

# ANNUAL REPORT 2016



# CONTENTS

Our Story	04
Chairman's Report	06
Chief Executive's Report	08
Health & Safety	10
Operations:	12
» Recruitment	14
» ELITE	16
» Apprenticeship	18
» Training	22
Master Electricians Challenge	26
The Year Ahead	28
Financial Statements	30
Our Sponsors	49
Energising careers	50



YOUR POTENTIAL IS  
LIMITED ONLY BY YOUR  
OWN AMBITION...



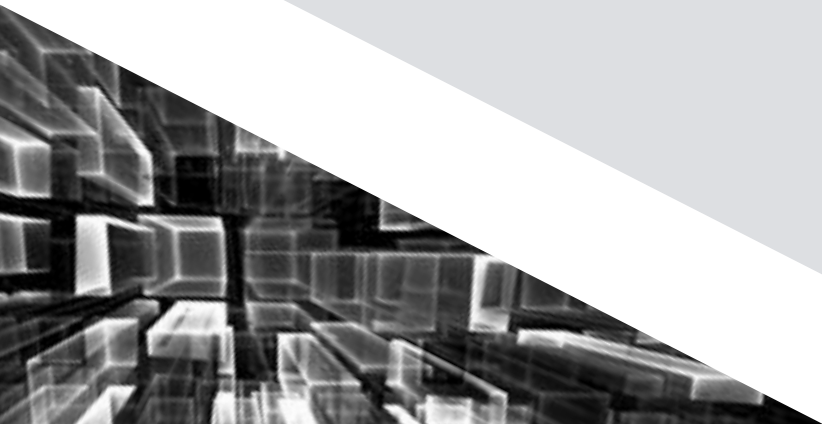
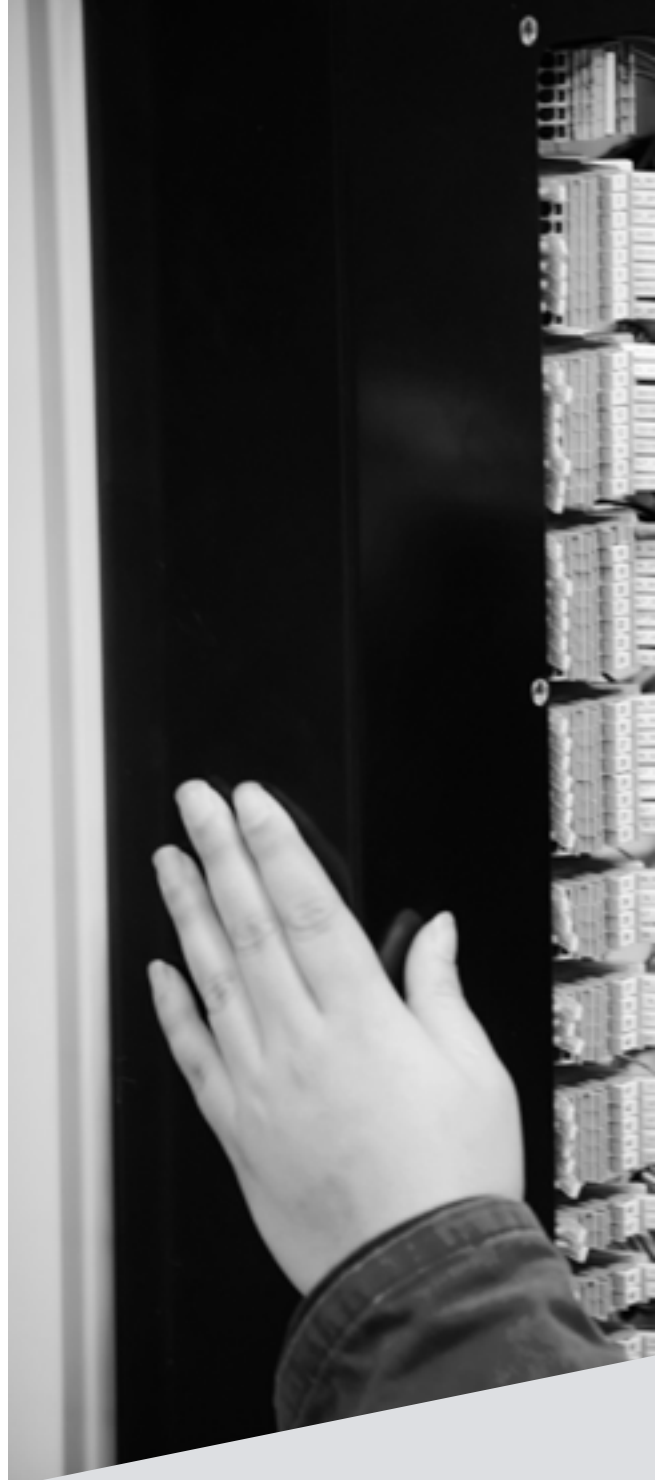


# OUR STORY

**We're part of a vital industry, one that the country couldn't function without.**

Without overstating our role, we're proud of the contribution we make. Our mission is to produce the best tradespeople. We think we get pretty close to doing this. But we're only one member of the cast.

There's a long list of organisations and individuals that help to make this happen, and in the middle of it all are our apprentices. They are the measure of our success. It's not only about gaining a qualification, but also about developing qualities such as responsibility, decision making, self-confidence and teamwork. In the same way, our processes, paper work, course material and training facilities are important, but only get us so far. It all comes down to us. Like, how we get along with each other, the aspirations we have for etco\* and for our apprentices and how we manage relationships. And being on top of things such as accountability, performance and professional development.





But if there is one quality that holds everything together and makes things happen, it's our ability as a communicator. This means we are good listeners, we seek feedback and take on board different viewpoints. We lead discussions, articulate clear messages and we are working towards becoming masters of the digital world. And, for good measure, it's also about saying the right thing, at the right time, in the right way.

Quite a list, but when we get it right we become a centre of excellence, producing the best tradespeople in New Zealand, extraordinarily robust results on time, every time and connecting the future.

# CHAIRMAN'S REPORT

Steve Hallett  
etco\* Chairman

**2016 seems so long ago when you reflect on the year that was. There were celebrations, staff changes and plenty of milestones achieved.**

In February we celebrated 25 years of etco\* with a number of key stakeholders, long-time supporters and some of our first ever apprentices attending. Peter Rushworth was acknowledged for his long service having been with the organisation since its inception in 1991. During the evening the new etco\* Excellence Foundation was unveiled to promote continued excellence in the electrical industry.

During the year the Board met on a number of occasions for both planned and unplanned events. The Board carried out reviews of both Strategic and Business plans and made a number of subtle adjustments to reflect the changes occurring within the industry and in keeping with economic trends.

Health and Safety sits at the very top of our meeting agendas and the Board actively monitors outcomes and developments. We benchmark our results against similar overseas companies and offer assistance and resources to senior staff involved when required. The new Health and Safety at Work Act 2015 gives us the opportunity to ensure that as an organisation we are doing everything possible to ensure the safety of our 600+ employees. To ensure compliance with etco\* Health and Safety obligations we requested that all existing host companies provided updated copies of their own Health and Safety policies during the year with a 100% success rate.

During 2016 etco\* once again participated in an ACC Workplace Safety Management Practices (WSMP) audit achieving the highest possible pass with Tertiary level showing that we are all working together to ensure best

practices are being followed.

NZQA carried out a three day audit on etco\* to appraise our performance as a Tertiary Education Organisation (TEO). We are pleased to have once again been awarded an excellent pass mark with comments from NZQA of Highly Confident in educational performance and Highly Confident in the capability of self-assessment. This is an endorsement of the culture and professionalism of the team at etco\* and the Board are grateful for the effort of all staff – both full and part-time.

November saw a change in leadership at etco\* as Peter Rushworth left us to pursue other opportunities. In the interim Roger Rowley was appointed acting General Manager while the Board sought a fulltime replacement. The Board would like to thank Peter for his many years of service and his extraordinary efforts and guidance to the etco\* vision of continuing to produce the best tradespeople and promote excellence within the electrical industry.

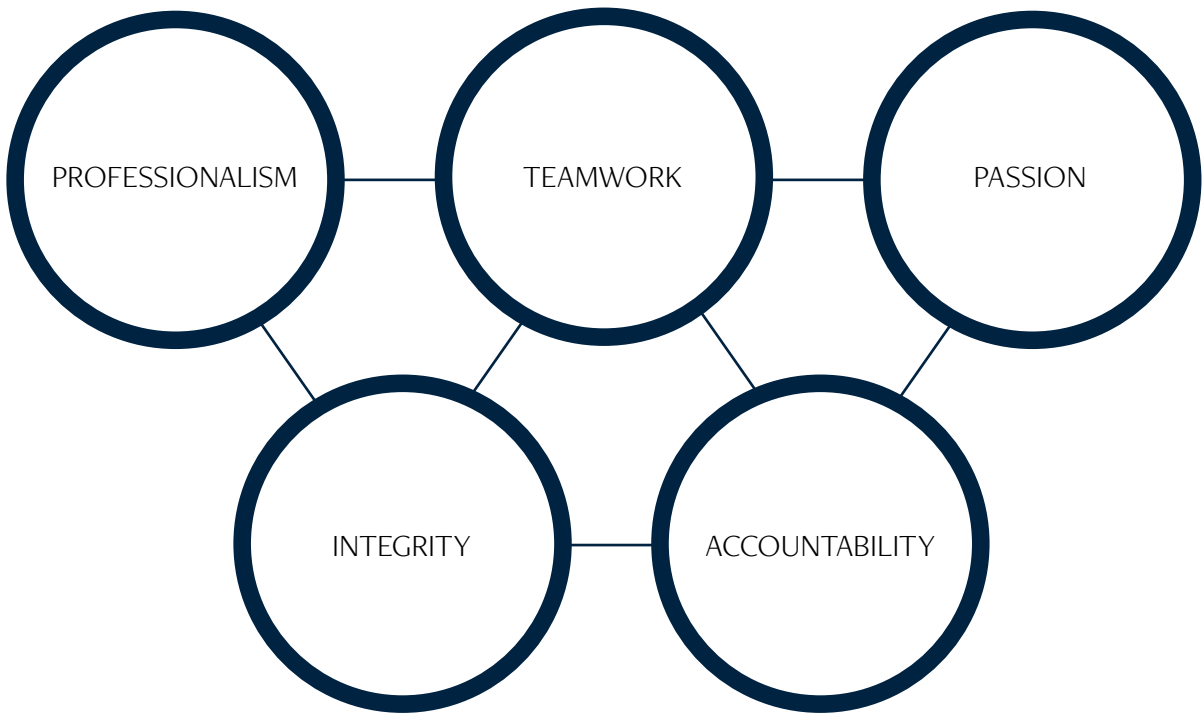
We had one change in Directorship during the year with Paul Parsons stepping down to undertake a larger role in his company and Wendie Harvey joining us. I wish Paul all the best and welcome Wendie to the Board of etco\*. I would once again like to thank my fellow Directors for their continued support and the professionalism that they bring to the Board and look forward to 2017.

