

Financial Statements

For the year ended
30 September 2024

The Institution of Professional Engineers New Zealand Inc.



engineering
new zealand
te ao rangahau

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Directory

President	Jan Evans-Freeman
Deputy President	Kennie Tsui
Board Members	Ann Williams Hamish Mckenzie Wharehuia Dixon Sarah Sinclair Aidan Cooper Anna Bridgman Kishan Seger
Chief Executive	Richard Templer
Auditors	Grant Thornton New Zealand Audit Limited
Bankers	Westpac
Solicitors	Kensington Swan
Business address	Level 6, 40 Taranaki Street Wellington 6011

Statement of Service Performance

For the year ended 30 September 2024

About us | Mō mātou

We're Engineering New Zealand Te Ao Rangahau – a non-profit membership organisation that's driven to help our engineers be the best so they can engineer better lives for New Zealanders. We are the professional body for engineers, with some 22,000 members. We represent – and regulate – our members. We also act as the Registration Authority for Chartered Professional Engineers. As well as supporting and promoting the work of our members, we are leading exciting programmes that are making a difference to Aotearoa.

We're dedicated to promoting the interests of engineers and engineering and do so by having a voice on topical issues. Our members are professional, credible and up to date with industry changes. We support them every day to be the best engineers they can be and shout their contribution to our communities from the rooftops. Put simply, we bring engineering to life.

We're the voice of engineering. We aren't afraid to ask the hard questions, seek expert advice, explore possibilities, and partner with all sectors of society to drive this mission home. We give our members a platform to share their views and impact real change.

As New Zealand's professional body for engineers since 1914, we create a community of learning, collaboration, and support for engineers from all disciplines throughout the lifespan of their careers.

Disclosure of Judgements

The statement of service performance measures our non-financial performance against our strategic objectives. Judgment is sometimes required in selecting appropriate measures and targets to be included. These have been summarised below.

- Targets have been included for measures where it is relevant and meaningful. However, there are some measures which do not have targets and these include the following:
 - Number of member complaints
 - Number of branch events separated
 - Number of group events separated

The main reason for this is due to the nature of the measures. While member complaints are of significant importance to us. Furthermore, it is not appropriate to set a target for this measure as it is something unpredictable and cannot be directly controlled through our actions.

Branch events and group events do not include a separate target as the main goal is to provide quality events that benefit our members. Including a target may give the impression that all events are included and reported within this measure regardless of the quality or satisfaction of the participants.

Our strategy to 30 September 2024

Our mission	To support and add value to our members, partners and the profession while advancing engineering.			
2030 aspirations	<ul style="list-style-type: none"> • 28,000 financial members • Our membership demographics better reflect the communities we serve 	<ul style="list-style-type: none"> • Net promoter Score +10% • Our financial reserves are 30% of eligible operating expenditure 	<ul style="list-style-type: none"> • Engineers are in the top 5 most trusted professions 	<ul style="list-style-type: none"> • We provide regulatory services for the profession
Ambitions	Connected Nationally and internationally linked with the profession, allied disciplines, government and communities.	Leading Champions of the sustainable change needed to solve society's and the planet's complex challenges.	Professional Technically skilled, credible, trusted and valued by the communities they serve and live in.	Thriving Building a diverse, equitable and inclusive profession where everyone is equipped to succeed.
2023/24 objectives	Engaged Members Members are connected and growing professionally and technically.	Change Makers Championing better outcomes for society.	Professional Regulation Changes to the CPEng process, standards and legislation increase public confidence and hold the profession to appropriate standards.	Flourishing Developing inclusive, future focused professionals and a strong profession.

