# Australian Institute of Architects
Annual Report 2016

Australian Institute of Architects

**Architecture:** *stronger communities by design*

# From the cover

## A City Transformed by Architectural Excellence

Geelong City is emerging from difficult economic times unhelped by a poorly laid out 19th century civic centre. The award winning Geelong Library and Heritage Centre by ARM Architecture has revitalised the cultural precinct; providing function coupled to an iconic aesthetic. The design connects and enhances existing underutilised space providing multiple layers of value. This project clearly demonstrates how in this case, holistic design can transform the quaint concept of a 'library' into a vibrant and energised vertical village where the community can meet, collaborate, engage, learn and celebrate. The project's pragmatic success is apparent in the record breaking visitor numbers that have exceeded all expectation.

Geelong Library and Heritage Centre by ARM Architecture. Winner of the Sir Zelman Cowen Award for Public Architecture at the 2016 National Architecture Awards.
Photographer: John Gollings

# Contents

## Part One



*All information contained in part one is correct as at 31 March 2017.*

## Part Two – Financial Report

# Building a strong voice for architecture

Architecture has a powerful impact on our nation and as our cities and regions continue to grow, so too does the importance and value of architects.

The Australian Institute of Architects is the peak body for the architectural profession in Australia, supporting over 11,000 members around the country and abroad. Our mission is to champion a dynamic, relevant sector, which delivers value through creative design.

With a strong focus on our three core pillars of Membership, Education and Advocacy, we provide services for members at all stages of their career, from students and graduates to registered practitioners, from those working in affiliate roles and industries to those who have retired from practice.

The Institute is supported by a new model of leadership. Our Board of Directors comprises nationally-elected members as well as expert Independent Directors, and sits alongside our member-elected National Council with representatives from each state and territory. The organisation has a revitalised executive team that, together with the Board, National Council and engaged members around the country, is working with industry, government and partner organisations to build a strong voice for architecture.

Following images represent:

1. **MEMBERSHIP**
   Registration morning at the 2016 National Architecture Conference: How Soon Is Now?
2. **EDUCATION**
   The Victorian Chapter hosts one of many continuing professional development events for members and the profession
3. **ADVOCACY**
   Assistant Minister to the Treasurer, the Hon Michael Sukkar MP, addressing guests at the Institute's Housing Affordability Parliamentary Briefing


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# National President's Report

The Australian Institute of Architects is entering a new age as an organisation that will be better equipped to support all our members at a time of political uncertainty and when the role of the architect is being challenged and redefined. Having undergone significant renewal over the past few years, shifting the culture to one of engagement and transparency, we have reviewed our purpose, refocused our direction and made some difficult decisions. Despite the considerable challenges, we have emerged with renewed strength and commitment in our support of the profession and, most significantly, our members.

2016 was a year of new beginnings. At our Annual General Meeting in May, we received overwhelming support from our members to amend our Memorandum and Articles to incorporate a contemporary and effective governance structure. These changes saw the establishment of a separate Board of Directors appointed by National Council, comprising five representatives from the member-elected National Council and three appointed Independent Directors. Chaired by the National President, the Board comprised Immediate Past President Jon Clements, President Elect Richard Kirk, WA Chapter President Philip Griffith, Nationally-elected Councillor Helen Lochhead, as well as Independent Directors Genevieve Overall, Giselle Collins and Sarah Richardson who bring much valued legal, financial and governance expertise to the Board. A new Finance and Risk Committee has been formed to ensure prudent financial management practices, and an Investment Committee will guide our property, holdings and bequests. A mandated 60/40 requirement for gender diversity formed a key component of the new Board Charter. I was particularly pleased that we exceeded this target much earlier than our required timeframe with a 50/50 balance on the Board.

National Council continues to drive the Institute's positioning, culture, strategic direction and policy development while the priorities for the Board centre on compliance and performance, in particular the organisation's financial and legal requirements. As you will see from the financial report, losses have been progressively reduced. We are looking forward to continuing this trend, returning surpluses by increasing non-subscription income and containing costs in the coming years. This will allow us to invest in member services and support, especially given only one-third of our income is generated through membership subscriptions.

In May, we also welcomed our new Chief Executive Officer, Jennifer Cunich, who has undertaken the immense task of steering the Institute and its staff through these considerable changes. One of her first priorities was to build capacity in the senior leadership team, as noted in her report (p08). On behalf of the membership, I thank her for her collaborative style, enthusiasm, commitment and leadership in rolling out the new structure across the organisation.

With the Board in place, National Council has been better positioned to work with the senior executive team to develop a new strategic agenda. This will see a rejuvenated National Committee system aligned with the three pillars of membership, advocacy and education, providing expert advice to Council in support of a stronger policy agenda. In support of this agenda, a recent workshop involving members of National Council, the Board of Directors and the executive team drafted the framework of a three-year strategy, with priorities to be renewed annually.

Our policy work (p.22) also developed strongly throughout the year, and included a review of our national policies. Member feedback identified the following priority policy issues: quality of the built outcome, climate change adaptation and mitigation, affordable housing, long-term infrastructure planning and funding, and reducing red tape in the planning, development, building and construction processes.

In the lead-up to the Federal Election, the Institute launched its Designing Australia's Future campaign, providing members with tools to help them engage with their local candidates. We campaigned the major parties, calling for their commitment to recognising the key role of design in addressing the challenges of building communities and long-term value in Australia's towns and cities of the future – all in the public interest.

In December, we ran a successful campaign regarding the proposed fence around Parliament House Canberra and were granted a confidential briefing from the Secretary of the Department of Parliamentary Services. In viewing the proposals, we were satisfied that the fence will have minimal visual impact and retain public access to the grassed ramps and the base of the flagpole. We retain the view that governments must consult in a meaningful way with all stakeholders, including the Institute, on buildings of architectural significance.

**'The Institute is entering a new age as an organisation that will be better equipped to support all our members at a time of political uncertainty and when the role of the architect is being challenged and redefined.'**

KEN MAHER

More recently National Council staged a successful Parliamentary Breakfast attended by some fifty federal members of parliament and advisors. In my speech I identified the contribution architects make to housing affordability, particularly through innovation in social housing, affordable housing, and medium and high-density housing. I also discussed reducing running costs of housing through sustainable design, and the need for reform of the National Construction Code.

On a more challenging front, trading of Archicentre, the Institute's wholly-owned subsidiary, ceased on 6 September. While Archicentre had provided a valuable service to members of the public for 36 years, the boards of both Archicentre and the Institute agreed to close the business, having reviewed its operations, financial position and changes in the market. It was a sad time for many of our members and staff and the Institute thanks the Archicentre Board, staff and all Archicentre members for their hard work and contribution to the company's many successes.

We continued to provide an active program of events for members, including the stimulating 2016 National Conference in Adelaide; numerous talks and CPD events; the Australian Achievement in Architecture Awards which recognised significant contributions from members across broad areas of interest, as well as awarding the Gold Medal; and the Chapter and National Awards programs, celebrating and advocating the talents of our profession.

It has been my honour to serve as the 77th National President of our Institute. I would like to sincerely thank my predecessor Jon Clements for his invaluable support and advice during my term and wish my successor Richard Kirk all the best as he takes up this significant position.

I would also like to extend sincere thanks to Jennifer Cunich and her entire team of staff who have worked tirelessly this past year as we navigate this new direction. Most of all, I want to thank all those members who contribute their time freely to our Institute. Through our collective efforts we can demonstrate that architects have much to contribute to sustaining and enriching the lives of everyone through design in the public interest.

**Ken Maher**
77th National President

# Chief Executive Officer's Report

I have had the pleasure of meeting and working with so many of our wonderful members, through National Council, Chapter Councils and at local events since joining the Institute in May 2016. These interactions continually inspire me as I work with my colleagues to strengthen the position of the Institute, both functionally and in the context of the broader design and built environment communities.

My priority as Chief Executive Officer is to accomplish outstanding things for our members and the profession, and the first step in achieving this is to revitalise the Institute's internal structure, expertise and resourcing.

The central concern for the Institute over the past 24 months has been to return the Institute to a strong financial position. As in 2015, throughout 2016, several fiscal measures were implemented, as Ken Maher has outlined in his report (p.06), as well as an extensive review of the Institute's internal operations, programs and assets.

An important outcome of this review was the need to move the organisation's finance function to our Melbourne office to strengthen its connection with the senior executive team. As part of this change, we have welcomed a new Director of Corporate Services who brings considerable experience in senior finance and corporate governance spanning the commercial and not-for-profit sectors. Since commencing with the Institute in December, our Director Ian Wilson has overseen the transition of our financial services to 41 Exhibition St and established a new finance team.

Another priority for us is to upgrade the organisation's IT infrastructure and digital capacity. These upgrades will be significant and will enable us to better assist and support members in their everyday operations and across their entire career journey. While this will be a long-term project, a substantial amount of groundwork was undertaken in the second half of the year, starting with the employment of Ian Kynaston, our Chief Information Officer, to drive these important updates.

In addition to these changes, which include upgrading our suite of member-facing online services and tools, we are also undertaking a national policy review (p.22) and refreshing our National Committee function.

In order to better align our functions with our strategic goals, we have made two additional executive-level changes to our organisational structure. Jamie Penrose, formerly General Manager – Member Engagement, has been appointed to the new role of General Manager – Commercial, responsible for the management of the Institute's commercial operations, including events, awards and prizes, the Venice Architecture Biennale and sponsorship. Kim Hilliard has replaced Jamie as General Manager – Member Engagement, overseeing the chapter Executive Directors. Kim has extensive financial and stakeholder management expertise and will be a great asset to the Institute's leadership team.

Throughout 2016 the Institute was able to coordinate and share in the celebration of our members and the role of architecture through a range of highly successful activities.

Over a thousand architectural professionals, students and academics descended on the Adelaide Convention Centre for one of the biggest events of the architectural calendar, the National Architecture Conference. How Soon Is Now? Creative Directors Cameron Bruhn, Sam Spurr and Ben Hewett developed a comprehensive program featuring critical debate and examination of current works and the issues facing architecture today. Once again, the conference provided an exceptional opportunity for the profession to converge and inspire each other.

In May, Australia's exhibition at the 15th International Architecture Biennale, *The Pool* (p.28), curated by Aileen Sage Architects (Isabelle Toland and Amelia Holliday) with Michelle Tabet, opened in Venice. Exceptionally well-received, the exhibition attracted over 100,000 visitors during the six-month showing, making it our most visited exhibition on record.

Almost 900 entries were received in our Architecture Awards program in 2016 and following rigorous and challenging review by our Chapter Awards juries around the country, an incredible 209 Chapter Awards were bestowed with those entries progressing to the National Awards. Immediate Past President, Jon Clements, and his fellow National jurors shortlisted 65 projects for the November celebration and presented 44 Awards and Commendations on the night. Congratulations to all awarded and commended projects and indeed to all entrants as you continue to push the boundaries of what architecture can achieve at all scales.

While the Architecture Awards program is rich with

inspiration and a representation of the everyday work of architects, it is also important to reflect on the individuals who help make our profession great. In April, the Institute's highest honour, the Gold Medal, was awarded to ARM Architecture's founding directors Stephen Ashton, Howard Raggatt and Ian McDougall. ARM is a national practice that has been at the forefront of large-scale public works around the country, in addition to supporting future generations of architects and inspiring the broader community through exhibitions. It was with great sadness that we learnt of the passing of Stephen Ashton in July and the Institute offers its ongoing condolences to his family, friends and colleagues.

As we undertake our ambitious 2017 agenda, the Institute's focus is firmly on our strategic pillars of advocacy, education and membership. Our recent annual member survey reaffirmed this focus with members outlining policy-driven advocacy and promotion, practice tools, and professional development opportunities and information as the central requirements of their membership.

The Institute is undergoing a great period of change, and this offers numerous opportunities for the broader profession. It is an exciting time – and a demanding time – and I would like to thank Ken Maher, our National President, our National Councillors, Chapter Councillors, staff and members for their support and ongoing contributions as we strengthen our Institute and build a strong voice for architecture.

**Jennifer Cunich**
Chief Executive Officer

# Governance

## BOARD OF DIRECTORS

Prof Ken Maher LFRAIA
**National President**

Mr Richard Kirk FRAIA
**President Elect**

Mr Jonathan Clements FRAIA
**Immediate Past President**

Prof Helen Lochhead FRAIA
**Hon Treasurer**

Mr Philip Griffiths FRAIA
**Hon Secretary**

Ms Genevieve Overell
**Independent Director**

Ms Sarah Richardson
**Independent Director**

Ms Giselle Collins
**Independent Director**

# NATIONAL COUNCIL

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**ACT President**

Mr Andrew Broffman RAIA
**NT President**

Mr Mario Dreosti RAIA
**SA President**

Ms Vanessa Bird FRAIA
**Victorian President**

Ms Ksenia Totoeva RAIA
**EmAGN President**

Ms Clare Cousins RAIA
**Nationally-elected Councillor**

Mr Adrian FitzGerald FRAIA
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Mr Andrew Nimmo RAIA
**NSW President**

Mr Bruce Wolfe FRAIA
**Queensland President**

Ms Yvette Breytenbach RAIA
**Tasmanian President**

Ms Suzie Hunt FRAIA
**WA President**

Ms Jemima Ninnes
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**Board members also on National Council:**

Prof Ken Maher LFRAIA
**National President**

Mr Richard Kirk FRAIA
**President Elect**

Mr Jonathan Clements FRAIA
**Immediate Past President**

Prof Helen Lochhead FRAIA
**Nationally-elected Councillor**

Image credits: Geoff Comfort

# Chapter Reports

## ACT

2016 for the ACT Chapter was jam-packed with events, meetings, forums, exhibitions, tours and of course, awards, and we continued to foster strong relationships with associated bodies, government, industry and community.

The chapter engaged in active dialogue with the ACT Government and the public service sector. The Chapter President and planning committee members met with the Minister for Planning on several occasions to increase engagement between government and the architectural profession in the Territory. We contributed to discussions about ACT Government procurement practices, improving the ACT building regulatory system, planning, the registration of architects, universal access and local industry participation policy. We also facilitated member involvement in an Urban Renewal Delegation with the Minister for Planning that visited Tucson and Seattle in the United States and Vancouver in Canada.

Throughout the year, our diverse events promoted architecture and architects to the community, and provided opportunities for members to network with their peers. We held two major networking opportunities, our Meet the President function and our end of year Xmas event, which were well-attended by members and local industry stakeholders.

