



engineers without borders australia

Comprising:

Engineers Without Borders Australia Limited (ABN 13 103 896 920)

and

Engineers Without Borders Foundation (ABN 25 394 403 069)

a controlled entity

Financial Statements

For the Year Ended 30 June 2023

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For the Year Ended 30 June 2023

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Directors' Report

30 June 2023

The directors present their report, together with the financial statements of the Group, being the Company and its controlled entities, for the financial year ended 30 June 2023.

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

Gavin Ross Blakey	Resigned 21 November 2022
Qualifications	BE (Hons), MBA (Technology Management), FIEAust, CPEng, RPEQ

Kelsie Clarke	
Qualifications	B. Civil Eng(Hons)

Shane Kennelly	
Qualifications	B.Eng (Aeronautical), MBA

Peter McArdle	Resigned 21 November 2022
Qualifications	B.Eng (Civil), M Peace & Conflict Studies

Michael McCreadie	
Qualifications	B.Bus (Accounting), BA (Psychology), Australian Chartered Accountant, Certified Turnaround Practitioner, Certified Valuation Analyst, Graduate of the Australian Institute of Company Directors

Margarita Moya	
Qualifications	B Eng (Industrial Chemistry) / B Arts

Sonya Rand	
Qualifications	B.Eng (Chemical), MEngSc, Post Graduate Diploma (Business Management), GAICD

Alesha Printz	
Qualifications	BE(Civil) (Hons), BComm, MEngSc (Project Management), FIEAust EngExec CPEng NER

Daniel Lambert	
Qualifications	BE (Civil) (Hons) / BSc, DipGovMgt, DipPersMgt, Masters (Business and Technology), Masters (Engineering Science)

Abhishek Singh	Appointed 23 November 2022
Qualifications	Exec MBA, M Technology, Graduate of the Australian Institute of Company Directors, B Tech (Electrical Engineering)

Rebecca Watts	Appointed 27 November 2022
Qualifications	B Eng (Hons), B Comm (Renewable Engineering/Finance)

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

Directors' Report

30 June 2023

Principal activities

The principal activities of the Group during the financial year were:

- Working in partnership to address a lack of access to basic human needs such as clean water, sanitation and hygiene, energy, basic infrastructure, waste systems, information communication technology and engineering education.
- Educating and training Australian students, engineers and the wider community on issues including sustainable development, appropriate technology, poverty and the power of humanitarian engineering.
- Leading a movement of like-minded people with strong values and a passion for humanitarian engineering within Australia and overseas.
- Fundraising to support the above activities.

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

Short and long term objectives

Purpose

Harnessing the potential of engineering to create an equitable reality for the planet and its people.

Vision statement

A world where technology benefits all.

Strategic aims and objectives

Mission statement

EWB Australia is redefining the purpose and impact of engineering as a critical enabler of sustainable development.

In 2030, more than 1,000,000 people have equitable access to technology to live well and pursue their aspirations sustainably, as a clear result of our work.

Recognising regional imperatives of:

- A fast changing climate
- Environment degradation
- Increasing people movement
- Increasing inequality

Directors' Report

30 June 2023

Strategic aims and objectives

Focusing on:

- People who are at risk of being left behind by global development and negatively impacted by challenging global trends.

Promoting:

- Human dignity
- Diversity
- Indigenous wisdom
- Thriving ecosystems

Delivering:

- Future engineers who understand the potential of engineering for the planet and its people
- Emerging and practicing engineers who have the skills, knowledge, motivation and mindset to deliver technology that benefits all
- Scalability through market based approaches
- Influence for sector change

And knowing:

- That impactful outcomes take time and no one size fits all, as we work with local challenges and leverage knowledge, strengths and community aspirations.

We will work:

- In Australia increasingly
- Developing a regional footprint in the Pacific
- To localise country offices
- With agility including in Humanitarian contexts globally
- And through the EWB international network
- With reach far greater than ourselves through our chapters, volunteers and partnerships.

Directors' Report

30 June 2023

Strategic aims and objectives

Underpinned by organisational values

- Collaboration
- Learning
- Success
- Bigger Picture Thinking
- Equity
- Innovation
- Courage
- Integrity

Our Impact Framework and The Five Pillars

Pillar 1 - EWB Education

Engineers in Australia are capable of consistently designing, developing, implementing and enabling technology that benefits all.

