



**ANNUAL CONSOLIDATED
FINANCIAL REPORT**

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

Engineers Australia
National Office, Divisions and Subsidiary Companies

National Council Report

The members of the Council 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 2013.

Council Members

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

Name	IE Aust Qualification	Period of Office		Office Held
M Kanga	FIEAust CPEng	26-11-07	Ongoing	National President
A Baitch	HonFIEAust CPEng	25-11-09	Ongoing	National Deputy President
D Cruickshanks-Boyd	FIEAust EngExec	01-01-13	Ongoing	National Councillor
C Cher	GradIEAust	01-01-13	Ongoing	National Councillor
M E McManus	FIEAust	01-01-12	Ongoing	National Councillor
S Orton	FIEAust CPEng EngExec	01-01-13	Ongoing	National Councillor
B Tonkin	FIEAust CPEng	01-01-13	Ongoing	National Councillor
G P Walters	FIEAust CPEng	01-01-12	Ongoing	National Councillor, NVP (Finance)
D A Hood	FIEAust CPEng	24-11-10	Ongoing	Immediate Past National President
M C Lindsay	FIEAust CPEng	01-12-05	31-12-12	Past National President
D J Gillott	FIEAust CPEng	24-11-10	31-12-12	National Councillor
B D Howard	FIEAust CPEng	13-11-02	31-12-12	National Councillor
B J Strout	FIEAust CPEng	23-11-07	31-12-12	National Councillor

Principal Activities

The principal activity of Engineers Australia during the financial year was to operate as a professional association to advance the science and practice of engineering.

Operating Result

The net deficit of the consolidated entity for the year was \$1,561,000 (2012: net surplus \$867,000).

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

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.

Signed at Canberra this 15 October 2013, in accordance with a resolution of Council.



National President



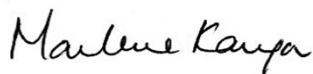
National Councillor, NVP (Finance)

Councillors' Declaration

The councillors declare that:

- a) In the councillors' opinion, there are reasonable grounds to believe that Engineers Australia will be able to pay its debts as and when they become due and payable; and
- b) In the councillors' opinion, the attached financial statements, as set out on pages 5 to 30, are drawn up so as to give a true and fair view of the financial position and performance for the year ended 30 June 2013, and the state of affairs of Engineers Australia and the consolidated entity as at that date.

Signed at Canberra this 15 October 2013, in accordance with a resolution of the Council of Engineers Australia.



National President



National Councillor, NVP (Finance)

Independent Auditor's Report to the members of The Institution of Engineers Australia

We have audited the accompanying financial report of The Institution of Engineers Australia which comprises the statement of financial position as at 30 June 2013, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the councillors' declaration of the consolidated entity comprising The Institution of Engineers Australia and the entities it controlled at the year's end or from time to time during the financial year set out on page 2 and pages 5 to 30.

Members of the Council's Responsibility for the Financial Report

The members of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Royal Charter and By-Laws of Engineers Australia, and for such internal control as the councillors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

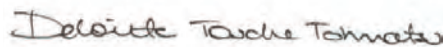
Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain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

Opinion

In our opinion, the financial report of The Institution of Engineers Australia presents fairly, in all material respects, the company's and consolidated entity's financial position as at 30 June 2013 and their financial performance for the year then ended in accordance with Australian Accounting Standards and the Royal Charter and By-Laws of Engineers Australia.



DELOITTE TOUCHE TOHMATSU



Alexandra Spark
Partner
Chartered Accountants
Canberra, 17 October 2013

Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2013

	Notes	Consolidated 2013 \$'000s	Consolidated 2012 \$'000s	Engineers Australia 2013 \$'000s	Engineers Australia 2012 \$'000s
Income					
Revenue	3(a)	45,962	44,972	35,230	35,004
Other Income	3(b)	3,565	3,497	3,495	3,354
Total Income		49,527	48,469	38,725	38,358
Expenses					
Employee Expenses		21,215	17,881	18,259	15,585
Consultancy Expenses		3,500	3,083	3,413	3,087
Administration, Publication and IT Expenses		8,630	8,114	7,385	6,940
Travel Expenses		2,141	2,167	2,107	2,129
Premises Expenses (Excl Depreciation)		2,119	2,017	1,878	1,799
Finance Costs	4(a)	-	-	101	128
Provision of Doubtful Debts	8	9	33	-	-
Depreciation and Amortisation	12(b, e)	1,715	1,259	1,632	1,184
Conference / Meeting Expenses		11,312	12,589	5,823	7,018
Other Expenses		444	459	74	150
Total Expenses		51,085	47,602	40,672	38,020
Net surplus (deficit) before income tax expense		(1,558)	867	(1,947)	338
Income tax expense		3	-	-	-
Net surplus (deficit) from operations		(1,561)	867	(1,947)	338
Other Comprehensive Income					
Items that will not be reclassified subsequently to profit or loss:					
Gain on revaluation of properties		293	1,948	293	1,948
(Loss) on revaluation of shares in controlled entities		-	-	(154)	-
		293	1,948	139	1,948
Total Comprehensive income for the year		(1,268)	2,815	(1,808)	2,286
Total Comprehensive income attributable to members		(1,268)	2,815	(1,808)	2,286

