



**ANNUAL CONSOLIDATED
FINANCIAL REPORT**

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

Engineers Australia

Directors' Report

The members of the Board of Engineers Australia present the annual financial report of The Institution of Engineers Australia ('Engineers Australia') and the consolidated entity for the financial year ended 30 June 2016.

Board Members

On 26 September 2015, the Engineers Australia Royal Charter was amended, the former Council has been renamed as the Board. Under the transitional provisions, members of the former Council continue to serve as directors on the Board until 31 December 2015.

The names and particulars of the members of the Board of Engineers Australia during or since the end of the financial year are:

Name	Titles of Membership IE Aust	Period of Office	Board Membership
J McIntosh	FIEAust CPEng EngExec	01-01-14 Ongoing	National President and Chair
G P Walters	FIEAust CPEng EngExec	01-01-12 Ongoing	Director
J C Olson	FIEAust CPEng EngExec	01-01-15 Ongoing	Director
S P Orton	FIEAust CPEng EngExec	01-01-13 Ongoing	Director
Hon P L White	FIEAust CPEng EngExec	01-01-16 Ongoing	Director
L K Bond	FIEAust	01-04-16 Ongoing	Director
D W Cruickshanks-Boyd	FIEAust CPEng EngExec	01-01-13 31-12-15	Past National President (2015)
A Baitch	HonFIEAust CPEng	25-11-09 31-12-15	Past National President (2014)
C Goh	FIEAust	01-01-15 31-12-15	Director
A L Meldrum	FIEAust CPEng	01-01-14 31-12-15	Director
M D Thompson	FIEAust	01-01-15 31-12-15	Director

Principal Activities

The principal activity of Engineers Australia during the financial year was to operate as the peak body of the engineering profession to advance the science and practice of engineering.

Operating Result

The net surplus of the consolidated entity for the year was \$81,000 (2015: net deficit \$3,969,000).

As a result of correction of errors in accounting treatment in prior year, the consolidated results for the 2015 Financial Year has been restated, the net deficit was increase by \$659,000 from \$3,202,000 to \$3,969,000.

Subsequent Events

There has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Changes in State of Affairs

On 8 February 2016, Engineers Australia exchanged contract to sell the property located at 122 Parry Street, Newcastle West NSW 2302. The sale price was agreed at \$1.5 million, and the settlement is to be due on 8 February 2017.

A fully owned subsidiary company EngInsure Pty Ltd was registered on 9 February 2016, the company was established to provide insurance products to the market. The business was launched on 24 August 2016.

On 23 June 2016, the directors and members of Australian Engineering Foundation Ltd (AEF) approved the deregistration of AEF. AEF will be in a position to discharge its liabilities and commence distribution and transferring its net assets.

Engineers Australia Pty Ltd (subsidiary) ceased operating on 31 August 2015. The publication of "create" magazine has been outsourced to an external party.

Other than above, there was no significant change in the state of affairs of the consolidated entity during the financial year.

Future Developments

Engineers Australia will continue to review the consolidated entity's activities to ensure that the objectives of Engineers Australia are maintained in the best interests of members.

Engineers Australia

Directors' Report

Meeting of Directors

Name	Meeting of committees																							
	Full meeting of directors		Audit and Risk		Board Nomination		Remuneration		Board Governance		International		Engineering Practice Advisory		Professional Standards Committee		Honours and Awards		Major Conference Oversight Committee		Accreditation			
	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
J McIntosh	10	10	5	5	5	5	4	4			3	3	1	1	1	1	6	6						
G P Walters	10	10	3	3					4	4			1	1										
J C Olson	10	10	3	3	5	5	1	1	4	4										3	3			
S P Orton	9	10					1	1												2	3	2	3	
Hon P L White	4	4	3	3	2	2					1	1												
L K Bond	2	2			2	2						1												
D W Cruickshanks-Boyd	6	6					3	3																
A Baitch	5	6					3	3																
C Goh	6	6									2	2												
A L Meldrum	6	6	3	3					3	3														
M D Thompson	6	6			5	5																		

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the committee during the year

* = Not a member of the relevant committee

Signed at Canberra this 1 December 2016, in accordance with a resolution of the Board.



John McIntosh

National President and Chair

Engineers Australia

Directors' Declaration

In our opinion:

- a) the accompanying financial statements for the year ended 30 June 2016:
- (i) are in accordance with the Australian Charities and Not for Profit Commission Act 2012, including compliance with accounting standards and
 - (ii) give a true and fair view of the financial position, performance and cash flows of Engineers Australia and the consolidated entity as of 30 June 2016; and
- b) at the date of this report, there are reasonable grounds to believe that Engineers Australia will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Directors and is signed for and on behalf of the Directors by:



John McIntosh

National President and Chairman

1 December 2016

Statement by Chief Executive Officer and Executive General Manager Corporate Services

The Chief Executive Officer and Executive General Manager Corporate Services state that in their opinion:

- the financial statements of Engineers Australia and its subsidiaries are supported by the financial records of Engineers Australia and its subsidiaries;
- the statements comply with the accounting standards and any requirements of the *Australian Charities and Not-for-Profit Commission Act 2012* and give a true and fair view of the financial position, performance and cash flows of the Engineers Australia and the consolidated entity as of 30 June 2016; and
- the integrity of the financial statements is founded on a sound system of risk management and internal control which is operating effectively.



Stephen Durkin Chief

Executive Officer

1 December 2016



Michael Allen

Executive General Manager Corporate Services

1 December 2016



Independent auditor's report to the members of The Institution of Engineers Australia

Report on the financial report

We have audited the accompanying financial report of The Institution of Engineers Australia, which comprises the balance sheets as at 30 June 2016, the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the **directors' declaration** for both The Institution of Engineers Australia and Engineers Australia (the consolidated entity). The consolidated entity comprises The Institution of Engineers Australia and the **entities it controlled at year's end or from time to time during the financial year.**

Directors' responsibility for the financial report

The directors of The Institution of Engineers Australia are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-Profit Commission Act 2012*, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures **in the financial report. The procedures selected depend on the auditor's judgement, including the** assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those **risk assessments, the auditor considers internal control relevant to the entity's** preparation and fair presentation of the financial report 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 made by the directors, as well as evaluating the overall presentation of the financial report.

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



Auditor's opinion

In our opinion, the financial report of The Institution of Engineers Australia is in accordance with the *Australian Charities and Not-for-Profit Commission Act 2012*, including:

- (a) giving a true and fair view of The Institution of Engineers Australia's and consolidated entity's financial position as at 30 June 2016 and of their performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards.

A stylized, cursive signature of PricewaterhouseCoopers in black ink.

PricewaterhouseCoopers

A stylized, cursive signature of David Murphy in black ink.

David Murphy
Partner

Canberra
1 December 2016



Auditor's Independence Declaration

As auditor for the audit of The Institution of Engineers Australia for the year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of The Institution of Engineers Australia and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'D. Murphy', is written over a light grey circular stamp.

David Murphy
Partner
PricewaterhouseCoopers

Canberra
1 December 2016

Engineers Australia

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2016

	Notes	Consolidated		Engineers Australia	
		2016	2015	2016	2015
		\$'000s	Restated \$'000s	\$'000s	\$'000s
Revenue and Other Income					
Revenue	4(a)	46,968	47,624	38,026	38,523
Other Income	4(b)	3,479	7,417	3,614	7,286
Total Revenue and Other Income		50,447	55,041	41,640	45,809
Expenses					
Employee Expenses		22,548	24,692	20,808	21,356
Consultancy Expenses		4,337	4,249	4,140	4,159
Administration, Publication and IT Expenses		7,959	8,584	7,261	6,931
Travel Expenses		1,806	1,981	1,806	1,954
Premises Expenses (Excl Depreciation)		3,275	2,077	3,229	1,808
Finance Costs		-	-	-	72
Allowance for Doubtful Debts	8	6	1	-	-
Depreciation and Amortisation	13(b),14(b)	2,205	2,188	2,114	1,965
Conference / Meeting Expenses		2,780	9,230	2,781	9,235
Course Delivery Expenses		5,269	4,427	-	-
Impairment of Assets	13(b),14(b),16	-	1,145	-	-
Loss on Disposal of Assets		109	-	113	-
Other Expenses		72	401	28	105
Total Expenses		50,366	58,975	42,280	47,585
Net surplus/(deficit) before income tax expense		81	(3,934)	(640)	(1,776)
Income tax expense		-	35	-	-
Net surplus/(deficit) from operations		81	(3,969)	(640)	(1,776)
Other Comprehensive Income					
Items that will not be reclassified subsequently to profit or loss:					
Gain/(Loss) on revaluation of properties		37	108	37	108
		37	108	37	108
Total Comprehensive income/(loss) for the year		118	(3,861)	(603)	(1,668)
Total Comprehensive income/(loss) attributable to members		118	(3,861)	(603)	(1,668)