Strategic Outcomes:

Outcome 1: Credibility – Education and Training

EWB Australia has a reputation for leading practice education and training programs that build the awareness, knowledge and skills of engineers in the development of technology that benefits all.

Outcome 2: Knowledge and Awareness

All Australian engineering students are graduating university with an understanding of how to develop technology that benefits all, and why this matters.

Outcome 3: Capability and Confidence

Professional engineers affiliated with the EWB Australia community have the skills, attributes and motivation required to develop technology that benefits all.

Directors' Report

30 June 2023

Strategic aims and objectives

Pillar 2 - Our network

EWB is a network of values-aligned people, institutions and companies who educate, donate, volunteer and advocate for solutions that benefit all.

Strategic Outcomes:

Outcome 1: Mobilise

We have an extended bank of experienced alumni representing our approach, living our principles and advocating for the organisation.

Outcome 2: Influence

Individuals, institutions and companies in our community understand their sphere of influence, what they can influence and have the ability and courage to do this.

Outcome 3: Foster

People feel connected with EWB and likeminded others.

Outcome 4: Contribute

Our community are contributing regularly to EWB.

Outcome 5: Share

The EWB community is providing peer-to-peer learning opportunities.

Pillar 3 - Engineering Technology

The lives of more than 1,000,000,000 people have been improved through equitable, sustainable and scalable technology.

Strategic Outcomes:

Outcome 1: Equitable and Resilient

Communities are able to participate in successful technology projects such that technology can be accepted, developed and owned by communities.

Outcome 2: Appropriate

Technology developed are equitable and effective throughout the life-cycle and leads to increased positive social and economic outcomes.

Outcome 3: Scale

1,000,000,000 people are accessing EWB technology.

Directors' Report

30 June 2023

Strategic aims and objectives

Outcome 4: Sustainable

All implemented technology is sustainable throughout its entire planned life-cycle

Outcome 5: Enabling Systems

Appropriate, equitable, scalable and sustainable technology development is effectively implemented by the national and local governments, NGOS and private sector.

Pillar 4 - Influence

Engineering is redefined as a socio-technical sector, which views delivering work which benefits all people and the planet as achievable and expected.

Strategic Outcomes:

Outcome 1: Sector Shift

The engineering sector in Australia is applying and embedding principles and approaches that lead to the creation of technology that benefits all in their work.

Strategic Outcomes related to Influence included in other Pillars:

P1. O1 Credibility – Education and Training

P2.O2 Influence

Pillar 5 - The Organisation

EWB is an agile, resilient organisation with a talented network of staff and volunteers.

Strategic Outcomes:

Outcome 1: Financial

EWB's funding base provides a foundation for agility, strategic investment in the organisation and the best decisions for impact.

Outcome 2: Systems

EWB's internal infrastructure and processes are future-ready and adaptive.

Outcome 3: Governance

EWB has a diverse board, who are ensuring solid governance and representation of the organisation.

Directors' Report

30 June 2023

Strategic aims and objectives

Outcome 4: People and culture

EWB's staff, team and network are operating with purpose, passion and strategic results, regardless of where they are or what role they are in.

Outcome 5: Building Awareness

We have inspired a broad and strong community who are passionate about EWB's commitment to the development of technology that benefits all.

Key Performance measures

EWB measures its own performance through the use of both quantitative and qualitative benchmarks. The benchmarks are used by the directors to assess the financial sustainability of the organisation and whether the organisation's short term and long term objectives are being achieved.

Members' guarantee

Engineers Without Borders Australia is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$ 2 for members, subject to the provisions of the company's constitution.

At 30 June 2023 the collective liability of members was \$ 246 (2022: \$ 246).