Consolidated Statement of Financial Position
as at 30 June 2013

	Notes	Consolidated 2013 \$'000s	2012 \$'000s	Engineers Australia 2013 \$'000s	2012 \$'000s
Current Assets					
Cash and Cash Equivalents	6	12,919	19,479	9,428	16,375
Other Financial Assets	7	4,000	2,000	4,000	2,000
Trade and Other Receivables	8	2,243	2,088	849	914
Inventories	9	78	73	-	-
Other Assets	10	1,507	1,704	1,185	1,397
Total Current Assets		20,747	25,344	15,462	20,686
Non-Current Assets					
Other Financial Assets	7	-	-	650	804
Property, Plant, Equipment and Intangible Assets	12(b)	38,425	37,128	38,229	36,934
Conference Work in Progress	13	319	-	319	-
Goodwill	14	572	-	-	-
Total Non-Current Assets		39,316	37,128	39,198	37,738
Total Assets		60,063	62,472	54,660	58,424
Current Liabilities					
Trade and Other Payables	15	6,613	6,050	3,459	3,764
Borrowings	16	-	-	2,381	2,354
Provisions	17	3,040	2,763	2,660	2,371
Other Liabilities	18	15,036	16,978	15,010	16,965
Total Current Liabilities		24,689	25,791	23,510	25,454
Non-Current Liabilities					
Provisions	17	376	381	323	335
Total Non-Current Liabilities		376	381	323	335
Total Liabilities		25,065	26,172	23,833	25,789
Net Assets		34,998	36,300	30,827	32,635
Members' Funds					
Reserves		21,273	20,823	21,273	20,977
Retained Earnings	19	13,725	15,477	9,554	11,658
		34,998	36,300	30,827	32,635
Equity attributable to members		34,998	36,300	30,827	32,635
Total Members' Funds		34,998	36,300	30,827	32,635

Engineers Australia
National Office, Divisions and Subsidiary Companies
Consolidated Statement of Changes in Equity
for the year ended 30 June 2013

	Notes	Retained Earnings \$'000s	Asset Revaluation Reserve \$'000s	Technical Initiatives Fund \$'000s	Attributable to owners	Total \$'000s
Consolidated						
Balance 1 July 2011		14,942	17,008	1,535	33,485	33,485
Profit attributable to members		867	-	-	867	867
Other comprehensive income for the year						
Gain on revaluation of property		-	1,948	-	1,948	1,948
Total comprehensive income for the year		867	1,948	-	2,815	2,815
Net transfer to retained earnings		(332)	-	332	-	-
Balance 30 June 2012		15,477	18,956	1,867	36,300	36,300
(Deficit) attributable to members		(1,561)	-	-	(1,561)	(1,561)
Difference arising on acquisition of The Moreland Group P/L		(34)	-	-	(34)	(34)
Other comprehensive income for the year						
Gain on revaluation of property		-	293	-	293	293
Total comprehensive income for the year		(1,595)	293	-	(1,302)	(1,302)
Net transfer from retained earnings		(157)	-	157	-	-
Balance 30 June 2013		13,725	19,249	2,024	34,998	34,998
Engineers Australia						
Balance 1 July 2011		11,652	17,162	1,535	30,349	30,349
Profit attributable to members of parent entity		338	-	-	338	338
Other comprehensive income						
Gain on revaluation of property		-	1,948	-	1,948	1,948
Total comprehensive income		338	1,948	-	2,286	2,286
Net transfer to retained earnings		(332)	-	332	-	-
Balance 30 June 2012		11,658	19,110	1,867	32,635	32,635
(Deficit) attributable to members of parent entity		(1,947)	-	-	(1,947)	(1,947)
Other comprehensive income						
(Loss) on revaluation of shares in controlled entities at the cost		-	(154)	-	(154)	(154)
Gain on revaluation of property		-	293	-	293	293
Total comprehensive income		(1,947)	139	-	(1,808)	(1,808)
Net transfer from retained earnings		(157)	-	157	-	-
Balance 30 June 2013		9,554	19,249	2,024	30,827	30,827

Consolidated Statement of Cash Flows
for the year ended 30 June 2013

	Notes	Consolidated 2013 \$'000s	Consolidated 2012 \$'000s	Engineers Australia 2013 \$'000s	Engineers Australia 2012 \$'000s
Cash Flows from Operating Activities					
Payments to Employees, Suppliers and Others		(46,278)	(42,612)	(36,790)	(33,463)
Receipts from Members, Customers and Others		44,551	42,181	34,195	32,580
Income Taxes Paid		(47)	-	-	-
Net Cash (Used in)/Generated by Operating Activities	25(a)	<u>(1,774)</u>	<u>(431)</u>	<u>(2,595)</u>	<u>(883)</u>
Cash Flows from Investing Activities					
Interest Received		542	857	450	705
Purchase of Investments		(2,000)	-	(2,000)	-
Proceeds from Maturity of Investments		-	8,000	-	8,000
Net Cash Outflow on Acquisition of Subsidiary		(606)	-	-	-
Purchase of Property, Plant, Equipment & Intangible Assets		(2,722)	(4,218)	(2,637)	(4,188)
Net Cash (Used In)/Generated by Investing Activities		<u>(4,786)</u>	<u>4,639</u>	<u>(4,187)</u>	<u>4,517</u>
Cash Flows from Financing Activities					
Repayment of Borrowings		-	-	(165)	(150)
Net Cash (Used in)/Generated by Financing Activities		<u>-</u>	<u>-</u>	<u>(165)</u>	<u>(150)</u>
Net (Decrease)/Increase in Cash and Cash Equivalents		(6,560)	4,208	(6,947)	3,484
Cash and Cash Equivalents at Beginning of Financial Year		<u>19,479</u>	<u>15,271</u>	<u>16,375</u>	<u>12,891</u>
Cash and Cash Equivalents at End of Financial Year	6	<u>12,919</u>	<u>19,479</u>	<u>9,428</u>	<u>16,375</u>

