

The Institution of Professional Engineers New Zealand Inc.

**Financial Statements for the year
ended 30 September 2019**



**engineering
new zealand**
Institute of Engineering Professionals

Table of Contents

Directory	3
Statement of Comprehensive Revenue and Expense	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes To The Financial Statements	8-20
Auditor's Report	21-22

Directory

President	Ben Holland
Deputy President	Colin Crampton
Vice President	Rosalind Archer
Immediate Past President	Dean Kimpton
Board Members	Geoffrey Farquhar Jan Evans-Freeman Bryan Leyland Kaye Clark Sue-Ellen Fenelon Sina Cotter-Tait Tim Fisher
Chief Executive	Susan Freeman-Greene
Auditors	Grant Thornton
Bankers	Westpac
Solicitors	Kensington Swan
Business Address	Level 6 40 Taranaki Street Wellington 6011

Statement of Comprehensive Revenue and Expense

For the year ended 30 September 2019

	Notes	2019 \$'000	2018 \$'000
Revenue			
Revenue from exchange transactions			
Members Subscriptions		4,806	4,446
Registry and Assessment Fees		2,353	2,345
Contract Income		3,195	1,900
Investment Income		328	193
Other Income	4	1,570	1,520
Technical and Special Interest Groups		731	1,004
Revenue from non-exchange transactions			
Fines		39	(11)
Total Revenue		13,022	11,397
Expenses			
Personnel Costs		6,617	5,985
Technical and Special Interest Groups		725	896
Competency Assessment costs		390	374
Depreciation/Amortisation and Impairment		224	1,838
Other Expenses	5	5,461	4,194
Total Expenses		13,417	13,287
Surplus/(Deficit) before Tax		(395)	(1,890)
Income Tax Expenses	21	-	-
Net Surplus for the Year		(395)	(1,890)
Total Comprehensive Revenue and Expense for the Year		(395)	(1,890)

The accompanying notes form part of these financial statements.



Statement of Financial Position

As at 30 September 2019

	Notes	2019 \$'000	2018 \$'000
ASSETS			
Current			
Cash and Cash Equivalents	6	827	2,988
Investments	7	258	1,866
Debtors and Other Receivables	8	1,159	5,987
Prepayments		567	283
Total Current Assets		2,811	11,124
Non-Current Assets			
Investments	7	3,150	1,000
Property, Plant and Equipment	9	828	708
Intangible assets	10	1,168	583
Total Non-Current Assets		5,146	2,291
TOTAL ASSETS		7,957	13,415
LIABILITIES			
Current			
Creditors and other payables	11	1,188	2,062
Employee Entitlements	12	282	234
Income Received in Advance	13	2,570	6,807
Total Current Liabilities		4,040	9,103
TOTAL LIABILITIES		4,040	9,103
NET ASSETS		3,917	4,312
 Member Funds	 14	 3,917	 4,312
TOTAL EQUITY		3,917	4,312

The accompanying notes form part of these financial statements.



Statement of Changes in Equity

For the year ended 30 September 2019

	2019 \$'000	2018 \$'000
Member Funds		
Opening balance	4,312	6,202
Net deficit for the year	(395)	(1,890)
TOTAL EQUITY	3,917	4,312

For and on behalf of the Institution

President

Benjamin H. Hall

Vice President

[Signature]

Date:

2 December 2019

The accompanying notes form part of these financial statements.



