

ANNUAL REPORT 2014

Contents

03	Chairman's Report
04	Chief Executive's Report
06	Health & Safety
07	Operations
08	- Recruitment
09	- ELITE
10	- Apprenticeship
13	- Training
15	World Skills
16	Apprentice Of The Year
18	The Year Ahead
20	Our People
23	Financial Statements
39	Night Class Venues



Chairman's Report

The 2014 year for etco* has been full of positives which saw us build on the strong foundation that has been laid over the previous 24 years. With the imminent changes to the current Health and Safety legislation I am pleased to report that etco* is well prepared and takes pride in the wellbeing of its 600 employees.

For both the Board and the Senior Leadership Team, Health and Safety is an important part of our business. There is a culture within etco* that treats Health and Safety not as a compliance issue but as a fundamental part of our operation – all employees return home safely every day.

In November etco* once again successfully completed an audit to secondary level for the ACC WSMP accreditation. The Board have set a target in place to gain tertiary level compliance at the next audit in 2016 and it is my understanding that we are well on the way to this level already. Our thanks to Brian Cleûr the National Health and Safety manager for the professionalism and enthusiasm he shows towards this.

With the introduction of the new National Apprenticeship program our traditional lines of funding from the government have been completely reviewed. Fortunately through good Senior Leadership Team management, some one-off funding opportunities and guidance from the Board etco* has managed to return a surplus that puts the company into a stronger position to ensure our prosperity for the next 25 years.

Another highlight has been the updating of our company constitution. There have been a lot of changes over the last 2 decades and the new simplified constitution better reflects both the ownership and the structure of the company. My thanks to the ECANZ Board and to our company solicitors Buddle Findlay for their guidance though this process.

The Board have approved the strategic plan for the next 5 years and will monitor progress towards these goals at our Board meetings. As part of these strategies it is the Board's intention to visit our training centres throughout the country for our meetings. This allows the Board to meet with and receive feedback from key staff and stakeholders throughout the regions.

etco* are very fortunate to have many great people throughout the country who are both engaged and passionate about what we do. I have had the pleasure of meeting a number of the team over the last year and would like to thank you all for the work you do and the difference each one of you make.

Finally I would like to mention my fellow directors Neville Simpson, Paul Parsons, Bruce Dalton, Colin Smith and Stuart Burgess. Stuart who joined us at the last AGM has an accounting and staff engagement background which has been an asset to the Board. The other Directors bring a unique set of skills to the Board which allows us to ensure that the long term future of etco* is in safe hands. Thank you all for your excellent work during the last year and I look forward to another successful year in 2015.

Steve Hallett
etco* Chairman

“ etco* are very fortunate to have many great people throughout the country who are both engaged and passionate about what we do. ”

etco* board



Steve Hallett



Colin Smith



Bruce Dalton



Neville Simpson



Paul Parsons



Stuart Burgess

Chief Executive's Report



Peter Rushworth Chief Executive

The Government's new NZ Apprenticeships Programme took effect from 1 January 2014 and brought with it significant change to the rules defining apprenticeships. While the new rules seem common sense to those from traditional trades like ours, it was the lack of clarity in previous programmes that resulted in the adoption of the term apprenticeship for a myriad of on and off job training programmes, many of dubious duration and in a raft of non-traditional areas.

THE NEW RULES INCLUDE:

New Zealand Apprenticeships must

- Provide an entry point into an occupation setting the person up for a career in an industry
- Meet all regulatory requirements for entry into an occupation
- Contain a strong theoretical component to support further learning as well as a practical component

More detailed requirements are

- A NZ Apprentice must be employed in the occupation for which they are training
- Throughout the apprenticeship the NZ Apprentice must be supported by a training plan agreed by the apprentice, the employer and the organisation arranging the training.
- All NZ Apprenticeships will result in (at least) a Level 4 New Zealand Qualification comprising a minimum of 120 credits.

It is expected that on completing a NZ Apprenticeship, the apprentice will be "work competent" for the occupation in which they have been training, and that industry will determine the standard of competency to be met.

1 January also marked the start of the transitional disestablishment of the Modern Apprenticeship Programme, and with it a reduction in government

funding as our Modern Apprentices complete their training. Not only was the quantum of funding changed but also the source. Funding for the Modern Apprenticeship programme was received direct from the Tertiary Education Commission. Funding for the NZ Apprenticeship programme would now need to be negotiated with the ITO sector.

In addition, from Q2 the Skills Organisation, (our major funding body), chose to collect student fees direct from the student and in doing so increased the cost to the student by more than 60%. Student fees were previously paid by the student to etco*.

Given the uncertainty of the funding changes it was agreed to opt for a business as usual approach to the year, albeit for one very significant change.

2014 was the first full year of our "Direct from Schools" recruitment strategy. This new strategy was put in place primarily for cost efficiencies but also in an effort to attract an even better, more consistent standard of apprenticeship applicant. The strategy requires 90% of all new apprentices to be employed direct from one of the company's 50 partner schools, to be recommended by their school and to be assisted and supported during their last year or two at school so as to meet all etco* entry criteria and expected attributes prior to employment. I am pleased to report that in its first full year the strategy is working well. A special thank you to the schools for the enthusiastic way that they have embraced the opportunity.



“ I am pleased to report that in its first full year the strategy is working well. ”

Over the past few years we have noticed an increasing trend, albeit small, in the frequency of mental health issues among our 500 plus apprentices. For many years we have made counselling available for all staff, including apprentices, from the Employers Assistance Programme. Until 2014 this was always on a session by session basis but with the increasing trend a formal contract was put in place in Q2. This is a very successful service with some apprentices returning to full duties after just one or two sessions.

Our participation in the Australia New Zealand Electrotechnology Training Alliance continues to be beneficial. In 2014 the Health and Safety Managers of all ANZETA members developed a series of Health and Safety statistics to compare individual member and group performance in this area. Given the uniqueness of group apprenticeship schemes it has been difficult to get comparative data in the past. As more data is collected and members learn from each other's experiences action can be taken to better protect our apprentices. My thanks to Roger Rowley for leading this activity and to Brian Cleûr for his enthusiastic participation.

