



**ANNUAL
REPORT**

2013

CONTENTS

Chairman's Report.....	02
Chief Executive's Report.....	03
Health & Safety.....	05
Operations.....	07
Recruitment.....	08
Apprenticeship	09
Training.....	11
Investors in People	13
World Skills.....	14
The Year Ahead.....	15
Recruitment Strategy.....	16
Photos.....	17
Financial Statements	19
Our People	29
Night Class Venues.....	30



etco* acknowledges the generous support of our industry sponsors:



CHAIRMAN'S REPORT



Left to right: Colin Smith, Bruce Dalton, Steve Hallett, Neville Simpson, Paul Parsons

After an uncertain start to 2013, with New Zealand's third largest Construction Company entering into receivership, business improved throughout the year.

This receivership affected a number of our host companies and the placement of over 40 of our apprentices on various construction sites.

Our concerns as Directors were "What if this is the first of many?" Fortunately this was not the case but it did highlight that as a Board we need to have strategies in place to mitigate risk while looking at the long term goals that we as Directors have a duty to execute. I have the upmost confidence in my Board to work as a team for the long term future of etco* whilst being adaptable to the changing conditions we are faced with.

With the changes to the governance of our shareholder (ECANZ) comes a new era in working with and aligning our policies together. This has been an interesting exercise to ensure the relevance of our policies are in keeping with our 2-5 year strategic goals. I'm pleased to say that the work carried out by our Board in updating and testing of these policies will ensure the continued strong governance of etco*.

After 16 years of dedicated service to the Board of etco* Peter Clark resigned in late 2013. Peter was passionate about the industry and was a great asset to have on the Board with his extensive knowledge of etco* and government agencies such as TEC and the ITO. Peter was a pleasure to work with and provided historical insights into why previous decisions had been made – we will miss his input.



Peter Clark and his wife Jane

“

I have the upmost confidence in my Board to work as a team for the long term future of etco whilst being adaptable to the changing conditions we are faced with.*”

With funding changes from the government announced during 2013 it was time to look at the current business model and ensure that the proposed changes would not have a drastic effect on our viability. Once these figures became known it was clear to see that changes were necessary and that the way in which we set previous budgets would need to alter. The Board in conjunction with senior management will continue to monitor these changes and adapt as required.

The future for our company looks bright with continued economic growth from the middle of 2013 creating demand for the best apprentices. With the Christchurch rebuild underway, major infrastructure projects in full swing and large projects coming on line in the major cities the increased pressure on skilled labour is starting to appear. The benefit to etco* from lower downtime rates and increased placement periods for apprentices will see continued demand for more quality apprentices – which is happening now.

I would like to thank my fellow Directors for their continued support and the professionalism that they bring to the Board. I would also like to thank our CEO Peter Rushworth and his team for the effort they put into making etco* apprentices the best in the industry.

Steve Hallett
Board Chairman

CHIEF EXECUTIVE'S REPORT



In January 2013, Prime Minister John Key used his State of the Nation address to announce the disestablishment of the Modern Apprenticeship Programme and the introduction of its replacement, the New Zealand Apprenticeship Programme. etco* staff were heavily involved in the development of the Modern Apprenticeship Programme, and the company has been a recipient of funding from it since its establishment in July 2000.

The disestablishment of the scheme, albeit transitional over the next four years, means a significant reduction in funding over that time. This required the Board and Senior Leadership Team to assess the suitability of the existing business and funding models and to make adjustments to suit.

The inclusion of etco* staff as members of the governments NZ Apprenticeships Implementation Advisory Group was a pat on the back for the team and recognition of our success as Modern Apprenticeship Coordinators.

The forecast increase in demand for our apprentice and training services from the Christchurch rebuild and Auckland residential construction boom did not eventuate until the second half of the year. By March apprentice downtime was exceeding budget so a strategic decision was made to significantly reduce the number of intakes for the remainder of the year. Even so, a small increase in the total number of apprentices in employment was achieved over the year. Operational activity during the year is covered in more detail on the following pages, as is our forecast activity for 2014.

One of the highlights of the year was the achievement of accreditation as an Investors in People organisation. While several years in the making, being recognised by this prestigious international group as an organisation that cares for its people was very humbling. Our challenge now is to retain it at our audit in 2015.

We continued to encourage and support the participation of our apprentices and staff in both domestic and international competitions. You cannot say you “produce the best” unless it can be measured. As such we continued to support the ECANZ Challenge and the World Skills organisations both domestically and internationally. More about our apprentice's, and one staff member's, success in these events later in this report.

National Apprenticeship Manager, John Riley left the company in February after 19 years service. John will long be remembered as a pivotal part of the development of the successful company that etco* has become. John was very passionate about giving young people the opportunity to achieve their potential and I will always be very appreciative of his efforts, opinions and friendship over the many years we worked together.

National Training Manager, Pieter Meiring resigned from the company in November after nearly 16 years service. Like John Riley, Pieter was an active and influential member of our senior leadership team providing the energy and determined the course the organisation would take. Today, our successful training operation is a tribute to Pieter's efforts.

Like Steve, I would like to thank Peter Clark for his input and influence as Director on our Board. Peter was always willing to talk openly about issues and provide a considered and intelligent response. I would also like to thank him for his friendship over many years.

“

One of the highlights of the year was the achievement of accreditation as an Investors in People organisation.”

2013 was a challenging year. You all pulled in the same direction and together we made etco* better.

Thanks again to our sponsors. Your support of our activities is appreciated and contributes not only to our success but to the success of the wider electrical industry and NZ Inc.

We are also pleased to continue to work in partnership with our colleagues at the Skills Organisation, IITO, TEC, NZQA, NZ Defence, Work and Income, Corrections, and ANZETA.

Finally, a big thank you to my team and to our Board for your loyalty, commitment and passion. 2013 was a challenging year. You accepted the challenge, you all pulled in the same direction and together we made etco* better. I am confident the improving economy and the strengthening building and construction sector will mean an even more enjoyable and rewarding year ahead.

