “The competition is a real learning experience and I wanted to get the most out of that.”



Nick Johnson

**Former police officer Ben Siffleet, 30, and former psychology and statistics student Lachlan Fenwick, 23, both from New Plymouth, were among the top winners at the Engineering Taranaki Consortium Apprenticeship Awards 2017.**



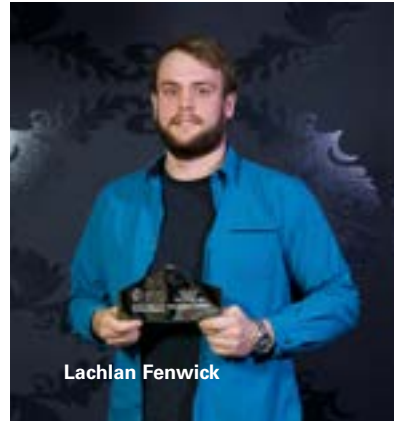
Ben Siffleet with Etco CEO Jeremy Sole

They were among five Electrical Training Company apprentices, all hosted by Taranaki Electrical Ltd (TEL), who took home honours.

Ben Siffleet, who won first place in the Senior Commercial Electrical category, spent nine years as a police officer.

“I enjoyed it, but it wasn’t something I wanted to do forever and I have a young family and was keen to do something with more regular hours,” he said.

Lachlan Fenwick won this year’s Open Domestic Electrical award, having carried off the Junior Commercial category last year.



Lachlan Fenwick

“I was very science-focused at school and went to Victoria University, but it wasn’t really for me and I ended up coming home to New Plymouth. I spent three months on a trade placement with TEL and enjoyed it so much that I applied for an apprenticeship.”

**As the winners of the 2016 Master electrician challenge, Chabb Chia (Domestic/Commercial) and Logan Saunders (Industrial) were selected to represent New Zealand at the Worldskills International Competition in 2017.**



Logan Saunders

The competition was held in Abu Dhabi from the 16th – 18th October 2017. There were over 1300 competitors representing 59 countries across 51 different skill competitions.

Chabb Chia was awarded a Medallion of Excellence. “There was a lot of hard work and training that went into this success and I could not have done it without the support of Etco and my host company Team Cabling” Chabb said.



Chabb Chia with Luke Bounstridge



Chabb Chia

“Both Logan and Chabb can be extremely proud of their efforts at the competition. They have done Etco, their host companies and their country proud” said Luke Boustridge, Etco Special Projects Manager.

**Luke Boustridge, Etco’s Special Projects Manager also travelled with the pair to Abu Dhabi and was elected as the International Chief Expert for the Worldskills competition.**



## The Year Ahead

**2018 will be a continuation of what we started in 2017.**

**Our transition into a modern digital learning environment will be well under way in 2018**



Highlights for 2018 will be opening our Hamilton and Christchurch training centres and finalising our purchase of the Mt Wellington property. The fitout of the Mt Wellington training centre will be a big project but the outcome will be the most modern and state of the art electrical training facility in New Zealand. Along with this we will be expanding our, currently very cramped, support office space.