Notes to the Financial Statements
for the year ended 30 June 2013

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 and 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 Council members on 15 October 2013.

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.

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 have been consistently applied, unless otherwise stated.

Accounting Policies

a) Principles of Consolidation

The consolidated financial statements incorporate the financial statements of Engineers Australia and entities (including special purpose 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 11 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.

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 and Software	3 -10 years
Plant, Furniture and Equipment	5 -10 years
Leasehold Improvements	5 -10 years
Lease Make Good	5 years

Notes to the Financial Statements
for the year ended 30 June 2013

Note 1 Summary of Accounting Policies (continued)

c) Property, Plant and Equipment (con't)
Depreciation (con't)

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.

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.

d) 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 leases 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.

e) 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.

f) Impairment of Assets

At each reporting date, Engineers Australia reviews the carrying values of its tangible 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.

Notes to the Financial Statements
for the year ended 30 June 2013

Note 1 Summary of Accounting Policies (continued)

f) Impairment of Assets (con't)

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.

g) 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 national convention in November 2014. The expenditure directly attributed to the convention is recorded as work in progress until the convention is held.

h) 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.

i) 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.

j) 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 Tax 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.

k) 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.

l) Revenue

Membership Revenue:

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 income when received.

Sale of goods:

Revenue from the sale of goods 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.

Rendering of services:

Revenue from rendering of 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.

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 prepaid/accrued income.

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.

Conference Revenue:

Conference revenue and expenditure is recognised when the conference has occurred.

m) 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.

Notes to the Financial Statements
for the year ended 30 June 2013

Note 1 Summary of Accounting Policies (continued)

m) Government Grants (con't)

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.

n) 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.

The Moreland Group Pty Ltd, a wholly owned subsidiary of Engineering Education Australia Pty Ltd, is a for profit entity and is liable to pay income tax under Section 50-5 of the Income Tax Assessment Act 1997.

o) 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.

p) 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 probably 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.

q) 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.

r) Working Capital

As detailed in note 18, other liabilities include membership subscriptions paid in advance as at 30 June 2013. As of 1 July 2013, this liability will cease to exist and this will have a significant positive impact on the working capital position.

s) Borrowing Costs

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

t) 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.

u) 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 reasonable under the circumstances, the results of which form the basis of making the judgments. 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 12.

Technical Societies

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.

Notes to the Financial Statements
for the year ended 30 June 2013

Note 2 Application of new and revised Accounting Standards

a) Standards and Interpretations affecting amounts reported in the current (and/or prior periods)

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported in these financial statements. Details of other Standards and Interpretations adopted in these financial statements but that have had no effect on the amounts reported are set out in Note 2b.

Standards affecting presentation and disclosure

Amendments to AASB 101 'Presentation of Financial Statements'

The amendment (part of AASB 2011-9 'Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income' introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to AASB 101, the statement of comprehensive income is renamed as a statement of profit and loss and other comprehensive income and the income statement is renamed as a statement of profit and loss. The amendments to AASB 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to AASB 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to AASB 101 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

The amendments (part of AASB 2012-5 'Further Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle') requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position), when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The related notes to the third statement of financial position are not required to be disclosed.

b) Standards and Interpretations affecting the reported results or financial position.

There are no new and revised Standards and Interpretations adopted in these financial statements affecting the reporting results or financial position.

Notes to the Financial Statements
for the year ended 30 June 2013

c) 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	Effective for Annual Reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• AASB 9 'Financial Instruments' (December 2009), AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9' and AASB 2012-6 'Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 8 and Transition Disclosure'	1 January 2015	30 June 2016
• AASB 9 'Financial Instruments' (December 2009), AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)' and AASB 2012-6 'Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 8 and Transition Disclosure'	1 January 2015	30 June 2016
• AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
• AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
• AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
• AASB 13 'Fair Value Measurement' and related AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	1 January 2013	30 June 2014
• AASB 119 'Employee Benefits (2011)' and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'	1 January 2013	30 June 2014
• AASB 127 'Separate Financial Statements (2011)' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
• AASB 128 'Investments in Associates and Joint Ventures (2011)' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
• AASB 2011-11 'Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements'	1 January 2013	30 June 2014
• AASB 1053 'Application of Tiers of Australian Accounting Standards' and AASB 2010-2 'Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements'	1 July 2013	30 June 2014
• AASB 2010-10 'Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters'	1 January 2013	30 June 2014
• AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1 July 2013	30 June 2014