Our strategy from 1 October 2024

Vision	WE'RE BRINGING ENGINEERING TO LIFE TO ENGINEER BETTER LIVES FOR NEW ZEALANDERS			
Our mission	To support and add value to our members, partners and the profession while advancing engineering.			
Values	Service :: Te Ngākau Āwhina We serve members, the profession and our community in every interaction.	Bravery :: Te Toa We lead the profession boldly and with courage.	Integrity :: Te Tū Rangatira We are honest, respectful and authentic in everything we do.	Cooperation :: Mahi Tahī We are one team, stronger working together as a collective.
Focus areas	Relevance for members	Leading	Professional	Thriving
Strategic initiatives	Strengthen professional development offerings: Expand and monitor continuous professional development (CPD) for members to ensure it meets the evolving needs of the engineering profession. Develop member journeys: Enhance the overall member experience by reviewing needs, identifying gaps and linking offerings to needs to support engagement. Upgrade member digital experience: Transform digital engagement for members and registrants by personalising interactions and improving our website to for better usability and satisfaction. Revitalise event offerings: Reimagine and enhance events to deliver more value, connection, and engagement to members and stakeholders.	Strengthen advocacy and industry influence: To positively influence the direction of key public issues by increasing the volume, visibility and effectiveness of our advocacy. Revise professional and ethical standards: Update of the CPEng Rules and Engineering New Zealand Rules and regulations. Lead on global challenges: Address critical global issues, including gender and ethnic diversity, artificial intelligence, climate change, and skill shortages, by providing expert guidance and actionable solutions. Develop a natural hazards resilience and response model: Design and implement a robust framework to support the profession's response to natural disasters.	Deliver a comprehensive Groups' strategy: Develop and implement a strategic plan, fostering integration, collaboration and maximising our collective impact across the engineering profession. Implement a financial partnership model: Build and sustain meaningful partnerships that align with our mission and values, delivering mutual benefits. Broaden initiatives that improve engineering outcomes: Enhance and diversify our sector programmes, engineering practice and panel work to elevate standards. Elevate philanthropic initiatives: Increase the reach and impact of the Foundation's activities, driving growth in both capital and support for key projects.	Optimise the CPEng system: Maintain the efficiency and effectiveness of the CPEng assessment and complaints system, focusing on public safety, streamlining processes and improving the experience for registrants and stakeholders. Foster a thriving staff culture: Enhance a work environment where staff are empowered, supported, and able to thrive, contributing to organisational success. Enhance operational efficiency: Refine and improve our processes, procedures and resources to ensure they are efficient and aligned with strategic goals.

Activities	Target 2024*	Achieved 2024	2024	2023
Number of financial members (excluding students and upgraded emerging professionals)	Minimum 2% increase	Yes	19,649	19,230
Number of female/gender diverse members	Increase year on year	Yes	18.81%	18.40%
Number of member complaints	*	N/A	49 opened, 55 closed	31 opened, 41 closed
Improve Net Promoter Score	Increase NPS	Yes	13	(2)
Professional development activities (in-person, online and in-house)	Increase year on year	No	183 with 4,636 participants	196 with 5,313 participants
Number of Branch events	720 events combined with Group Events	Yes	314 branch events and 16,356 registrants	284 branch events and 19,982 registrants
Number of Group events	720 events combined with Branch Events	Yes	419 group events and 44,328 registrants	364 group events and 43,824 registrants
Wonder Project	Reach 770 classes (22,330 students)	Yes	845 classes (24,505 students) at 464 schools	1,231 classes (35,699 students) at 583 schools
CPEng applications time to process	Applications for assessment and reassessment are being processed within a Median of 3 months	Yes	Overall median: 53 business days Admissions: 56 business days Reassessments: 49 business days	Assessment for admission: 93 days Continued Registration Assessment: 89 days (Median)

*Some activities are not appropriate to set targets however it is important to record and measure. These targets are left blank.

