



ENGINEERS AUSTRALIA GROUP
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

PARENT ENTITY: THE INSTITUTION OF ENGINEERS AUSTRALIA
ABN: 63 020 415 510

The Institution of Engineers Australia and its controlled entities

Directors' report

The directors present the annual financial report of The Institution of Engineers Australia and its controlled entities ('the Group') for the financial year ended 30 June 2024.

Board members

The names and particulars of the directors of the Board during or since the end of the financial year are:

| Name | Titles of membership | Period of office | Board membership |
|-------------------|--|---------------------|----------------------------------|
| R Aseervatham | FIEAust CPEng APEC Engineer InstPE(Aus) | 01-Jan-19 31-Dec-26 | National President / Board Chair |
| L Blackhall | FIEAust | 01-Jan-23 31-Dec-26 | Elected Director |
| L Cade | FIEAust CPEng EngExec NER APEC Engineer IntPE(Aus) | 01-Jan-18 31-Dec-24 | Elected Director |
| T Goerke | FIEAust CPEng EngExec NER APEC Engineer IntPE(Aus) | 01-Jan-23 31-Dec-26 | Elected Director |
| K Kayvani | FIEAust CPEng NER APEC Engineer IntPE(Aus) | 01-Jan-21 31-Dec-28 | Elected Director |
| L Maimone (Boyer) | FIEAust CPEng EngExec NER APEC Engineer IntPE(Aus) | 01-Jan-22 31-Dec-28 | Elected Director |
| L Vitaris | CompIEAust EngExec | 04-Oct-21 03-Oct-24 | Appointed Director |
| N Fleming | FIEAust CPEng EngExec NER APEC Engineer IntPE(Aus) | 01-Jan-17 31-Dec-23 | National President / Board Chair |

Principal activities

The principal activity of the parent entity of the Group during the financial year was to operate as the peak body of the engineering profession to advance the science and practice of engineering for the benefit of the community.

Operating result

The net surplus of the Group for the year was \$5,749,000 (2023: net surplus \$2,591,000).

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 Group during the financial year.

Future developments

The Group is in the process of rationalising its group structure. This will ensure all available resources are used to ensure that its objectives are maintained in the best interests of members.

Rounding of amounts

The Group is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

The Institution of Engineers Australia and its controlled entities

Directors' report (cont'd)

Meeting of directors

| Name | Full meeting of directors | | Additional meeting of directors | | Meeting of committees | | | | | | | | | | | | | | | |
|---------------------|---------------------------|---|---------------------------------|---|-----------------------|---|-------------------|---|------------------|---|-------------------------------|---|----------------------|---|----------------------------|---|-------------------|---|---|---|
| | | | | | Audit and Risk | | Board Nominations | | People & Culture | | Member & Stakeholder Strategy | | College Chairs Forum | | Board Governance Committee | | President's Forum | | Engineering Practice Advisory Committee | |
| | A | B | A | B | A | B | A | B | A | B | A | B | A | B | A | B | A | B | A | B |
| R Aseervatham | 6 | 6 | 1 | 2 | * | * | * | * | 3 | 3 | 2 | 2 | 1 | 1 | * | * | 4 | 5 | 1 | 1 |
| L Blackhall | 6 | 6 | 1 | 2 | * | * | 1 | 1 | * | * | * | * | * | * | 2 | 2 | * | * | * | * |
| L Cade | 5 | 6 | 1 | 2 | * | * | 1 | 1 | * | * | * | * | * | * | 1 | 1 | * | * | * | * |
| T Goerke | 6 | 6 | 2 | 2 | 4 | 4 | * | * | * | * | 2 | 2 | * | * | * | * | * | * | * | * |
| K Kayvani** | 6 | 6 | 1 | 1 | * | * | * | * | * | * | * | * | * | * | 1 | 1 | * | * | * | * |
| L Maimone (Boyer)** | 6 | 6 | 0 | 1 | 4 | 4 | * | * | * | * | * | * | * | * | * | * | * | * | * | * |
| L Vitaris | 6 | 6 | 1 | 2 | 4 | 4 | * | * | 3 | 3 | 2 | 2 | * | * | * | * | * | * | * | * |
| N Fleming | 4 | 4 | * | * | * | * | * | * | * | * | * | * | 2 | 2 | 2 | 2 | 1 | 2 | 1 | 1 |

A = Number of meetings attended from 1 July 2023 to 30 June 2024

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

* = Not a member of the relevant committee

** = abstained from one additional meeting due to a conflict of interest

Signed on the 16 October 2024, in accordance with a resolution of the Board.



Raj Aseervatham

National President and Board Chair



**Building a better
working world**

Ernst & Young
121 Marcus Clarke Street
Canberra ACT 2600 Australia
GPO Box 281 Canberra ACT 2601

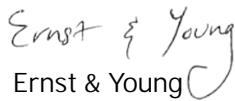
Tel: +61 2 6267 3888
ey.com/au

Auditor's independence declaration to the directors of The Institution of Engineers Australia

In relation to our audit of the financial report of The Institution of Engineers Australia for the financial year ended 30 June 2024, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for-profits Commission Act 2012*, I declare to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of any applicable code of professional conduct; and
- b) No non-audit services provided that contravene any applicable code of professional conduct.

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

The Ernst & Young logo, featuring the company name in a cursive script above the text 'Ernst & Young' in a sans-serif font.

A handwritten signature in black ink, appearing to read 'ITzavaras'.