In July, Solar House Day returned for another year. Exploring ways to tackle solar design, the event included a lecture and exhibition at the Shine Dome and two bus tours. Solar House Day is a great opportunity to promote the value of architects to the public, and in 2016 was attended by over 100 members of the public. Thanks to our Sustainability Committee for this successful outcome.

The Contemporary Australian Architecture Speaker Series was held in partnership with the National Gallery of Australia. We had excellent speakers from James Russell Architect, Blayney North, Cumulous and KIRK, presenting everything from an extreme penthouse suite with custom-designed fabrics for furniture and flooring to a humble low budget packing shed renovation. Each event was sold-out.

The ACT Architecture Awards allows us to promote the value of good design and the work of local architects. With 46 entries, it was a full Awards program. The presentation evening, held in June at the National Arboretum, attracted around 320 guests. One of the highlights of the night was Creatures of the Night, a light installation prepared by student members under the direction of EmAGN and the Chapter President.

The chapter continued to support the annual Design Canberra Festival and we ran a series of bus tours focusing on internationally-inspired architecture, architecture and landscape, and architecture by emerging architects. The chapter facilitated the involvement of local architects in Living Rooms, which invited the public to explore the living rooms of acclaimed Canberra houses. The event also included pop-up exhibitions with works on sale by local artists, makers and craft practitioners. The chapter office hosted two Living Rooms by artist Estelle Briedis, which had around 100 visitors each.

The Griffin Lecture has been a highlight of the chapter's calendar since 1961. In 2016, it was delivered at the National Press Club by Graham Jahn AM, LFRAIA, Director of City Planning, Development and Transport, City of Sydney. Graham spoke about design incentivised development rights and the event was well attended by members of the public, the legislative assembly, industry leaders and architects. We also continued our long-standing relationship with the University of Canberra, co-producing the annual Design Your Dream House school holiday program, which provides an exciting extra-curricular learning experience for both students of architecture and the high school children who participate.

Many of these activities could not have been achieved without the contribution of our volunteers and committees and we thank them for giving generously of their time and expertise throughout 2016.

# INTERNATIONAL

2016 was a year in review for the International Chapter, following the commission from National Council to help shape the Institute's strategy and role in the international arena. The resolution included a brief to re-evaluate both the role of the chapter and the value proposition to international members.

We responded with several recommendations to National Council, providing them with an informed view from the perspective of the Institute's overseas members. These recommendations were supported by detailed submissions in respect of the Institute's membership of international accords and organisations, including the Canberra Accord, the International Union of Architects, and in particular, the Commonwealth Association of Architects.

In further support of these recommendations, we also revised the Charter for the International Chapter, and the International Chapter Council, providing greater clarity of its advisory and representative role in support of the Institute's strategy for international engagement. The International Chapter Council comprises up to ten members elected from the whole of the international membership and currently comprises members from the UK, Hong Kong, Malaysia, Singapore, United Arab Emirates and the United States. The council met in Melbourne in April and adopted a change to its election cycle, moving it to the beginning of the year, in a move to better align with other chapters and achieve greater consistency across the organisation.

The chapter is also in the process of preparing an international engagement strategy. This is informed by detailed internal research, which seeks to better understand and illustrate the nature of the Institute's international engagement, through its members. This research reveals a level of engagement of member practices outside Australia that is significantly higher than the international membership. The chapter looks forward to continued work and refinement of the strategy in 2017.

The International Chapter Architecture Awards continued to consolidate as a program, and received a total of 16 entries across five categories. The Awards were announced at a Boarding Pass event in London, and announced by National President, Ken Maher. The prestigious Jørn Utzon Award for International Architecture was ultimately awarded to the Australian Pavilion, Venice, by Denton Corker Marshall.

The William J Mitchell International Chapter Prize was awarded to Brian Burr, for his exemplary contributions to the discipline through the art of architectural rendering.
The citation notes that:

> *'with a fine eye, steady hand, and attention to accuracy and detail, Brian Burr creates drawings breathtaking in their draftsmanship as well as their beauty. While photorealistic computer-generated drawings dominate the architectural profession, Brian has remained resolutely steadfast in his belief that pencil, eye and hand reign supreme when visualising the built environment, present and future, and has subsequently and rightly earned the respect of every architect, in Australia and internationally, who has had the pleasure of working with him.'*

The export of such qualities of Australian expertise are precisely those that the International Chapter is committed to promoting on behalf of the Institute. As part of this, in 2016 the Institute also developed stronger ties with government through the Department of Foreign Affairs and Trade, with a reception held at the Australian Embassy in Berlin, to align with the strong Australian presence at the World Architecture Festival. This is the beginning of a deeper relationship with government, aimed at better promoting the export value of Australian architectural services.

# NSW

In 2016, the NSW Chapter provided a strong advocacy footing for the Institute's membership. Central to this was a set of productive media relationships, in particular with the *Sydney Morning Herald* and the *Australian Financial Review*. Chapter President, Shaun Carter, was interviewed widely in print, on television and radio, and was active on Twitter.

In April, the chapter objected strongly to the siting of the Barangaroo Crown Casino on waterfront land designated for a public park. The success of this public advocacy was exemplified in the headline 'Architects of Sydney defend public interest as Barangaroo casino faces final hurdle' for an article by Anne Davies in the *Herald*. Unfortunately, a legal case against the approval of the development was dismissed in the Land and Environment Court six months later.

The chapter led the effort to save the brutalist Sirius building in The Rocks. The Save Our Sirius Foundation ran a successful $50,000 crowd-funding campaign to support a court case challenging the Heritage Minister's decision not to list the building on the State Heritage Register. The push to keep Sirius for social and affordable housing included a 2000-strong rally and press conferences. This was an important touchstone in the relationship between the profession and the public. Sirius crystallises issues pertaining to our identity, society, culture and politics. The work continues, and the battle is not yet over.

In addition, the chapter, through the Built Environment Committee, prepared submissions on a range of NSW Government policy matters, including Better Placed (draft architecture and design policy), Medium Density Design Guide, the Sirius building, Simplified Housing Code, Transport Corridor Outdoor Advertising and Signage Guidelines, Design Excellence in Parramatta (Parramatta City Council) and New Ideas for Old Buildings and Social Sustainability Discussion Paper (City of Sydney).

The Institute maintained strong and productive relationships with Sydney Lord Mayor Clover Moore and her excellent design team, with NSW Government Architect Peter Poulet and his team, and with the Registrar Tim Horton and his team. The chapter also enjoyed good access to Government Ministers Dominic Perrottet, Mark Speakman, Rob Stokes, and their shadows.

Throughout 2016, the chapter supported the membership to address issues of gender equity. For instance, moving into the second year of the program, the Architects Male Champions of Change group addressed gender inequality within their practices, agreeing to nine actions, including flexibility surveys regarding maternity leave, varied working hours, career breaks, networking, mentoring and more. The group has participated in honest and open sharing of experiences and has agreed not to participate in panels with insufficient female representation.

The chapter delivered another strong Awards program in 2016, receiving more than 230 entries across the NSW, Newcastle, and Country Division programs. This included more than 150 projects visited, and 112 Awards and Commendations given to 86 projects. The NSW Student and Graduate Awards also recognised the work of 20 students from the four architecture programs in the state.

We also continued to promote a culture of discourse about architecture, publishing another five issues of *Architecture Bulletin*, featuring more than 100 contributors, as well as hosting nearly 40 public events showcasing architecture and the work that architects do. On the professional development front, we ran 28 events, attended by more than 1000, received nearly 300 participants in the PALS program and nurtured 35 young professionals in the mentoring program.

With a new Executive Director in place from the beginning of 2017, and a handover from Shaun Carter to Andrew Nimmo as Chapter President, the chapter looks forward to a strong 2017 on behalf of the NSW membership.

# NT

2016 was an election year in the Northern Territory and the chapter successfully secured a commitment from the new Labor Government for the first full-time NT Government Architect role, currently held by Professor Lawrence Nield. With the position now based within the Department of the Chief Minister, the Institute is pleased to see expert design advice at the heart of government, where the potential for influencing capital works projects across portfolios is far greater.

Throughout the year, we maintained our commitment as an advocate to government, making monthly submissions. In particular, we responded to calls for comment from the NT Planning Commission on a range of new area plans and draft policies, and secured amendments to the Planning Scheme, a demonstration of our role in protecting the public interest and promoting the value of architecture as a public good.

The chapter coordinated a cross-disciplinary workshop to review the NT Planning Scheme Performance Criteria regarding mixed use and multi-residential buildings. This important event represented a pivotal moment when government (arguably in response to our incessant humbug) approached us seeking advice. We were no longer simply reacting to issues, but leading the discussion.

In August, we enjoyed the annual Gold Medal Talk, this year delivered by Howard Raggatt and Ian McDougall of ARM Architecture at the sublime Christ Church Cathedral, where we were treated to a survey of ARM's provocative and often controversial work, and their considered interrogation of ideas and form. This was followed the next morning by a stimulating Gold Medal Breakfast forum organised by EmAGN, where the possibilities of a re-energised Darwin city centre were stirred over coffee and conversation.

In September, Steve Burgess gave a masterclass, Making Great and Sustainable Places, where Burgess encouraged us to look at streets as important community spaces – places of movement and exchange – rather than simply as transportation links.

Also in September, the Droga Architect in Residence, Liz Ogbu from the United States, visited both Darwin and Alice Springs where she gave a lecture and workshop on human-centred design and tactical urbanism, an approach to community engagement with lessons for our own practices.

Member services, too, remained an important focus. Highlights included the perennially enjoyable and humorous Awards night, held in June, honouring the best of architecture in the Northern Territory; the installation of the Territory's inaugural Life Fellow, Ross Connolly in recognition of his decades long commitment to the Institute and the profession; and the development of our Project Space, which provides CDU architecture students with an on-going, weekly opportunity to explore work outside of the university setting.

Gender equity in the profession remains a challenge. Although women comprise more than 40 per cent of architecture students, they make up just 20 per cent of registered architects and an even smaller proportion of practice partners. The chapter continues to strive for equity in its own ranks, with five women and eight men comprising the current 13 committed councillors. But more can be done. Mentorship, workplace flexibility arrangements, and the simple 'tap on the shoulder' are the sorts of things we can all do to close the gender gap.

In 2017, with the relocation of the Chapter Manager to take the role of Executive Director, NSW, we have reviewed the priorities for the chapter, and prepared an ambitious, project-based approach for the year based around five issues: awards, professional development, the Darwin CBD, planning and procurement, and Indigenous housing.

Though a small membership, the chapter remains committed to delivering upon the Institute's mission of making the world a better place through architecture in new and innovative ways.

# QUEENSLAND

The Queensland Chapter President, Bruce Wolfe, began his term of office in March with a focus on membership and advocacy to government, particularly on procurement and raising awareness of good design. The chapter has supported this by strategic engagement with all levels of government and with members in Brisbane and the regions.

The chapter liaises regularly with government on matters relating to planning and urban design, holding meetings and making submissions to ensure the views of the profession are heard. During 2016, the focus for the chapter was not only on lobbying ministers but also working with the various government departments' directors-general and deputy directors-general.

The chapter provided several detailed submissions including:

- Submission in Objection to Application 6767/2015 9-11 Florence Street, Cairns City 4870 (28 Jan 2016)
- Submission to Joint Standing Committee on National Disability Insurance Scheme (29 Jan 2016)
- City Architect for Brisbane City Council Media Statement (23 Feb 2016)
- Customs House and Queens Wharf Opinion Piece (29 Feb 2016)
- Non-Conforming Products Submission to SOG DHPW Qld Allied Associations (18 April 2016)
- National Submission on Australian Consumer Law Review (26 May 2016)
- Spring Hill Draft Neighbourhood Plan Submission (17 June 2016)
- Building Products Innovation Council – Industry Position Paper Comments (24 June 2016)

The Phillip Y Bisset Planning (Architecture) Scholarship was launched in 2016 and the three winners announced in October. Lucinda Smith, Brittany Hill and Lauren Hickling will commence their travel mid-2017 and we look forward to hearing their final report on their return.

Professor Jennifer Taylor's bequest, the Dunbar Travelling Fellowship, was announced in 2016 and will commence in 2017 running in parallel with the Phillip Y Bisset Planning (Architecture) Scholarship.

Open House continued to grow and was celebrated in Brisbane, Cairns, Maryborough, Gold Coast and Toowoomba. The chapter office was opened to the public and the Education Committee again presented the very successful 'Architect for a Day' to high school students.

Through the Queensland Chapter's Architects Advocacy Task Group, the chapter published two brochures, one aimed at consumers: *Ten Reasons to Use an Architect*, and one for all levels of government: *Good Design is Good Business. Good Design is Good Government*.

In September, 200 members and colleagues from across Australia joined us in Townsville for Evoke, the second Queensland Regional Conference. With keynote speakers from Scandinavia, Asia and closer to home, the event crafted diverse conversation around the idea that architecture surpasses function, that it connects with the human condition like art, through experience of light, place, landscape and time. Townsville's 'spirit of place' was discovered by the senses through immersion and involvement. Our thanks to Lindy Atkin and Steve Guthrie for their creative directorship.

The highly successful 2016 Queensland Architecture Awards program resulted in the state jury travelling 3035 kilometres by car; 7100 kilometres by plane and 16 kilometres by boat. The most northerly project being in Weipa, the furthest south in Byron Bay, the most westerly in Longreach. We received 184 entries, with 88 receiving Regional Commendations and 37 winning Awards and progressing to the National Awards.

There were numerous CPD activities, committee meetings and events held across the state. The chapter recognises the contribution of members who engage as senior counsellors, PALS lecturers, Awards jurors, mentors, councillors and committee members, NVP and IRP panellists, all of which supports the chapter's numerous programs and activities.

Thank you to our Corporate Partners, Supporting Corporate Partners, state and regional sponsors for their generous time and commitment to the profession of architecture.

# SA

The SA Chapter enjoyed a vibrant and active 2016, with a particular focus on growing business opportunities for SA practice and raising public awareness of the value of design.

The work begun in 2014 to develop export opportunities for SA design service providers was continued, culminating in the formation of The Adelaide Design Link, which represents 20 practices providing architecture, design, engineering, landscape and planning services. This multidisciplinary model enables small to medium practices to engage with large-scale international projects.

Financial support from the South Australian Government has enabled The Adelaide Design Link to become established as an independent entity. The SA Chapter is proud to have been able to support this important initiative during its establishment.