Meetings of directors

During the financial year, 7 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:


	Directors' Meetings	
	Number eligible to attend	Number attended
Gavin Ross Blakey	3	1
Kelsie Clarke	7	6
Shane Kennelly	7	3
Peter McArdle	3	2
Michael McCreadie	7	6
Margarita Moya	7	7
Sonya Rand	7	7
Alesha Printz	7	6
Daniel Lambert	7	6
Abhishek Singh	4	4
Rebecca Watts	4	3

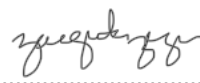
Directors' Report
30 June 2023

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2023 has been received and can be found on page 9 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director: 
Michael McCreddie

Director: 
Margarita Moya

Dated this 6th day of November 2023

Engineers Without Borders Australia

Auditor's Independence Declaration to the Directors of Engineers Without Borders Australia and Controlled Entities

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Jaco Vorster CA, Associate Partner (auditor registration number 507089) on behalf of
Banks Group Assurance Pty Ltd, Chartered Accountants
Authorised audit company registration number 294178 (ACN 115 749 598)

Melbourne, Australia

Dated this 14th day of November 2023

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2023

	Note	2023 \$	2022 \$
Revenues	4	6,892,878	5,463,472
Administrative expenses		(87,964)	(51,796)
Consultancy expenses		(393,720)	(798,036)
Depreciation and amortisation expense		(29,175)	(25,220)
Employee related expenses		(3,259,409)	(3,034,617)
FX Gain/Loss		18,361	81,839
Information, communications and technology		(128,203)	(118,060)
Initiatives		(3,389,725)	(1,296,231)
Insurance		(116,977)	(130,793)
Lease liability interest expense		(7,260)	(9,923)
Marketing and promoting		(16,333)	(33,638)
Occupancy costs		(119,831)	(118,326)
Travel		(219,223)	(77,276)
Loss on disposal of fixed assets		(17,220)	-
(Deficit) / Surplus before income tax		(873,801)	(148,605)
Income tax expense		-	-
(Deficit) / Surplus for the year		(873,801)	(148,605)
Other comprehensive income:			
Items that may be reclassified subsequently to surplus and deficit		-	-
Items that will not be reclassified subsequently to surplus and deficit		-	-
Total comprehensive income for the year		(873,801)	(148,605)

Statement of Financial Position

As At 30 June 2023

	Note	2023 \$	2022 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	1,189,227	6,221,197
Trade and other receivables	6	323,530	240,882
Other assets	7	240,328	183,840
TOTAL CURRENT ASSETS		<u>1,753,085</u>	<u>6,645,919</u>
NON-CURRENT ASSETS			
Trade and other receivables	6	9,343	9,480
Other financial assets	8	500	500
Property, plant and equipment	9	33,213	61,881
Right-of-use assets	10	267,359	194,278
TOTAL NON-CURRENT ASSETS		<u>310,415</u>	<u>266,139</u>
TOTAL ASSETS		<u>2,063,500</u>	<u>6,912,058</u>
LIABILITIES			
CURRENT LIABILITIES			
Lease liabilities	10	90,365	98,422
Trade and other payables	11	171,019	644,531
Employee benefits	12	200,747	227,022
Other liabilities	13	735,988	4,278,360
TOTAL CURRENT LIABILITIES		<u>1,198,119</u>	<u>5,248,335</u>
NON-CURRENT LIABILITIES			
Lease liabilities	10	177,554	102,095
TOTAL NON-CURRENT LIABILITIES		<u>177,554</u>	<u>102,095</u>
TOTAL LIABILITIES		<u>1,375,673</u>	<u>5,350,430</u>
NET ASSETS		<u>687,827</u>	<u>1,561,628</u>
EQUITY			
Reserves		124,674	124,674
Retained earnings		563,153	1,436,954
TOTAL EQUITY		<u>687,827</u>	<u>1,561,628</u>

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2023

2023

	Retained Earnings	Innovation Reserve	Total
	\$	\$	\$
Balance at 1 July 2022	1,436,954	124,674	1,561,628
Deficit for the year	(873,801)	-	(873,801)
Balance at 30 June 2023	563,153	124,674	687,827

2022

	Retained Earnings	Innovation Reserve	Total
	\$	\$	\$
Balance at 1 July 2021	1,585,559	124,674	1,710,233
Deficit for the year	(148,605)	-	(148,605)
Balance at 30 June 2022	1,436,954	124,674	1,561,628

Engineers Without Borders Australia (EWBA) has developed an internal funding mechanism to enable ideas with potential to be developed, tested and prepared for external funding.

The objectives of the Innovation Fund (the "Fund") are to enable innovative solutions that deliver the following for EWBA:

- Increased impact through developing technology that benefits all.
- Increased impact through new and innovative education and outreach approaches.
- Increased impact and innovation volunteering opportunities for our network.
- New sustainable business models and/or a new social enterprise.