Steve Hallett  
etco\* Chairman



etco\* Board members (L-R): Dean Addie, Bruce Dalton, Stuart Burgess, Wendie Harvey, Steve Hallett, David le Mouton, etco\* CEO Jeremy Sole, Karyn Mitchell, Master Electricians secretary, Auckland branch

## ETCO\*S VALUES



Our values are the principles that we live by. They set the foundation for how we make decisions and the way in which we behave with each other, and everyone else we have relationships with.

# CHIEF EXECUTIVE'S REPORT

Roger Rowley  
Acting General Manager

**February 2016 marked the completion of 25 years of employing and training electrical apprentices. This was celebrated in good form at a function held at the Auckland Showgrounds with many industry figures in attendance, at which we also celebrated our annual Apprentice of the Year awards.**

This celebration was a highlight of what was to be a year of contrasts. We had two significant cyclical external reviews undertaken in 2016. Firstly, was our External Evaluation and Review (EER) audit conducted by NZQA in May. This was followed in September by an Investors in People (IIP) audit.

In regards to the EER audit, our goal was to maintain our Category 1 rating whilst at the same time improve on some elements that were highlighted in the previous 2013 report. It is pleasing to note that with a rating of Highly Confident in both “educational performance” and “capability in self-assessment” we achieved both of these objectives. This result is a credit to all our staff and their ongoing passion and dedication in supporting our apprentices and students alike.

The IIP audit outcome was not as good as we had expected and upon reflection highlighted a number of areas where we can do better. This was a key theme of our staff conference held in December, at which all our people contributed towards suggesting improvements. This is an ongoing activity and continues to be a key focus into 2017.

In November, Peter Rushworth, founder of etco\* and our CEO since etco\* started almost 26 years ago left the organisation. Congratulations must go to Peter for what he has achieved for all those apprentices and students that have passed through etco\* over the last quarter of a century.

During the year, the Management Team reflected on the last 25 years and its achievements and then started to look

towards the next 25 years. Change is ubiquitous and right now we are seeing this no more so than in two areas – that of education delivery and what I call the “millennial view”.

Under constant funding pressure, we are always looking to do better and perhaps one of the biggest challenges is how we deliver our training programmes to the students of today. We are in the midst of a multi-year project that looks at modern learning environments, on-line resources and in-class delivery. One thing that research has shown is that a vital part of student success is the student-teacher interaction. We will still have face-to-face classes, but how we transfer knowledge to the student will certainly change, both in terms of how we use technology and how the student of today learns through multiple methods of delivery.

The “good old days” were certainly good, but different. As over 95% of the students that we teach today are considered millennials, their outlook to life is considerably different to us of an older generation. They were brought up in a different world to those of us tagged as “baby boomers”. Both in the employment and education space, we need to understand and recognise how the youth of today are motivated or inspired to achieve, from both an employment and a training perspective. We have seen, and are seeing, significant shifts in the way the primary and secondary education systems are changing their teaching methods.





As a recipient of the students who have been through this changing education system, we need to adapt our methodologies without diminishing either the value of the outcome or the depth of understanding achieved by the student.

A big thank you must go out to all the people who work at etco\*. Their day to day contributions and their willingness to go above and beyond goes a long way to making the organisation what it is today. With their passion and commitment being clear driving forces, I am confident of a positive future in the coming years.

As 2016 closes, so does a significant chapter in the history of etco\*. The challenge ahead for us is to move forward, remain relevant and to have a firm eye on the future without forgetting what we have learnt from our past.

We will continue to improve, adapt and grow to meet the challenges over the next 25 years and beyond.

Bring it on!

“

WE WILL CONTINUE TO IMPROVE, ADAPT AND GROW TO MEET THE CHALLENGES OVER THE NEXT 25 YEARS AND BEYOND.

”





## HEALTH & SAFETY

Brian Cleûr  
National Health & Safety Manager

**2016 has been an interesting year from a health and safety perspective with new legislation being introduced in New Zealand, which shifted our nation to a risk based approach to managing health and safety in the workplace and a greater focus on worker health.**

etco\* has amended our systems to fit with the new legislation and we have begun to educate our employees on the risk management process and provided further education to our apprentices on health hazards in construction environments.

One of our primary health and safety objectives in 2016 was to make further improvements to our health and safety systems to attain Tertiary Level accreditation of the ACC Workplace Safety Management Practices programme, when we had previously held Secondary level accreditation.

This required an ongoing commitment during the year to ensure that our systems were at the required level to meet all audit requirements.

The etco\* Board and management team at etco\* believes it is important that our health and safety systems are measured against a recognised audit standard, so that our employees and customers can have confidence that etco

has appropriate systems in place to ensure the safety and well-being of our employees, students, and visitors. 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.

An independent audit was carried out by ACC in December 2016 and etco\* successfully attained Tertiary Level accreditation. etco\* will have its health and safety systems externally audited against another recognised standard for future audits, as ACC will no longer be auditing companies against the WSMP standard post March 2017.

Health and safety at etco\* always requires a team approach to ensure that no-one is harmed in the workplace, so once again I would like to thank the etco\* Board, host companies, health and safety committee members, and all employees who have been involved in promoting positive health and safety practices.

## WSMP PROGRAMME

The requirements of the WSMP programme comprehensively covers many aspects of business health and safety such as:



“

HEALTH AND SAFETY  
AT ETCO\* ALWAYS  
REQUIRES A TEAM  
APPROACH TO ENSURE  
THAT NO-ONE IS  
HARMED IN THE  
WORKPLACE

”



# OPERATIONS

Roger Rowley  
General Manager Operations

We moved into 2016 with 4 primary goals for the year:

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

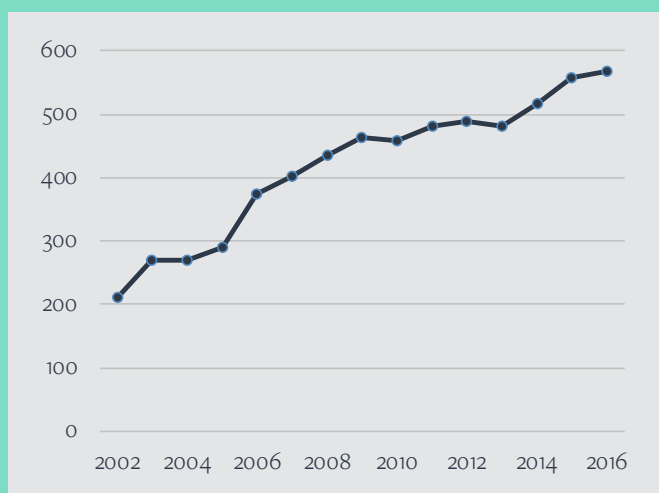
We saw both apprentice and student numbers grow over the year, details of which can be found in their respective sections. The increase in student numbers reflects the growing economy as well as etco\* being a preferred provider.

A cyclic pattern is starting to emerge around apprentice numbers that see a significant number of completions towards the end of the year which is when intakes tend to be at their lowest. Whilst we ended the year with a modest increase in apprentice numbers, we peaked at 593 apprentices in August. We continue to be committed to our medium-term strategy of having apprentice numbers in the 600-650 area.

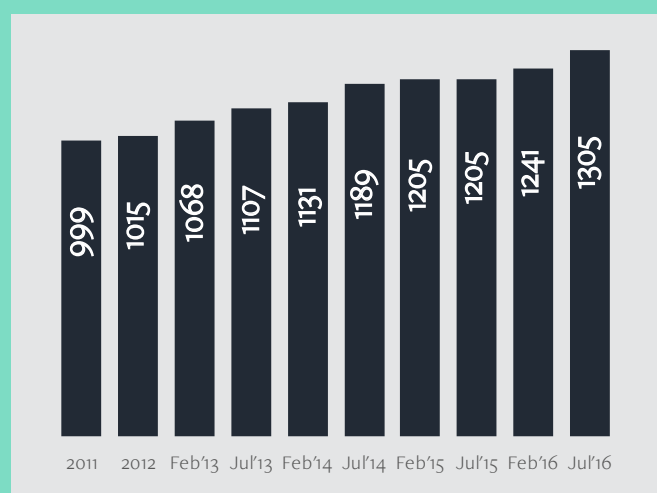
We had 7 new staff start during the year, 4 in apprenticeship and 3 in training, reflecting a mix of growth and rotation.

We continue our investment in people through both Integrity Coaching and Dale Carnegie courses through the year. The 3-yearly Investors in People assessment was undertaken in September. We did not achieve the level expected and this gave rise to a significant people focussed project whose activities will roll into 2017 and beyond. We have contracted an HR expert on an ongoing basis to drive this project and achieve the desired improvements.