Statement of Cash Flows

For the year ended 30 September 2019

	Notes	2019 \$'000	2018 \$'000
Cash Flows from Operating Activities			
Cash was provided from:			
Member Subscriptions		4,032	5,198
Contract Income		2,763	2,308
Interest Received		119	218
Registry & Assessment Fees		2,851	2,392
Other Income		3,083	2,454
		<u>12,848</u>	<u>12,570</u>
Cash was disbursed to:			
Payment to Employees		(6,568)	(5,965)
Service Delivery Payments		(6,790)	(5,668)
		<u>(13,358)</u>	<u>(11,633)</u>
Net Cash Flow from Operating Activities	15	(510)	937
Cash Flows to/from Investing Activities			
KiwiWealth investment		(2,000)	-
Purchase of Non-Current Assets		(1,325)	(752)
Net Cash Flow from Investing Activities		(3,325)	(752)
Net Increase/(decrease) in cash and cash equivalents		(3,835)	185
Cash and cash equivalents at the beginning of the year		<u>4,854</u>	<u>4,669</u>
Cash and cash equivalents at the end of the year		1,019	4,854
Represented by;			
Cash and Cash Equivalents		827	2,988
Bank Term Deposits - Current		192	1,866
		<u>1,019</u>	<u>4,854</u>

The accompanying notes form part of these financial statements.



Notes to the financial statements

For the year ended 30 September 2019

1. REPORTING ENTITY

The Institution of Professional Engineers New Zealand Incorporated (the 'Institution') is incorporated under the Incorporated Societies Act 1908. The financial statements include the financial statements of the Institution, its Branches and its Technical and Special Interest Groups.

The Institution of Professional Engineers New Zealand Inc. is a non-profit membership organisation that promotes the integrity and interests of its members, the profession and the industry. The organisation shares engineering knowledge, provides opportunities for networking through events, branches and interest groups and provides advocacy and advice to members, employers, the public and government.

The Institution also provides training opportunities, maintains a code of ethical conduct and sets professional and competence standards that members and registered Chartered Professional Engineers must follow and meet.

The organisation's primary objective is to provide services for the community for social benefit rather than a financial return. Accordingly, the Institution has designated itself as a Not For Profit Public Benefit Entity ("NFP PBE") for financial reporting purposes.

The financial statements of the Institution are for the year ended 30 September 2019. The financial statements were authorised for issue by the Board on 2 December 2019.

2. BASIS OF PREPARATION

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period. All transactions are reported using the accrual basis of accounting.

a. Statement of Compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR) as appropriate for Tier 2 not-for-profit public benefit entities, and disclosure concessions have been applied.

The Institution qualifies as a Tier 2 reporting entity as for the two most recent reporting periods, it is not publicly accountable, and it is not large (operating expenditure has been between \$2m and \$30m in the current and prior period).

b. Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ('000).

c. Changes in Accounting Policy

There have been no changes in accounting policies during the financial year (2018: Nil).



3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently in all periods presented in these financial statements.

a. Revenue

Revenue is recognised to the extent that it is probable, that the economic benefit will flow to the Institution and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received. The Institution assesses its revenue arrangements against specific criteria to determine if it is acting as the principal or agent in a revenue transaction. In an agency relationship only, the portion of revenue earned on the Institutions own account is recognised as gross revenue in the Statement of Comprehensive Revenue and Expense.

(i) Membership subscriptions

Membership subscription income is recognised as subscription invoices are issued. We invoiced 2018-19 (1 October 2018-30 September 2019) members subscriptions in September 2018. Unpaid subscriptions are included in Debtors and Other Receivables at balance date.

(ii) Interest income

Interest income is recognised using the effective interest method.

(iii) Revenue for services provided

Service revenue is recognised when services are provided or by reference to the stage of completion at the reporting date. The stage of completion is assessed by an estimate of work performed in proportion to total contractually agreed services.

(iv) Income in advance & contract income

Membership subscriptions for 2018-19 were invoiced in September last year.

Registration Fees are annual registration fees received for Chartered Professional Engineers (CPEng) and other engineering registers. The registration year runs from 1 January to 31 December. Three months of the CPEng annual registration fees – October to December - are treated as income in advance at balance date.

Assessment income is received for initial competence assessment for assessed memberships and first-time registration. Income for those assessments still in progress at balance date is treated as income in advance.

Course fees received from attendees are treated as income in advance until the course has been completed.

Secretariat fees received are recognised when the secretariat services have been performed.

b. 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.