Engineers Australia

Balance Sheet as at 30 June 2016

	Notes	2016 \$'000s	Consolidated 2015 Restated * \$'000s	1 July 2014 Restated * \$'000s	Engineers Australia 2016 \$'000s	2015 \$'000s
Current Assets						
Cash and Cash Equivalents	6	14,538	21,236	15,576	9,775	17,984
Other Financial Assets	7	8,000	-	2,000	8,000	-
Trade and Other Receivables	8	3,895	5,820	2,008	2,897	4,231
Inventories	9	7	17	62	-	-
Conference Work in Progress	15	174	-	1,279	174	-
Other Assets	10	1,423	1,388	1,134	1,296	1,159
		<u>28,037</u>	<u>28,461</u>	<u>22,059</u>	<u>22,142</u>	<u>23,374</u>
Assets Classified as Held for Sale	11	1,200	-	9,000	1,200	-
Total Current Assets		<u>29,237</u>	<u>28,461</u>	<u>31,059</u>	<u>23,342</u>	<u>23,374</u>
Non-Current Assets						
Other Financial Assets	7	50	-	-	700	650
Property, Plant and Equipment	13	23,280	23,883	24,038	23,197	23,758
Intangible Assets	14	11,422	9,721	8,585	11,210	9,709
Conference Work in Progress	15	-	58	56	-	58
Goodwill	16	320	320	572	-	-
Total Non-Current Assets		<u>35,072</u>	<u>33,982</u>	<u>33,251</u>	<u>35,107</u>	<u>34,175</u>
Total Assets		<u>64,309</u>	<u>62,443</u>	<u>64,310</u>	<u>58,449</u>	<u>57,549</u>
Current Liabilities						
Trade and Other Payables	17	4,730	5,902	5,375	3,825	4,665
Borrowings	18	-	-	-	1,565	2,115
Provisions	19	2,312	2,775	3,110	2,236	2,241
Other Liabilities	20	24,004	21,120	19,773	20,136	17,737
Total Current Liabilities		<u>31,046</u>	<u>29,797</u>	<u>28,258</u>	<u>27,762</u>	<u>26,758</u>
Non-Current Liabilities						
Provisions	19	741	716	261	741	716
Lease Liability		474	-	-	474	-
Total Non-Current Liabilities		<u>1,215</u>	<u>716</u>	<u>261</u>	<u>1,215</u>	<u>716</u>
Total Liabilities		<u>32,261</u>	<u>30,513</u>	<u>28,519</u>	<u>28,977</u>	<u>27,474</u>
Net Assets		<u>32,048</u>	<u>31,930</u>	<u>35,791</u>	<u>29,472</u>	<u>30,075</u>
Members' Funds						
Reserves		13,488	13,451	20,561	13,488	13,451
Retained Earnings	21	18,560	18,479	15,230	15,984	16,624
Total Members' Funds		<u>32,048</u>	<u>31,930</u>	<u>35,791</u>	<u>29,472</u>	<u>30,075</u>

*See note 3 for details regarding the restatement as a result of errors in accounting treatment.

Engineers Australia

Statement of Changes in Equity for the year ended 30 June 2016

	Notes	Retained Earnings \$'000s	Asset Revaluation Reserve \$'000s	Technical Initiatives Fund \$'000s	Total \$'000s
Consolidated					
Balance 1 July 2014		16,398	18,516	2,045	36,959
Correction of error	3	(1,168)	-	-	(1,168)
Restated balance as at 1 July 2014		<u>15,230</u>	<u>18,516</u>	<u>2,045</u>	<u>35,791</u>
Surplus/(Deficit) from operations		(3,969)	-	-	(3,969)
Other comprehensive income for the year					
Gain/(Loss) on revaluation of property		-	108	-	108
Total comprehensive income/(loss) for the year		<u>(3,969)</u>	<u>108</u>	<u>-</u>	<u>(3,861)</u>
Net transfer to/(from) retained earnings		7,218	(7,591)	373	-
Restated Balance 30 June 2015	3	<u>18,479</u>	<u>11,033</u>	<u>2,418</u>	<u>31,930</u>
Surplus/(Deficit) from operations		81	-	-	81
Other comprehensive income for the year					
Gain/(Loss) on revaluation of property		-	37	-	37
Total comprehensive income/(loss) for the year		<u>81</u>	<u>37</u>	<u>-</u>	<u>118</u>
Balance 30 June 2016		<u>18,560</u>	<u>11,070</u>	<u>2,418</u>	<u>32,048</u>
Engineers Australia					
Balance 1 July 2014		11,182	18,516	2,045	31,743
Surplus/(Deficit) from operations		(1,776)	-	-	(1,776)
Other comprehensive income for the year					
Gain/(Loss) on revaluation of property		-	108	-	108
Total comprehensive income/(loss) for the year		<u>(1,776)</u>	<u>108</u>	<u>-</u>	<u>(1,668)</u>
Net transfer to/(from) retained earnings		7,218	(7,591)	373	-
Balance 30 June 2015		<u>16,624</u>	<u>11,033</u>	<u>2,418</u>	<u>30,075</u>
Surplus/(Deficit) from operations		(640)	-	-	(640)
Other comprehensive income for the year					
Gain/(Loss) on revaluation of property		-	37	-	37
Total comprehensive income/(loss) for the year		<u>(640)</u>	<u>37</u>	<u>-</u>	<u>(603)</u>
Balance 30 June 2016		<u>15,984</u>	<u>11,070</u>	<u>2,418</u>	<u>29,472</u>

*See note 3 for details regarding the restatement as a result of errors in accounting treatment.

Engineers Australia

Statement of Cash Flows for the year ended 30 June 2016

	Notes	Consolidated 2016 \$'000s	2015 \$'000s	Engineers Australia 2016 \$'000s	2015 \$'000s
Cash Flows from Operating Activities					
Payments to Employees, Suppliers and Others		(53,874)	(56,305)	(43,145)	(45,458)
Receipts from Members, Customers and Others		59,475	50,742	47,606	39,758
Income Taxes Paid		(6)	(2)	-	-
Net Cash (Used in)/Generated by Operating Activities	26(a)	<u>5,595</u>	<u>(5,565)</u>	<u>4,461</u>	<u>(5,700)</u>
Cash Flows from Investing Activities					
Interest Received		332	318	260	249
Proceeds from Maturity of Short Term Investments		-	2,000	-	2,000
Loan to Technical Society		(50)	-	(50)	-
Purchase of Short Term Investments		(8,000)	-	(8,000)	-
Purchase of Property, Plant, Equipment		(1,272)	(596)	(1,234)	(557)
Proceeds from Disposal of Property, Plant and Equipment		12	12,865	8	12,865
Purchase of Intangible Assets		(3,315)	(3,362)	(3,104)	(3,342)
Net Cash (Used In)/Generated by Investing Activities		<u>(12,293)</u>	<u>11,225</u>	<u>(12,120)</u>	<u>11,215</u>
Cash Flows from Financing Activities					
Repayment of Borrowings		-	-	(550)	(299)
Net Cash (Used in)/Generated by Financing Activities		<u>-</u>	<u>-</u>	<u>(550)</u>	<u>(299)</u>
Net (Decrease)/Increase in Cash and Cash Equivalents		(6,698)	5,660	(8,209)	5,216
Cash and Cash Equivalents at Beginning of Financial Year		<u>21,236</u>	<u>15,576</u>	<u>17,984</u>	<u>12,768</u>
Cash and Cash Equivalents at End of Financial Year	6	<u>14,538</u>	<u>21,236</u>	<u>9,775</u>	<u>17,984</u>

Engineers Australia

Notes to the Consolidated Financial Statements for the year ended 30 June 2016

Note 1 Summary of Accounting Policies

Statement of Compliance

This financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards and Interpretations, Royal Charter and the 2011 By-Laws of Engineers Australia.

The financial report includes the separate financial statements of The Institution of Engineers Australia ('Engineers Australia') and the consolidated financial statements of the consolidated entity.

The consolidated entity incorporates Engineers Australia, the Australian Engineering Foundation Ltd, Engineers Australia Pty Limited, EngInsure Pty Ltd, Engineering Education Australia Pty Limited and its subsidiary (The Moreland Group Pty Ltd).

Engineers Australia is a body incorporated in Australia by Royal Charter.

For the purpose of these financial statements, the entity is a not for profit.

The financial statements were authorised for issue by the Board members on 1 December 2016.

Basis of Preparation

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied. All amounts are presented in Australian dollars.