The chapter also continued its involvement in the planning reform process. We were pleased that the Planning, Development and Infrastructure Act 2016, which was approved in April, contained a significant focus on the importance of quality design in the planning process. We will continue to advocate for the role of architects in the planning process and to participate in the development of the documents that underpin the Act.

Advocacy to government regarding local heritage, government procurement, prequalification and reuse of existing buildings were also undertaken and David Homburg consolidated a number of projects in the second year of his term as Chapter President.

The SA Awards program had a field of 77 entries with 37 projects recognised and 20 proceeding to the National Awards. The presentation dinner was held at Adelaide Oval, with student designed and constructed installations enhancing the award-winning venue. The Drill Core Reference Library by Thomson Rossi went on to win the COLORBOND® Award for Steel Architecture while the Tonsley Redevelopment by Woods Bagot and Tridente Architects received the David Oppenheim Award for Sustainable Architecture at the National Architecture Awards.

Francesco Bonato of TECTVS was awarded the Sir James Irwin President's Medal for his significant contributions to practice and education, and Anthony Balsamo, who initiated the New Architect Group that led to the formation of EmAGN, was named SA Emerging Architect.

The Festival of Architecture and Design was not held in 2016. We used this hiatus to define strategic objectives and plan for future festivals. We hosted the National Conference, however, which was held in Adelaide for the first time in 20 years. The chapter organised a diverse program of fringe events, which were well attended and demonstrated the depth and quality of South Australian architecture. The excellent conference program, vibrant venues and quality food and wine made for a highly enjoyable and stimulating experience.

In October, we curated Future Cities as part of the SA Government's Open State Festival. This series of events included UK architect Indy Johar plus forums on brilliant cities, autonomous vehicles, modular construction in the post-car-manufacturing economy and how digital gaming provides alternative ways of engaging with the city.

Other publicly focused projects delivered include Architecture on Show and Design Conversations, which explored issues of local relevance and actively engaged a diverse professional and public audience in curated design-focused discussions. We are looking to develop these projects in future years.

Finally, the Academic/Practice and the SA Government's STEM forums were initiated and generated significant interest. The former brought academics and practitioners together to explore how to improve relationships, achieve a robust evidence base for the profession and challenge preconceptions to drive innovation.

The STEM program brought together a range of practitioners to share their experience. The scale of the program provided opportunities for developing STEM facilities and equipment, as well as research into the pedagogical, procurement and economic outcomes. These forums, attended by representatives from key government departments, also enabled the Institute to demonstrate the strategic benefits of design-led thinking.

# TASMANIA

The Tasmanian Chapter started 2016 with increased member engagement, resulting in a new-look Chapter Council, after the biggest field of candidates in recent memory led to competitive elections. As well as attracting twice the usual number of nominees, there was also a fourfold increase in votes.

The chapter introduced three new member programs: a mentoring scheme, an architectural practice work experience scheme and a construction industry work experience scheme. These programs attracted strong support and will be reactivated in 2017, with a view to expanding them.

A detailed joint submission from the Institute and the Board of Architects to the state government resulted in funding of $419,000 over two years for a comprehensive statewide CPD program, which is being rolled out in 2017. The funding will allow the chapter to grow and improve the CPD program, benefitting local members and the wider industry in Tasmania.

The 2016 Tasmanian Architecture Awards program was a big success in terms of attendance, sponsorship and media coverage. Sponsorship jumped by $20,000 to $51,000 and, with the addition of in-kind support, the total sponsor contribution was $73,500. The Awards took place over three different venues, allowing more flexible arrangements and a subsequent rise in attendance to close to 200 people.

Open House Hobart (OHH) was the other major initiative for the year, which involved a huge amount of planning by the chapter team. The program included 44 buildings and more than 120 tours held over the weekend of 5–6 November. Sponsorship for the 2016 event grew considerably, with around $30,000 in financial sponsorship and $28,000 in in-kind sponsorship. In the month leading up to the event, OHH marketing reached 175,000 people on Facebook, with more than 2300 images shared on Instagram, along with daily print coverage in *The Mercury* over the week of OHH, and good television and radio coverage. The event itself attracted around 10,500 people – an increase on 2015, despite the omission of that year's major drawcard, Government House.

As well as OHH, the chapter expanded Hobart Architecture Week into the month-long Architecture and Design Festival, which attracted more than 800 people to 20 events throughout November.

The chapter continued to focus on community issues concerning architecture, which increased media coverage considerably, leading to a rise in visibility of the local profession. This, in turn, gave the Institute more leverage in talks with government and other bodies and has positioned us going into 2017 as an industry body with some influence. As well as direct engagement through meetings, the chapter provided several detailed submissions on behalf of the profession, including:

- Draft Director's Determination of Categories of Building and Demolition Work
- Occupational Licensing (Building Services Work) Regulations 2016
- Submission to the Hobart City Council on a development application for the former Fitzgeralds building in Hobart

In addition to CPD and PALS, the Tasmanian Chapter continues to deliver networking events such as the annual President's Lunch, practice forums and Christmas parties and is well placed to capitalise on the increased engagement of members in 2017.

# VICTORIA

Advocacy was again a focus for the Victorian Chapter in 2016. We began the year working with the Office of the Victorian Government Architect (OVGA) to deliver a response to the Christmas bushfires in Wye River that saw the loss of almost 130 homes. Rather than repeat the bushfire response from the 2009 Black Saturday fires, we brought together members and the OVGA to facilitate a public exhibition and a design advisory service for those who lost homes in the fires.

The chapter continued to engage with the government on the development of its 'Better Apartments Design Standards'. We responded to numerous iterations of the standards and accompanying documents and were represented on the Better Apartments Industry Taskforce by Chapter Councillor Karen Alcock. We met on multiple occasions with senior bureaucrats, the Minister for Planning and the Premier's office to discuss how similar standards are rolled out elsewhere. At the time of writing this report, the final standards and guidelines have not been finalised, but the Institute has to-date been disappointed with the draft standards. Given the time and considerable expertise, advice and intelligence the industry has afforded government over two years, we had hoped for a more substantive outcome. In particular, the drafts have not addressed design excellence, nor mandated design review for site-specific responses. Nor do they seek to ensure that our communities are being designed by those best qualified to do so – architects.

In April, we presented to Planning Panels on their review of the Residential Zones Reform process. We are still waiting on the outcome of that review but anticipate that there will be quite a lot of change in that space.

Following a consultation and submission earlier in the year, in November the government released a final version of their amendment to the planning code Melbourne C270, which deals with height limits and floor area uplifts. They revised the interim controls introduced in 2015 and introduced 18:1 Floor Area Ratios with a range of public benefit options available to developers to enable them to gain uplift beyond this. We successfully lobbied the government to include design competitions, qualified by the Institute's endorsement process, as a criteria for uplift. We were also successful in having the incentive for holding a competition doubled to twice the running costs.

An issue that continues to concern us, and one which we will focus on more fully in 2017, is the need for registration of project managers. We met with staff from the Department of Planning and the Victorian Building Authority several times about this as it is a critical component of ensuring that the quality of our built environment is maintained in Victoria – particularly in the multi-residential space.

We held three cross-industry networking events with members of PIA and AILA, covering topical issues relevant to each discipline, including grade separations, urban mobility challenges for Melbourne, and the new Arden Macaulay Renewal Precinct. These events, launched in 2015, are becoming increasingly popular and we look forward to hosting more in 2017.

The 2016 Awards program was again highly successful, with 197 entries – the same as in 2015. The sold-out Awards presentation dinner, hosted by Libby Gore (Elle McFeast), went off without a hitch, with 770 people having a great night celebrating their, and their peers' successes. Congratulations have to go to chapter staff, who again managed the program seamlessly. Media coverage of the Awards was strong and focused on the current public debate around apartments. The theme of 'community benefit' was promoted across all categories and this too was taken up in the press in quotes from jurors.

# WA

With a Western Australian state election looming, 2016 was a time for policy consolidation across several important planning and design issues. We fashioned our platform on five principles, clearly outlining to government the value of architects and high quality architecture to the built environment:

1. Protecting the community with experience and skill
    - the mandatory use of architects on all significant projects and multi-residential buildings over four storeys
    - the licensing of all building designers and trades people
    - the introduction of improved safeguards on imported building products.
2. Saving taxpayers money by helping government
    - simplifying local and state government planning laws
    - providing greater support and resources for the Office of Government Architect
    - making greater use of architects' skills in urban structure, town planning and procurement.
3. Delivering creative, affordable and sustainable housing
    - less regulation and more choice
    - alternative models of design and ownership like Nightingale and Germany's Baugruppe
    - an increase in building waste recycling.
4. Working with business to create better commercial spaces
    - architecture and design-related tourism opportunities
    - developing under-utilised and abandoned spaces for business and community ventures
    - heritage developments that have economic and community involvement.
5. Increasing social participation with real-life design
    - standardising local government design guidelines
    - retaining development assessment panels and mandating design review panels in line with regulated minimum design standards
    - increasing multi-residential, mixed-use developments around existing transport infrastructure
    - better communication with communities about the benefits of development.

Central to all of this is the critical role architects play throughout the planning and design process, something we reinforced most strongly in meetings with more than a dozen members of parliament from all political parties.

Pleasingly the state government's new planning policy package, Design WA released in October, reflected many of our wishes, and our job will now be to ensure that whoever forms government in March is encouraged to implement the reforms as quickly as possible.

The business of delivering traditional professional services to members carried on as ever. Our continuing professional development events, despite seeing a drop in attendances, remains a healthy and important feature of our annual program.

Our Awards program received a record 126 entries, something of an achievement in a slowing economy. 2017 is expected to show even better results. Each year, we tweak the social part of the program, confident that we are reaching a model that everyone can enjoy.

We continued our relationship with Open House Perth (OHP), probably one of the best public engagement and awareness activities for us to be involved in. Over 15,000 people visited examples of the city's outstanding architecture during a single weekend. Our role in OHP will increase in the coming years.

Other successful events included the inaugural Future Opportunities in the Built Environment, a collaboration with Master Builders, Engineers Australia, Consult Australia and the Australian Institute of Building. A panel discussion and Q&A featured speakers from development, aged care, government and retail who provided the audience with practical insights about where the work will be in the coming years. In 2017, we will be doing something similar, but with a focus on innovation, procurement and skills.

Our magazine, *The Architect*, continues an upward trajectory. Publishing two issues a year keeps our dynamic and hard-working editorial team on their toes. In Autumn, we explored projects across the board in 'Small/Medium/Large' and in Spring, we looked at 'Equity' as it impacts on housing affordability, opportunities for architects and gender.

Our members are expecting good things from the Institute. Our approach is to do really good things and do them well.

# Education

In 2016, accreditation was the focal point for the Institute's new National Education Unit (NEU) and the National Education Committee (NEC) through both the delivery and review of the Australian and New Zealand Architecture Program Accreditation Procedure (ANZ APAP).

The ANZ APAP is an evidence-based accreditation procedure that reviews the standard of tertiary architecture programs. The assessment process involves the review of student work across ten semesters of study by an expert panel to determine whether the competency criteria, as defined by the National Competency Standards in Architecture, are being met. Professional advice to assist educators in the ongoing development and improvement of a program may also be provided by the panel.

In 2016, six National Visiting Panels (NVPs) were conducted in Australia (and one in New Zealand). The NEU, which provides the secretariat for the ANZ APAP, organised and facilitated these visits. Panel members and program staff commented on the high standard of organisation and the positive nature of the NVPs, which provide a valuable benchmarking opportunity in addition to their core compliance function. This was a great outcome. Not only was it the first year for the new National Education team, but also the number of NVPs conducted was twice that of a typical year.

In addition, the NEU assisted five universities with queries regarding new programs, and two universities regarding significant changes to existing programs. This is symptomatic of the rapid rate of change within the education sector and the high demand for architectural education from both domestic and overseas students.

The review of the current ANZ APAP commenced in 2015 and continued throughout 2016. The ANZ APAP Review Group provided a draft set of recommendations for consultation in April, with the NEC providing a detailed response. The final report was released in June, but National Council was unable to endorse it due to significant concerns with several recommendations, which require further review and development.

The ANZ APAP Development Group was established by the Institute and the Architect Accreditation Council of Australia, joint owners of the ANZ APAP, to progress the review and develop the amended procedure. The NEU and NEC provided expert opinion in relation to this process.

The NEC also undertook to review and redraft the Institute's Tertiary Education Policy and develop the accompanying Advocacy Statement. These were endorsed by National Council at the July meeting.

To coincide with the development of the Institute's education pillar, the team drafted an accompanying statement, outlining key aims, objectives and initiatives relating to tertiary education. The CPD and membership teams informed the student and graduate member program and ongoing education aspects of the pillar. The resulting statement was tabled at National Council for review.

Other activities for the year included the development by the NEC of a proposal for an architecture research prize, participation in the review of the relevance and value of international memberships and active engagement with SONA and EmAGN to canvas education issues from their perspective.

# Advocacy

The Institute has identified advocacy as a long-term strategic pillar. Throughout 2016, extensive policy activity has been actioned at state, territory and federal levels and will be further developed in 2017.

## POLICY REVIEW PROCESS

As part of our agenda in this space, the Institute is undertaking a review of our existing policies to see what we retain and what needs to be updated, alongside wide consultation with members on what they see as the most important issues and what needs to be done.

The following policies were reviewed in 2016:

- Tertiary Education
- Multi-residential Standards
- Housing
- Unpaid Internships
- Government Architect

Major topics to be reviewed and new topics to be addressed in 2017 include:

- Regulation and Registration of Architects
- Urban Design
- Research
- Sustainability
- Universal Access
- BIM
- Infrastructure
- Energy Efficiency

## FEDERAL ELECTION

The Institute conducted a campaign in the lead-up to the 2016 federal election. We invited all political parties to answer ten questions on key topics, which were posted on the website for the information of members. The website also contained a policy summary, questions, factsheets and talking points. We also sent out a brochure to members containing a call-to-action to contact their local candidates.

