



IPWEA

INSTITUTE OF PUBLIC WORKS
ENGINEERING AUSTRALIA

ANNUAL REPORT

YEAR ENDED 30 JUNE 2012

The financial report was authorised by the Directors on 10 October 2012.
The company has the power to amend and reissue the financial report

INSTITUTE OF PUBLIC WORKS ENGINEERING AUSTRALIA

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INSTITUTE OF PUBLIC WORKS ENGINEERING AUSTRALIA

DIRECTORS' REPORT

The Directors present their report on the company for the period ended 30 June 2012. The following persons were directors of the company from 1 July 2011 to the date of this report:

DIRECTORS

Paul Di Lulio - President

Paul was appointed to the IPWEA National Board on 22 February 2008. He holds the position of Chief Executive Officer at Campbelltown City Council in South Australia. Paul was elected President of the National Board on 14 October 2011 and is Past President of IPWEA (SA). Paul possesses the following formal qualifications:

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

Michael Kahler - Vice President

Michael was appointed to the National Board on 25 June 2010. He holds the position of Associate Director at AECOM. Michael was elected Vice President of the National Board on 17 February 2012 and is 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)

John Truman - Immediate Past President

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 the Immediate Past President of the National 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)

Damion Beety

Damion was appointed to the National 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)

Terry Blanchard

Terry was appointed to the National Board on 17 February 2012. He holds the position of Infrastructure Development Manager at City of Mandurah. Terry is the Immediate Past 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)

Angelo Catinari

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

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

INSTITUTE OF PUBLIC WORKS ENGINEERING AUSTRALIA

DIRECTORS' REPORT (continued)

Brian Edwards

Brian was appointed to the National Board on 4 December 2009. He holds the position of Executive Manager Stakeholder Management & Sustainability for Southern Water. He is presently a Board Director 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)

Martyn Glover

Martyn was appointed to the National Board on 4 December 2009. He holds the position of General Manager at Roads2000 Pty Ltd. Martyn is presently a Board Director 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)

Ross Goyne

Ross was appointed to the National Board on 18 February 2011. He is presently Director at Ross J Goyne Consulting Pty Ltd. Ross is also a Board Director and Treasurer of IPWEA (Vic). Ross possesses the following formal qualifications:

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

Greg Moran

Greg was appointed to the IPWEA National 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)

Mark Varmalis

Mark was appointed to the IPWEA National Board on 4 December 2009. He holds the position of Director Environment & Engineering at Shire of Yarra Ranges Council. Mark is the Immediate Past President of IPWEA (VIC). Mark 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)

David Wiskar

David was appointed to the IPWEA National Board on 6 October 2008. He holds the position of Group Manager Organisational Services with the Power and Water Corporation in NT. David is the Immediate Past President of IPWEA (QLD). David possesses the following formal qualifications:

- Bachelor of Business - Commerce (Queensland University of Technology)

INSTITUTE OF PUBLIC WORKS ENGINEERING AUSTRALIA

DIRECTORS' REPORT (continued)

Alan Claydon

Alan was appointed to the National Board on 7 September 2009 and resigned from the National Board on 15 October 2011. He is presently Director Works & Services at City of Mandurah. He is also a Committee Member of the IPWEA (WA) Board. Alan possesses the following formal qualifications:

- Diploma in Civil Engineering (Wembley Tech College)
- Bachelor of Engineering (Curtin University)
- Graduate Diploma in Business (Curtin University)
- Graduate Diploma in Engineering (Curtin University)
- Municipal Engineers Certificate of Qualification (Curtin University)
- Master of Engineering Management (Curtin University)
- Graduate Certificate in Transport Studies (Curtin University)
- Company Directors Course - Diploma (Australian Institute of Company Directors)

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 Australia.

