



**ANNUAL CONSOLIDATED
FINANCIAL REPORT**

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

Engineers Australia
National Office, Divisions and Subsidiary Companies

National Council Report

The members of the Council of Engineers Australia present the annual financial report of The Institution of Engineers Australia ('Engineers Australia') and the consolidated entity for the financial year ended 30 June 2012.

Council Members

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

Name	IE Aust Qualification	Period of Office		Office Held
D A Hood	FIEAust CPEng	24-11-10	Ongoing	National President
M Kanga	FIEAust CPEng	26-11-07	Ongoing	National Deputy President
M C Lindsay	FIEAust CPEng	01-12-05	Ongoing	Immediate Past National President
A Baitch	HonFIEAust CPEng	25-11-09	Ongoing	National Councillor
D J Gillott	FIEAust CPEng	24-11-10	Ongoing	National Councillor
B D Howard	FIEAust CPEng	13-11-02	Ongoing	National Councillor
M E McManus	FIEAust	01-01-12	Ongoing	National Councillor
B J Strout	FIEAust CPEng	23-11-07	Ongoing	National Councillor
G P Walters	FIEAust CPEng	01-01-12	Ongoing	National Councillor, NVP (Finance)
D J Hargreaves	FIEAust CPEng	20-11-08	31-12-11	Immediate Past National President
D A McHugh	FIEAust CPEng	25-11-09	31-12-11	National Councillor

Principal Activities

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

Operating Result

The net surplus of the consolidated entity for the year was \$867,000 (2011: net deficit \$603,000).

Subsequent Events

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

Changes in State of Affairs

There was no significant change in the state of affairs of the consolidated entity during the financial year.

Future Developments

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

Signed at Canberra this 16 October 2012, in accordance with a resolution of Council.



David Hood
National President



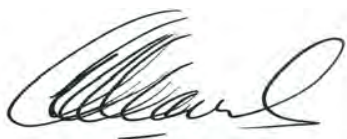
Greg Walters
National Councillor, NVP (Finance)

Councillors' Declaration

The councillors declare that:

- a) In the councillors' opinion, there are reasonable grounds to believe that Engineers Australia will be able to pay its debts as and when they become due and payable; and
- b) In the councillors' opinion, the attached financial statements, as set out on pages 5 to 29, are drawn up so as to give a true and fair view of the financial position and performance for the year ended 30 June 2012, and the state of affairs of Engineers Australia and the consolidated entity as at that date.

Signed at Canberra this 16 October 2012, in accordance with a resolution of the Council of Engineers Australia.



David Hood
National President



Greg Walters
National Councillor, NVP (Finance)

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

We have audited the accompanying financial report of The Institution of Engineers Australia which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the councillors' declaration of the consolidated entity comprising The Institution of Engineers Australia and the entities it controlled at the year's end or from time to time during the financial year set out on pages 2 and 5 to 29.

Members of the Council's Responsibility for the Financial Report

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

Auditor's Responsibility

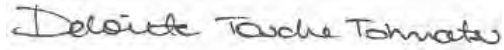
Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain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

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

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

Opinion

In our opinion, the financial report of The Institution of Engineers Australia presents fairly, in all material respects, the company's and consolidated entity's financial position as at 30 June 2012 and their financial performance for the year then ended in accordance with Australian Accounting Standards and the Royal Charter and By-Laws of Engineers Australia.



DELOITTE TOUCHE TOHMATSU



Alexandra Spark
Partner
Chartered Accountants
Canberra, 17 October 2012

Consolidated Statement of Comprehensive Income
for the year ended 30 June 2012

	Notes	Consolidated 2012 \$'000s	2011 \$'000s	Engineers Australia 2012 \$'000s	2011 \$'000s
Income					
Revenue	3(a)	45,007	37,767	35,004	29,539
Other Income	3(b)	3,497	3,444	3,354	3,353
Total Income		48,504	41,211	38,358	32,892
Expenses					
Employee Expenses		17,881	16,736	15,585	14,431
Consultancy Expenses		3,083	2,502	3,087	2,502
Administration, Publication and IT Expenses		8,149	8,641	6,940	7,515
Travel Expenses		2,167	1,860	2,129	1,860
Premises Expenses (Excl Depreciation)		2,017	1,892	1,799	1,666
Finance Costs	4(a)	-	-	128	98
Provision of Doubtful Debts	8	33	-	-	-
Depreciation and Amortisation	12(b, e)	1,259	1,188	1,184	1,106
Conference / Meeting Expenses		12,589	8,612	7,018	4,516
Other Expenses		459	383	150	84
Total Expenses		47,637	41,814	38,020	33,778
Net surplus (deficit) before income tax expense		867	(603)	338	(886)
Income tax expense		-	-	-	-
Net surplus (deficit) from operations		867	(603)	338	(886)
Other Comprehensive Income					
Profit arising on revaluation of properties		1,948	518	1,948	518
Total Comprehensive income for the year		2,815	(85)	2,286	(368)
Total Comprehensive income attributable to members		2,815	(85)	2,286	(368)