## SUBMISSIONS

The Institute made many submissions during 2016. Key among these were:

- The Smart Cities Plan – This plan places cities firmly on the agenda, recognising the need for less reliance on cars, better public transport connections and the provision of more affordable and diverse housing options. The submission to federal government commented on integrated city planning and the introduction of City Deals, funding mechanisms, design quality and residential design quality, social and affordable housing, the need for a design advisory body and evidence based research, the need for a federal government architect, and ongoing engagement.
- Australian Consumer Law Review Issues Paper – We responded to this paper, opposing any proposal to remove the exemption from the implied fitness for purpose warranty that currently exists for architects and engineers under section 61 of the Australian Consumer Law.
- The Building Ministers' Working Group – This group is tasked with developing strategies for dealing with non-conforming building products and we put forward the view that there is a need to reform the current system to provide specifiers, purchasers, installers and certifiers with a clear mechanism to determine whether products are fit-for-purpose as defined under the National Construction Code.

We will continue to be the voice of the profession with government in 2017 at a federal and state and territory level.

# Membership

Non-student membership increased during 2016 by 2 per cent with the Graduate category experiencing particularly solid growth. The free first year student membership option was removed and this naturally reduced overall membership numbers: a concomitant decrease in student numbers translated to a member base of just over 11,000 individuals.

Member Level 1 category numbers remained constant in 2016 while Graduate membership numbers increased by over 12 per cent. A+ Membership also remained constant in 2016 at just over 2000 practices; a reflection of the slowing growth in this category over recent years (as noted in last year's Annual Report). There was, however, an increase in the number of A+ practices in the larger 6-20 and 21-50 employee brackets, resulting in a 5 per cent increase in individual A+ members.

The Institute continued to provide members with information and resources critical to their practice of architecture. Additional content was added to the Environmental Design Guidelines while the Acumen Content Review Panel facilitated the addition of a number of new practice notes. Work was completed during the year which would enable Acumen to be made freely available to all Level 1 members in 2017.

In May 2016, the Institute launched Archibooks – an agreement with four specialist book stores across the country to offer members the 10 per cent discount previously provided through Architext. As well as offering more physical locations, these stores also provided members with a complete online ordering option. In October 2016, A+ and Graduate members were provided free access to an upgraded human resource advisory service (HR+) provided by Wentworth Advantage.

During 2016, the membership team conducted a structured communication campaign, using multiple channels, to highlight the value of membership and especially the additional benefits open to Graduate and A+ members.

# Awards and Prizes

Celebrating the achievements of members and the outstanding contribution architecture makes to the community is a significant aspect of the Institute's advocacy pillar.

In April, the leaders of the profession were honoured at the Australian Achievement in Architecture Awards, including the founding directors of ARM Architecture who received the Institute's highest honour, the Gold Medal. Howard Raggatt, Ian McDougall and the late Stephen Ashton were recognised by the jury as a 'practice that has been a genuine leader, influencer, provocateur, culture builder and disseminator of ideas for nearly three decades, and at the core of the practice are three outstanding architects who have created some of the most extraordinary buildings in the short post-colonial history of this country.'

From February to July, the built works of members around the country and abroad were celebrated at Regional and Chapter Awards from a pool of almost 900 entries. The Awards program's extensive peer review process resulted in more than 200 entries progressing to the acclaimed National Architecture Awards. The National Jury, chaired by Immediate Past President Jon Clements, shortlisted 79 entries for the November ceremony culminating in 44 Awards and Commendations being given to 40 projects at the Sydney event on Thursday 3 November.

Image: (L-R) the late Stephen Ashton, Howard Raggatt and Ian McDougall, founding directors of ARM Architecture. Photographer - John Gollings

## AUSTRALIAN ACHIEVEMENT IN ARCHITECTURE AWARDS

### Gold Medal
**Stephen Ashton, Howard Raggatt and Ian McDougall** – ARM Architecture (Vic)

### National President's Prize
**Peter Maddison** – Grand Designs Australia, Maddison Architects (Vic)

### Neville Quarry Architectural Education Prize
**Professor Michael Ostwald** – University of Newcastle (NSW)

### Leadership in Sustainability Prize
**Jeremy McLeod** – Breathe Architecture (Vic)

### William J Mitchell International Chapter Prize
**Brian Burr** – Architectural Renderer (New York)

### National Emerging Architect Prize
**Amy Muir** – Muir Architecture (Vic)

### Student Prize for the Advancement of Architecture
**Peter Nguyen** - University of Sydney (NSW)

### Dulux Study Tour
**Chris Gilbert** – Archier (Tas)
**Katy Moir** – Troppo Architects (NT)
**Hannah Slater** – Architectus Brisbane (Qld)
**Qianyi Lim** – Sibling (Vic)
**Mathew van Kooy** – John Wardle Architects (Vic)

# NATIONAL ARCHITECTURE AWARDS 2016

### Commercial Architecture

**Harry Seidler Award –** AHL Headquarters – 478 George Street (NSW) by Candalepas Associates

**National Award –** 5 Martin Place (NSW) by JPW & TKD architects in collaboration

**National Commendations –** Alex Hotel (WA) by spaceagency architects; Cape York Partnership Offices (Qld) by Kevin O'Brien Architects; Devil's Corner (Tas) by Cumulus Studio; Ormuz Specialist Eye Clinic (Qld) by Loucas Zahos Architects

### Educational Architecture

**Daryl Jackson Award –** University of Queensland Oral Health Centre (Qld) by Cox Rayner Architects with Hames Sharley and Conrad Gargett Riddel

**National Award –** The Mandeville Centre, Loreto Toorak (Vic) by Architectus

**National Commendations –** Geelong Grammar School, School of Performing Arts & Creative Education (Vic) by Peter Elliott Architecture + Urban Design; UNSW Materials Science & Engineering Building (NSW) by Grimshaw

### Enduring Architecture

**National Award –** Perth Concert Hall (WA) by Howlett and Bailey Architects

### Heritage

**Lachlan Macquarie Award –** The State Buildings (WA) by Architect: Kerry Hill Architects, Heritage Architect: Palassis Architects

**National Award –** 5 Martin Place (NSW) by JPW & TKD architects in collaboration

**National Commendation –** Bayside Fire Station (Qld) by Owen Architecture

### Interior Architecture

**Emil Sodersten Award –** Canberra Airport Hotel (ACT) by Bates Smart

**National Award –** University of Queensland Oral Health Centre (Qld) by Cox Rayner Architects with Hames Sharley and Conrad Gargett Riddel

**National Commendation –** Geelong Library & Heritage Centre (Vic) by ARM Architecture

### International Architecture

**Jørn Utzon Award –** Australian Pavilion, Venice (Italy) by Denton Corker Marshall

**Australian Award –** National Gallery Singapore (Singapore) by studioMilou Singapore with CPG Consultants

### Public Architecture

**Sir Zelman Cowen Award –** Geelong Library & Heritage Centre (Vic) by ARM Architecture

**National Awards –** St Andrews House (NSW) by Candalepas Associates; The Condensery – Somerset Regional Art Gallery (Qld) by PHAB Architects

**National Commendations –** City of Perth Library and Public Plaza (WA) by Kerry Hill Architects; Kempsey Crescent Head Surf Life Saving Club (NSW) by Neeson Murcutt Architects Pty Ltd

### Residential Architecture – Houses (Alterations and Additions)

**Eleanor Cullis-Hill Award –** Jenny's House (Tas) by Rosevear Stephenson

**National Awards –** Darlinghurst Rooftop (NSW) by CO-AP (Architects); Mills, The Toy Management House (Vic) by Austin Maynard Architects

### Residential Architecture – Houses (New)

**Robin Boyd Award –** Indigo Slam (NSW) by Smart Design Studio

**National Awards –** Deepdene House (Vic) by Kennedy Nolan; Point Lonsdale House (Vic) by NMBW Architecture Studio; Rosalie House (Qld) by Owen Architecture

**National Commendation –** House in Hamilton (Qld) by phorm architecture + design with Tato Architects

### Residential Architecture – Multiple Housing

**Frederick Romberg Award –** Knutsford/Stage 1 (WA) by spaceagency architects

**National Awards –** 10 Wylde Street (NSW) by SJB; Monash University Logan Hall (Vic) by McBride Charles Ryan

### Small Project Architecture

**Nicholas Murcutt Award –** Maidstone Tennis Pavilion (Vic) by Searle x Waldron Architecture

**National Award –** Bath House (Qld) by Stephen de Jersey Architect

### Sustainable Architecture

**The David Oppenheim Award –** Tonsley Main Assembly Building and Pods (SA) by Woods Bagot and Tridente Architects

**National Awards –** Northern Beaches Christian School (NSW) by WMK Architecture; University of Queensland Oral Health Centre (Qld) by Cox Rayner Architects with Hames Sharley and Conrad Gargett Riddel

**National Commendation –** Project Zero (Qld) by BVN

### Urban Design

**Walter Burley Griffin Award –** Bowen Place Crossing (ACT) by Lahznimmo Architects

**National Award –** Lennox Bridge Portals (NSW) by Hill Thalis Architecture + Urban Projects

### COLORBOND® Award for Steel Architecture

**Award –** South Australia Drill Core Reference Library (SA) by Thomson Rossi

### People's Choice Award

**Winner –** Deepwater (NSW) by Tobias Partners

### 2016 National Jury

**Jon Clements (Chair) –** Immediate Past President, Australian Institute of Architects; Director, Jackson Clements Burrows

**Rodney Eggleston –** Founding Director, March Studio

**Abbie Galvin –** Principal, BVN

**Stuart Vokes –** Director, Vokes and Peters

**Fenella Kernebone –** Head of Curation, TedxSydney

# Events and Conferences

The Institute hosts an extensive calendar of events around the country each year, from regional seminars to national tours and 2016 was no exception.

Providing access to leading continuing professional development (CPD) and networking opportunities for members across all stages of their careers is pivotal to the Institute's mission and we were pleased to deliver:

**140+ networking events**
**160+ regional and metro face-to-face CPD events**
**10 national tours**
**1 National Architecture Conference – How Soon Is Now?**
**1 Regional Architecture Conference – Evoke**

## HIGHLIGHT: NATIONAL ARCHITECTURE CONFERENCE

The annual National Architecture Conference is one of the largest networking and CPD events on the Australian architecture calendar. In 2016, the conference was held in Adelaide, 28-30 April, and was attended by more than a thousand delegates. Creative Directors Cameron Bruhn, Sam Spurr and Ben Hewett assembled an extensive program of international and local speakers to explore the theme, How Soon Is Now?, and inspire and invigorate through investigations of resilience, society, equity and agency.

The speakers included:

**Amica Dall –** Assemble (UK)
**Julie Eizenberg –** Koning Eizenberg Architecture (USA)
**Thomas Fisher –** University of Minnesota (USA)
**Sadie Morgan –** dRMM Architects (UK)
**Nasrine Seraji –** Atelier Seraji Architects and Associates (France)
**Astrid Klein –** Klein Dytham architecture (Japan)
**Kevin Low –** smallprojects (Malaysia)
**Tim Williams –** Committee for Sydney (Aus)
**Vicente Guallart –** Guallart Architects (Spain)
**Jeffrey Shumaker –** New York City Department of City Planning (USA)
**Nick Tridente –** Tridente Architects (Aus)
**Abbie Galvin –** BVN (Aus)
**Cristina Goberna – Pesudo –** Fake Industries Architectural Agonism (Aus)
**David Sanderson –** University of NSW (Aus)
**Gabrielle Kelly –** SAHMRI (Aus)
**Maree Grenfell –** City of Melbourne (Aus)
**John Wardle –** John Wardle Architects (Aus)
**Greg Mackie OAM –** Ideas Wrangler (Aus)


HOW SOON IS NOW
Supporting Corporate Partners
Event Sponsors
Media Supporter
Insurance partner

# Venice Biennale

Australia's involvement in the International Architecture Biennale - La Biennale di Venezia is gaining huge momentum in both the sector and the wider community, locally and abroad. In 2016, an all-female curatorial team, Isabelle Toland and Amelia Holliday of Aileen Sage Architects with Michelle Tabet, installed a pool inside the Australian Pavilion as a lens through which to explore Australian cultural identity.

Representing the connection between landscape, culture and architecture, *The Pool* became Australia's most visited exhibition with over 108,000 visitors between its opening in May and its closure in November. The exhibition received over $3 million worth of media coverage and was visited by many high-profile identities, including Ian Thorpe, Kerry O'Brien, Dr Greg French, Simon Crean and other significant people from the worlds of art and architecture.

The Institute has committed to exhibit for the eighth time at the Biennale in 2018. Our prominent and continuing presence in Venice in the award-winning Denton Corker Marshall-designed pavilion provides the most appropriate platform for the speculative world of architectural discourse, thought leadership and celebration of the Australian architectural profession on the world stage.

The journey towards the next Australian exhibition is already well underway. A new Venice Biennale Committee has been formed, bringing fresh faces. For the first time, we have welcomed members from outside the profession to broaden the skillset and perspective. The committee is chaired by Victorian Government Architect Jill Garner and we are honoured that Janet Holmes à Court AC will resume her role as Commissioner for 2018. The search for the Creative Director has concluded and the Venice Biennale Committee will announce the successful applicant in the first half of 2017. The program and timelines are in the development process – it's an exciting time.

The Institute is working hard to secure the support from our existing Corporate Partners, Network Venice and the Australian Government, without which the event wouldn't be possible. The Institute is very grateful for their ongoing commitment to the program. For 2018, the Institute is exploring new revenue streams and hopes to welcome new category sponsors.

The Institute is very proud of its involvement in Venice and looks forward to realising new heights in the status of the event and its profitability for the Institute.