Going Concern

The financial report has been prepared on the going concern basis, which assumes that the Parent and the Group will be able to realise its assets and discharge its liabilities in the normal course of business.

The following is a summary of the material accounting policies adopted by Engineers Australia in the preparation and presentation of the financial report. The accounting policies adopted are consistent with those of the previous financial year except the measurement of investments in subsidiaries (please see note 1 (f)).

Accounting Policies

a) Principles of Consolidation

The consolidated financial statements incorporate the financial statements of Engineers Australia and entities controlled by Engineers Australia. Control is achieved where Engineers Australia has the power to control the financial and operating policies of an entity so as to obtain benefits from its activities. A list of controlled entities is contained in Note 12 to the financial statements. All controlled entities have a 30 June financial year-end.

All inter-company balances, transactions, income and expenses are eliminated in full on consolidation.

b) Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and cost necessary to make the sale.

Note 1 Summary of Accounting Policies (continued)

c) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses (if any).

Property

Land and buildings are measured at fair value (fair value is determined on the basis of an independent valuation prepared by external valuation experts, based on discounted cash flows or capitalisation of net income, as appropriate). It is the policy of Engineers Australia to have an independent valuation every year. Any revaluation increase arising on the revaluation of land and buildings is credited to a revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in profit or loss, in which case the increase is credited to the statement of comprehensive income to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of land and buildings is charged as an expense in profit and loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to that asset. In the event that there are revaluation increases and revaluation decreases relating to individual assets within land and buildings these are offset against one another. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve, is transferred directly to retained earnings.

Plant and Equipment

Plant and equipment are measured at cost less depreciation and impairment losses (if any). Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation

The depreciable amounts of all fixed assets including buildings and capitalised leased assets, but excluding freehold land and works of art, are depreciated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements using the straight line method. Depreciation on revalued buildings is charged to profit or loss.

The following estimated useful lives are used in the calculation of depreciation:

<u>Class of Property, Plant and Equipment</u>	<u>Useful Life</u>
Buildings	50 years
Computer Hardware	3 -10 years
Plant, Furniture and Equipment	5 -10 years
Leasehold Improvements	5 -10 years
Lease Make Good	5 years

The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each reporting date, with the effect of any changes recognised on a prospective basis.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

d) Intangible Assets

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment of losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimated being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Computer Software

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised development expenditure is recognised in profit or loss in the period in which it is incurred.

Computer software assets have useful lives between 3 to 10 years.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

"CREATE" Design

"CREATE" design recognised by Engineers Australia has 5 year useful life and is amortised. Each period, the useful life of this asset is reviewed to determine whether events and circumstances continue to support 5 year useful life assessment for the asset. The asset is tested for impairment in accordance with the policy stated in note g.

Note 1 Summary of Accounting Policies (continued)

d) Intangible Assets (con't)

Trademarks

Trademarks recognised by Engineers Australia have an indefinite useful life and are not amortised. Each period, the useful life of this asset is reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy stated in note g.

e) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the entities within the consolidated entity are classified as finance leases. All other leases are classified as operating leases.

Finance leases are capitalised, recording an asset at fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. A corresponding liability is included in the statement of financial position.

Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the economic entity will obtain ownership of the asset or over the term of the lease.

Lease payments are allocated between the reduction of the lease liability and the finance charges for the period.

Operating lease payments, where substantially all the risks and benefits remain with the lessor, are recognised as an expense on a straight line basis over the lease term.

Make good on commercial leases that can be reliably estimated result in their net present value being capitalised and amortised over the unexpired period of the lease.

f) Financial Assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Subsequent to initial recognition, investments in subsidiaries are measured at cost in the entity's financial statements.

Other financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss", and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or where appropriate, a shorter period.

Loans and Receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the cost effective interest method less impairment.

Interest income is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

Note 1 Summary of Accounting Policies (continued)

f) Financial Assets (con't)

Other financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss", and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or where appropriate, a shorter period.

Loans and Receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the cost effective interest method less impairment.

Interest income is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

g) Impairment of Assets

At each reporting date, Engineers Australia reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and depreciated replacement cost, is compared to the asset's carrying value. Where it is not possible to estimate the recoverable amount of an individual asset, Engineers Australia estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income, unless the relevant asset is carried at fair value, in which case, the impairment cost is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior years. The reversal of an impairment loss is recognised in the statement of comprehensive income immediately, unless the relevant asset is carried at fair value, in which case, the reversal is treated as a revaluation increase.

h) Conference Work in Progress

Conference work in progress is measured at the lower of cost and net realisable value. Engineers Australia will be hosting a convention (Brisbane) in November 2016. The expenditure directly attributed to the convention is recorded as work in progress until the convention is held.

i) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business less accumulated impairment losses, if any.

Engineers Australia

Notes to the Consolidated Financial Statements for the year ended 30 June 2016

Note 1 Summary of Accounting Policies (continued)

j) Cash and Cash Equivalents

Cash and Cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within the short-term borrowings in current liabilities on the statement of financial position.

k) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the Statement of Cashflows on a net basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

l) Provisions

Provisions are recognised when Engineers Australia have a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and the outflow can be reliably measured. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

m) Revenue

Membership Subscriptions:

Revenue from membership subscriptions is recognised evenly throughout the financial year. Membership subscriptions paid prior to year end to cover the next financial year are held in unearned income (a current liability). Membership subscriptions paid during the financial year to cover past financial years are recognised as revenue when received.

Revenue from Course Provided:

Course fees and charges are recognised as revenue over the period in which the service is provided. Fees and charges received that relate to the service to be rendered in future periods are treated as unearned income.

Revenue from Publishing:

Revenue from publishing is recognised when the consolidated entity has transferred the risks and rewards of ownership of the goods and the amount of revenue can be measured reliably.

Assessment Fees:

Revenue from assessment services is recognised by reference to the stage of completion of the services members of the Group paid to receive. Revenue and costs are recognised by reference to the stage of completion of the service at the end of the reporting period, measured based on the proportion of service costs incurred for work performed to date relative to the estimated total service costs, except where this would not be representative of the stage of completion.

Events Income:

Events revenue and expenditure is recognised when the event has occurred.

Sponsorship Revenue:

Sponsorship revenue is recognised when the performance obligation is satisfied. The revenue recognition should be determined at contract inception whether it satisfies the performance obligation over time or satisfies the performance obligation at a point of time.

Rental Income:

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Interest Revenue:

Interest revenue is recognised on a time basis taking into account the effective interest rates applicable to the financial assets. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

n) Government Grants

Government grants are assistance by the government in the form of transfers of resources to the group in return for past or future compliance with certain conditions relating to the operating activities of the entity. Government grants include government assistance where there are no conditions specifically relating to the operating activities of the Group other than the requirement to operate in certain regions or industry sectors.

Government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised as income of the period in which it becomes receivable.

o) Income Tax

Engineers Australia and its subsidiaries are not-for-profit entities and are exempt from the payment of income tax under Section 50-5 of the Income Tax Assessment Act 1997.

Enginsure Pty Ltd, a wholly owned subsidiary of Engineers Australia, is a for profit entity and subject to income tax.

The Moreland Group Pty Ltd, a wholly owned subsidiary of Engineering Education Australia Pty Ltd, is a for profit entity and subject to income tax.

Engineers Australia

Notes to the Consolidated Financial Statements for the year ended 30 June 2016

Note 1 Summary of Accounting Policies (continued)

p) Foreign Currency Transactions and Balances

The financial statements are presented in Australian dollars which is Engineers Australia's functional and presentation currency.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction.

q) Employee Benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

r) Financial Liabilities: Borrowings

Borrowings are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated further cash payments through the expected life of the borrowing, or where appropriate, a shorter period.

s) Working Capital

As detailed in note 20, other liabilities include membership subscriptions paid in advance as at 30 June 2016. As of 1 July 2016, this liability will cease to exist and this will have a positive impact on the working capital position.

t) Borrowing Costs

Borrowing costs are recognised in the profit and loss in the period in which they are incurred.

u) Technical Initiative Funds

Technical Initiative Funds (TIF) represent surpluses from specific events or initiatives which are attributed to the efforts of groups within Engineers Australia. These funds are treated as reserves on the balance sheet awaiting future use. These funds can be used by these groups to undertake activities consistent with their purpose and are subject to utilisation within the ordinary budgetary processes of Engineers Australia.

v) Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision if the revision affects both current and future periods.

Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Revaluation of Land and Buildings

As described in Note 1(c), land and buildings are measured at fair value. Determining the fair value requires an estimation of the market value of the land and buildings. Management engages independent professional valuers to determine the market values. These valuations are undertaken on an annual basis and the carrying amount of land and buildings is adjusted to reflect these valuations. Details of the revaluation amounts are provided in Note 13.