Notes to the Financial Statements
for the year ended 30 June 2013

Standard/Interpretation	Effective for Annual Reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• AASB 2011-6 'Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements'	1 July 2013	30 June 2014
• AASB 2012-1 'Amendments to Australian Accounting Standards - Fair Value Measurement - Reduced Disclosure Requirements'	1 July 2013	30 June 2014
• AASB 2012-2 'Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities'	1 January 2013	30 June 2014
• AASB 2012-3 'Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
• AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle'	1 January 2013	30 June 2014
• AASB 2012-7 'Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements'	1 July 2013	30 June 2014
• AASB 2012-9 'Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039'	1 January 2013	30 June 2014
• AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments' [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 & 2011-7 and Interpretation 12]	1 January 2013	30 June 2014
• AASB 2012-11 'Amendments to Australian Accounting Standards – Reduced Disclosure Requirements and Other Amendments' [AASB 1, AASB 2, AASB 8, AASB 10, AASB 107, AASB 128, AASB 133, AASB 134 & AASB 2011-4]	1 July 2013	30 June 2014
• AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'	1 January 2014	30 June 2015
• AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'	1 January 2014	30 June 2015

Notes to the Financial Statements
for the year ended 30 June 2013

	Notes	Consolidated		Engineers Australia	
		2013 \$'000s	2012 \$'000s	2013 \$'000s	2012 \$'000s
Note 6 Cash and Cash Equivalents					
Cash at Bank and on Hand		4,540	4,502	3,628	3,475
Short Term Bank Deposits		8,379	14,977	5,800	12,900
		<u>12,919</u>	<u>19,479</u>	<u>9,428</u>	<u>16,375</u>
Total Cash Assets		<u>12,919</u>	<u>19,479</u>	<u>9,428</u>	<u>16,375</u>
The effective interest rate on short-term bank deposits was 3.51% (2012: 4.31%). These deposits have an average maturity of 90 days.					
Reconciliation of Cash					
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the Statement of Financial Position as follows:					
Cash and Cash Equivalents		<u>12,919</u>	<u>19,479</u>	<u>9,428</u>	<u>16,375</u>
		<u>12,919</u>	<u>19,479</u>	<u>9,428</u>	<u>16,375</u>
Note 7 Other Financial Assets					
Investments carried at cost:					
Current					
Short Term Investments (i)		<u>4,000</u>	<u>2,000</u>	<u>4,000</u>	<u>2,000</u>
Non-Current					
Shares in Controlled Entities (ii)		<u>-</u>	<u>-</u>	<u>650</u>	<u>804</u>
		<u>4,000</u>	<u>2,000</u>	<u>4,650</u>	<u>2,804</u>
(i) Term deposits with banks with original maturities of more than three months.					
(ii) Refer to Note 11 for details of controlled entities.					
Note 8 Trade and Other Receivables					
Current					
External Trade and Other Debtors (i)		2,070	1,952	634	745
Less: Allowance for Doubtful Debts		<u>(42)</u>	<u>(33)</u>	<u>-</u>	<u>-</u>
		<u>2,028</u>	<u>1,919</u>	<u>634</u>	<u>745</u>
Accrued income		<u>215</u>	<u>169</u>	<u>215</u>	<u>169</u>
		<u>2,243</u>	<u>2,088</u>	<u>849</u>	<u>914</u>
(i) The average credit period is 30 days. No interest is charged on trade receivables. An allowance has been made for irrecoverable trade receivable amounts, determined by past experience. The movement in the allowance of \$9,497 (2012: \$32,610) was recognised in the profit and loss for the current financial year.					
<u>Ageing of receivable that are past due but not impaired</u>					
30-60 days		115	122	23	27
60-90 days		167	383	53	7
90 days +		<u>596</u>	<u>108</u>	<u>1</u>	<u>5</u>
		<u>878</u>	<u>613</u>	<u>77</u>	<u>39</u>
<u>Movement in the allowance for doubtful debts</u>					
Balance at the beginning of the year		(33)	(1)	-	-
Impairment losses recognised as receivables		-	-	-	-
Amounts raised during the year		(9)	(33)	-	-
Amounts written off as uncollectable		-	1	-	-
Balance at the end of the year		<u>(42)</u>	<u>(33)</u>	<u>-</u>	<u>-</u>
<u>Ageing of impaired trade receivables</u>					
90 days +		42	33	-	-
120 days +		-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Engineers Australia
National Office, Divisions and Subsidiary Companies

Notes to the Financial Statements
for the year ended 30 June 2013

	Notes	Consolidated		Engineers Australia	
		2013 \$'000s	2012 \$'000s	2013 \$'000s	2012 \$'000s
Note 9 Inventories					
Current					
At cost:					
- publications and other finished goods		78	73	-	-
		<u>78</u>	<u>73</u>	<u>-</u>	<u>-</u>
Note 10 Other Assets					
Prepayments		<u>1,463</u>	<u>1,704</u>	<u>1,185</u>	<u>1,397</u>
Comprising					
Insurance		122	120	100	113
Conferences and Events		832	1,044	832	1,044
Other		278	334	61	90
Software licensing		<u>231</u>	<u>206</u>	<u>192</u>	<u>150</u>
		1,463	1,704	1,185	1,397
Income Tax Refund		44			
		<u>1,507</u>	<u>1,704</u>	<u>1,185</u>	<u>1,397</u>

