

**ENVIRONMENT INSTITUTE OF AUSTRALIA AND NEW ZEALAND**

**FINANCIAL REPORT**

**FOR THE PERIOD ENDING 30 JUNE 2010**

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# THE ENVIRONMENT INSTITUTE OF AUSTRALIA AND NEW ZEALAND

## Financial Report for the Year Ended 30 June 2010

### DIRECTORS' REPORT

Your council members present their report on the Environment Institute of Australia and New Zealand (the Institute) for the financial year ended 30 June 2010.

The names of the council members in office at any time during or since the end of the year are:

Adam Smith	Rochelle Christian (appointed 10 September 2009)
Alan Chenoweth	Stewart Duncan (appointed 27 August 2009)
Axel Von Krusentierna	Tiffany Thomson (appointed 19 October 2009)
Bill Haylock	Tom Brkitt (appointed 19 October 2009)
Cathy Waldron	Barbara Radcliffe (resigned 27 August 2009)
Jo Buckner	David Hogg (resigned 19 October 2009)
Leo Fietje	Ian Ackland (resigned 27 September 2009)
Michael Chilcott	Ian Spellerberg (resigned 19 October 2009)
Nick Kariotoglou	Justin Sherrard (resigned 19 October 2009)
Faye Hargreaves ( appointed 27 September 2009)	Nigel Murphy (resigned 19 July 2009)
John Braid (appointed 15 September 2009)	Stephanie Pidcock (resigned 10 September 2009)
Paul Kelly (appointed 20 August 2009)	Steve Wilke (resigned 15 September 2009)
Rebecca McIntyre (appointed 19 October 2009)	

Council members have been in office since the start of the financial year to the date of this report unless otherwise stated.

The surplus of the Environment Institute of Australia and New Zealand for the financial year amounted to \$75,629.

No significant changes in the Environment Institute of Australia and New Zealand's state of affairs occurred during the financial year.

The principal activities of the Institute during the financial year were to:

- ❖ lead all environment practitioners and support their profession;
- ❖ set standards for best available environment practices; and
- ❖ enable practitioners to promote and achieve a sustainable Australia and New Zealand.

No significant change in the nature of these activities occurred during the year.

No matters or circumstances other than those disclosed have arisen since the end of the financial year that significantly affected or may significantly affect the operations of the Environment Institute of Australia and New Zealand, the results of those operations, or the state of affairs of the Environment Institute of Australia and New Zealand in future financial years.

Likely developments in the operations of the Environment Institute of Australia and New Zealand and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Environment Institute of Australia and New Zealand.

# THE ENVIRONMENT INSTITUTE OF AUSTRALIA AND NEW ZEALAND

## DIRECTORS' REPORT

The Environment Institute of Australia and New Zealand's operations are not regulated by any significant Environment regulation under a law of the Commonwealth or of a state or territory.

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Environment Institute of Australia and New Zealand.

No person has applied for leave of Court to bring proceedings on behalf of the Environment Institute of Australia and New Zealand or intervene in any proceedings to which the Environment Institute of Australia and New Zealand is a party for the purpose of taking responsibility on behalf of the Environment Institute of Australia and New Zealand for all or any part of those proceedings.

The Environment Institute of Australia and New Zealand was not a party to any such proceedings during the year.

The directors are satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- ❖ all non-audit services are reviewed and approved prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- ❖ the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.


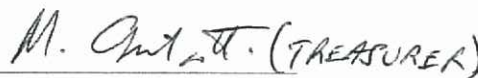
The following fees for services were paid/payable to the external auditors during the year ended 30 June 2010:

	\$
Audit of the financial statements	9,750
	<u>9,750</u>

### Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2010 has been received and can be found on page 3 of the directors' report.

Signed in accordance with a resolution of the members of the council.

 , Acting President 

Dated this 14<sup>th</sup> day of October 2010

Offices

Brisbane  
Burdekin  
Cairns  
Innisfail  
Toowoomba  
Townsville

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE MEMBERS OF ENVIRONMENT INSTITUTE OF AUSTRALIA AND NEW ZEALAND**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2010 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.



