



IPWEA

INSTITUTE OF PUBLIC WORKS
ENGINEERING AUSTRALASIA

ANNUAL REPORT

YEAR ENDED 30 JUNE 2014

The financial report was authorised by the Directors on 5 October 2014.
The company has the power to amend and reissue the financial report

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DIRECTORS' REPORT

The Directors present their report on the company for the year ended 30 June 2014. The following persons were directors of the company from 1 July 2013 to the date of this report:

DIRECTORS

Michael Kahler - President

Michael was appointed to the Australasian Board on 25 June 2010. He holds the position of Associate Director at AECOM. Michael was elected President of the Australasian Board on 22 February 2014 and is the Immediate Past President of IPWEA (QLD). Michael possesses the following formal qualifications:

- Bachelor of Engineering (Civil) (University of Southern Queensland)
- Master of Engineering Science (University of New South Wales)
- Graduate Diploma in Municipal Engineering (University of Southern Queensland)
- Graduate Australian Institute of Company Directors (GAICD)

Ross Goyne – Vice President

Ross was appointed to the Australasian Board on 18 February 2011. He is presently Director at Ross J Goyne Consulting Pty Ltd. Ross was elected Vice President of the Australasian Board on 22 February 2014 and is also the President of IPWEA (Vic). Ross Goyne is currently on the Audit and Risk Committee. Ross possesses the following formal qualifications:

- Bachelor of Civil Engineering (Deakin University)
- Post-Graduate Diploma in Municipal Engineering (Warrnambool Institute of Advanced Education)

Paul Di Iulio – Immediate Past President

Paul was appointed to the IPWEA Australasian Board on 22 February 2008. Paul resigned from the Australasian Board on 27 June 2014 following his term as Australasian President. He holds the position of Chief Executive Officer at Campbelltown City Council in South Australia. Paul possesses the following formal qualifications:

- Bachelor of Engineering (Civil) (University of Adelaide)

Braden Austin

Braden was appointed to the IPWEA Australasian Board on 24 October 2013. He holds the position of Senior Practising Engineer with Palmerston North City Council in NZ. Braden is the President of IPWEA (NZ). Braden possesses the following formal qualifications:

- Bachelor of Engineering (Civil) (University of Canterbury)
- Master of Business Administration (Tech Mgt) (La Trobe University)

Damion Beety

Damion was appointed to the Australasian Board on 17 February 2012. He holds the position of Senior Superintendent's Representative (North) at the Department of Infrastructure, Energy and Resources. Damion is presently a Board Director of IPWEA (Tas). Damion possesses the following qualifications:

- Bachelor of Engineering with Honours (Civil) (University of Tasmania)

DIRECTORS' REPORT (continued)

Terry Blanchard

Terry was appointed to the Australasian Board on 17 February 2012. He holds the position of Infrastructure Development Manager at City of Mandurah. Terry is a former Board Director and President of IPWEA (WA). Terry possesses the following qualifications:

- Bachelor of Applied Science (Civil Engineering) (Curtin University)
- Diploma in Structural Engineering (TAFE)
- Certificate in Civil Drafting (TAFE)

Gerard Brennan

Gerard was appointed to the Australasian Board on 20 July 2012. He is presently Managing Director at GenEng Solutions Pty Ltd. He is the current President of the IPWEA (QLD) Board. Gerard possesses the following formal qualifications:

- Bachelor of Engineering (With Distinction), Darling Downs Institute of Advanced Education 1988
- Graduate Diploma - Municipal Engineering (Deans Commendation), University College of Southern Queensland 1991
- Graduate Diploma - Management (Capital Project Management), University of Southern Queensland 1995
- Diploma - AICD Company Director's Course

Angelo Catinari

Angelo was appointed to the Australasian Board on 17 February 2012. He holds the position of General Manager Urban Services at the City of West Torrens. Angelo is the Immediate Past President of IPWEA (SA). Angelo possess the following qualifications:

- Diploma of Engineering - Civil (University of South Australia)

Andrew Craig

Andrew was appointed to the IPWEA Australasian Board on 27 June 2014. He holds the position of Manager Strategic Assets with the City of Tea Tree Gully in SA. Andrew is the President of IPWEA (SA) and possesses the following formal qualifications:

- Bachelor of Engineering (University of NSW)
- Master of Engineering (University of Technology)
- Master of Business Administration (University of South Australia)

Brian Edwards

Brian was appointed to the Australasian Board on 4 December 2009. Brian resigned from the Australasian Board on 24 October 2013. He recently retired from Southern Water where he held the position of Executive Manager Stakeholder Management & Sustainability. He is presently a Committee Member of IPWEA (TAS). Brian possesses the following formal qualifications:

- Diploma of Metallurgy (University of Tasmania)
- Certificate of Business Studies (Accounting) (College of TAFE, Devonport)
- Certificate of Management Development (University of Tasmania)
- Master of Technology (Local Government Engineering and Administration) (Deakin University)

DIRECTORS' REPORT (continued)

Martyn Glover

Martyn was appointed to the Australasian Board on 4 December 2009. Martyn resigned from the Australasian Board on 24 October 2013. He holds the position of General Manager at Roads2000 Pty Ltd. Martyn is a former Board Director and President of IPWEA (WA). Martyn possesses the following formal qualifications:

- Diploma in Surveying (Central TAFE)
- Bachelor of Science (Curtin University)
- Master of Business Administration (Curtin University)

Mat Greskie

Mat was appointed to the IPWEA Australasian Board on 24 October 2013. He holds the position of Chief Executive Officer with Dulverton Waste Management in TAS. Mat is a Committee Member of IPWEA (TAS). Mat Greskie is currently on the Audit and Risk Committee. Mat possesses the following formal qualifications:

- Bachelor of Engineering (RMIT)
- Graduate Company Directors Course (Australian Institute of Company Directors)

Peter Higgs

Peter was appointed to the IPWEA Australasian Board on 24 October 2013. He holds the position of Deputy Chief Executive and Group Manager Engineering & Works with Gisborne District Council in NZ. Peter is the Vice President of IPWEA (NZ) and possesses the following formal qualifications:

- Bachelor of Engineering (Civil) (University of Auckland)
- Post Graduate Diploma in Business Management (University of Waikato)

Greg Moran

Greg was appointed to the IPWEA Australasian Board on 20 February 2009. Since leaving Inverell Shire Council, Greg has his own Consultancy firm. He is currently President of IPWEA (NSW). Greg possesses the following formal qualifications:

- Bachelor of Engineering (University of Queensland)
- Master of Engineering (University of Queensland)
- Graduate Diploma of Management (Deakin University)

John Truman

John was appointed as Director on 19 March 2005. He holds the position of Civil Services Group Manager at Ballina Shire Council and is presently a Board Director of IPWEA (NSW). John is a former President of the Australasian Board. John possesses the following formal qualifications:

- Bachelor of Engineering (University of Sydney)
- Master of Business Administration (Deakin University)
- Post Graduate Diploma Local Government Engineering and Management (Deakin University)
- Graduate Company Directors Course (Australian Institute of Company Directors)

DIRECTORS' REPORT (continued)

Mark Varmalis

Mark was appointed to the IPWEA Australasian Board on 4 December 2009. He holds the position of Director Environment & Engineering at Shire of Yarra Ranges Council. Mark is the Vice President of IPWEA (VIC) and possesses the following formal qualifications:

- Bachelor of Engineering (Civil) (Royal Melbourne Institute of Technology)
- Graduate Diploma in Municipal Engineering & Management (Warrnambool Institute of Adv. Education)

Anthony Vuleta

Anthony was appointed to the IPWEA Australasian Board on 24 October 2013. He holds the position of Acting Chief Executive Officer with the Town of Victoria Park in WA. Anthony is the Immediate Past President of IPWEA (WA) and possesses the following formal qualifications:

- Diploma Civil Engineering
- Diploma Project Management
- Diploma Frontline Management
- Graduate Certificate Management

ACTIVITIES

The principal activities of the entity during the financial year align with its vision to consolidate IPWEA as the nationally and internationally recognised professional association that effectively connects, informs, represents and leads public works professionals across Australasian.

The entity's long-term objective (mission) is to enhance the quality of life of Australasian communities through public works and services.