Financially 2014 was a success. As Steve has mentioned readers should note that this was partly due to funding received from the Apprentice Re-Boot initiative and a one year contract with the Skills Organisation for the provision of student interviews. Neither of these two funding streams will continue in 2015. The good result was also helped by the increase in demand for our apprentices from Q3 and the subsequent reduction in downtime and increase in chargeable hours.

Significant progress was made during the year with the move of our server based ICT systems to the cloud. A midyear power outage in Auckland tested our Critical Incident Plan and identified significant concerns had the outage been longer. At the time of writing systems are 40% cloud based with a further 40% due to shift in May 2015.

In closing, some appreciation. As always thanks to all our sponsors, your support is very helpful. It was a pleasure to welcome EcoLight and Safebrands to the team during the year. Thanks also to the agencies we work with, the ITO's, TEC, NZQA, NZDF, MSD and Corrections. A big thank you to our host companies. Without you we would just be another training provider. Our partnership continues "to produce the best tradespeople." To my Chairman and Board, thank you for your time, input and encouragement, it is appreciated. And to my staff and apprentices. It is a pleasure to work with you all. Your collective passion is infectious. Keep it up, you change lives.

Peter Rushworth
Chief Executive

“ As always thanks to all our sponsors, your support is very helpful. ”



Health & Safety



Brian Cleûr National Health & Safety Manager

During the 2014 year one of our key health and safety objectives was to ensure that our health and safety systems were appropriately maintained to the standard required by the ACC Workplace Safety Management Practices programme.

The Board and Senior Leadership Team believe it is important that our health and safety systems are measured against a recognised audit standard to give our employees and customers confidence that we are committed to the safety and well-being of our employees, our students, and any visitors to our premises. The requirements of the WSMP programme comprehensively covers many aspects of business health and safety such as hazard management, policies, training, accident reporting, emergency procedures, and contractor management.

It is pleasing to report that after an audit in November 2014 we have again successfully attained secondary level accreditation in the ACC WSMP programme. This confirms that we have effective health and safety systems in place to promote injury prevention within our business.

We have continued to closely monitor accidents and injuries in 2014 to identify trends and put in place injury prevention strategies where required. This has also

involved fostering closer ties with ANZETA member organisations from a health and safety point of view, to share information regarding accidents in each organisation. Roger Rowley (etco* GM operations) has chaired the health and safety meetings with ANZETA partners and been instrumental in developing reporting systems to facilitate the sharing of data. This has enabled us for the first time to measure our performance against similar organisations and collaboratively determine the most effective ways to reduce incidence of accidents and injuries.

Thank-you to the staff, management and etco* Board who have helped to promote health and safety at etco* during the 2014 year, and in particular to the staff who regularly interface with our apprentices to provide instruction and coaching in good health and safety practices. It is a team effort that keeps our employees', students, and visitors safe.

“ It is pleasing to report that after an audit in November 2014 we have again successfully attained secondary level accreditation in the ACC WSMP programme. ”

Operations



Roger Rowley General Manager Operations

Operationally 2014 was a year with two primary focuses – firstly, as we were bedding in the changes that had occurred to our funding, we were also focussing on system changes to bring our management systems up to date. Secondly, with all this going on it was vital that we did not lose the people focus and the purpose of our existence – to train and support young New Zealanders through their apprenticeships to enable them to become qualified electricians.

It has been said that today's youth are different from previous generations. Their world has changed significantly, technological advancements have impacted their lives and the environment they live in both at a family and community level can be quite different. The challenges that they face along the way can still be similar but also dissimilar to those faced by earlier generations. What can also be different is how these young people adapt or react to these challenges.

In 2013 we noted that monitoring and measuring apprentice performance is important. This is for two reasons. Firstly to measure our success in delivery against our goals, but more importantly to help identify those apprentices that need support. By noticing as early as possible that something is not quite right and then finding out what and why – we can then start to work on how to fix it. This however is a top down approach. What underpins this performance based approach is the relationship that we have with the apprentice, and this is where the really important stuff happens.

Along with the transparency that measurement brings, we need to better understand both what and how this relationship is formed and developed. It is a complex one. Those who have a direct on-going relationship with the apprentices can be seen by the apprentice to have multiple roles – boss, mentor, counsellor, disciplinarian, surrogate father, advocate, role model....

The statistics say we support our apprentices well, but no-one ever got anywhere by standing still, and the world is changing. We must continue to improve our relationships with our apprentices and better recognise when support is needed and then have the skills and resources to provide the necessary support when and as required.

During the year we started the measurement approach whilst and at the same time undertook research on student retention and the drivers for this. This helps us to understand the likely drivers that cause apprentices to struggle, and then to develop countering strategies. We then set about understanding what training & development our front line staff in order to deliver on the really important stuff provide the support required, either directly or through other agencies.

In 2014 we measured our collective performance against new organisational KPI's. Three of the four were achieved, which was a fantastic result. Budget, Downtime and Apprentice Achievement all came out ahead of plan. Early Leavers failed to meet the target. Upon review and looking at historical performance, the target was probably too aggressive. The silver lining was that it did focus the mind of the organisation and staff towards being more pro-active in apprentice support.

The JobReady project started in March. This significant IT project will see the merging of three systems currently used in the apprenticeship and training parts areas of the business into one. Work continues on into 2015 on this project with a realisation date around the middle of that year.

A major benefit of this integration is that all student and apprenticeship information is held in one system, bringing real-time accessibility to users. Further details can be found in the respective operational sections.

“In 2014 we measured our collective performance against new organisational KPI's. Three of the four were achieved, which was a fantastic result.”



Recruitment

Ian Ross National Recruitment Manager

Recruitment saw one of the biggest changes to the way we recruit apprentices in 2014 with the implementation of our “Direct from Schools” strategy.

With a core group of approximately 50 partner schools across the country, we are working with Principals, teachers and guidance / careers staff to highlight the employment opportunities we have for their students. Our approach was met with great enthusiasm from the schools as we explained the benefits of an etco* apprenticeship and the employment opportunities that this strategy offers to their students.

As well as looking for suitable candidates for the current year, the strategy also looks forward.