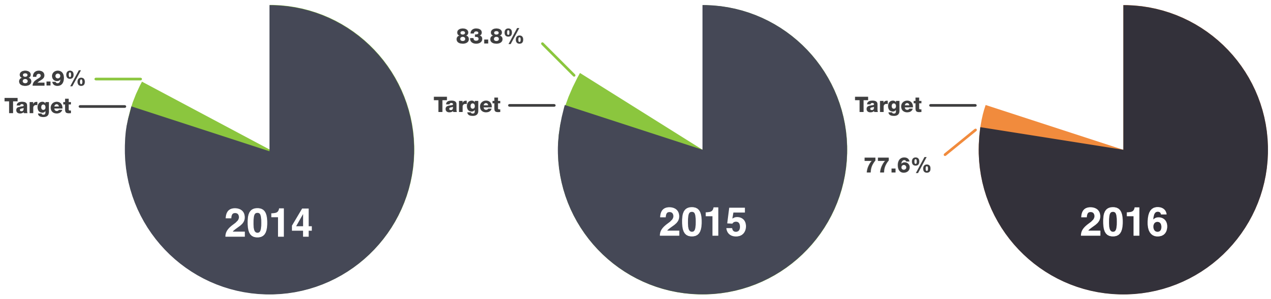
Images: *The Pool* by Aileen Sage Architects (Amelia Holliday and Isabelle Toland) with Michelle Tabet. Photographer - Brett Boardman


DANGER DEEP WATER
AQUA PROFONDA

# 2016 Performance Indicators

## Overall member satisfaction

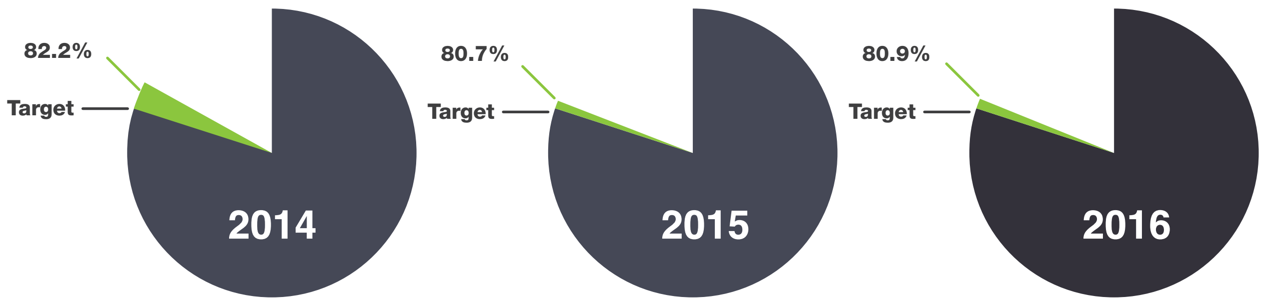
Target – 80% of member survey responses positive or neutral




## S1 Membership of the Institute is valued

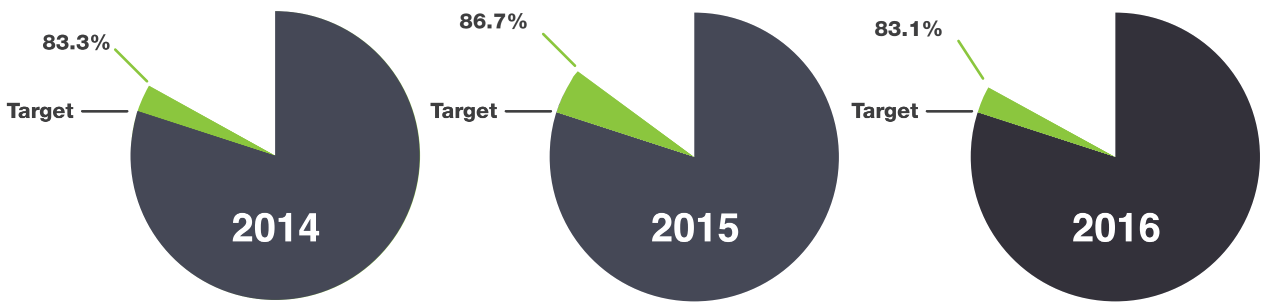
S12 To provide access to Institute services and events recognising the diversity of member locations

Target – 80% of member survey responses positive or neutral



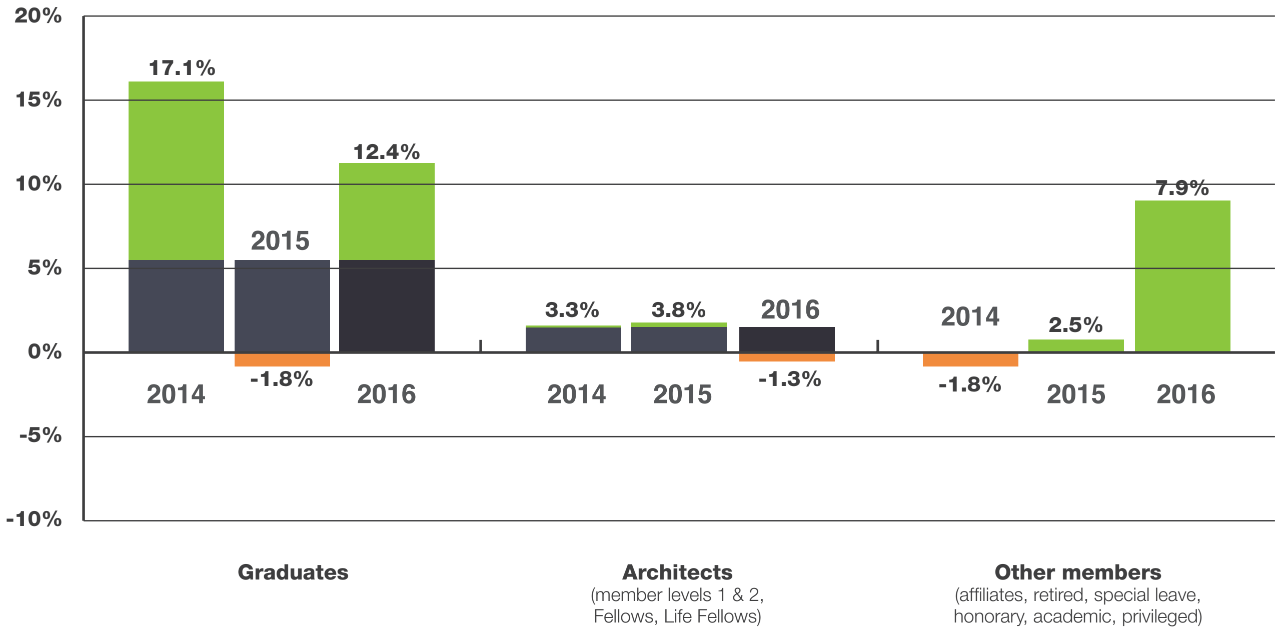

S13 To recognise members' contributions and achievements

Target – 80% of member survey responses positive or neutral

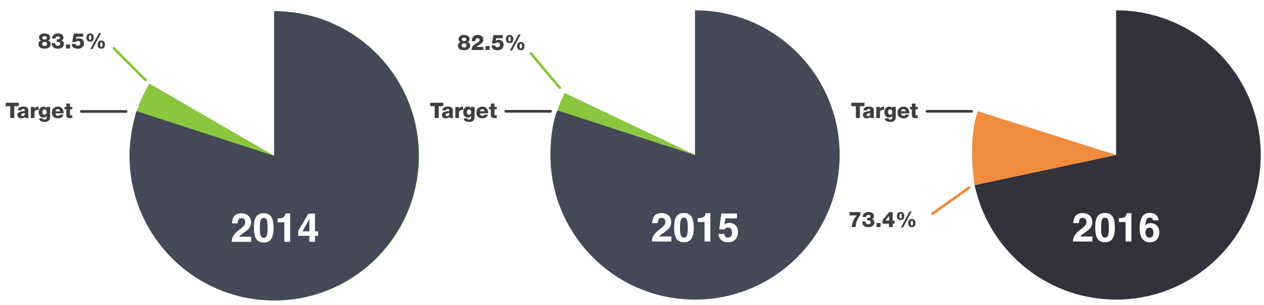


S14 To structure membership appropriate to all career stages

Target – 6% growth in Graduates, 3% growth in Architect members, no target growth for Other members
*a change to the membership structure for students in 2016 skews data for this category
and therefore has been omitted from the below graph. See membership report (p.23) for more details.



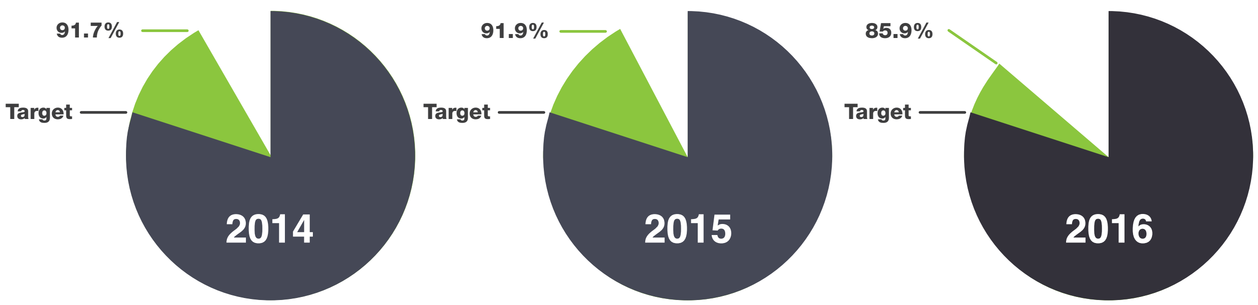

Target – 80% of member survey responses positive or neutral




## S2 Partners are strong and aligned with the Insititute

S21 To develop effective collaboration with subsidiaries, relevant corporations and industry stakeholders

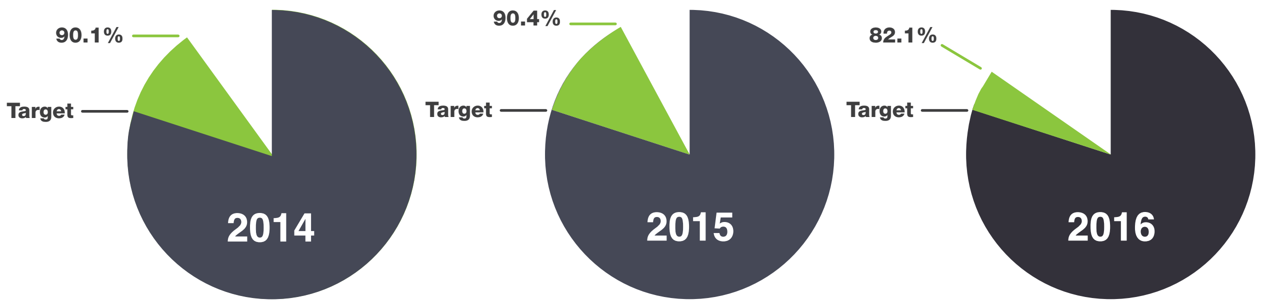
Target – 80% of member survey responses positive or neutral



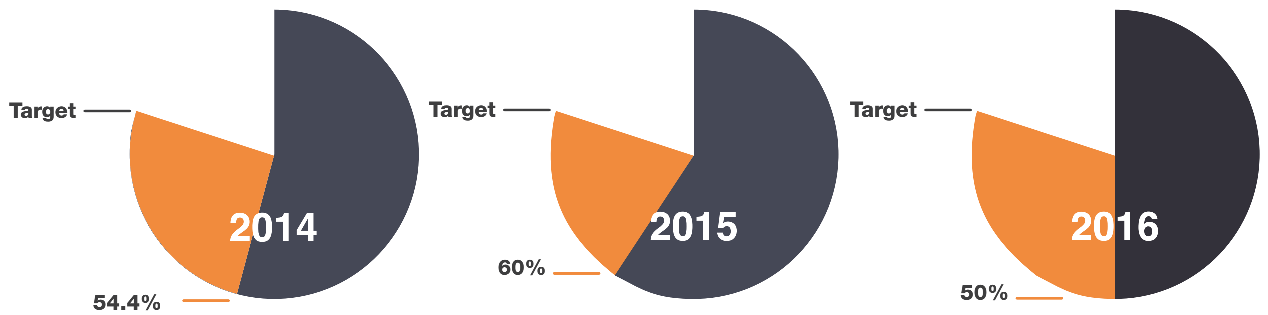
## P1 Effective communications

P11 To deliver relevant communications to members and stakeholders in a timely manner

Target – 80% of member survey responses positive or neutral

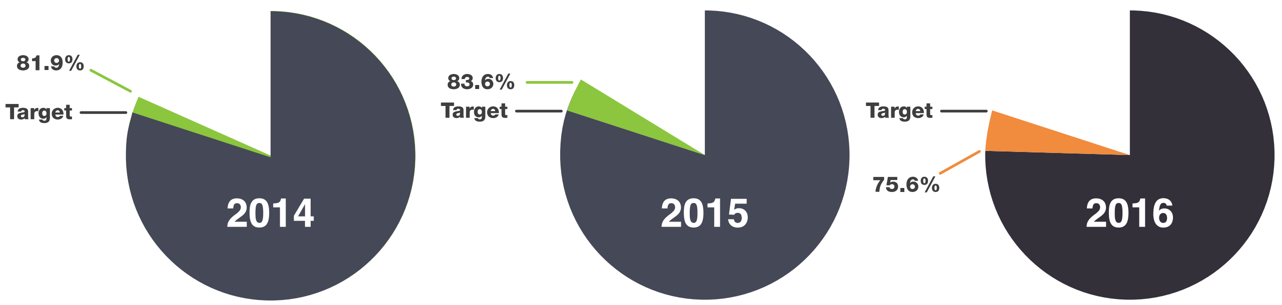



Target – 80% of staff survey responses positive or neutral




P12 To effectively respond to input and feedback from members and stakeholders

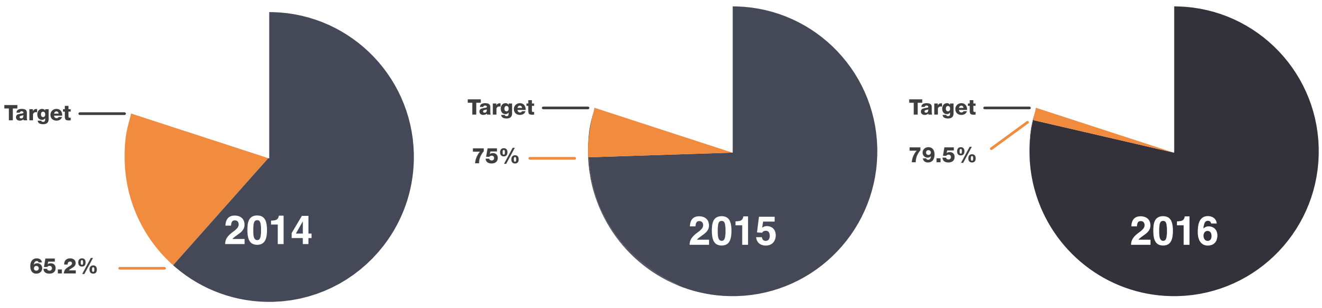
Target – 80% of members survey responses positive or neutral