Moore Stephens



M J McDonald  
Director

Date 19 October 2010

Brisbane, Queensland

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*Liability limited by a scheme approved under Professional Standards Legislation*  
*The Queensland firm is not a partner or agent of any other Moore Stephens firm*  
*An independent member of Moore Stephens International Limited - members in principal cities throughout the world*

# THE ENVIRONMENT INSTITUTE OF AUSTRALIA AND NEW ZEALAND

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$	2009 \$
Revenue	2	694,406	934,083
Employee benefits expense		(190,811)	(204,503)
Depreciation and amortisation expenses		(2,563)	(3,108)
Seminars expense		(121,944)	(189,612)
Publications expense		(102,124)	(67,454)
Other expenses		(201,335)	(340,379)
<b>Surplus / (deficiency) attributable to members</b>		<b>75,629</b>	<b>129,027</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>75,629</b>	<b>129,027</b>
<b>Total comprehensive income attributable to members of the entity</b>		<b>75,629</b>	<b>129,027</b>

The accompanying notes form part of these financial statements.

# THE ENVIRONMENT INSTITUTE OF AUSTRALIA AND NEW ZEALAND

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

	Note	2010	2009
		\$	\$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	5	573,025	496,628
Trade and other receivables	6	1,581	15,524
Other current assets	7	14,641	3,250
<b>TOTAL CURRENT ASSETS</b>		<u>589,247</u>	<u>515,402</u>
NON-CURRENT ASSETS			
Property, plant & equipment	8	9,307	6,338
<b>TOTAL NON-CURRENT ASSETS</b>		<u>9,307</u>	<u>6,338</u>
<b>TOTAL ASSETS</b>		<u><b>598,554</b></u>	<u><b>521,740</b></u>
CURRENT LIABILITIES			
Trade and other payables	9	122,991	50,337
Revenue received in advance	10	177,085	248,554
<b>TOTAL CURRENT LIABILITIES</b>		<u>300,076</u>	<u>298,891</u>
<b>TOTAL LIABILITIES</b>		<u><b>300,076</b></u>	<u><b>298,891</b></u>
<b>NET ASSETS</b>		<u><b>298,478</b></u>	<u><b>222,849</b></u>
<b>EQUITY</b>			
Retained profits		298,478	222,849
<b>TOTAL EQUITY</b>		<u><b>298,478</b></u>	<u><b>222,849</b></u>

The accompanying notes form part of these financial statements.

# THE ENVIRONMENT INSTITUTE OF AUSTRALIA AND NEW ZEALAND

## STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2010

	Retained profits	Total
	\$	\$
<b>Balance at 1 July 2008</b>	119,496	184,169
Surplus attributable to members	129,027	(64,673)
Deconsolidation of CENVP	(25,674)	
<b>Balance at 30 June 2009</b>	<b>222,849</b>	<b>119,496</b>
Surplus attributable to members	75,629	129,027
<b>Balance at 30 June 2010</b>	<b>298,478</b>	<b>222,849</b>

The accompanying notes form part of these financial statements.

THE ENVIRONMENT INSTITUTE OF AUSTRALIA AND NEW ZEALAND

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$	2009 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		563,076	839,242
Payments to suppliers and employees		(494,653)	(859,811)
Interest received		10,290	10,726
Net cash provided by (used in) operating activities	12	<u>78,713</u>	<u>(9,845)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for property, plant & equipment		(2,316)	(2,316)
Change in cash CENVP deconsolidation		-	(25,674)
Net cash provided by (used in) investing activities		<u>(2,316)</u>	<u>(27,990)</u>
Net increase / (decrease) in cash held		76,397	(37,836)
Cash at beginning of year		<u>496,628</u>	<u>534,464</u>
<b>Cash at end of year</b>	5	<u><b>573,025</b></u>	<u><b>496,628</b></u>

The accompanying notes form part of these financial statements.

# THE ENVIRONMENT INSTITUTE OF AUSTRALIA AND NEW ZEALAND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

The financial statements cover Environment Institute of Australia and New Zealand Association as an individual entity. Environment Institute of Australia and New Zealand Association is an association incorporated in Victoria under the *Associations Incorporation Act 1981 (VIC)*.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

#### Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and the *Associations Incorporation Act 1981*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

#### Accounting Policies

##### a. Income tax

The Institute's profits are exempt from income tax under Section 50-45 of the Income Tax Assessment Act 1997.