Statement of Comprehensive Revenue and Expense

For the year ended 30 September 2024

	Notes	2024 \$'000	2023 \$'000
Revenue			
Revenue from exchange transactions			
Members Subscriptions		7,658	6,914
Registry and Assessment Fees		3,925	3,407
Contract Income		5,025	5,697
Investment Income		952	502
Other Income	4	1,695	1,429
Technical and Special Interest Groups		1,607	1,315
Revenue from non-exchange transactions			
Fines		2	18
Other Income		-	-
Total Revenue		20,864	19,282
Expenses			
Personnel Costs		10,130	9,873
Technical and Special Interest Groups		1,506	1,199
Competency Assessment costs		1,001	983
Depreciation/Amortisation		159	203
Other Expenses	5	7,264	6,916
Total Expenses		20,060	19,174
Surplus/(Deficit) before Tax		804	108
Income Tax Expenses	21	-	-
Net Surplus / (Deficit) for the Year		804	108
Total Comprehensive Revenue and Expense for the Year		804	108

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 September 2024

	Notes	2024 \$'000	2023 \$'000
ASSETS			
Current			
Cash and Cash Equivalents	6	554	1,921
Investments	7	6,111	4,116
Debtors and Other Receivables	8	11,830	10,641
Prepayments		660	506
Total Current Assets		19,155	17,184
Non-Current Assets			
Investments	7	3,124	2,633
Property, Plant and Equipment	9	322	397
Intangible assets	10	-	4
Total Non-Current Assets		3,446	3,034
TOTAL ASSETS		22,601	20,218
LIABILITIES			
Current			
Creditors and other payables	11	3,319	3,036
Employee Entitlements	12	796	729
Income Received in Advance	13	13,363	12,134
Total Current Liabilities		17,478	15,899
TOTAL LIABILITIES		17,478	15,899
NET ASSETS		5,123	4,319
Member Funds	14	5,123	4,319
TOTAL EQUITY		5,123	4,319

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 30 September 2024

	2024 \$'000	2023 \$'000
Member Funds		
Opening balance	4,319	4,211
Net Surplus for the year	804	108
TOTAL EQUITY	5,123	4,319

For and on behalf of the Institution

President 
Jan Evans-Freeman

Deputy President 
Kennie Tsui

Date 4 December 2024

The accompanying notes form part of these financial statements.

Cashflow Statement

For the year ended 30 September 2024

	Notes	2024 \$'000	2023 \$'000
Cash Flows from Operating Activities			
Cash was provided from:			
Member Subscriptions		7,259	8,236
Contract Income		5,630	5,540
Interest Received		15	11
Registry & Assessment Fees		3,731	3,423
Other Income		3,599	3,352
		<u>20,234</u>	<u>20,562</u>
Cash was disbursed to:			
Payment to Employees		(10,063)	(9,819)
Service Delivery Payments		(9,908)	(9,560)
		<u>(19,971)</u>	<u>(19,379)</u>
Net Cash Flow from Operating Activities	15	263	1,183
Cash Flows to/from Investing Activities			
Fisher Funds investment		(1,549)	(183)
Purchase of Non-Current Assets		(80)	(87)
Net Cash Flow from Investing Activities		(1,629)	(270)
		<u>-</u>	<u>-</u>
Net Increase/(decrease) in cash and cash equivalents		(1,366)	913
Cash and cash equivalents at the beginning of the year		1,921	1,007
Cash and cash equivalents at the end of the year		554	1,921
Represented by:			
Cash and Cash Equivalents		554	1,921
		<u>554</u>	<u>1,921</u>

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the year ended 30 September 2024

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 2024. The financial statements were authorised for issue by the Board on 4 December 2024.

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.

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 over the term of the membership. The Institution invoiced 1 October 2024–30 September 2025 members subscriptions in September 2024, all amounts invoiced are recognised as Income in Advance at 30 September 2024. The Institution invoiced 1 October 2023 – 30 September 2024 members subscriptions in September 2023. 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 2024–2025 were invoiced in September 2024 (2023: 2023–2024 were invoiced in September 2023).

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 – 1 October to 31 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.

Contract revenue is recognised when the conditions attached to the contract have been complied with. Where there are unfulfilled conditions attaching to the contract, the amount relating to the unfulfilled condition is recognised as a liability and released to revenue as the conditions are fulfilled.