The entity's short-term objectives (strategies) to achieve its mission and vision are to provide a nationally and internationally coherent focus that supports strong networks by:

- effectively engaging with partners
- enhancing communications and networks to inform, connect and provide a valuable knowledge base and other resources
- building business systems and services that support the IPWEA group
- providing leadership and representation to influence government policy and industry direction
- delivering significant programs that build capacity in the sector in identified key areas
- building consistency in branding, identity and marketing
- operating as a sustainable, well governed business

To achieve these objectives, the entity adopted the following key strategic actions for 2013/2014:

- Facilitate and support national approach to a "Young IPWEA" network.
- Adopt a sustainability strategy; identify and commence initial projects.
- Investigate an eLearning & ePublishing Training Strategy for IPWEA; publish 2 new eNewsletters based on the IPWEA Communities of Practice.

DIRECTORS' REPORT (continued)

- Publish new national resources in asset & financial management (W&S, Roads, Buildings), contribute to new ISO Standard in Asset Management.
- Explore means to develop capacity to advocate and influence national policy.
- Implement eMail Marketing Suite and Jobs Board integration into the website and database; maintain an IT strategy.
- Support international activities including IFME, partnerships with Canada, New Zealand and the Asia Pacific Region.
- Review strategic directions for IPWEA in light of the future of associations.
- Implement further Systems Support initiatives. Review of Service Agreements with Divisions. Develop an NT presence.
- Risk and Audit Committee of the Board to be fully operational.

RESULTS

The loss of the company for the financial year was \$137,376 (2013 loss: \$195,550).

ATTENDANCE AT MEETINGS

The IPWEA Board Members and their attendance at Board meetings for Financial Year 2014 are listed below:

	Attended	Eligible
Michael Kahler - Director	3	3
Ross Goyne – Director	3	3
Paul Di Iulio - Director	2	2
Braden Austin - Director	3	3
Damion Beety – Director	3	3
Terry Blanchard - Director	3	3
Gerard Brennan - Director	3	3
Angelo Catinari – Director	3	3
Andrew Craig - Director	1	1
Brian Edwards – Director	0	0
Martyn Glover – Director	0	0
Mat Greskie - Director	3	3
Peter Higgs - Director	3	3
Greg Moran – Director	2	3
John Truman - Director	3	3
Mark Varmalis – Director	3	3
Anthony Vuleta – Director	3	3

DIRECTORS' REPORT (continued)

MEMBERS LIABILITY

The Institute of Public Works Engineering Australasia Limited is a company limited by guarantee. In the event of the company being wound up:

"Every member of the Company undertakes to contribute to the property of the Company in the event of the same being wound up while he/she is a member, or within one (1) year after he/she ceases to be a member, for payment of the debts and liabilities of the Company contracted before he/she ceases to be a member, and of the costs, charges, and expenses of winding up and for the adjustment of the rights of the contributions among themselves, such amount as may be required not exceeding all arrears of membership fees and subscriptions and all other moneys due and payable by him/her to the company."

Members of the Company are members of each of the Divisions of the Institute of Public Works Engineering Australasia Limited. Membership payable for the financial year ended 30 June 2014 was \$63 for every subscription paying grade member of each of the Divisions excluding Emeritus and Student members.

At 30 June 2014 there was a total collective liability of members of \$504.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under under subdivision 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* given to the Directors by the lead auditor for the audit undertaken by Nexia Court & Co is included on page 9.

Signed in accordance with a resolution of the directors.

Michael Kahler - Director

5 October 2014

The Board of Directors
Institute of Public Works Engineering Australasia Limited
Level 12, 447 Kent Street
SYDNEY NSW 2000

4 October 2014

Dear Board Members,

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SUBDIVISION 60-40 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-
PROFITS COMMISSION ACT 2012**

To the Directors of Institute of Public Works Engineering Australasia Limited:

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014 there have been no contraventions of the auditor independence requirements as set out in any applicable code of professional conduct in relation to the audit.