We are talking with students from Year 11 to 13. Having this discussion early has a number of benefits;

- The students and their parents understand the opportunity that etco* provides
- The student, parents and teachers / guidance counsellors understand the requirements and therefore what subjects the student should take at NCEA Level 2 & 3 that are relevant to a career as an electrician.

- We establish a relationship with the student so that when the time comes to join etco*, the transition between school and work for the student is as seamless as possible.

With this new recruitment strategy, we have continued to maintain a small number of positions for new apprentices who are not directly from school but are recommended to us by a host company.

“We are working with Principals, teachers and guidance / careers staff to highlight the employment opportunities we have for their students.”

etco* Partner Schools

Aorere College
Aotea College
Ashburton College
Auckland Girls Grammar
Avondale College
Botany Downs Secondary College
Burnside High School
Central Southland College
Christchurch Boys' High School
Francis Douglas Memorial College
Gore High School
Hamilton Boys' High School
Hawera High School
Hillcrest High School
Howick College
Hutt Valley High School
James Hargest College
Kings High School (Dunedin)
Lincoln High School

Macleans College
Massey High School
Napier Boys' High School
Nayland College
New Plymouth Boys' High School
Northcote College
One Tree Hill College
Orewa College
Otago Boys' High School
Otumoetai College
Pakuranga College
Palmerston North Boys' High School
Papanui High School
Papatoetoe High School
Pukekohe High School
Rosehill College
Rotorua Boys' High School
Rutherford College
Sancta Maria College

Shirley Boys' High School
South Otago Boys' High School
Southland Boys' High School
Taieri College
Taradale High School
Tauranga Boys' College
Tawa College
Timaru Boys' High School
Tokoroa High School
Trident High School
Waitaki Boys High School
Waiuku College
Wakatipu High School
Wellington College
Western Heights High School
Western Springs College
Westlake Boys' High School
Whangarei Boys' High School



ELITE @ Martynsfield

Luke Boustridge Martynsfield Manager

Now in their eighth year, the ELITE Induction programmes held at the company's Martynsfield training facility in Ramarama are significantly different from those run in the early years.

Today's ELITE programmes run for 12 days compared to 10 in previous years. Workplace Health and Safety is taking an ever increasing amount of time as legislation changes introduce new compliance requirements. Heights and Harness training was introduced to the programme in early 2014 in response to an increasing need from host companies.

This pre-employment programme now also includes the learning that was previously covered six months into the apprenticeship during the Level 2 Block course, allowing the apprentices to spend more time on-job amassing the skills and knowledge available in that environment.

Not only has the programme changed over the years, the participants have changed too. The introduction of the Direct from School strategy has seen the average age of programme participant's drop from 20.3 in 2010 to 18.2 in 2014. While potentially not as worldly wise as previous groups the new ELITE participants bring less life baggage, are already in study mode and are generally still living at

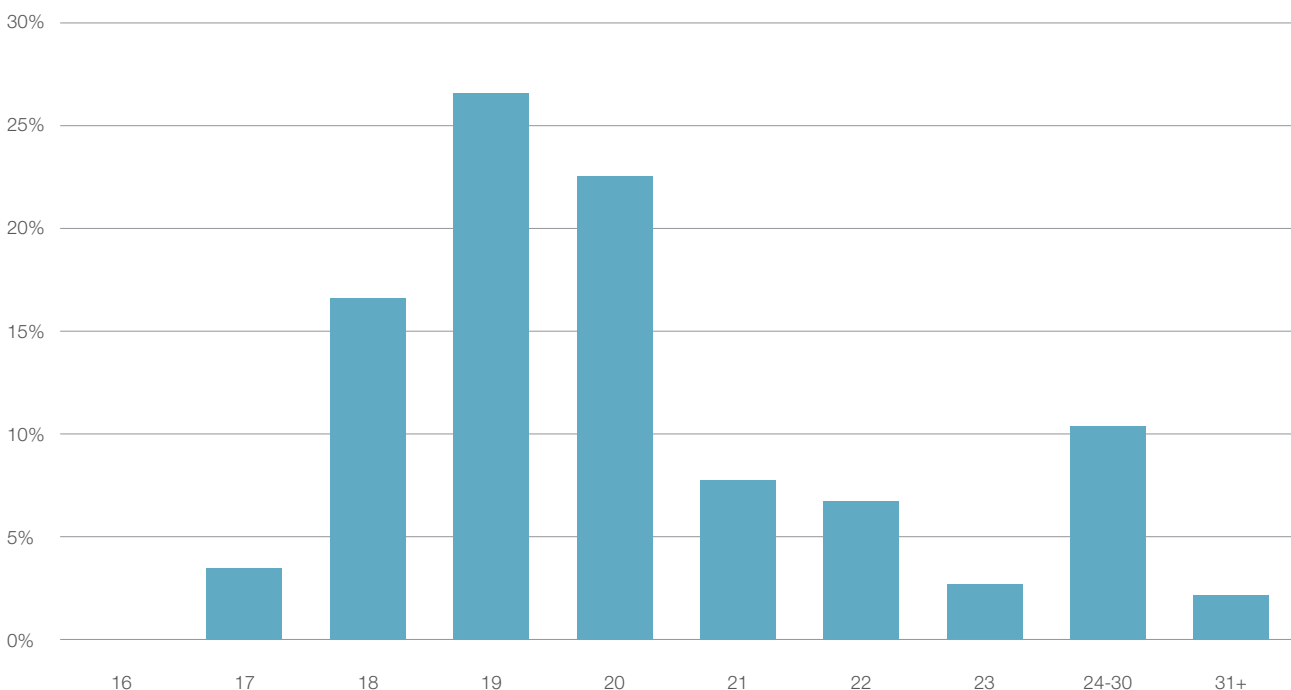
home with the support that offers. Being younger though means they need more care as they transition from school to work and the challenges that brings. To this end the company is planning significant investment in 2015 in staff training in the areas of leadership and coaching and customer services, especially for managers and those responsible for coaching the apprentices to a successful apprenticeship completion.

In 2014 180 participants started an ELITE Induction, 170 successfully completed the programme and gained employment as etco* apprentices.