The Fund is dependent on the result of the previous financial year's surplus. The Fund will initially be seeded by one off contribution from retained earnings of \$100,000. It will then be topped up based on each year's operating results with 20% of the operating surplus being added to the Fund. Any additional contribution to the Fund will require Board approval. The amount to be contributed to the Innovation Fund any financial year will be communicated by 31 December of each year, following completion of the audited accounts.

Statement of Cash Flows

For the Year Ended 30 June 2023

		2023	2022
	Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Grant and other receipts from operating activities		3,446,774	7,827,729
Payments to suppliers and employees		(8,397,620)	(5,818,751)
Interest received		62,135	5,500
Net cash provided by/(used in) operating activities	15	<u>(4,888,711)</u>	<u>2,014,478</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of plant and equipment		1,827	-
Purchase of property, plant and equipment		<u>(19,554)</u>	<u>(24,556)</u>
Net cash provided by/(used in) investing activities		<u>(17,727)</u>	<u>(24,556)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payment of lease		<u>(125,532)</u>	<u>(113,404)</u>
Net cash provided by/(used in) financing activities		<u>(125,532)</u>	<u>(113,404)</u>
Net increase/(decrease) in cash and cash equivalents held		(5,031,970)	1,876,518
Cash and cash equivalents at beginning of year		<u>6,221,197</u>	<u>4,344,679</u>
Cash and cash equivalents at end of financial year	5	<u><u>1,189,227</u></u>	<u><u>6,221,197</u></u>

Notes to the Financial Statements

For the Year Ended 30 June 2023

These are the consolidated financial statements of Engineers Without Borders Australia (the Consolidated Group, EWB) comprising Engineers Without Borders Australia Limited (ABN 13 103 896 920) a public company limited by guarantee incorporated and domiciled in Australia and Engineers Without Borders Foundation (ABN 25 394 403 069) a public benevolent institution which is a controlled entity. The Consolidated Group operates as a not-for-profit organisation.

The financial report was authorised for issue by the Directors on 06 November 2023.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-for-Profits Commission Act 2012. The consolidated group operates as a not-for-profit group for financial reporting purposes under Australian Accounting Standards.

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. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected noncurrent assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

2 Summary of Significant Accounting Policies

(a) Basis for consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end.

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of Significant Accounting Policies

(b) Revenue and other income

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Group have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Group are:

Grants

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligations is satisfied.

The performance obligations are varied based on the agreement. Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

Revenue recognition policy for contracts which are either not enforceable or do not have sufficiently specific performance obligations is under AASB 1058.

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of Significant Accounting Policies

(b) Revenue and other income

Specific revenue streams

Amounts arising from grants in the scope of AASB 1058 are recognised at the assets fair value when the asset is received. The Group considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

Donations

Donations collected, including cash and goods for resale, are recognised as revenue when the Group gains control of the asset.

Partnerships

The Group earns revenue from provision of professional services through partnership contracts, particularly with Australian Universities.

Fee arrangements on these contracts are fixed fee arrangements.

For these arrangements, revenue is recognised based on the stage of completion with reference to the actual services provided as a proportion of the total services expected to be provided under the contract. Revenue is recognised over time in line with benefits of the contract being consumed by the customer. This is done as a proportion of the academic year that has been completed to date.

Estimates of revenues (including interim billing), costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

The Group has determined that no significant financing component exists in respect of the professional services revenue streams since the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

A receivable in relation to these services is recognised when a bill has been invoiced, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of Significant Accounting Policies

(b) Revenue and other income

Statement of financial position balances relating to revenue recognition

Contract assets and liabilities

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or before payment is due, the Group presents the contract as a contract asset, unless the Group's rights to that amount of consideration are unconditional, in which case the Group recognises a receivable.

When an amount of consideration is received from a customer prior to the entity transferring a good or service to the customer, the Group presents the contract as a contract liability.

(c) Income Tax

The entities in the group are exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(d) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(e) Volunteer services

No amounts are included in the financial statements for services donated by volunteers.