Engineers Australia
National Office, Divisions and Subsidiary Companies

Consolidated Statement of Financial Position
as at 30 June 2012

	Notes	Consolidated 2012 \$'000s	2011 \$'000s	Engineers Australia 2012 \$'000s	2011 \$'000s
Current Assets					
Cash and Cash Equivalents	6	19,479	15,271	16,375	12,891
Other Financial Assets	7	2,000	10,000	2,000	10,000
Trade and Other Receivables	8	2,088	2,353	914	1,406
Inventories	9	73	91	-	-
Prepayments	10	1,704	1,505	1,397	1,128
Total Current Assets		25,344	29,220	20,686	25,425
Non-Current Assets					
Other Financial Assets	7	-	-	804	804
Property, Plant, Equipment and Intangible Assets	12(b)	37,128	32,222	36,934	31,982
Total Non-Current Assets		37,128	32,222	37,738	32,786
Total Assets		62,472	61,442	58,424	58,211
Current Liabilities					
Trade and Other Payables	13	6,050	5,840	3,764	3,908
Borrowings	14	-	-	2,354	2,277
Provisions	15	2,763	2,288	2,371	2,139
Other	16	16,978	19,279	16,965	19,267
Total Current Liabilities		25,791	27,407	25,454	27,591
Non-Current Liabilities					
Provisions	15	381	550	335	271
Total Non-Current Liabilities		381	550	335	271
Total Liabilities		26,172	27,957	25,789	27,862
Net Assets		36,300	33,485	32,635	30,349
Members' Funds					
Reserves		20,823	18,543	20,977	18,697
Retained Earnings	17	15,477	14,942	11,658	11,652
		36,300	33,485	32,635	30,349
Equity attributable to members		36,300	33,485	32,635	30,349
Total Members' Funds		36,300	33,485	32,635	30,349

Engineers Australia
National Office, Divisions and Subsidiary Companies
Consolidated Statement of Changes in Equity
for the year ended 30 June 2012

Notes	Retained Earnings \$'000s	Asset Revaluation Reserve \$'000s	Major Capital Reserve \$'000s	Minor Capital Reserve \$'000s	Central Building Fund \$'000s	Technical Initiatives Fund \$'000s	Attributable to owners	Total \$'000s
Consolidated								
Balance 1 July 2010	12,132	16,490	1,996	1,054	283	1,630	33,585	33,585
(Deficit) attributable to members	(603)	-	-	-	-	-	(603)	(603)
Other comprehensive income for the year								
Gain on revaluation of property	-	518	-	-	-	-	518	518
Total comprehensive income for the year	(603)	518	-	-	-	-	(85)	(85)
Net transfer to retained earnings	3,413	-	(1,996)	(1,054)	(283)	(80)	-	-
Other - payments made from Technical Initiatives Fund	-	-	-	-	-	(15)	(15)	(15)
Balance 30 June 2011	14,942	17,008	-	-	-	1,535	33,485	33,485
Profit attributable to members	867	-	-	-	-	-	867	867
Other comprehensive income for the year								
Gain on revaluation of property	-	1,948	-	-	-	-	1,948	1,948
Total comprehensive income for the year	867	1,948	-	-	-	-	2,815	2,815
Net transfer from retained earnings	(332)	-	-	-	-	332	-	-
Balance 30 June 2012	15,477	18,956	-	-	-	1,867	36,300	36,300
Engineers Australia								
Balance 1 July 2010	9,125	16,644	1,996	1,054	283	1,630	30,732	30,732
(Deficit) attributable to members of parent entity	(886)	-	-	-	-	-	(886)	(886)
Other comprehensive income								
Gain on revaluation of property	-	518	-	-	-	-	518	518
Total comprehensive income	(886)	518	-	-	-	-	(368)	(368)
Net transfer to retained earnings	3,413	-	(1,996)	(1,054)	(283)	(80)	-	-
Other - payments made from Technical Initiatives Fund	-	-	-	-	-	(15)	(15)	(15)
Balance 30 June 2011	11,652	17,162	-	-	-	1,535	30,349	30,349
Profit attributable to members of parent entity	338	-	-	-	-	-	338	338
Other comprehensive income								
Gain on revaluation of property	-	1,948	-	-	-	-	1,948	1,948
Total comprehensive income	338	1,948	-	-	-	-	2,286	2,286
Net transfer from retained earnings	(332)	-	-	-	-	332	-	-
Balance 30 June 2012	11,658	19,110	-	-	-	1,867	32,635	32,635

