



Financial Statements

For the year ended 30 September 2015

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THE INSTITUTION OF PROFESSIONAL ENGINEERS NEW ZEALAND INC

DIRECTORY

President	Andrew Read
Deputy President	Elena Trout
Vice President	Craig Price
Immediate Past President	Kevin Thompson
Board Members	Geoffrey Farquhar Ben Holland Jan Evans-Freeman Glen Mitchell Ron McDowall
Chief Executive	Susan Freeman-Greene
Auditors	Grant Thornton
Bankers	Westpac
Solicitors	Kensington Swan
Business Address	Level 3 50 Customhouse Quay Wellington 6144

INSTITUTION OF PROFESSIONAL ENGINEERS NEW ZEALAND INC

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Notes	2015 \$	2014 \$
Income			
Members Subscriptions		3,892,316	3,761,213
Registry and Assessment Fees		2,043,133	1,472,794
Contract Income		1,790,831	1,442,490
Interest		273,340	352,218
Other Income	4	2,031,214	1,958,640
Technical and Special Interest Group		1,230,831	1,272,820
Total Revenue		11,261,665	10,260,175
Expenditure			
Consultancy Competency Assessments		464,419	543,164
Depreciation and Amortisation		137,794	207,942
Staff Costs		4,908,929	4,587,551
Other Expenses	5	4,247,161	4,445,253
Technical and Special Interest Group Expenses		1,180,888	1,296,920
Total Expenditure		10,939,191	11,080,830
Surplus/(Deficit) before Tax		322,474	(820,655)
Income Tax Expenses	22	-	-
Net Surplus/(Deficit) for the Year		322,474	(820,655)
Other Comprehensive Income		-	-
Total Comprehensive Income for the Year		322,474	(820,655)

The accompanying notes form part of these financial statements.



THE INSTITUTION OF PROFESSIONAL ENGINEERS NEW ZEALAND INC
STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2015

	Notes	2015 \$	2014 \$
ASSETS			
Current			
Cash and Equivalents	6	211,261	231,911
Bank term Deposits - current	7	4,490,986	5,650,313
Trade Debtors and Other Receivables	8	470,384	417,604
Prepayments		32,369	139,012
Total Current Assets		5,205,000	6,438,840
Non-Current Assets			
Bank term Deposits - non-current	7	1,000,000	1,000,000
Property, Plant and Equipment	9	325,676	365,064
Intangible assets	10	1,416,546	151,607
Total non- current Assets		2,742,222	1,516,671
TOTAL ASSETS		7,947,222	7,955,511
LIABILITIES			
Current			
Trade Creditors and other payables	11	844,948	1,011,351
Employee Entitlements	12	334,090	443,091
Income Received in Advance	13	944,904	1,000,263
Total Current Liabilities		2,123,942	2,454,705
TOTAL LIABILITIES		2,123,942	2,454,705
NET ASSETS		5,823,280	5,500,806
MEMBER FUNDS			
Accumulated Funds:			
IPENZ National Office (Retained Earnings)		4,572,417	4,299,886
Technical and Special Interest Groups	14,15	1,250,863	1,200,920
TOTAL EQUITY		5,823,280	5,500,806

The accompanying notes form part of these financial statements.



THE INSTITUTION OF PROFESSIONAL ENGINEERS NEW ZEALAND INC

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2015

	2015 \$	2014 \$
<u>IPENZ National Office</u>		
Opening balance	4,299,886	4,583,993
Net surplus(deficit) for the year	322,474	(820,655)
Transfer from/(to) Futureintech Continuation Reserve	-	300,700
Transfer from/(to) IPENZ Centenary Reserve	-	211,750
Transfer from/(to) Technical and Special Interest Group Reserve	(49,943)	24,098
	<u>4,572,417</u>	<u>4,299,886</u>
<u>Technical and Special Interest Group Reserve</u>		
Opening balance	1,200,920	1,225,018
Transfer from/(to) IPENZ National Office	49,943	(24,098)
	<u>1,250,863</u>	<u>1,200,920</u>
TOTAL EQUITY	<u>5,823,280</u>	<u>5,500,806</u>

For and on behalf of the Institution

President

Chief Executive

Date: 7 December 2015

The accompanying notes form part of these financial statements.