The small but capable team at Martynsfield are supported during the programme by trainers from First Aid NZ, Site Safe and the NZDF.

Martynsfield is an exceptional property and is currently utilised for less than 65% of the year. It is available for hire as a day venue or as a residential venue for multiday conferences, retreats etc.

Ages of Elite Apprentices



Twelve Elite courses were run in 2014, employing 170 new apprentices through the year.



Apprenticeship

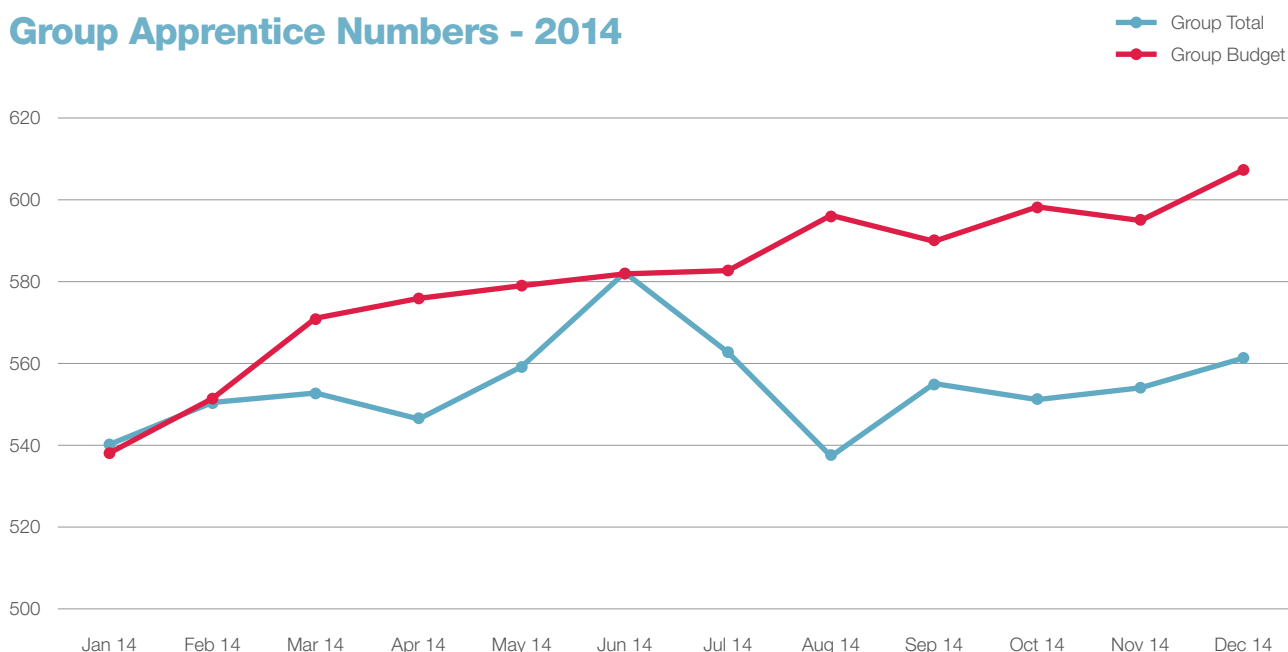
Murray Samson National Apprenticeship Manager

2014 saw continued growth in apprenticeship numbers, finishing the year with 561 apprentices, an increase of 4.1%. In addition, we also provided coordination services for a further 22 apprentices.

January saw the start of New Zealand Apprenticeships and the phasing out of the old Modern Apprenticeship (MA) scheme. With our regular intakes during the year, we started to see the transition occur with the MA numbers reducing with successful completions and

NZA's increasing with each new intake. At the start of the year, 100% of our apprentices were MA's and by the end of 2014 this had reduced to 68.6%. Our last group of MA's are due to complete in mid-2017.

Group Apprentice Numbers - 2014



The introduction of NZ Apprenticeships also saw a change in the way apprentices are funded. Whereas MA's were funded on a fixed rate per apprentice per year, NZA's are funded based on achievement, on a per credit basis. Hence the importance of having better planning & forecasting to be able to manage the financial impacts of this change. Moving to an achievement based system is something that we are comfortable with. We believe that there is always room to improve but we are proud of our apprentices' achievements and the results speak for themselves.