Consolidated Statement of Cash Flows
for the year ended 30 June 2012

	Notes	Consolidated 2012 \$'000s	Consolidated 2011 \$'000s	Engineers Australia 2012 \$'000s	Engineers Australia 2011 \$'000s
Cash Flows from Operating Activities					
Payments to Employees, Suppliers and Others		(42,647)	(39,411)	(33,463)	(30,837)
Receipts from Members, Customers and Others		42,216	40,934	32,580	32,940
Net Cash (Used in)/Generated by Operating Activities	23(a)	<u>(431)</u>	<u>1,523</u>	<u>(883)</u>	<u>2,103</u>
Cash Flows from Investing Activities					
Interest Received		857	796	705	672
Purchase of Investments		-	(1,000)	-	(1,000)
Proceeds from Maturity of Investments		8,000	-	8,000	-
Purchase of Property, Plant, Equipment & Intangible Assets		(4,218)	(1,544)	(4,188)	(1,505)
Proceeds from Sale of Property, Plant and Equipment		-	-	-	-
Net Cash (Used In)/Generated by Investing Activities		<u>4,639</u>	<u>(1,748)</u>	<u>4,517</u>	<u>(1,833)</u>
Cash Flows from Financing Activities					
Repayment of Borrowings		-	-	(150)	-
Net Cash (Used in)/Generated by Financing Activities		<u>-</u>	<u>-</u>	<u>(150)</u>	<u>-</u>
Net (Decrease)/Increase in Cash and Cash Equivalents		4,208	(225)	3,484	270
Cash and Cash Equivalents at Beginning of Financial Year		15,271	15,496	12,891	12,621
Cash and Cash Equivalents at End of Financial Year	6	<u>19,479</u>	<u>15,271</u>	<u>16,375</u>	<u>12,891</u>

Notes to the Financial Statements
for the year ended 30 June 2012

Note 1 Summary of Accounting Policies

Statement of Compliance

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

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

The consolidated entity incorporates Engineers Australia, the Australian Engineering Foundation Ltd, Engineers Australia Pty Limited and Engineering Education Australia Pty Limited.

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

The financial statements were authorised for issue by the Council members on 16 October 2012.

Basis of Preparation

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

The following is a summary of the material accounting policies adopted by Engineers Australia in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Accounting Policies

a) Principles of Consolidation

The consolidated financial statements incorporate the financial statements of Engineers Australia and entities (including special purpose entities) controlled by Engineers Australia. Control is achieved where Engineers Australia has the power to control the financial and operating policies of an entity so as to obtain benefits from its activities. A list of controlled entities is contained in Note 11 to the financial statements. All controlled entities have a 30 June financial year-end.

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

b) Inventories

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

c) Property, Plant and Equipment

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

Property

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

Plant and Equipment

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

Depreciation

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

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

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

Notes to the Financial Statements
for the year ended 30 June 2012

Note 1 Summary of Accounting Policies (continued)

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

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

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

Intangible Assets

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

d) Leases

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

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

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

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

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

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

e) Financial Assets

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

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

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

Effective interest method

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

Loans and Receivables

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

Interest income is recognised by applying the effective interest rate.

Impairment of financial assets

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

f) Impairment of Assets

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

Notes to the Financial Statements
for the year ended 30 June 2012

Note 1 Summary of Accounting Policies (continued)

f) Impairment of Assets (con't)

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

g) Cash and Cash Equivalents

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

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 Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

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

i) Provisions

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

j) Revenue

Membership Revenue:

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

Sale of goods:

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

Rendering of services:

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

Rental Income:

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

Interest revenue:

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

Conference Revenue:

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

k) Government Grants

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

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

l) Income Tax

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

Notes to the Financial Statements
for the year ended 30 June 2012

Note 1 Summary of Accounting Policies (continued)

m) Foreign Currency Transactions and Balances

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

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

n) Employee Benefits

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

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

o) Financial Liabilities: Borrowings

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

p) Borrowing Costs

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

q) 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.

r) Conferences

In 2011 the conference income was recognised on a net basis for conferences which were managed by an external PCO.

In these financial statements the comparatives have been amended to reflect the change in accounting policy as indicated at Note 1 (j). This change in comparatives is not material and has no impact on the net result presented in the prior period.

s) Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

Key Sources of Estimation Uncertainty

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

Revaluation of Land and Buildings

As described in Note 1(c), land and buildings are measured at fair value. Determining the fair value requires an estimation of the market value of the land and buildings. Management engages independent professional valuers to determine the market values. These valuations are undertaken on an annual basis and the carrying amount of land and buildings is adjusted to reflect these valuations. Details of the revaluation amounts are provided in Note 12.

Technical Societies

The financial results of the Technical Societies are not consolidated into the accounts of Engineers Australia.

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

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

Notes to the Financial Statements
for the year ended 30 June 2012

Note 2 Application of new and revised Accounting Standards

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

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

Standards affecting presentation and disclosure

Amendments to AASB 7 'Financial Instruments: Disclosure'

The amendments (part of AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') clarify the required level of disclosures about credit risk and collateral held and provide relief from disclosures previously required regarding renegotiated loans.

Amendments to AASB 101 'Presentation of Financial Statements'

The amendments (part of AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.

b) Standards and Interpretations adopted with no effect on financial statements

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions and arrangements.

AASB 2010-5 'Amendments to Australian Accounting Accounting Standards'

The Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations. The application of AASB 2010-5 has not had any material effect on amounts reported in the Group's consolidated financial statements.