THE INSTITUTION OF PROFESSIONAL ENGINEERS NEW ZEALAND INC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Notes	2015 \$	2014 \$
Cash Flows from Operating Activities			
Cash was provided from:			
Member Subscriptions		3,900,426	3,761,213
Contract Income		1,798,331	1,276,790
Interest Received		365,337	336,405
Registry Fees		2,149,840	1,388,914
Other Income		2,939,592	3,459,804
		<u>11,153,526</u>	<u>10,223,126</u>
Cash was disbursed to:			
Payment to Employees		5,050,299	4,556,412
Service Delivery Payments		5,919,078	6,084,791
		<u>10,969,377</u>	<u>10,641,203</u>
Net Cash Flow from Operating Activities	16	184,149	(418,077)
Cash Flows from Investing Activities			
Purchase of Non Current Assets		<u>(1,364,126)</u>	<u>(384,337)</u>
Net Cash Flow from Investing Activities		(1,364,126)	(384,337)
Net Increase/(decrease) in cash and cash equivalents at the beginning of the year		(1,179,977)	(802,414)
Cash and cash equivalents at the beginning of the year		5,882,224	6,684,638
Cash and cash equivalents at the end of the year		4,702,247	5,882,224
Represented by:			
Cash and Cash Equivalents		211,261	231,911
Bank Term Deposits - Current		<u>4,490,986</u>	<u>5,650,313</u>
		4,702,247	5,882,224

The accompanying notes form part of these financial statements.



Signature

THE INSTITUTION OF PROFESSIONAL ENGINEERS NEW ZEALAND INC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2015

1. REPORTING ENTITY

The Institution of Professional Engineers New Zealand Incorporated (the 'Institution') is incorporated under the Incorporated Societies Act 1908.

The primary objective of the Institution is to provide for the advancement of the professions of engineering within New Zealand. The Institution is the professional body which represents professional engineers from all disciplines within New Zealand.

The financial statements of the Institution are for the year ended 30 September 2015. The financial statements were authorised for issue by the Board on 7 December 2015.

2. BASIS OF PREPARATION

a. Statement of Compliance

The financial statements are prepared in accordance with the requirements of generally accepted accounting principles (New Zealand GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (New Zealand IFRS) and other applicable Financial Reporting Standards as appropriate for public benefit entities.

The financial statements include the financial statement of the Institution, its Branches and its Technical and Special Interest Groups. The financial statements exclude the operations of the separately incorporated Collaborating Technical Societies.

The Institution is a Public Benefit Entity for financial reporting purposes as its primary objective is to provide services for the community or social benefit rather than a financial return.

The Institution qualifies for Differential Reporting exemptions as it has no public accountability and is not large. All available reporting exemptions allowed under the Framework for Differential Reporting have been adopted except for NZ IAS 7 – Statement of Cash Flows and FRS 19 – Accounting for Goods and Services Tax.

b. Measurement base

The financial statements have been prepared on an historical cost basis, except for certain financial assets and liabilities that have been measured at fair value. The financial statements have been prepared on a going concern basis and are presented in New Zealand dollars which is the functional currency of the Institution.

c. Changes in Accounting Policy

The IPENZ Board have this year agreed to a change in the way the Assessment Revenue for Chartered Professional Engineers (CPEng) is treated in the Financial Accounts of IPENZ. In previous years it had been reported that part of the Annual Registration fee was to cover the cost of future year's reassessments. These reassessments are to be undertaken at least every 6 years. The amount set aside as Revenue in Advance as at 30 September 2014 was \$1,082,535.

It has now been agreed that the Annual Registration is in fact to cover the costs in the year the fee is received and it is not appropriate to treat part of this as revenue in advance to cover future costs and accordingly the Revenue in Advance has been changed to reflect this. This will impact on the prior year comparative financial results.

The Registry Fees of which the majority is for CPEngs is collected for the calendar year. The Revenue in Advance amount in the Accounts in part represented the amount of revenue that was received for the final three months after financial year end. Included in Income in Advance will be an amount that represents the amount of Registry fees collected in the financial year but relating to the three month period (October to December) after year end.