Peter Rushworth
Chief Executive



HEALTH AND SAFETY



Brian Cleur
National Health & Safety Manager

**etco* will always give apprentices
100% support if they genuinely believe
they are in an unsafe situation.**

“

At etco we recognise that our employees are our most valuable resource, their health, safety and welfare is always given a high priority in our business activities.* ”

The etco* Board and Senior Leadership Team recognise the importance of our employees and therefore place an emphasis on ensuring that appropriate systems and resources are in place to support positive health and safety practices within our business.

During the 2013 year we have specifically focused on height safety, as falls from height continues to be the leading cause of serious harm in the New Zealand construction industry.

The importance of working safely at height is strongly conveyed to our new apprentices at induction training and also regularly stressed to apprentices at performance reviews and on site visits. Safety handouts as provided to apprentices during the year have also included height safety instruction to further impress this message.

To further ensure that etco* is providing appropriate height safety training to new apprentices, a decision was made in late 2013 to engage Site Safe to deliver their Height and Harness training to all Elite induction courses, commencing in January 2014. We believe the cost of this training is a worthwhile investment that will help to ensure our apprentice employees continue to return home safe at the end of each day.

One vital message that we communicate to all our employees, is that at no time should they compromise their personal safety when in the workplace. Apprentice employees in particular are told to immediately raise any concerns they have with their supervisor and that etco* will always give them 100% support if they genuinely believe they are in an unsafe situation. It has been positive to hear feedback from apprentices during the year who have raised concerns about unsafe situations and as a result changes have been made to work processes to ensure the task was carried out safely.

The etco* health and safety committee have once again provided valuable input into how etco* can target specific accident trends and make improvements to overall health and safety systems within our organisation. All members contribute positively at meetings and in particular our apprentice members who provide an important insight into the thinking of our apprentice employees.

Health and safety at etco* always requires a team approach to ensure that no-one is harmed in the workplace, so a huge thank-you to all our host companies, apprentice employees, staff members and health and safety committee members who have actively promoted positive health and safety practices during the 2013 year.

“
We have specifically focused
on height safety, as falls from
height continues to be the leading
cause of serious harm in the New
Zealand Construction industry.”



OPERATIONS



Roger Rowley
General Manager Operations

We must continue to look for ways to be more efficient whilst continuing to improve the quality of both our apprentices and the organisation.

“
The challenge for us is that overall our funding has been reduced significantly and so we must continue to look for ways to be more efficient.”

The 2012 Annual Report indicated that there would be changes ahead for the Apprenticeship system. The changes announced in January of 2013 by the Government were significant for us and much of 2013 was focussed on what these changes meant to us both at a financial and operational perspective. Funding models changed both in terms of source and criteria. This required an ongoing dialogue with both the Tertiary Education Commission and the Skills Organisation in order to come to grips with the practicalities of this significant change.

From an operational perspective, our funding for apprentices was to become achievement based rather than being funded just on head count. This is a positive change as it means funding is based on how our apprentices progress and attain the required unit standards throughout the term of their apprenticeship. Our track record in this area stands up for itself. The challenge for us is that overall our funding has been reduced significantly and so we must continue to look for ways to be more efficient whilst continuing to improve the quality of both our apprentices and the organisation.

A significant amount of work was undertaken in future planning and forecasting as we transition out of the Modern Apprenticeship Programme and into the New Zealand Apprenticeship Programme. This transition will not be complete until 2017 when the last of our Modern Apprentices complete their apprenticeship.

The 1st quarter review of 2013 clearly indicated that Christchurch and Auckland recoveries had not taken off. Combined with the uncertainty of our future funding streams, we decided to de-risk the business and reduce the planned number of apprentices we would employ for the year.

Monitoring and measuring performance has now become very important, so as part of the 2013-2018 strategy document, we laid the groundwork for introducing a set of non-financial Key Performance Indicators. These were discussed at the staff conference in December 2013, the outcome being that 4 core, company wide KPI's were established, one financial and three non-financial in nature. The non-financial measures are:

- Downtime
- Early Leavers
- Achievement Bonus for apprentices
- Achieving budget

These four KPI's have strong links back to our financial performance and gives everyone a focus for their day to day activities.

It was very pleasing to see the level of engagement by the staff when discussing our objectives and how we can work together as a team to achieve these by setting goals, measuring our progress and working on improvements as needed.

In the third quarter, planning started on identifying a new software package to manage the core functions of recruitment, apprenticeship and training. Our existing applications are becoming obsolete and are currently spread across three platforms. The objective will be to have one package that integrates these three areas so we can improve the cross-functional team effectiveness – all for the betterment of the apprentice – and with the use of cloud based technologies also get improved system access, performance and reliability.



Luke Boustridge - Martynsfield Manager



Ian Ross
National Recruitment Manager

There has been an increased interest and awareness of the value of a trades based education.

Our KPI's

- Downtime
- Early Leavers
- Achievement Bonus for apprentices
- Achieving Budget

186

**new apprentices
employed through
12 ELITE courses**

Recruitment

With the announcement at the beginning of 2013 of the new apprenticeship system, there has been an increased interest and awareness of the value of a trades based education. This, along with primary infrastructure demands in Christchurch, has seen the level of competition amongst the trades for school leavers' increase. This provided a challenge for our recruiting team in identifying suitable applicants for an etco* apprenticeship.