AASB 2010-6 'Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets'

The application of AASB 2010-6 makes amendments to AASB 7 'Financial Instruments - Disclosures' to introduce additional disclosure requirements for transactions involving transfer of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred and derecognised but the transferor retains some level of continuing exposure in the asset.

To date, the Group has not entered into any transfer arrangements of financial assets that are derecognised but with some level of continuing exposure in the asset. Therefore, the application of the amendments has not had any material effect on the disclosures made in the consolidated financial statements.

Notes to the Financial Statements
for the year ended 30 June 2012

c) Standards and Interpretations in issue not yet adopted

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

<u>Standard/Interpretation</u>	<u>Effective for Annual Reporting periods beginning on or after</u>	<u>Expected to be initially applied in the financial year ending</u>
• AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9'	1 January 2013	30 June 2014
• AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052]	1 January 2013	30 June 2014
• AASB 2010-6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7]	1 January 2013	30 June 2014
• AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	1 January 2013	30 June 2014
• AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	1 July 2013	30 June 2014
• AASB 2011-6 Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements [AASB 127, AASB 128 & AASB 131]	1 July 2013	30 June 2014
• AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	1 July 2013	30 June 2014
• AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]	1 January 2013	30 June 2014
• AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	1 January 2012	30 June 2013
• AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011-8 and Interpretation 14]	1 January 2013	30 June 2014
• AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements	1 July 2013	30 June 2014

Notes to the Financial Statements
for the year ended 30 June 2012

<u>Standard/Interpretation</u>	<u>Effective for Annual Reporting periods beginning on or after</u>	<u>Expected to be initially applied in the financial year ending</u>
<ul style="list-style-type: none"> • AASB 2011-12 Amendments to Australian Accounting Standards arising from Interpretation 20 [AASB 1] 	1 January 2013	30 June 2014
<ul style="list-style-type: none"> • AASB 2012-1 Amendments to Australian Accounting Standards - Fair Value Measurement - Reduced Disclosure Requirements [AASB 3, AASB 7, AASB 13, AASB 140 & AASB 141] 	1 July 2013	30 June 2014
<ul style="list-style-type: none"> • AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & AASB 132] 	1 January 2013	30 June 2014
<ul style="list-style-type: none"> • AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132] 	1 January 2014	30 June 2015
<ul style="list-style-type: none"> • AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle [AASB 1, AASB 101, AASB 116, AASB 132 & AASB 134 and Interpretation 2] 	1 January 2013	30 June 2014

Notes to the Financial Statements
for the year ended 30 June 2012

Notes	Consolidated		Engineers Australia	
	2012 \$'000s	2011 \$'000s	2012 \$'000s	2011 \$'000s
Note 6 Cash and Cash Equivalents				
Cash at Bank and on Hand	4,502	7,295	3,475	6,491
Short Term Bank Deposits	14,977	7,976	12,900	6,400
Total Cash Assets	19,479	15,271	16,375	12,891
The effective interest rate on short-term bank deposits was 4.31% (2011: 5.44%). These deposits have an average maturity of 90 days.				
Reconciliation of Cash				
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the Statement of Financial Position as follows:				
Cash and Cash Equivalents	19,479	15,271	16,375	12,891
	19,479	15,271	16,375	12,891
Note 7 Other Financial Assets				
Investments carried at cost:				
Current				
Short Term Investments (i)	2,000	10,000	2,000	10,000
Non-Current				
Shares in Controlled Entities (ii)	-	-	804	804
	2,000	10,000	2,804	10,804
(i) Term deposits with banks with original maturities of more than three months.				
(ii) Refer to Note 11 for details of controlled entities.				
Note 8 Trade and Other Receivables				
Current				
External Trade and Other Debtors (i)	1,952	2,128	745	1,180
Less: Allowance for Doubtful Debts	(33)	(1)	-	-
	1,919	2,127	745	1,180
Accrued income	169	226	169	226
	2,088	2,353	914	1,406
(i) The average credit period is 30 days. No interest is charged on trade receivables. An allowance has been made for irrecoverable trade receivable amounts, determined by past experience. The movement in the allowance of \$32 (2011: nil) was recognised in the profit and loss for the current financial year.				
<u>Ageing of receivable that are past due but not impaired</u>				
30-60 days	122	200	27	43
60-90 days	383	414	7	14
90 days +	108	18	5	7
	613	632	39	64
<u>Movement in the allowance for doubtful debts</u>				
Balance at the beginning of the year	(1)	(1)	-	-
Impairment losses recognised as receivables	-	-	-	-
Amounts raised during the year	(33)	-	-	-
Amounts written off as uncollectable	1	-	-	-
Balance at the end of the year	(33)	(1)	-	-
<u>Ageing of impaired trade receivables</u>				
90 days +	33	-	-	-
120 days +	-	1	-	-
	-	1	-	-