GROWTH IN ETCO\* APPRENTICE NUMBERS



TOTAL STUDENTS BY SEMESTER





On a more positive note, our NZQA review went well and reinforces the success we have in training electrical apprentices with very positive outcomes. More details about this in the Training section.

We are in the middle of significant change in terms of training and its delivery. This year we began preparations for the new qualification which is to be launched in 2017. This new qualification – the New Zealand Certificate in Electrical Engineering – replaces the National Certificate. Work will continue in this space through 2017 and this upgrade to the qualification provides us with an opportunity to advance our planning around curriculum delivery.

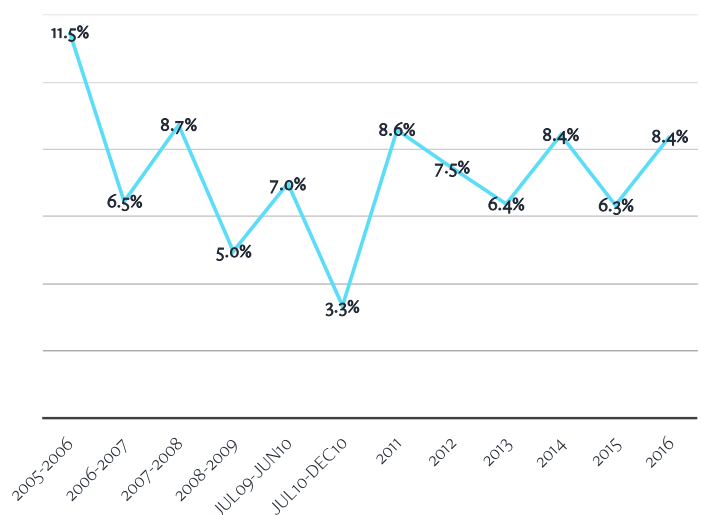
Our Classroom 6 project, which is a pilot for our modern learning environment, went into full swing in 2016. This concept brings the workshop into the classroom so students can take a theory lesson and directly apply it in a practical sense. Feedback from students has been extremely positive around the concept and based on these results, we plan to continue development of modern learning environments and expand it to our other training centres.

As noted in previous reports, we invest significant resources in supporting our apprentices. In 2016 we saw an uplift in the number of apprentices who decided to leave their apprenticeship. The rate increased in the 2nd half and we continue to dig deep into the reasons for this and apply appropriate strategies.

Often it is the case that those who do well, just get on and do it, and over 90% of our apprentices fall into this group. We invest significant time in supporting those who need help, and so decided to balance the scales somewhat by providing a programme for high achievers. Thus, the Future Leaders programme was borne and the first course was run at Martynsfield in November. You can read more about this in the Martynsfield section. The course was a

great success and set the platform for further courses in the years to come.

#### EARLY LEAVERS AS % OF AVERAGE APPRENTICES EMPLOYED



We continue to upgrade the technology across the organisation with investment in both infrastructure and services. Having fibre in all branches was one goal and where possible this was achieved. A re-design of our network was undertaken which improved network performance and we continued progressing towards using cloud based services where possible. It is clear that real-time information is required on an ongoing basis, whether in the office or mobile, if we are to provide great support to our apprentices and students. This remains a corner stone of our technology strategy.

In the last quarter we completed our planning for 2017, which included several initiatives that received the full support of the Board. These initiatives, along with a focus on the IIP outcomes were shared with the staff at the annual conference held in December and very much set the scene for the year to come.



## » RECRUITMENT

Ian Ross  
National Recruitment Manager

For recruitment, 2016 was the busiest year on record. We recruited 225 new apprentices over 15 Elite courses.

We continued to work with our partner schools who recommend students to us for selection by the recruitment team and our network of apprentice coordinators across the country.

With the increasing demand for apprentices from industry and the need to meet this demand, we also looked for candidates from the wider community, including other schools and often our Host Companies.

Coordinators continue to visit schools, meeting with teachers and careers counsellors as well as talking to students showing an interest in an electrical apprenticeship.

They seek to identify candidates who on leaving school will have the right attitude and a desire to succeed and meet our requirements both in terms of attitude and aptitude.

Follow up meetings include visiting the student along with their family to explain what is involved in a successful apprenticeship.

One of the challenges that we have faced over the last couple of years is that of students leaving school without a drivers licence. This is an essential requirement to have for an electrical apprentice. It is so important that students understand the workplace requirements well before they are ready to leave school and join the workforce.

8

CREDITS IN :  
L2 NCEA ENGLISH  
MATHS  
INDUSTRY RELATED SCIENCE (PHYSICS)



MANUAL DRIVERS LICENCE  
AND VEHICLE



NEW ZEALAND  
RESIDENCY



GOOD  
COLOUR  
VISION

225

## NEW APPRENTICES IN 2016

The ongoing relationship that we have with schools is vital to ensure they understand the attributes and academic achievements that we see as important for candidates to have before commencing their apprenticeship.

Of particular importance, having good Maths skills and Language comprehension are critical for successful completion of the Level 4 National Certificate in Electrical Engineering.

We continue to meet with students at school career events across the country, promoting the electrical industry as being an exciting and rewarding career.

School visits are a regular occurrence to our Auckland Training Centre to provide an activity based introduction into the apprenticeship scheme which has proven to be popular with students and teachers alike.

This year also saw the introduction of a professional development day for teachers wishing to learn more about what etco\* has to offer students on leaving school.

“

THIS YEAR  
ALSO SAW THE  
INTRODUCTION OF  
A PROFESSIONAL  
DEVELOPMENT DAY  
FOR TEACHERS

”





## » ELITE

Luke Boustridge  
Manager - New Projects

**It was an exciting year for the Martynsfield team. The venue was base for fifteen 12 day ELITE Induction Courses and the first of the new Future Leaders programs.**

All of this activity had a residential component which required 4840 meals prepared. The facility and the staff coped well and provided a comfortable environment for all participants. The fifteen ELITE Courses, held from January to November, produced 195 graduates. Each ELITE course covers:

- Financial Literacy
- Drug and Alcohol Education
- Safe Working Practices
- Building and Construction Passport
- Safe Lifting and Back Care
- Pre-Employment Medical including Fitness Assessment
- Hand Tool Skills
- Power Tool Safety
- Practical Electrical Project
- Electrical Theory
- Communication and Presentation Skills preparing each graduate for employment with etco\* and placement with our host companies.

“

THE FUTURE LEADERS  
PROGRAM WAS A HUGE  
SUCCESS

”







The Future Leaders program was a huge success. It saw twelve of our highest achieving apprentices throughout the country come together for a two week program designed to upskill them in three key areas:

- On the job skills
- Personal management skills and
- Business acumen.

This gave our top apprentices some extra skills and confidence to help them achieve their goals and become the future leaders of our industry.

The Future Leaders program consisted of the following components:

- KNX home and building automation
- Dale Carnegie Skills for Success
- Business acumen delivered by the EMA
- Leadership training delivered by the NZ Army.



TOP KNX  
PROGRAMMER -  
CHABB CHIA



DALE CARNEGIE HIGHEST AWARD  
FOR ACHIEVEMENT - SARAH PYE



TOP OVERALL LEADERSHIP AWARD -  
MARCUS LADBROOK

The top awards went to the following participants:

- ✧ Top KNX programmer – Chabb Chia
- ✧ Dale Carnegie Highest award for Achievement – Sarah Pye
- ✧ Top overall Leadership Award – Marcus Ladbroke



## » APPRENTICESHIP

Murray Samson  
National Apprenticeship Manager

**We had a record 225 new apprentices start with us during the year. Apprentice numbers continued to grow to a peak of 593 in August then reducing through to the end of the year where we finished with 558 apprentices, an increase of 2.95% over the previous year.**

The lower end of year figure was due to two main factors, being a high number of successful completions in the second half of the year and a higher than expected number of early leavers in the last four months.

Over the year we had 147 successful completions (2015:131), with 92% completing on time. This success was achieved through continuous hard work and the dedication that the coordinators and training staff have towards our apprentices.

We continue to transition out of the Modern Apprenticeship (MA) and into the New Zealand Apprenticeship programme (NZA). At the end of 2016 we had 73 MA's and 485 NZA's employed as apprentices with the expectation that in mid-2017 all the MA's will have completed.

The two programmes are funded quite differently and better planning & forecasting has enabled us to manage the financial impacts of this change.

MA's are funded on a fixed rate per apprentice per year, NZA's are funded based on achievement, on a per credit basis. Moving to an achievement based system is something that we are comfortable with as we are always seeking to continually improve. We are proud of our apprentices' achievements and their results continue to speak for themselves.

Downtime is always a focus and one of our KPI's. Over recent times we have seen a pattern emerge where downtime peaks early in the year and then trends downwards. This year was no exception and whilst the first four months of the year was consistently better than target, this was not the case for the rest of the year. Christchurch, Wellington and Auckland performed well in regards to the levels of downtime, this being off-set by the Waikato, Bay of Plenty, Hawkes Bay and Dunedin areas suffering from higher than expected levels. Overall, this meant we did not achieve our target for downtime for the year which did have some impact on the financial result. For the year, the rate was 4.46 hrs per apprentice (2015:3.8).

With the increasing number of apprentices, we recorded 1,052,082 (2015: 1,039,149) hours of on the job training.