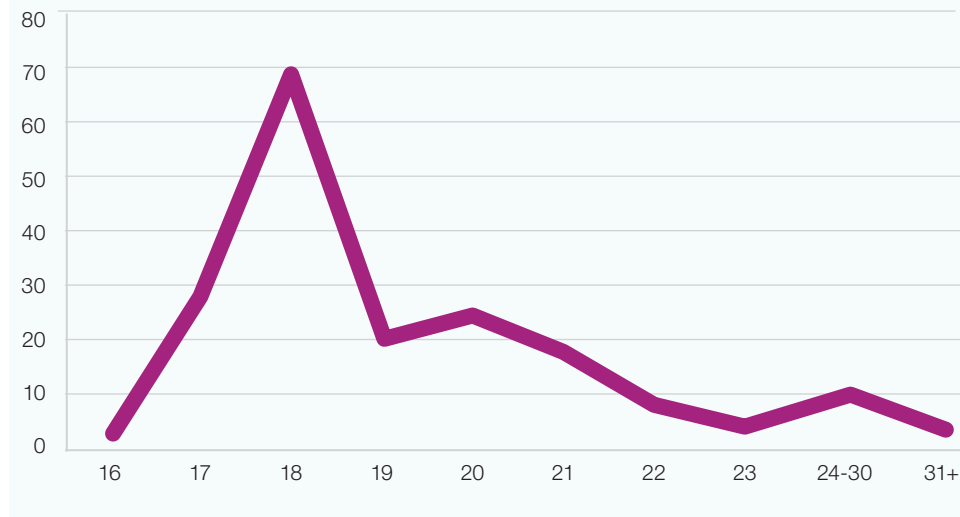
An internal review of the process was undertaken to look for ways of being more effective. The outcome of this review was to re-engineer the way we approach our recruiting activities. Given our preference for taking on apprentices directly from schools, we developed a strategy of working much closer with schools to identify keen, bright students for an etco* apprenticeship, rather than having an open door approach where significant amounts of time and energy were taken up in filtering the 1400 odd applications we receive each year. The strategy was developed in the latter part of 2013 and signalled at the Careers and Transition Educators (CATE) conference in November, at which we asked for expressions of interest from schools that were willing to partner with us in securing rewarding careers for their students. The successful outcome of this conference took our planning to the next stage with deployment starting in the first half of 2014.

In 2013, from the 1384 applications we received, 251 interviews were conducted with 186 new apprentices being employed through 12 ELITE courses. With an average age of 19.6, most of our new apprentices are coming from school after completing their Year 12 or 13 studies.

The recruitment team continued to represent etco* through attending careers events and school meetings and expos throughout the country.

Our gateway programme continued to introduce interested students to the electrical industry. We ran 5 gateway programmes during the school holiday breaks, at Martynsfield and Ohakea Air Force Base.

AGES OF ELITE APPRENTICES





Murray Samson
National Apprenticeship Manager

Our planned growth for 2013 was based in large part around the expected redevelopment of Christchurch and expanding activity in Auckland.

95.2%

**continuation rate
for 2013.**

7%

**increase in apprentice
numbers from the start
to the end of the year.**

NATIONAL APPRENTICE NUMBERS – 2013

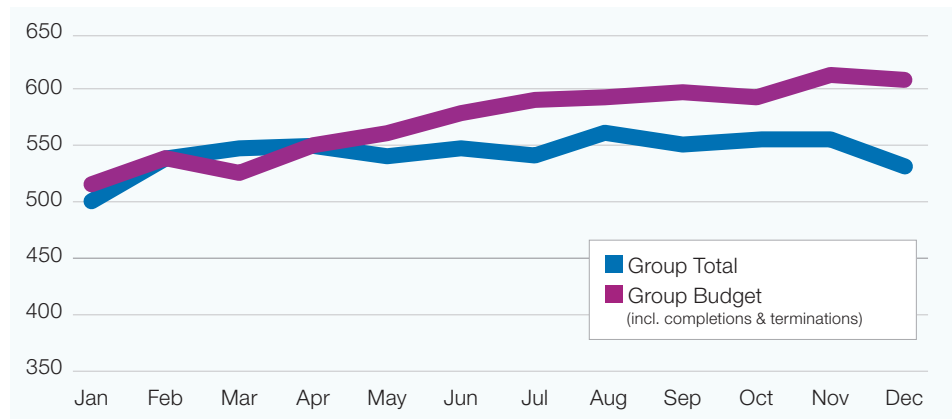
Apprenticeships

In March National Apprenticeship Manager John Riley retired from etco* to take up a more leisurely lifestyle. The position remained vacant until we had a clearer picture in regards to future funding which would influence etco*'s business model going forward. The position was subsequently filled with Murray Samson being appointed to the role in August. Murray's background was with the Electricity Supply sector.

Starting the year with 501 apprentices, we finished 2013 with 536, an increase of 7.0%. Our continuation rate for 2013 was 95.2%, a reflection of the great work done by everyone in the business in supporting and mentoring our apprentices.

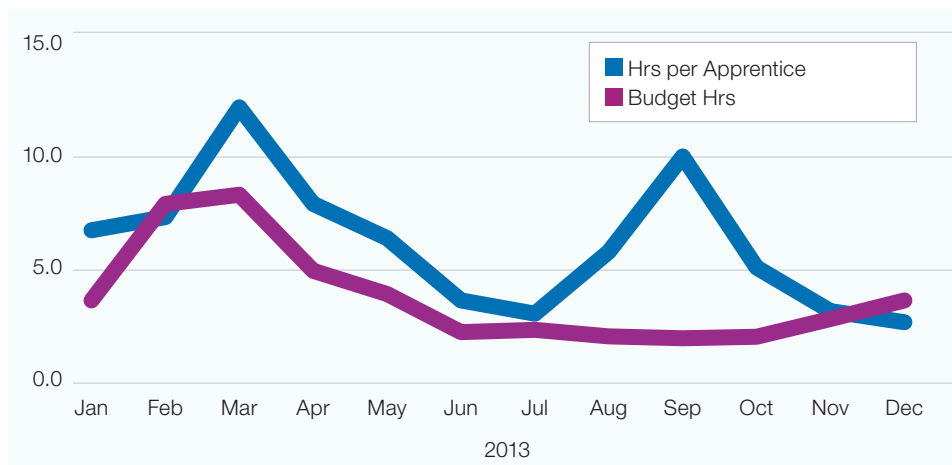
Apart from a component of organic growth, our planned growth for 2013 was based in large part around the expected redevelopment of Christchurch and expanding activity in Auckland. Neither of these eventuated to any great degree in 2013 and this put pressure on downtime particularly in the first half of the year.

Due to these market conditions and the uncertain future around the new funding model, we took a conservative approach to taking on new apprentices, as we did not have full information on the financial effects of the new model. As part of updating the business plan, we scaled back our planned ELITE intakes from 16 to 12 and this directly affected our apprentice numbers from May onwards.



In order to actively manage the exposure to downtime, in addition to reducing the number of ELITE intakes, we centralised the activity of managing apprentice placements and in September appointed Gordon Whitelaw to manage this activity on a full time basis. This allowed us to get a national view of available apprentices and so be more effective at placing them. Supporting this, we developed a website that provided details of available apprentices to our host companies.