Irene Tzavaras
Partner
Canberra
17 October 2024

The Institution of Engineers Australia and its controlled entities

Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2024

| | Notes | 2024 \$'000 | 2023 \$'000 |
|---|--------|----------------|----------------|
| Revenue and other income | | | |
| Revenue from contracts with customers | 1(a) | 93,247 | 80,791 |
| Other income | 2(a) | 3,386 | 2,305 |
| Other gains from financial assets and property | 2(b) | 1,896 | 1,148 |
| Total revenue and other income | | 98,529 | 84,244 |
| Expenses | | | |
| Employee expenses | | 54,147 | 47,285 |
| Administrative, publication and IT expenses | | 14,743 | 12,012 |
| Education course delivery expenses | | 3,244 | 5,029 |
| Depreciation and amortisation | 8,9,10 | 4,933 | 4,811 |
| Conferences / events expenses | | 4,191 | 3,771 |
| Consultancy expenses | | 6,579 | 3,769 |
| Premises expenses | | 2,256 | 2,509 |
| Travel expenses | | 2,109 | 1,733 |
| Finance costs | 9 | 491 | 584 |
| Other expenses | | 108 | 107 |
| Net impairment losses on financial and contract assets | | 4 | 49 |
| Total expenses | | 92,805 | 81,659 |
| Share of net profit of joint ventures accounted for using the equity method | | 81 | 55 |
| Surplus before income tax | | 5,805 | 2,640 |
| Income tax expense | | (56) | (49) |
| Surplus for the year | | 5,749 | 2,591 |
| Other comprehensive income | | | |
| <i>Items that will not be reclassified to profit or loss:</i> | | | |
| (Loss) / Gain on revaluation of land and buildings | | (814) | 393 |
| | | (814) | 393 |
| Total comprehensive income for the year | | 4,935 | 2,984 |
| Total comprehensive income attributable to members | | 4,935 | 2,984 |

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

The Institution of Engineers Australia and its controlled entities

Consolidated balance sheet as at 30 June 2024

| | Notes | 2024 \$'000 | 2023 \$'000 |
|---|-------|----------------|----------------|
| Current assets | | | |
| Cash and cash equivalents | 3 | 25,676 | 27,444 |
| Financial assets at amortised cost | 4 | 41,011 | 28,973 |
| Contract assets | 1(b) | 184 | 404 |
| Trade and other receivables | 5 | 3,946 | 2,724 |
| Prepayments | | 2,611 | 2,172 |
| | | <u>73,428</u> | <u>61,717</u> |
| Assets classified as held for sale | 11 | 3,450 | 4,083 |
| Total current assets | | <u>76,878</u> | <u>65,800</u> |
| Non-current assets | | | |
| Investments accounted for using the equity method | 6 | 190 | 109 |
| Financial assets at fair value through profit or loss | 7 | 31,979 | 29,184 |
| Property, plant and equipment | 8 | 17,434 | 20,569 |
| Right-of-use assets | 9 | 8,613 | 10,828 |
| Intangible assets | 10 | 2,666 | 3,945 |
| Total non-current assets | | <u>60,882</u> | <u>64,635</u> |
| Total assets | | <u>137,760</u> | <u>130,435</u> |
| Current liabilities | | | |
| Contract liabilities | 1(b) | 34,707 | 31,458 |
| Lease liabilities | 9 | 2,919 | 2,632 |
| Trade and other payables | 12 | 6,120 | 5,768 |
| Provisions | 13 | 5,079 | 4,263 |
| Other liabilities | | 12 | 12 |
| Income tax payable | | 17 | 26 |
| Total current liabilities | | <u>48,854</u> | <u>44,159</u> |
| Non-current liabilities | | | |
| Provisions | 13 | 1,731 | 1,594 |
| Other liabilities | 14 | 1,746 | 1,602 |
| Lease liabilities | 9 | 7,616 | 10,202 |
| Total non-current liabilities | | <u>11,093</u> | <u>13,398</u> |
| Total liabilities | | <u>59,947</u> | <u>57,557</u> |
| Net assets | | <u>77,813</u> | <u>72,878</u> |
| Members' funds | | | |
| Retained earnings | | 61,909 | 56,160 |
| Reserves | | 15,904 | 16,718 |
| Total members' funds | | <u>77,813</u> | <u>72,878</u> |

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

The Institution of Engineers Australia and its controlled entities

Consolidated statement of changes in equity for the year ended 30 June 2024

| | Retained Earnings \$'000 | Reserves | | Total \$'000 |
|---|--------------------------------|---|--|-----------------|
| | | Asset Revaluation Reserve \$'000 | Technical Initiatives Fund \$'000 | |
| Balance at 1 July 2023 | 53,569 | 13,907 | 2,418 | 69,894 |
| Surplus for the year | 2,591 | - | - | 2,591 |
| Other comprehensive income for the year | | | | |
| Gain on revaluation of land and buildings | - | 393 | - | 393 |
| Total comprehensive income for the year | 2,591 | 393 | - | 2,984 |
| Balance at 30 June 2023 | 56,160 | 14,300 | 2,418 | 72,878 |
| Surplus for the year | 5,749 | - | - | 5,749 |
| Other comprehensive income movements for the year | | | | |
| Loss on revaluation of land and buildings | - | (814) | - | (814) |
| Total comprehensive income for the year | 5,749 | (814) | - | 4,935 |
| Balance at 30 June 2024 | 61,909 | 13,486 | 2,418 | 77,813 |

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

The Institution of Engineers Australia and its controlled entities

Consolidated statement of cash flows for the year ended 30 June 2024

| | Notes | 2024 \$'000 | 2023 \$'000 |
|--|-------|-----------------|----------------|
| Cash flows from operating activities | | | |
| Receipts from members and customers | | 107,278 | 87,993 |
| Payments to employees and suppliers | | (95,422) | (83,196) |
| Interest paid | | (491) | (585) |
| Income taxes paid | | (65) | (51) |
| | | <u>11,300</u> | <u>4,161</u> |
| Net cash inflow from operating activities | | | |
| Cash flows from investing activities | | | |
| Dividend received | | 137 | 69 |
| Distributions received from ACAA | | - | 50 |
| Interest received on financial assets held as investments | 2 | 2,189 | 1,151 |
| Net payments for term deposits | | (12,038) | (6,732) |
| Payments for intangible assets | 10 | (377) | (1,451) |
| Payments for financial assets at fair value through profit or loss | | (10) | (9) |
| Payments for property, plant and equipment | 8 | (307) | (2,589) |
| Repayment of loan by Technical Society | | - | 22 |
| | | <u>(10,406)</u> | <u>(9,489)</u> |
| Net cash outflow from investing activities | | | |
| Cash flows from financing activities | | | |
| Principal elements of lease payments received | | - | 6 |
| Principal elements of lease payments | | (2,662) | (2,686) |
| | | <u>(2,662)</u> | <u>(2,680)</u> |
| Net cash outflow from financing activities | | | |
| Net decrease in cash and cash equivalents | | | |
| Cash and cash equivalents at beginning of the financial year | | <u>27,444</u> | <u>35,452</u> |
| Cash and cash equivalents at end of the financial year | 3 | <u>25,676</u> | <u>27,444</u> |