225

NEW APPRENTICE  
STARTS

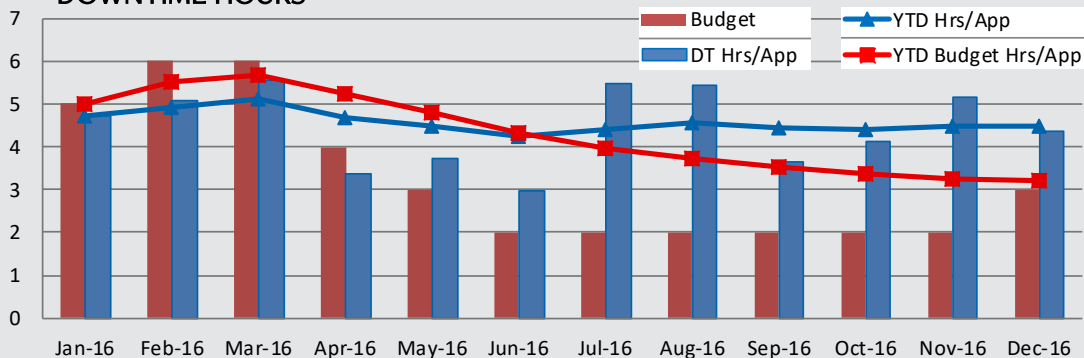
558

AVERAGE NUMBER OF  
APPRENTICES FOR 2016

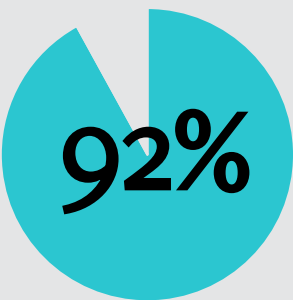
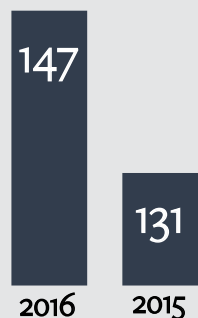
2.95%

AVERAGE NUMBER  
OF APPRENTICES  
COMPARED TO 2015

DOWNTIME HOURS



ANNUAL COMPLETIONS



ON-TIME COMPLETIONS

1,052,082



HOURS OF RECORDED  
ON-THE-JOB TRAINING

## EARLY LEAVERS

**We had set an aggressive target for the year but unfortunately this was not met with 50 apprentices terminating early, which was disappointing, especially for the coordinators who take such a great interest in the success of the apprentices they look after.**

The number of apprentices who are either terminated or leave before completion of their apprenticeship are a genuine concern and is an area where we continue to focus on to understand the root cause behind early leavers.

Although the number was close to the long-term average, we are focused on bringing this down and continue to look more deeply into this through more robust exit

interviews which will provide information for us to work with in the future.

During the year, we reviewed our process around recruitment and re-established recruiting as a key part of the coordinators role. Apprenticeship Coordinators now play an active role in the interview process and have input into the final decision to employ each candidate. We are also planning to introduce an entrance exam for all candidates to help both in consistency of process and in identifying the candidates' readiness to undertake an apprenticeship. The research we have undertaken shows us that this process has been proven to be very effective with our Australian counterparts. Plans are to implement this early in 2017.



“

APPRENTICESHIP COORDINATORS NOW PLAY AN ACTIVE ROLE IN THE INTERVIEW PROCESS AND HAVE INPUT INTO THE FINAL DECISION TO EMPLOY EACH CANDIDATE.

”



## COMPETITIONS AND AWARDS

**Our Apprentice of the Year Awards event was held at the Waipuna Hotel and Conference Centre in February 2017.**

Congratulations to Liam Eathorne from Christchurch, hosted by Honey Electrical who received the John Fisher Memorial Trophy for being awarded Apprentice of The Year, and Matthew Yeo from Invercargill, hosted by H & J Smith Electrical Ltd who received the ECANZ Cup for Most Improved Apprentice of the Year.

We actively encourage our apprentices to enter competitions, and this year was no exception.

Encouraged by their coordinator Nigel Chantler, we had nine apprentices enter the Engineering Taranaki Consortium Awards, with 8 of them winning places:



LIAM EATHORNE - ETCO\* APPRENTICE OF THE YEAR 2016



MATTHEW YEO - ETCO\* MOST IMPROVED APPRENTICE 2016



JORDAN JONES - WINNER SENIOR INDUSTRIAL



SCOTT HOWATSON - 2ND SENIOR INDUSTRIAL



HAMISH ANDREWS - 2ND SENIOR INDUSTRIAL WITH NICK O'NEILL WINNER SENIOR COMMERCIAL



LACHLAN FENWICK - WINNER JUNIOR COMMERCIAL



JOHN SHEPHERD - 2ND OPEN DOMESTIC, JENNIFER BOVAÏRD - 1ST OPEN DOMESTIC AND JAKE LIMMER 3RD OPEN DOMESTIC



ENGINEERING TARANAKI CONSORTIUM AWARDS WINNERS 2016



JENNIFER BOVAÏRD - SPECIAL PRIZE FOR AN ELECTRICAL PROJECT



“

TRAINING IS CONTINUING ITS  
WORK ON DEVELOPING NEW  
DELIVERY MODELS TO MEET  
THE CHANGING NEEDS OF  
TODAY'S STUDENTS

”

## » TRAINING

Gary Whittaker  
National Training Manager

**Student numbers increased in 2016 showing a trend over the last few years of a steady increase in numbers that we believe is an indicator that students and employers see etco\* as the preferred provider in the training of electrical apprentices.**

During 2016, 89 night class tutors delivered 110 night classes a week with a total of 4218 night classes throughout the country. Many of our part-time tutors have been working for etco\* for longer than 5 years and some over 10 years. It was great to acknowledge these stalwarts of training by inviting them all to our 25-year anniversary in February.

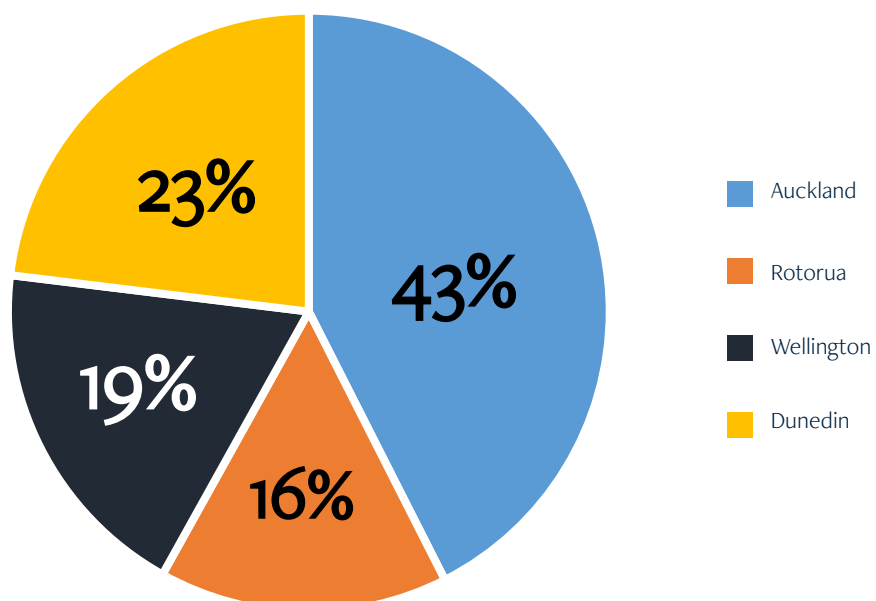
In May etco\* had an external evaluation and review by NZQA. Over the three-day review 2 NZQA evaluators visited the Auckland and Rotorua Training Centres interviewing staff, trainees, employers and stakeholders.

The purpose of this external evaluation and review report is to provide a public statement about the Tertiary Education Organisation's (TEO) educational performance and capability in self-assessment. It forms part of the accountability process required by Government to inform investors, the public, students, prospective students, communities, employers, and other interested parties. It is also intended to be used by the TEO itself for quality improvement purposes.

The result of the review was a Highly Confident grading in both the Self-Assessment and Educational Performance categories, resulting in a Category 1 grading by NZQA. Category 1 is the highest grade that can be achieved and as such etco\* is now on the maximum 4-yearly external review cycle..