Engineers Australia
National Office, Divisions and Subsidiary Companies

Notes to the Financial Statements
for the year ended 30 June 2013

		Equity Holding		
		Notes	2013 %	2012 %
Note 11	Controlled Entities			
	Parent Entity			
	The Institution of Engineers Australia Incorporated in Australia as a result of the Royal Charter	11(a)		
	Controlled Entities			
	Subsidiaries:			
	Australian Engineering Foundation Ltd Incorporated in Australia	11(d)		
	Engineers Australia Pty Ltd Incorporated in Australia	11(b)	100	100
	Engineering Education Australia Pty Ltd Incorporated in Australia	11(c)	43	43
	The Moreland Group Pty Ltd	11(e)	43	-
(a)	The Institution of Engineers Australia is a body incorporated under Royal Charter and comprises a National Office and Divisions.			
(b)	Engineers Australia Pty Ltd is directly controlled by the 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'). The Institution of Engineers Australia exercises control over EEA and accordingly excercises control over TMG.			

Notes to the Financial Statements
for the year ended 30 June 2013

	Notes	Land and Buildings at Fair Value \$'000s	Computer Hardware at Cost \$'000s	Intangibles Computer Software at Cost \$'000s	Plant, Furniture and Equipment at Cost \$'000s	Leasehold Improvement at Cost \$'000s	Lease Make Good at Cost \$'000s	Intangible Assets WIP at Cost \$'000s	Assets in Progress at Cost \$'000s	Total \$'000s
Note 12 Property, Plant and Equipment										
(a) Gross Carrying Amount										
Consolidated Entity										
Balance 1 July 2011		29,149	287	2,571	5,205	1,062	54	749	14	39,091
Additions		95	9	-	166	-	-	3,777	171	4,218
Transfer from WIP to Fix Assets Register		-	-	1,657	14	-	-	(1,657)	(14)	-
Disposals		-	(7)	-	(14)	-	-	-	-	(21)
Revaluation Increment/(Decrement)		1,575	-	-	-	-	-	-	-	1,575
Balance 30 June 2012		30,819	289	4,228	5,371	1,062	54	2,869	171	44,863
Additions		369	13	-	312	20	-	1,945	63	2,722
Transfer from WIP to Fix Assets Register		-	-	3,742	90	-	-	(3,742)	(90)	-
Disposals		-	(150)	(697)	(267)	-	-	-	(3)	(1,117)
Revaluation Increment/(Decrement)		(104)	-	-	-	-	-	-	-	(104)
Balance 30 June 2013		31,084	152	7,273	5,506	1,082	54	1,072	141	46,364
Parent Entity										
Balance 1 July 2011		29,149	212	2,502	4,836	918	28	749	14	38,408
Additions		95	-	-	145	-	-	3,777	171	4,188
Transfer from WIP to Fix Assets Register		-	-	1,657	14	-	-	(1,657)	(14)	-
Disposals		-	-	-	-	-	-	-	-	-
Revaluation Increment/(Decrement)		1,575	-	-	-	-	-	-	-	1,575
Balance 30 June 2012		30,819	212	4,159	4,995	918	28	2,869	171	44,171
Additions		369	-	-	260	-	-	1,945	63	2,637
Transfer from WIP to Fix Assets Register		-	-	3,742	90	-	-	(3,742)	(90)	-
Disposals		-	(150)	(697)	(253)	-	-	-	(3)	(1,103)
Revaluation Increment/(Decrement)		(104)	-	-	-	-	-	-	-	(104)
Balance 30 June 2013		31,084	62	7,204	5,092	918	28	1,072	141	45,601

Notes to the Financial Statements
for the year ended 30 June 2013

	Notes	Land and Buildings at Fair Value \$'000s	Computer Hardware at Cost \$'000s	Intangibles Computer Software at Cost \$'000s	Plant, Furn and Equipment at Cost \$'000s	Leasehold Improvement at Cost \$'000s	Lease Make Good at Cost \$'000s	Intangible Assets WIP at Cost \$'000s	Assets in Progress at Cost \$'000s	Total \$'000s
Note 12 Property, Plant and Equipment (continued)										
(b) Accumulated depreciation, amortisation and impairment										
Consolidated Entity										
Balance 1 July 2011		-	(238)	(2,302)	(3,288)	(999)	(42)	-	-	(6,869)
Disposals		-	7	-	13	-	-	-	-	20
Revaluation Increment/(Decrement)		373	-	-	-	-	-	-	-	373
Depreciation Expense		(373)	(24)	(342)	(502)	(15)	(3)	-	-	(1,259)
Balance 30 June 2012		-	(255)	(2,644)	(3,777)	(1,014)	(45)	-	-	(7,735)
Disposals		-	150	697	267	-	-	-	-	1,114
Revaluation Increment/(Decrement)		397	-	-	-	-	-	-	-	397
Depreciation Expense		(397)	(23)	(756)	(518)	(18)	(3)	-	-	(1,715)
Balance 30 June 2013		-	(128)	(2,703)	(4,028)	(1,032)	(48)	-	-	(7,939)
Parent Entity										
Balance 1 July 2011		-	(179)	(2,244)	(3,067)	(908)	(28)	-	-	(6,426)
Revaluation Increment/(Decrement)		373	-	-	-	-	-	-	-	373
Depreciation Expense		(373)	(15)	(319)	(472)	(5)	-	-	-	(1,184)
Balance 30 June 2012		-	(194)	(2,563)	(3,539)	(913)	(28)	-	-	(7,237)
Disposals		-	150	697	253	-	-	-	-	1,100
Revaluation Increment/(Decrement)		397	-	-	-	-	-	-	-	397
Depreciation Expense		(397)	(11)	(736)	(483)	(5)	-	-	-	(1,632)
Balance 30 June 2013		-	(55)	(2,602)	(3,769)	(918)	(28)	-	-	(7,372)
Consolidated Entity										
Net Book Value										
At 30 June 2012		30,819	34	1,584	1,594	48	9	2,869	171	37,128
At 30 June 2013		31,084	24	4,570	1,478	50	6	1,072	141	38,425
Parent Entity										
Net Book Value										
At 30 June 2012		30,819	18	1,596	1,456	5	-	2,869	171	36,934
At 30 June 2013		31,084	7	4,602	1,323	-	-	1,072	141	38,229