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

The Institution of Engineers Australia and its controlled entities

Notes to the consolidated financial statements
for the year ended 30 June 2024

Note 1 Revenue from contracts with customers

(a) Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

| | Membership | Assessment and charges | Engineering Workforce Credentialling | Education courses | Sponsorship | Conferences and events | Advertising rebate | All other segments | TOTAL |
|-------------------------------|---------------|------------------------|--------------------------------------|-------------------|--------------|------------------------|--------------------|--------------------|---------------|
| | Australia | Australia | Australia | Australia | Australia | Australia | Australia | Australia | |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | |
| Timing of revenue recognition | | | | | | | | | |
| At a point in time | - | 7,994 | - | 3,343 | 868 | 2,428 | - | 718 | 15,351 |
| Over time | 35,377 | 31,097 | 5,255 | 3,951 | 1,739 | - | 352 | 125 | 77,896 |
| Total | 35,377 | 39,091 | 5,255 | 7,294 | 2,607 | 2,428 | 352 | 843 | 93,247 |

| | Membership | Assessment and charges | Engineering Workforce Credentialling | Education courses | Sponsorship | Conferences and events | Advertising rebate | All other segments | TOTAL |
|-------------------------------|---------------|------------------------|--------------------------------------|-------------------|--------------|------------------------|--------------------|--------------------|---------------|
| | Australia | Australia | Australia | Australia | Australia | Australia | Australia | Australia | |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | |
| Timing of revenue recognition | | | | | | | | | |
| At a point in time | - | 6,115 | - | 3,122 | 486 | 2,665 | - | 709 | 13,097 |
| Over time | 32,538 | 22,386 | 3,498 | 6,795 | 1,863 | - | 481 | 133 | 67,694 |
| Total | 32,538 | 28,501 | 3,498 | 9,917 | 2,349 | 2,665 | 481 | 842 | 80,791 |

* All revenue is delivered in Australia, with a small amount of revenue being received from overseas customers. Refer to Note 25 (d) for further details.

The Institution of Engineers Australia and its controlled entities

Notes to the consolidated financial statements
for the year ended 30 June 2024

| | 2024 \$'000 | 2023 \$'000 |
|--|----------------|----------------|
| Note 1 Revenue from contracts with customers (continued) | | |
| (b) Assets and liabilities related to contracts with customers | | |
| The Group has recognised the following assets and liabilities related to contracts with customers: | | |
| Current contract assets relating to education courses | 16 | 20 |
| Current contract assets relating to advertising rebate | 129 | 160 |
| Current contract assets relating to all other segments | 39 | 224 |
| Total current contract assets | <u>184</u> | <u>404</u> |
| Contract liabilities - membership | 25,922 | 20,154 |
| Contract liabilities - assessment and charges | 3,284 | 5,036 |
| Contract liabilities - engineering workforce credentialling | 1,018 | 1,729 |
| Contract liabilities - education courses | 2,900 | 2,493 |
| Contract liabilities - sponsorship | 681 | 702 |
| Contract liabilities - conferences and events | 335 | 253 |
| Contract liabilities - advance payments for services not yet provided | 567 | 1,091 |
| Total current contract liabilities | <u>34,707</u> | <u>31,458</u> |

The Institution of Engineers Australia and its controlled entities

Notes to the consolidated financial statements for the year ended 30 June 2024

| | 2024 \$'000 | 2023 \$'000 |
|---|----------------|----------------|
| Note 2(a) Other income | | |
| Dividends | 978 | 903 |
| Interest | 2,189 | 1,151 |
| Rent received | 109 | 100 |
| Other | 110 | 151 |
| Total other income | <u>3,386</u> | <u>2,305</u> |
| Note 2(b) Other gains from financial assets and property | | |
| Net gains from financial assets at fair value through profit or loss | <u>1,896</u> | <u>1,148</u> |
| Total other gains from financial assets and property | <u>1,896</u> | <u>1,148</u> |
| Note 3 Cash and cash equivalents | | |
| Cash at bank and on hand | <u>25,676</u> | <u>27,444</u> |
| Total cash and cash equivalents | <u>25,676</u> | <u>27,444</u> |
| <p>(i) Cash at bank included \$768,868 (2023: \$599,371) collected or managed on behalf of the Technical Societies that will be distributed to them or managed on their behalf after 30 June 2024, and as such is not available for general use by the Group.</p> | | |
| Note 4 Financial assets at amortised cost | | |
| <p>The Group classifies its financial assets at amortised cost only if both of the following criteria are met:</p> <ul style="list-style-type: none"> - the asset is held within a business model whose objective is to collect the contractual cash flows; and - the contractual terms give rise to cash flows that are solely payments of principal and interest. <p>Financial assets at amortised cost include the following debt investments:</p> | | |
| Current assets | | |
| Term deposits | <u>41,011</u> | <u>28,973</u> |
| Total financial assets at amortised cost | <u>41,011</u> | <u>28,973</u> |

The Institution of Engineers Australia and its controlled entities

Notes to the consolidated financial statements for the year ended 30 June 2024

| | 2024 \$'000 | 2023 \$'000 |
|---|----------------|----------------|
| Note 5 Trade and other receivables | | |
| Trade receivables from contracts with customers | 2,869 | 2,772 |
| Less: expected credit loss | (85) | (130) |
| | <u>2,784</u> | <u>2,642</u> |
| Other receivables | | |
| Goods and services tax refundable | 1,031 | - |
| Accrued interest income | 131 | 82 |
| | <u>1,162</u> | <u>82</u> |
| Total trade and other receivables | <u>3,946</u> | <u>2,724</u> |