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

The entity's short-term objectives (strategies) to achieve its mission and vision are to provide a nationally 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 2011/2012:

- implement a professional and social media strategy
- scope and define Climate Change initiatives
- deliver successful national conference in Canberra
- publish new national resources
- implement and support nationally consistent approaches in asset and financial management
- review publication arrangements for IPWEA's flagship journal
- support international activities and partnerships
- develop and adopt an IPWEA style guide
- implement further systems support initiatives
- establish a fully functional Risk and Audit Committee of the Board

INSTITUTE OF PUBLIC WORKS ENGINEERING AUSTRALIA

DIRECTORS' REPORT (continued)

RESULTS

The profit of the company for the financial year was \$756,741 (2011 profit: \$95,696), after income tax expense/(benefit) of \$220,696 (2011: (\$17,610)).

ATTENDANCE AT MEETINGS

The IPWEA Board Members and their attendance at Board meetings for Financial Year 2012 are listed below:

	Attended	Eligible
Paul Di Iulio - Director	2	2
Michael Kahler - Director	2	2
John Truman - Director	2	2
Damion Beety - Director	1	1
Terry Blanchard - Director	1	1
Angelo Catinari - Director	1	1
Brian Edwards - Director	2	2
Martyn Glover - Director	2	2
Ross Goyne - Director	2	2
Greg Moran - Director	2	2
Mark Varmalis - Director	2	2
David Wiskar - Director	1	2
Allan Claydon - Director	1	1

MEMBERS LIABILITY

The Institute of Public Works Engineering Australia 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 State Divisions of the Institute of Public Works Engineering Australia Limited. Membership payable for the financial year ended 30 June 2012 was \$63 for every subscription paying grade member of each of the State Divisions excluding Emeritus and Student members.

At 30 June 2012 there was a total collective liability of members of \$17,955.

INSTITUTE OF PUBLIC WORKS ENGINEERING AUSTRALIA

DIRECTORS' REPORT (continued)

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 given to the Directors by the lead auditor for the audit undertaken by Nexia Court & Co is included on page 8.

Signed in accordance with a resolution of the directors.

A handwritten signature in blue ink, consisting of a stylized, cursive name followed by a horizontal line extending to the right.

Paul Di Iulio - Director

10 October 2012

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

10 October 2012

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

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

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Institute of Public Works Engineering Australia Limited.

As lead audit partner for the audit of the financial statements of Institute of Public Works Engineering Australia Limited for the financial year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.



David Gallery
Partner



Nexia Court & Co
Chartered Accountants

Sydney, NSW

INSTITUTE OF PUBLIC WORKS ENGINEERING AUSTRALIA

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 \$	2011 \$
Revenue from continuing operations	2	5,645,344	2,866,553
Management fees		(507,574)	(497,347)
Insurance		(8,575)	(7,447)
IT & communications expense		(193,295)	(244,975)
Employee benefits expense		(357,930)	(341,790)
Provision for bad debts		(12,177)	-
Project expenses:			
- Workshop delivery		(1,067,961)	(620,508)
- National conference		(853,163)	-
- Subscriptions		(507,154)	(227,097)
- Publications and DVD's		(274,408)	(307,021)
- Local government reform fund projects		(271,099)	-
- Study tours		(88,929)	(122,769)
- Public works magazine		(81,615)	-
Other expenses		<u>(444,027)</u>	<u>(419,513)</u>
Profit before income tax expense		977,437	78,086
Income Tax Expense/(benefit)	3	<u>220,696</u>	<u>(17,610)</u>
Profit for the year	4	<u>756,741</u>	<u>95,696</u>
Other Comprehensive Income for the year			
- Other comprehensive income		<u>-</u>	<u>-</u>
Total Comprehensive Income for the year		<u>756,741</u>	<u>95,696</u>

The statement of comprehensive income should be read in conjunction with the accompanying notes.