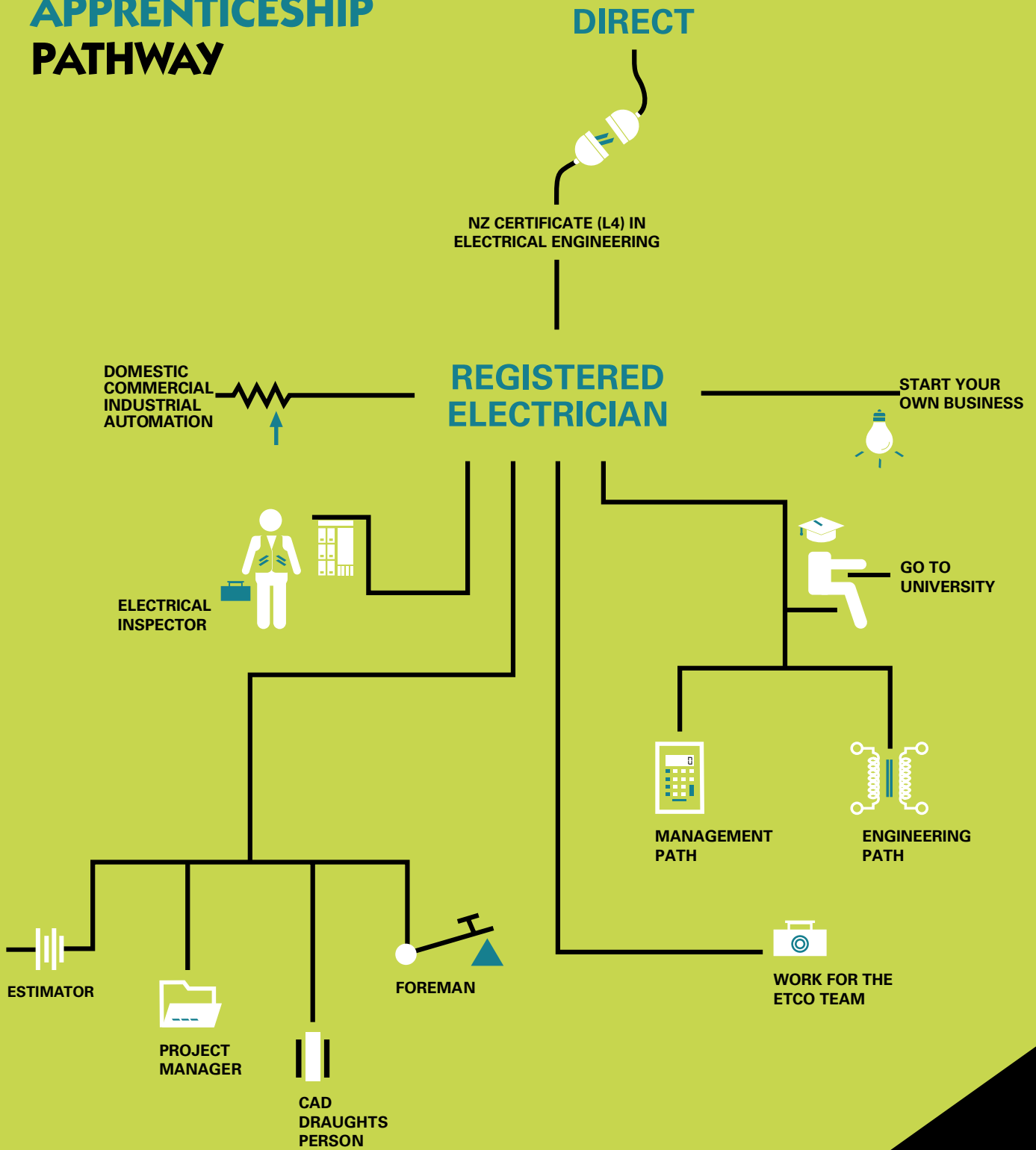
We have been looking at our company structure and have plans to engage with staff over the first half of 2018 to come up with a more operationally efficient way of doing things – and ensuring that the apprentices' journey is at the centre of everything we do.



Our transition into a modern digital learning environment will be well under way in 2018, as will our transition into our new purpose built cloud based Student and Apprentice Management System (SAMS) in September. I'm sure it is going to be a year of leaping forward with positive change and a stronger culture of enabling our people to feel they are appreciated and able to make decisions and feel supported in making a positive contribution.



# ELECTRICAL APPRENTICESHIP PATHWAY



Visit [www.etco.co.nz](http://www.etco.co.nz) to find out more about Electrical Apprenticeships.



# Financial Statements



for the Year Ended 31 December 2017

**Janice Smith**  
**Chief Financial Officer**

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**HIGHLY COMMENDED**  
**Tier 1 Charity Reporting Award**



**Congratulations to our Accounts Team who were selected as Highly Commended in the Tier 1 Charity Reporting Award.**

There is just one Highly Commended awarded per tier so this is extremely positive recognition. The judges were really impressed by how well the information was presented within the report, and how well integrated the financial and non-financial information was.

## A YEAR IN REVIEW



**\$32, 034, 425**

TOTAL REVENUE



**\$31, 392, 265**

TOTAL EXPENSES



**\$642, 160**

TOTAL SURPLUS

---

**“We continue to manage a strong  
Balance Sheet and invest in business  
improvement”**

---



# Independent Auditors Report



## 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

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



# Statement of Comprehensive Revenue and Expense

for the Year Ended 31 December 2017

	Note	2017 \$	2016 \$
<b>Revenue from non-exchange transactions</b>			
Grant revenue	5	5,198,462	4,560,367
		<u>5,198,462</u>	<u>4,560,367</u>
<b>Revenue from exchange transactions</b>			
Apprenticeship	6	25,062,806	24,372,825
Training	7	1,608,868	1,192,358
Other income		164,289	117,132
		<u>26,835,963</u>	<u>25,682,315</u>
<b>Total revenue</b>		<b>32,034,425</b>	<b>30,242,682</b>
<b>Expenses</b>			
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
<b>Total expenses</b>		<b>31,392,265</b>	<b>29,139,697</b>
<b>Total surplus for the year</b>		<b>642,160</b>	<b>1,102,985</b>
Other comprehensive revenue and expenses		-	-
<b>Total comprehensive revenue and expenses</b>		<b>642,160</b>	<b>1,102,985</b>