Engineers Australia
National Office, Divisions and Subsidiary Companies

Notes to the Financial Statements
for the year ended 30 June 2012

		Consolidated		Engineers Australia	
		2012	2011	2012	2011
Notes		\$'000s	\$'000s	\$'000s	\$'000s
Note 9	Inventories				
	Current				
	At cost:				
	- publications and other finished goods	73	91	-	-
		<u>73</u>	<u>91</u>	<u>-</u>	<u>-</u>
Note 10	Prepayments	1,704	1,505	1,397	1,128
	Comprising				
	Insurance	120	107	113	101
	Conferences and Events	1,044	663	1,044	663
	Other	334	391	90	115
	Software licensing	206	344	150	249
		<u>1,704</u>	<u>1,505</u>	<u>1,397</u>	<u>1,128</u>

Engineers Australia
National Office, Divisions and Subsidiary Companies

Notes to the Financial Statements
for the year ended 30 June 2012

		Equity Holding		
		Notes	2012 %	2011 %
Note 11	Controlled Entities			
	Parent Entity			
	The Institution of Engineers Australia Incorporated in Australia as a result of the Royal Charter	11(a)		
	Controlled Entities			
	Subsidiaries:			
	Australian Engineering Foundation Ltd Incorporated in Australia	11(c)		
	Engineers Australia Pty Ltd Incorporated in Australia		100	100
	Engineering Education Australia Pty Ltd Incorporated in Australia	11(b)	43	43
	(a) The Institution of Engineers Australia is a body incorporated under Royal Charter and comprises a National Office and Divisions.			
	(b) All subsidiary companies are directly controlled by the Institution of Engineers Australia, with the exception of Engineering Education Australia Pty Ltd ("EEA"), which is 43% owned by The Institution of Engineers Australia and 57% owned by the Australian Engineering Foundation Ltd ("AEF"). Engineers Australia exercises control over AEF, a company limited by guarantee, through the appointment of its Board members and accordingly exercises control over EEA.			
	(c) Australian Engineering Foundation Ltd is a company limited by guarantee. Engineers Australia exercises control over AEF through the appointment of its Board members.			

Engineers Australia
National Office, Divisions and Subsidiary Companies

Notes to the Financial Statements
for the year ended 30 June 2012

	Notes	Land and Buildings at Fair Value \$'000s	Computer Hardware at Cost \$'000s	Intangibles Computer Software at Cost \$'000s	Plant, Furniture and Equipment at Cost \$'000s	Leasehold Improvement at Cost \$'000s	Lease Make Good at Cost \$'000s	Intangible Assets WIP at Cost \$'000s	Assets in Progress at Cost \$'000s	Total \$'000s
Note 12 Property, Plant and Equipment										
(a) Gross Carrying Amount										
Consolidated Entity										
Balance 1 July 2010		28,235	262	2,570	5,035	1,067	54	228	-	37,451
Additions		762	25	6	216	-	-	521	14	1,544
Disposals		-	-	(5)	(46)	(5)	-	-	-	(56)
Reclassification		152	-	-	-	-	-	-	-	152
Balance 30 June 2011		29,149	287	2,571	5,205	1,062	54	749	14	39,091
Additions		95	9	-	166	-	-	3,777	171	4,218
Transfer from WIP to Fix Assets Register		-	-	1,657	14	-	-	(1,657)	(14)	-
Disposals		-	(7)	-	(14)	-	-	-	-	(21)
Revaluation Increment/(Decrement)		1,575	-	-	-	-	-	-	-	1,575
Balance 30 June 2012		30,819	289	4,228	5,371	1,062	54	2,869	171	44,863
Parent Entity										
Balance 1 July 2010		28,235	194	2,496	4,652	918	28	228	-	36,751
Additions		762	18	6	184	-	-	521	14	1,505
Disposals		-	-	-	-	-	-	-	-	-
Revaluation Increment/(Decrement)		152	-	-	-	-	-	-	-	152
Balance 30 June 2011		29,149	212	2,502	4,836	918	28	749	14	38,408
Additions		95	-	-	145	-	-	3,777	171	4,188
Transfer from WIP to Fix Assets Register		-	-	1,657	14	-	-	(1,657)	(14)	-
Disposals		-	-	-	-	-	-	-	-	-
Revaluation Increment/(Decrement)		1,575	-	-	-	-	-	-	-	1,575
Balance 30 June 2012		30,819	212	4,159	4,995	918	28	2,869	171	44,171