Revaluation of Investments in Subsidiaries

As described in Note 1(f), investments in subsidiaries are measured at fair value.

Technical Societies

Control was determined under AASB 10. Control was based on whether Engineers Australia had the power and ability to influence variable returns from the Technical Societies. It was determined that Engineers Australia does not control the Technical Societies (unincorporated and incorporated). Therefore the financial results of the Technical Societies are not consolidated into the accounts of Engineers Australia.

Revenue for Technical Societies is received by Engineers Australia and distributed directly to the Technical Societies. Any undistributed Technical Society revenue at balance date is included as Sundry Creditors in the Balance Sheet.

The financial results of the Technical Societies are disclosed in the Technical Societies own audited financial statements.

Impairment of Goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

Note 2 Application of new and revised Accounting Standards

a) Amendments to AASB's and the new Interpretation that are mandatorily effective for the current year

In the current year, the Group has applied a number of amendments to AASB's and a new Interpretation issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 July 2015, and therefore relevant for the current year end.

AASB 2015-3 'Amendments to Australian Accounting Standards arising from the the Withdrawal of AASB 1031 Materiality'

This amendment completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn.

b) Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Nature of change	Impact	Effective for Annual Reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• AASB 9 'Financial Instruments', and the relevant amending standards	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.	The potential financial impacts of this standard, is still being assessed.	1 January 2018	30 June 2019
• AASB 15 'Revenue from Contracts with Customers', AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15', AASB 2015-8 'Amendments to Australian Accounting Standards – Effective date of AASB 15'	The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.	The potential financial impacts of this standard is still being assessed.	1 January 2018	30 June 2019
• AASB 16 'Leases'	AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.	The potential financial impacts of this standard is still being assessed.	1 January 2019	30 June 2020

Note 2 Application of new and revised Accounting Standards

b) Standards and Interpretations in issue not yet adopted (continued)

Standard/Interpretation	Nature of change	Impact	Effective for Annual Reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	The AASB has clarified that a revenue-based method should not be used to calculate the depreciation of property, plant and equipment. There is also now a rebuttable presumption that amortisation of intangible assets based on revenue is inappropriate except in limited circumstances.	The potential financial impacts of this standard is still being assessed.	1 January 2016	30 June 2017
• AASB 2014-9 'Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements'	In August 2014, the AASB made limited scope amendments to AASB 127 which introduce the equity method as a third option for measuring investments in subsidiaries, joint ventures and associates in entities' separate financial statements. Entities will be able to decide for each category of investment as to whether the investments are accounted for at cost, as a financial asset or using the equity method.	The potential financial impacts of this standard is still being assessed.	1 January 2016	30 June 2017
• AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	In January 2015 the AASB approved a number of amendments to Australian Accounting Standards as a result of the annual improvements project.	The potential financial impacts of this standard is still being assessed.	1 January 2016	30 June 2017
• AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	In January 2015, the AASB made various amendments to AASB 101 as part of the Disclosure Initiative which explores how financial statement disclosures can be improved. The amendments clarify guidance in AASB 101 on <ul style="list-style-type: none"> • materiality and aggregation, • presentation of subtotals, • structure of financial statements and • disclosure of accounting policies. 	The potential financial impacts of this standard is still being assessed.	1 January 2016	30 June 2017
• AASB 1057 'Application of Australian Accounting Standards'	AASB 1057 moves the application paragraphs from individual standards to this new, separate standard.	The potential financial impacts of this standard is still being assessed.	1 January 2016	30 June 2017
• AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107'	Following the amendments entities will need to explain changes in liabilities arising from financing activities, including changes as a result of cash flows and non-cash changes.	The potential financial impacts of this standard is still being assessed.	1 January 2017	30 June 2018

Note 3 Correction of errors in accounting treatment

During the preparation of the financial statements for the 2015-16 financial year, the following errors were identified in the application of accounting and tax policies within the controlled subsidiary - Engineering Education Pty Ltd (EEA) for the prior financial years.

i) Revenue and expenses – Professional Year Program

It was identified that revenue from the Professional Year Program had not been recognised in accordance with the company's accounting policy of recognising revenue over the period in which the tuition is provided, with amounts received that relate to tuition to be provided in a future period treated as an unearned revenue (liability). Instead, revenue had been recognised in prior years in full at the commencement date of the participant in the program.

In addition, the amounts payable to third party contractors engaged by EEA to deliver the Professional Year Program, were recognised as an expense at the time payments were made to the contactors, instead of over a straight line basis in which the participant completed the program.

Consequently, revenue and expenses had been overstated in the prior years, and accruals/unearned revenue amounts in relation to future periods have not been recognised on the balance sheet. The company has amended the accounting treatment to recognise the revenue and associated expenses over the anticipated period that the participant will complete the program.

ii) Goods and Services Tax (GST) – Professional Year Program

It was identified that the company has not correctly accounted for and remitted GST to the Australian Taxation Office (ATO) on revenue received from certain participants of the Professional Year Program. The company is currently preparing to lodge amended returns to the ATO for the four financial years. The amended returns will result in the company remitting additional GST to the ATO of \$306,000.

Consequently, revenue had been overstated in the prior years, and amounts payable to the Australian Tax Office understated.

Reference should also be made to Note 23 regarding a contingent liability in respect to GST treatment in relation to other monies collected from the Professional Year Program.

iii) Revenue Recognition -The Moreland Group Pty Ltd (a fully owned subsidiary of EEA)

It was identified that revenue from the multiple revenue streams had not been recognised in accordance with the company accounting policy of recognising revenue over the period in which the service is provided, with amounts received that relate to the services that relate to the services to be rendered in a future period treated as unearned revenue (liability). Instead, revenue had been recognised in prior years in full at the commencement date for the participant in the courses.

Consequently, revenue has been overstated in the prior years, and unearned revenue amounts in relation to future periods have not been recognised on the balance sheet. The company has amended the accounting treatment to recognise the revenue over the anticipated period that the participant will complete the program.

iv) Impairment of intangible asset

It was identified that an intangible asset, for capitalised software development, ceased being used during the financial year ending 30 June 2015. The carrying value of the asset was not impaired at the time the use of the asset ceased. Therefore, an additional impairment expense should have been recognised during the financial year ending 30 June 2015 for the amount of \$725,000.

v) Fringe Benefits Tax (FBT)

It was identified that the company had incorrectly applied its FBT status in prior financial years, resulting in the company not remitting sufficient FBT payments to the Australian Taxation Office.

The company is currently preparing to lodge amended FBT returns for 2015 and 2016. The estimated expenses have been recognised in the financial year in which the benefits were provided, impacting the expenses previously recognised for the 2014 and 2015 financial years.

Engineers Australia

Notes to the Consolidated Financial Statements for the year ended 30 June 2016

Note 3 Correction of errors in accounting treatment (continued)

The errors have been corrected by restating each of the affected financial statement line items for the prior periods as follows:

	Consolidated					
	30 June 2015 \$'000	Increase/ (Decrease) \$'000	30 June 2015 (Restated) \$'000	30 June 2014 \$'000	Increase/ (Decrease) \$'000	1 July 2014 (Restated) \$'000
Balance Sheet (Extract)						
Current Assets						
Trade and Other Receivable	5,913	(93)	5,820	2,008	-	2,008
Total Current Assets	28,554	(93)	28,461	31,059	-	31,059
Non-Current Assets						
Intangible Assets	10,446	(725)	9,721	8,585	-	8,585
Total Non-Current Assets	34,707	(725)	33,982	33,251	-	33,251
Total Assets	63,261	(818)	62,443	64,310	-	64,310
Current Liabilities						
Trade and Other Payables	8,264	(2,362)	5,902	6,099	(724)	5,375
Other Liabilities	17,749	3,371	21,120	17,881	1,892	19,773
Total Current Liabilities	28,788	1,009	29,797	27,090	1,168	28,258
Total Liabilities	29,504	1,009	30,513	27,351	1,168	28,519
Net Assets	33,757	(1,827)	31,930	36,959	(1,168)	35,791
Members' Funds						
Retained Earnings	20,306	(1,827)	18,479	16,398	(1,168)	15,230
Total Members' Funds	33,757	(1,827)	31,930	36,959	(1,168)	35,791

Engineers Australia

Notes to the Consolidated Financial Statements for the year ended 30 June 2016

Note 3 Correction of errors in accounting treatment (continued)