INSTITUTE OF PUBLIC WORKS ENGINEERING AUSTRALIA

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2012

	Note	2012 \$	2011 \$
CURRENT ASSETS			
Cash and cash equivalents	5	2,195,338	929,811
Other financial assets	6	7,304	471,892
Trade and other receivables	7	800,660	505,570
Current tax assets	12	-	16,808
Inventory	8	20,459	68,099
Accrued income		-	133,271
		<u>3,023,761</u>	<u>2,125,451</u>
Total current assets		<u>3,023,761</u>	<u>2,125,451</u>
Total assets		<u>3,023,761</u>	<u>2,125,451</u>
CURRENT LIABILITIES			
Trade and other payables	10	931,604	1,308,311
Unspent grants	13	398,049	25,828
Current tax liabilities	12	167,833	-
Provisions	11	17,452	15,828
GST payable		30,118	53,520
		<u>1,545,056</u>	<u>1,403,487</u>
Total current liabilities		<u>1,545,056</u>	<u>1,403,487</u>
Total liabilities		<u>1,545,056</u>	<u>1,403,487</u>
Net assets		<u>1,478,705</u>	<u>721,964</u>
MEMBERS' FUNDS			
Retained surpluses	4	<u>1,478,705</u>	<u>721,964</u>

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

INSTITUTE OF PUBLIC WORKS ENGINEERING AUSTRALIA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012

	Note	Retained Surpluses \$	Total \$
Balance at the beginning of the year		721,964	721,964
Total Comprehensive Income for the year			
Profit for the year	4	756,741	756,741
Other comprehensive income		-	-
Total Comprehensive Income for the year		<u>756,741</u>	<u>756,741</u>
Total Transactions with Owners		-	-
Balance at 30 June 2012		<u>1,478,705</u>	<u>1,478,705</u>
	Note	Retained Surpluses \$	Total \$
Balance at the beginning of the year		626,268	626,268
Total Comprehensive Income for the year			
Profit for the year	4	95,696	95,696
Other comprehensive income		-	-
Total Comprehensive Income for the year		<u>95,696</u>	<u>95,696</u>
Total Transactions with Owners		-	-
Balance at 30 June 2011		<u>721,964</u>	<u>721,964</u>

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

INSTITUTE OF PUBLIC WORKS ENGINEERING AUSTRALIA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 \$	2011 \$
Cash flows from operating activities			
Receipts from customers		5,670,786	2,971,274
Interest received		53,233	53,586
Payments to suppliers and employees		(4,422,437)	(3,340,677)
Income Tax paid		(36,055)	-
		<u>1,265,527</u>	<u>(315,817)</u>
Net cash from operating activities			
		1,265,527	(315,817)
Net increase/(decrease) in cash held		929,811	1,245,628
Cash and cash equivalents at the beginning of the year		<u>929,811</u>	<u>1,245,628</u>
Cash and cash equivalents at the end of the financial year	5	<u>2,195,338</u>	<u>929,811</u>

The cash flow statement should be read in conjunction with the accompanying notes.

INSTITUTE OF PUBLIC WORKS ENGINEERING AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

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 Australia 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 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 Corporations Act 2001 and Australian Accounting Standards – Reduced Disclosure Requirements, and comply 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 company has early adopted AASB 1053 'Application of Tiers of Australian Accounting Standards' and AASB 2010-2 'Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements'. No other new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any impact on the financial performance or position of the incorporation; however, the adoption of AASB 1053 and AASB 2010-2 allowed the entity to remove a number of disclosures.

AASB 1053 Application of Tiers of Australian Accounting Standards

The company has early adopted AASB 1053 from 1 July 2010. This standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements, being Tier 1 Australian Accounting Standards and Tier 2 Australian Accounting Standards - Reduced Disclosure Requirements. The company being classed as Tier 2 continues to apply the full recognition and measurements requirements of Australian Accounting Standards with substantially reduced disclosure in accordance with AASB 2010-2.