Note 6 Investments accounted for using the equity method

Interests in joint ventures

Set out below is a joint venture involving Engineers Australia as at 30 June 2024. The entity has share capital consisting solely of members' capital, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

| <u>Name</u> | <u>Place of Business</u> | <u>% of Ownership interest</u> | | <u>Fair Value</u> | |
|--|--------------------------|--------------------------------|-------------|-----------------------|-----------------------|
| | | <u>2024</u> | <u>2023</u> | <u>2024</u> \$'000 | <u>2023</u> \$'000 |
| Australian Construction Achievement Award | Australia | 50% | 50% | | |
| Opening balance | | | | 109 | 104 |
| Share of net profit of joint ventures | | | | 81 | 55 |
| Distributions made | | | | - | (50) |
| Total investments accounted for using the equity method. | | | | <u>190</u> | <u>109</u> |

Note 7 Financial assets at fair value through profit or loss

Fair value through profit or loss

| | | |
|---|---------------|---------------|
| Equity and debt investments | 31,979 | 29,184 |
| Total financial assets at fair value through profit or loss | <u>31,979</u> | <u>29,184</u> |
| Comprising: | | |
| Morgan Stanley investment - Engineers Australia | 30,233 | 27,582 |
| Morgan Stanley investment - Bill Hickson Bequest | 1,746 | 1,602 |
| | <u>31,979</u> | <u>29,184</u> |

The Institution of Engineers Australia and its controlled entities

Notes to the consolidated financial statements for the year ended 30 June 2024

| | Land and buildings at fair value \$'000 | Plant, furniture and equipment at cost \$'000 | Leasehold improvement at cost \$'000 | Assets in Progress at Cost \$'000 | Total \$'000 |
|---|--|---|---|---|-----------------|
| Note 8 Property, plant and equipment | | | | | |
| (a) As at 30 June 2023 | | | | | |
| Cost or fair value | 16,205 | 4,306 | 3,326 | 2,615 | 26,452 |
| Accumulated depreciation | - | (3,545) | (2,338) | - | (5,883) |
| Net book amount | 16,205 | 761 | 988 | 2,615 | 20,569 |
| For the year ended 30 June 2024 | | | | | |
| Opening net book amount | 16,205 | 761 | 988 | 2,615 | 20,569 |
| Revaluation | (127) | - | - | - | (127) |
| Additions | - | - | - | 307 | 307 |
| Transfers | - | 284 | 23 | (307) | - |
| Disposals | - | - | - | (2,615) | (2,615) |
| Depreciation expense | (288) | (167) | (245) | - | (700) |
| Closing net book amount | 15,790 | 878 | 766 | - | 17,434 |
| As at 30 June 2024 | | | | | |
| Cost or fair value | 15,790 | 4,590 | 3,348 | - | 23,728 |
| Accumulated depreciation | - | (3,712) | (2,582) | - | (6,294) |
| Net book amount | 15,790 | 878 | 766 | - | 17,434 |

(b) Building valuation

In accordance with the Group's 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 was performed by Savills Valuation Pty Ltd in June 2024. The previous valuation was prepared in June 2023.

The Institution of Engineers Australia and its controlled entities

Notes to the consolidated financial statements for the year ended 30 June 2024

| | 2024 \$'000 | 2023 \$'000 |
|---|----------------|----------------|
| Note 9 Leases | | |
| Lease information for the Group | | |
| <u>Amounts recognised in the balance sheet</u> | | |
| The balance sheet shows the following amounts relating to leases: | | |
| Right-of-use assets | | |
| Buildings | 8,585 | 10,737 |
| Equipment | 28 | 91 |
| | 8,613 | 10,828 |
| Lease liabilities | | |
| Current | 2,919 | 2,632 |
| Non-current | 7,616 | 10,202 |
| | 10,535 | 12,834 |
| Future lease payments in relation to lease liabilities as at period end are as follows: | | |
| Within one year | 3,344 | 3,110 |
| Later than one year but not later than five years | 6,497 | 7,920 |
| Later than five years | 1,981 | 3,531 |
| | 11,822 | 14,561 |
| Additions to the right-of-use assets during the 2024 financial year were \$362,000. | | |
| <u>Amounts recognised in the statement of profit or loss</u> | | |
| The statement of profit or loss shows the following amounts relating to leases: | | |
| Depreciation charge of right-of-use assets | | |
| Buildings | 2,514 | 2,500 |
| Equipment | 63 | 113 |
| | 2,577 | 2,613 |
| Interest expense (included in finance cost) | 491 | 584 |
| Expense relating to leases of low-value assets not shown above as short-term leases (included in Administrative, publication and IT expenses) | 222 | 376 |
| The total cash outflow for leases in 2024 was \$3,376,000 (2023 was \$3,648,000). | | |
| Further details on the application of leases for the Group is at Note 25(j). | | |

The Institution of Engineers Australia and its controlled entities

Notes to the consolidated financial statements
for the year ended 30 June 2024

| | Computer software at cost \$'000 | Developed course at cost \$'000 | Trademarks at cost \$'000 | Intangible assets WIP at cost \$'000 | Total \$'000 |
|--|--|---------------------------------------|---------------------------------|---|-----------------|
|--|--|---------------------------------------|---------------------------------|---|-----------------|

Note 10 Intangible assets

As at 30 June 2023

| | | | | | |
|---|----------|---------|-----|-----|----------|
| Cost | 14,146 | 2,178 | 196 | 566 | 17,086 |
| Accumulated amortisation and impairment | (11,853) | (1,288) | - | - | (13,141) |
| Net book amount | 2,293 | 890 | 196 | 566 | 3,945 |

For the year ended 30 June 2024

| | | | | | |
|-------------------------|---------|-------|-----|-------|---------|
| Opening net book amount | 2,293 | 890 | 196 | 566 | 3,945 |
| Additions | - | - | - | 377 | 377 |
| Transfers | 241 | 572 | - | (813) | - |
| Amortisation expense | (1,152) | (504) | - | - | (1,656) |
| Closing net book amount | 1,382 | 958 | 196 | 130 | 2,666 |

As at 30 June 2024

| | | | | | |
|---|----------|---------|-----|-----|----------|
| Cost | 14,387 | 2,393 | 196 | 130 | 17,106 |
| Accumulated amortisation and impairment | (13,005) | (1,435) | - | - | (14,440) |
| Net book amount | 1,382 | 958 | 196 | 130 | 2,666 |