THE INSTITUTION OF PROFESSIONAL ENGINEERS NEW ZEALAND INC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2015

The net impact of these changes on the 2013/14 Financial Accounts is as follows:

	Prior to change	Adjustment	After Change
Accumulated Members Reserves			
Opening Accumulated Funds (1 October 2013)	\$3,825,968	\$758,025	\$4,583,993
Deficit for 2013/14	(\$820,655)	\$0	(\$820,655)
Other Transfers	\$536,548	\$0	\$536,548
Accumulated Fund balance 30 September 2014	\$3,541,861	\$758,025	\$4,299,886
Income Received in Advance	\$1,758,288	(\$758,025)	\$1,000,263

The 2014/15 financial results are prepared on the basis that this change is in place and would only have a minor impact on the results for the year compared with the previous methodology.

There have been no other changes in accounting policies.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to 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 Income.

(i) Membership Subscriptions

Membership subscription income is recognised on a received basis. There is no accrual for subscription receivable at balance date as payment is voluntary.

(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

The Futureintech Contract income is treated as Income in Advance until the key deliverables under the terms of that contract have been completed.

Effective from 1 July 2007 the Institution was appointed by the IEA Governing Group to provide secretariat services to the consortium of international engineering agreements for an annual fee. This income has been recognised on a straight line basis commencing over the year. As at the end of the financial year the Institution has received some income in advance for this service.

Registration Applications are the fees received from applicants for registration on a competence register. These applicants had not been assessed for competence and accordingly were not approved for registration at balance date. This income is allocated to cover the assessment costs as they are incurred.



THE INSTITUTION OF PROFESSIONAL ENGINEERS NEW ZEALAND INC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2015

b. Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts (if any).

c. 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.

d. 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 Income.

e. 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, and only 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.

(ii) 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 Income.

(i) Depreciation

Depreciation is charged on a diminishing value basis on all property, plant and equipment. Depreciation is charged to the Statement of Comprehensive Income. The useful lives and associated depreciation rates have been estimated as follows;

Computer Equipment	48% DV
Furniture and Fittings	9 – 40% DV
Office Equipment	20 – 40% DV
Office Fit Out	14 – 40% DV

(ii) Subsequent Costs

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

f. Intangible Assets

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

Computer Software	3 years
Database	3 - 5 years

(i) Amortisation

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

(ii) Computer Software

Acquired software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. The costs associated with maintaining computer software are recognised as an expense when incurred.



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THE INSTITUTION OF PROFESSIONAL ENGINEERS NEW ZEALAND INC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2015

g. Impairment Of Non-Financial Assets

The carrying amounts of the Institutions 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 Income.

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 Income.

h. Employee Entitlements

(i) Short term entitlements

Employee benefits that the Institution expects to be settled within 12 months of balance date 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.

The Institution recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

(ii) Long term employee entitlements

Long term leave entitlements that are payable beyond 12 months have been calculated on actuarial basis. The calculations are based on: likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information, and the present value of the estimated cash flows. A discount rate of 4.5% was used. (2014: 4.5%)

i. Provisions

The Institution recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to be settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

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.



THE INSTITUTION OF PROFESSIONAL ENGINEERS NEW ZEALAND INC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2015

k. Income Tax

By virtue of tax losses carried forward no taxation is payable on non-member 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 Income 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 are comprised of trade debtors and other receivables, cash and cash equivalents, 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 one classification as defined NZ IAS 39 – Financial Instruments: Recognition and Measurement: being loans and receivables.

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.

(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 Income 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.



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THE INSTITUTION OF PROFESSIONAL ENGINEERS NEW ZEALAND INC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2015

4. OTHER INCOME

	2015 \$	2014 \$
Advertising and e.nz Subscriptions	276,822	245,218
Member Education & Training	971,118	612,329
NZ Engineering Excellence Awards & Fellows and Achievers Dinner	221,671	228,935
International Secretariat – Sydney (2012), Seoul (2013), New Zealand (2014) Conference	-	187,958
Rental and Sundry Income	561,603	684,200
TOTAL OTHER INCOME	2,031,214	1,958,640

5. OTHER EXPENSES

	2015 \$	2014 \$
Audit Fees	24,000	18,500
Fees paid to the auditors for non-audit services	11,142	-
Member publications and Communications	569,227	416,307
Disciplinary Legal Fees	498,182	441,437
Member Education & Training	765,139	377,758
Occupancy Expenses	726,385	524,853
Other Sundry Expenses	1,653,086	2,666,398
TOTAL OTHER EXPENSES	4,247,161	4,445,253

IPENZ has implemented a new accounting system this year and it is not possible to get equivalent comparisons for the previous year for a number of expense types. In future years a more detailed breakdown of the other expenses category, with comparisons, will be available.