INSTITUTE OF PUBLIC WORKS ENGINEERING AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of Preparation

AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements

The company has early adopted AASB 2010-2 from 1 July 2010. These amendments make numerous modifications to a range of Australian Accounting Standards and Interpretations, to introduce reduced disclosure requirements to the pronouncements for application by certain types of entities in preparing general purpose financial statements. The adoption of these amendments has significantly reduced the company's disclosure requirements.

The financial statements were approved by the Board of Directors on 5 October 2012.

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.

INSTITUTE OF PUBLIC WORKS ENGINEERING AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Income Tax

Much of the income of this company is "mutual" income as defined in tax law, whereby income deferred from member sources is tax exempt. Taxable income includes income derived from non-member sources after deducting expenditure incurred in deriving that income.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amount of deductible and taxable temporary differences to measure the deferred tax assets or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

(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.

INSTITUTE OF PUBLIC WORKS ENGINEERING AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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 and deferred tax assets, 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-generation 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 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.

INSTITUTE OF PUBLIC WORKS ENGINEERING AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(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.

(g) Trade and Other Creditors

These amounts represent liabilities for goods and services provided to the Institute 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.

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.

INSTITUTE OF PUBLIC WORKS ENGINEERING AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

INSTITUTE OF PUBLIC WORKS ENGINEERING AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

- (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.

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.

INSTITUTE OF PUBLIC WORKS ENGINEERING AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

2. REVENUE

	2012	2011
	\$	\$
Revenue from continuing operations		
Workshop registrations	1,796,475	902,276
National conference registration	877,000	-
Local government reform fund projects	878,380	102,200
Subscriptions	618,270	559,085
Publication and DVD sales	533,057	420,612
Grants and subsidies	242,279	242,105
Sponsorship, donations and commissions	155,217	113,200
Capitation fees	133,119	124,620
Bank interest	53,233	53,586
Training and education	52,236	43,826
Administration fees	47,000	31,410
Study tours	86,784	148,482
Other revenue	172,294	125,151
	<hr/>	<hr/>
Total Revenue	5,645,344	2,866,553
	<hr/>	<hr/>

INSTITUTE OF PUBLIC WORKS ENGINEERING AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

3. INCOME TAX

	2012	2011
	\$	\$
The income tax expense for the financial year differs from the amount calculated on the profit. The differences are reconciled as follows:		
(a) Income Tax Expense		
Prima facie income tax on profit/(loss) from ordinary activities before tax	293,231	23,426
Net Mutual Income	(65,988)	(41,375)
Tax losses utilised	(12,114)	-
Over provision from prior year	-	-
Deferred tax asset not brought to account	5,567	-
Non-deductible expenses	-	339
	220,696	(17,610)

(b) Deferred Tax Assets/(liabilities)

The following future income tax benefit/(liability) has not been recognised; as recovery is not considered probable:

Tax losses	-	-
Temporary differences	-	-

The liability of the timing differences will only be obtained if:

- (i) The company derives future assessable income of a nature and amount sufficient to enable the benefit from the deductions for the losses to be realised;
- (ii) The company continues to comply with the conditions for deductibility imposed by tax legislation; and
- (iii) No changes in tax legislation adversely affect the company in realising the benefit from the deductions for the losses.

(c) Franking Credits

The company has no franking credits available, and as a company limited by guarantee is prohibited from making distributions to members.

INSTITUTE OF PUBLIC WORKS ENGINEERING AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

4. RETAINED SURPLUSES

	2012	2011
	\$	\$
Retained surplus at the beginning of the financial year	721,964	626,268
Profit for the year	756,741	95,696
	1,478,705	721,964

5. CASH AND CASH EQUIVALENTS

	2012	2011
	\$	\$
Current		
Cash on deposit, at call	2,081,614	708,383
Cash at bank	113,724	221,428
	2,195,338	929,811

6. OTHER FINANCIAL ASSETS

	2012	2011
	\$	\$
Current		
National Conference funds held with third party	7,304	471,892
	7,304	471,892

INSTITUTE OF PUBLIC WORKS ENGINEERING AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