# Statement of Changes in Net Assets/Equity

for the Year Ended 31 December 2017

	Share Capital	Retained Surplus	TOTAL
	\$	\$	\$
<b>Opening balance 1 January 2016</b>	<b>2,000</b>	<b>5,575,298</b>	<b>5,759,298</b>
Comprehensive revenue and expenses for the year	-	1,102,985	1,102,985
<b>Closing equity 31 December 2016</b>	<b>2,000</b>	<b>6,860,283</b>	<b>6,862,283</b>
<b>Opening balance 1 January 2017</b>	<b>2,000</b>	<b>6,860,283</b>	<b>6,862,283</b>
Comprehensive revenue and expenses for the year	-	642,160	642,160
<b>Closing net assets/equity 31 December 2017</b>	<b>2,000</b>	<b>7,502,443</b>	<b>7,504,443</b>





# Statement of Financial Position

## for the Year Ended 31 December 2017

	Note	2017	2016
		\$	\$
<b>Current Assets</b>			
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
		<u>8,403,375</u>	<u>7,590,581</u>
<b>Non-current assets</b>			
Property, plant and equipment	15	2,234,380	2,026,834
		<u>2,234,380</u>	<u>2,026,834</u>
<b>Total Assets</b>		<b>10,637,755</b>	<b>9,617,415</b>
<b>Current liabilities</b>			
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
		<u>3,133,312</u>	<u>2,755,132</u>
<b>Total liabilities</b>		<b>2,755,132</b>	<b>2,677,513</b>
<b>Total net assets</b>		<b>7,504,443</b>	<b>6,862,283</b>
<b>Net assets/Equity</b>			
Share capital		2,000	2,000
Retained surplus		7,502,443	6,860,283
<b>Total net assets/equity attributable to the owners of the controlling entity</b>		<b>7,504,443</b>	<b>6,862,283</b>

Signed for and on behalf of the Board of Directors who authorised these financial statements for issue on 6 April 2018:

Director:  Date: 6 April 2018 Chief Executive:  Date: 6 April 2018

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



# Statement of Cash Flows

## for the Year Ended 31 December 2017

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



# 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.

# Notes to the Financial Statements

for the Year Ended 31 December 2017



## 4. 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

### 4. 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.



# Notes to the Financial Statements

## for the Year Ended 31 December 2017

### 4. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

#### 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.

#### **4.13 Significant 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.

# Notes to the Financial Statements

for the Year Ended 31 December 2017



	2017	2016
	\$	\$
<b>5. GRANT REVENUE</b>		
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
<b>Total</b>	<b>5,198,462</b>	<b>4,560,367</b>
<b>6. APPRENTICESHIP</b>		
Chargeable hours	23,020,398	22,376,674
Allowances	341,723	337,631
Overtime	1,646,729	1,658,520
Induction fees	53,956	-
<b>Total</b>	<b>25,062,806</b>	<b>24,372,825</b>
<b>7. TRAINING</b>		
National certificate student fees	174,879	413,612
Competency course fees	179,964	36,209
Other course fees	1,254,025	742,537
<b>Total</b>	<b>1,608,868</b>	<b>1,192,358</b>
<b>8. APPRENTICESHIP EMPLOYMENT</b>		
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
<b>Total</b>	<b>20,266,868</b>	<b>19,338,926</b>

# Notes to the Financial Statements

for the Year Ended 31 December 2017



## 9. STAFF EMPLOYMENT

	2017	2016
	\$	\$
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
<b>Total</b>	<b>5, 052, 197</b>	<b>4, 524, 379</b>

## 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
<b>Total</b>	<b>2, 067, 675</b>	<b>1, 737, 947</b>

## 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
<b>Total</b>	<b>890, 846</b>	<b>782, 760</b>





# Notes to the Financial Statements

for the Year Ended 31 December 2017

	2017	2016
<b>12. INFRASTRUCTURE OVERHEADS</b>	<b>\$</b>	<b>\$</b>
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
<b>Total</b>	<b>2,385,979</b>	<b>2,199,926</b>
<b>13. PROMOTION</b>		
Advertising	3,263	7,948
Apprentice of the Year Awards	23,234	6,104
Marketing	232,105	180,273
<b>Total</b>	<b>258,602</b>	<b>194,325</b>
<b>14. FINANCE COSTS</b>		
Audit Fees	36,000	18,040
Insurance	74,939	73,081
Bank Fees	25,884	7,032
Other finance costs	88,484	77,944
<b>Total</b>	<b>225,307</b>	<b>196,097</b>



# 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
<b>Net book value</b>	<b>1,400,000</b>	<b>2,416</b>	<b>74,728</b>	<b>97,264</b>	<b>650,072</b>	<b>9,882</b>	<b>18</b>	<b>2,234,380</b>
<b>2016</b>								
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
<b>Net book value</b>	<b>1,400,000</b>	<b>216,922</b>	<b>13,872</b>	<b>27,697</b>	<b>360,235</b>	<b>8,086</b>	<b>22</b>	<b>2,026,834</b>