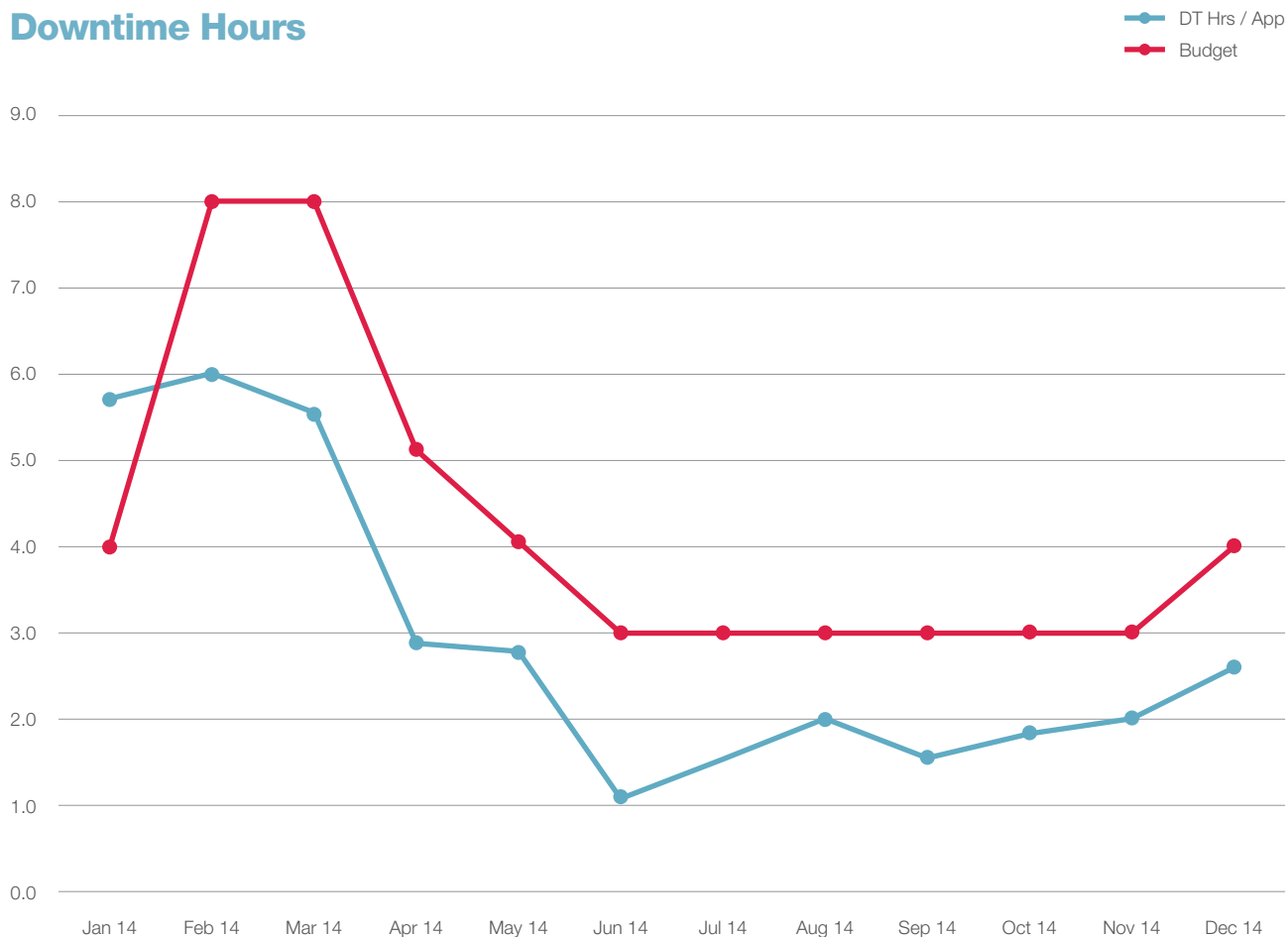
Our apprentices continue to complete on time. We had 122 (2013:119) apprentices successfully gain registration as an electrician, 92% (2013: 90%) doing so on time. This success was achieved through continuous hard work and the dedication that the coordinators and training staff have towards their charges.

Downtime is always a focus and in 2014 was one of our organisational KPI's. Looking at the Downtime graph, DT peaks early in the year and then trends downwards. It is pleasing to see that for the year we achieved our KPI target, helped by some very good months in the middle of the year.

Achieving the Downtime KPI made a significant contribution to the financial result. For the year, the rate was 2.9 hrs/apprentice/ month, much improved over the 2013 rate of 6.1 hrs/apprentice/ month.

Also, with the increase in apprentice numbers, we achieved a milestone in the year of generating 1,027,667 hours of training on the job, a 5.7% increase over 2013.

Downtime Hours



Early Leavers, another KPI, is a measure of the number of apprentices who are either terminated or leave before completion of their apprenticeship. Although the number was in line with the long term average, having 47 early leavers was disappointing. We had set an aggressive target for the year but unfortunately this was not met. However valuable lessons were learnt as a result of this and a significant project was put in place to understand the reasons behind these early leavers and what we can do as an organisation to reduce this number. This work continues on into the future and will result in investment towards both personal development and the learning environment. Early Leavers will continue to be a focus into the foreseeable future, especially in terms of focussing on early intervention and providing support as soon as possible.

On a positive note, our continuation rate continues to stay above 90%, achieving a year end result of 91.8%.

In March work started on a project to replace the existing IT system that manages Apprenticeship. Our current system is being upgraded to a new, cloud based system from JobReady, who is the vendor of the current apprenticeship

system. This change gives us the opportunity to review what we do and how we do it. Core to apprenticeship, and the role of the coordinator, is the relationship established with the apprentice, which manifests itself in part via the appraisal process. The challenge with this project, which is predominantly about systems & processes, is to minimise the process at the face to face level and put more effort and focus into establishing & building relationships.

The outcome of this is a completely overhauled appraisal system that focuses on the individual and not the process. This is one part of a wide ranging review on apprentice engagement and retention.

As in 2013, we combined our staff conference with the Apprentice of the Year Awards, which were held in December. This year the awards ceremony was held at the Sky City Convention Centre. The quality of the submissions was high and resulted in four finalists being selected rather than the normal three. For 2014, we had a format change and also added the “Most Improved Apprentice” category.

In addition to apprentices submitting their applications, they also had an interview with a panel of 3 etco* directors on the day of the awards ceremony. Congratulations to James Walton of Nelson on being awarded the title of etco* Apprentice of the Year for 2014. Congratulations also to finalists Luke Day, Scott Waddell and Cameron Shailer.

The winner of the ECANZ Cup for the Most Improved Apprentice was Quintin Tupe of Auckland, the finalists being Ben Yates and Brad Collins.

Congratulations to all the finalists.

Like previous years, we encourage our apprentices to take up the challenge that industry provides in the form of competitions.

Once again, the ECANZ Challenge was a highlight of the year, with a number of etco* apprentices both entering and featuring in the finals, with results as follows:

	Commercial / Domestic	Employer / Host	Trainer
1st	Cameron Shailer	etco* / Kinetic Electrical	etco*
2nd	Luke Day	etco* / Electric L 2005 Ltd	etco*
3rd	Cameron Smith	etco* / Sundgren Electrical	etco*

With the win, Cameron Shailer became eligible to enter the World Skills competition in Brazil next year. etco* will continue its support of Cameron at the World Skills competition.

This year marked the 10th anniversary of the Taranaki Engineering Consortium Awards, where we had 9 finalists across the Junior & Senior categories.

“ This work continues on into the future and will result in investment towards both personal development and the learning environment. ”

etco* apprentices won both categories, with Luke Day taking out the Senior title and Jordan Jones being the Junior winner. In addition there were two highly commended and two commended awards won.