	Consolidated		
	June 2015 \$'000	Increase/ (Decrease) \$'000	June 2015 (Restated) \$'000
Statements of Profit or Loss and Other Comprehensive Income (Extract)			
Revenue and Other Income			
Revenue	48,387	(763)	47,624
Total Revenue and Other Income	55,804	(763)	55,041
Expenses			
Employee Expenses	24,626	66	24,692
Course Delivery Expenses	5,322	(895)	4,427
Impairment of Assets	420	725	1,145
Total Expenses	59,079	(104)	58,975
Net surplus/(deficit) before income tax expense	(3,275)	(659)	(3,934)
Net surplus/(deficit) from operations	(3,310)	(659)	(3,969)
Total Comprehensive Income/(loss) for the year	(3,202)	(659)	(3,861)
Total Comprehensive Income/(loss) attributable to members	(3,202)	(659)	(3,861)

Engineers Australia

Notes to the Consolidated Financial Statements for the year ended 30 June 2016

	Notes	Consolidated		Engineers Australia	
		2016 \$'000s	2015 \$'000s	2016 \$'000s	2015 \$'000s
Note 6 Cash and Cash Equivalents					
Cash at Bank and on Hand		9,261	19,023	6,775	17,984
Short Term Bank Deposits		<u>5,277</u>	<u>2,213</u>	<u>3,000</u>	<u>-</u>
Total Cash and Cash Equivalents		<u>14,538</u>	<u>21,236</u>	<u>9,775</u>	<u>17,984</u>
The effective interest rate on short-term bank deposits was 2.01% (2015: 1.61%).					
Note 7 Other Financial Assets					
Current					
Short Term Investments (i)		<u>8,000</u>	<u>-</u>	<u>8,000</u>	<u>-</u>
Non-Current					
Investments in Controlled Entities (ii)		-	-	650	650
Long Term Loan to Technical Society		<u>50</u>	<u>-</u>	<u>50</u>	<u>-</u>
		<u>8,050</u>	<u>-</u>	<u>8,700</u>	<u>650</u>
(i) Term deposits with banks with original maturities of more than three months.					
(ii) Refer to Note 12 for details of controlled entities.					
Note 8 Trade and Other Receivables					
Current					
External Trade and Other Debtors (i)		2,468	4,194	1,246	2,427
Less: Allowance for Doubtful Debts		<u>(55)</u>	<u>(53)</u>	<u>-</u>	<u>-</u>
		<u>2,413</u>	<u>4,141</u>	<u>1,246</u>	<u>2,427</u>
Goods and Services Tax Refundable		881	1,318	1,050	1,443
Accrued income		<u>601</u>	<u>361</u>	<u>601</u>	<u>361</u>
		<u>3,895</u>	<u>5,820</u>	<u>2,897</u>	<u>4,231</u>

Engineers Australia

Notes to the Consolidated Financial Statements for the year ended 30 June 2016

	Notes	Consolidated 2016 \$'000s	Consolidated 2015 \$'000s	Engineers Australia 2016 \$'000s	Engineers Australia 2015 \$'000s
Note 9 Inventories					
At cost:					
- publications and other finished goods		7	17	-	-
		<u>7</u>	<u>17</u>	<u>-</u>	<u>-</u>
		<u>7</u>	<u>17</u>	<u>-</u>	<u>-</u>
Note 10 Other Assets					
Prepayments		<u>1,369</u>	<u>1,219</u>	<u>1,268</u>	<u>1,010</u>
Comprising					
Insurance		14	208	-	183
Conferences and Events		321	340	245	244
Other		605	233	603	171
Software licensing		429	438	420	412
		<u>1,369</u>	<u>1,219</u>	<u>1,268</u>	<u>1,010</u>
Money Held in Trust:		28	149	28	149
Income Tax Refund		<u>26</u>	<u>20</u>	<u>-</u>	<u>-</u>
		<u>1,423</u>	<u>1,388</u>	<u>1,296</u>	<u>1,159</u>
Note 11 Assets Classified as Held for Sale					
Assets Classified as Held for Sale					
Land and Building Held for Sale		<u>1,200</u>	<u>-</u>	<u>1,200</u>	<u>-</u>
		<u>1,200</u>	<u>-</u>	<u>1,200</u>	<u>-</u>

Engineers Australia intends to dispose of the property located at 122 Parry Street Newcastle West NSW 2302. No impairment loss was recognised on reclassification of the land and building to held for sale as at 30 June 2016 due to the carrying amount is lower than the fair value less costs to sell (a sale contract was exchanged on 8 February 2016, the settlement is to be due on 8 February 2017).

Engineers Australia

Notes to the Consolidated Financial Statements for the year ended 30 June 2016

		Equity Holding		
		Notes	2016 %	2015 %
Note 12	Controlled Entities			
	Parent Entity			
	The Institution of Engineers Australia Incorporated in Australia as a result of the Royal Charter	12(a)		
	Controlled Entities			
	Subsidiaries:			
	Australian Engineering Foundation Ltd Incorporated in Australia	12(d)		
	Engineers Australia Pty Ltd Incorporated in Australia	12(b)	100	100
	Engineering Education Australia Pty Ltd Incorporated in Australia	12(c)	43	43
	The Moreland Group Pty Ltd Incorporated in Australia	12(e)	43	43
	Englinsure Pty Ltd Incorporated in Australia	12(f)	100	-
(a)	The Institution of Engineers Australia is a body incorporated under Royal Charter issued on 10 March 1938 and comprises a National Office and Divisions.			
(b)	Engineers Australia Pty Ltd is directly controlled by The Institution of Engineers Australia.			
(c)	Engineering Education Australia Pty Ltd ("EEA"), which is 43% owned by The Institution of Engineers Australia and 57% owned by the Australian Engineering Foundation Ltd ("AEF"). Engineers Australia exercises control over AEF, a company limited by guarantee, through the appointment of its Board members and accordingly exercises control over EEA.			
(d)	Australian Engineering Foundation Ltd is a company limited by guarantee. Engineers Australia exercises control over AEF through the appointment of its Board members.			
(e)	The Moreland Group Pty Ltd ("TMG") was acquired on 1 August 2012, which is 100% owned and directly controlled by Engineering Education Australia Pty Ltd ("EEA"). Engineers Australia exercises control over EEA and accordingly exercises control over TMG.			
(f)	Englinsure Pty Ltd is registered on 9 February 2016 and directly controlled by The Institution of Engineers Australia.			

Engineers Australia

Notes to the Consolidated Financial Statements for the year ended 30 June 2016

Notes	Land and Buildings at Fair Value \$'000s	Computer Hardware at Cost \$'000s	Plant, Furniture and Equipment at Cost \$'000s	Leasehold Improvement at Cost \$'000s	Lease Make Good at Cost \$'000s	Assets in Progress at Cost \$'000s	Total \$'000s
Note 13 Property, Plant and Equipment							
(a) Gross Carrying Amount							
Consolidated Entity							
Balance 1 July 2014	22,619	243	5,522	1,118	26	109	29,637
Additions	151	43	102	271	-	29	596
Transfer from WIP to Fix Assets Register	-	-	-	43	-	(43)	-
Disposals	-	-	(19)	-	-	-	(19)
Revaluation Increment/(Decrement)	(181)	-	-	-	-	-	(181)
Balance 30 June 2015	22,589	286	5,605	1,432	26	95	30,033
Additions	77	47	61	882	-	205	1,272
Transfer from WIP to Fix Assets Register	-	-	37	58	-	(95)	-
Disposals	-	(1)	(1,117)	(163)	(26)	-	(1,307)
Reclassified as Held for Sale (i)	(1,200)	-	-	-	-	-	(1,200)
Revaluation Increment/(Decrement)	(242)	-	-	-	-	-	(242)
Balance 30 June 2016	21,224	332	4,586	2,209	-	205	28,556
Parent Entity							
Balance 1 July 2014	22,619	62	5,163	955	-	109	28,908
Additions	151	4	102	271	-	29	557
Transfer from WIP to Fix Assets Register	-	-	-	43	-	(43)	-
Disposals	-	-	-	-	-	-	-
Revaluation Increment/(Decrement)	(181)	-	-	-	-	-	(181)
Balance 1 July 2015	22,589	66	5,265	1,269	-	95	29,284
Additions	77	9	61	882	-	205	1,234
Transfer from WIP to Fix Assets Register	-	-	37	58	-	(95)	-
Disposals	-	(1)	(779)	-	-	-	(780)
Reclassified as Held for Sale (i)	(1,200)	-	-	-	-	-	(1,200)
Revaluation Increment/(Decrement)	(242)	-	-	-	-	-	(242)
Balance 30 June 2016	21,224	74	4,584	2,209	-	205	28,296