THE INSTITUTION OF PROFESSIONAL ENGINEERS NEW ZEALAND INC

c. Investments

Investments in bank deposits are measured at fair value plus transaction costs. Impairment is established when there is objective evidence that we will not be able to collect amounts due according to the original terms of the deposit.

d. Trade Debtors and Other Receivables

Trade debtors and other receivables are measured at cost less any impairment losses. A provision for impairment is established where there is objective evidence that the Institution will not be able to collect all amounts according to the original terms of the receivable. Receivables with a short duration are not discounted.

e. Foreign Currency Transactions

Transactions in foreign currencies that are settled in the accounting period are translated at the settlement rate. Transactions in foreign currency that are not settled in the accounting period, resulting in monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are translated to New Zealand dollars at the foreign exchange rate ruling at that date.

Foreign exchange differences arising on transactions are recognised in the Statement of Comprehensive Revenue and Expense.

f. Plant and Equipment

Plant and Equipment are shown at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

(i) Additions

The cost of replacing part of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits of service potential will flow to the company and the cost of the item can be measured reliably.

(i) Disposals

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposal are included in the Statement of Comprehensive Revenue and Expense.

(ii) Depreciation

Depreciation is charged on all property, plant and equipment. Depreciation is charged to the Statement of Comprehensive Revenue and Expense. The useful lives have been estimated as follows;

Computer and audio-visual equipment	3 - 5 years
Office furniture and fittings and office fitouts	10 years

(iii) Subsequent Costs

Subsequent costs for property, plant and equipment are capitalised only when future economic benefits or service potential will flow to the Institution.



g. Intangible Assets

Intangible assets that are acquired, which have a finite useful life are measured at cost less accumulated amortisation and accumulated impairment losses. The useful lives have been estimated as follows:

General Ledger System	7 years
Membership System (CRM)	7 years
Website	3 years

Amortisation is recognised in the Statement of Comprehensive Revenue and Expense on a straight-line basis over the estimated useful lives of the intangible assets.

We have not commenced amortising the cost of our new Customer Relationship Management (CRM) system, as we are still developing it.

h. Impairment of Non-Financial Assets

The carrying amounts of the Institution's assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the reported profit or loss within the Statement of Comprehensive Revenue and Expense.

The estimated recoverable amount of an asset is the greater of fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting to present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indicators exist, the Institution estimates the assets recoverable amount, to measure the reversal of any previous period impairment charges.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversals of impairment are recognised in the reported profit or loss within the Statement of Comprehensive Revenue and Expense.

i. Employee Entitlements

(i) Short term entitlements

Employee benefits are measured at nominal value based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date and annual leave earned to, but not yet taken at balance date, expected to be settled within 12 months.

(ii) Long term employee entitlements

Long service leave entitlement of one week's leave is due to an employee after 5 years of continuous service. Long service leave has been provided for based on one day for every year of service, assuming a staff turnover rate of 15%.



j. Goods and Services Tax

All amounts are shown exclusive of Goods and Services Tax (GST), except for receivables and payables that are stated inclusive of GST. When GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

Cash flows are included in the Cash Flow Statement on a net basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the Inland Revenue Department are classified as operating cash flows.

k. Income Tax

Due to tax losses carried forward, no taxation is payable on non-membership related taxable income for the year. The potential future income tax benefit has not been recorded in the financial statements. The Institution has adopted the taxes payable method to account for income tax.

l. Operating Lease Payments

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Payments made under operating leases are recognised in the reported profit or loss within the Statement of Comprehensive Revenue and Expense on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

m. Financial Instruments

Financial instruments comprise trade debtors and other receivables, cash and cash equivalents, investments, trade creditors and other payables. The Institution had held no derivative financial instruments (i.e. hedging instruments) in the years reported.

The Institution has no off-balance sheet financial instruments.

(i) Recognition and de-recognition of financial assets and liabilities

Financial assets and financial liabilities are recognised when the Institution becomes a party to the contractual provision of the financial instrument.

Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is de-recognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus transaction costs, except for those carried at fair value through profit or loss, which are measured at fair value.