The Institution of Engineers Australia and its controlled entities

Notes to the consolidated financial statements for the year ended 30 June 2024

| | 2024 \$'000 | 2023 \$'000 |
|--|----------------|----------------|
| Note 11 | | |
| Asset classified as held for sale | | |
| 712 Murray St, West Perth WA | 3,450 | 4,083 |
| Total asset held for sale | 3,450 | 4,083 |
| <p>In February 2023, the Engineers Australia Board approved the sale of the Perth office located at 712 Murray St, West Perth WA. The value of this property was moved to Assets classified as held for sale during the reporting period and was measured at fair value, based on the revaluation performed by Savills Valuation Pty Ltd in June 2024. This property is still being actively marketed to be sold via a commercial real estate agent.</p> | | |
| Note 12 | | |
| Trade and other payables | | |
| Trade creditors and accruals | 4,504 | 3,250 |
| Sundry creditors | 1,616 | 1,535 |
| Goods and services tax payable | - | 983 |
| Total trade and other payables | 6,120 | 5,768 |
| Note 13 | | |
| Provisions | | |
| Employee benefit provisions | 6,593 | 5,640 |
| Make good provision | 217 | 217 |
| Total provisions | 6,810 | 5,857 |
| Current | 5,079 | 4,263 |
| Non-current | 1,731 | 1,594 |
| Total provisions | 6,810 | 5,857 |
| Number of employees at year end | 426 | 391 |
| Note 14 | | |
| Other non-current liabilities | | |
| Bill Hickson Bequest - value of investment held with Morgan Stanley | 1,746 | 1,602 |
| Total other non-current liabilities | 1,746 | 1,602 |

The Group received funds totalling \$1.59m from the Bill Hickson Bequest in 2020-21, which it invested with Morgan Stanley. These funds were provided to Engineers Australia to fund education scholarships from the income generated by the initial funds invested. Engineers Australia is not a beneficiary of the fund and cannot use the funds for its own purpose. In this regard Engineers Australia has treated the value of the funds held on behalf of the Bill Hickson Bequest as a financial liability as any breach of the bequest terms would mean that the funds would need to be returned to the Bequest.

As at 30 June 2024, three education scholarships have been paid from the income generated with the funds invested with Morgan Stanley.

The Institution of Engineers Australia and its controlled entities

Notes to the consolidated financial statements for the year ended 30 June 2024

| | 2024 \$'000 | 2023 \$'000 |
|--|----------------|----------------|
| Note 15 Bank Guarantees | | |
| The amounts under this note relate to contract performance guarantees in favour of the lessor at the following premises: | | |
| 1. Bourke Place Melbourne VIC 3000. (First registered mortgage over non residential real property located at units 1-5 Engineering House 11 National Circuit Barton ACT 2600 is held as security for the guarantee) | 952 | 952 |
| 2. 44 Market Street Sydney NSW 2000. (Security Deposit Guarantee Favouree: PERPETUAL TRUSTEE COMPANY LIMITED ABN 42 000 001 007) | 581 | 581 |
| 3. Suite A, Level 9, 340 Adelaide St, Brisbane QLD 4000. (Security Deposit Guarantee Favouree: BNY TRUST COMPANY OF AUSTRALIA LIMITED ACN 050 294 052) | 313 | 313 |
| 4. Level 10, Allendale Square, 77 St Georges Terrace, Perth WA 6000. (Security Deposit Guarantee Favouree: Allendale Square Pty Ltd ABN 85 502 812 766) | 418 | 418 |
| Total contingent liabilities | <u>2,264</u> | <u>2,264</u> |
| Note 16 Commitments | | |
| Commitments includes expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows: | | |
| Within one year | 4,431 | 2,676 |
| Later than one year but not later than five years | <u>2,164</u> | <u>1,725</u> |
| Total commitments | <u>6,595</u> | <u>4,401</u> |
| Commitments includes only the material value of contracts where the Group has made a commitment via a contract or agreement with a third party for future purchases of goods or services. The amount reported includes commitments for IT services and publishing expenditure relating to the Group's "create" magazine. | | |
| Note 17 Reserves | | |
| Nature and purpose of reserves | | |
| <u>Asset revaluation reserve</u> | | |
| The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets. In the event of a sale of an asset, any balance in the reserve in relation to the asset is transferred to retained earnings, see accounting policy note 25(q) for details. | | |
| Note 18 Events after balance sheet date | | |
| There were no events after balance sheet date to be reported. | | |

The Institution of Engineers Australia and its controlled entities

Notes to the consolidated financial statements for the year ended 30 June 2024

Note 19 Going concern

The Group concludes that no material uncertainty exists about the Group's ability to continue as a going concern. The Group has appropriate processes and systems to monitor business activity and economic conditions to support this assessment.

Note 20 Related party transactions

The names and particulars of the members of the Board and Executive Officers of The Institution of Engineers Australia during the financial year are:

| Non-executive directors | Position | |
|--------------------------------|---|---------------------|
| R Aseervatham | National President and Board Chair | from 1 January 2024 |
| N Fleming | National President and Board Chair | to 31 December 2023 |
| L Blackhall | Director | |
| L Cade | Director | |
| T Goerke | Director | |
| K Kayvani | Director | |
| L Maimone (Boyer) | Director | |
| L Vitaris | Director | |
| Executive officers | | |
| R Madew | Chief Executive Officer | |
| B Foley | Acting Chief Engineer | from 11 March 2024 |
| C Foo | Group Executive, Digital and Technology | |
| J Gullick | Group Executive, Finance and Risk | |
| J Hanks | Group Executive, Growth and Education | to 12 August 2023 |
| S Jenkins | Group Executive, Member and Customer | |
| M Luddeni | Group Executive, Operations and Assessments | |
| J MacMaster | Chief Engineer | to 8 March 2024 |
| D Ogden | Group Executive, Policy and Public Affairs | |
| R Pena | Group Executive, People and Strategy | |
| V Wongseelashote | Group General Counsel and Company Secretary | to 14 June 2024 |

Key management personnel compensation

The aggregated compensation of the key management personnel (non-executive directors and executive officers) of the the Institution of Engineers Australia is set out below:

| | <u>2024</u> | <u>2023</u> |
|---|--------------------|--------------------|
| Total key management personnel compensation | 3,867,587 | 3,437,174 |

Transactions with Directors of the Board

From time to time transactions are entered into with Directors of the Board, their firms or associated entities. Such transactions are within normal customer employee relationships on terms and conditions no more favourable than those available to other members, customers or employees. These transactions were principally for fees paid to directors in their capacity as directors, and fees paid by directors for their membership and attendance at events held by Engineers Australia.