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of Significant Accounting Policies

(f) Property, plant and equipment

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

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Group, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Motor Vehicles	10%
Computer Equipment	33%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(g) Financial instruments

Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Group classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through other comprehensive income - equity instrument (FVOCI - equity)

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of Significant Accounting Policies

(g) Financial instruments

Financial assets

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Fair value through other comprehensive income

Equity instruments

The Group have one strategic investments in an unlisted entity over which they do not have significant influence nor control. The Group have made an irrevocable election to classify this equity investment as fair value through other comprehensive income as it is not held for trading purposes.

This investment is carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). On disposal any balance in the financial asset reserve is transferred to retained earnings and is not reclassified to profit or loss.

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI.

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of Significant Accounting Policies

(g) Financial instruments

Financial assets

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward looking information.

Credit losses are measured as the present value of the difference between the cash flows due to the Group in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Group has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of Significant Accounting Policies

(g) Financial instruments

Financial liabilities

The Group measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Group comprise trade payables.

(h) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(i) Leases

At inception of a contract, the Group assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Group has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Group recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Group believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Group's incremental borrowing rate is used.

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of Significant Accounting Policies

(i) Leases

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Group's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to lease accounting

The Group has elected to apply the exceptions to lease accounting for short-term leases (i.e. leases with a term of less than or equal to 12 months). The Group recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

(j) Employee benefits

Provision is made for the Group'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 wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

(k) Adoption of new and revised accounting standards

The Group has adopted all standards which became effective for the first time at 30 June 2023, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Group.

3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment

The Group assesses impairment at the end of each reporting period by evaluating conditions specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key estimates - fair value of financial instruments

The Group has certain financial assets and liabilities which are measured at fair value. Where fair value has not able to be determined based on quoted price, a valuation model has been used. The inputs to these models are observable, where possible, however these techniques involve significant estimates and therefore fair value of the instruments could be affected by changes in these assumptions and inputs.

Notes to the Financial Statements

For the Year Ended 30 June 2023

3 Critical Accounting Estimates and Judgments

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

4 Revenue and Other Income

	2023	2022
	\$	\$
Revenue		
- Donations	1,030,950	676,968
- Sponsorship/Partners	41,286	472,212
- Earned income	647,302	547,142
- Grants	5,109,713	3,754,299
- Interest received	62,135	5,501
- Membership	-	1,118
- Other income	1,492	6,232
Total Revenue	6,892,878	5,463,472

5 Cash and Cash Equivalents

	2023	2022
	\$	\$
Cash on hand	250	250
Bank balances	1,188,977	2,506,858
Dili Water System Emergency Repair Program	-	3,714,089
	1,189,227	6,221,197

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6 Trade and other receivables

	2023	2022
	\$	\$
CURRENT		
Trade receivables	305,452	186,628
	305,452	186,628
GST receivable	-	1,936
Other receivables	18,078	52,318
Total current trade and other receivables	323,530	240,882

Notes to the Financial Statements

For the Year Ended 30 June 2023

6 Trade and other receivables

	2023	2022
	\$	\$
NON-CURRENT		
Deposits	9,343	9,480
Financial assets at amortised cost classified as trade and other receivables		
Trade and other receivables - current	323,530	240,882
Trade and other receivables - non-current	9,343	9,480
Less: GST receivable	-	(1,936)
Total	332,873	248,426

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7 Other Assets

	2023	2022
	\$	\$
CURRENT		
Prepayments	240,328	183,840

8 Other Financial Assets

(a) Financial assets at fair value

	2023	2022
	\$	\$
NON-CURRENT		
Equity securities - at fair value through Other Comprehensive Income	500	500

Investments in associates represents a minority interest held in ATEC Australia-International Pty Ltd, a company incorporated in Australia.

Notes to the Financial Statements

For the Year Ended 30 June 2023

9 Property, plant and equipment

	2023 \$	2022 \$
PLANT AND EQUIPMENT		
Motor vehicles		
At cost	4,647	36,276
Accumulated depreciation	(1,855)	(7,316)
Total motor vehicles	<u>2,792</u>	<u>28,960</u>
Computer equipment		
At cost	75,513	60,341
Accumulated depreciation	(45,092)	(27,420)
Total computer equipment	<u>30,421</u>	<u>32,921</u>
Total property, plant and equipment	<u>33,213</u>	<u>61,881</u>

(a) Movements 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:

	Motor Vehicles \$	Computer Equipment \$	Total \$
Year ended 30 June 2023			
Balance at the beginning of year	28,960	32,921	61,881
Additions	-	19,554	19,554
Disposals	(16,491)	(2,556)	(19,047)
Depreciation expense	(9,677)	(19,498)	(29,175)
Balance at the end of the year	<u>2,792</u>	<u>30,421</u>	<u>33,213</u>

10 Leases

The Group has applied AASB 16 using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related Interpretations.