Nexia Court & Co
Chartered Accountants

Lester Wills
Partner

Sydney

Sydney Office

Level 16, 1 Market Street, Sydney NSW 2000
PO Box H195, Australia Square NSW 1215
p +61 2 9251 4600, f +61 2 9251 7138
info@nxiacourt.com.au, www.nexia.com.au

Independent member of Nexia International



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 \$	2013 \$
Revenue	2	4,263,939	3,179,311
Management fees		(600,814)	(529,827)
Depreciation		(2,375)	(638)
Insurance		(8,856)	(9,813)
IT & communications expense		(218,137)	(172,534)
Legal expenses		-	(3,672)
Employee benefits expense		(686,253)	(590,112)
Provision for bad debts		7,271	33,371
Project expenses:			
- Workshop delivery		(638,789)	(769,757)
- National conference		(1,136,016)	-
- Subscriptions		(354,904)	(484,568)
- Publications and DVD's		(90,382)	(206,735)
- Local government reform fund projects		(5,400)	(121,686)
- Study tours		(56,704)	(21,994)
- Public works magazine		(152,071)	(221,757)
Professional services		(175,686)	(248,650)
Other expenses		(282,199)	(230,252)
Deficit before income tax expense		(137,376)	(399,313)
Income tax expense/(benefit)	3	-	(203,763)
Deficit for the year	4	(137,376)	(195,550)
Other Comprehensive Income for the year			
- Other comprehensive income		-	-
Total Comprehensive Income for the year		(137,376)	(195,550)

The statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Note	2014 \$	2013 \$
CURRENT ASSETS			
Cash and cash equivalents	5	1,632,270	1,941,277
Other financial assets	6	-	760,411
Trade and other receivables	7	225,221	456,533
GST Receivable		12,561	-
Inventory	8	66,280	89,138
Accrued income		28,207	41,400
Intangible assets	9	327,051	-
Total current assets		<u>2,291,590</u>	<u>3,288,759</u>
NON-CURRENT ASSETS			
Property, plant and equipment	10	<u>9,043</u>	<u>5,792</u>
Total non-current assets		<u>9,043</u>	<u>5,792</u>
Total assets		<u>2,300,633</u>	<u>3,294,551</u>
CURRENT LIABILITIES			
Trade and other payables	11	751,810	1,564,945
Unspent grants	14	322,260	341,895
Current tax liabilities	13	-	-
Provisions	12	80,784	70,804
GST payable		-	33,752
Total current liabilities		<u>1,154,854</u>	<u>2,011,396</u>
Total liabilities		<u>1,154,854</u>	<u>2,011,396</u>
Net assets		<u>1,145,779</u>	<u>1,283,155</u>
MEMBERS' FUNDS			
Retained surpluses	4	<u>1,145,779</u>	<u>1,283,155</u>

The statement of financial position should be read in conjunction with the accompanying notes.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014**

	Note	Retained Surpluses \$	Total \$
Balance at 1 July 2013		1,283,155	1,283,155
Total Comprehensive Income for the year			
Loss for the year	4	(137,376)	(128,082)
Other comprehensive income		-	-
Total Comprehensive Income for the year		(137,376)	(128,082)
Total Transactions with Owners		-	-
Balance at 30 June 2014		<u>1,145,779</u>	<u>1,155,073</u>

	Note	Retained Surpluses \$	Total \$
Balance at 1 July 2012		1,478,705	1,478,705
Total Comprehensive Income for the year			
Profit for the year	4	(195,550)	(195,550)
Other comprehensive income		-	-
Total Comprehensive Income for the year		(195,550)	(195,550)
Total Transactions with Owners		-	-
Balance at 30 June 2013		<u>1,283,155</u>	<u>1,283,155</u>

The statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 \$	2013 \$
Cash flows from operating activities			
Receipts from customers		4,521,262	3,641,857
Interest received		52,541	111,279
Payments to suppliers and employees		(4,550,133)	(4,036,697)
Income tax received/(paid)		-	35,930
		<u>23,670</u>	<u>(247,631)</u>
Cash flows from investing activities			
Payments for plant and equipment		(5,626)	(6,430)
Payments for development costs		(327,051)	-
		<u>(332,677)</u>	<u>(6,430)</u>
Net (decrease)/increase in cash held		(309,007)	(254,061)
Cash and cash equivalents at the beginning of the year		<u>1,941,277</u>	<u>2,195,338</u>
Cash and cash equivalents at the end of the financial year	5	<u>1,632,270</u>	<u>1,941,277</u>

The statement of cash flows should be read in conjunction with the accompanying notes

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report is presented in the Australian currency.