Directors of the Group are reimbursed for their out-of-pocket travel and related expenses.

The Institution of Engineers Australia and its controlled entities

Notes to the consolidated financial statements for the year ended 30 June 2024

| | 2024 | 2023 |
|---|----------------|----------------|
| Note 21 Auditor's remuneration | | |
| Remuneration of the auditor for: | | |
| - Audit of the financial statements | 170,000 | 155,000 |
| - Other services | | |
| Consulting services | 16,914 | - |
| Total auditor's remuneration* | <u>186,914</u> | <u>155,000</u> |
| <i>* Auditor remuneration fee must be reported as full numbers</i> | | |
| Note 22 Incorporation | | |
| Engineers Australia is a body incorporated by Royal Charter and domiciled in Australia. The registered office and principal place of business of The Institution of Engineers Australia is: | | |
| Engineers Australia - National Office | | |
| Engineering House | | |
| 11 National Circuit | | |
| Barton, ACT, 2600 | | |
| Note 23 Parent entity financial information | | |
| The individual financial statements for the parent entity show the following aggregate amounts: | | |
| Summary financial information | \$'000 | \$'000 |
| Balance sheet | | |
| Current assets | 64,152 | 53,198 |
| Total assets | 135,156 | 128,039 |
| Current liabilities | 46,643 | 42,036 |
| Total liabilities | <u>57,689</u> | <u>55,337</u> |
| Net Assets | <u>77,467</u> | <u>72,702</u> |
| Members' funds | | |
| Retained earnings | 50,927 | 44,937 |
| Reserves | 26,540 | 27,765 |
| Total Members' funds | <u>77,467</u> | <u>72,702</u> |
| Surplus for the year | 5,989 | 7,678 |
| Total comprehensive income | 4,764 | 2,888 |

The Institution of Engineers Australia and its controlled entities

Notes to the consolidated financial statements for the year ended 30 June 2024

| | Notes | Equity holding | |
|--|-------|----------------|-----------|
| | | 2024 % | 2023 % |
| Note 24 Controlled entities | | | |
| Parent entity | | | |
| The Institution of Engineers Australia Incorporated in Australia by Royal Charter | 24(a) | | |
| Controlled entities | | | |
| Subsidiaries: | | | |
| Australian Engineering Foundation Ltd Incorporated in Australia | 24(b) | 100 | 100 |
| Engineers Australia Pty Ltd Incorporated in Australia | 24(c) | 100 | 100 |
| Engineering Education Australia Pty Ltd Incorporated in Australia | 24(d) | 100 | 100 |
| The Moreland Group Pty Ltd Incorporated in Australia | 24(e) | 100 | 100 |
| EnglInsure Pty Ltd Incorporated in Australia | 24(f) | 100 | 100 |

(a) The Institution of Engineers Australia is a body incorporated under Royal Charter issued on 10 March 1938.

(b) Australian Engineering Foundation Ltd ('AEF') is a company limited by guarantee. The Institution of Engineers Australia exercises control over AEF through the appointment of its Board members.

(c) Engineers Australia Pty Ltd is owned by The Institution of Engineers Australia. The company was previously trading as 'Engineers Media'.

(d) Engineering Education Australia Pty Ltd ("EEA") is 43% owned by The Institution of Engineers Australia and 57% owned by the Australian Engineering Foundation Ltd. The Institution of Engineers Australia exercises control over AEF, a company limited by guarantee, through the appointment of its Board members.

(e) The Moreland Group Pty Ltd ("TMG") is 100% owned and directly controlled by Engineering Education Australia Pty Ltd ("EEA"). The Institution of Engineers Australia exercises control over EEA and accordingly exercises control over TMG. On the 25 June 2024 TMG was wound up via an external liquidation process and will no longer be a subsidiary or controlled by EEA from this date. It will no longer be part of the consolidated Group from 1 July 2024.

(f) EnglInsure Pty Ltd is owned by The Institution of Engineers Australia.

The Institution of Engineers Australia and its controlled entities

Notes to the consolidated financial statements for the year ended 30 June 2024

Note 25 Summary of accounting policies

The following is a summary of the material accounting policies adopted by the Group in the preparation and presentation of the consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board, the Royal Charter and the 2011 By-Laws of The Institution of Engineers Australia (Engineers Australia).

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

The Group is a not-for-profit entity for the purposes of preparing these consolidated financial statements.

The financial statements were authorised for issue by the Board members on 16 October 2024. The directors have the power to amend and re-issue the financial statements.

i) Compliance with Australian Accounting Standards – Simplified Disclosure Requirements

The financial statements comply with the recognition and measurement requirements of Australian Accounting Standards, the presentation requirements in those Standards as modified by AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (AASB 1060) and the disclosure requirements in AASB 1060. Accordingly, the financial statements comply with Australian Accounting Standards – Simplified Disclosures as issued by the Australian Accounting Standards Board (AASB).

ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except the following:

- land and building - measured at fair value; and
- assets held for sale - measured at fair value.

iii) New and amended standards adopted by the group

A number of amended standards became applicable for the current reporting period. The group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

b) Principles of consolidation and equity accounting

Consolidation

The consolidated financial statements incorporate the entities controlled by the parent entity. Control is achieved where the parent entity 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 24 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.

The Institution of Engineers Australia and its controlled entities

Notes to the consolidated financial statements for the year ended 30 June 2024

Note 25 Summary of accounting policies (continued)

b) Principles of consolidation and equity accounting (continued)

Equity accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its subsidiaries and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The carrying amount of equity-accounted investments is also tested for impairment.

c) Functional and presentation currency

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

d) Revenue

The details below should be read in conjunction with Note 1 (a) and (b).

Membership subscriptions:

Revenue from membership subscriptions relates to the provision of annual membership benefits to members. The consideration for memberships is based on fixed fees with discounts applied where applicable for some members, and is recognised over the membership year as members simultaneously receive and benefit from the services provided. Membership subscriptions paid prior to year-end which are related to the next financial year are held in contract liabilities (previously reported as unearned revenue), which is a current liability.