Notes to the Financial Statements

For the Year Ended 30 June 2023

10 Leases

Right-of-use assets

	Office Space \$	Total \$
Year ended 30 June 2023		
Balance at beginning of year	194,278	194,278
Depreciation charge	(112,593)	(112,593)
Additions to right-of-use assets	185,674	185,674
Balance at end of year	267,359	267,359
	Office Space \$	Total \$
Year ended 30 June 2022		
Balance at beginning of year	103,390	103,390
Depreciation charge	(110,813)	(110,813)
Additions to right-of-use assets	201,701	201,701
Balance at end of year	194,278	194,278

The Company has renewed its lease of 552 Victoria St North Melbourne VIC 3051 for an additional 3 years, term ending 30 June 2024.

Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

Lease liabilities	< 1 year	1 - 5 years	> 5 years	Total undiscounted lease liabilities	Lease liabilities included in this Statement of Financial
2023	113,606	176,819	-	290,425	267,919
2022	119,524	49,364	-	168,888	200,517

Notes to the Financial Statements

For the Year Ended 30 June 2023

10 Leases

Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the Group is a lessee are shown below:

	2023	2022
	\$	\$
Interest expense on lease liabilities	(7,260)	(9,923)
Depreciation of right-of-use assets	(112,593)	(110,813)
	<u>(119,853)</u>	<u>(120,736)</u>

Statement of Cash Flows

	2023	2022
	\$	\$
Total cash outflow for leases (AASB 16)	<u>(125,532)</u>	<u>(113,404)</u>

11 Trade and Other Payables

	Note	2023	2022
		\$	\$
CURRENT			
Trade payables		45,584	310,011
GST Payable		4,901	10,875
GST payable - Dili Water System Emergency Repair Program		-	200,000
Other payables		120,534	123,645
		<u>171,019</u>	<u>644,531</u>

Financial liabilities at amortised cost classified as trade and other payables

Trade and other payables - current		171,019	644,531
Less GST payable		(4,901)	(10,875)
Total	14	<u>166,118</u>	<u>633,656</u>

Notes to the Financial Statements

For the Year Ended 30 June 2023

12 Employee Benefits

	2023	2022
	\$	\$
CURRENT		
Provision for annual leave	171,751	182,455
Provision for long service leave	28,996	44,567
	<u>200,747</u>	<u>227,022</u>

13 Other Liabilities

	2023	2022
	\$	\$
CURRENT		
Deferred Government grants - Dili Water System Emergency Repair Program	-	3,714,089
Deferred Non-government grants	184,393	199,692
Deferred income	551,595	364,579
Total	<u>735,988</u>	<u>4,278,360</u>

Engineers Without Borders Australia signed a \$4m Dili Water System Emergency Repair Program DFAT grant in June 2021 to repair and stabilise the water supply system for approximately 70,000 people in Dili after devastating floods. Emergency disaster recovery work is required immediately to repair key water transmission lines and ensure cleanwater can be re-supplied swiftly to the local community. \$2m (exclusive of GST) of this funding was received in financial year 2021, but was deferred due to no performance obligations yet being satisfied. Difficult weather conditions paused construction works during the financial year 2022, and the grant was extended to 31 December 2022. A further \$2m (exclusive of GST) was received in the financial year 2022.