Engineers Australia
National Office, Divisions and Subsidiary Companies

Notes to the Financial Statements
for the year ended 30 June 2012

Notes	Land and Buildings at Fair Value \$'000s	Computer Hardware at Cost \$'000s	Intangibles Computer Software at Cost \$'000s	Plant, Furn and Equipment at Cost \$'000s	Leasehold Improvement at Cost \$'000s	Lease Make Good at Cost \$'000s	Intangible Assets WIP at Cost \$'000s	Assets in Progress at Cost \$'000s	Total \$'000s
Note 12 Property, Plant and Equipment (continued)									
(b) Accumulated depreciation, amortisation and impairment									
Consolidated Entity									
Balance 1 July 2010	-	(213)	(2,131)	(2,827)	(889)	(39)	-	-	(6,099)
Disposals	-	1	5	41	5	-	-	-	52
Revaluation Increment/(Decrement)	366	-	-	-	-	-	-	-	366
Depreciation Expense	(366)	(26)	(176)	(502)	(115)	(3)	-	-	(1,188)
Balance 30 June 2011	-	(238)	(2,302)	(3,288)	(999)	(42)	-	-	(6,869)
Disposals	-	7	-	13	-	-	-	-	20
Revaluation Increment/(Decrement)	373	-	-	-	-	-	-	-	373
Depreciation Expense	(373)	(24)	(342)	(502)	(15)	(3)	-	-	(1,259)
Balance 30 June 2012	-	(255)	(2,644)	(3,777)	(1,014)	(45)	-	-	(7,735)
Parent Entity									
Balance 1 July 2010	-	(166)	(2,094)	(2,592)	(806)	(28)	-	-	(5,686)
Revaluation Increment/(Decrement)	366	-	-	-	-	-	-	-	366
Depreciation Expense	(366)	(13)	(150)	(475)	(102)	-	-	-	(1,106)
Balance 30 June 2011	-	(179)	(2,244)	(3,067)	(908)	(28)	-	-	(6,426)
Revaluation Increment/(Decrement)	373	-	-	-	-	-	-	-	373
Depreciation Expense	(373)	(15)	(319)	(472)	(5)	-	-	-	(1,184)
Balance 30 June 2012	-	(194)	(2,563)	(3,539)	(913)	(28)	-	-	(7,237)
Consolidated Entity									
Net Book Value									
At 30 June 2011	29,149	49	269	1,917	63	12	749	14	32,222
At 30 June 2012	30,819	34	1,584	1,594	48	9	2,869	171	37,128
Parent Entity									
Net Book Value									
At 30 June 2011	29,149	33	258	1,769	10	-	749	14	31,982
At 30 June 2012	30,819	18	1,596	1,456	5	-	2,869	171	36,934

Notes to the Financial Statements
for the year ended 30 June 2012

	Notes	Consolidated		Engineers Australia	
		2012 \$'000s	2011 \$'000s	2012 \$'000s	2011 \$'000s
Note 12 Property, Plant and Equipment (continued)					
(c) Building Revaluation					
In accordance with Engineers Australia policy, the land and buildings were revalued by independent professional valuers to determine the fair value of the land and buildings. Land and buildings are situated throughout Australia and each valuation is performed by a different valuer. The valuation was determined on the basis of market value for existing use on 30 June 2012.					
Land and Buildings at Valuation by Location					
National Office Canberra		8,449	9,249	8,449	9,249
Sydney		2,570	2,540	2,570	2,540
Melbourne		8,500	6,100	8,500	6,100
Newcastle		950	930	950	930
Adelaide		1,550	1,530	1,550	1,530
Brisbane		3,000	3,000	3,000	3,000
Perth		5,800	5,800	5,800	5,800
		30,819	29,149	30,819	29,149
(d) Asset Impairment					
On 30 June 2012, assets other than Land and Buildings were reviewed to ensure that their recoverable amount did not exceed the carrying value. On the basis of this review no assets were revalued due to impairment.					
(e) Aggregate depreciation					
Aggregate depreciation allocated, whether recognised as an expense or capitalised as part of the carrying amount of other assets during the year:					
Land and Buildings		373	366	373	366
Computers		366	202	334	163
Plant, Furniture and Equipment		502	502	472	475
Leasehold Improvements		15	115	5	102
Lease Make Good		3	3	-	-
		1,259	1,188	1,184	1,106

Notes to the Financial Statements
for the year ended 30 June 2012

	Notes	Consolidated		Engineers Australia	
		2012 \$'000s	2011 \$'000s	2012 \$'000s	2011 \$'000s
Note 13 Trade and Other Payables					
Current					
Trade Creditors and Accruals (i)		3,616	2,955	2,229	1,954
Sundry Creditors (i)		1,597	1,783	760	919
Goods and Services Tax Payable		837	1,102	775	1,035
		<u>6,050</u>	<u>5,840</u>	<u>3,764</u>	<u>3,908</u>
(i) The average credit period is 30 days. No interest is paid on trade creditors. There are payable procedures in place to ensure that all payables are paid within credit timeframes. Procedures include weekly payments of all debts received.					
Note 14 Borrowings					
Unsecured at Amortised Cost					
Current					
Amounts Payable to Wholly Owned Entities Unsecured		-	-	2,354	2,277
		<u>-</u>	<u>-</u>	<u>2,354</u>	<u>2,277</u>
Note 15 Provisions					
Employee provisions		3,060	2,726	2,678	2,382
Other Provisions (a)		84	112	28	28
		<u>3,144</u>	<u>2,838</u>	<u>2,706</u>	<u>2,410</u>
Current		2,763	2,288	2,371	2,139
Non-Current		381	550	335	271
		<u>3,144</u>	<u>2,838</u>	<u>2,706</u>	<u>2,410</u>
Number of Employees at Year End		<u>236</u>	<u>223</u>	<u>212</u>	<u>198</u>
Other Provisions (a)			Lease Make Good \$'000s	Other Provisions \$'000s	Total \$'000s
Consolidated Entity					
Balance as at 1 July 2011			63	49	112
Additional provisions raised during the year			2	19	21
Amounts Used			-	(49)	(49)
Balance as at 30 June 2012			<u>65</u>	<u>19</u>	<u>84</u>
Parent Entity					
Balance as at 1 July 2011			28	-	28
Additional provisions raised during the year			-	-	-
Amounts Used			-	-	-
Balance as at 30 June 2012			<u>28</u>	<u>-</u>	<u>28</u>