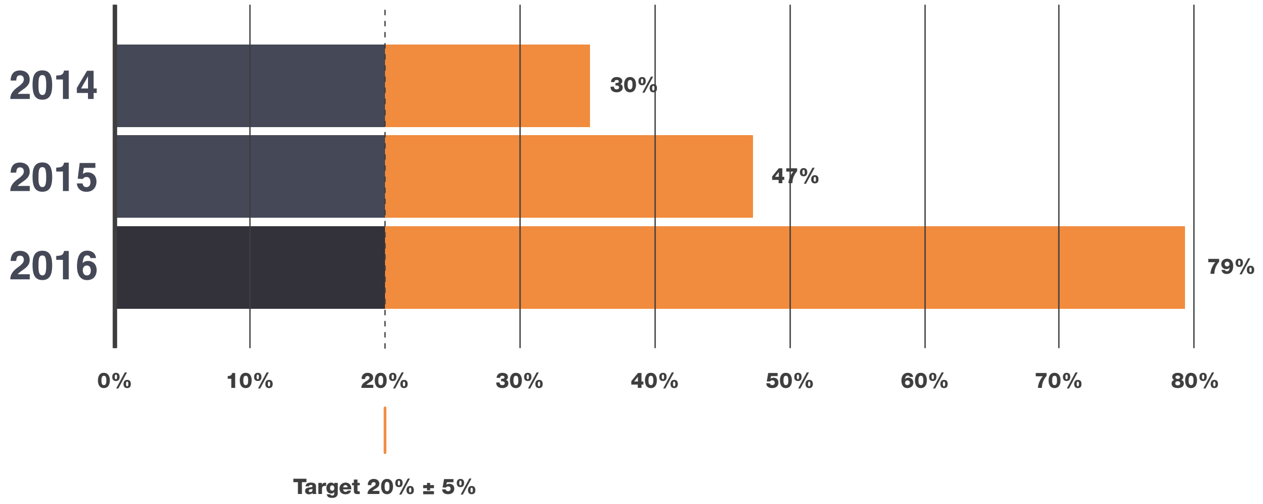
## P2 Exemplar employer

S21 To develop effective collaboration with subsidiaries, relevant corporations and industry stakeholders

Target – 80% of staff survey responses positive or neutral



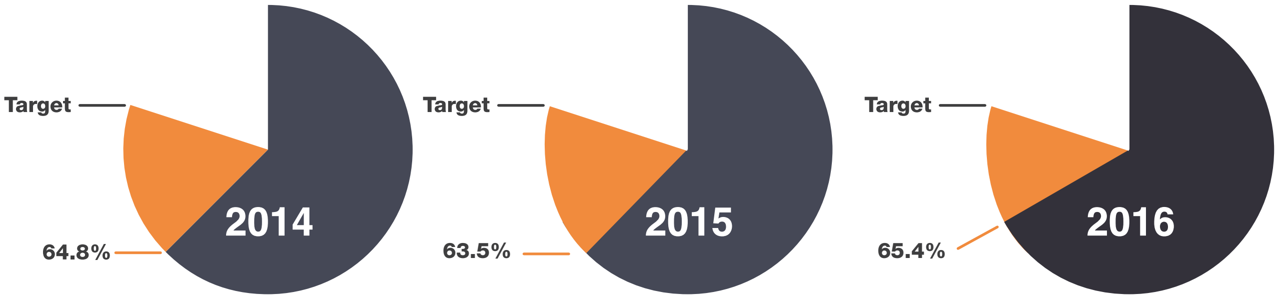

Staff turnover target – 20% ± 5% (3yr running avg)




## P3 Exemplary governance

P31 To encourage and facilitate member engagement in policy-making

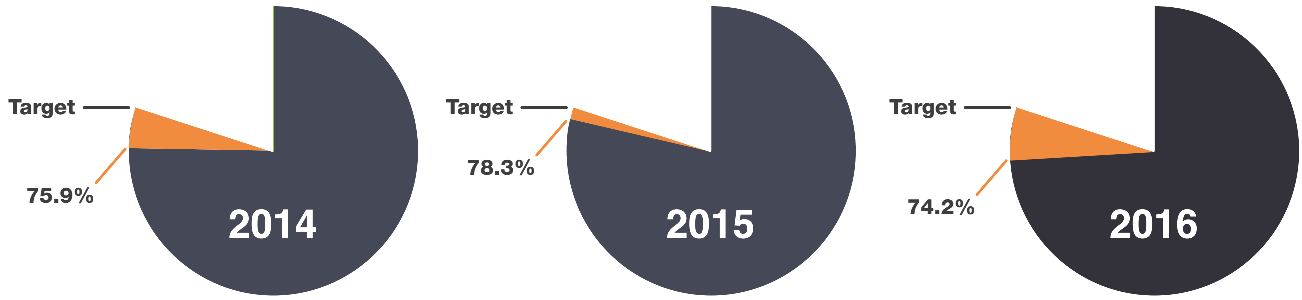
Target – 80% of member survey responses positive or neutral



## L1 Future of the profession

L11 To influence and contribute to the development of architectural education and industry research

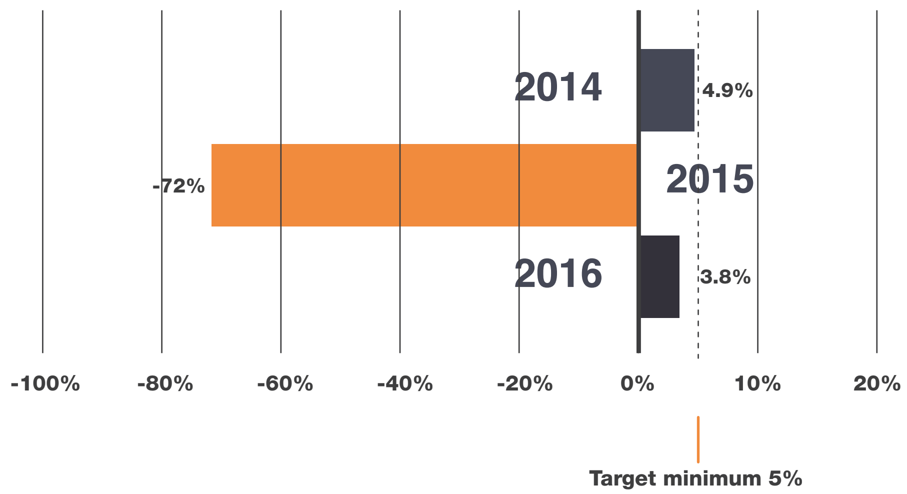
Target – 80% of member survey responses positive or neutral




## L3 The Institute acknowledges its presence and responsibility in a global context

L31 To foster links and collaborate with overseas architectural organisations

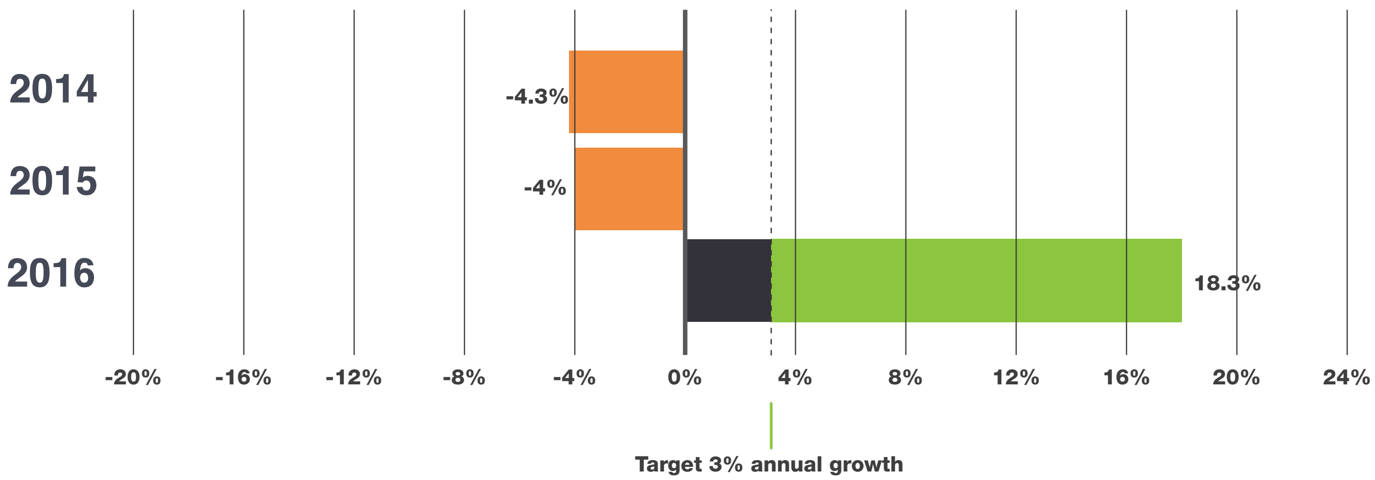
Finance dashboard – Target – Minimum 5% of expenditure budget allocated to international activities




## F1 Financial strength to lead

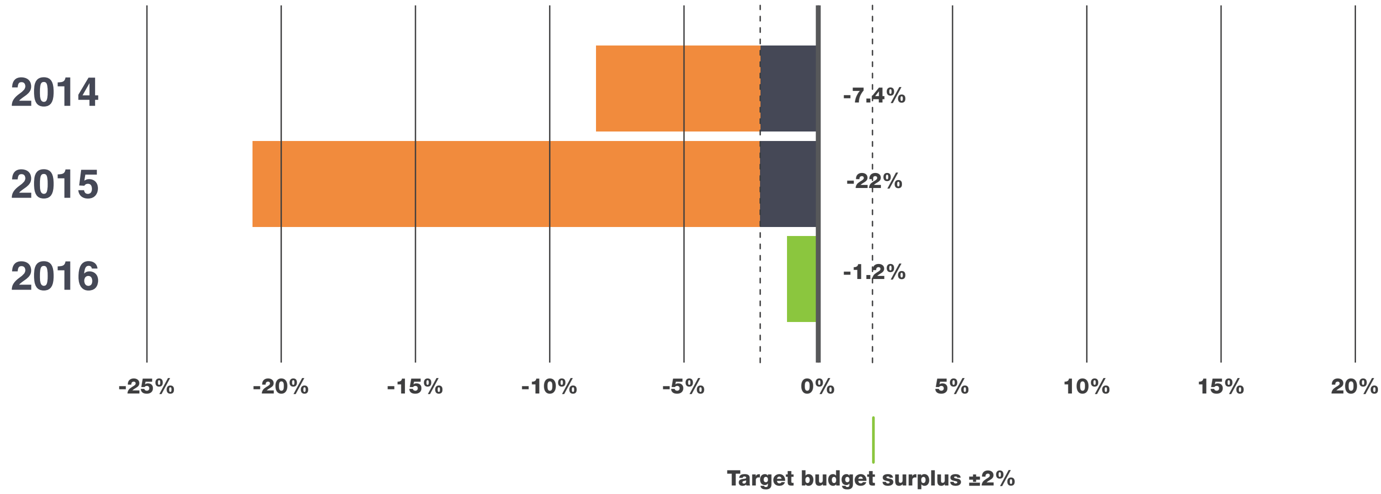
F11 To grow the value of group net assets to achieve economic sustainability

Finance dashboard – Target – 3% annual growth in group assets



F12 To achieve a balanced operational budget aligned to strategic priorities

Finance dashboard – Target – Budget surplus ± 2% of total budget revenue (excl extraordinaries)



# Financial Summary

The Institute group of companies (The Royal Australian Institute of Architects Ltd, IBL Ltd, Archicentre Pty Ltd and the 50 per cent stake in Architecture Media Pty Ltd) generated a surplus after tax in 2016 of $1.395m. A restated deficit of $0.919m was reported for 2015.

During 2016, Archicentre Pty Ltd was placed into voluntary liquidation.

The Institute changed its accounting treatment of bequest funds during 2016. Previously, bequest funds received, and interest earned thereon, were not included in the Institute's revenue. To comply with Australian accounting standards, bequest funds received are now included in revenue. To ensure each bequest fund and interest earned on each is kept completely separate from the Institute's normal operating cash, each fund is transferred to a Bequest Reserve and is accounted for individually.

This change in accounting treatment for bequest funds necessitated a restatement of the 2015 financial result. If bequest funds were accounted for as in previous years (ie before restatement), the result for the Group for 2016 would have been a surplus of $0.795m and for 2015 a deficit of $2.240m (as reported in the *2015 Annual Report*).

Looking at just the Institute, it is pleasing to see the actions taken over the past couple of years, and still being taken, to ensure cost structures and business models are more sustainable are beginning to gain traction. The Institute generated a surplus of $0.782m in 2016 (a surplus of $0.182m excluding bequests) and a surplus of $0.259m for 2015 (a deficit of $1.062m before restatement).

The net assets of the Group as at 31 December 2016 were valued at $35.3m ($29.9m as at 31 December 2015).

# THE ROYAL AUSTRALIAN INSTITUTE OF ARCHITECTS LTD and CONTROLLED ENTITIES

# ABN: 72 000 023 012

## Financial Statements

**For the Year Ended 31 December 2016**

# THE ROYAL AUSTRALIAN INSTITUTE OF ARCHITECTS and CONTROLLED ENTITIES

**ABN: 72 000 023 012**

**For the Year Ended 31 December 2016**

**CONTENTS**

# THE ROYAL AUSTRALIAN INSTITUTE OF ARCHITECTS and CONTROLLED ENTITIES

**ABN: 72 000 023 012**

### For the Year Ended 31 December 2016

### Directors' report

The Directors of The Royal Australian Institute of Architects Ltd present their report together with the financial statements of the consolidated entity, being The Royal Australian Institute of Architects Ltd ('the Company") and its controlled entities ("the Group" or "consolidated entity") for the year ended 31 December 2016 and the Independent Auditor's Report thereon.

**Director details**

Up until August 2016, the National Council also operated as the Board of Directors. From August 2016, these functions were separated.