The Reporting Entity

Institute of Public Works Engineering Australasia Limited is a company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is: Level 12, 447 Kent Street Sydney NSW 2000.

The company is a not-for profit entity and is primarily involved in advocacy and member services for persons involved in delivering public works and services.

(a) Basis of Preparation

This general purpose financial report has been prepared in accordance with the *Australian Charities and Not-For-Profits Commission Act 2012* and Australian Accounting Standards – Reduced Disclosure Requirements, and complies with other requirements of the law.

New, revised or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The financial statements were approved by the Board of Directors on **5 October** 2014.

Historical cost convention

These financial statements have been prepared under the historical cost convention. Comparative information is reclassified where appropriate to enhance comparability.

Functional and Presentation Currency

These financial statements are presented in Australian dollars, which is the company's functional currency.

Critical Accounting Estimates and Judgments

The preparation of financial statements in conformity with Australian Accounting Standards – Reduced Disclosure Requirements may require the use of certain critical accounting estimates. It may also require management to exercise its judgment in the process of applying the company's accounting policies. There are no areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Income Tax

On 5 April 2013, the company was endorsed as a charitable institution effective 1 July 2010 by the Australian Taxation Office. The company is therefore income tax exempt under Subdivision 50-B of the Income Tax Assessment Act 1997.

(c) Revenue recognition

(i) Membership Revenue

Membership subscription revenue is recognised when sales invoices are raised following the receipt of membership renewal applications. Any revenue received during the current financial year that relates to the next financial year is deferred as membership fees in advance.

(ii) Events, Conferences and Professional Development

Conference and Professional Development revenue is recognised when sales invoices are raised following the receipt of attendance application forms.

(iii) Other Revenue

Other revenue is recognised when sales invoices are raised following the despatch of goods or performance of service.

(d) Trade and other receivables

All trade debtors are recognised at the amounts receivable as they are due for settlement no more than 90 days from the date of recognition.

Collectability of trade debtors is reviewed on an on-going basis. Debts which are known to be uncollectable are written off. An allowance for impairment of receivables is raised when some doubt as to collection exists.

(e) Impairment of Assets

Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Impairment of Assets (continued)

Individual significant financial assets are tested for impairment on a individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

Non-financial Assets

The carrying amounts of the company's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash includes deposits which are readily convertible to cash on hand and are subject to an insignificant risk of change in value.

Cash and cash equivalents comprise cash balances and at call deposits. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(g) Trade and Other Creditors

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(h) Financial Instruments

Non-Derivative Financial Instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the company's contractual rights to the cash flows from the financial assets expire or if the company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date the company commits itself to purchase or sell the asset. Financial liabilities are derecognised if the company's obligations specified in the contract expire or are discharged or cancelled.

Held-to-maturity investments

If the company has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial Instruments (continued)

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

(i) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(j) Finance Income and Expenses

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues, using the effective interest method.

(k) Employee Benefits

The policy for the calculation of leave liabilities is as follows:

(i) Wages, Salaries and Annual Leave

The provisions for employee entitlements to wages, salaries and annual leave represent the amount which the company has a present obligation to pay resulting from employees' services provided up to the balance date. The provision for leave has been calculated at nominal amounts based on wage and salary rates expected to apply when the leave is taken and includes related on-costs.

- (ii) Long service leave** is provided for all employees after five years from the date of commencement of employment and includes related on-costs. Entitlements accrue at the rate of 1.3 weeks per year of services.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Employee Benefits (continued)

The directors believe that this method provides an estimate of the liability that is not materially different from the estimate that would be obtained by using the present value basis of measurement.

- (iii) The company contributes to superannuation accumulation plans as nominated by the company's employees.

(l) Inventories

Goods held for sale are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs to make the sale.

(m) Change in Accounting Policy

There has been no change in Accounting Policies.

(n) Financial Comparatives

Comparative financial information may be reclassified to achieve consistency and comparability with current year classifications and disclosures.