(v) Technical and Special Interest Groups

Revenue relating to Technical and Special Interest Groups is recorded as revenue in line with the accounting policies noted above.

(vi) Registry and Assessment Fees

Registry and Assessment income is recognised at the completion of the assessment. Income for those assessments still in progress at balance date is treated as income in advance.

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.

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 balance 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 Institution 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 Revenue and Expense.

(iii) 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

(iv) 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:

Website	3 years
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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.

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 41 – Financial Instruments.

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.

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.

Investments are held at fair value through profit or loss in the Statement of Comprehensive Revenue and Expense.

(iii) 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.

o. Judgements

In the process of applying the accounting policies, management has not made any significant judgements in these financial statements.

p. Estimates and assumptions

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, are described below. The Institution based its assumptions and estimates on parameters available when the financial statements were prepared.

Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Institution. Such changes are reflected in the assumptions when they occur.

(i) Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to determine potential future use and value from disposal:

- The condition of the asset
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset.

(ii) Employee Long term leave

Long service leave has been provided for based on one day for every year of service, assuming a staff turnover rate of 15%.

4. Other income

	2024 \$'000	2023 \$'000
Advertising and EG Subscriptions	120	137
Member Education & Training	845	992
Conferences and Events	719	297
Rental and Sundry Income	11	3
TOTAL OTHER INCOME	1,695	1,429

5. Other expenses

	2024 \$'000	2023 \$'000
Audit Fees	42	29
Member Publications and Communications	315	310
Disciplinary Legal Fees	416	205
Member Education & Training	542	664
Rent and Utilities	578	558
ICT	1,328	1,125
Travel	355	455
Other Sundry Expenses ¹	3,688	3,570
TOTAL OTHER EXPENSES	7,264	6,916

1. Other expenses include consultants \$2,897 including those relating to external contracts and on-billed (2023: \$2,580); membership related expenses (meetings, events, student support, membership organisation fees) \$558k (2023: \$762k) and administration \$233k (2023: \$208k).

6. Cash and cash equivalents

	2024 \$'000	2023 \$'000
Operating accounts	554	1,921
TOTAL CASH AND CASH EQUIVALENTS	554	1,921

The Institution holds funds on behalf of Collaborating Technical Societies with Westpac. The amount held at 30 September 2024 is \$2,806,546 (2023: \$2,775,039). These are not recorded as an asset or liability in these financial statements.

7. Investments

	2024 \$'000	2023 \$'000
Current		
Bank Term Deposits	32	32
Fisher Institutional NZ Cash Fund PIE(2023, Kiwi Wealth)	6,079	4,082
Fisher Funds Cash (2023, Kiwi Wealth)	-	2
	6,111	4,116
Non current		
Fisher Funds (2023, Kiwi Wealth)	3,124	2,633
	3,124	2,633

8. Debtors and other receivables

	2024 \$'000	2023 \$'000
Trade Debtors (Exchange Transactions)	11,830	10,659
IPENZ Foundation Current Account	-	(18)
TOTAL RECEIVABLES	11,830	10,641

The carrying value of receivables approximates their fair value.

9. Property, plant and equipment – 30 September 2024 (\$'000)

	Computer Equipment	Office Equipment	Furniture & Fittings	Leasehold Improvements	Total
Cost					
Original cost 1/10/23	1,187	15	351	202	1,755
Additions	78	2	-	-	80
Disposals/Adjustment					
Total cost at 30/9/24	1,265	17	351	202	1,835
Depreciation					
Accumulated depreciation	1,057	15	178	108	1,358
Charge for the year	93	-	39	23	154
Disposals/Adjustment					
Total depreciation at 30/9/24	1,150	15	217	131	1,512
Net book value at 30/9/24	115	2	134	71	322

Property, plant and equipment – 30 September 2023 (\$'000)

