

# **The Institution of Professional Engineers New Zealand Inc.**

**Financial Statements for the year  
ended 30 September 2021**



**engineering**  
new zealand  
Institute of Engineering Professionals

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## Directory

<b>President</b>	<b>Rosalind Archer</b>
<b>Deputy President</b>	<b>Tim Fisher</b>
<b>Vice President</b>	<b>Glen Cornelius</b>
<b>Immediate Past President</b>	<b>Colin Crampton</b>
<b>Board Members</b>	<b>Geoffrey Hunt Jan Evans-Freeman Bryan Leyland Kennie Tsui Sue-Ellen Fenelon Sheila Karimi</b>
<b>Chief Executive</b>	<b>Richard Templer (from 16 Nov 2020)</b>
<b>Auditors</b>	<b>Grant Thornton NZ Audit Limited</b>
<b>Bankers</b>	<b>Westpac</b>
<b>Solicitors</b>	<b>Kensington Swan</b>
<b>Business Address</b>	<b>Level 6 40 Taranaki Street Wellington 6011</b>

# Statement of Comprehensive Revenue and Expense

For the year ended 30 September 2021

	Notes	2021 \$'000	2020 \$'000 *Restated
<b>Revenue</b>			
Revenue from exchange transactions			
Members Subscriptions		5,742	5,420
Registry and Assessment Fees		2,669	2,719
Contract Income		4,446	4,576
Investment Income		306	227
Other Income	4	1,273	1,443
Technical and Special Interest Groups		924	1,513
Revenue from non-exchange transactions			
Fines		52	52
Other Income		509	210
<b>Total Revenue</b>		<b>15,921</b>	<b>16,160</b>
<b>Expenses</b>			
Personnel Costs		8,208	7,426
Technical and Special Interest Groups		667	1,309
Competency Assessment costs		533	636
Depreciation/Amortisation		253	280
Other Expenses	5	5,218	6,301
<b>Total Expenses</b>		<b>14,879</b>	<b>15,952</b>
Surplus/(Deficit) before Tax		<b>1,042</b>	<b>208</b>
Income Tax Expenses	21	-	-
<b>Net Surplus for the Year</b>		<b>1,042</b>	<b>208</b>
<b>Total Comprehensive Revenue and Expense for the Year</b>		<b>1,042</b>	<b>208</b>

The accompanying notes form part of these financial statements.



# Statement of Financial Position

As at 30 September 2021

	Notes	2021 \$'000	2020 \$'000 *Restated
<b>ASSETS</b>			
<b>Current</b>			
Cash and Cash Equivalents	6	1,176	395
Investments	7	4,230	2,244
Debtors and Other Receivables	8	7,758	1,196
Prepayments		276	380
<b>Total Current Assets</b>		<b>13,440</b>	<b>4,215</b>
<b>Non-Current Assets</b>			
Investments	7	2,670	2,397
Property, Plant and Equipment	9	653	746
Intangible assets	10	27	24
<b>Total Non-Current Assets</b>		<b>3,350</b>	<b>3,167</b>
<b>TOTAL ASSETS</b>		<b>16,790</b>	<b>7,382</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Creditors and other payables	11	2,244	1,438
Employee Entitlements	12	519	407
Income Received in Advance	13	9,967	2,519
<b>Total Current Liabilities</b>		<b>12,730</b>	<b>4,364</b>
<b>TOTAL LIABILITIES</b>		<b>12,730</b>	<b>4,364</b>
<b>NET ASSETS</b>		<b>4,060</b>	<b>3,018</b>
Member Funds	14	4,060	3,018
<b>TOTAL EQUITY</b>		<b>4,060</b>	<b>3,018</b>

The accompanying notes form part of these financial statements.



## Statement of Changes in Equity

For the year ended 30 September 2021

	2021 \$'000	2020 \$'000 *Restated
<b>Member Funds</b>		
Opening balance	3,018	2,810
Net Surplus / (Deficit) for the year	1,042	208
<b>TOTAL EQUITY</b>	<b>4,060</b>	<b>3,018</b>

For and on behalf of the Institution

President 

Rosalind Archer

Deputy President 

Tim Fisher

Date: 6 December 2021

The accompanying notes form part of these financial statements.