Training

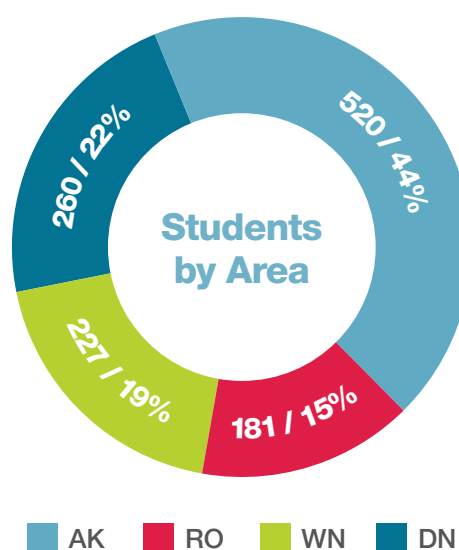
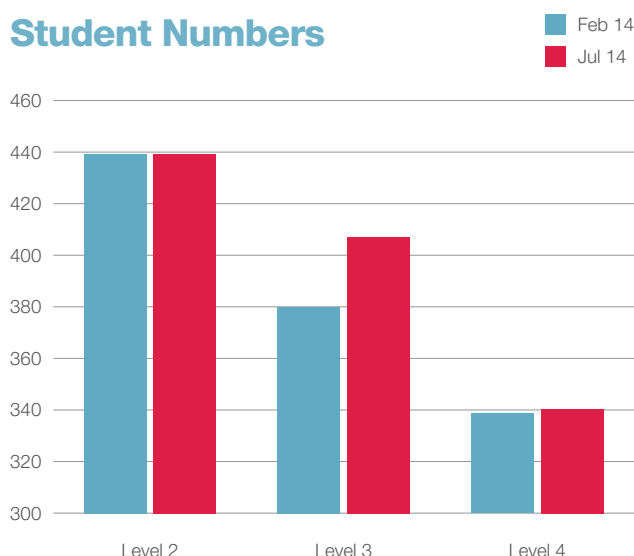
Gary Whittaker National Training Manager

The quality of the courses we deliver and the results achieved by our students continues to be high and is reflected in the growing number of students choosing etco* as their preferred training provider in 2014.

Starting the year with 1157 students, the start of the July semester saw this grow to 1188 students (2013:1014), a 17% growth in numbers year on year.

In regards to the geographical mix, we saw little change from the 2013 year. Auckland increased its share to 44% (2013:41%) mainly as a result of the increase in activity in that region. All regions showed growth in absolute numbers.

Student Numbers



Growing numbers means growing activity. Total credits achieved by our students increased from 66,999 in 2013 to 71,168 this year.

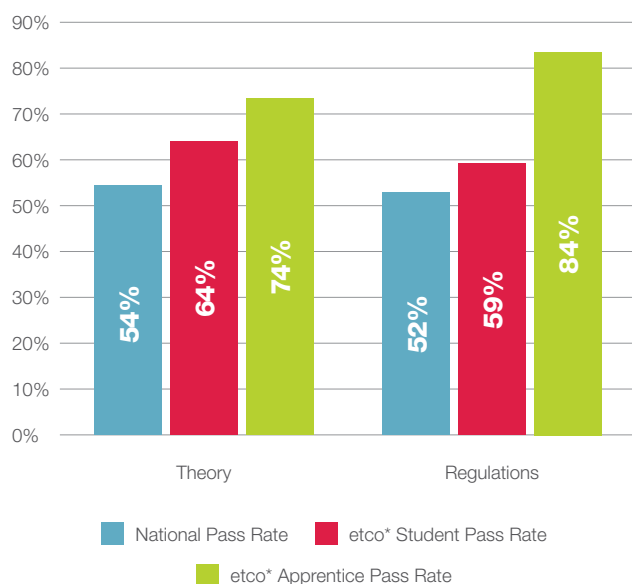
This was achieved by our four training centres (Auckland, Rotorua, Wellington, Dunedin) planning, organising and delivering 3,420 night classes and 132 block courses across 31 venues. The training team does a splendid job in managing all this activity across a distributed network from Kaitia to Invercargill.

One of the organisational KPI's that was put in place this year was apprentice achievement in regards to their off-job training. Reflecting the statement "on time, every time", a higher degree of focus was put on the progress of our apprentices and students to help them complete each unit standard on time. Being on time with studies means not having a backlog of work to catch up on, meaning less stress and worry for the apprentice which benefits all concerned.

It was great to see the spirit of competitiveness between the regions, not only in going for gold but more importantly sharing experiences and strategies that underpin the apprentices' achievements, so that organisationally we continue to learn, which in turn helps our students to achieve.

Apprentices and students performed well in the EWRB exams. The results for the December exams are shown on the next page.

EWRB Exam Results - December 2014



“ Total credits achieved by our students increased from 66,999 in 2013 to 71,168 this year. ”

We continue to provide a range of training courses relevant to the industry. The ECANZ Safety Refresher courses are always popular and we continue to run these courses throughout the country. With a change in the EWRB rules this year in regards to the cycle of these courses, we ran a reduced number of courses over the year. This means 2015 will be huge as practicing licences come up for renewal – subsequently requiring a refresher course.

In total we had 668 participants in these courses, predominantly occurring over the March- August period.

In addition to the above, we continue to provide the following courses:

- EAS / EST courses
- Stages Revision Courses
- Block courses for TOPNZ

The JobReady Project has a significant impact on Training as we will be moving off our current system and onto an entirely new web based application. This year we spent time on the planning and design aspects of the new system. It will bring significant benefits not only to Training, but to the whole organisation. All aspects of Recruitment, Apprenticeship & Training will be managed by one system, meaning no longer having duplicated information across multiple systems.

There will also be the flexibility in managing course structure and delivery timing, with real time information being available (e.g. Attendance & Progress Reports) to those who need it, providing a better level of support for our apprentices and students.

Worldskills



Cameron Shailer earned the right to represent New Zealand at the World Skills International Competition in Brazil in August 2015 when he won the Domestic Commercial section at the ECANZ Challenge National Finals in Hamilton in July 2014.