Notes to the Financial Statements
for the year ended 30 June 2012

Note 15 Provisions (continued)

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

Note 16 Other Current Liabilities

Monies Held in Trust:

	Consolidated		Engineers Australia	
	2012	2011	2012	2011
	\$'000s	\$'000s	\$'000s	\$'000s
- Arbitration Deposits	-	78	-	78
- Funded Projects	646	853	644	851
- Other	55	57	44	47
Total Monies Held in Trust	701	988	688	976

Membership Subscriptions paid in advance 13,571 14,444 13,571 14,444

Other Unearned Revenue

- Commonwealth Grant (Australian Rainfall & Runoff)	825	1,605	825	1,605
- Other Unearned Revenue	1,881	2,242	1,881	2,242
	16,978	19,279	16,965	19,267

Other unearned revenue consists of unprocessed assessment applications, applications, sponsorship and entry fees for events which will take place in the 2012-13 financial year.

Note 17 Retained Earnings

Balance at beginning of financial year	14,942	12,132	11,652	9,125
Surplus/(Deficit) attributable to members of parent entity	867	(603)	338	(886)
Aggregate of amounts transferred to reserves	(332)	3,429	(332)	3,429
Aggregate of amounts transferred from reserves	-	(16)	-	(16)
Balance at end of the financial year	15,477	14,942	11,658	11,652

Note 18 Leases

(a) Operating Lease Commitments

Leasing arrangements

Operating leases relate to leases of office equipment and software with lease terms between 3 to 5 years. All operating leases do not contain an option to extend nor purchase the leased asset at the expiry date of the lease period.

Non-cancellable operating lease commitments

Payable:

Not later than 1 year	517	483	329	259
Later than 1 year but not later than 5 years	937	894	424	386
Later than 5 years	-	160	-	-
	1,454	1,537	753	645

Notes to the Financial Statements
for the year ended 30 June 2012

	Notes	Consolidated		Engineers Australia	
		2012 \$'000s	2011 \$'000s	2012 \$'000s	2011 \$'000s
Note 18 Leases (continued)					
(b) Operating Lease Receivables					
<u>Leasing arrangements</u>					
Operating leases relate to properties owned by Engineers Australia with lease terms between 1 to 5 years. All operating leases do not contain an option to extend nor purchase the property at the expiry of the lease period.					
<u>Non-cancellable operating lease receivables</u>					
Receivable:					
Not later than 1 year		538	383	538	383
Later than 1 year but not later than 5 years		121	176	121	176
		<u>659</u>	<u>559</u>	<u>659</u>	<u>559</u>

Note 19 Contingent Liabilities

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

Other (i)		<u>27</u>	<u>26</u>	<u>-</u>	<u>-</u>
		27	26	-	-

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

Note 20 Events after Balance Sheet Date

On 6 July 2012, Engineering Education Australia Pty Ltd (a subsidiary of Engineers Australia) entered into a Share Sale Agreement to purchase the shares of The Moreland Group Pty Ltd. This sale was finalised on 3 August 2012 and has resulted in the acquisition of the assets and liabilities of the company.

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

Note 21 Key Management Personnel Compensation

Key Management Personnel

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

S Durkin	Chief Executive (Start 23 January 2012)
R Grayston	Acting Chief Executive (Start 28 February 2011 Finish 22 January 2012)
R Grayston	Deputy Chief Executive
J Anderson	Director Engineering Practice
D Robinson	Director Education and Assessment
J A Penrose	Director Communications and Marketing
B Jackson	Director International and National Policy (Start 11 July 2011)
M B Allen	Director Corporate Services
S Finlay	Director Sydney Division
H Link	Director Newcastle Division
I McEwan	Director Queensland Division
B Russell	Director Northern Division
L Hardwicke	Director Western Australia Division
C Argent	Director South Australia Division
G F Harper	Director Tasmania Division
G C Graham	Director Victoria Division
V Strika	Director Canberra Division

Notes to the Financial Statements
for the year ended 30 June 2012

Notes	Consolidated		Engineers Australia	
	2012 \$'000s	2011 \$'000s	2012 \$'000s	2011 \$'000s