##### b. Plant and equipment:

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

##### *Plant and Equipment*

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the association and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

##### *Depreciation*

The depreciable amount of all fixed assets are depreciated on a diminishing basis over the useful lives to the commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Office equipment	35%
Furniture and fittings	20%

# THE ENVIRONMENT INSTITUTE OF AUSTRALIA AND NEW ZEALAND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### c. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset but not the legal ownership, are transferred to the Institute are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amount equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values.

Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

#### d. Financial Instruments

##### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the association commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

##### Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

*Amortised cost* is calculated as:

- (i) the amount at which the financial asset or financial liability is measured at initial recognition;
- (ii) less principal repayments;
- (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- (iv) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss. The association does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

# THE ENVIRONMENT INSTITUTE OF AUSTRALIA AND NEW ZEALAND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Financial assets at fair value through the income statement**

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these are included in the statement of comprehensive income in the period in which they arise.

#### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

#### **Held-to-maturity investments**

These investments have fixed maturities, and it is the entity's intention to hold these investments to maturity. Any held-to-maturity investments held by the entity are stated at amortised cost using the effective interest rate method.

#### **Financial liabilities**

Non-derivative financial liabilities are recognised at amortised cost, comparing original debt less principle payments and amortisation.

#### **Impairment**

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Any impairment losses are recognised in the Income Statement.

#### **e. Impairment of Assets**

At each reporting date, the association reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value-in-use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the association estimates the recoverable amount of the cash-generating unit to which the asset belongs

#### **f. Employee benefits:**

Provision is made for the association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

#### **g. Cash and Cash Equivalents:**

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

#### **h. Revenue:**

Revenue from operating activities is recognised upon the delivery of services to members.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

# THE ENVIRONMENT INSTITUTE OF AUSTRALIA AND NEW ZEALAND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Foreign Currency Transactions and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate.

Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values are determined.

Non-monetary items measured at historical cost continue to be carried at the exchange rate at the.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

#### Goods and Services Tax (GST):

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financial activities, which are disclosed as operating cash flows

#### Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

#### I. Critical Accounting Estimates and Judgments:

The Council members evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Institute.

#### Key Estimates --- Impairment

The Institute assesses impairment at each reporting date by evaluating conditions specific to the Institute that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined value-in-use calculations performed in assessing recoverable amounts incorporate number of key estimates specific to the relevant asset.

	2010	2009
	\$	\$
<b>NOTE 2: REVENUE</b>		
Memberships	371,069	349,378
Conferences and seminars	159,373	414,345
Journal	30,082	39,424
Interest	10,290	10,726
Other	123,592	120,210
	<u>694,406</u>	<u>934,083</u>

THE ENVIRONMENT INSTITUTE OF AUSTRALIA AND NEW ZEALAND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	\$	\$
<b>NOTE 3: AUDITORS REMUNERATION</b>		
Audit or review of the financial report	<u>9,750</u>	<u>9,650</u>
<b>NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION</b>		
Short Term Benefits	<u>-</u>	<u>-</u>
No benefits were paid as compensation to Key Management Personnel in 2009/10.		
<b>NOTE 5: CASH AND CASH EQUIVALENTS</b>		
Cash at hand	1,317	415
Cash at bank	481,579	368,924
Deposits at call	<u>90,129</u>	<u>127,289</u>
	<u>573,025</u>	<u>496,628</u>
<b>NOTE 6: TRADE AND OTHER RECEIVABLES</b>		
Total current	<u>1,581</u>	<u>15,524</u>
<b>NOTE 7: OTHER CURRENT ASSETS</b>		
Shares in listed entities held at cost	-	3,250
Prepayments	13,251	-
Other	<u>1,390</u>	<u>-</u>
	<u>14,641</u>	<u>3,250</u>
<b>NOTE 8: PROPERTY PLANT AND EQUIPMENT</b>		
Property, plant and equipment		
— Plant at cost	38,799	22,305
— Accumulated depreciation	<u>(29,492)</u>	<u>(15,967)</u>
Total land and buildings	<u>9,307</u>	<u>6,338</u>

# THE ENVIRONMENT INSTITUTE OF AUSTRALIA AND NEW ZEALAND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### Movement in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:	2010 \$	2009 \$
	Property Plant & Equipment	Total
Balance 1 July 2008	7,130	7,130
Additions	2,316	2,316
Depreciation	(3,108)	(3,108)
Balance 30 June 2009	<u>6,338</u>	<u>6,338</u>
Additions	5,532	5,532
Depreciation	(2,563)	(2,221)
Balance 30 June 2010	<u><u>9,307</u></u>	<u><u>2,969</u></u>