Assessment and registration fees:

Revenue from assessment and registration services relates to the provision of these services to customers of the Group and are based on fixed fees. The main assessment and registration services include:

(i) Migration Skills Assessment (MSA) and Chartered Assessment – revenue recognised in relation to the provision of services to complete an MSA or Chartered assessment for an applicant. These assessments are performed over time through stages as the relevant application is progressed by an assessor until a final outcome is determined. Revenue is recognised over time in line with the progression of the assessment.

(ii) MSA Fast Track – revenue recognised in relation to the provision of services to MSA applicants to start their applications at a faster rate than the standard service. Revenue related to MSA Fast Track is recognised when the application is assigned to an assessor to process the application, as this is the point in time when the service has been completed for the applicant.

(iii) National Engineering Register (NER) fees – revenue recognised in relation to the provision of annual registration benefits to members of NER. The revenue is recognised over the membership year as members simultaneously receive and benefit from the services provided. Registration fees paid prior to year-end to which are related to the next financial year are held in contract liabilities (previously reported as unearned revenue), which is a current liability.

The Institution of Engineers Australia and its controlled entities

Notes to the consolidated financial statements for the year ended 30 June 2024

Note 25 Summary of accounting policies (continued)

d) Revenue (continued)

Assessment and registration fees (continued):

(iv) Other assessment services – revenue recognised in relation to other assessments services are recognised when the outcome of the assessment has been provided to the applicant. These assessments are completed within a short period of time (ie. 1-2 days) and included assessments processed by the Department of Employment and Workplace Relationships (DEWR) which introduced three incentives to maximise the contribution of Australia's onshore migrant workforce last financial year.

Engineering Workforce Credentialling (EWC):

Revenue relates to the access of services offered to partner organisations for the provision of membership and credentialling assessment services, recognised over time, for an agreed number of employees at a fixed fee over relevant financial years and formalised via a signed agreement.

Education courses:

Revenue from courses provided related to the delivery of education courses to students, is determined from fixed price contracts, and is recognised over time as students simultaneously receive and use the services provided. For courses provided with a total duration of one day, revenue is recognised at a point in time on the day the course starts and finishes. Revenue recognised in the financial year is based on actual services provided to the end of the reporting period and measured with reference to the number of training days completed as a percentage of the total expected training days for the course (inclusive of period for internships, if applicable).

Sponsorship:

The Group receives sponsorship revenue from customers for corporate partnerships with the Group or in support of specific events. Revenue from corporate partnerships is recognised over the period of the agreement in line with the completion of activities or provision of services as outlined in the sponsorship agreement, which are generally based on fixed fees. Sponsorship revenue in support of specific events is recognised when the event has been held and the consideration is based on fixed fees.

Conferences / events:

The Group held a number of conferences / events during the year. Revenue is recognised when the event has been held and the consideration is based on fixed fees.

Management fees:

The Group provides management support services to external entities as determined in contractual agreements for general management services and the coordination of one-off events.

The contracts for general management services contain fixed monthly management fees and specifies the services to be provided. The services provided are substantially the same each month and have the same pattern of transfer, therefore the Group accounts for the contracts as one performance obligation; the provision of management support services. Revenue is recognised over the life of the contract as the customers simultaneously receives the benefits as the Group provides the services.

Revenue for services provided for one-off events are recognised once the event has been completed.

The Institution of Engineers Australia and its controlled entities

Notes to the consolidated financial statements for the year ended 30 June 2024

Note 25 Summary of accounting policies (continued)

d) Revenue (continued)

Advertising rebate:

The Group receives a monthly rebate, which is a percentage of the advertising revenue that is generated from the Group's 'create' magazine each month. The revenue rebate is based on an agreed calculation contained in a multi-year contract with a company which manages the production of the magazine for the Group. Revenue is recognised over the period of the contract, in line with advertising generated from the 'create' magazine.

Contract assets and liabilities:

Contract assets represent services provided to customers which are not yet billed. Contract liabilities recognised are in relation to revenue billed to customers, where the Group has not yet provided the services.

e) Income tax

The parent (a registered charity) and the following controlled entities are currently exempt from the payment of income tax:

- i) Engineering Education Australia Pty Ltd (a registered charity)
- ii) Australian Engineering Foundation Ltd (self assessed as tax exempt in accordance with ATO guidelines and is a dormant entity)
- iii) Engineers Australia Pty Ltd (a registered charity; dormant entity)

Englinsure Pty Ltd and The Moreland Group Pty Ltd are for profit entities and subject to income tax.

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate.

f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

g) Trade receivables

Trade receivables are amounts due from customers for goods or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore subsequently measures them at amortised cost, less an expected credit loss allowance for impairment. Bad debts are written off when debts become uncollectible in a subsequent period.

The Group applies the *AASB 9 Financial Instruments* simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

h) Goods and services tax ("GST")

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

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

The Institution of Engineers Australia and its controlled entities

Notes to the consolidated financial statements for the year ended 30 June 2024

Note 25 Summary of accounting policies (continued)

i) 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).

Land and buildings

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 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, furniture and equipment

Plant, furniture 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, 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 depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements using the straight line method.

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 | 40 - 50 years |
| Plant, furniture and equipment | 3 -10 years |
| Leasehold improvements | 5 -10 years |

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

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

The Institution of Engineers Australia and its controlled entities

Notes to the consolidated financial statements for the year ended 30 June 2024

Note 25 Summary of accounting policies (continued)

j) Leases

The Group leases various offices and equipment using rental contracts that are typically made for fixed periods of 3 to 10 years, but may also have extension options. These lease contracts may contain both lease and non-lease components that the Group allocates based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions within each agreement. These lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor and may not be used as security for borrowing purposes.

From 1 July 2019, under *AASB 16 Leases* all Group building leases and some property, plant and equipment leases (above a threshold) are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Lease receivables are recognised on sub-leases when the sub-lease of a leased property is classified as a finance lease.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Lease income from operating leases where the group is a lessor is recognised in income over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The group did not need to make any adjustments to the accounting for assets held as lessor for the leasing standard.