7. TRADE AND OTHER RECEIVABLES

	2012	2011
	\$	\$
Current		
Trade and other receivables	852,837	545,570
Less: Allowance for impairment of receivables	(52,177)	(40,000)
	800,660	505,570

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

Allowance for impairment of receivables – opening balance	(40,000)	(40,000)
Expensed to profit and loss	(12,177)	-
	(52,177)	(40,000)

8. INVENTORIES

	2012	2011
	\$	\$
Current		
Finished goods	21,962	69,602
Less: Provisions for stock obsolescence	(1,503)	(1,503)
	20,459	68,099

9. PROPERTY, PLANT AND EQUIPMENT

	2012	2011
	\$	\$
Non-Current		
Computer equipment	4,254	4,254
Less: Provisions for depreciation	(4,254)	(4,254)
	-	-

INSTITUTE OF PUBLIC WORKS ENGINEERING AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

9. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliation

Reconciliation of the carrying amounts of property, plant and equipment are set out below:

Carrying amount at the beginning of the year	-
Additions	-
Depreciation	-
	<hr/>
Carrying amount at the end of the year	-
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10. TRADE AND OTHER PAYABLES

	2012	2011
	\$	\$
Current		
Income received in advance:		
- NAMS.PLUS subscriptions	6,425	80,400
- Workshop registration fees	-	140,800
- Yardstick	153,730	122,550
- Local government reform fund projects	262,300	-
- Systems Plus subscriptions	500	25,500
- National Conference	25,000	545,484
IPWEA NSW	25,387	-
IPWEA SA Foundation	9,831	-
Other creditors and accruals	425,589	367,493
Other employee accrued expenses	22,842	26,084
	<hr/>	<hr/>
	931,604	1,308,311
	<hr/>	<hr/>

INSTITUTE OF PUBLIC WORKS ENGINEERING AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

11. PROVISIONS

	2012	2011
	\$	\$
Employee benefits	17,452	15,828
	17,452	15,828

12. CURRENT TAX (ASSETS)/LIABILITIES

	2012	2011
	\$	\$
Balance at the beginning of the year	(16,808)	802
Tax refunded/(paid)	(36,055)	-
Over provision from prior year	-	-
Expense for the year	220,696	(17,610)
	167,833	(16,808)

13. UNSPENT GRANTS

	2012	2011
	\$	\$
Balance at the beginning of the year	25,828	187,933
Total grant amount received	614,500	250,000
Total expenditure incurred	(242,279)	(412,105)
	398,049	25,828

INSTITUTE OF PUBLIC WORKS ENGINEERING AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

14. 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 \$144,000 (2011: \$144,000).

Administration services were charged on commercial terms and conditions.

Amounts due from and to related parties is included in note 10.

INSTITUTE OF PUBLIC WORKS ENGINEERING AUSTRALIA

DIRECTORS' DECLARATION

The directors of the company declare that:

1. in the directors' opinion, the financial statements and accompanying notes set out on pages 9 to 26 are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
 - (b) give a true and fair view of the company's financial position as at 30 June 2012 and of its performance for the year ended on that date;
2. in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

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

A handwritten signature in blue ink, consisting of a stylized, cursive name followed by a horizontal line extending to the right.

Paul Di Iulio - Director
10 October 2012

INDEPENDENT AUDITORS' REPORT

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

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Report on the Financial Report

We have audited the accompanying financial report of Institute of Public Works Engineering Australia Limited, which comprises the statement of financial position as at 30 June 2012, and the statement of 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 and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Institute of Public Works Engineering Australia Limited on 10 October 2012, would be in the same terms if provided to the directors as at the time of this auditor's report.

Nexia Court & Co

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INDEPENDENT AUDITORS' REPORT (continued)

Auditor's Opinion

In our opinion the financial report of Institute of Public Works Engineering Australia Limited is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.



David Gallery

Partner



Nexia Court & Co

Chartered Accountants

Dated: 10 October 2012

Sydney, NSW