(o) Plant and equipment

Plant and equipment is measured using the cost basis, being cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The carrying amount of plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount for those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. Plant and equipment is depreciated on a straight line basis over the useful life of the assets.

The estimated useful life of plant and equipment is as follows:

Computers	3 years
Chairs	5 years

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Intangible assets

(i) Research and development expenditure

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the company has sufficient resources to complete development.

The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred

(iii) Amortisation

Amortisation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful lives of the intangible assets from the date they are available for use unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment annually. The estimated useful lives for the current and comparative periods are as follows:

Capitalised development expenditure: 1 year

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

2. REVENUE

	2014	2013
	\$	\$
Revenue from continuing operations		
Workshop registrations	1,018,177	976,502
National conference registration	1,326,532	-
Local government reform fund projects	-	356,925
Subscriptions	788,145	672,470
Publication and DVD sales	199,320	224,675
Grants and subsidies	207,135	279,154
Sponsorship, donations and commissions	85,709	77,082
Capitation fees	133,056	132,930
Bank interest	52,541	111,279
Training and education	101,780	37,950
Administration fees	227,920	197,700
Study tours	50,535	30,450
Other revenue	73,089	82,194
Total Revenue	4,263,939	3,179,311

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

3. INCOME TAX

	2014	2013
	\$	\$
The income tax expense for the financial year differs from the amount calculated on surplus/(deficit). The differences are reconciled as follows:		
(a) Income Tax Expense		
Prima facie income tax on surplus/(deficit) from ordinary activities before tax	-	-
Net Mutual Income	-	-
Tax losses utilised	-	-
Over provision from prior year	-	(203,763)
Deferred tax asset not brought to account	-	-
Non-deductible expenses	-	-
Income tax expense	-	(203,763)

On 5 April 2013, the company was endorsed by the Australian Taxation Office as a charitable institution effective 1 July 2010. This means that the company is tax exempt under Subdivision 50-B of the Income Tax Assessment Act 1997.

Prior to the above endorsement, the company accounted for income tax using the mutualisation principles available to it being a member based organisation.

4. RETAINED SURPLUSES

	2014	2013
	\$	\$
Retained surplus at the beginning of the financial year	1,283,155	1,478,705
Deficit for the year	(137,376)	(195,550)
Retained surplus at the end of the financial year	1,145,779	1,283,155

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

5. CASH AND CASH EQUIVALENTS

	2014	2013
	\$	\$
Current		
Cash on deposit, at call	1,521,181	1,712,826
Cash at bank	111,089	228,451
	<u>1,632,270</u>	<u>1,941,277</u>

6. OTHER FINANCIAL ASSETS

	2014	2013
	\$	\$
Current		
National Conference funds held with third party	-	760,411
	<u>-</u>	<u>760,411</u>

7. TRADE AND OTHER RECEIVABLES

	2014	2013
	\$	\$
Current		
Trade and other receivables	225,221	474,961
Less: Allowance for impairment of receivables	-	(18,428)
	<u>225,221</u>	<u>456,533</u>

(a) Reconciliation of movement in allowance for impairment of receivables

Allowance for impairment of receivables – opening balance	(18,428)	(52,177)
Expensed to profit and loss	18,428	33,749
	<u>-</u>	<u>(18,428)</u>
Allowance for impairment of receivables – closing balance	-	(18,428)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

8. INVENTORIES

	2014	2013
	\$	\$
Current		
Finished goods	66,280	89,138
	66,280	89,138

9. INTANGIBLES ASSETS

	2014	2013
	\$	\$
Current		
IT development costs	203,521	-
Publications development costs	123,530	-
	327,051	-
Reconciliation		
Reconciliation of the carrying amounts intangible assets are set out below:		
Carrying amount at the beginning of the year	-	-
Additions	327,051	-
Amortisation	-	-
	327,051	-
Carrying amount at the end of the year	327,051	-

10. PROPERTY, PLANT AND EQUIPMENT

	2014	2013
	\$	\$
Non-Current		
Computer equipment	10,239	6,430
Less: Provisions for depreciation	(2,972)	(638)
Office equipment	1,817	-
Less: Provisions for depreciation	(41)	-
	9,043	5,792

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

10.PROPERTY, PLANT AND EQUIPMENT (continued)