Engineers Australia

Notes to the Consolidated Financial Statements for the year ended 30 June 2016

	Notes	Land and Buildings at Fair Value \$'000s	Computer Hardware at Cost \$'000s	Plant, Furniture and Equipment at Cost \$'000s	Leasehold Improvement at Cost \$'000s	Lease Make Good at Cost \$'000s	Assets in Progress at Cost \$'000s	Total \$'000s
Note 13 Property, Plant and Equipment (continued)								
(b) Accumulated depreciation, amortisation and impairment								
Consolidated Entity								
Balance 1 July 2014		-	(161)	(4,437)	(980)	(21)	-	(5,599)
Disposals		-	-	15	-	-	-	15
Revaluation Increment/(Decrement)		289	-	-	-	-	-	289
Impairment Losses Recognised in Profit or Loss		-	-	(50)	(8)	-	-	(58)
Depreciation Expense		(289)	(35)	(397)	(71)	(5)	-	(797)
Balance 30 June 2015		-	(196)	(4,869)	(1,059)	(26)	-	(6,150)
Disposals		-	1	1,053	163	26	-	1,243
Revaluation Increment/(Decrement)		279	-	-	-	-	-	279
Reclassified as Held for Sale (i)		17	-	-	-	-	-	17
Depreciation Expense		(296)	(45)	(171)	(153)	-	-	(665)
Balance 30 June 2016		-	(240)	(3,987)	(1,049)	-	-	(5,276)
Parent Entity								
Balance 1 July 2014		-	(62)	(4,187)	(848)	-	-	(5,097)
Disposals		-	-	-	-	-	-	-
Revaluation Increment/(Decrement)		289	-	-	-	-	-	289
Depreciation Expense		(289)	(1)	(371)	(57)	-	-	(718)
Balance 30 June 2015		-	(63)	(4,558)	(905)	-	-	(5,526)
Disposals		-	1	715	-	-	-	716
Reclassified as Held for Sale (i)		17	-	-	-	-	-	17
Revaluation Increment/(Decrement)		279	-	-	-	-	-	279
Depreciation Expense		(296)	(2)	(144)	(143)	-	-	(585)
Balance 30 June 2016		-	(64)	(3,987)	(1,048)	-	-	(5,099)
(c) Net Book Value								
Consolidated Entity								
At 30 June 2015		22,589	90	736	373	-	95	23,883
At 30 June 2016		21,224	92	599	1,160	-	205	23,280
Parent Entity								
At 30 June 2015		22,589	3	707	364	-	95	23,758
At 30 June 2016		21,224	10	597	1,161	-	205	23,197

Engineers Australia

Notes to the Consolidated Financial Statements for the year ended 30 June 2016

	Notes	Consolidated		Engineers Australia	
		2016 \$'000s	2015 \$'000s	2016 \$'000s	2015 \$'000s
Note 13 Property, Plant and Equipment (continued)					
(d) Asset Impairment					
On 30 June 2016, assets other than Land and Buildings were reviewed to ensure that their recoverable amount did not exceed the carrying value. On the basis of this review no assets were identified as impairment.					
(e) Aggregate depreciation					
Aggregate depreciation allocated, whether recognised as an expense or capitalised as part of the carrying amount of other assets during the year:					
Land and Buildings		296	289	296	289
Computers		45	35	2	1
Plant, Furniture and Equipment		171	397	144	371
Leasehold Improvements		153	71	143	57
Lease Make Good		-	5	-	-
		<u>665</u>	<u>797</u>	<u>585</u>	<u>718</u>

Engineers Australia

Notes to the Consolidated Financial Statements for the year ended 30 June 2016

Note 13 Property, Plant and Equipment (continued)

(f) Building Revaluation

In accordance with Engineers Australia policy and AASB 13, the land and buildings were revalued by independent professional valuers to determine the fair value of the land and buildings. Land and buildings are situated throughout Australia and each valuation is performed by a different valuer.

Fair Value of Land and Buildings by Location

This note provides information about how EA determines fair values of land and building, the following table gives information about how the fair values of these land and buildings are determined (in particular, the valuation technique(s) and inputs used).

Land and buildings by Location	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	30/06/16	30/06/15				
Canberra	8,600,000	8,600,000	Level 2	Direct comparison and capitalisation approach	N/A	N/A
Sydney	3,000,000	2,790,000	Level 2	Direct comparison and capitalisation approach	N/A	N/A
Newcastle (i)	-	1,200,000	Level 2	Direct comparison and capitalisation approach	N/A	N/A
Adelaide	1,600,000	1,600,000	Level 2	Direct comparison and capitalisation approach	N/A	N/A
Brisbane	3,175,000	3,150,000	Level 2	Direct comparison and capitalisation approach	N/A	N/A
Perth	4,850,000	5,249,000	Level 2	Direct comparison, summation and capitalisation approach	N/A	N/A

(i) \$1,200,000 of land and building located at 122 Parry Street, Newcastle West NSW was reclassified and transferred to assets classified as held for sale, please refer Note 11.

Engineers Australia

Notes to the Consolidated Financial Statements for the year ended 30 June 2016

Notes	Intangibles Computer Software at Cost \$'000s	"CREATE" Design at Cost \$'000s	Trademarks at Cost \$'000s	Intangible Assets WIP at Cost \$'000s	Total \$'000s
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Note 14 Intangible Assets (a) Gross Carrying Amount

Consolidated Entity

Balance 1 July 2014	10,505	-	-	1,685	12,190
Additions	20	174	55	3,113	3,362
Transfer from WIP	2,764	-	-	(2,764)	-
Disposals	(959)	-	-	-	(959)
Balance 30 June 2015	12,330	174	55	2,034	14,593
Additions	70	-	38	3,207	3,315
Transfer from WIP	3,053	-	-	(3,053)	-
Disposals	(1,746)	-	-	-	(1,746)
Balance 30 June 2016	13,707	174	93	2,188	16,162

Parent Entity

Balance 1 July 2014	9,429	-	-	1,685	11,114
Additions	-	174	55	3,113	3,342
Transfer from WIP	2,764	-	-	(2,764)	-
Disposals	-	-	-	-	-
Balance 30 June 2015	12,193	174	55	2,034	14,456
Additions	-	-	38	3,066	3,104
Transfer from WIP	3,053	-	-	(3,053)	-
Disposals	(1,746)	-	-	-	(1,746)
Balance 30 June 2016	13,500	174	93	2,047	15,814

Engineers Australia

Notes to the Consolidated Financial Statements for the year ended 30 June 2016

	Notes	Intangibles Computer Software at Cost \$'000s	"CREATE" Design at Cost \$'000s	Trademarks at Cost \$'000s	Intangible Assets WIP at Cost \$'000s	Total \$'000s
Note 14 Intangible Assets (continued)						
(b) Accumulated amortisation and impairment						
Consolidated Entity						
Balance 1 July 2014		(3,605)	-	-	-	(3,605)
Disposals		234	-	-	-	234
Impairment Loss		(110)	-	-	-	(110)
Amortisation Expense		(1,388)	(3)	-	-	(1,391)
Balance 30 June 2015		(4,869)	(3)	-	-	(4,872)
Disposals		1,672	-	-	-	1,672
Impairment Loss		-	-	-	-	-
Amortisation Expense		(1,505)	(35)	-	-	(1,540)
Balance 30 June 2016		(4,702)	(38)	-	-	(4,740)
Parent Entity						
Balance 1 July 2014		(3,500)	-	-	-	(3,500)
Disposals		-	-	-	-	-
Amortisation Expense		(1,244)	(3)	-	-	(1,247)
Balance 30 June 2015		(4,744)	(3)	-	-	(4,747)
Disposals		1,672	-	-	-	1,672
Impairment		-	-	-	-	-
Amortisation Expense		(1,494)	(35)	-	-	(1,529)
Balance 30 June 2016		(4,566)	(38)	-	-	(4,604)
(c) Net Book Value						
Consolidated Entity						
At 30 June 2015		7,461	171	55	2,034	9,721
At 30 June 2016		9,005	136	93	2,188	11,422
Parent Entity						
At 30 June 2015		7,449	171	55	2,034	9,709
At 30 June 2016		8,934	136	93	2,047	11,210

Engineers Australia

Notes to the Consolidated Financial Statements for the year ended 30 June 2016

	Notes	Consolidated		Engineers Australia	
		2016 \$'000s	2015 \$'000s	2016 \$'000s	2015 \$'000s
Note 15 Conference Work in Progress					
Current					
At cost:					
- Australian Engineering Conference 2016		<u>174</u>	<u>-</u>	<u>174</u>	<u>-</u>
Non-Current					
At cost:					
- Australian Engineering Conference 2016		<u>-</u>	<u>58</u>	<u>-</u>	<u>58</u>
		<u>-</u>	<u>58</u>	<u>-</u>	<u>58</u>
		<u>174</u>	<u>58</u>	<u>174</u>	<u>58</u>

Work in progress represents the expenditure directly attributed to Australian Engineering Conference 2016 (Brisbane).

