

## **ECANZ 31/12/23 further analysis and answering of questions from AGM**

### **Overview of the financial information presented**

The financial statements for the year ended 31 December include for the first time a parent and group.

The group is ME Property Investments Limited and ECANZ.

The comparatives are only for 6 months so year to year analysis is difficult.

### **Additional information attached**

To assist with given some comparisons attached is a comparison of income and expenses for the year ended 31 December 2023 compared to the year ended 31 December 2022.

This information is directly from xero and is for the parent – ie ECANZ only.

### **My comments and thoughts:**

There has been a rise in costs year to year that has been offset by an increase in income being a combination of increased management fees and interest income offsetting the reduction in income from Skills/Etco. I note there was an increase in membership income and this was across all membership categories.

On the salaries side there was increase in salaries which is a combination of increased numbers and salaries increases to compensate for inflation. Director fees increased and committee fees were paid for the first time.

In regard to expenses I have tried to identify the major other costs that made up the balance of other expenses that the delegates wanted more detail on at the AGM.

There were a number of costs in the 2023 year such as the rebalancing of the branch rebate levy, costs of events that were cancelled and investments in brand marketing that contributed to the deficit.

As per my commentary in the proforma financial information supplied the challenge for ECANZ is find a model where it runs at a breakeven so it doesn't eat into its capital.

### **Answers to questions supplied prior to AGM and subsequent that weren't answered at the AGM and relate to finance or are being detailed further again for clarity**

#### **Note 16 – Operating leases**

The increase in dollars from 2022 was due to ECANZ moving across the road and renting premises from a third party. This note requires us to show the total liability.

#### **Board costs**

There is no requirement to show the directors fees separately in the statutory financial statements – however you will see that they are detailed in the attached financial analysis.

#### **ME Property Investments Limited**

This was setup to hold the commercial properties that came with the sale of ETCO.

The reason for doing this as per the board meeting was to separate out activities that were done for commercial purposes that may jeopardize the tax exempt nature of ECANZ.

There is an intercompany debt between ECANZ and ME property because the assets where part of the sale of ETCO and ETCO was owned by ECANZ.

Management services are being provided to ME property by ETCO and there will be an interest charge on the intercompany debt.

The company does not have constitution and there is no obligation for it to have one.

It cannot be set up as a look thru company as the shareholders are not natural persons.

We cannot also subvent losses or income between ECANZ and ME property as you cannot subvent losses with an incorporated society.

There is no security on the intercompany debt.

The directors who sit on the ME property board are paid directors fees (\$18.5k in 2023) and there tenure lines up with the time frames for ECANZ. The directors have a duty of care to the shareholders of the company and the only shareholder is ECANZ.

ICE

There was some discussion at the AGM on the value of the 30% shareholding in ICE that was part of the proceeds from the sale of ETCO.

The valuation of \$7.3m for 30% of ICE was established by a third party accountant – Paul Moodie from Findex at the time of the transaction.

This valuation was supplied to the auditors and they were happy to show that as the valuation of the investment as at 31 December 2023. We will re-visit this value annually.

Partner share is no different to a normal shareholding in a company – it was the terminology that the auditors wanted us to use for the purposes of the statutory financial statements.

## **Summary**

I hope I have answered the questions you have had that weren't answered at the AGM and supplied a bit more info to assist you with your reading of the statutory financial statements.

If you have any other questions prior to the meeting that is being setup to approve the financials then please let me know.

## Profit and Loss - Parent

The Electrical Contractors Association of New Zealand Incorporated  
For the 12 months ended 31 December 2023

	Jan-Dec 2023	Jan-Dec 2022	diff
<b>Revenue from Exchange Transactions</b>			
Industry Contribution - ETCO/skills	438,910	1,075,277	(636,367)
Management Fee - ECANZ Trust	100,000	108,333	(8,333)
Management Fee - MEPIL	355,194	-	355,194
Membership	1,328,119	1,024,174	303,945
Sales - courses etc	66,465	68,004	(1,539)
Sponsorship - Revenue	20,411	55,000	(34,589)
Event Income	2,955	29,460	(26,505)
Other Revenue	3,677	-	3,677
<b>Total revenue from Exchange Transactions</b>	<b>2,315,731</b>	<b>2,330,788</b>	<b>(15,057)</b>
<b>Interest Income</b>	<b>331,624</b>	<b>1,610</b>	<b>330,014</b>
<b>Total revenue</b>	<b>2,647,355</b>	<b>2,332,398</b>	<b>314,957</b>
<b>Salaries and employee costs</b>			
Salaries and wages	827,016	647,967	(179,049)
RM wages and costs	471,372	369,641	(101,732)
Directors Fees	117,333	60,917	(56,417)
Committee Fees	67,250	-	(67,250)
<b>Total Salaries and employee costs</b>	<b>1,482,972</b>	<b>1,078,524</b>	<b>(404,448)</b>
<b>Other overhead and admin expenses</b>			
Branch Rebate Levies	378,917	140,743	(238,174)
Event Costs	284,965	296,923	11,958
Accounting and audit	92,440	102,065	9,626
Elect Forum, ME Hub & Web	87,208	29,358	(57,851)
Insurance	25,768	2,292	(23,476)
IT & Subscription Costs	38,303	51,877	13,574
Legal Expenses	112,995	85,952	(27,043)
Brand Marketing	176,351	95,780	(80,571)
Motor Vehicle Expenses	59,016	31,046	(27,971)
N3 Business Trade Card	39,500	8,833	(30,667)
Property Costs	109,782	40,662	(69,120)
Travel & Accommodation - Domestic	65,169	63,805	(1,364)
Other Costs	521,979	431,921	(90,059)
<b>Total other overhead and admin expenses</b>	<b>1,992,393</b>	<b>1,381,255</b>	<b>(611,138)</b>

Excludes GST

Excludes interest income