(ii) Subsequent measurement of financial assets

The subsequent measurement of financial assets depends on their classification. The classification depends on the purpose for which financial assets were acquired.

Management determines the classification of financial assets at initial recognition and re-evaluates this designation at each reporting date.

The Institution currently holds financial assets in classification as defined in PBE IPSAS 29 – Financial Instruments: Recognition and Measurement: being held to maturity investments and loans and receivables.



THE INSTITUTION OF PROFESSIONAL ENGINEERS NEW ZEALAND INC

(iii) Loans and receivables

The financial assets are non-derivative with fixed or determinable payments, and are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

All financial assets are subject to review for impairment at least once each reporting date. Accounts receivable are reviewed for impairments when accounts are past due or when other objective evidence is received that a specific counterparty will default. Impairment of trade receivables are presented in the Statement of Comprehensive Revenue and Expense within operating expenses.

(iv) Subsequent measurement of financial liabilities

Trade payables and other borrowings are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

n. Equity

Equity is the Institution's accumulated surplus or deficit since its formation.

4. OTHER INCOME

	2019 \$'000	2018 \$'000
Advertising and EG Subscriptions	130	117
Member Education & Training	1,260	966
Conferences and Events	74	185
Rental and Sundry Income	106	252
TOTAL OTHER INCOME	1,570	1,520



THE INSTITUTION OF PROFESSIONAL ENGINEERS NEW ZEALAND INC

5. OTHER EXPENSES

	2019 \$'000	2018 \$'000
Audit Fees	22	21
Member Publications and Communications	213	353
Disciplinary Legal Fees	59	21
Member Education & Training	791	722
Rent and Utilities	555	757
ICT	1,210	743
Travel	621	505
Other Sundry Expenses ^{1,2}	1,990	1,072
TOTAL OTHER EXPENSES	5,461	4,194

1. Fees paid to auditors for non-audit services was nil (2018: nil).
2. Other expenses include consultants \$1,085k including those relating to external contracts and on-billed (2018: \$225k); membership related expenses (meetings, events, student support, membership organisation fees) \$522k (2018: \$604k) and administration \$282k (2018: \$243k).

6. CASH AND CASH EQUIVALENTS

	2019 \$'000	2018 \$'000
Operating accounts	310	771
Interest-bearing account	517	2,217
TOTAL CASH AND CASH EQUIVALENTS	827	2,988

7. INVESTMENTS

	2019 \$'000	2018 \$'000
Current		
Bank Term Deposits	192	1,866
Kiwi Wealth Cash	31	-
Kiwi Wealth Fixed Interest	35	-
	258	1,866
Non current		
Bank Term Deposits	1,000	1,000
Kiwi Wealth Investment	2,150	-
	3,150	1,000



THE INSTITUTION OF PROFESSIONAL ENGINEERS NEW ZEALAND INC

8. DEBTORS AND OTHER RECEIVABLES

	2019	2018
	\$'000	\$'000
Trade Debtors (Exchange Transactions)	1,120	5,974
IPENZ Foundation Current Account	33	-
Interest Accrued	6	13
TOTAL RECEIVABLES	1,159	5,987

The carrying value of receivables approximates their fair value.

9. PROPERTY, PLANT AND EQUIPMENT – 30 SEPTEMBER 2019 (\$'000)

	Computer Equipment	Office Equipment	Furniture & Fittings	Leasehold Improvements	Total
Cost					
Original cost 1/10/18	599	15	280	116	1,010
Additions	202	-	42	34	279
Disposals/Adjustment	(46)	-	5	46	5
Total cost at 30/9/19	755	15	327	196	1,294
Depreciation					
Accumulated depreciation	296	6	-	-	302
Charge for the year	108	2	33	20	163
Disposals/Adjustment	-	-	-	-	-
Total depreciation at 30/9/19	404	8	33	20	465
Net book value at 30/9/19	351	7	294	176	828

PROPERTY, PLANT AND EQUIPMENT – 30 September 2018 (\$'000)