Note 16 Goodwill

Cost		572	572	-	-
Accumulated impairment losses		<u>(252)</u>	<u>(252)</u>	<u>-</u>	<u>-</u>
		<u>320</u>	<u>320</u>	<u>-</u>	<u>-</u>
Cost					
Balance at beginning of the year		572	572	-	-
Amounts recognised from business purchase occurring during the year		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at end of year		<u>572</u>	<u>572</u>	<u>-</u>	<u>-</u>
Accumulated impairment losses					
Balance at beginning of the year		(252)	-	-	-
Impairment losses recognised in the year		<u>-</u>	<u>(252)</u>	<u>-</u>	<u>-</u>
Balance at end of year		<u>(252)</u>	<u>(252)</u>	<u>-</u>	<u>-</u>

Engineers Australia

Notes to the Consolidated Financial Statements for the year ended 30 June 2016

	Notes	Consolidated 2016 \$'000s	2015 Restated \$'000s	Engineers Australia 2016 \$'000s	2015 \$'000s
Note 17 Trade and Other Payables					
Current					
Trade Creditors and Accruals		3,438	4,049	3,305	4,037
Sundry Creditors		1,292	1,853	520	628
		<u>4,730</u>	<u>5,902</u>	<u>3,825</u>	<u>4,665</u>
Note 18 Borrowings					
Current					
Amounts Payable to Controlled Entities		-	-	1,565	2,115
		<u>-</u>	<u>-</u>	<u>1,565</u>	<u>2,115</u>
Note 19 Provisions					
Employee Provisions		3,025	3,340	2,949	2,929
Provision of Income Tax		-	32	-	-
Other Provisions (a)		28	119	28	28
		<u>3,053</u>	<u>3,491</u>	<u>2,977</u>	<u>2,957</u>
Current		2,312	2,775	2,236	2,241
Non-Current		741	716	741	716
		<u>3,053</u>	<u>3,491</u>	<u>2,977</u>	<u>2,957</u>
Number of Employees at Year End		<u>254</u>	<u>268</u>	<u>237</u>	<u>235</u>
(a) Other Provisions			Lease Make Good \$'000s	Other Provisions \$'000s	Total \$'000s
Consolidated Entity					
Balance as at 1 July 2015			52	67	119
Additional provisions raised during the year			-	-	-
Amounts Used			<u>(24)</u>	<u>(67)</u>	<u>(91)</u>
Balance as at 30 June 2016			<u>28</u>	<u>-</u>	<u>28</u>
Parent Entity					
Balance as at 1 July 2015			28	-	28
Additional provisions raised during the year			-	-	-
Amounts Used			<u>-</u>	<u>-</u>	<u>-</u>
Balance as at 30 June 2016			<u>28</u>	<u>-</u>	<u>28</u>

Engineers Australia

Notes to the Consolidated Financial Statements for the year ended 30 June 2016

Note 19 Provisions (continued)

- (a) The provision for employee benefits represents annual leave, long service leave and performance incentives. Performance incentives represents the present value of bonus payments due to staff under employment contracts. The bonus payments will be made in the next financial year.
- (b) The provision for Lease Make Good represents the present value of group's best estimate of the future sacrifice of economic benefits that will be required to remove leasehold improvements from leased property.

	Consolidated		Engineers Australia	
	2016	2015	2016	2015
	\$'000s	Restated \$'000s	\$'000s	\$'000s
Note 20 Other Current Liabilities				
Monies Held in Trust:				
- Funded Projects	374	372	374	372
- Other	53	55	41	43
Total Monies Held in Trust	427	427	415	415
Membership Subscriptions paid in advance	17,800	14,952	17,800	14,952
Other Unearned Revenue				
- Commonwealth Grant (Australian Rainfall and Runoff)	84	858	84	858
- Commonwealth Grant (STEM)	250	-	250	-
- Unearned Revenue from Courses	3,856	3,371	-	-
- Other Unearned Revenue	1,587	1,512	1,587	1,512
	24,004	21,120	20,136	17,737

Other unearned revenue consists of unprocessed assessment applications, sponsorship and entry fees for events which will take place in the 2016-17 financial year.

Note 21 Retained Earnings

Balance at beginning of financial year	18,479	15,230	16,624	11,182
Surplus/(Deficit) from operations	81	(3,969)	(640)	(1,776)
Aggregate of amounts transferred to reserves	-	(373)	-	(373)
Aggregate of amounts transferred from reserves	-	7,591	-	7,591
Balance at end of the financial year	18,560	18,479	15,984	16,624

Note 22 Leases

(a) Operating Lease Commitments

Leasing arrangements

Operating leases relate to leases of office and equipment with lease terms between 1 to 10 years. All operating leases do not contain an option to extend nor purchase the leased asset at the expiry date of the lease period.

Non-cancellable operating lease commitments

Payable:

Not later than 1 year	1,649	1,258	1,641	1,214
Later than 1 year but not later than 5 years	6,108	6,122	6,106	6,113
Later than 5 years	6,568	8,173	6,568	8,173
	14,325	15,553	14,315	15,500

Engineers Australia

Notes to the Consolidated Financial Statements for the year ended 30 June 2016

Notes	Consolidated		Engineers Australia	
	2016 \$'000s	2015 \$'000s	2016 \$'000s	2015 \$'000s
Note 22 Leases (continued)				
(b) Operating Lease Receivables				
<u>Leasing arrangements</u>				
Operating leases relate to properties owned by Engineers Australia with lease terms between 1 to 5 years. All operating leases do not contain an option to extend nor purchase the property at the expiry of the lease period.				
<u>Non-cancellable operating lease receivables</u>				
Receivable:				
Not later than 1 year	212	232	212	232
Later than 1 year but not later than 5 years	247	409	247	409
	<u>459</u>	<u>641</u>	<u>459</u>	<u>641</u>

Note 23 Contingent Liabilities

Estimates of material amounts of contingent liabilities not provided for in the financial report arising from:

Other (i)	23	23	-	-
Contract Performance Guarantee (ii)	952	952	952	952
GST Payable (iii)	900	-	-	-
	<u>1,875</u>	<u>975</u>	<u>952</u>	<u>952</u>

(i) Bank guarantee in favour of the lessor of the premises at Crows Nest. (A term deposit is held as security for the guarantee)

(ii) Contract performance guarantee in favour of the lessor of the premises at Bourke Place Melbourne VIC 3000. (First registered mortgage over non residential real property located at units 1-5 Engineering House 11 National Circuit Barton ACT 2600 is held as security for the guarantee)

(iii) Engineering Education Australia (subsidiary) is currently preparing a request for a Private Binding Ruling to the Australian Taxation Office (ATO) to obtain confirmation on the treatment of Goods and Services Tax (GST) for certain monies received by the company in relation to the Professional Year Program.

The company considers that there is a reasonably arguable position on the current application of the GST treatment and and expect to have the ruling finalised during the 2017 financial year.

If confirmation of the current treatment is not successful, the company may be required to remit unpaid GST to the ATO. Management's current estimate of an amount that would be required to be remitted if the request is not successful is approximately \$900,000.

Engineers Australia

Notes to the Consolidated Financial Statements for the year ended 30 June 2016

Notes	Consolidated		Engineers Australia	
	2016 \$'000s	2015 \$'000s	2016 \$'000s	2015 \$'000s

Note 24 Events after Balance Sheet Date

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Note 25 Key Management Personnel

On 26 September 2015, the Engineers Australia Royal Charter was amended, the former Council has been renamed as the Board. Under the transitional provisions, members of the former Council continue to serve as directors on the Board until 31 December 2015.