6. CASH AND CASH EQUIVALENTS

	2015 \$	2014 \$
Cash at bank and in hand	211,261	231,911
Short term deposits	-	-
TOTAL CASH AND CASH EQUIVALENTS	211,261	231,911

Cash at bank earns interest at floating rates based on a daily basis. Short term deposits are made for varying periods between 30 – 90 days depending on immediate cash requirement of the Institution and earn interest at the respective short term deposit rates.



THE INSTITUTION OF PROFESSIONAL ENGINEERS NEW ZEALAND INC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2015

7. BANK TERM DEPOSITS

	2015 \$	2014 \$
Current		
Bank Term Deposits	3,615,986	4,585,313
Bank Term Deposits – Technical & Special Interest Groups	875,000	1,065,000
Total Current Term Deposits	4,490,986	5,650,313
Non Current		
Bank Term Deposits	1,000,000	1,000,000
	1,000,000	1,000,000
TOTAL BANK TERM DEPOSITS	5,490,986	6,650,313

8. DEBTORS AND OTHER RECEIVABLES

	2015 \$	2014 \$
Trade Debtors	291,470	171,984
Interest Accrued	96,099	179,114
Goods and Services Tax	70,608	66,506
Other Debtors	12,207	-
TOTAL RECEIVABLES	470,384	417,604

The carrying value of receivables approximates their fair value.

9. PROPERTY, PLANT AND EQUIPMENT – 30 September 2015

	Original Cost	Less Accumulated Depreciation	Current Year Additions	Current Year Disposals	Current Year Depreciation	Book Value 2015
Computer Equipment	842,897	(708,093)	52,071	(781)	(78,888)	107,206
Office Equipment	101,901	(88,189)	-	-	(5,423)	8,289
Furniture & Fittings	214,742	(153,336)	10,861	-	(8,848)	63,419
Leasehold Improvements	161,250	(6,106)	7,132	-	(15,514)	146,762
Total Property, Plant and Equipment	1,320,790	(955,724)	70,064	(781)	(108,673)	325,676

PROPERTY, PLANT AND EQUIPMENT – 30 September 2014

	Original Cost	Less Accumulated Depreciation	Current Year Additions	Current Year Disposals	Less Current Year Depreciation	Book Value 2014
Computer Equipment	777,704	(621,705)	65,193	-	(86,388)	134,804
Office Equipment	96,828	(81,521)	5,072	-	(6,668)	13,711
Furniture & Fittings	202,360	(144,264)	12,382	-	(9,072)	61,406
Leasehold Improvements	383,352	(300,684)	161,249	(72,922)	(15,852)	155,143
Total Property, Plant and Equipment	1,460,244	(1,148,174)	243,896	(72,922)	(117,980)	365,064



THE INSTITUTION OF PROFESSIONAL ENGINEERS NEW ZEALAND INC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2015

10. INTANGIBLE ASSETS – 30 September 2015

	Original Cost	Less Accumulated Amortisation	Current Year Additions	Current Year Disposals	Less Current Year Amortisation	Book Value 2015
Software	566,246	(414,639)	1,294,061	-	(29,122)	1,416,546
Total Intangible Assets	566,246	(414,639)	1,294,061	-	(29,122)	1,416,546

INTANGIBLE ASSETS – 30 September 2014

	Original Cost	Less Accumulated Amortisation	Current Year Additions	Current Year Disposals	Less Current Year Amortisation	Book Value 2014
Software	427,081	(397,600)	139,166	-	(17,040)	151,607
Total Intangible Assets	427,081	(397,600)	139,166	-	(17,040)	151,607