# Cashflow Statement

For the year ended 30 September 2021

	Notes	2021 \$'000	2020 \$'000 *Restated
<b>Cash Flows from Operating Activities</b>			
<b>Cash was provided from:</b>			
Member Subscriptions		6,873	5,363
Contract Income		4,219	4,836
Interest Received		-	17
Registry & Assessment Fees		3,746	2,682
Other Income		2,943	2,936
		<u>17,781</u>	<u>15,834</u>
<b>Cash was disbursed to:</b>			
Payment to Employees		(8,095)	(7,301)
Service Delivery Payments		(6,789)	(7,786)
		<u>(14,884)</u>	<u>(15,087)</u>
<b>Net Cash Flow from Operating Activities</b>	<b>15</b>	<b>2,897</b>	<b>747</b>
<b>Cash Flows to/from Investing Activities</b>			
KiwiWealth investment		(1,953)	(1,210)
Purchase of Non-Current Assets		(163)	(161)
<b>Net Cash Flow from Investing Activities</b>		<b>(2,116)</b>	<b>(1,371)</b>
<b>Net Increase/(decrease) in cash and cash equivalents</b>		<b>781</b>	<b>(624)</b>
Cash and cash equivalents at the beginning of the year		<u>395</u>	<u>1,019</u>
<b>Cash and cash equivalents at the end of the year</b>		<b>1,176</b>	<b>395</b>
<b>Represented by;</b>			
Cash and Cash Equivalents		1,176	395
		<u>1,176</u>	<u>395</u>

The accompanying notes form part of these financial statements.

# Notes to the financial statements

## For the year ended 30 September 2021

### 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 2021. The financial statements were authorised for issue by the Board on 6 December 2021.

### 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

During the year, Engineering New Zealand revised its accounting policy in relation to upfront configuration and customisation costs incurred in implementing Software-as-a-Service (SaaS) arrangements in response to the IFRIC agenda decision clarifying its interpretation of how current accounting standards apply to these types of arrangements. The new accounting policy is presented below. Historical financial information has been restated to account for the impact of the change – refer to note 24.



### Software-as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing the Institution with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

There have been no other changes in accounting policies during the financial year (2020: 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 over the term of the membership. We invoiced 2021-2022 (1 October 2021-30 September 2022) members subscriptions in September 2021, all amounts invoiced are recognised as Income in Advance at 30 September 2021. We invoiced 2020-2021 (1 October 2020-30 September 2021) members subscriptions in October 2020. 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 2021-2022 were invoiced in September 2021 (2020: 2020-2021 were invoiced in October 2020).

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.



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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 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



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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:

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.

Membership and GL systems have been removed due to the change in accounting policy disclosed in 2(c).

## 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



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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



## THE INSTITUTION OF PROFESSIONAL ENGINEERS NEW ZEALAND INC

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.

### (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.

## o. Judgements

In the process of applying the accounting policies, management has not made any significant judgements in these consolidated 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 Institute based its assumptions and estimates on parameters available when the consolidated financial statements were prepared.

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Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Institute. 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

	2021 \$'000	2020 \$'000
Advertising and EG Subscriptions	153	101
Member Education & Training	777	979
Conferences and Events	341	270
Rental and Sundry Income	2	93
<b>TOTAL OTHER INCOME</b>	<b>1,273</b>	<b>1,443</b>

## 5. OTHER EXPENSES

	2021 \$'000	2020 \$'000 *Restated
Audit Fees	32	24
Member Publications and Communications	286	244
Disciplinary Legal Fees	69	61
Member Education & Training	475	632
Rent and Utilities	541	452
ICT	923	1,611
Travel	193	209
Other Sundry Expenses <sup>1</sup>	2,699	3,068
<b>TOTAL OTHER EXPENSES</b>	<b>5,218</b>	<b>6,301</b>

1. Other expenses include consultants \$1,683 including those relating to external contracts and on-billed (2020: \$2,398k); membership related expenses (meetings, events, student support, membership organisation fees) \$771k (2020: \$412k) and administration \$243k (2020: \$258k).



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**6. CASH AND CASH EQUIVALENTS**

	2021 \$'000	2020 \$'000
Operating accounts	1,176	395
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>1,176</b>	<b>395</b>

Engineering New Zealand holds funds under our name on behalf of Collaborating Technical Societies with Westpac. The amount held at 30 September 2021 is \$2,165,818.6. These are not recorded as an asset or liability in Engineering New Zealand's financial statements.

**7. INVESTMENTS**

	2021 \$'000	2020 \$'000
<b>Current</b>		
Bank Term Deposits	32	32
Kiwi Wealth Cash	4,196	2,211
Kiwi Wealth Fixed Interest	2	1
	<b>4,230</b>	<b>2,244</b>
<b>Non current</b>		
Kiwi Wealth Investment	2,670	2,397
	<b>2,670</b>	<b>2,397</b>

**8. DEBTORS AND OTHER RECEIVABLES**

	2021 \$'000	2020 \$'000
Trade Debtors (Exchange Transactions)	7,736	1,178
IPENZ Foundation Current Account	22	18
<b>TOTAL RECEIVABLES</b>	<b>7,758</b>	<b>1,196</b>

The carrying value of receivables approximates their fair value.