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

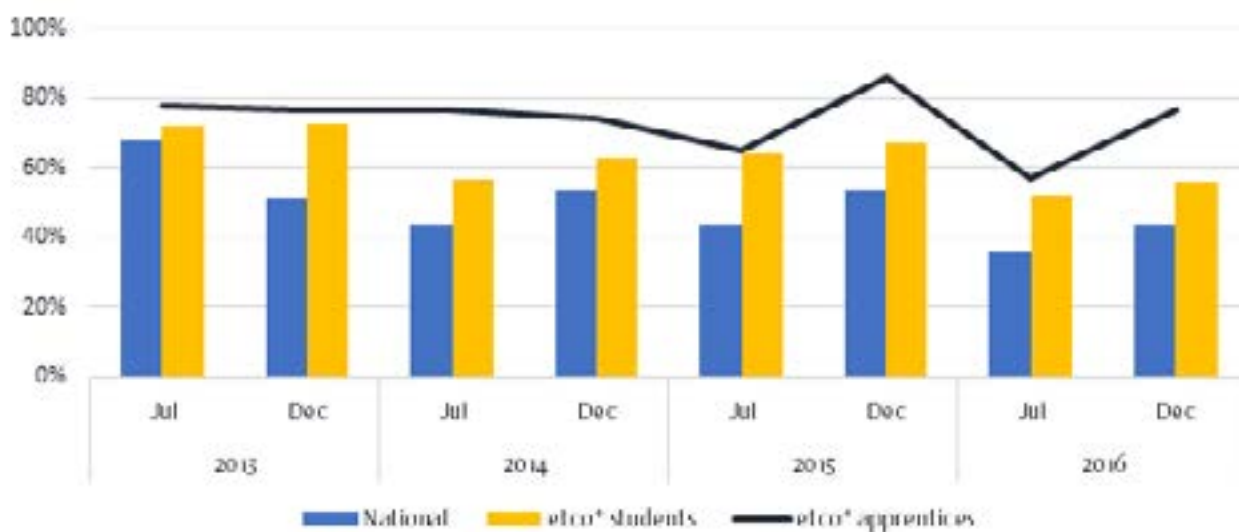
## STUDENTS BY REGION



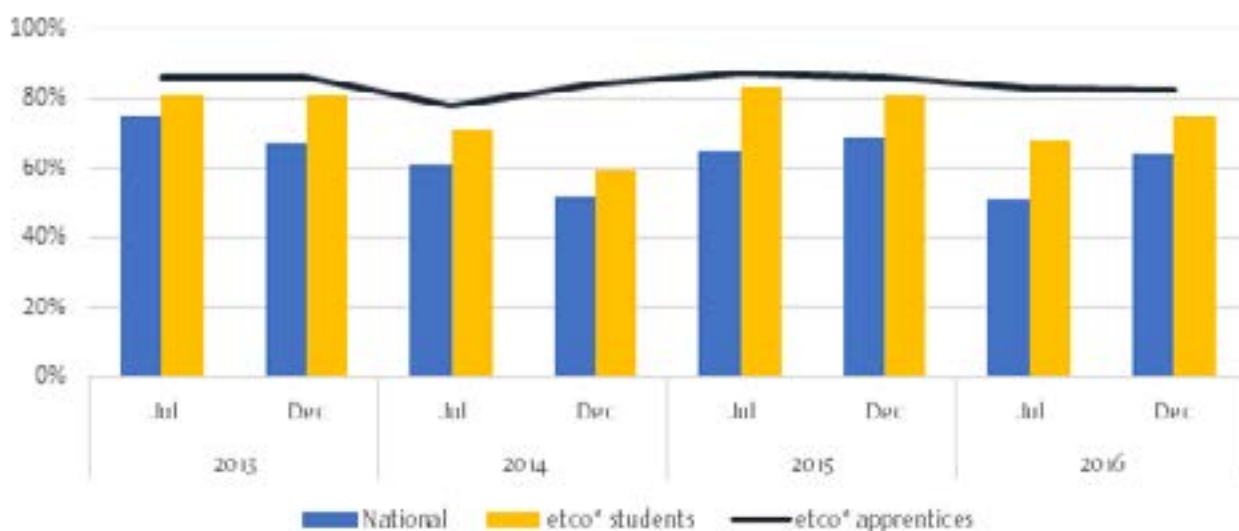
The Training Department's commitment to improving the outcomes and the learning experiences of our trainees creates the environment for them to perform well in the National exams.

Although we saw a drop in the percentage of students passing the EWRB exams, our apprentices and students continued to outperform the national average.

## EWRB THEORY EXAMS



## EWRB REGULATIONS EXAMS







89

NIGHT CLASS TUTORS

110

NIGHT CLASSES PER WEEK

4218

NIGHT CLASSES IN 2016  
NATIONALLY

#### NEW APPOINTMENTS:

To cater for student growth and support in Wellington, Paul Burn was appointed to the position of full-time tutor in our Wellington Training Centre.

In Auckland, Earle Bingham was promoted from his coordinator role to the position of Regional Training Manager in Auckland after Colin Gibson left the company to be closer to family in Australia.

Plans are in place to introduce a Level 5 qualification early in 2017 for those wanting to advance their knowledge within the electrical industry. This qualification will be in partnership with the Open Polytechnic who will provide material resources whilst etco\* provides the face to face component focussing on tutorials and student support.

Training is continuing its work on developing new delivery models to meet the changing needs of today's students and the new L4 New Zealand Certificate qualification that is due to be launched next year.



PAUL BURN  
TUTOR WELLINGTON



EARLE BINGHAM  
REGIONAL TRAINING MANAGER  
AUCKLAND

# MASTER ELECTRICIANS CHALLENGE

## Challenging the country's apprentices

**The primary aim of the competition is to invest in and develop the grassroots of the electrical industry, and provides an arena for electrical apprentices to showcase their skills in a competitive and stimulating environment.**

Apprentices who take part in the Challenge say that it is one of the best things they've ever done. It builds confidence, expands their industry knowledge and connections, and makes them realise they have massive capability to go forward and do whatever they wish. Every year, we encourage our apprentices to enter the Challenge with an aim to becoming the best that the Industry has to offer.

The preliminary competitions were held throughout the country in July and August 2016.

The ten best performers, five from each of the Industrial and Domestic/Commercial categories, were then invited to compete in the 3-day national competition held in conjunction with the Master Electricians National Conference at the Hilton Hotel in Taupo in October. Six of the ten finalists were etco\* apprentices.





## ETCO\* FINALISTS 2016

All finalists had to face a business structure challenge and five workstations to complete a range of tough tasks designed to replicate a 'real industry' setting using the latest technology.

As usual the competition was a very close event with high levels of skill being shown by all contestants. Our apprentices won both categories with Chabb Chia – hosted by Team Cabling - winning the Domestic/ Commercial Section and Logan Sanders – hosted by Dalton Electrical - the winner of the Industrial Section.

COMMERCIAL/  
DOMESTIC  
DIVISION



SARAH PYE  
DUNEDIN



HARMONY COURT  
AUCKLAND



CHABB CHIA  
AUCKLAND

INDUSTRIAL  
DIVISION



LOGAN SANDERS  
AUCKLAND



JEVON STORM  
DUNEDIN



DEEPAK KESHAV  
WELLINGTON



# THE YEAR AHEAD



Key economic metrics show that New Zealand is performing well and in large part this is driven by the Building & Construction sector.

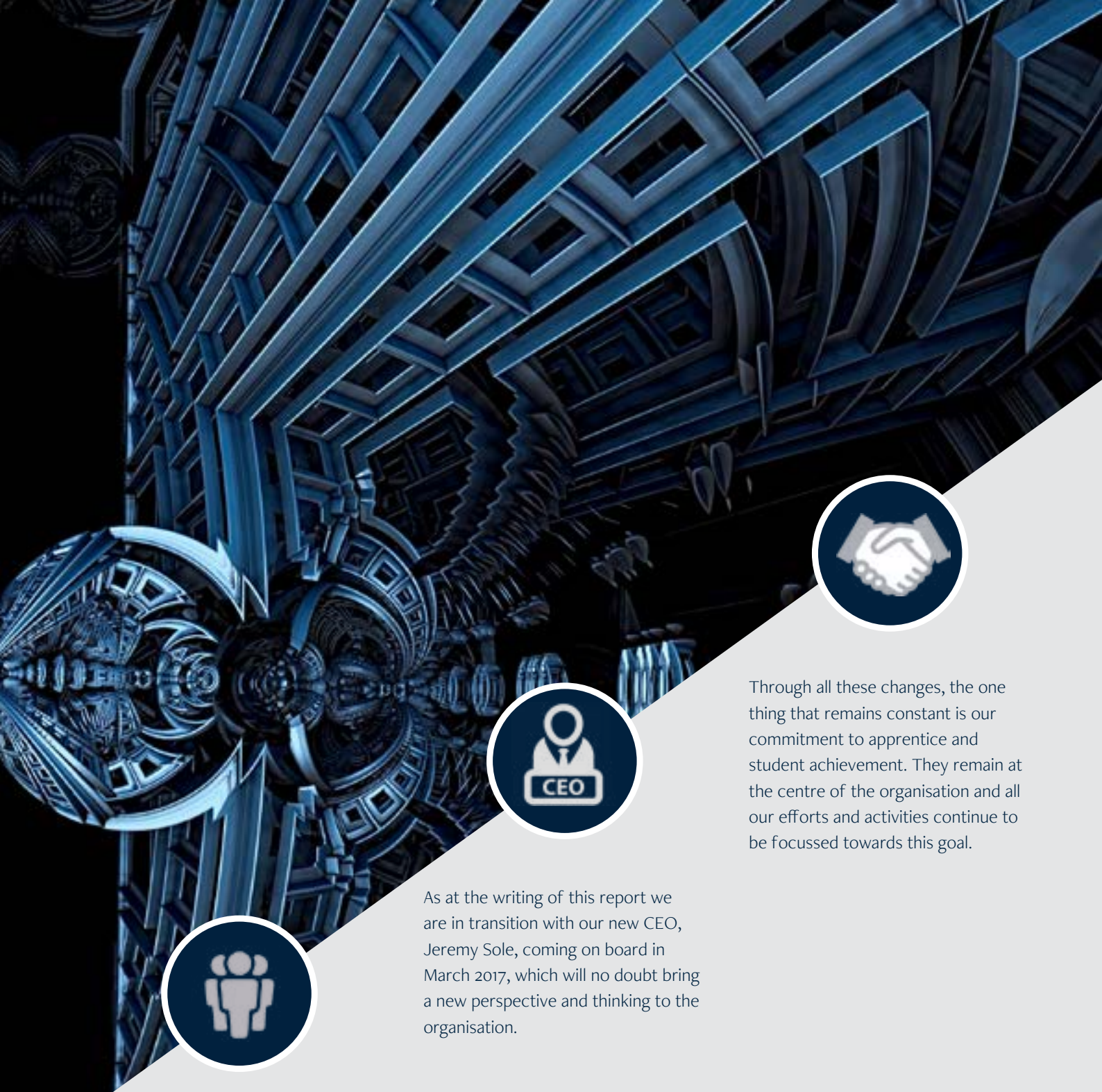


With the changes that are afoot, especially around qualifications and curriculum delivery, in 2017 we need to not only look at the year ahead, but ahead to 2030, both in terms of opportunities that exist to support our core activities and the way education is changing. The way students in school are taught today has a bearing on how they will be taught in the tertiary environment over the next few years. If their learning is based around the use of technology and in environments that are conducive to learning, then we must also adapt to remain relevant to the needs of the student and to ensure their success. A significant amount of research is being undertaken in this area to not only set us up for the next year or so, but for the next decade.



Both apprentice and student numbers are on the rise and the future looks positive as we seem to be firmly entrenched in the top half of the activity cycle.





Through all these changes, the one thing that remains constant is our commitment to apprentice and student achievement. They remain at the centre of the organisation and all our efforts and activities continue to be focussed towards this goal.