11. TRADE CREDITORS AND OTHER PAYABLES

	2015 \$	2014 \$
Collaborating Societies Current Accounts	-	457,951
Trade Creditors	658,469	544,942
IPENZ Foundation Current Account	10,041	8,458
Other payable	176,438	-
TOTAL TRADE CREDITORS AND PAYABLES	844,948	1,011,351

The Institution provides administrative support to independent Collaborating Societies. The Institution has no control over these entities or the ability to obtain benefits from its relationship with these entities. Up until 30 September 2014 all transactions between the Institution and Collaborating Societies were accounted for through current accounts, reported within accounts receivable or accounts payable on the Statement of Financial Position. As from 1 October 2014, Collaborative Technical Societies have prepared their own set of accounts and any payments have been paid through their own bank account.

12. EMPLOYEE ENTITLEMENTS

	2015 \$	2014 \$
Annual Leave	259,514	226,306
Accrued Salaries and Wages	-	148,728
Long Service Leave Provision	74,576	68,057
TOTAL EMPLOYEE ENTITLEMENTS	334,090	443,091

THE INSTITUTION OF PROFESSIONAL ENGINEERS NEW ZEALAND INC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2015

13. INCOME RECEIVED IN ADVANCE

	2015 \$	2014 \$
Registry fee in advance	431,217	324,510
CPEng Fees (Initial Assessments)	139,307	131,197
Int. Engineering Agreement Income	128,638	136,756
Conference/Course Fees	218,242	387,800
NZ BED Secretariat Fees	27,500	20,000
TOTAL INCOME IN ADVANCE	944,904	1,000,263

14. TECHNICAL AND SPECIAL INTEREST GROUPS

	Westpac Funds 2015 \$	Current Account 2015 \$	Equity Reserve 2015 \$	Equity Reserve 2014 \$
Electro Technical Group	25,000	8,471	33,471	32,189
Food Engineering Association	15,000	3,490	18,490	17,770
Special Interest Group for Immigrant Engineers	5,000	5,792	10,792	10,707
Maintenance Engineering Society	65,000	(54,043)	10,957	58,847
Mechanical Engineering Group	45,000	8,755	53,755	56,616
NZ Coastal Society	265,000	146,878	411,878	334,585
Society of Fire Protection Engineering	130,000	29,840	159,840	143,464
NZ Society Large Dams	-	34,800	34,800	46,070
River Group	25,000	25,121	50,121	49,037
The Sustainability Society	-	2,800	2,800	9,160
Technology Education NZ	75,000	17,916	92,916	88,935
Heavy Vehicle Engineers	20,000	16,705	36,705	28,763
Transportation Group	200,000	71,685	271,685	292,161
South Pacific Engineers Association	-	50,543	50,543	21,428
Student Engineers NZ	-	3,371	3,371	3,288
Recreation Safety Engineering	5,000	4,089	9,089	7,900
NZ Society for Safety Engineering	-	-350	-350	-
	875,000	375,863	1,250,863	1,200,920

Technical and Special Interest Group Westpac funds are reported within cash and cash equivalents and term deposits reported on the Statement of Financial Position.

The Institution rules provide the Board with the power to create or dissolve Technical and Special Interest Groups and therefore the Institution has a control relationship with these groups. The groups are not defined as reporting entities and income, expenditure, assets, liabilities and equity components of the groups are reported within the financial statements of the Institution.



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THE INSTITUTION OF PROFESSIONAL ENGINEERS NEW ZEALAND INC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2015

15. EXPLANATION OF RESERVES

Technical and Special Interest Groups

This reserve represents the accumulated balances of all the Technical and Special Interest Groups after offsetting direct revenues and costs.