Note 21 Key Management Personnel Compensation (continued)

Key Management Personnel Compensation

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

Short-term Employee Benefits	2,975	2,883	2,571	2,557
Post Employment Benefits	284	491	249	238
Other Long-term Benefits	-	-	-	-
Termination Benefits	-	-	-	-
	<u>3,259</u>	<u>3,374</u>	<u>2,820</u>	<u>2,795</u>

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

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

Loans

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

Note 22 Related Parties

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

D A Hood
M Kanga
M C Lindsay
A Baitch
D J Gillott
B D Howard
M E McManus
B J Strout
G P Walters
D J Hargreaves
D A McHugh

Remuneration and Retirement Benefits

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

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

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

Notes to the Financial Statements
for the year ended 30 June 2012

	Notes	Consolidated		Engineers Australia	
		2012 \$'000s	2011 \$'000s	2012 \$'000s	2011 \$'000s
Note 23 Cash Flow Information					
(a) Reconciliation of Cash Flow from Operating Activities					
Surplus / (Deficit) for the year		867	(603)	338	(886)
Depreciation	12(b)	1,259	1,188	1,184	1,106
Interest received		(857)	(796)	(705)	(672)
Loss on sale of equipment		1	4	-	-
Finance costs paid		-	-	128	98
Other transactions through Technical Initiative Fund		-	(10)	-	(10)
Changes in operating assets and liabilities:					
In(De)crease in payables		210	669	(144)	1,042
Increase in provisions for employee benefits		334	120	296	50
(De)crease in other provisions		(28)	-	-	-
(In)Decrease in inventories		18	(18)	-	-
(In)Decrease in receivables		265	(226)	492	(124)
(De)Increase in other current liabilities		(2,301)	1,525	(2,203)	1,624
(In)crease in prepayments		(199)	(330)	(269)	(125)
Net cash provided by operating activities		<u>(431)</u>	<u>1,523</u>	<u>(883)</u>	<u>2,103</u>
(b) Credit stand-by Arrangements with Banks					
Bank overdraft facility		600	600	600	600
Amount utilised		-	-	-	-
Direct debit facilities		<u>205</u>	<u>205</u>	<u>205</u>	<u>205</u>
Unused overdraft facility		<u>805</u>	<u>805</u>	<u>805</u>	<u>805</u>

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

Engineers Australia has a \$600,000 (2011: \$600,000) facility with the Commonwealth Bank of Australia which was not utilised.

Note 24 Incorporation

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

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

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

Notes to the Financial Statements
for the year ended 30 June 2012

Note 25 Financial Instruments

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

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

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

Risk Exposures and Responses

(a) Interest Rate Risk

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

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

Consolidated		Engineers Australia	
2012	2011	2012	2011
\$'000s	\$'000s	\$'000s	\$'000s

Financial Assets

Cash and cash equivalents	19,479	15,271	16,375	12,891
Other financial assets	2,000	10,000	2,000	10,000

Engineers Australia and the consolidated entity constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing and the mix of fixed and variable interest rates.

Interest rate sensitivity analysis

At 30 June 2012, if interest rates had moved, as illustrated in the table below, with all other variables held constant, deficit/surplus and equity would have been affected as follows:

Judgements of reasonably possible movements	Surplus Higher / (Lower)		Equity Higher / (Lower)	
	2012 \$'000s	2011 \$'000s	2012 \$'000s	2011 \$'000s
Consolidated				
+ 1% (100 basis points)	198	146	198	146
-0.5% (50 basis points)	(99)	(73)	(99)	(73)
Engineers Australia				
+ 1% (100 basis points)	161	120	161	120
-0.5% (50 basis points)	(81)	(60)	(81)	(60)

(b) Credit risk management

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

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

Notes to the Financial Statements
for the year ended 30 June 2012

Note 25 Financial Instruments (continued)

(c) Liquidity risk management

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

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

Liquidity and interest risk tables

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

	Weighted average effective interest rate %	Less than 1 month \$'000	1-3 months \$'000	3 months to 1 year \$'000	1-5 years \$'000	Total
Consolidated Entity						
2012						
Non-interest bearing		600	3,615	103		4,318
Variable interest rate instruments	4.31%	6,541	8,823	6,471		21,835
		7,141	12,438	6,574	-	26,153
2011						
Non-interest bearing		-	4,580	-	-	4,580
Variable interest rate instruments	5.44%	6,944	6,202	12,810	-	25,956
		6,944	10,782	12,810	-	30,536
Engineers Australia						
2012						
Non-interest bearing			3,145			3,145
Variable interest rate instruments	4.37%	6,167	8,087	2,087		16,341
		6,167	11,232	2,087	-	19,486
2011						
Non-interest bearing		-	3,632	-	-	3,632
Variable interest rate instruments	5.57%	6,194	4,563	10,557	-	21,314
		6,194	8,195	10,557	-	24,946

(d) Price risk

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

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

(e) Foreign currency risk

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

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