As at the writing of this report we are in transition with our new CEO, Jeremy Sole, coming on board in March 2017, which will no doubt bring a new perspective and thinking to the organisation.



Our annual plan set out several objectives. Aside from those already mentioned elsewhere, we will invest significantly in our people, using the 2016 annual conference and staff feedback from the IIP report as a springboard for these activities. This will see growth in staff numbers due to increased demand for our services plus a focus in the Human Resources area.

“

ALL IN ALL, AN EXCITING AND CHALLENGING TIME, NOT ONLY FOR THE YEAR AHEAD, BUT FOR THE NEXT SEVERAL YEARS.

”





\$30,242,682

TOTAL REVENUE



\$29,139,697

TOTAL EXPENSES



\$1,102,985

TOTAL SURPLUS

# FINANCIAL STATEMENTS

for the Year Ended 31 December 2016

Auditor's Report	32
Company Directory	34
Statement of Comprehensive Revenue and Expenses	35
Statement of Changes in Net Assets	36
Statement of Financial Position	37
Cash Flow Statement	38
Notes to the Financial Statements	39

Janice Smith  
Accountant



# AUDITOR'S REPORT



ACCOUNTING AND TAX ADVISORS, INVESTMENT AND BUSINESS ADVISERS

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of The Electrical Training Company Limited

### Opinions

We have audited the financial statements of The Electrical Training Company Limited (the Company), which comprise the statement of financial position as at 31 December 2015, and the statement of comprehensive revenue and expenses, statement of changes in net assets and statement of cash flows for the year then ended, and the statement of accounting policies and other explanatory information.

In our opinion, the financial statements on pages 4 to 10 give a true and fair view of the financial position of The Electrical Training Company Limited as at 31 December 2015 and of its financial performance and cash flows for the year ended on that date in accordance with Public Benefit Entity Standards.

### Basis for Opinion

We conducted our audit of the statement of financial position, the statement of comprehensive revenue and expenses, statement of changes in net assets, the statement of cash flows, and the statement of accounting policies and other explanatory information in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of The Electrical Training Company Limited in accordance with Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

### Restriction on Responsibility

This report is made solely to the shareholders, as a body, in accordance with section 42F of the Companies Act 2005. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in our audit report, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### Responsibilities of the Directors for the Financial Statements

The Directors are responsible for:

- The preparation and fair presentation of the financial statements on behalf of the entity which comprise:
  - The statement of financial position, the statement of comprehensive revenue and expenses, statement of changes in net assets, the statement of cash flows, the statement of accounting policies and other explanatory information.
- In accordance with Public Benefit Entity Standards, and
- Such internal control as the Directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible on behalf of The Electrical Training Company Limited for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate The Electrical Training Company Limited or to cease operations, or have no realistic alternative but to do so.

### Auditors' Responsibilities for the Audit of the Financial Statements

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



dfk oswin griffiths carlton, Chartered Accountants, Chartered Tax Advisers, Chartered Investment Advisers

*We make it happen!*

Level 4, 325-327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000.



*We make it happen!*

A detailed description of the auditors' responsibilities including those related to assessment of risk of material misstatement and evaluation of appropriateness of going concern assumptions are available on the external reporting board website: [https://xtr.govt.nz/Files/Auditing\\_Assurance\\_Standards/Current\\_Standards/Pages.aspx](https://xtr.govt.nz/Files/Auditing_Assurance_Standards/Current_Standards/Pages.aspx)

*R. F. L. Oswin Griffiths Carlton*  
DLK Oswin Griffiths Carlton  
Chartered Accountants  
Auckland, New Zealand  
3 May 2017

## COMPANY DIRECTORY

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



# STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

## for the Year Ended 31 December 2016

	Note	2016 \$	2015 \$
<b>Revenue from non-exchange transactions</b>			
Donations and grant revenue	5	4, 560, 367	4, 327, 385
		4, 560, 367	4, 327, 385
<b>Revenue from exchange transactions</b>			
Apprenticeship	6	24, 372, 825	23, 409, 292
Training	7	1, 192, 358	1, 414, 322
Other income		117, 132	153, 833
		25, 682, 315	24, 977, 447
<b>Total revenue</b>		<b>30, 242, 682</b>	<b>29, 304, 832</b>
<b>Expenses</b>			
Apprenticeship employment	8	19, 338, 926	18, 383, 153
Staff employment	9	4, 524, 379	4, 263, 144
Other employment	10	1, 737, 947	1, 422, 567
Course delivery	11	782, 760	772, 197
Infrastructure overhead	12	2, 199, 926	2, 125, 788
Promotion	13	194, 325	283, 924
Depreciation		165, 337	241, 352
Finance costs	14	196, 097	143, 471
<b>Total expenses</b>		<b>29, 139, 697</b>	<b>27, 635, 596</b>
<b>Total surplus for the period</b>		<b>1, 102, 985</b>	<b>1, 669, 236</b>
Surplus attributable to the owners of the controlling entity		1, 102, 985	1, 669, 236
Total comprehensive revenue and expense attributable to the owners of the controlling entity		1, 102, 985	1, 699, 236

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

## STATEMENT OF CHANGES IN NET ASSETS

for the Year Ended 31 December 2016

	Share Capital	Retained Surplus	TOTAL
	\$	\$	\$
<b>Opening balance 1 January 2015</b>	<b>2, 000</b>	<b>4, 088, 062</b>	<b>4, 090, 062</b>
Surplus for the year	-	1, 669, 236	1, 669, 236
<b>Closing equity 31 December 2015</b>	<b>2, 000</b>	<b>5, 757, 298</b>	<b>5, 759, 298</b>
<b>Opening balance 1 January 2016</b>	<b>2, 000</b>	<b>5, 757, 298</b>	<b>5, 759, 298</b>
Surplus for the year	-	1, 102, 985	1, 102, 985
<b>Closing equity 31 December 2016</b>	<b>2, 000</b>	<b>6, 860, 283</b>	<b>6, 862, 283</b>

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

# STATEMENT OF FINANCIAL POSITION

## for the Year Ended 31 December 2016

	Note	2016	2015
		\$	\$
<b>Current Assets</b>			
Cash and cash equivalents		5,759,286	4,592,094
Receivables from exchange transactions		1,699,535	1,731,273
Prepayments		67,258	200,985
Inventories		64,502	69,736
		<u>7,590,581</u>	<u>6,594,088</u>
<b>Non-current assets</b>			
Property, plant and equipment	15	<u>2,026,834</u>	<u>1,842,723</u>
		<u>2,026,834</u>	<u>1,842,723</u>
<b>Total Assets</b>		<b>9,617,415</b>	<b>8,436,811</b>
<b>Current liabilities</b>			
Trade and other payables	16	549,291	326,042
Employee entitlement	17	1,481,274	1,438,686
Accruals	18	84,635	272,655
GST payable		<u>639,932</u>	<u>640,130</u>
		<u>2,755,132</u>	<u>2,677,531</u>
<b>Total liabilities</b>		<b>2,755,132</b>	<b>2,677,513</b>
<b>Total net assets</b>		<b>6,862,283</b>	<b>5,759,298</b>
<b>Net assets</b>			
Share capital		2,000	2,000
Retained surplus		<u>6,860,283</u>	<u>5,757,298</u>
<b>Total net assets attributable to the owners of the controlling entity</b>		<b>6,862,283</b>	<b>5,759,298</b>

Signed for and on behalf of the Board of Directors who authorised these financial statements for issue on 30 April 2016:

Director:  Date: 3 May 2017 Chief Executive:  Date: 3 May 2017

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

# CASH FLOW STATEMENT

## for the Year Ended 31 December 2016

	Note	2016 \$	2015 \$
<b>Cash flows from operating activities</b>			
<u>Receipts</u>			
Receipts from non-exchange transactions		4, 560, 367	4, 327, 385
Receipts from exchange transactions		25, 691, 430	24, 120, 749
		30, 251, 797	28, 448, 134
<u>Payments</u>			
Payments to employees		25, 524, 362	24, 036, 150
Payments to suppliers		3, 325, 699	3, 769, 869
		28, 850, 061	27, 806, 019
<b>Net cash flows from operating activities</b>	19	<b>1, 401, 736</b>	<b>642, 115</b>
<b>Cash flows from investing activities</b>			
<u>Receipts</u>			
Interest received		114, 265	104, 731
Sale of PPE		10, 956	73, 425
		125, 221	178, 156
<u>Payments</u>			
Purchase of PPE		359, 765	118, 898
		359, 765	118, 898
<b>Net cash flows from investing activities</b>		<b>(234, 544)</b>	<b>59, 258</b>
Net increase in cash and cash equivalent		1, 167, 192	701, 373
Cash and cash equivalent - opening balance		4, 592, 094	3, 890, 721
<b>Cash and cash equivalent - closing balance</b>		<b>5, 759, 286</b>	<b>4, 592, 094</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

## for the Year Ended 31 December 2016

---

### 1. REPORTING ENTITY

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

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

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

### 2. STATEMENT OF COMPLIANCE

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

### 3. CHANGES IN ACCOUNTING POLICIES

For the year ended 31 December 2015, the company prepared its financial statements using the New Zealand International Financial Reporting Standards - Differential Reporting (“NZ IFRS - Diff Rep”). These have now been restated to Not-For-Profit PBE IPSAS. An explanation of how the transition to Tier 1 Not-For-Profit PBE Accounting Standards has affected the reporting Statement of Financial Position and Statement of Comprehensive Revenue and Expenses is provided in Note 27 of the financial statements.

### 4. SUMMARY OF ACCOUNTING POLICIES

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

#### 4.1 Basis of measurement

These financial statements have been prepared on the basis of historical cost.

#### 4.2 Functional and presentational currency

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

#### 4.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the company and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must be met before revenue is recognised.