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

	2015 \$	2014 \$
Net Surplus/(Deficit) for the year	322,474	(820,655)
Add Non Cash Items;		
Depreciation & Amortisation	137,794	207,942
Loss on disposal	780	-
Add (Deduct) Movements in Working Capital		
Accounts Receivable	(52,780)	128,691
Prepaid Expenses	139,012	7,724
Accounts Payable	(166,402)	192,822
International Engineering Agreement	-	12,431
Income in Advance	(55,359)	(178,173)
Employee Entitlements	(141,370)	31,141
Net Cash Flow From Operating Activities	184,149	(418,077)

17. OPERATING LEASE COMMITMENTS

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

Payable

	2015 \$	2014 \$
Not later than one year	580,917	586,493
Later than one year and not later than two years	580,917	575,494
Later than two years and not later than five years	1,742,751	1,720,364
Later than five years	1,583,175	2,147,906
TOTAL	4,487,760	5,030,257

Receivable

	2015 \$	2014 \$
Not later than one year	128,559	128,559
Later than one year and not later than two years	114,203	128,559
Later than two years and not later than five years	-	114,203
TOTAL	242,762	371,321



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THE INSTITUTION OF PROFESSIONAL ENGINEERS NEW ZEALAND INC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2015

18. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The Institution has no capital commitments (2014: Nil). The Institution has no contingent liabilities at balance date (2014: Nil).

19. FINANCIAL INSTRUMENTS

a. Carrying Value Of Financial Instruments

The carrying amount of all material balance sheet assets and liabilities are considered to be 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.

(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.

20. RELATED PARTIES

Related parties arise when an entity or person(s) has the ability to significantly influence the financial and operating policies of the Institution.

a. Parent and ultimate controlling party

The Institution is not a subsidiary and the ultimate controlling party of the Institution are the members of the Institution of Professional Engineers New Zealand Incorporated.

b. Related party transactions

No provision has been required, nor any expense recognised for impairment for any loans or other receivable balance with related parties (2014: \$Nil).

The Institution has provided accounting and administrative services to the Foundation in the year. All transactions between the Institution and the Foundation are accounted for through the Foundation Current Account (refer to Note 11).



THE INSTITUTION OF PROFESSIONAL ENGINEERS NEW ZEALAND INC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2015

Foundation Current Account

	2015 \$	2014 \$
Opening receivable/(liability) balance	(8,458)	(21,376)
Income received from the Foundation	(15,065)	(15,176)
Expenses charged from Foundation	41,482	53,094
Cash received from Foundation	(28,000)	(25,000)
Closing receivable/ (liability) balance	(10,041)	(8,458)

The IPENZ Foundation (a Trust with independent governance and control outside of the Institution) is a registered charitable entity under the Charities Act 2005. The Institution provides accounting and administration services to the Foundation.

21. CAPITAL MANAGEMENT

The Institution's capital is its total equity, being the net asset 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 in order to support its activities. The Institution manages its capital structure and makes adjustments to it, in light of changes to funding requirements. To maintain or adjust the capital structure, budgeted discretionary expenditure is reduced to avoid the need for external borrowing.

22. INCOME TAX

By virtue of tax losses available no income tax is payable by the Institution. This potential future income tax benefit is not recognised in the financial statements. Losses carried forward 30 September 2015 \$5,584,602 (2014: \$5,287,552).

Reconciliation of effective tax rate

	2015 \$	2014 \$
Losses before Income Tax	(297,050)	(759,985)
Income Tax using tax rate (28%)	-	-
Income tax expense	-	-
Tax Losses brought forward	5,287,552	4,527,567
	5,584,602	5,287,552

23. SUBSEQUENT EVENTS

There were no events after balance date requiring reporting or adjustment in the financial statements (2014: Nil).



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Independent Auditor's Report

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To the Members of The Institution of Professional Engineers New Zealand

Report on the financial statements

We have audited the financial statements of The Institution of Professional Engineers New Zealand on pages 4 to 19, which comprise the statement of financial position as at 30 September 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board Members' responsibilities

The Board Members are responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand and for such internal control as the Board Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that present fairly the matters to which they relate 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, as well as evaluating the presentation of the financial statements.

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

Other than in our capacity as auditor we have no relationship with, or interests in The Institution of Professional Engineers New Zealand.

Opinion

In our opinion, the financial statements on pages 4 to 19 present fairly, in all material respects, the financial position of The Institution of Professional Engineers New Zealand as at 30 September 2015, and its financial performance and its cash flows, for the year then ended in accordance with generally accepted accounting practice in New Zealand.






Grant Thornton New Zealand Audit Partnership
Wellington, New Zealand
7 December 2015

The Institution of Professional Engineers New Zealand Inc.

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