DOWNTIME HOURS





“
*Congratulations to Kiel Harvey
 of Auckland on being awarded the
 title of etco* Apprentice of the Year
 for 2013.*”

Our apprentices continue to complete their apprenticeships on time. We had 119 (2012:98) apprentices successfully complete their apprenticeships and gain registration in 2013, 107 (90%) doing so on time.

This year, we combined the Apprentice of the Year Awards with our staff conference, which was held in Auckland in December. The level of the submissions from eligible apprentices was such that four finalists were selected rather than the normal three. Congratulations to Kiel Harvey of Auckland on being awarded the title of etco* Apprentice of the Year for 2013. Congratulations also to finalists Sankalp Dave, Ross Fincham and Matthew Grundy.

Visits by coordinators to our apprentices are a core activity and underpin the success of the apprentice. We started surveying the apprentices on the appraisal they received and their feedback was valuable in making improvements to the appraisal process so that it became more effective. In 2013, we completed 2,304 appraisals (2012:2,252) in addition to undertaking site visits to see first-hand the apprentice experiences.

The ECANZ Challenge was again a highlight of the year, with a number of etco* apprentices taking up the challenge around the country. The 2013 final saw a significant change in format, with the various tasks being closer to real world experiences, which provided a challenge for all the finalists. etco* apprentices showed the value of getting a wide experience during the apprenticeship with the following results:

COMMERCIAL/DOMESTIC

Vaughan Marshall

1

EMPLOYER:
 South City
 Electrical & Security

Cameron Shailer

2

EMPLOYER:
 etco*

Matt Grundy

3

EMPLOYER:
 etco*

INDUSTRIAL

Jonathan McFall

1

EMPLOYER:
 etco*

Jordan McFall

2

EMPLOYER:
 etco*

Dylan Ward

3

EMPLOYER:
 John Ward Electrical

Our apprentices also shone through at the Taranaki Engineering Consortium Awards, where we had 9 finalists, with 7 of those gaining awards.

We are seeing a number of apprentices extend their qualification by undertaking the IMC qualification. This is another way to grow talent and increase the skill sets of our apprentices, and increasing the level of expertise in the industry.



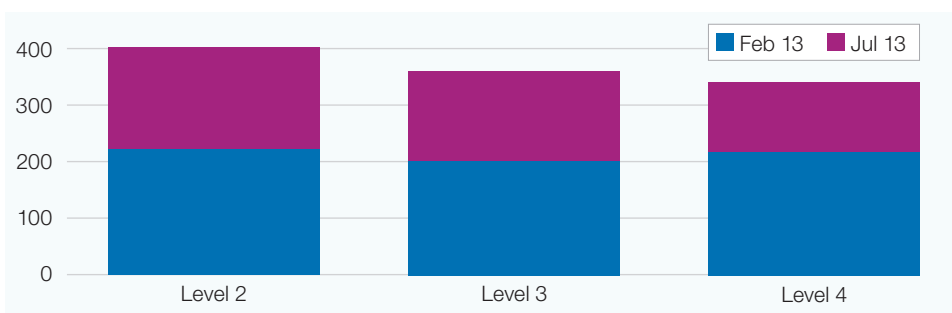
Gary Whittaker
National Training Manager

Our four training centres continued to perform well in managing the students in their areas.

Training

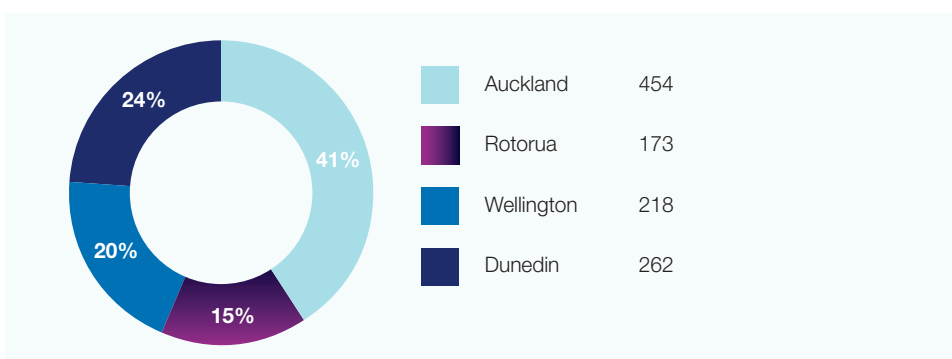
We are continuing to see a positive trend in the number of students we are providing off-job training for their National certificate. At the start of the July semester we had 1,107 (2012: 1014) students enrolled across level 2,3,4. It is positive to see the number of students in the Level 2 class ahead of Level 3 and 4. This forecasts a positive future as the Year 4 students graduate and the higher numbers of Year 2 & 3 roll through.

STUDENT NUMBERS



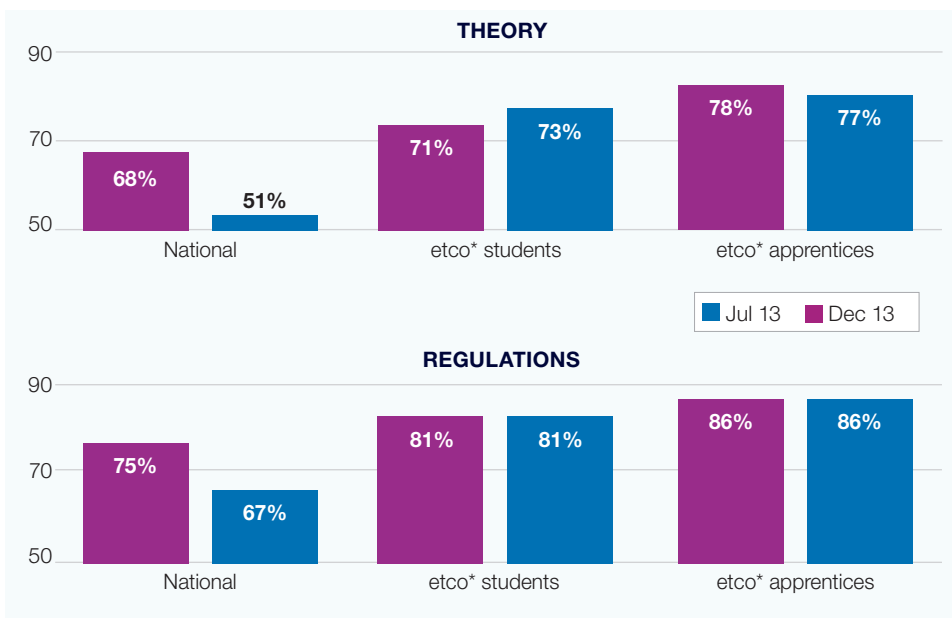
Our four training centres continued to perform well in managing the students in their areas with the provision of 3,458 night classes across 32 separate venues and running 104 block courses at the four training centres. A total of 66,999 credits were achieved by our students – 52,605 off-job and 14,394 on-job.