Notes to the Financial Statements
for the year ended 30 June 2013

	Notes	Consolidated		Engineers Australia	
		2013 \$'000s	2012 \$'000s	2013 \$'000s	2012 \$'000s
Note 12 Property, Plant and Equipment (continued)					
(c) Building Revaluation					
In accordance with Engineers Australia policy, 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. The valuation was determined on the basis of market value for existing use on 30 June 2013.					
Land and Buildings at Valuation by Location					
National Office Canberra		8,550	8,449	8,550	8,449
Sydney		2,464	2,570	2,464	2,570
Melbourne		8,700	8,500	8,700	8,500
Newcastle		1,000	950	1,000	950
Adelaide		1,570	1,550	1,570	1,550
Brisbane		2,950	3,000	2,950	3,000
Perth		5,850	5,800	5,850	5,800
		31,084	30,819	31,084	30,819
(d) Asset Impairment					
On 30 June 2013, 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 revalued due to 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		397	373	397	373
Computers		779	366	747	334
Plant, Furniture and Equipment		518	502	483	472
Leasehold Improvements		18	15	5	5
Lease Make Good		3	3	-	-
		1,715	1,259	1,632	1,184

Engineers Australia
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Notes to the Financial Statements
for the year ended 30 June 2013

	Notes	Consolidated		Engineers Australia	
		2013 \$'000s	2012 \$'000s	2013 \$'000s	2012 \$'000s
Note 13 Conference Work in Progress					
Non-Current					
At cost:					
- 2014 National Convention		319	-	319	-
		<u>319</u>	<u>-</u>	<u>319</u>	<u>-</u>
		<u>319</u>	<u>-</u>	<u>319</u>	<u>-</u>
<p>2014 National Convention is the first inaugural national convention for Engineers Australia. The convention will be held in Melbourne in November 2014. Work in progress represents the expenditure directly attributed to the convention.</p>					
Note 14 Goodwill					
Cost		572	-	-	-
Accumulated impairment losses		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>572</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cost					
Balance at beginning of the year		-	-	-	-
Amounts recognised from business purchase occurring during the year - The Moreland Group P/L		<u>572</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at end of year		<u>572</u>	<u>-</u>	<u>-</u>	<u>-</u>
Accumulated impairment losses					
Balance at beginning of the year		-	-	-	-
Impairment losses recognised in the year		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at end of year		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements
for the year ended 30 June 2013

	Notes	Consolidated		Engineers Australia	
		2013 \$'000s	2012 \$'000s	2013 \$'000s	2012 \$'000s
Note 15 Trade and Other Payables					
Current					
Trade Creditors and Accruals (i)		4,255	3,616	2,027	2,229
Sundry Creditors (i)		1,590	1,597	682	760
Goods and Services Tax Payable		768	837	750	775
		<u>6,613</u>	<u>6,050</u>	<u>3,459</u>	<u>3,764</u>
(i) The average credit period is 30 days. No interest is paid on trade creditors. There are payable procedures in place to ensure that all payables are paid within credit timeframes. Procedures include weekly payments of all debts received.					
Note 16 Borrowings					
Unsecured at Amortised Cost					
Current					
Amounts Payable to Wholly Owned Entities Unsecured		-	-	2,381	2,354
		<u>-</u>	<u>-</u>	<u>2,381</u>	<u>2,354</u>
Note 17 Provisions					
Employee provisions		3,349	3,060	2,955	2,678
Other Provisions (a)		67	84	28	28
		<u>3,416</u>	<u>3,144</u>	<u>2,983</u>	<u>2,706</u>
Current		3,040	2,763	2,660	2,371
Non-Current		376	381	323	335
		<u>3,416</u>	<u>3,144</u>	<u>2,983</u>	<u>2,706</u>
Number of Employees at Year End		<u>266</u>	<u>236</u>	<u>231</u>	<u>212</u>
Other Provisions (a)			Lease Make Good \$'000s	Other Provisions \$'000s	Total \$'000s
Consolidated Entity					
Balance as at 1 July 2012			65	19	84
Additional provisions raised during the year			2	-	2
Amounts Used			-	(19)	(19)
Balance as at 30 June 2013			<u>67</u>	<u>-</u>	<u>67</u>
Parent Entity					
Balance as at 1 July 2012			28	-	28
Additional provisions raised during the year			-	-	-
Amounts Used			-	-	-
Balance as at 30 June 2013			<u>28</u>	<u>-</u>	<u>28</u>

Notes to the Financial Statements
for the year ended 30 June 2013

Note 17 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 Council's best estimate of the future sacrifice of economic benefits that will be required to remove leasehold improvements from leased property.