Low value threshold

The Group has determined, that where practical, to apply the low-value assets exemption to any property, plant and equipment with a new value under \$5,000 (excluding GST). When low-value asset exemption applies to any asset, the lease payments for that asset are expensed in the Group's statement of profit or loss over the lease term.

Measurement

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Application of interest rate

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group has determined the following methods for determining the rate:

- Building leases - quoted rate provided by current banking provider (currently CBA) which reflects the value and nature of the leased assets, lease terms and economic environment; and
- Plant and equipment leases – based on rate provided by finance company.

The Institution of Engineers Australia and its controlled entities

Notes to the consolidated financial statements for the year ended 30 June 2024

Note 25 Summary of accounting policies (continued)

j) Leases (continued)

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Lease receivables

Lease receivable on a sublease is measured at the net investment in the lease, discounted using the interest rate in the head lease. Lease payments received by the Group are allocated between lease receivable and interest income. The interest income is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the net investment in the lease.

Exemptions applied

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group, where it is reasonably certain that the relevant option will be taken up. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

Lease incentive

The Group may receive a lease incentive when signing a new commercial lease, via a fitout contribution, rent rebate, or a combination of both. When a lease incentive is provided as a fitout contribution, the fitout assets will generally form part of lessor's property, subject to the contract terms and therefore the fitout assets will not form part of the Group's property, plant and equipment, if this is the case. When the lease incentive is provided as a rent rebate to offset lease payments, it is taken into account through the measurement of the contract liability.

The Institution of Engineers Australia and its controlled entities

Notes to the consolidated financial statements for the year ended 30 June 2024

Note 25 Summary of accounting policies (continued)

k) Intangible assets

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment 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 being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Computer software

Computer software assets have useful lives of between 3 to 5 years.

"create" design (specific trademark)

"create" design recognised with a 5 year useful life has now been fully amortised as at 30 June 2020.

Trademarks

Trademarks recognised have an indefinite useful life and are not amortised, unless otherwise specified.

Developed education courses

Developed education course assets have useful lives between 3 to 5 years.

Goodwill

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

Impairment

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

Any excess of the asset's carrying value over its recoverable amount is expensed to the consolidated statement of profit and loss, 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 profit and loss immediately, unless the relevant asset is carried at fair value, in which case, the reversal is treated as a revaluation increase.

l) Assets held for sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the noncurrent asset is recognised at the date of derecognition.

Assets are not depreciated or amortised while they are classified as held for sale. Assets classified as held for sale are presented separately from the other assets in the balance sheet.

The Institution of Engineers Australia and its controlled entities

Notes to the consolidated financial statements for the year ended 30 June 2024

Note 25 Summary of accounting policies (continued)

m) Investments and other financial assets

Recognition and derecognition

The Group recognise financial assets on the date it becomes party to the contractual agreement (trade date) and recognised changes in fair value of the financial assets from this date. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value. Transaction costs of financial assets at fair value through profit or loss (FVPL) are presented in the statement of profit or loss and other comprehensive income in the period in which they arise.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The Group has subsequently measured its debt instruments at amortised cost as the assets are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income from these financial assets is included in interest income using the effective interest rate method. Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income.

Equity instruments

The Group subsequently measures all equity investments at FVPL. Dividends from such investments are recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in net gains/(losses) on financial assets at fair value through profit or loss in the statement of profit or loss and other comprehensive income as applicable.

Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Bequests

The Group received a bequest from the estate of William Hickson in 2020-21 to provide education scholarships. The funds from the bequest do not provide a financial benefit to the Group and there are no defined performance obligations to be met. The Group administers these funds separately from the Group's other funds and has appropriately accounted for the transactions in accordance with *AASB 1058 - Income from Not-for-Profit Entities* and *AASB 9 - Financial Instruments*. The funds are accounted for as a financial asset and financial liability, with any movements from increase/decreases in the investment, payment of scholarships or other movements to be treated as movements in both these accounts.

n) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost. They represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

The Institution of Engineers Australia and its controlled entities

Notes to the consolidated financial statements for the year ended 30 June 2024

Note 25 Summary of accounting policies (continued)

o) Provisions

Provisions are recognised when the Group has 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.

Make good provision

The Group is required to restore some leased offices to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the right-of-use assets and are amortised over the shorter of the term of the lease and the useful life of the assets.

Employee benefit provisions

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

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

p) 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.

q) Critical accounting judgements and key sources of estimation uncertainty

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

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

Key estimates and judgements

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 25(i), 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 value. These valuations are undertaken on an annual basis and the carrying amount of land and buildings is adjusted to reflect these valuations.

The Institution of Engineers Australia and its controlled entities

Notes to the consolidated financial statements
for the year ended 30 June 2024

Note 25 Summary of accounting policies (continued)

q) Critical accounting judgements and key sources of estimation uncertainty (continued)

Technical societies

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

Revenue for Technical Societies is received by Engineers Australia and distributed directly to the Technical Societies. Any undistributed Technical Society revenue at balance date is included as trade and other payables in the balance sheet.

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

r) Rounding of amounts

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Declaration of the Directors

In accordance with a resolution of the directors, I state that in the opinion of the directors:

- a) the financial statements and notes of The Institution of Engineers Australia and its controlled entities are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012* , including:
- (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards - General Purpose Financial Statements - Simplified Disclosures and the *Australian Charities and Not-for-Profits Commission Regulation 2013*; and
- b) there are reasonable grounds to believe that The Institution of Engineers Australia and its controlled entities will be able to pay all of their debts as and when they become due and payable.

Signed on 16 October 2024.



Raj Aseervatham
National President and Board Chair

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

Opinion

We have audited the financial report of The Institution of Engineers Australia (the Company) and its controlled entities (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of material accounting policy information policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

- a. Giving a true and fair view of the Group's consolidated financial position as at 30 June 2024 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards – Simplified Disclosures and the *Australian Charities and Not-for-profits Commission Regulations 2022*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosures and the *ACNC Act 2012* and for such internal control as the 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.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.



**Building a better
working world**

- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young
Ernst & Young

A handwritten signature in black ink, appearing to read 'ITzavaras', written over a horizontal line.

Irene Tzavaras
Partner
Canberra
17 October 2024