## Revenue from non-exchange transactions

### Grant revenue

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

## Revenue from exchange transactions

### Apprenticeship and training

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

### **Interest revenue**

Interest revenue is recognised as it accrues, using the effective interest method.

## 4.4 Income tax

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

## 4.5 Cash and cash equivalents

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

## 4.6 Inventory

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

## 4.7 Goods and services tax (GST)

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

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

## 4.8 Property, plant and equipment

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

### **Depreciation**

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

Leasehold Improvement	14.3% - 25% SL
Machinery and Equipment	12% - 50% DV
Office Equipment	8% - 50% DV
Office Furniture	12% - 50% DV
Motor Vehicles	25%
Reference Material	22% DV
Assets under construction	15.4% SL

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

## 4.9 Leases

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

## 4.10 Financial instruments

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

### Financial assets

Financial assets within the scope of NFP PBE IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available for sale financial assets. The classifications of the financial assets are determined at initial recognition.

The category determines subsequent measurement and whether any resulting revenue and expense is recognised in surplus or deficit or in other comprehensive revenue and expenses. The company's financial assets are classified as financial assets at fair value through surplus or deficit, loans and receivables or as available for sale financial assets. The company's financial assets include, cash and cash equivalent, short-term deposit, receivables from non-exchange transactions and receivables from exchange transactions.

All financial assets except for those at fair value through surplus or deficit are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, when are described below.

### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less any allowance for impairment. The company's cash and cash equivalents, receivables from exchange transactions and receivables from non-exchange transactions fall into this category of financial instruments.

### Impairment of financial assets

The company assess at the end of reporting date whether there is objective evidence that a financial asset or a group of financial asset or a group of financial assets is impaired. A financial asset or a group of financial asset is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

For financial assets carried at amortised cost, if there is objective evidence that an impairment loss on loans and receivables carried at amortised costs has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the surplus or deficit for the reporting period.

In determining whether there are any objective evidence of impairment, the company first assesses whether there are objective evidence of impairment for financial assets that are individually significant, and individually or collectively significant for financial assets that are not individually significant. If the company determines that there is no objective evidence of impairment for an individually assessed financial asset, it includes the asset in a group of financial asset with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment for impairment.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. If the reversal results in the carrying amount exceeding its amortised cost, the amount of the reversal is recognised in surplus or deficit.

## Financial liabilities

The company's financial liabilities include trade and other creditors, employee entitlements and borrowings.

All financial liabilities are initially recognised at fair value (plus transaction cost for financial liabilities not at fair value through surplus and deficit) and are measured subsequently at amortised cost using the effective interest method except for financial liabilities at fair value through surplus or deficit.

### 4.11 Significant judgments and estimates

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

The company based its assumptions and estimates on information available when the financial statements are prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the company. Such changes are reflected in the assumptions when they occur.

	2016	2015
	\$	\$
<b>5. DONATION AND GRANT REVENUE</b>		
National Certificate funding	2, 795, 893	2, 632, 630
RWT funding	1, 512, 641	1, 105, 999
Modern Apprenticeship	241, 833	588, 756
<b>Total</b>	<b>4, 550, 367</b>	<b>4, 327, 385</b>

### 6. APPRENTICESHIP

Chargeable hours	22, 376, 674	21, 337, 054
Allowances	337, 631	495, 862
Overtime	1, 658, 520	1, 578, 906
Consultancy	-	3, 470
Reboot initiative	-	(6, 000)
<b>Total</b>	<b>24, 372, 825</b>	<b>23, 409, 292</b>

### 7. TRAINING

National certificate student fees	413, 612	607, 074
Competency course fees	36, 209	185, 266
Other course fees	742, 537	621, 982
<b>Total</b>	<b>1, 192, 358</b>	<b>1, 414, 322</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 31 December 2016

	2016	2015
	\$	\$
<b>8. APPRENTICESHIP EMPLOYMENT</b>		
Holiday pay	1, 537, 269	1, 437, 938
Sick pay	352, 511	331, 560
Statutory holidays	664, 299	659, 259
Block course	320, 725	300, 479
Chargeable hours	15, 811, 818	15, 144, 722
Downtime	406, 662	329, 941
ETCO time	82, 642	51, 914
Achievement bonus	163, 000	127, 340
<b>Total</b>	<b>19, 338, 926</b>	<b>18, 383, 153</b>
<b>9. STAFF EMPLOYMENT</b>		
Administration	1, 494, 693	1, 275, 359
Regional Training Managers	360, 225	355, 231
Full-time Tutors	645, 467	669, 699
Holiday Pay	4, 771	22, 343
Long Service Leave	20, 603	(3, 108)
National Managers	207, 914	208, 504
Night Class Tutors	732, 092	623, 783
Coordination	1, 058, 614	1, 111, 333
<b>Total</b>	<b>4, 524, 379</b>	<b>4, 263, 144</b>
<b>10. OTHER EMPLOYMENT</b>		
ACC	232, 438	147, 986
Kiwisaver Employer Contributio	612, 857	570, 300
Accommodation and Meals	145, 184	164, 967
Safety Equipmen	89, 062	88, 039
Third Party Labour	160, 293	65, 722
Tool Expenditure	203, 523	190, 335
Other	294, 590	195, 218
<b>Total</b>	<b>1, 737, 947</b>	<b>1, 422, 567</b>

# NOTES TO THE FINANCIAL STATEMENTS

## for the Year Ended 31 December 2016

	2016	2015
	\$	\$
<b>11. COURSE DELIVERY</b>		
Contract Tutors	122,796	187,427
Course Materials	74,283	82,833
Reboot Initiative Payment	-	(14,000)
EWRB Course Fees	157,501	141,308
TOPNZ Licence Fee	75,000	49,000
NZQA Audit Fees	16,347	4,793
NZQA Fees	90,314	87,395
Delivery Material	246,519	233,441
<b>Total</b>	<b>782,760</b>	<b>772,197</b>
<b>12. INFRASTRUCTURE OVERHEADS</b>		
Cleaning	84,157	85,685
Computer Costs/Support	221,758	179,849
Conference	60,079	62,849
Lease Costs	384,802	356,565
Rent and Rates	775,259	765,785
Office Expenses	225,389	216,434
Travel	141,779	157,772
Vehicles	150,104	164,279
Other infrastructures	156,599	136,570
<b>Total</b>	<b>2,199,926</b>	<b>2,125,788</b>
<b>13. PROMOTION</b>		
Advertising	7,948	5,364
Apprentice of Year Award	6,104	13,493
Marketing	180,273	265,067
<b>Total</b>	<b>194,325</b>	<b>283,924</b>
<b>14. FINANCE COSTS</b>		
Audit Fees	18,040	18,000
Insurance	73,081	67,504
Bank Fees	27,032	20,781
Other finance costs	77,944	37,186
<b>Total</b>	<b>196,097</b>	<b>143,471</b>



# NOTES TO THE FINANCIAL STATEMENTS

## for the Year Ended 31 December 2016

### 15. PROPERTY, PLANT AND EQUIPMENT

2016	Land and building	Asset under construction	Leasehold improvement	Machinery and equipment	Office equipment and furniture	Motor vehicles	Reference material	Total
Cost	1, 400, 000	451, 185	1, 062, 726	201, 286	2, 497, 444	144, 280	1, 010	5, 757, 931
Accumulated dep	-	234, 263	1, 048, 854	173, 589	2, 137, 209	136, 194	988	3, 731, 097
<b>Net book value</b>	<b>1, 400, 000</b>	<b>216, 922</b>	<b>13, 872</b>	<b>27, 697</b>	<b>360, 235</b>	<b>8, 086</b>	<b>22</b>	<b>2, 026, 834</b>

2015	Land and building	Asset under construction	Leasehold improvement	Machinery and equipment	Office equipment and furniture	Motor vehicles	Reference material	Total
Cost	1, 400, 000	64, 482	1, 062, 726	206, 103	2, 531, 526	144, 280	1, 010	5, 410, 127
Accumulated dep	-	-	1, 043, 090	169, 611	2, 220, 316	133, 405	982	3, 567, 404
<b>Net book value</b>	<b>1, 400, 000</b>	<b>64, 482</b>	<b>19, 636</b>	<b>36, 492</b>	<b>311, 210</b>	<b>10, 875</b>	<b>28</b>	<b>1, 842, 723</b>

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

2016	Land and building	Asset under construction	Leasehold improvement	Machinery and equipment	Office equipment and furniture	Motor vehicles	Reference material	Total
Opening balance	1, 400, 000	64, 482	19, 636	36, 492	311, 210	10, 875	28	1, 842, 723
Additions	-	182, 987	-	-	176, 778	-	-	359, 765
Disposals	-	-	-	-	(11, 962)	-	-	(11, 962)
Depreciation	-	(30, 547)	(5, 764)	(8, 795)	(115, 791)	(2, 789)	(6)	(163, 692)
Reclassification	-	-	-	-	-	-	-	-
<b>Closing balance</b>	<b>1, 400, 000</b>	<b>216, 922</b>	<b>13, 872</b>	<b>27, 697</b>	<b>360, 235</b>	<b>8, 086</b>	<b>22</b>	<b>2, 026, 834</b>

2015	Land and building	Asset under construction	Leasehold improvement	Machinery and equipment	Office equipment and furniture	Motor vehicles	Reference material	Total
Opening balance	1, 400, 000	98, 867	82, 996	45, 798	329, 506	14, 756	36	1, 971, 959
Additions	-	64, 482	-	3, 863	50, 553	-	-	118, 898
Disposals	-	-	-	(4, 289)	(2, 304)	(189)	-	(6, 782)
Depreciation	-	-	(63, 360)	(11, 579)	(162, 713)	(3, 692)	(8)	(241, 352)
Reclassification	-	(98, 867)	-	2, 699	96, 168	-	-	-
<b>Closing balance</b>	<b>1, 400, 000</b>	<b>64, 482</b>	<b>19, 636</b>	<b>36, 492</b>	<b>311, 210</b>	<b>10, 875</b>	<b>28</b>	<b>1, 842, 723</b>