The following persons were Directors of The Royal Australian Institute of Architects Ltd during or since the end of the financial year.

| Names | Qualifications | Special responsibilities | Years on Board |
|---|---|---|---|
| K J Maher LFRAIA FAILA Hon AIA | B.Arch (Hons) M.Arch (UNSW), Dip LD (UNSW) Dip Env St (Macq Uni)<br>Director CRC for Low Carbon Living Ltd<br>Director Landcom (Soc) trading as Urban Growth NSW<br>Director Ken Maher Consulting Pty Ltd<br>Director The Quay Partnership Pty Ltd<br>Director Silken Blue Pty LTd<br>Director HASSELL Populous JV Management Pty Ltd | President from May 2016<br>President Elect until May 2016 | 3 |
| R L Kirk FRAIA | B Des Studies (Qld)<br>B Arch (Hons1) Uni QLD<br>Director, Richard Kirk Architect | President Elect from May 2016<br>Member – Finance, Audit and Risk Committee | 3 |
| J W Clements LFRAIA | B.Arch BA (Arch)<br>Director, Jackson Clements Burrows | Immediate Past President from May 2016 | 5 |
| Professor H M Lochhead FRAIA, MPIA, AILA, FAICD | B.Sc (Arch) (Hons) B.Arch (Hons) (Syd)<br>MSAUD Columbia University<br>Loeb Fellow, Harvard GSD<br>Dean, Faculty of the Built Environment UNSW | Hon Treasurer from March 2016 until August 2016 | 4 |
| P J Griffiths FRAIA | RIBA Exam Polytechnic London<br>Director, Griffiths Architects | Hon Secretary from March 2016 to August 2016 | 3 |
| G M Overell FAICD, FIPAA, BA.LLB | Dip.Fin.Mgt.<br>Company Directors Diploma AICD<br>Associate ASCPA<br>Director, Government Advisory Deutsche Bank Australia | Independent Director Appointed 26 August 2016<br>Chair – Investment Committee<br>Member – Finance, Audit and Risk Committee | 1 |

# THE ROYAL AUSTRALIAN INSTITUTE OF ARCHITECTS and CONTROLLED ENTITIES

**ABN: 72 000 023 012**

### For the Year Ended 31 December 2016

### Directors' report

| | | | |
|---|---|---|---|
| S Richardson GAICD FAMI | Company Directors Diploma AICD<br>MBA (Hons) (University of Chicago)<br>BA (Victoria University, NZ)<br>BCom (Victoria University, NZ)<br>Director Sarah Richardson Consulting<br>Director, Job Centre Australia<br>Director, The Whiddon Group<br>Director, ACT Public Cemeteries Authority<br>Director, On the Line<br>Director, Community Options Australia<br>Director, Australian University Sport | Independent Director<br>Appointed 29 August 2016 | 1 |
| G M Collins CA GAICD | B.Economics (Syd)<br>Chartered Accountant<br>Graduate, AICD<br>Chairman, Aon Superannuation Pty Limited<br>Chairman, Larrakia Darwin Hotel Pty Ltd<br>Non-Executive Director, Hotel Property Investments Ltd | Independent Director<br>Appointed 26 October 2016<br>Chair – Finance, Audit and Risk Committee | 1 |
| R Henry RAIA | B.Arch (Hons) Uni of Canberra<br>B.App.Sci. (Env.Des.) Uni of Canberra<br>Director, Rob Henry Architects | Retired 23 August 2016 | 2 |
| S Carter RAIA | B.Arch (Hons 1) UTS<br>B.Arts(Arch) 03; B.E (Structural) 1997<br>Principal, Carterwilliamson Architects | Retired 23 August 2016 | 1 |
| A V Broffman RAIA | M.Arch University of Ilinois<br>Managing Director, Tangentyere Design | Retired 23 August 2016 | 1 |
| B J Wolfe FRAIA | B.Arch (QLD)<br>Conrad Gargett | Retired 23 August 2016 | 1 |
| D R Homburg RAIA | B.Arch (SA)<br>Principal, HASSELL | Retired 23 August 2016 | 2 |
| W B Wheeler RAIA | BArch (Hons) Uni Tas<br>BA (Env Des) Uni Tas 1993<br>Manager Infrastructure Investment, Dept of Health and Human Services | Retired 23 August 2016 | 2 |
| V L Bird FRAIA | B.Arch (Hons) (RMIT)<br>Principal, Bird de la Coeur Architects Pty Ltd | Retired 23 August 2016 | 1 |

## Directors' report

### Directors' details (cont'd)

| Names | Qualifications | Special responsibilities | Years on Board |
|---|---|---|---|
| K Totoeva RAIA | M.Arch (Hons) UoN<br>BSc (Arch) UoN<br>Tonkin Zulaikha Greer | Retired 23 August 2016 | 1 |
| C S Black | University of Western Australia | Retired 23 August 2016 | 1 |
| S M Dugdale RAIA | B.Arch (RMIT)<br>B.Des.St (UQ) 1979<br>Director, Susan Dugdale + Associates | Retired 23 August 2016 | 2 |
| C Cousins RAIA | B.Arch (Hons) (RMIT)<br>Director, Clare Cousins Architects | Retired 23 August 2016 | 1 |
| D J K Karotkin LFRAIA | B.Arch (Hons)<br>Managing Director, Sandover Pinder Pty Ltd | Retired 13 May 2016<br>Immediate Past President | 5 |
| A L Wilson FRAIA | B.Arch (Hons) (Syd)<br>BApp.Sci.(EnvDes) (CCAE)<br>Director, Wilson Falconer Projects Pty Ltd | Retired 17 March 2016 | 2 |
| S L Scally FRAIA | B.Arch (Melb)<br>NT Government | Retired 17 March 2016 | 3 |
| P F Malatt FRAIA | B.Arch (Melb)<br>Director, Six Degrees Pty Ltd | Retired 17 March 2016 | 3 |
| P Violett | University of Queensland | Retired 17 March 2016 | 1 |

### Principal activities

During the year, the principal activities of entities within the Group were to operate as the peak body for Australian architects by focusing on education, membership and advocacy, and to act as an insurance broker, risk manager, underwriting agent, claims manager and portfolio manager for professionals.

The Company also owns 50% of Architecture Media Australia Pty Ltd whose principal activities are publishing and events management with a focus on the built environment.

On 6 September 2016, a wholly-owned subsidiary, Archicentre Pty Ltd, entered voluntary liquidation. Up to that date, Archicentre Pty Ltd's principal activity was to provide a range of public advisory services for home owners including pre-purchase, renovation, new home and problem solving reports.

### Short-term objectives

The Group's short-term objectives are grouped into three pillars – Education, Advocacy and Member Services.

<u>Education</u>

- Support a system of architectural education that produces graduates capable of realising the Institute's Mission Statement, which is to support and empower members to make the world a better place through architecture
- Participate in the regulation of architectural education, with the aim of ensuring that education is relevant, practical and responsive to the needs of the profession
- Provide access to quality Continuing Professional Development (CPD) for members, post-graduation
- Facilitate collaborative and productive relationships between academic practice and professional practice
- Engage members so they appreciate and value the Institute's stated policy position regarding Education

**Short-term objectives (cont'd)**

Advocacy

- Show leadership with clear, contemporary policy positions that are accessible, well understood and used to inform discussion among influencers and members. The Institute's policy positions will drive positive change for the profession and the community
- Ensure that members not only contribute to the articulation of policy, but also act as enthusiastic advocates for the development of their profession and their work
- Deliver, with the support of members, a range of projects that reflect the contribution architecture makes to the built environment and the wider community

Member Services

- Provide a range of programs and activities that facilitate the professional development of members, and recognise member achievement through Awards and other recognition programs
- Grow and strengthen the membership base to improve the Institute's viability and capacity to influence the broader areas of advocacy and education
- Provide and communicate the return on investment to members

**Long-term objectives**

The Group's long-term objectives are to:

- Advance the interests of members, their professional standards and contemporary practice
- Advocate on behalf of the architectural profession and the community to enhance the quality and amenity of our built environment
- Demonstrate the value of architects and architecture to our culture, and to the sustainable growth of our communities and the economy

**Strategies for achieving short and long term objectives**

To achieve these objectives, the Group has adopted the following strategies:

- The entity strives to attract and retain quality staff who are committed to work with member architects, including those who are elected to represent the general membership, and this is evidenced by low staff turnover.
- Chapter and National Education Committees will inform and support deliberations of the National Council which, in turn, will advise the Board of Directors.
- The entity will communicate regularly with members with current, appropriate and relevant information
- The entity will ensure it has the capacity to engage and build strong relationships with all stakeholders

# THE ROYAL AUSTRALIAN INSTITUTE OF ARCHITECTS and CONTROLLED ENTITIES

**ABN: 72 000 023 012**

### For the Year Ended 31 December 2016

### Directors' report

**Directors' meetings**

The number of Directors' meetings (including meetings of Committees of Directors) held during the year, and number of meetings attended by each Director are as follows:

| | Board Meetings | | Audit Committee Meetings | | Finance, Audit and Risk Committee Meetings | |
|---|---|---|---|---|---|---|
| **Names** | | | | | | |
| | A | B | A | B | A | B |
| V L Bird | 3 | 3 | | | | |
| C S Black | 2 | 3 | | | | |
| A V Broffman | 3 | 3 | | | | |
| S Carter | 3 | 3 | 4 | 4 | | |
| J W Clements | 8 | 8 | | | | |
| G M Collins | 2 | 2 | | | 2 | 2 |
| C Cousins | 3 | 3 | | | | |
| S M Dugdale | 3 | 3 | | | | |
| P J Griffiths | 8 | 8 | | | | |
| R Henry | 3 | 3 | | | | |
| D R Homburg | 2 | 3 | | | | |
| D J K Karotkin | 2 | 3 | | | | |
| R L Kirk | 6 | 8 | 1 | 4 | 2 | 2 |
| H M Lochhead | 8 | 8 | | | | |
| K J Maher | 8 | 8 | 4 | 4 | | |
| P F Malatt | 0 | 1 | | | | |
| G M Overell | 5 | 5 | | | 2 | 2 |
| S Richardson | 5 | 5 | | | | |
| S L Scally | 0 | 1 | | | | |
| K Totoeva | 3 | 3 | | | | |
| P Violett | 0 | 1 | | | | |
| B W Wheeler | 3 | 3 | | | | |
| A L Wilson | 0 | 1 | | | | |
| B J Wolfe | 3 | 3 | | | | |

**A** - Number of meetings attended.
**B** - Number of meetings held during the time the Director held office during the year.

**Results**

The profit attributable to members of the consolidated entity for the year, after income tax expense, was $1,395,022 (2015: restated loss $919,160).

The Company during 2016 changed the way it accounted for bequest funds, which consequently required a restatement of the 2015 financial result. Previously, the Company did not recognise bequest funds as revenue, but they were included in Cash at Bank and in Equity (General Reserves).

The new accounting policy recognises bequest funds as revenue when received. These bequest funds are 'quarantined" from the Company's other bank accounts and from the Company's retained earnings through a Bequest Reserve. All bequest monies received, and interest earned thereon, are transferred to the Bequest Reserve to clearly separate these funds from the Company's normal operating funds.

### Contribution in winding up

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of $15 each towards meeting any outstanding obligations of the entity. At 31 December 2016, the total amount that members of the company are liable to contribute if the Company is wound up is $195,945 (2015: $217,560).

### Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 7 and forms part of the Directors' Report for the year ended 31 December 2016.

Signed in accordance with a resolution of Directors made pursuant to s.298 (2) of the *Corporations Act 2001.*

On behalf of the Board of Directors.

K J Maher LFRAIA
President

J Clements LFRAIA
Immediate past President

Melbourne

Dated: 18 April 2017

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

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Fax: +61 3 9671 7001
www.deloitte.com.au

The Board of Directors
THE ROYAL AUSTRALIAN INSTITUTE OF ARCHITECTS
2A Mugga Way
Red Hill
ACT 2603

18 April 2017

Dear Board Members

**THE ROYAL AUSTRALIAN INSTITUTE OF ARCHITECTS**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the Directors of The Royal Australian Institute of Architects Ltd.

As lead audit partner for the audit of the financial statements of The Royal Australian Institute Of Architects Ltd for the financial year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Jane Fisher
Partner
Chartered Accountants

# THE ROYAL AUSTRALIAN INSTITUTE OF ARCHITECTS LTD and CONTROLLED ENTITIES

**ABN: 72 000 023 012**

## Directors' Declaration

In the opinion of the Directors of The Royal Australian Institute of Architects Ltd (the Company):

(a) the financial report of the Group comprising the Company and its controlled entities for the year ended 31 December 2016 is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's and the Group's financial position as at 31 December 2016 and of their performance, for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

(b) there are reasonable grounds to believe that the Company and Group will be able to pay their debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors, made pursuant to s.295 (5) of the *Corporations Act 2001.*

On behalf of the Board

| | |
|---|---|
| K J Maher LFRAIA | J Clements LFRAIA |
| President Elect / Director | Immediate Past President / Director |

Melbourne VIC

Dated: 18 April 2017

# THE ROYAL AUSTRALIAN INSTITUTE OF ARCHITECTS LTD and CONTROLLED ENTITIES

**ABN: 72 000 023 012**

### Statement of profit or loss and other comprehensive income

### For the Year Ended 31 December 2016

| | | Consolidated | | Parent | |
|---|---|---|---|---|---|
| | | 2016 | 2015 | 2016 | 2015 |
| | Notes | $ | $ | $ | $ |
| Revenue | 4(a) | **26,225,220** | 26,260,696 | **16,175,833** | 18,192,596 |
| Cost of Sales | | **(6,052,636)** | (7,761,303) | **(4,922,293)** | (5,917,156) |
| Gross Profit | | **20,172,584** | 18,499,393 | **11,253,540** | 12,275,440 |
| Other gains and (losses) | 4(b) | **181,663** | - | **(314,725)** | - |
| Share of net loss of associates accounted for using the equity method | | **(193,635)** | (134,523) | **-** | - |
| Employee benefits expense | 5 | **(12,353,030)** | (13,136,573) | **(7,038,497)** | (8,169,161) |
| Occupancy expenses | | **(967,760)** | (692,239) | **(754,505)** | (632,449) |
| Marketing expenses | | **(79,957)** | (394,526) | **(24,340)** | (181,283) |
| Administration expenses | | **(3,597,896)** | (2,667,305) | **(1,852,866)** | (1,760,829) |
| Operations expenses | | **(805,756)** | (1,034,523) | **(349,455)** | (502,843) |
| Loss on Sale of Investment Property | | **-** | (233,179) | **-** | (233,179) |
| Other expenses and impairments | | **(74,721)** | (310,080) | **-** | (310,080) |
| Depreciation and amortisation | 5 | **(658,554)** | (742,891) | **(526,412)** | (576,194) |
| Finance costs | 5 | **(174,108 )** | (278,828) | **(297,531)** | (431,911) |
| **Profit/(Loss) before income tax** | | **1,448,830** | (1,125,274) | **95,209** | (522,489) |
| Income tax (expense)/benefit | 6 | **(53,808)** | 206,114 | **687,096** | 781,387 |
| **Profit/(Loss)attributable to members** | | **1,395,022** | (919,160) | **782,305** | 258,898 |
| **Other comprehensive income** | | | | | |
| **Items that will be reclassified subsequently to profit or loss:** | | | | | |
| Net fair value gain/(loss) on available for sale financial assets | | **90,040** | (24,447) | **-** | - |
| **Items that will not be reclassified subsequently to profit or loss** | | | | | |
| Revaluation of land and buildings (net of tax) | | **4,039,579** | 107,639 | **4,039,579** | 107,639 |
| **Other comprehensive income for the year, net of income tax** | | **4,129,619** | 83,192 | **4,039,579** | 107,639 |
| **Total comprehensive income/(loss) attributable to members** | | **5,524,641** | (835,968) | **4,821,884** | 366,537 |