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9. PROPERTY, PLANT AND EQUIPMENT – 30 SEPTEMBER 2021 (\$'000)

	Computer Equipment	Office Equipment	Furniture & Fittings	Leasehold Improvements	Total
<b>Cost</b>					
Original cost 1/10/20	872	15	346	199	1,433
Additions	145	-	2	-	146
Disposals/Adjustment	-	-	-	-	-
Total cost at 30/9/21	1,017	15	348	199	1,579
<b>Depreciation</b>					
Accumulated depreciation	566	10	68	42	686
Charge for the year	180	2	36	22	240
Disposals/Adjustment	-	-	-	-	-
Total depreciation at 30/9/21	746	12	104	64	926
Net book value at 30/9/21	<b>271</b>	<b>3</b>	<b>244</b>	<b>135</b>	<b>653</b>

PROPERTY, PLANT AND EQUIPMENT – 30 September 2020 (\$'000)

	Computer Equipment	Office Equipment	Furniture & Fittings	Leasehold Improvements	Total
<b>Cost</b>					
Original cost 1/10/19	755	15	327	196	1,294
Additions	117	-	19	3	139
Disposals/Adjustment	-	-	-	-	-
Total cost at 30/9/20	872	15	346	199	1,433
<b>Depreciation</b>					
Accumulated depreciation	404	8	33	20	465
Charge for the year	162	2	35	22	221
Disposals/Adjustment	-	-	-	-	-
Total depreciation at 30/9/20	566	10	68	42	686
Net book value at 30/9/20	<b>306</b>	<b>5</b>	<b>278</b>	<b>157</b>	<b>746</b>



10. INTANGIBLE ASSETS – 30 SEPTEMBER 2021 (\$'000)

	Website	Total
<b>Cost</b>		
Original cost at 1/10/20	192	192
Additions	17	17
Impairment	-	-
Disposals/Adjustment	-	-
Total cost at 30/9/21	209	209
<b>Amortisation</b>		
Accumulated amortisation	169	169
Charge for the year	13	13
Disposals/Adjustment	-	-
Total amortisation at 30/9/21	182	182
Net book value at 30/9/21	27	27

INTANGIBLE ASSETS – 30 September 2020 (\$'000)

	Website	Software *Restated	Total
<b>Cost</b>			
Original cost	169	-	169
Additions	23	-	23
Impairment	-	-	-
Disposals/Adjustment	-	-	-
Total cost at 30/9/20	192	-	192
<b>Amortisation</b>			
Accumulated amortisation	110	-	110
Charge for the year	59	-	59
Disposals/Adjustment	-	-	-
Total amortisation at 30/9/20	169	-	169
Net book value at 30/9/20	23	-	23

Due to the change in accounting policy the software balances have been restated, refer to note 24.



**THE INSTITUTION OF PROFESSIONAL ENGINEERS NEW ZEALAND INC**

**11. CREDITORS AND OTHER PAYABLES**

	2021 \$'000	2020 \$'000
Trade Creditors	2,244	1,438
<b>TOTAL TRADE CREDITORS AND PAYABLES</b>	<b>2,244</b>	<b>1,438</b>

**12. EMPLOYEE ENTITLEMENTS**

	2021 \$'000	2020 \$'000
Annual Leave	358	280
Salaries and Wages Accrual	120	93
Long Service Leave Provision	41	34
<b>TOTAL EMPLOYEE ENTITLEMENTS</b>	<b>519</b>	<b>407</b>

**13. INCOME RECEIVED IN ADVANCE**

	2021 \$'000	2020 \$'000
Registry/Membership fees in advance	8,464	422
Income for assessments in progress	346	230
Int. Engineering Alliance income	210	151
Conference/Course Fees	195	243
Secretariat Fees	27	27
Other	725	1,446
<b>TOTAL INCOME IN ADVANCE</b>	<b>9,967</b>	<b>2,519</b>

Other income in advance includes contract revenue. The Covid-19 Wage Subsidy claimed in May 2020 was released as revenue during the 2021 financial year and recognised as other income in advance for the 2020 financial year. (2020: The Institution was eligible for and claimed the Covid-19 Wage Subsidy in May 2020. The board are currently assessing the full impact of Covid-19 and in the meantime conservatively recognised the subsidy as a Liability.)

**14. MEMBER FUNDS**

Member funds represent the accumulated reserves of the Institution.



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

	2021 \$'000	2020 \$'000 *restated
Net Surplus / (Deficit) for the year	1,042	208
<b>Add Non-Cash Items</b>		
Depreciation/Amortisation & Impairment	253	280
Reinvest KiwiWealth income	(306)	(215)
<b>Add (Deduct) Movements in Working Capital</b>		
Accounts Receivable	(7,182)	(24)
Prepaid Expenses	111	186
Accounts Payable	769	246
Employee Entitlements	112	124
Income received in advance	8,098	(58)
<b>Net Cash Flow from Operating Activities</b>	<b>2,897</b>	<b>747</b>

16. OPERATING LEASE COMMITMENTS

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

**Payable**

	2021 \$'000	2020 \$'000
Not later than one year	454	479
Later than one year and not later than five years	1,910	1,873
Later than five years	502	993
<b>TOTAL</b>	<b>2,866</b>	<b>3,345</b>

Operating lease commitments reflect the lease of office premises at 40 Taranaki Street. (2020: also included lease costs associated with 2 photocopiers which were not renewed during the current year).

17. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The Institution has no capital commitments (2020: Nil). The Institution has no contingent liabilities at balance date (2020: 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.



## THE INSTITUTION OF PROFESSIONAL ENGINEERS NEW ZEALAND INC

### 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.

## 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 (2020: \$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 2021 was \$16,873 (2020: \$Nil).



## THE INSTITUTION OF PROFESSIONAL ENGINEERS NEW ZEALAND INC

### Foundation Current Account

	2021 \$'000	2020 \$'000
Opening receivable/(liability) balance	18	33
Income received for the Foundation	(2)	(3)
Expenses charged to the Foundation	27	17
Cash provided to/(from) the Foundation	(22)	(30)
Closing receivable/ (liability) balance	<b>21</b>	<b>18</b>

### b. Key management personnel remuneration

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

	2021 \$'000	2020 \$'000
Board Member Remuneration <sup>1</sup>	-	-
Leadership Team Remuneration	957	1,117
	<b>957</b>	<b>1,117</b>
<i>Board - Full Time Equivalent<sup>2</sup></i>	<i>0.63</i>	<i>0.8</i>
<i>Leadership Team – Full Time Equivalent</i>	<i>4.4</i>	<i>4.9</i>

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 2021 to be \$233k profit (2020: \$209k 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 2020 reporting period were \$5,216,856.

## 22. SUBSEQUENT EVENTS

There were no events after balance date requiring reporting or adjustment in the financial statements (2020: Nil).



23. COVID-19

Whilst conditions were more stable during the current financial year, the COVID-19 crisis is continuing, and we recognise that this brings uncertainty about economic conditions. Due to the inherent uncertainty of the duration and impact of the pandemic it is not practicable to determine the full impact that the pandemic will have on the organisation. We are optimistic about the future and our assessment is that the impact of the pandemic is unlikely to be significant to its operations and therefore the Board continue to consider it appropriate to apply the going concern basis of accounting to the financial statements.

24. RETROSPECTIVE RESTATEMENT

As disclosed in note 2(c), the Institutions revised its accounting policy in relation to SaaS arrangements during the year resulting from the implementation of agenda decisions issued by the IFRIC. Historical financial information has been restated to account for the impact of the change in accounting policy, as follows:

Financial statement item	30 September 2020 \$'000	1 October 2019 \$'000
<b>Statement of financial position</b>		
Intangible assets	(188)	1,109
<b>Total assets/Net assets</b>	<b>(188)</b>	<b>1,109</b>
Retained earnings - Increase / (Decrease)	188	(1,109)
<b>Total equity - Increase / (Decrease)</b>	<b>188</b>	<b>(1,109)</b>
<b>Statement of comprehensive income</b>		
IT related expense	(547)	-
Salary and wages	(173)	-
Depreciation and amortisation	9	-
Impairment	899	-
<b>Profit before tax</b>	<b>188</b>	<b>-</b>
<b>Statement of cashflows</b>		
Payments to suppliers and employees	(720)	-
<b>Net cash generated by operating activities</b>	<b>(720)</b>	<b>-</b>
Payments to acquire intangible assets	720	-
<b>Net cash generated by investing activities</b>	<b>720</b>	<b>-</b>



# Independent Auditor's Report

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To the Members of The Institution of Professional Engineers New Zealand Incorporated.

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of The Institution of Professional Engineers New Zealand Incorporated (the "Institution") on pages 4 to 22 which comprise the statement of financial position as at 30 September 2021, and the statement of comprehensive revenue and expense, statement of changes in net equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Institution as at 30 September 2021 and its financial performance and cash flows for the year then ended in accordance with the Public Benefit Entity International Public Sector Accounting Standards (Not-For-Profit) Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* 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 New Zealand Auditing and Assurance Standards Board, 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 interests in, the Institution.

### Board Members' Responsibilities for the Financial Statements

The Board Members are responsible on behalf of the Institution for the preparation and fair presentation of these financial statements in accordance with the Public Benefit Entity International Public Sector Accounting Standards (Not-For-Profit) Reduced Disclosure Regime, issued by the New Zealand Accounting Standards Board, and for such internal control as those charged with governance determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, those charged with governance on behalf of the entity 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 Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements 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 these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the External Reporting Board's website at: <https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-8>

### **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**



**B Kennerley**

**Partner**

**Wellington**

**6 December 2021**