14 Financial Risk Management

		2023	2022
		\$	\$
Financial assets			
Held at amortised cost			
Cash and cash equivalents	5	1,189,227	6,221,197
Trade and other receivables	6	332,873	248,426
Fair value through Other Comprehensive Income (OCI)			
Equity securities - at fair value through Other Comprehensive Income	8	500	500
Total financial assets		<u>1,522,600</u>	<u>6,470,123</u>
Financial liabilities			
Trade and other payables	11	166,118	633,656
Total financial liabilities		<u>166,118</u>	<u>633,656</u>

Notes to the Financial Statements

For the Year Ended 30 June 2023

15 Cash Flow Information

Reconciliation of net income to net cash provided by operating activities:

	2023	2022
	\$	\$
Deficit for the year	(873,801)	(148,605)
Non-cash flows in profit:		
- depreciation	141,768	134,503
- net loss on disposal of property, plant and equipment	17,220	-
- lease liability financing interest	7,260	9,923
- other non-cash movement	-	(5,305)
Changes in assets and liabilities:		
- decrease in trade and other receivables	(82,511)	(125,023)
- decrease/(increase) in other assets	(56,488)	(93,172)
- Increase/(decrease) in trade and other payables	(473,512)	302,613
- Increase/(decrease) in deferred income	(3,542,372)	1,874,808
- Increase/(decrease) in employee benefits	(26,275)	64,736
Cashflows from operations	<u>(4,888,711)</u>	<u>2,014,478</u>

16 Group Operations

Engineers Without Borders Australia is an operating name and reference for two legal entities, Engineers Without Borders Australia Limited, and Engineers Without Borders Foundation. Engineers Without Borders Australia Limited is a company limited by guarantee and is the corporate trustee of Engineers Without Borders Foundation.

The objectives of each entity align and reflect common and similar purposes.

Both entities are commonly managed and share resources. While protocols exist for the practical application of resource allocations to be made between the entities, the consolidated financial statements reflect operations within this group and the outcomes of the decisions designed to achieve Engineers Without Borders Australia objectives as a group.

17 Fair Value Measurement

The Group measures the following assets and liabilities at fair value on a recurring basis:

- Financial assets
- Unlisted Shares

18 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2023 (30 June 2022:None).

Notes to the Financial Statements

For the Year Ended 30 June 2023

19 Related Parties

(a) The Group's main related parties are as follows:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including and director (whether executive or otherwise) of that entity is considered key management personnel.

Total remuneration of key management personnel - refer to Note 20.

(b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties other than loan forgiveness. Refer to Note 16.

Engineers Without Borders Australia Limited has a minority interest in the shares of ATEC Australia-International Pty Ltd. EWB has contributed \$4,500 to ATEC under an auspicing agreement, where the funds must be used to support the installation of a biodigester to support rural families in Cambodia.

20 Key Management Personnel Remuneration

Key management personnel remuneration included within employee expenses for the year is shown below:

The total remuneration paid to key management personnel of the Company and the Group is \$ 610,165 (2022: \$ 557,305).

21 Events after the end of the Reporting Period

The financial report was authorised for issue on 06 November 2023 by the Board of Directors.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

22 Statutory Information

The registered office and principal place of business of the company is:

552 Victoria Street
North Melbourne, VIC, 3051

Deductible Gift Recipient

Engineers Without Borders Australia Limited operates the following fund. Gifts to the fund may be tax deductible to the provider of the gift.

- Engineers Without Borders Overseas Aid Gift and Relief Fund.

Engineers Without Borders Foundation is endorsed as a Deductible Gift Recipient.

Directors' Declaration

The directors of the Company declare that:

- 1. The financial statements and notes, as set out on pages 10 to 30, are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012* and:
 - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
 - b. give a true and fair view of the financial position as at 30 June 2023 and of the performance for the year ended on that date of the Company and consolidated group.
- 2. In the directors' opinion, there are reasonable grounds to believe that the Company 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 Board of Directors.

Director
Michael McCreadie

Director
Margarita Moya

Dated this 6th day of November 2023

Engineers Without Borders Australia

Independent Audit Report to the members of Engineers Without Borders Australia

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Engineers Without Borders Australia (the Company) and its subsidiaries (the Group), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Responsibilities of Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group'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 directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 Australian Auditing Standards 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 financial report.

Engineers Without Borders Australia

Independent Audit Report to the members of Engineers Without Borders Australia

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, 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 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's 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 report 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Banks Group Assurance Pty Ltd

Banks Group Assurance Pty Ltd, Chartered Accountants
Authorised audit company number 294178 (ACN 115 749 598)

Jaco Vorster

Jaco Vorster CA, Associate Partner
Registration number 507089

Melbourne, Australia
Dated this14th..... day ofNovember.....2023