### NOTE 9 : TRADE AND OTHER PAYABLES

Trade payables	34,224	28,979
Sundry payables and accrued expenses	78,673	15,800
Accrued employee benefits	10,094	5,558
	<u>122,991</u>	<u>50,337</u>

### NOTE 10: REVENUE RECEIVED IN ADVANCE

Revenue received in advance	177,085	173,202
Unearned Grant Income	-	75,352
	<u>177,085</u>	<u>248,554</u>

### NOTE 11: EVENTS AFTER BALANCE SHEET DATE

There are no events after balance sheet date that require disclosure within the financials statements.

### NOTE 12: CASH FLOW INFORMATION

	2010 \$	2009 \$
<b>Reconciliation of Cash Flow from Operations with Profit / (loss) after Income Tax</b>		
Profit / (loss) after income tax	75,269	129,027
Non-cash flows in profit		
-Depreciation	2,563	3,108
Changes in assets and liabilities		
-Increase / (decrease) in revenue received in advance	(71,469)	(93,177)
-Increase / (decrease) in trade payable	-	
-(Increase) / decrease in trade and other receivables	69,798	(68,554)
Cash flows from operations	<u>2,552</u>	<u>19,751</u>
	<u>78,713</u>	<u>(9,845)</u>

# THE ENVIRONMENT INSTITUTE OF AUSTRALIA AND NEW ZEALAND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### NOTE 13: SEGMENT REPORTING

The council believes that the Institute operates in Australia and New Zealand. New Zealand operations are not considered material for separate disclosure. .

### NOTE 14 : FINANCIAL RISK MANAGEMENT

The council believes that the Institute operates in Australia and New Zealand. New Zealand operations are not considered material for separate disclosure.

#### a) Financial risk management

The association's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, and leases.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2010	2009
<b>Financial assets</b>			
Cash and cash equivalents	5	573,025	496,628
Loans and receivables	6	1,581	15,524
Available-for-sale financial assets:			
— equity investments	7	-	3,250
		<u>574,606</u>	<u>515,402</u>
<b>Financial liabilities</b>			
Financial liabilities at amortised cost:			
— trade and other payables	9	122,991	50,337
		<u>122,991</u>	<u>50,337</u>

#### Financial Risk Management Policies

The Institute's Treasurer is responsible for, among other issues, monitoring and managing financial risk exposures of the Institute. The Treasurer monitors the Institute's Central Office transactions, and reviews the effectiveness of controls relating to credit risk, financial risk, and interest rate risk. Discussions on monitoring and managing financial risk exposures of the Central Office are held bi-monthly and minuted by the committee of management. The Central Office manages the largest component of the Institute's finances, and so represents the largest financial risk of any Branch entity within the Institute's structure.

Additionally, each of the Institute's other Branches (refer Note 18) has a Treasurer, who monitors and manages the financial risk exposures of those Branches, and reports on a minimum bi-monthly basis to a local Branch committee.

The Treasurer's overall risk management strategy seeks to ensure that the association meets its financial targets, while minimising potential adverse effects of cash flow shortfalls.

#### Specific Financial Risk Exposures and Management

The main risks the association is exposed to through its financial instruments are credit risk and liquidity risk.

# THE ENVIRONMENT INSTITUTE OF AUSTRALIA AND NEW ZEALAND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### b. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the association.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that members and counterparties to transactions are of sound credit worthiness

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the committee has otherwise cleared as being financially sound.

#### *Credit risk exposures*

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the balance sheet. The association is also exposed to any deficiency in net assets of trusts to which it is trustee.

There is no collateral held by the association securing trade and other receivables.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality.

The association has no significant concentration of credit risk with any single counterparty or group of counterparties. Details with respect to credit risk of trade & other receivables are provided in Note 14(a).

### c. Liquidity risk

Liquidity risk arises from the possibility that the association might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The association manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities;
- only investing surplus cash with major financial institutions; and
- proactively monitoring the recovery of unpaid subscriptions.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle finance leases reflect the earliest contractual settlement dates.