STUDENTS BY AREA



Our students continue to perform well in their off job training. The EWRB Theory & Regulations Exam results for 2013 are shown below:

EWRB EXAM ACHIEVEMENT



In addition to the delivery of the NCEEE qualification, we also provide other industry training. The ECANZ Safety Refresher courses have proved popular and we continue to run these courses throughout the country. We had 895 electricians attend one of the 61 courses that we ran across the country. These courses peak during the May-July period, when Practising Licenses are up for renewal. All participants are surveyed as we continually look to provide an improved service. The chart below shows very good progress since the new format course was introduced at the beginning of 2013.

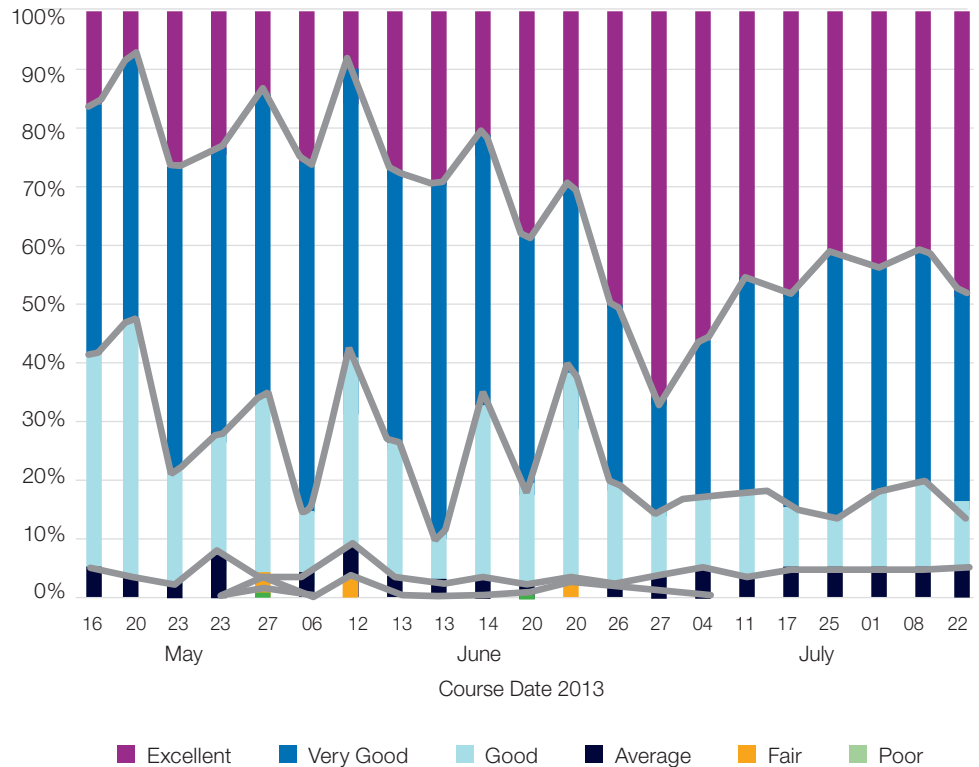
97% of respondents gave us a rating between Good and Excellent, with the Excellent rating showing great improvement over the period.

SAFETY REFRESHER COURSE

CUSTOMER SATISFACTION

97%

of respondents gave us a rating between Good and Excellent.



Similar to 2012, we continued to receive valuable feedback that reinforced the positive result and provided us with information to improve the quality of our courses.

Other courses undertaken during the year include:

EAS / EST courses	17
Stages courses	11
Revision Courses	20
TOPNZ	4 block courses

As a part of our overall Quality Management processes, in October the Skills Organisation undertook an external moderation of four unit standards, being 10786, 15964, 15870 and 20961 with the result that all were assessed as acceptable.

In December Pieter Meiring, National Training Manager, left etco* to pursue other interests outside of the industry and this role was filled internally with the appointment of Gary Whittaker, who was previously the Regional Training Manager for Auckland.

INVESTORS IN PEOPLE



Investors in People is an international quality standard developed in the UK and is based around a set of 39 robust criteria that must be met in order to gain the 3-year accreditation. To meet the Standard, organisations must have clear strategies that link the development of its people to the performance of the business. This includes having:

- 1 Clear strategic direction and sound business planning
- 2 Targeted training and development to close the skills and knowledge gap of its workforce
- 3 Effective leadership and management practices

Managing Director of Investors in People NZ Stuart Burgess noted “the assessment of etco* was a culmination of 12 months of evidence gathering and it was without doubt that the criteria of the standard were met due to:

- 1 A cohesive and united senior leadership team
- 2 Passionate staff, coordinators and trainers that genuinely care about etco* and the success of the apprentices.
- 3 A robust apprenticeship development programme that nurtures over 500 apprentices in academic achievement, practical advancement and pastoral care”

etco* Chief Executive, Peter Rushworth is particularly proud of the Investors in People accreditation as it recognises the efforts required to create a high performing culture and reaffirms the value of our people.



INVESTORS IN PEOPLE



etco* has been an active participant and generous sponsor of the World Skills movement both domestically and internationally for close to 25 years

This support continued in July 2013 when etco* people took centre stage at the 42nd International World Skills Competitions in Leipzig, Germany.