# NOTES TO THE FINANCIAL STATEMENTS

## for the Year Ended 31 December 2016

	2016	2015
	\$	\$
<b>16. TRADE AND OTHER PAYABLES</b>		
Trade payables	438,450	305,837
Income in advance	110,841	20,205
<b>Total</b>	<b>549,291</b>	<b>326,042</b>
<b>17. EMPLOYEE ENTITLEMENT</b>		
Holiday pay	1,258,255	1,115,749
Accrued wages	223,019	322,937
<b>Total</b>	<b>1,481,274</b>	<b>1,438,686</b>
<b>18. ACCRUALS</b>		
Audit fees and FBT	19,105	19,922
ACC levy	(62,174)	(34,302)
Sundry accruals	127,704	287,035
<b>Total</b>	<b>84,635</b>	<b>272,655</b>
<b>19. RECONCILIATION OF SURPLUS WITH NET CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net surplus for the reporting period	1,102,985	1,669,236
Non-cash items:		
Depreciation	165,337	241,352
	165,337	241,352
Add/deduct items classified as investing or financing activities:		
Interest received	(114,265)	(104,731)
	(114,265)	(104,731)
Movements in working capital:		
Decrease/(Increase) in receivables	31,738	(753,671)
Decrease/(Increase) in inventory	5,234	(31,581)
Decrease/(Increase) in prepayment	133,727	(175,652)
(Decrease) in payables	(13,458)	(228,494)
Increase in income in advance	90,636	2,907
(Decrease)/Increase in GST payable	(198)	22,749
	247,679	(1,163,742)
<b>Net cash flows from operating activities</b>	<b>1,401,736</b>	<b>642,115</b>

# NOTES TO THE FINANCIAL STATEMENTS

## for the Year Ended 31 December 2016

### 20. CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

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

	2016	2015
	\$	\$
Financial assets - <i>Loans and receivables</i>		
Cash and cash equivalents	5,759,286	4,592,094
Receivables from exchange transactions	1,699,535	1,731,273
	<u>7,458,821</u>	<u>6,323,367</u>
Financial liabilities - <i>At amortised cost</i>		
Trade and other payables	549,291	326,042
Employee entitlement	1,481,274	1,438,686
Accruals	84,635	272,655
GST payable	639,932	640,130
	<u>2,755,132</u>	<u>2,677,513</u>

### 21. FINANCIAL INSTRUMENT RISK

The company is exposed to various risks in relation to financial instruments. The company's financial assets and liabilities by category are summarised in note 20. The main types of risks are credit risk and liquidity risk.

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

#### Credit risk analysis

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

	2016	2015
	\$	\$
Cash and cash equivalents	5,759,286	4,592,094
Receivables from exchange transactions	1,699,535	1,731,273
	<u>7,458,821</u>	<u>6,323,367</u>

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

# NOTES TO THE FINANCIAL STATEMENTS

## for the Year Ended 31 December 2016

---

### Financial instrument risk (continued)

#### Liquidity risk analysis

Liquidity risk is the risk that the company might not be able to meet its obligations. The company manages its liquidity need by monitoring payments for financial liabilities and maintaining sufficient cash.

### 22. CAPITAL MANAGEMENT

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

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

### 23. CAPITAL COMMITMENT

There were no capital commitments at the reporting date. (2015: \$Nil).

### 24. LEASES

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

	2016	2015
	\$	\$
No later than one year	863, 954	886, 796
Later than one year and no later than five years	2, 036, 735	2, 078, 100
Later than five years	-	-
<b>Total</b>	<b>2, 900, 689</b>	<b>2, 964, 896</b>

### 25. CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets or liabilities at the reporting date. (2015: \$Nil).

### 26. EVENTS AFTER THE REPORTING DATE

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

### 27. EXPLANATION OF THE TRANSITION TO NFP PBE IPSAS

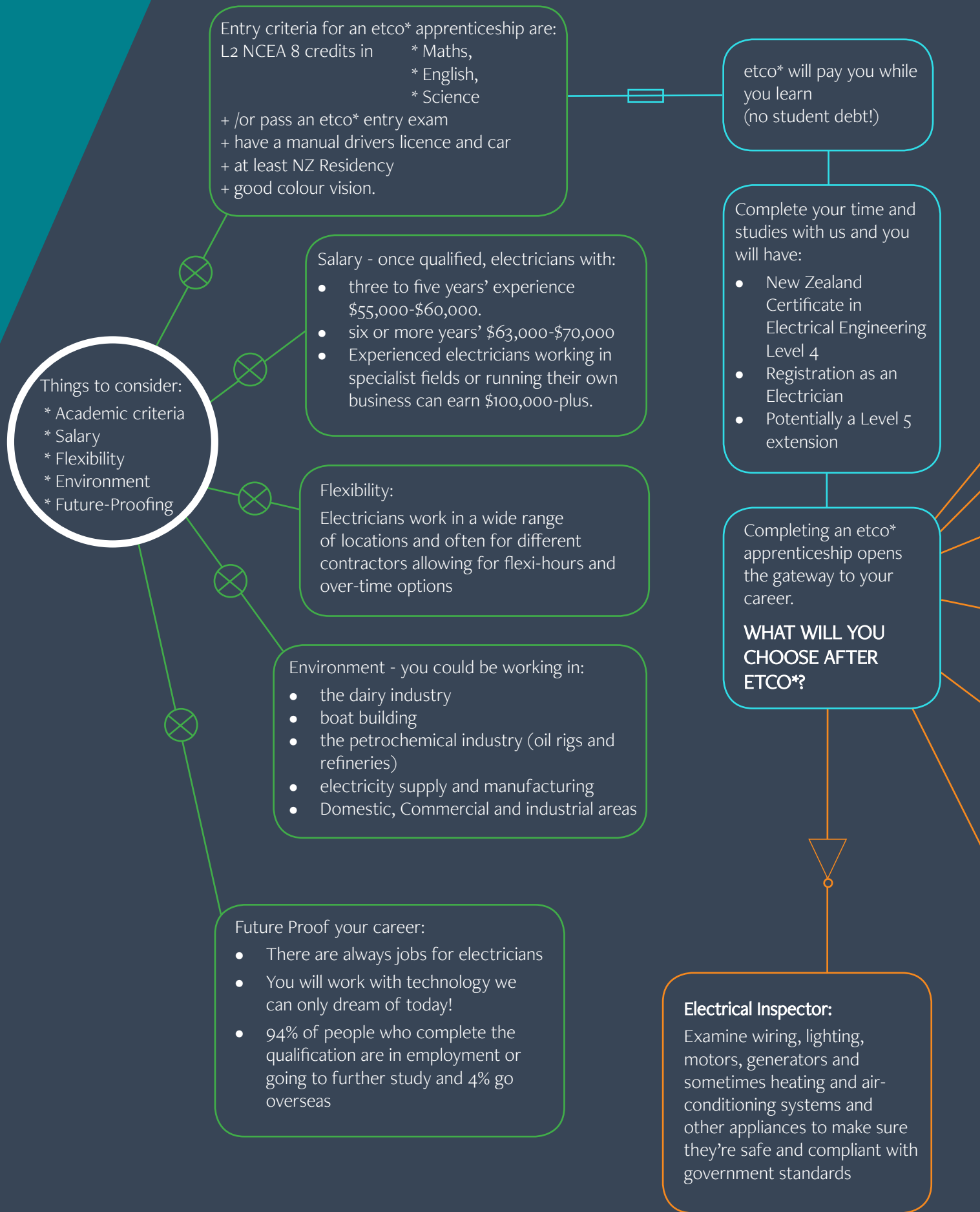
The Company's financial statement for the reporting period ended 31 December 2016 are the first annual financial statements prepared in accordance with PBE IPSAS. The company has applied PBE FRS 46 "First-time adoption of PBE standards by entities previously applying NZ IFRSs Diff Rep" in preparing these financial statements.

The transition had no effect on the Company's financial statements for the reporting period ended 31 December 2015.

---

## OUR GENEROUS SPONSORS







# YOUR CHOICE.

## Self employed small business owner:

- You are your own boss
- Allows independence, control and freedom from routine
- Employ your own local workers
- Financial benefits - save faster for your house, invest in growing your business. Most of the owners at the boat ramp are small trades business owners!

## University options:

Use your experience to support study for a diploma or a degree in Engineering. Develop your electrical, business, and overall leadership knowledge and skills.

If you wish to work with future technology and current market trends this is a great place to start.

## Practising Registered Electrician - your choice of sectors:

- The Commercial sector: installing and maintaining the electrical devices in commercial buildings
- The Domestic sector: running wires through residential properties, installing breaker boxes and making sure everything is ready for the power company
- The Industrial sector: installing, maintaining and repairing electrical equipment on various types of equipment found at an industrial site or plant
- Home Automation: using one or more computers to control basic home functions and features automatically and sometimes remotely. Electricians design, supply and install this emerging technology

## Project Manager - what's involved:

- Consult with clients, building professionals, local councils and architects
- Estimate the number of workers, types of machinery and materials required
- Estimate prices and put in tenders for jobs
- Hire workers and apprentices and liaise with subcontractors
- Plan, establish and monitor health and safety systems


## Quantity Surveyor:

A construction industry professional with expert knowledge on construction costs and contracts

## Management and Industry Leadership:

Move into Management roles and become an important face in the Electrical Industry.

Be directly involved in its future operational capabilities.



**etco\*** was established by, and is owned  
by, the Electrical Contracting Industry  
to ensure a supply of competent and  
capable electricians – and we have  
been doing that for 25 years...

The Electrical Training Company Ltd  
[etco.co.nz](http://etco.co.nz) 0800 275 3826