Cameron will be training prior to travelling to Brazil with Martynsfield Manager and WSI Deputy Chief Expert, Luke Boustridge. He will also be competing in the first World Skills Oceania competition being organised by WSNZ to be held in Hamilton in April. Luke will be travelling to Brazil to look after Cameron's rights and to organise and judge the competition. Go etco*



APPRENTICE OF THE YEAR 2014

The finalists in the etco Apprentice of the Year Awards for 2014 were selected by the Senior Leadership Team. The winners were selected by a panel of Board Members. The finalists were - Most Improved, Quintin Tupe, Brad Collins, Ben Yates – Apprentice of the Year, James Walton, Luke Day, Cameron Shailer, Scott Waddell.

The finalists were front and centre at a lavish event held at Sky City Convention Centre in Auckland on Thursday 11 December.

Guest speaker World Champion and Commonwealth Gold Games Medal winning Cyclist, Sam Webster entertained and inspired the more than 100 guests with his tales of commitment, perseverance and achievement.

General Manager–Operations, Roger Rowley introduced the finalists who all received Finalist Certificates, a cheque from etco* and vouchers from sponsors TransNet and Safebrands.

For 2014 a new award category was introduced for the Most Improved Apprentice. This was awarded to Quintin Tupe, now a Registered Electrician employed by Bishman Limited in Auckland. As winner, Quintin was presented with the new ECANZ Cup by Board Chairman Steve Hallett and Sam Webster.

Taking out the overall Apprentice of the Year Award, and with it the John Fisher Memorial Trophy, was Nelson based James Walton. James completed his apprenticeship mid-year and is now working as a Registered Electrician with Paul Newcombe Electrical where he was hosted during his apprenticeship.

The interview panel of judges was impressed with the calibre of all the finalists, which made selecting the winners a difficult task.

Congratulations to James and Quintin on their success.





The Year Ahead

Keeping to our Mission Statement “to produce the best trades people and promote excellence in the electrical industry” we will focus on:

- **Tactical growth in employed apprentice numbers to meet expected demand in Christchurch and Auckland while maintaining numbers in all other areas.**
- **Further investment in staff development in areas of leadership, coaching and customer services.**



- **Pilot of blended learning programme for a group of Level 2 students from Semester Two.**
- **Provision of Level 5, starting with the Inspectors Course from Semester Two.**
- **Further investment in Cloud Based Technology.**
- **World Skills Oceania Competition in Hamilton in April.**
- **World Skills International Competition in Brazil in August.**
- **Master Electrician National Conference in Napier in October.**
- **CATE Conference in Palmerston North in November.**
- **Evolocity in Christchurch in November.**

Our People







Janice Smith
Accountant



Financial Statements

for the Year Ended 31 December 2013

Audit report	24
Company Directory	26
Statement of Financial Performance	27
Statement of Changes in Equity	28
Statement of Financial Position	29
Notes to Financial Statements	30

Auditors Report



DIRECTORS
David S. Griffiths CA ACIS
Navin C Patel ACA CA
Mukesh K Parshottam BGA CA
Shane Browning MBA CA
CA (Australia) CPA (USA)
Sanjay Kumar B Com CA
Michael McNab 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 2014, 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.



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

We make it happen!

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

INDEPENDENT AUDITOR'S REPORT

To the shareholders of The Electrical Training Company Limited (continued)

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 2014 and its financial performance for the period ended on that date.

DFK Oswin Griffiths Carlton
DFK Oswin Griffiths Carlton
Chartered accountants
Auckland

26 March 2015

Company Directory

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 Stuart Burgess Neville Simpson Paul Parsons Colin Smith Bruce Dalton
Shares:	2000
Shareholders:	Electrical Contractors Association NZ
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 2014

	Notes	2014	2013
Income		\$	\$
Apprenticeship	2	22 997 012	20 374 730
Training	3	1 836 402	1 922 258
Government Funding	4	3 391 387	3 040 960
		28 224 801	25 337 948
LESS: EXPENDITURE			
Expenditure			
Apprentice Employment	5	17 928 076	16 409 991
Staff Employment	6	4 043 083	3 851 092
Other Employment	7	1 349 652	1 288 901
Course Delivery	8	898 967	748 902
Infrastructure Overhead	9	2 152 186	2 145 476
Finance Costs	10	127 196	110 738
Promotion	11	238 088	304 455
Depreciation		224 463	259 558
Total Expenditure		26 961 711	25 119 113
Operating Surplus		1 263 090	218 835
Other Income			
Interest Received		75 893	52 267
Miscellaneous		76 942	78 835
Total Other Income		152 835	131 102
Net Surplus For The Year		1 415 925	349 937

The notes on pages 27 to 36 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 2014

	This Year	Last Year
	\$	\$
Net Surplus for the year	1 415 925	349 937
Total recognised revenues and expenses for the year	1 415 925	349 937
Equity at Start of the Year	2 674 137	2 324 200
Equity at End of the Year	4 090 062	2 674 137

The notes on pages 27 to 36 form part of and are to be read in conjunction with these financial statements

Statement of Financial Position

for the Year Ended 31 December 2014

	Notes	This Year \$	Last Year \$
EQUITY			
Contribution Capital			
2000 Ordinary Shares		2 000	2 000
Reserves			
Retained Earnings		4 088 062	2 672 137
Total Reserves		4 088 062	2 672 137
Total Equity	14	4 090 062	2 674 137
EQUITY IS REPRESENTED BY:			
Current Assets			
Bank		3 890 721	2 211 184
Debtors		977 601	996 075
Inventory		38 155	57 518
Prepayments		25 333	92 030
Total Current Assets		4 931 810	3 356 807
Non Current Assets			
Fixed Assets	12	1 971 959	1 901 921
Total Non Current Assets		1 971 959	1 901 921
Total Assets		6 903 769	5 258 728
Current Liabilities			
Creditors and Accruals	15	2 179 028	1 633 625
Income in advance		17 298	434 733
GST Payable		617 381	516 233
Total Current Liabilities		2 813 707	2 584 591
Non Current Liabilities		-	-
Total Non Current Liabilities		-	-
Total Liabilities		2 813 707	2 584 591
Net Assets / (Liabilities)		4 090 062	2 674 137

Director:  Date: 21/05/2015

Chief Executive:  Date: 21/05/2015

The notes on pages 27 to 36 form part of and are to be read in conjunction with these financial statements

Notes to the Financial Statements

for the Year Ended 31 December 2014

Note 1

Statements of Accounting Policies

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.