	Computer Equipment	Office Equipment	Furniture & Fittings	Leasehold Improvements	Total
Cost					
Original cost 1/10/22	1,104	15	350	199	1,668
Additions	83	-	1	3	87
Disposals/Adjustment	-	-	-	-	-
Total cost at 30/9/23	1,187	15	351	202	1,755
Depreciation					
Accumulated depreciation	922	14	142	86	1163
Charge for the year	135	1	36	22	194
Disposals/Adjustment	-	-	-	-	-
Total depreciation at 30/9/23	1,057	15	178	108	1,358
Net book value at 30/9/23	130	-	173	94	397

10. Intangible Assets – 30 September 2024 (\$'000)

	Website	Total
Cost		
Original cost at 1/10/23	209	209
Additions		
Impairment		
Disposals/Adjustment		
Total cost at 30/9/24	209	209
Amortisation		
Accumulated amortisation	205	205
Charge for the year	4	4
Disposals/Adjustment		
Total amortisation at 30/9/24	209	209
Net book value at 30/9/24	-	-

Intangible assets – 30 September 2023 (\$'000)

	Website	Total
Cost		
Original cost at 1/10/22	209	209
Additions	-	-
Impairment	-	-
Disposals/Adjustment	-	-
Total cost at 30/9/23	209	209
Amortisation		
Accumulated amortisation	196	196
Charge for the year	9	9
Disposals/Adjustment	-	-
Total amortisation at 30/9/23	205	205
Net book value at 30/9/23	4	4

11. Creditors and other payables

	2024 \$'000	2023 \$'000
Trade Creditors	3,319	3,036
TOTAL TRADE CREDITORS AND PAYABLES	3,319	3,036

12. Employee entitlements

	2024 \$'000	2023 \$'000
Annual Leave	508	485
Salaries and Wages Accrual	230	199
Long Service Leave Provision	58	45
TOTAL EMPLOYEE ENTITLEMENTS	796	729

13. Income received in advance

	2024 \$'000	2023 \$'000
Registry/Membership fees in advance	11,594	10,629
Income for assessments in progress	308	382
Int. Engineering Alliance income	-	66
Conference/Course Fees	333	364
Other	1,128	693
TOTAL INCOME IN ADVANCE	13,363	12,134

14. Member funds

Member funds represent the accumulated reserves of the Institution.

15. Reconciliation of net surplus/deficit with net cash flow from operating activities

	2024 \$'000	2023 \$'000
Net Surplus / (Deficit) for the year	804	108
Add Non-Cash Items		
Depreciation/Amortisation & Impairment	159	203
Reinvest Fisher Funds income (2023, Kiwi Wealth)	(937)	(491)
Add (Deduct) Movements in Working Capital		
Accounts Receivable	(1,248)	221
Prepaid Expenses	(153)	(9)
Accounts Payable	138	(306)
Employee Entitlements	67	54
Income received in advance	1,433	1,404
Net Cash Flow from Operating Activities	263	1,183

16. Operating lease commitments

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

Payable

	2024 \$'000	2023 \$'000
Not later than one year	482	473
Later than one year and not later than five years	952	1,434
Later than five years	-	-
TOTAL	1,434	1,907

Operating lease commitments reflect the lease of office premises at 40 Taranaki Street.

17. Capital commitments and contingent liabilities

The Institution has no capital commitments (2023: Nil). Last year, a claim was filed against Engineering New Zealand relating to a registration decision. Engineering New Zealand is currently defending the claim. At balance date, the amount or timing of any outflow is uncertain. The Institution has no other contingent liabilities at balance date.

18. Financial instruments

a. Carrying Value of Financial Instruments

The carrying amount of all material 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 either financial assets carried at amortised cost or financial assets held at fair value through profit or loss.

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.

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 (2023: \$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 8).

During the year IPENZ Foundation supported members who were experiencing financial hardship by paying their Engineering New Zealand Membership, the total amount paid for the year ended 30 September 2024 was \$1,032 (2023: \$2,944).