The names and particulars of the members of the Board of Engineers Australia during or since the end of the financial year are:

Non-executive directors Position

J McIntosh	National President and Chair	from 1 July 2015
G P Walters	Director	from 1 July 2015
J C Olson	Director	from 1 July 2015
S P Orton	Director	from 1 July 2015
Hon P L White	Director	from 1 Jan 2016
L K Bond	Director	from 1 Apr 2016
D W Cruickshanks-Boyd	Past National President (2015)	from 1 July 2015 until 31 Dec 2015
A Baitch	Past National President (2014)	from 1 July 2015 until 31 Dec 2015
C Goh	Director	from 1 July 2015 until 31 Dec 2015
A L Meldrum	Director	from 1 July 2015 until 31 Dec 2015
M D Thompson	Director	from 1 July 2015 until 31 Dec 2015

Executive officers

S Durkin	Chief Executive Officer
M B Allen	Executive General Manager - Corporate Services
B Jackson	Executive General Manager - Public Affairs and Marketing
B Leaver	Executive General Manager - Commercial Services
R Watts	Executive General Manager - Professional Standards and Practice
C Argent	General Manager - Strategy, Governance and Implementation
G Ewing	General Manager - Northern Division (until 1 October 2015)
G Ewing	General Manager - Sydney Division (from 2 October 2015)
M Monaghan	General Manager - Northern Division (from 7 December 2015)
S Finlay	General Manager - Sydney Division (from 7 August 2015)
V Gardiner	General Manager - Tasmania Division
G C Graham	General Manager - Victoria Division
S Kreemer Pickford	General Manager - Western Australia Division
R Leverenz	General Manager - South Australia Division
H Link	General Manager - Newcastle Division
I McEwan	General Manager - Queensland Division
V Strika	General Manager - Canberra Division (until 19 February 2016)

Engineers Australia

Notes to the Consolidated Financial Statements for the year ended 30 June 2016

Notes	Consolidated		Engineers Australia	
	2016 \$'000s	2015 \$'000s	2016 \$'000s	2015 \$'000s

Note 25 Key Management Personnel (continued)

Key Management Personnel Compensation

The aggregated compensation of the key management personnel of Engineers Australia and the consolidated entity is set out below:

Non-executive directors				
Short-term Benefits	102	-	102	-
Other Long-term Benefits	-	-	-	-
Termination Benefits	-	-	-	-
	<u>102</u>		<u>102</u>	
Executive officers				
Short-term Employee Benefits	3,308	2,989	2,966	2,624
Post Employment Benefits	280	293	251	260
Termination Benefits	61	315	60	315
	<u>3,649</u>	<u>3,597</u>	<u>3,277</u>	<u>3,199</u>

Other Transactions of Directors of Board and Directors of Board Related Entities

From time to time transactions are entered into with Directors of Board, their firms or associated entities. Such transactions are within normal customer employee relationships on terms and conditions no more favourable than those available to other members, customers or employees.

Directors of the Board of Engineers Australia and its subsidiary companies are reimbursed for their out-of-pocket travel and related expenses.

During the year, a sponsorship and awards of \$2,250 (2015: \$1,133) was paid to the University of Southern Queensland, which is a related party of the the Director C Goh.

Engineers Australia

Notes to the Consolidated Financial Statements for the year ended 30 June 2016

	Notes	Consolidated		Engineers Australia	
		2016 \$'000s	2015 \$'000s	2016 \$'000s	2015 \$'000s
Note 26 Cash Flow Information					
(a) Reconciliation of Cash Flow from Operating Activities					
Surplus / (Deficit) for the year		81	(3,969)	(640)	(1,776)
Depreciation and Amortisation	13(b), 14(b)	2,205	2,188	2,114	1,965
Impairment of Assets		-	1,145	-	-
Interest received		(332)	(318)	(260)	(249)
(Gains)/Loss on sale of property, plant and equipment		109	(3,865)	113	(3,865)
Finance costs paid		-	-	-	72
Changes in operating assets and liabilities:					
Increase/(Decrease) in payables		(1,172)	353	(840)	585
Increase/(Decrease) in provisions for employee benefits		(315)	(38)	20	(28)
Increase/(Decrease) in other provisions		(91)	123	-	-
Increase/(Decrease) in provision of income tax		(32)	35	-	-
(Increase)/Decrease in inventories		10	45	-	-
(Increase)/Decrease in conference work in progress		(116)	1,277	(116)	1,277
(Increase)/Decrease in receivables		1,925	(3,812)	1,334	(3,241)
(Decrease)/Increase in other current liabilities		2,884	1,525	2,399	(123)
(Decrease)/Increase in lease liability		474	-	474	-
(Increase)/Decrease in prepayments		(29)	(254)	(137)	(317)
(Increase)/decrease in income tax refund		(6)	-	-	-
Net cash provided by operating activities		<u>5,595</u>	<u>(5,565)</u>	<u>4,461</u>	<u>(5,700)</u>
(b) Credit stand-by Arrangements with Banks					
Bank overdraft facility		600	600	600	600
Direct debit facilities		<u>460</u>	<u>350</u>	<u>460</u>	<u>350</u>
Amount utilised		-	-	-	-
Unused facilities		<u>1,060</u>	<u>950</u>	<u>1,060</u>	<u>950</u>

The facilities may be drawn upon at any time.
Interest rates are variable. The facilities are secured by a mortgage over Engineers Australia property.

Note 27 Incorporation

The registered office and principal place of business of Engineers Australia is:

Engineers Australia - National Office
Engineering House
11 National Circuit
Barton, ACT, 2600

Engineers Australia

Notes to the Consolidated Financial Statements for the year ended 30 June 2016

Note 28 Financial Instruments

Engineers Australia and the consolidated entity's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, loans to and from subsidiaries.

Due to the small size of the group significant risk management decisions are taken by the Board. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The group does not use derivative financial instruments to hedge these risk exposures.

Risk Exposures and Responses

(a) Interest Rate Risk

Engineers Australia and the consolidated entity's exposure to market interest rates relates primarily to the group's cash holdings and short term deposits.

At balance date, Engineers Australia and the consolidated entity had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk that are not designated in cash flow hedges:

Consolidated		Engineers Australia	
2016	2015	2016	2015
\$'000s	\$'000s	\$'000s	\$'000s

Financial Assets

Cash and cash equivalents	4,149	15,835	3,880	15,569
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Engineers Australia and the consolidated entity constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing and the mix of fixed and variable interest rates.

(b) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to Engineers Australia or the consolidated entity. The consolidated entity has adopted a policy of only dealing with creditworthy counterparties which are continuously monitored.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international agencies.

Engineers Australia

Notes to the Consolidated Financial Statements for the year ended 30 June 2016

Note 29 Financial Instruments (continued)

(c) Liquidity risk management

Engineers Australia and the consolidated entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

Ultimate responsibility for liquidity risk management rests with Board, who has built an appropriate risk management framework for the management of the consolidated group's short, medium and long term funding and liquidity requirements. The consolidated group manages liquidity by maintaining adequate cash reserves by continuously monitoring forecast and actual cash flows and managing maturity profiles of financial assets.

Liquidity and interest risk tables

The following table details Engineers Australia and the consolidated entity's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where Engineers Australia or the consolidated entity anticipates that the cash flow will occur in a different period.

	Carrying amount \$'000s	Contractual cash flows \$'000s	6 months or less \$'000s	6-12 months \$'000s	1-5 years \$'000s
Consolidated Entity					
2016					
<i>Non derivative financial assets:</i>					
Cash and cash equivalents	14,538	14,538	14,538	-	-
Other Financial Assets	8,050	8,050	8,000	-	50
Trade and other receivables	3,895	3,895	3,895	-	-
	26,483	26,483	26,433	-	50
<i>Non derivative financial liabilities:</i>					
Trade and other payables	4,730	4,730	4,730	-	-
	4,730	4,730	4,730	-	-
2015					
<i>Non derivative financial assets:</i>					
Cash and cash equivalents	21,236	21,236	21,236	-	-
Trade and other receivables	5,820	5,820	5,820	-	-
	27,056	27,056	27,056	-	-
<i>Non derivative financial liabilities:</i>					
Trade and other payables	5,902	5,902	5,902	-	-
	5,902	5,902	5,902	-	-
Engineers Australia					
2016					
<i>Non derivative financial assets:</i>					
Cash and cash equivalents	9,775	9,775	9,775	-	-
Other Financial Assets	8,050	8,050	8,000	-	50
Trade and other receivables	2,897	2,897	2,897	-	-
	20,722	20,722	20,672	-	50
<i>Non derivative financial liabilities:</i>					
Borrowings	1,565	1,565	-	1,565	-
Trade and other payables	3,825	3,825	3,825	-	-
	5,390	5,390	3,825	1,565	-
2015					
<i>Non derivative financial assets:</i>					
Cash and cash equivalents	17,984	17,984	17,984	-	-
Trade and other receivables	4,231	4,231	4,231	-	-
	22,215	22,215	22,215	-	-
<i>Non derivative financial liabilities:</i>					
Borrowings	2,115	2,115	-	-	2,115
Trade and other payables	4,665	4,665	4,665	-	-
	6,780	6,780	4,665	-	2,115

Engineers Australia

Notes to the Consolidated Financial Statements for the year ended 30 June 2016

Note 29 Financial Instruments (continued)

(d) Price risk

Engineers Australia and the consolidated entity's exposure to commodity price risk is minimal.

Engineers Australia and the consolidated entity does not make investments in equity securities other than in its subsidiaries.

(e) Foreign currency risk

Engineers Australia and the consolidated entity's exposure to foreign currency risk is minimal as it undertakes limited transactions a year that are denominated in foreign currencies.