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

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	-	2,416	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
<b>Closing balance</b>	<b>1,400,000</b>	<b>2,416</b>	<b>74,728</b>	<b>97,264</b>	<b>650,072</b>	<b>9,882</b>	<b>18</b>	<b>2,234,380</b>
<b>2016</b>								
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)
<b>Closing balance</b>	<b>1,400,000</b>	<b>216,922</b>	<b>13,872</b>	<b>27,697</b>	<b>360,235</b>	<b>8,086</b>	<b>22</b>	<b>2,026,834</b>



# Notes to the Financial Statements

## for the Year Ended 31 December 2017

	2017	2016
	\$	\$
<b>16. TRADE AND OTHER PAYABLES</b>		
Trade payables	358,926	438,450
Income in advance	141,899	110,841
<b>Total</b>	<b>500,825</b>	<b>549,291</b>
<b>17. EMPLOYEE ENTITLEMENT</b>		
Holiday pay	1,070,977	1,258,255
Accrued wages	704,148	223,019
<b>Total</b>	<b>1,775,125</b>	<b>1,481,274</b>
<b>18. ACCRUALS</b>		
Audit fees and FBT	24,438	19,105
ACC levy	(50,318)	(62,174)
Sundry accruals	174,194	127,704
<b>Total</b>	<b>148,314</b>	<b>84,635</b>
<b>19. NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net surplus for the reporting period	642,158	1,102,985
<b>Non-cash items:</b>		
Depreciation	244,791	165,337
	244,791	165,337
<b>Add/deduct items classified as investing or financing activities:</b>		
Interest received	(102,252)	(114,265)
	(102,252)	(114,265)
<b>Movements in working capital:</b>		
Increase in receivables	(146,488)	31,738
Decrease in inventory	23,036	5,234
Increase in prepayment	(569,805)	133,737
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
<b>Net cash flows from operating activities</b>	<b>430,198</b>	<b>1,401,736</b>

# Notes to the Financial Statements

for the Year Ended 31 December 2017



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

Cash at bank earns interest at floating rates on daily deposit balances.

Short 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	Number of individuals	Remuneration	Number of individuals
	\$		\$	
Senior executive officers	451,410	3 x FTE's	566,939	3 x FTE's
<b>Total</b>	<b>451,410</b>		<b>566,939</b>	

## 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
	<u>7,724,846</u>	<u>7,458,821</u>
Financial liabilities - at amortised cost		
Trade and other payables	500,825	549,291
	<u>500,825</u>	<u>549,291</u>

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



# 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.



# 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	
<b>Total</b>	<b>2, 570, 639</b>	<b>2, 900, 689</b>

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.



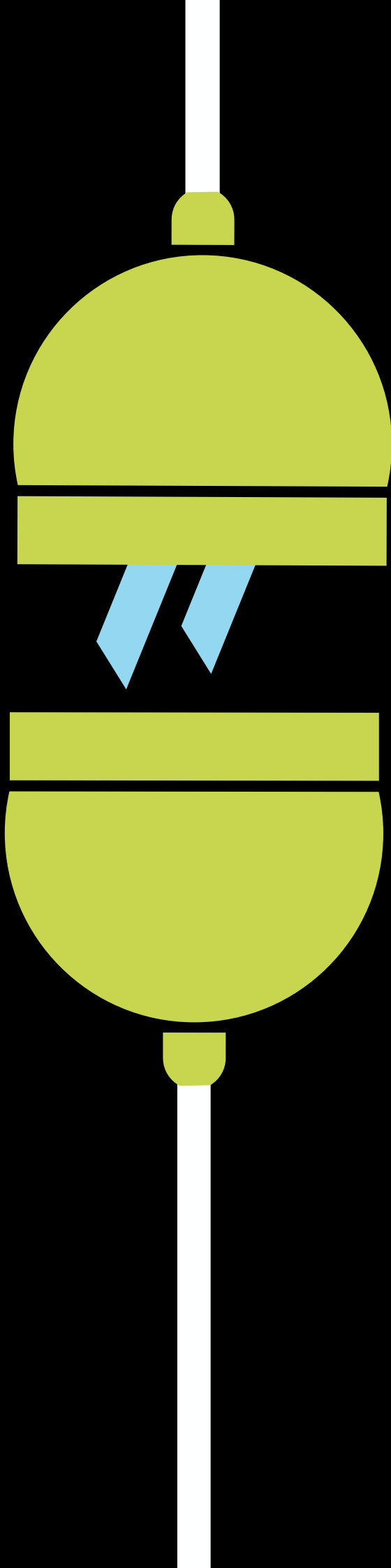
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