Martynsfield Manager Luke Boustridge represented etco* and New Zealand as Skill Expert and Judge in the Electrical Installation category, supporting competitor Logan Hanifin from Timaru. While in Leipzig Luke, himself a previous international competitor, was recognised for his work by being promoted to the Deputy Chief Expert role. This means he will be involved in the management of the category at the next international in Sao Paulo, Brasil in 2015, including the design of the competition project and the set up of the venue.

Logan returned to New Zealand with a Medallion of Excellence. This was a fantastic result and a continuation of the success achieved by previous competitors in this category under Luke's watch.

Also representing New Zealand in Leipzig was etco* Apprentice Jonathan McFall competing in the Industrial Installation category under the guidance of ex etco* Apprentice Daniel Berry. Like Luke, Daniel had also competed at a previous international competition in London and had progressed to the Skill Expert role.

Jonathan finished a commendable 14th out of 22 countries in a very challenging competition.

The search is now on in earnest to identify the best age eligible apprentices in the country to represent New Zealand in their respective categories at the next prestigious event in Brasil in 2015.



THE YEAR AHEAD

- Introduction of comparable H&S reporting among ANZETA members to benchmark and improve performance
- Audit of ACC WSMP Secondary Level
- Disestablishment of the Modern Apprenticeship Programme
- Introduction of the New Zealand Apprenticeship Programme
- Implementation of our new “Direct from School” apprentice recruitment strategy
- 192 new apprentices
- 131 successful completions
- Significant reduction in apprentice non-chargeable hours
- Further improvement in student achievement
- Implementation of new Job Ready apprentice and student management software
- Strengthening of relationships with key stakeholders
- Evaluation of E-Learning opportunities
- Upgrade of bathroom facilities at Martynsfield

NEW RECRUITMENT STRATEGY

The marked reduction in funding from the disestablishment of the Modern Apprenticeship Programme meant the team at etco* needed to identify further operating efficiencies if they were to continue to provide the same high quality service.

The broad brush open application recruitment model that had served the company well for more than 20 years had become expensive to maintain with more than 1500 applications being processed per annum for no more than 200 apprenticeship positions. A more targeted approach was needed.

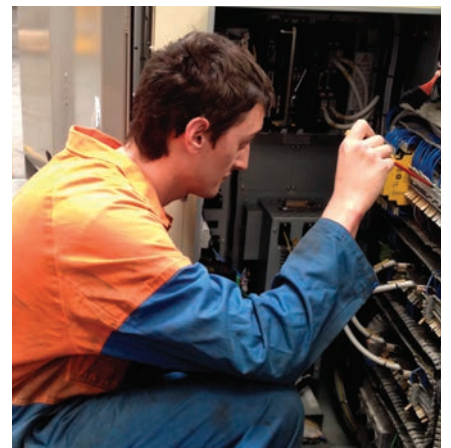
In late 2013 a decision was made to turn off all external advertising, remove access to the on-line application form and to partner with a limited number of schools to identify and recommend interested students and to work with them, their parents and the school to prepare the students for employment and continuing education as an electrical apprentice.

At the time of writing the new strategy is working well. Partner schools have welcomed the opportunity to work with etco* to provide career choices for their students. Some Year 13 students have already been employed, some have work to do to meet the required entry criteria with places reserved for them on intakes later in the year. Year 11 and Year 12 students have been identified and plans put in place for them including places on intakes in 2015 and 2016.

An unexpected but pleasing outcome of the new process has been a marked upswing in morale of the etco* staff involved in the recruitment process. Feedback indicates that this is because they are now spending their time offering employment rather than declining it. Very pleasing indeed.

“

An unexpected but pleasing outcome of the new process has been a marked upswing in morale of the etco staff.* ”





FINANCIAL STATEMENTS

for the Year Ended 31 December 2013

Audit report	20
Company Directory.....	21
Statement of Financial Performance	22
Statement of Changes in Equity.....	23
Statement of Financial Position.....	24
Notes to Financial Statements	25



Audit Report

for the Year Ended 31 December 2013



The etco*
Finance & Administration Team



LEADING CHARTERED ACCOUNTANTS AND BUSINESS ADVISERS

PARTNERS
David S. Griffiths CA ACIS
Navin C Patel BICA CA
Mukesh K Parshottam BICA CA
Shane Browning MBA CA
CA (Australia) CPA (USA)
Sanjay Kumar B Com CA
Michael McNabb B Com CA
Paul Collins B Com CA
Barry Graham CA CMANZ

INDEPENDENT AUDITOR'S REPORT

To the shareholders of The Electrical Training Company Limited

Report on the Financial Statements

We have audited the financial statements of The Electrical Training Company Limited on pages 6 to 14 which comprise the statement of financial position as at 31 December 2013, the statement of financial performance, statement of changes in equity and notes to the financial statements for the period then ended.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view of the matters to which they relate 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

Other than in our capacity as auditors we have no relationship with or interests in The Electrical Training Company Limited.

Opinion

In our opinion, the financial statements on pages 6 to 14

- comply with generally accepted accounting practice in New Zealand,
- give a true and fair view of the financial position of The Electrical Training Company Limited as at 31 December 2013 and its financial performance for the period ended on that date.

DFK Carlton
Chartered accountants
Auckland

30 May 2014



A member firm of DFK International a worldwide association of independent accounting firms and business advisers

Level 4, 52 Symonds Street Auckland 1010 | PO Box 6077, Wellesley Street Auckland 1141 New Zealand | P +64 9 379 3890 | F +64 9 309 3304
www.dfkgc.com

We make it happen!