	2014	2013
	\$	\$
Reconciliation		
Reconciliation of the carrying amounts of property, plant and equipment are set out below:		
Carrying amount at the beginning of the year	5,792	-
Additions	5,626	6,430
Depreciation	(2,375)	(638)
Carrying amount at the end of the year	9,043	5,792

11.TRADE AND OTHER PAYABLES

	2014	2013
	\$	\$
Current		
Income received in advance:		
- NAMS.PLUS subscriptions	171,545	57,990
- Buildings.PLUS subscriptions	9,158	-
- Workshop registration fees	14,400	68,126
- Yardstick	158,100	130,360
- Study Tour	47,500	-
- Systems Plus subscriptions	35,425	30,700
- Public Works Magazine	32,500	-
- National Conference	-	795,578
IPWEA NSW	16,958	94,438
IPWEA SA	4,373	14,119
IPWEA SA Foundation	-	6,450
IPWEA VIC	-	2,409
IPWEA QLD	-	3,750
Other creditors and accruals	261,851	323,200
Other employee accrued expenses	-	37,825
	751,810	1,564,945

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

12.PROVISIONS

	2014	2013
	\$	\$
Current		
Employee benefits	80,784	70,804
	<u>80,784</u>	<u>70,804</u>

13.CURRENT TAX (ASSETS)/LIABILITIES

	2014	2013
	\$	\$
Balance at the beginning of the year	-	167,833
Tax refunded/(paid)	-	35,930
Over provision from prior year	-	(203,763)
Expense for the year	-	-
	<u>-</u>	<u>-</u>
Balance at end of year	<u>-</u>	<u>-</u>

14.UNSPENT GRANTS

	2014	2013
	\$	\$
Balance at the beginning of the year	341,895	398,049
Total grant amount received	187,500	223,000
Total expenditure incurred	(207,135)	(279,154)
	<u>322,260</u>	<u>341,895</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

15.RELATED PARTIES

Directors

The names of each person who held the position of Director of the company during the whole of the year are set out in the accompanying Directors' Report.

Key Management Personnel Compensation

The key management personnel are the Directors of the company who receive no remuneration, and the chief executive officer involved in the strategic direction and management of the company who is remunerated on normal terms for professional services, overheads and operating expenses.

Other Transactions with Related Parties

The company was provided with administration services from the Institute of Public Works Engineering Australia (NSW Division) Limited with costs totalling \$168,963 (2013: \$164,000).

Administration services were charged on commercial terms and conditions.

Amounts due from and to related parties is included in note 11.

DIRECTORS' DECLARATION

The directors of the company declare that, in their opinion:

- a) There are reasonable grounds to believe the company is able to pay all of its debts, as and when they become due and payable; and
- b) The attached financial statements and notes thereto satisfy the requirements of Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:
 - i) giving a true and fair view of the financial position and performance of the registered entity; and
 - ii) comply with Australian Accounting Standards – Reduced Disclosure Requirements.

This declaration is made in accordance with a resolution of the Board of Directors pursuant to Regulation 60-15 of the *Australian Charities and Not-for-profits Commission Regulation 2013* and is signed for and on behalf of the directors by:

Michael Kahler - Director

5 October 2014

INDEPENDENT AUDITORS' REPORT

To the members of Institute of Public Works Engineering Australasia Limited:

Report on the Financial Report

the next solution

We have audited the accompanying financial report of Institute of Public Works Engineering Australasia Limited, which comprises the statement of financial position as at 30 June 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the board of directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and 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. These Auditing 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 controls relevant to the entity's preparation of the financial report that gives a true and fair view 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 opinion.

Sydney Office

Level 16, 1 Market Street, Sydney NSW 2000
PO Box H195, Australia Square NSW 1215
p +61 2 9251 4600, f +61 2 9251 7138
info@nxiacourt.com.au, www.nexia.com.au

Independent member of Nexia International



INDEPENDENT AUDITORS' REPORT (continued)

Opinion

In our opinion the financial report of Institute of Public Works Engineering Australasia Limited is prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance and cash flows for the year ended on that date; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

NEXIA COURT & CO
Chartered Accountants
Dated:
Sydney, NSW

L Wills
Partner