THE ENVIRONMENT INSTITUTE OF AUSTRALIA AND NEW ZEALAND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 14 (c): FINANCIAL RISK MANAGEMENT (CONTINUED)

	Within 1 year		1 to 5 Years		Over 5 Years		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial Liabilities due for payment</b>								
Trade Payables	300,076	298,891	-	-	-	-	300,076	298,891
<b>Total expected outflows</b>	<b>300,076</b>	<b>298,891</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>300,076</b>	<b>298,891</b>
<b>Financial Assets – cash flows realisable</b>								
Cash and cash equivalents	482,896	369,339	-	-	-	-	482,896	369,339
Deposits at call	90,129	127,289	-	-	-	-	90,129	127,289
Trade & other receivables	1,581	15,524	-	-	-	-	1,581	15,524
Prepayments	13,251	-	-	-	-	-	13,251	-
Other receivables	1,390	-	-	-	-	-	1,390	-
<b>Total Anticipated Inflows</b>	<b>589,247</b>	<b>512,152</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>589,247</b>	<b>512,152</b>
<b>Net (outflow)/inflow on financial instruments</b>	<b>289,171</b>	<b>213,261</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# THE ENVIRONMENT INSTITUTE OF AUSTRALIA AND NEW ZEALAND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### NOTE 14: FINANCIAL RISK MANAGEMENT (CONTINUED)

#### d. Interest Rate Risk

The association is not exposed to any significant interest rate risk since cash balances are maintained at variable rates and borrowings of the association are not considered significant.

#### *Sensitivity analysis*

The following table illustrates sensitivities to the association's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reporting at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit	Equity
<b>Year ended 30 June 2010</b>	\$	\$
Increase by 2% in interest rates	11,434	11,434
Decrease by 2% in interest rates	(11,434)	(11,434)
<b>Year ended 30 June 2009</b>		
Increase by 2% in interest rates	9,924	9,924
Decrease by 2% in interest rates	(9,924)	(9,924)

No sensitivity analysis has been performed on foreign exchange risk, as the association is not exposed to foreign currency fluctuations.

#### **Net Fair Values**

##### **Fair value estimation**

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices.

# THE ENVIRONMENT INSTITUTE OF AUSTRALIA AND NEW ZEALAND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	Footnote	2010		2009	
		Net Carrying Value	Net Fair Value	Net Carrying Value	Net Fair Value
		\$	\$	\$	\$
<b>Financial assets</b>					
Cash and cash equivalents	(i)	573,025	573,025	496,628	496,628
Trade and other receivables	(i)	1,581	1,581	15,524	15,524
Investments — available for sale	(ii)	14,641	14,641	3,250	3,250
<b>Total financial assets</b>		<b>589,247</b>	<b>589,247</b>	<b>515,402</b>	<b>515,402</b>
<b>Financial liabilities</b>					
Trade and other payables		122,991	122,991	50,337	50,337
<b>Total financial liabilities</b>		<b>122,991</b>	<b>122,991</b>	<b>50,337</b>	<b>50,337</b>

The fair values disclosed in the above table have been determined based on the following methodologies:

- (i) Cash and cash equivalents, trade and other receivables and trade and other payables are short term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables excludes amounts provided for relating to annual leave which is not considered a financial instrument.
- (ii) For listed available-for-sale financial assets, closing quoted bid prices at reporting date are used.
- (iii) These liabilities are fixed interest leases carried at amortised cost. Differences between carrying value and net fair value represent decreases in market interest rates.

### NOTE 15: CONTINGENCIES AND COMMITMENTS

There are no contingencies or commitments that require disclosure within the financial statements.

### NOTE 16: MEMBERS

At 30 June 2010 the number of financial members was 2,179 (2009: 2,088).

### NOTE 17: ASSOCIATED ENTITIES

This note 17 does not form part of the audit opinion issued by the auditors, Moore Stephens (Queensland), as it was not audited for the year ended 30 June 2010.

Effective 1 July 2008 the operations of "Certification of Environmental Practitioners" (CENVP), which was established under by-law by the Environment Institute of Australia and New Zealand were deconsolidated from the financial statements. The council assessed the following reasons as the main determining factors in this treatment:

- It was always anticipated, and now come to fruition that CENVP would establish and constitute a Board completely separate to the Institute in order to achieve a degree of independence;
- There are now no common elements of control between the two bodies (outside of the link created by the by-laws);
- It was always anticipated, and has now come to fruition that CENVP has its own systems of internal controls, financial record keeping and operational procedures completely separate from the operation of the Environment Institute.