	Computer Equipment	Office Equipment	Furniture & Fittings	Leasehold Improvements	Total
Cost					
Original cost 1/10/17	326	7	60	181	574
Additions	273	8	279	116	676
Disposals/Adjustment	-	-	(59)	(181)	(240)
Total cost at 30/9/18	599	15	280	116	1,010
Depreciation					
Accumulated depreciation	232	5	23	51	311
Charge for the year	64	1	5	13	83
Disposals/Adjustment	-	-	(28)	(64)	(92)
Total depreciation at 30/9/18	296	6	-	-	302
Net book value at 30/9/18	303	9	280	116	708



THE INSTITUTION OF PROFESSIONAL ENGINEERS NEW ZEALAND INC

10. INTANGIBLE ASSETS – 30 SEPTEMBER 2019 (\$'000)

	Website	Software	Total
Cost			
Original cost at 1/10/18	169	468	637
Additions	-	650	650
Disposals/Adjustment	-	-	-
Total cost at 30/9/19	169	1,118	1,287
Amortisation			
Accumulated amortisation	54	-	54
Charge for the year	56	9	65
Disposals/Adjustment	-	-	-
Total amortisation at 30/9/19	110	9	119
Net book value at 30/9/19	59	1,109	1,168

INTANGIBLE ASSETS – 30 September 2018 (\$'000)

	Website	Software	Total
Cost			
Original cost	148	2,298	2,446
Additions	21	480	501
Disposals/Adjustment	-	(2,310)	(2,310)
Total cost at 30/9/18	169	468	637
Amortisation			
Accumulated amortisation	-	758	758
Charge for the year	54	451	505
Disposals/Adjustment	-	(1,209)	(1,209)
Total amortisation at 30/9/18	54	-	54
Net book value at 30/9/18	115	468	583

11. CREDITORS AND OTHER PAYABLES

	2019 \$'000	2018 \$'000
Trade Creditors	1,188	2,048
IPENZ Foundation Current Account	-	14
TOTAL TRADE CREDITORS AND PAYABLES	1,188	2,062



THE INSTITUTION OF PROFESSIONAL ENGINEERS NEW ZEALAND INC

12. EMPLOYEE ENTITLEMENTS

	2019	2018
	\$'000	\$'000
Annual Leave	228	209
Salaries and Wages Accrual	24	-
Long Service Leave Provision	30	25
TOTAL EMPLOYEE ENTITLEMENTS	282	234

13. INCOME RECEIVED IN ADVANCE

	2019	2018
	\$'000	\$'000
Registry/Membership fees in advance	468	5,971
Income for assessments in progress	277	189
Int. Engineering Alliance income	152	99
Conference/Course Fees	981	85
Secretariat Fees	27	172
Other	665	291
TOTAL INCOME IN ADVANCE	2,570	6,807

14. MEMBER FUNDS

Member funds represent the accumulated reserves of the Institution.

15. RECONCILIATION OF NET SURPLUS WITH NET CASH FLOW FROM OPERATING ACTIVITIES

	2019	2018
	\$'000	\$'000
Net Deficit for the year	(395)	(1,890)
Add Non-Cash Items		
Depreciation/Amortisation & Impairment	224	1,838
Reinvest KiwiWealth income	(216)	-
Add (Deduct) Movements in Working Capital		
Accounts Receivable	4,828	(5,399)
Prepaid Expenses	(284)	(184)
Accounts Payable	(478)	690
Employee Entitlements	48	20
Income received in advance	(4,237)	5,862
Net Cash Flow from Operating Activities	(510)	937



16. OPERATING LEASE COMMITMENTS

The Institution has the following non-cancellable operating lease commitments payable/receivable after balance date:

Payable

	2019 \$'000	2018 \$'000
Not later than one year	482	259
Later than one year and not later than five years	1,870	1,879
Later than five years	1,475	1,948
TOTAL	3,827	4,086

Operating lease commitments reflect the lease of office premises at 40 Taranaki Street and lease costs associated with 2 photocopiers.

17. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The Institution has no capital commitments (2018: Nil). The Institution has no contingent liabilities at balance date (2018: Nil).

18. FINANCIAL INSTRUMENTS

a. Carrying Value of Financial Instruments

The carrying amount of all material balance sheet assets and liabilities are equivalent to their fair value.

Fair value is the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction.

b. Classification of Financial Instruments

All financial assets held by the Institution are classified as 'loans and receivables' and carried at cost less accumulated impairment losses.

All financial liabilities held by the Institution are carried at amortised cost using the effective interest rate method.

c. Risk Management Analysis

The Institution is exposed to various risks in relation to financial instruments. The main types of risk relevant to the Institution operations are credit risk and liquidity risk. The Institution has a series of policies to manage the risks associated with financial instruments. Policies have been established which do not allow transactions that are speculative in nature to be entered into. As part of this policy, limits on exposure have been set and are monitored on a regular basis.

(i) Credit Risk

Credit risk is the risk that a third party will default on its obligation to the Institution causing the Institution to incur losses. The Institution has no significant concentration of credit risk in relation to accounts receivable. The Institution does not expect the non-performance of any obligations at balance date. The carrying value of trade debtors, other receivable, and cash and cash equivalents represents the Institutions maximum exposure to credit risk at balance date.



THE INSTITUTION OF PROFESSIONAL ENGINEERS NEW ZEALAND INC

(ii) Liquidity Risk

Liquidity risk represents the Institutions ability to meet its contractual obligations. The Institution manages liquidity risk by managing cash flows and ensuring that adequate cash reserves are in place.

19. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL

Related party means parties are related if one party can (a) control the other party, or (b) exercise significant influence over the other party in making financial and operating decisions, or if the related party entity and another entity are subject to common control.

a. Related party transactions

No provision has been required, nor any expense recognised for impairment for any loans or other receivable balances with related parties (2018: \$Nil).

The Institution has provided accounting and administrative services to IPENZ Foundation, a registered charity under the Charities Act 2005. IPENZ Foundation is independently governed and controlled by its own board.

All transactions for the Foundation are transacted through the Institutions bank account and accounted for by the Foundation Current Account in the Institution's financial statements (refer to Note 11).

Foundation Current Account

	2019 \$'000	2018 \$'000
Opening receivable/(liability) balance	(14)	(3)
Income received for the Foundation	(4)	(1)
Expenses charged to the Foundation	51	25
Cash provided to/(from) the Foundation	-	(35)
Closing receivable/ (liability) balance	<u>33</u>	<u>(14)</u>

b. Key management personnel remuneration

Key management personnel are the members of the Board, the Chief Executive and the senior leadership team.

	2019 \$'000	2018 \$'000
Board Member Remuneration ¹	-	-
Leadership Team Remuneration	1,140	987
	<u>1,140</u>	<u>987</u>
<i>Board - Full Time Equivalent²</i>	0.5	0.5
<i>Leadership Team – Full Time Equivalent</i>	5.9	5.6

1. The members of the Board are not paid any remuneration.
2. This includes attendance at Board and Sub-Committee meetings.



20. CAPITAL MANAGEMENT

The Institution's capital is its total equity, being the net assets of the Institution represented by retained earnings and other equity reserves. The primary objective of the Institutions capital management policy is to ensure working capital is maintained to support its activities. The Institution manages its capital structure and adjusts it, considering changes to funding requirements. To maintain or adjust the capital structure, budgeted discretionary expenditure is reduced to avoid the need for external borrowing.

21. INCOME TAX

The Institution expects the taxable result for the year ended 30 September 2019 to be a loss (2018: \$831k taxable loss). The Institution continues to carry forward accumulated tax losses from prior periods therefore no tax expense arises. This potential future income tax benefit is not recognised in the financial statements.

Losses claimed and carried forward from the 30 September 2018 reporting period were \$4,860,983.

22. SUBSEQUENT EVENTS

There were no events after balance date requiring reporting or adjustment in the financial statements (2018: Nil).