Foundation Current Account

	2024 \$'000	2023 \$'000
Opening receivable/(liability) balance	(18)	24
Income received for the Foundation	(201)	(152)
Expenses charged to the Foundation	3	110
Cash provided to/(from) the Foundation	216	-
Closing receivable/ (liability) balance	-	(18)

b. Key management personnel remuneration

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

	2024 \$'000	2023 \$'000
Board Member Remuneration ¹	-	-
Leadership Team Remuneration	1,569	1,404
	1,569	1,404
Board – Full Time Equivalent ²	1.7	0.71
Leadership Team – Full Time Equivalent	7.0	6.3

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 Institution's 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 2024 to be \$335k taxable loss (2023: \$833k 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 2023 reporting period were \$6,183,426.

22. Subsequent events

There were no events after balance date requiring reporting or adjustment in the financial statements (2023: Nil).

Independent Auditor's Report

To the Members of the Institution of Professional Engineers New Zealand Incorporated trading as Engineering New Zealand

Report on the Audit of the Performance Report

Opinion

We have audited the performance report of the Institution of Professional Engineers New Zealand Incorporated trading as Engineering New Zealand (the "Institution") which comprise:

- a. the financial statements set out on pages 8 to 26, which comprise the statement of financial position as at 30 September 2024, and the statement of comprehensive revenue and expense, statement of changes in net assets, and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies; and
- b. the statement of service performance on pages 4 to 7.

In our opinion, the accompanying performance report present fairly, in all material respects:

- a. the financial position of the Institution as at 30 September 2024 and its financial performance and cash flows for the year then ended; and
- b. the service performance for the year ended 30 September 2024

in accordance with the Public Benefit Entity Standards issued by the New Zealand Accounting Standards Board (NZASB).

Basis for Opinion

We conducted our audit of the financial statements in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and the audit of the service performance information in accordance the International Standard on Assurance Engagements (New Zealand) (ISAE (NZ)) 3000 (Revised) issued by the New Zealand Auditing and Assurance Standards Board (NZAuASB). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Performance Report* section of our report. We are independent of the Institution in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards)* (New Zealand) issued by the NZAuASB, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interest in, the Institution.

Other Information Other than the Performance Report and Auditor's Report thereon

The Board Members are responsible for the other information. The other information comprises the Annual Report but does not include the performance report and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of the auditor's report.

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

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

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board members.

Responsibilities of the Board Members for the Performance Report

The Board members are responsible on behalf of the Institution for:

- (a) the preparation and fair presentation of the performance report in accordance with Public Benefit Entity Standards issued by the NZASB;
- (b) service performance criteria that are suitable in order to prepare service performance information in accordance with Public Benefit Entity Standards; and
- (c) such internal control as the Board members determine is necessary to enable the preparation of the financial statements and statement of service performance that are free from material misstatement, whether due to fraud or error.

In preparing the performance report, the Board members on behalf of the Institution are responsible for assessing the Institution's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board members either intend to liquidate the Institution or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the Audit of the Performance Report

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

As part of an audit in accordance with ISAs (NZ) and ISAE (NZ) 3000 (Revised), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the service performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of the Institution's internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institution's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by those charged with governance and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institution ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the

audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Institution to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements and the service performance information, including the disclosures, and whether the financial statements and the service performance information represents the underlying transactions and events in a manner that achieves fair presentation.
- Perform procedures to obtain evidence about and evaluate whether the reported outcomes and outputs, and quantification of the outputs to the extent practicable, are relevant, reliable, comparable and understandable.

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

Restriction on use of our report

This report is made solely to the Institution's members, as a body. Our audit work has been undertaken so that we might state to the Institution's members, as a body, those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Institution and its members, as a body, for our audit work, for this report or for the opinion we have formed.

Grant Thornton New Zealand Audit Limited



Z Zuber

Director

Wellington

4 December 2024