Note 18 Other Current Liabilities

Monies Held in Trust:

	Consolidated		Engineers Australia	
	2013	2012	2013	2012
	\$'000s	\$'000s	\$'000s	\$'000s
- Funded Projects	649	646	635	644
- Other	64	55	52	44
Total Monies Held in Trust	713	701	687	688
Membership Subscriptions paid in advance	11,621	13,571	11,621	13,571
Other Unearned Revenue				
- Commonwealth Grant (Australian Rainfall & Runoff)	388	825	388	825
- Other Unearned Revenue	2,314	1,881	2,314	1,881
	15,036	16,978	15,010	16,965

Other unearned revenue consists of unprocessed assessment applications, sponsorship and entry fees for events which will take place in the 2013-14 financial year.

Note 19 Retained Earnings

Balance at beginning of financial year	15,477	14,942	11,658	11,652
Surplus/(Deficit) attributable to members of parent entity	(1,561)	867	(1,947)	338
Difference arising on acquisition of The Moreland Group P/L	(34)	-	-	-
Aggregate of amounts transferred to reserves	(157)	(332)	(157)	(332)
Aggregate of amounts transferred from reserves	-	-	-	-
Balance at end of the financial year	13,725	15,477	9,554	11,658

Note 20 Leases

(a) Operating Lease Commitments

Leasing arrangements

Operating leases relate to leases of office equipment and software with lease terms between 3 to 5 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	532	517	344	329
Later than 1 year but not later than 5 years	662	937	311	424
Later than 5 years	-	-	-	-
	1,194	1,454	655	753

Notes to the Financial Statements
for the year ended 30 June 2013

Notes	Consolidated		Engineers Australia	
	2013 \$'000s	2012 \$'000s	2013 \$'000s	2012 \$'000s
Note 20 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	465	538	465	538
Later than 1 year but not later than 5 years	128	121	128	121
	<u>593</u>	<u>659</u>	<u>593</u>	<u>659</u>

Note 21 Contingent Liabilities and Contingent Assets

(a) Contingent Liabilities

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

Other (i)	<u>27</u>	<u>27</u>	<u>-</u>	<u>-</u>
	27	27	-	-

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

(b) Contingent Assets

In September 2012 Engineers Australia applied for exemption from payroll tax in all states and territories in Australia. This exemption application did not include Engineers Australia's subsidiaries.

Engineers Australia was advised the exemption application for Victoria and Western Australia was successful and Engineers Australia is now exempt from paying payroll tax in these jurisdictions.

It is unknown if Engineers Australia is eligible for a refund of payroll tax in all jurisdictions and therefore the amount cannot be quantified.

At the date of signing this report, Engineers Australia has not been advised of the outcome from other jurisdictions.

Note 22 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 affected, or may 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 23 Key Management Personnel Compensation

Key Management Personnel

Directors and the following are key management personnel of Engineers Australia. Unless otherwise noted they have held that position for the full year.

S Durkin	Chief Executive
R Grayston	Deputy Chief Executive
B Leaver	Executive General Manager (Commenced 23 July 2012)
J Anderson	Director Engineering Practice
D Robinson	Director Education and Assessment (Finished 27 September 2013)
J A Penrose	Director Communications and Marketing (Finished 1 July 2013)
B Jackson	Director International and National Policy
M B Allen	Director Corporate Services
S Finlay	Director Sydney Division
H Link	Director Newcastle Division
I McEwan	Director Queensland Division
B Russell	Director Northern Division (Finished 4 September 2013)
L Hardwicke	Director Western Australia Division
C Argent	Director South Australia Division
G F Harper	Director Tasmania Division (Finished 9 November 2012)
V Gardiner	Director Tasmania Division (Commenced 8 April 2013)
G C Graham	Director Victoria Division
V Strika	Director Canberra Division

Notes to the Financial Statements
for the year ended 30 June 2013

Notes	Consolidated		Engineers Australia	
	2013 \$'000s	2012 \$'000s	2013 \$'000s	2012 \$'000s
Short-term Employee Benefits	3,565	2,975	3,020	2,571
Post Employment Benefits	298	284	278	249
Other Long-term Benefits	-	-	-	-
Termination Benefits	-	-	-	-
	<u>3,863</u>	<u>3,259</u>	<u>3,298</u>	<u>2,820</u>

Note 23 Key Management Personnel Compensation (continued)

Key Management Personnel Compensation

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

Other Transactions of Members of Council and Members of Council Related Entities

From time to time transactions are entered into with members of Council, 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.

Loans

Loans are made to and from controlled entities under normal commercial terms and conditions. Balances outstanding at 30 June are disclosed in notes 8, 13 and 14.