Company Directory

for the Year Ended 31 December 2013

Principal Activities:	Trainer of Electrotechnology Apprentices
Business Address:	24A Allright Place Mt Wellington
Date of Incorporation	1991
Address for Service:	24A Allright Place Mt Wellington
Directors:	Steve Hallett – Chairman Peter Clark (retired Nov 2013) Neville Simpson Paul Parsons Colin Smith Bruce Dalton
Shareholders:	Electrical Contractors Association NZ
Shares:	2000
Bankers:	Bank of New Zealand Penrose
Auditor	DFK Oswin Griffiths Carlton Chartered Accountants
Solicitors	Buddle Findlay

Statement of Financial Performance

for the Year Ended 31 December 2013

	Note	This year	Last year
		\$	\$
INCOME			
Apprenticeship	2	20 374 730	17 564 956
Training	3	1 922 258	1 678 707
Government Funding	4	3 040 960	2 773 049
		<hr/>	<hr/>
		25 337 948	22 016 712
LESS: EXPENDITURE			
Other Income Expenditure		-	694
Apprentice Employment	5	16 409 992	14 418 587
Staff Employment	6	3 851 092	3 820 955
Other Employment	7	1 288 901	853 148
Course Delivery	8	748 902	656 235
Infrastructure Overhead	9	2 145 476	1 984 411
Finance Costs	10	110 738	178 700
Promotion	11	304 455	164 829
Depreciation		259 558	278 992
		<hr/>	<hr/>
TOTAL EXPENDITURE		25 119 113	22 356 551
Operating Surplus		218 835	(339 838)
Other Income			
Interest Received		52 267	45 313
Miscellaneous		78 835	142 156
		<hr/>	<hr/>
Total Other income		131 102	187 469
NET SURPLUS FOR THE YEAR		349 937	(152 369)

The notes on pages 27 to 32 form part of and are to be read in conjunction with these financial statements.

Statement of Changes in Equity

for the Year Ended 31 December 2013

	This Year	Last Year
	\$	\$
Net Surplus for the year	349 937	(152 368)
Total recognised revenues and expenses for the year	349 937	(152 368)
Equity at the start of the year	2 324 200	2 476 568
Equity at the end of the year	2 674 137	2 324 200

Director  Date 15/05/2014

Chief Executive  Date 15/05/2014

Statement of Financial Position

for the Year Ended 31 December 2013

	Note	This Year	Last Year
		\$	\$
Equity			
Contribution Capital			
2000 Ordinary Shares	2000		2000
Reserves			
Retained Earning	2 672 137		2 322 200
Total Reserves		2 672 137	2 322 200
Total Equity	14	2 674 137	2 324 200
Equity is represented by:			
Current Assets			
Bank	2 211 184		1 992 244
Debtors	996 075		837 415
Inventory	57 518		41 181
Prepayments	92 030		90 739
Total Current Assets	3 356 807		2 961 579
Non Current Assets			
Fixed Assets	12 1 901 921		1 989 280
Total Non Current Assets	1 901 921		1 989 280
Total Assets		5 258 728	4 950 859
Current Liabilities			
Creditors and Accruals	15 1 633 625		1 760 267
Income in advance	434 733		394 349
GST Payable	516 233		472 042
Total Current Liabilities	2 584 591		2 626 659
Non Current liabilities			
	-		
Total Non Current Liabilities	-		
Total Liabilities		2 584 591	2 626 659
Net Assets / (Liabilities)		2 674 137	2 324 200

Director  Date 15/05/2014

Chief Executive  Date 15/05/2014

Notes to the Financial Statements

for the Year Ended 31 December 2013

STATEMENT OF ACCOUNTING POLICIES

Note 1

REPORTING ENTITY

The Electrical Training Company is registered under the Companies Act 1993 and is a reporting entity for the purposes of the Financial Reporting Act 1993. The financial statements have been prepared in accordance with the Financial Reporting Act 1993.

MEASUREMENT BASE

Unless otherwise stated the accounting policies recognised as appropriate for the measurement and reporting of earnings and financial position on a historical cost basis have been followed.

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand and therefore also comply with International Financial Reporting Standards. For this purpose the company has designated itself as profit-oriented.

SPECIFIC ACCOUNTING POLICIES

The following specific accounting policies which materially affect the measurement of financial position have been applied.

1.1 Debtors

Debtors are stated at their estimated realisable value. Debts considered uncollectable are written off. There is no other provision for doubtful debts.

1.2 Fixed Assets

Fixed Assets are stated at cost less depreciation.

1.3 Depreciation

Depreciation on fixed assets has been calculated at rates to reduce the book value of each asset to its estimated residual value by the end of its probable useful life.

Depreciation rates used are:

Leasehold Improvements	4 yrs to 7yrs	SL
Machinery and Equipment	12% to 50%	DV
Office Equipment	8% to 50%	DV
Office Furniture	12% to 50%	DV
Motor Vehicles	25%	DV
Reference Material	22%	DV
Assets under construction	6.5 yrs	SL

1.4 Impairment

If the recoverable amount of an item of property, plant and equipment is less than the carrying amount, the item is written down to its recoverable amount. The write down of an item recorded at historical cost is recognised as an expense in the income statement. When a revalued item is written down to recoverable amount, the write down is recognised as a downward revaluation to the extent of the corresponding revaluation reserve, and any balance recognised in the income statement.

The carrying amount of an item of property, plant and equipment that has been previously written down to recoverable amount is increased to its current recoverable amount if there has been a change in the estimates used to determine the amount of the write down. The increased carrying amount of the item will not exceed the carrying amount that would have been determined if the write down to recoverable amount had not occurred.

Reversals of impairment write downs are accounted for as follows:

- on property, plant and equipment not revalued, the reversal is recognised in the income statement; and
- on revalued property, plant and equipment, the reversal is recognised as an upward revaluation.

1.5 Taxation

The company has been granted charitable status under the Income Tax Act 1994. It is not necessary to provide for income tax on income provided that such income is applied for the charitable purposes as set out in the Constitution.

1.6 Goods & Services Tax

The financial statements have been prepared on a GST exclusive basis.

1.7 Differential Reporting

The company qualifies for differential reporting exemptions as, at its balance date, all of its owners are represented on its governing body. The company is not publicly accountable. The company has taken advantage of all differential reporting exemptions.

Changes in Accounting Policies

The company has implemented the New Zealand equivalent to International Financial Reporting Standards for the first time however there has been no financial effect from the changes in accounting policies.