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 2014

INCOME

Note 2	2014	2013
	\$	\$
Apprenticeship		
Chargeable hours	20 450 353	18 404 247
Allowances	500 576	395 207
Overtime	1 638 919	1 358 834
Consultancy	4 164	216 442
Reboot Initiative	403 000	–
Total	22 997 012	20 374 730
Note 3		
Training		
National Certificate Student Fees	1 335 913	943 286
Competency Course Fees	53 431	98 709
Other Course Fees	447 058	880 263
Total	1 836 402	1 922 258
Note 4		
Government Funding		
National Certificate Funding	1 624 831	1 159 607
RTW Funding	920 436	857 196
Modern Apprenticeship	846 120	1 024 157
Total	3 391 387	3 040 960
Total Income	28 224 801	25 337 948

EXPENDITURE

Note 5	2014	2013
	\$	\$
Apprentice Employment		
Holiday Pay	1 409 747	1 274 329
Sick Pay	314 358	259 754
Block Courses	373 101	335 159
Chargeable Hours	14 641 835	13 167 671
Downtime	237 782	468 917
ETCO Time	42 940	37 888
Statutory Holidays	688 643	627 588
Achievement Bonus	219 670	238 686
Total	17 928 076	16 409 992

Note 6		
Staff Employment		
Administration	1 231 777	1 097 107
Regional Training Managers	348 690	340 516
Full-time Tutors	621 639	622 514
Holiday Pay	16 083	21 553
Long Service Leave	817	5 895
National Managers	204 743	187 873
Night Class Tutors	555 729	538 450
Coordination	1 063 605	1 037 184
Total	4 043 083	3 851 092

Note 7		
Other Employment		
ACC	156 899	135 575
Accommodation and Meals	176 411	126 649
Other	158 591	206 629
Kiwisaver Employer Contribution	528 866	353 869
Safety Equipment	89 122	140 721
Superannuation	12 698	43 920
Third Party Labour	46 149	151 115
Tool Expenditure	180 916	130 423
Total	1 349 652	1 288 901

Notes to the Financial Statements

for the Year Ended 31 December 2014

Note 8	2014	2013
	\$	\$
Course Delivery		
Contract Tutors	165 461	144 967
Course Materials	70 130	84 659
Reboot Initiative Payment	180 000	–
EWRB Course Fees	107 187	106 592
TOPNZ Licence Fee	74 000	96 000
NZQA Audit Fees	6 342	7 099
NZQA Fees	89 945	96 445
Delivery Material	205 902	213 139
Total	898 967	748 901

Note 9		
Infrastructure Overhead		
Cleaning	84 419	71 650
Computer Costs/ Support	126 044	122 467
Conference	93 061	38 635
Other Infrastructure	142 780	82 490
Lease Costs	395 215	426 520
Rent and Rates	772 228	754 070
Office Expenses	230 909	358 622
Travel	143 963	144 801
Vehicles	163 567	146 221
Total	2 152 186	2 145 476

Note 10		
Finance Costs		
Audit Fees	18 000	15 158
Insurance	68 560	63 905
Other Finance Costs	22 141	10 945
Bank Fees	18 495	20 730
Total	127 196	110 738

Note 11		
Promotion		
Advertising	3 101	26 002
Apprentice of Year Award	14 633	8 241
Marketing	220 354	270 212
Total	238 088	304 455

Note 12**FIXED ASSETS**

	2014			2013		
	Cost	Accum Depn.	This Year Book Value	Cost	Accum Depn.	This Year Book Value
	\$	\$	\$	\$	\$	\$
Land	650 000	–	650 000	650 000	–	650 000
Buildings	750 000	–	750 000	750 000	–	750 000
Assets under construction	248 300	149 433	98 867	113 528	98 352	15 176
Leasehold Improvements	1 062 726	979 674	83 052	1 057 465	942 885	114 578
Machinery and Equipment	252 005	206 209	45 796	242 613	194 217	48 396
Office Equipment	1 734 429	1 554 447	179 982	1 661 508	1 483 342	178 166
Office Furniture	520 702	371 054	149 649	460 135	344 010	117 990
Motor Vehicles	144 280	129 703	14 756	182 126	154 556	14 577
Reference Material	1 010	974	36	1 010	964	46
Total Fixed Assets	5 363 451	3 391 492	1 971 959	5 118 385	3 218 326	1 971 958

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**

The following movements in Revenue Reserves have occurred:

	2014	2013
	\$	\$
Retained Earnings		
Opening Balance	2 674 137	2 324 200
Net Surplus for the Year	1 415 925	349 937
Closing Balance	4 090 062	2 674 137

Notes to the Financial Statements

for the Year Ended 31 December 2014

Note 15

CREDITORS AND ACCRUALS

Creditors	500 980	287 821
Accrued ACC Levy	24 722	36 494
Holiday Pay	1 053 943	909 358
Accruals	281 656	121 271
Wages Clearing	317 727	278 681
Total Creditors and Accruals	2 179 028	1 633 625

Note 16

CAPITAL AND OPERATING LEASE COMMITMENTS

OPERATING LEASE COMMITMENTS – NON CANCELLABLE OPERATING LEASES

	2014	2013
	\$	\$
Commitments under non-cancellable operating leases:		
Current	858 542	990 063
Non-Current	1 886 873	2 334 493
Total Operating Lease Commitments	2 745 415	3 324 556

CAPITAL COMMITMENTS

There are no capital commitments at balance date. (2014: \$ Nil)

Note 17

CONTINGENT LIABILITIES

There are no contingent liabilities at balance date. (2014: \$ Nil)

etco* People





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



Our Generous Sponsors

HPM



legrand®

3M

DEWALT



Rockwell
Automation

MARLEY

SafeBrands



Accredited Partner



MASTER
ELECTRICIANS

Electrical Contractors Association of NZ

riDEAL
ELECTRICAL SUPPLIERS

ECO
LIGHT



General Cable

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