# THE ENVIRONMENT INSTITUTE OF AUSTRALIA AND NEW ZEALAND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Notwithstanding the fact that the operations of CENVP have been deconsolidated the Environment Institute acknowledges that in the event of adverse financial performance, there exists the requirement to support the operations of CENVP. To this end the operational performance and financial viability are monitored on at least an annual basis.

As of the balance date the financial position of CENVP was:

Revenue for the year	\$ 71,409
Expenses for the year	<u>\$ 79,216</u>
Result for the year	\$ (7,807)

Total Assets at 30 June 2010	\$ 47,503
Total Liabilities at 30 June 2010	<u>\$ 6,207</u>
Net Assets at 30 June 2010	\$ 41,296

### NOTE 18: BRANCHES

The Environment Institute of Australia and New Zealand maintains its presence in Australia and New Zealand through a network of branch offices and associates. The following is a list of all such offices that are included in the result for 2010.

Environment Institute of Australia and New Zealand (ACT)  
Environment Institute of Australia and New Zealand (NT)  
Environment Institute of Australia and New Zealand (SEQ)  
Environment Institute of Australia and New Zealand (NSW)  
Environment Institute of Australia and New Zealand (VIC)  
Environment Institute of Australia and New Zealand (TAS)  
Environment Institute of Australia and New Zealand (WA)  
Environment Institute of Australia and New Zealand (SA)  
Environment Institute of Australia and New Zealand (NZ)  
Environment Institute of Australia and New Zealand (FNQ)  
Environment Institute of Australia and New Zealand (Central office)

### NOTE 19: THE ENVIRONMENT INSTITUTE OF AUSTRALIA AND NEW ZEALAND INFORMATION

The registered office and principal place of business is:

50 Cardigan Street  
Carlton VIC 3000

## The Environment Institute of Australia and New Zealand

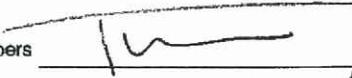
### DIRECTORS' DECLARATION

The directors have determined that the Environment Institute of Australia and New Zealand is not a reporting entity, however they have elected to prepare general purpose financial statements as described in note 1.

The directors of The Environment Institute of Australia and New Zealand declare that:

1. The financial statements and notes, as set out on pages 4 to 19 are in accordance with general purpose financial reporting and:
  - a. comply with Accounting Standards as described in Note 1 to the financial statements; and
  - b. give a true and fair view of The Environment Institute of Australia and New Zealand's financial position as at 30 June 2010 and of its performance for the year ended on that date in accordance with generally accepted accounting principles.
2. In the directors' opinion there are reasonable grounds to believe that The Environment Institute of Australia and New Zealand will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the members.

Council Members , Acting President M. Chalkley (TREASURER)

Dated this 14th day of OCTOBER 2010

**Offices**

Brisbane  
Burdekin  
Cairns  
Innisfail  
Toowoomba  
Townsville

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF ENVIRONMENT INSTITUTE OF AUSTRALIA AND NEW ZEALAND**

We have audited the accompanying financial report of Environment Institute of Australia and New Zealand (the institute) which comprises the statement of financial position as at 30 June 2010 and the statement of comprehensive income, statement of changed equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

*Committee's Responsibility for the Financial Report*

The committee of the institute is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Associations Incorporation Act 1981 (VIC)*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditor's Responsibility*

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

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

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

*Independence*

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

Moore Stephens (Queensland) Ltd ABN 37 126 220 595  
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**Chartered  
Accountants**

NUMBER ONE IN NUMBERS



*Auditor's Opinion*

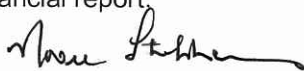
In our opinion:

The financial report of Environment Institute of Australia and New Zealand is in accordance with the *Associations Incorporation Act 1981 (VIC)*, including:

- (i) giving a true and fair view of the institute's financial position as at 30 June 2009 and of its performance and its cash flows for the year ended on that date; and
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Associations Incorporations Act 1981 (VIC)*.

*Emphasis of matter – None audited details in Note 17 of financial report*

Without qualification to the opinion expressed above, attention is drawn to the following matter. Details included in Note 17 were provided by the institute and were not subject to audit. Accordingly, we take no responsibility for any reliance on the details disclosed in Note 17 of the financial report.



MOORE STEPHENS



M J McDonald  
Director

Brisbane, Queensland

Dated in Brisbane this 18 day of October 2010

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