Note 24 Related Parties

The names of the members of Council in office during the reporting period:

M Kanga
A Baitch
D Cruickshanks-Boyd
C Cher
M E McManus
S Orton
B Tonkin
G P Walters
D A Hood
M C Lindsay
D J Gillott
B D Howard
B J Strout

Remuneration and Retirement Benefits

Members of Council of Engineers Australia and directors of subsidiary companies provided their services in a voluntary capacity. They receive no remuneration or retirement benefits. They are reimbursed for their out-of-pocket travel and related expenses.

During the reporting period the parent entity paid professional indemnity and directors and officer liability insurance in respect of its members of Council, company directors, officers and others, to offset the risk which may arise from claims made under By-Law 54 of the 2011 By-Laws. This insurance is not separately identifiable from the other insurances.

There are no loans made, guaranteed or secured to members of Council of Engineers Australia, or its company directors at the reporting date.

Notes to the Financial Statements
for the year ended 30 June 2013

	Notes	Consolidated		Engineers Australia	
		2013 \$'000s	2012 \$'000s	2013 \$'000s	2012 \$'000s
Note 25 Cash Flow Information					
(a) Reconciliation of Cash Flow from Operating Activities					
Surplus / (Deficit) for the year		(1,561)	867	(1,947)	338
Depreciation	12(b)	1,715	1,259	1,632	1,184
Interest received		(542)	(857)	(450)	(705)
Loss on sale of equipment		3	1	3	-
Finance costs paid		-	-	101	128
Changes in operating assets and liabilities:					
In(De)crease in payables		563	210	(305)	(144)
Increase in provisions for employee benefits		277	334	277	296
(De)crease in other provisions		(5)	(28)	-	-
(In)Decrease in inventories		(5)	18	-	-
(In)crease in conference work in progress		(319)	-	(319)	-
(In)Decrease in receivables		(155)	265	65	492
(De)crease in other current liabilities		(1,942)	(2,301)	(1,864)	(2,203)
(In)Decrease in prepayments		241	(199)	212	(269)
(In)crease in income tax refund		(44)	-	-	-
Net cash provided by operating activities		<u>(1,774)</u>	<u>(431)</u>	<u>(2,595)</u>	<u>(883)</u>
(b) Credit stand-by Arrangements with Banks					
Bank overdraft facility		600	600	600	600
Amount utilised		-	-	-	-
Direct debit facilities		<u>205</u>	<u>205</u>	<u>205</u>	<u>205</u>
Unused overdraft facility		<u>805</u>	<u>805</u>	<u>805</u>	<u>805</u>

The bank overdraft facility may be drawn upon at any time and is repayable on demand, which the bank may make at any time subject to the Usual Terms and Conditions clause. Interest rates are variable. The facility is secured by a mortgage over Engineers Australia property.

Engineers Australia has a \$600,000 (2012: \$600,000) facility with the Commonwealth Bank of Australia which was not utilised.

Note 26 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 is a body incorporated in Australia by Royal Charter. It is a member based national professional body whose objects are to promote the science and practice of engineering in Australia. As an extension of its objects Engineers Australia has established wholly owned subsidiaries which specialise in particular segments of the operations.

Notes to the Financial Statements
for the year ended 30 June 2013

Note 27 Financial Instruments

Engineers Australia and the consolidated entity's financial instruments consist mainly of deposits with banks, local money market instruments, 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 Council. 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	
	2013	2012	2013	2012
	\$'000s	\$'000s	\$'000s	\$'000s

Financial Assets

Cash and cash equivalents	12,919	19,479	9,428	16,375
Other financial assets	4,000	2,000	4,000	2,000

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.

Interest rate sensitivity analysis

At 30 June 2013, if interest rates had moved, as illustrated in the table below, with all other variables held constant, deficit/surplus and equity would have been affected as follows:

Judgements of reasonably possible movements	Surplus Higher / (Lower)		Equity Higher / (Lower)	
	2013 \$'000s	2012 \$'000s	2013 \$'000s	2012 \$'000s
Consolidated				
+ 1% (100 basis points)	155	198	155	198
-0.5% (50 basis points)	(77)	(99)	(77)	(99)
Engineers Australia				
+ 1% (100 basis points)	127	161	127	161
-0.5% (50 basis points)	(64)	(81)	(64)	(81)

(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.

Notes to the Financial Statements
for the year ended 30 June 2013

Note 27 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 Council, 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.

	Weighted average effective interest rate %	Less than 1 month \$'000	1-3 months \$'000	3 months to 1 year \$'000	1-5 years \$'000	Total
Consolidated Entity						
2013						
Non-interest bearing		268	4,437	-		4,705
Variable interest rate instruments	3.51%	3,943	6,571	4,210		14,724
		4,211	11,008	4,210	-	19,429
2012						
Non-interest bearing		600	3,615	103		4,318
Variable interest rate instruments	4.31%	6,541	8,823	6,471		21,835
		7,141	12,438	6,574	-	26,153
Engineers Australia						
2013						
Non-interest bearing			3,141			3,141
Variable interest rate instruments	3.54%	3,146	4,035	4,142		11,323
		3,146	7,176	4,142	-	14,464
2012						
Non-interest bearing			3,145			3,145
Variable interest rate instruments	4.37%	6,167	8,087	2,087		16,341
		6,167	11,232	2,087	-	19,486

(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 less than ten transactions a year that are denominated in foreign currencies.

Engineers Australia and the consolidated entity does not make investments in forward foreign exchange contracts.