Notes to the Financial Statements

for the Year Ended 31 December 2013

INCOME

Note 2

Apprenticeship	2013	2012
	\$	\$
Chargeable hours	18 404 247	15 744 325
Allowances	395 207	338 062
Overtime	1 358 834	1 219 788
Consultancy	216 442	262 781
	20 374 730	17 564 956

Note 3

Training	2013	2012
	\$	\$
National Certificate Student Fees	943 286	1 154 696
Competency Course Fees	98 709	91 253
Other Course Fees	880 263	432 758
	1 922 258	1 678 707

Note 4

Government Funding	2013	2012
	\$	\$
National Certificate Funding	1 159 607	1 095 637
RTW Funding	857 196	817 460
Modern Apprenticeship	1 024 157	859 952
	3 040 960	2 773 049
Total Revenue	25 337 948	22 016 712

EXPENDITURE

Note 5

Apprentice Employment	2013	2012
	\$	\$
Holiday Pay	1 274 329	1 138 403
Sick Pay	259 754	236 933
Block Courses	335 159	345 783
Chargeable hours	13 167 671	11 525 915
Downtime	468 917	389 806
ETCO Time	37 888	31 256
Statutory Holidays	627 588	650 491
Achievement Bonus	238 686	100 000
	16 409 992	14 418 587

Note 6

Staff Employment	2013	2012
	\$	\$
Administration	1 097 107	962 493
Regional Training Managers	340 516	338 737
Full time Tutors	622 514	686 418
Holiday Pay	21 553	13 100
Long Service Leave	5 895	(11 257)
National Managers	187 873	218 555
Night Class Tutors	538 450	566 793
Apprenticeship Salary	1 037 184	1 046 116
	3 851 092	3 820 955

Notes to the Financial Statements

for the Year Ended 31 December 2013

Note 7	Other Employment		2013	2012
			\$	\$
	ACC	135 575		62 328
	Accommodation and Meals	126 649		139 597
	Other	206 629		134 143
	Kiwisaver Employer Contribution	353 869		58 541
	Safety Equipment	140 721		96 678
	Superannuation	43 920		50 579
	Third Party Labour	151 115		140 254
	Tool Expenditure	130 423		171 028
			1 288 901	853 148

Note 8	Course Delivery		2013	2012
			\$	\$
	Contract Tutors	144 967		84 332
	Course Costs	84 659		89 728
	ETITO Contract	-		28 325
	EWRB Course Fees	106 592		96 606
	Licence Fee Material	96 000		72 000
	NZQA Audit Fees	7 099		15 985
	NZQA Fees	96 445		75 520
	Delivery Material	213 139		166 839
			748 901	656 235

Note 9	Infrastructure Overhead		2013	2012
			\$	\$
	Cleaning	71 650		56 698
	Computer Costs/ Support	122 467		147 452
	Conference	38 635		20 707
	Other Infrastructure	82 490		108 126
	Lease Costs	426 520		272 817
	Rent and Rates	754 070		755 262
	Office Expenses	358 622		349 109
	Travel	144 801		137 953
	Vehicles	146 221		136 287
			2 145 476	1 984 411

Note 10	Finance Costs		2013	2012
			\$	\$
	Audit Fees	15 158		14 607
	Bad Debt Provision			25 024
	Insurance	63 905		65 962
	Other Finance Costs	10 945		36 608
	Bank Fees	20 730		36 499
			110 738	178 700

Note 11	Promotion		2013	2012
			\$	\$
	Advertising	26 002		18 676
	Apprentice of the Year Award	8 241		9 460
	Marketing	270 212		136 692
			304 455	164 829

Notes to the Financial Statements

for the Year Ended 31 December 2013

Note 12

	Cost \$	2013 Accum Depn	This year book value	Cost \$	2012 Accum Depn	Last Year Book Value
Land	650 000	-	650 000	650 000	-	650 000
Buildings	750 000	-	750 000	750 000	-	750 000
Assets under construction	113 528	98 352	15 176	113 528	69 347	44 181
Leasehold Improvements	1 057 465	942 885	114 578	1 057 465	889 744	167 721
Machinery & Equipment	242 613	194 217	48 396	223 857	180 709	43 148
Office Equipment	1 661 508	1 483 342	178 166	1 534 839	1 366 159	168 677
Office Furniture	460 135	342 150	117 990	442 202	308 325	133 877
Motor Vehicles	182 126	154 556	27 570	208 639	177 027	31 612
Reference Material	1 010	964	46	1 010	945	65
Total Fixed Assets	5 118 386	3 216 465	1 901 921	4 981 540	2 992 257	1 989 280

Note 13 Transactions with Related Parties

The company has not undertaken any material transactions with related parties apart from those disclosed in the interests register. No related party debts have been written off or forgiven during the year.

Note 14

Revenue Reserves	2013	2012
The following movements in revenue has occurred:	\$	\$
Retained Earning		
Opening Balance	2 324 200	2 476 568
Net Surplus for the Year	349 937	(152 368)
Closing Balance	2 674 137	2 324 200

Note 15

Creditors and Accruals	2013	2012
	\$	\$
Creditors	287 821	271 267
Accrued ACC Levy	36 494	11 451
Holiday Pay	909 358	789 452
Accruals	121 271	464 601
Wages Clearing	278 681	223 494
Total Creditors and Accruals	1 633 625	1 409 925

Note 16

Capital & Operating Lease commitments		
Commitments under non-cancellable operating leases:	2013	2012
Operating Lease commitments – non cancellable operating leases:	\$	\$
Current	990 063	763 272
Non-Current	2 334 493	1 913 395
Total Operating Lease Commitments	3 324 556	2 029 797

Capital commitments

There are no capital commitments at balance date. (2013: \$ Nil)

Note 17

Contingent Liabilities

There are no contingent liabilities at balance date. (2013: \$ Nil)

ETCO PEOPLE



Thank you to all our staff for your
loyalty and hard work.

You are all etco* stars.



NIGHT CLASS VENUES

North Island

KeriKeri
Whangarei
Orewa
Takapuna
Te Atatu
Mt Wellington
Papakura
Hamilton
Tauranga
Whakatane
Rotorua
Taupo
Gisborne
Napier
New Plymouth
Hawera
Wanganui
Palmerston North
Masterton
Wellington

South Island

Nelson
Blenheim
Christchurch
Greymouth
Ashburton
Timaru
Oamaru
Dunedin
Alexandra
Wanaka
Queenstown
Invercargill



The Electrical Training Company Ltd

24A Allright Place, Mt Wellington 1060
PO Box 14-512, Panmure, Auckland 1741

Ph: 09 527 6165
Fax: 09 527 6166

www.etco.co.nz