The accompanying notes form part of the financial statements

# THE ROYAL AUSTRALIAN INSTITUTE OF ARCHITECTS LTD and CONTROLLED ENTITIES

**ABN: 72 000 023 012**

## Statement of Financial Position

### 31 December 2016

| | | Consolidated | | Parent | |
|---|---|---|---|---|---|
| | Notes | 2016 $ | 2015 $ | 2016 $ | 2015 $ |
| **ASSETS** | | | | | |
| **Current assets** | | | | | |
| Cash and cash equivalents | 8 | **13,358,131** | 8,693,437 | **3,763,952** | 1,619,748 |
| Trade and other receivables | 9 | **3,489,688** | 3,752,831 | **1,038,035** | 850,533 |
| Inventories | 10 | **3,307** | 92,289 | **3,307** | 92,289 |
| Assets classified as held for sale | 11 | **-** | 1,980,000 | **-** | 1,980,000 |
| Current tax assets | | **-** | 87,260 | **-** | 87,260 |
| Other current assets | 12 | **391,468** | 406,572 | **228,359** | 311,661 |
| Total current assets | | **17,242,594** | 15,012,389 | **5,033,653** | 4,941,491 |
| **Non-current assets** | | | | | |
| Investments in associates accounted for using the equity method | 13 | **828,185** | 1,021,819 | **1** | 1 |
| Property, plant and equipment | 14 | **27,987,454** | 24,682,922 | **25,840,378** | 22,388,590 |
| Investment property | 15 | **2,337,000** | 2,000,000 | **-** | - |
| Intangibles assets | 16 | **49,915** | 94,645 | **11,855** | 36,652 |
| Deferred tax assets | 17 | **1,144,403** | 1,113,180 | **616,857** | 505,150 |
| Other financial assets | 18 | **4,421,357** | 4,118,640 | **347,099** | 646,824 |
| Total non-current assets | | **36,768,314** | 33,031,206 | **26,816,190** | 23,577,217 |
| **TOTAL ASSETS** | | **54,010,908** | 48,043,595 | **31,849,843** | 28,518,708 |
| **LIABILITIES** | | | | | |
| **Current liabilities** | | | | | |
| Trade and other payables | 19 | **7,833,808** | 7,869,084 | **981,271** | 1,975,802 |
| Loans and borrowings | 20 | **5,400,000** | 30,864 | **8,400,000** | 30,864 |
| Short-term provisions | 21 | **1,639,357** | 2,183,158 | **534,138** | 803,182 |
| Other liabilities | 22 | **2,493,416** | 1,405,208 | **-** | - |
| Total current liabilities | | **17,366,581** | 11,488,314 | **9,915,409** | 2,809,848 |
| **Non-current liabilities** | | | | | |
| Loans and borrowings | 20 | **-** | 5,404,098 | **-** | 8,404,098 |
| Deferred tax liabilities | 17 | **1,144,403** | 1,113,181 | **735,827** | 860,627 |
| Other long-term provisions | 21 | **158,525** | 161,379 | **89,138** | 135,853 |
| Total non-current liabilities | | **1,302,928** | 6,678,658 | **824,965** | 9,400,578 |
| **TOTAL LIABILITIES** | | **18,669,509** | 18,166,972 | **10,740,374** | 12,210,426 |
| **NET ASSETS** | | **35,341,399** | 29,876,623 | **21,109,469** | 16,308,282 |
| **EQUITY** | | | | | |
| Issued capital | | **-** | - | **-** | - |
| Reserves | 23 | **12,502,452** | 7,793,530 | **11,439,416** | **6,820,534** |
| Retained earnings | | **22,838,947** | 22,083,093 | **9,670,053** | 9,487,748 |
| **TOTAL EQUITY** | | **35,341,399** | 29,876,623 | **21,109,469** | 16,308,282 |

The accompanying notes form part of the financial statements

# THE ROYAL AUSTRALIAN INSTITUTE OF ARCHITECTS LTD and CONTROLLED ENTITIES

**ABN: 72 000 023 012**

## Statement of Changes in Equity

**For the year ended 31 December 2016**

| | | | | Consolidated | | | |
|---|---|---|---|---|---|---|---|
| | Issued Capital $ | Retained Earnings $ | Bequest Reserves $ | General Reserves $ | Financial Assets Reserve $ | Asset Revaluation Reserve $ | Total $ |
| **Balance at 1 January 2015** | - | 24,064,735 | 270,125 | 508,639 | 666,364 | 5,127,537 | 30,637,400 |
| Loss for the year | - | (919,160) | - | - | - | - | (919,160) |
| Other comprehensive income | | | | | | | |
| - Net gain arising on revaluation of available-for-sale assets | - | - | - | - | (24,447) | - | (24,447) |
| - Revaluation of land and buildings (net of tax) | - | - | - | - | - | 107,639 | 107,639 |
| **Total comprehensive income for the year** | - | (919,160) | - | - | (24,447) | 107,639 | (835,968) |
| Transfer between reserves and retained earnings | - | 209,224 | - | - | (177,560) | - | 31,664 |
| Funds transfer from bequest reserve | - | - | (5,964) | - | - | - | (5,964) |
| Transfer to bequest reserve | - | (1,321,197) | 1,321,197 | - | - | - | - |
| Impairment of controlled entity | - | 49,491 | - | - | - | - | 49,491 |
| **Balance at 31 December 2015** | - | 22,083,093 | 1,585,358 | 508,639 | 464,357 | 5,235,176 | 29,876,623 |
| Balance at 1 January 2016 | - | 22,083,093 | 1,585,358 | 508,639 | 464,357 | 5,235,176 | 29,876,623 |
| Profit for the year | - | 1,395,022 | - | - | - | - | 1,395,022 |
| Other comprehensive income | | | | | | | |
| - Net gain arising on revaluation of available-for-sale assets | - | - | - | - | 90,040 | - | 90,040 |
| - Revaluation of land and buildings (net of tax) | - | - | - | - | - | 4,039,579 | 4,039,579 |
| **Total comprehensive income for the year** | - | 1,395,022 | - | - | 90,040 | 4,039,579 | 5,524,641 |
| Transfer to bequest reserve | - | (600,000) | 600,000 | - | - | - | - |
| Funds transfer from bequest reserve | - | - | (20,697) | - | - | - | (20,697) |
| Impairment of controlled entity | - | (39,168) | - | - | - | - | (39,168) |
| **Balance at 31 December 2016** | - | 22,838,947 | 2,164,661 | 508,639 | 554,397 | 9,274,755 | 35,341,399 |

The accompanying notes form part of the financial statements

# THE ROYAL AUSTRALIAN INSTITUTE OF ARCHITECTS LTD and CONTROLLED ENTITIES

**ABN: 72 000 023 012**

## Statement of Changes in Equity

## For the year ended 31 December 2016

| | Parent | | | | | |
|---|---|---|---|---|---|---|
| | Issued Capital $ | Retained Earnings $ | Bequest Reserves $ | Financial Assets Reserve $ | Asset Revaluation Reserve $ | Total $ |
| **Balance at 1 January 2015** | - | 10,550,047 | 270,125 | - | 5,127,537 | 15,947,709 |
| Profit for the year | - | 258,898 | - | - | - | 258,898 |
| Other comprehensive income | | | | | | |
| - Revaluation of land and buildings (net of tax) | - | - | - | - | 107,639 | 107,639 |
| **Total comprehensive income for the year** | - | 258,898 | - | - | 107,639 | 366,537 |
| Funds transfer from bequest reserve | - | - | (5,964) | - | - | (5,964) |
| Transfer to bequest reserve | - | (1,321,197) | 1,321,197 | - | - | - |
| **Balance at 31 December 2015** | - | 9,487,748 | 1,585,358 | - | 5,235,176 | 16,308,282 |
| | | | | | | |
| **Balance at 1 January 2016** | - | 9,487,748 | 1,585,358 | - | 5,235,176 | 16,308,282 |
| Profit for the year | - | 782,305 | - | - | - | 782,305 |
| Other comprehensive income | | | | | | |
| - Revaluation of land and buildings (net of tax) | - | - | - | - | 4,039,579 | 4,039,579 |
| **Total comprehensive income for the year** | - | 782,305 | - | - | 4,039,579 | 4,821,884 |
| Funds transfer to general reserve | - | (600,000) | 600,000 | - | - | - |
| Funds transfer from bequest reserve | - | - | (20,697) | - | - | (20,697) |
| **Balance at 31 December 2016** | - | 9,670,053 | 2,164,661 | - | 9,274,755 | 21,109,469 |

The accompanying notes form part of the financial statements

# THE ROYAL AUSTRALIAN INSTITUTE OF ARCHITECTS LTD and CONTROLLED ENTITIES

**ABN: 72 000 023 012**

### Statement of Cash Flows

### For the Year Ended 31 December 2016

| | | Consolidated | | Parent | |
|---|---|---|---|---|---|
| | | 2016 | 2015 | 2016 | 2015 |
| | Note | $ | $ | $ | $ |
| **Cash from operating activities:** | | | | | |
| Receipts from customers and members | | **28,193,838** | 25,613,257 | **14,946,511** | 15,354,836 |
| Proceeds relating to Trust Funds | | **600,000** | 1,321,197 | **600,000** | 1,321,197 |
| Payments to suppliers and employees | | **(26,405,138)** | (28,150,489) | **(16,439,039)** | (18,982,572) |
| Interest received | | **141,983** | 188,615 | **37,995** | 1,459 |
| Interest paid | | **(174,108)** | (221,473) | **(297,531)** | ( 374,557) |
| Dividend received | | **476,260** | 513,706 | **1,400,172** | 2,900,078 |
| Income taxes paid | | **-** | - | **-** | - |
| **Net cash provided by / (used in) operating activities** | 26 | **2,812,138** | (735,187) | **248,108** | 220,441 |
| **Cash flows from investing activities:** | | | | | |
| Payment for property, plant and equipment | 14 | **(102,863)** | (143,382) | **(38,626)** | (111,993) |
| Payment for intangible assets | | **-** | (73,889) | **-** | (73,889) |
| Proceeds from sale of investment property | | **1,990,381** | 4,583,699 | **1,990,381** | 2,183,699 |
| **Net cash provided by investing activities** | | **1,887,518** | 4,366,428 | **1,951,755** | 1,997,817 |
| **Cash flows from financing activities:** | | | | | |
| Repayments from borrowings | | **(34,962)** | (1,423,208) | **(34,962)** | (1,423,208) |
| Proceeds from related party loans | | **-** | - | **-** | 500,000 |
| **Net cash provided by (used in) financing activities** | | **(34,962)** | (1,423,208) | **(34,962)** | (923,208) |
| **Net increase in cash and cash equivalent held** | | **4,664,694** | 2,208,033 | **2,144,204** | 1,295,050 |
| Cash at beginning of financial year | | **8,693,437** | 6,485,404 | **1,619,748** | 324,698 |
| **Cash and cash equivalent at end of financial year** | 8 | **13,358,131** | 8,693,437 | **3,763,952** | 1,619,748 |

The accompanying notes form part of the financial statements.

## 1. General Information

The Royal Australian Institute of Architects Ltd (the 'Company') is a not-for-profit public company limited by guarantee and is domiciled in Australia. The registered office of the Company's is 2A Mugga Way, Red Hill, ACT 2603. The consolidated financial statements of the Company as at and for the year ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group Entities') and the Group's interest in associates. The Group is primarily involved in the provision of member services to the Institute membership body; publishing and retail sale of architectural publications and contracts; providing commission based architectural advisory products to the public and insurance broker risk and claim management activities.

## 2. Adoption of new and revised Accounting Standards

### 2.1 New and revised AASBs affecting amounts reported and/or disclosures in the financial statements

New and amended Standards and Interpretations effective for the current reporting period did not have any financial impact on the current reporting period or the prior reporting period.

## . 2. Adoption of new and revised Accounting Standards

### 2.2 Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

| Standard/Interpretation | Effective for annual reporting periods beginning on or after | Expected to be initially applied in the financial year ending |
|---|---|---|
| AASB 9 'Financial Instruments', and the relevant amending standards | 1 January 2018 | 31 December 2018 |
| AASB 15 'Revenue from Contracts with Customers', AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15', AASB 2015-8 'Amendments to Australian Accounting Standards – Effective date of AASB 15' | 1 January 2018 | 31 December 2018 |
| AASB 16 'Leases' | 1 January 2019 | 31 December 2019 |
| AASB 2016-1 'Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses' | 1 January 2017 | 31 December 2017 |
| AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107' | 1 January 2017 | 31 December 2017 |

At the date of authorisation of the financial statements, the potential impact of the revised standards and interpretations listed above has not yet been determined by the company and/or Group.

## 3. Significant accounting policies

**Statement of Compliance**

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards and the *Corporations Act 2001*.

The financial statements include separate financial statements of The Royal Australian Institute of Architects Ltd and consolidated financial statements of the Group. For the purposes of preparing the financial statements, the Company is a not-for profit entity.

The financial statements were authorised for issue by the directors on 18 April 2017.

**Basis of Preparation**

The consolidated financial statements have been prepared on the historical cost basis except for the following which are measured at fair value:

- Investment properties have been measured at fair value
- Land and buildings have been measured at fair value
- Financial instruments at fair value through profit or loss are measured at fair value, and
- Assets classified as available for sale have been measured at fair value.

The methods used to measure fair value are discussed further at note 3(n).

**Going Concern / Working Capital Deficiency**

The financial report has been prepared on a going concern basis, which assumes that the parent entity and consolidated entity will be able to realise their assets and discharge their liabilities in the normal course of business.

At 31 December 2016, the consolidated entity and parent entity's current liabilities exceeded their current assets by $123,987 and $4,881,756 respectively i.e. a deficiency in working capital. The parent entity has relied upon funding from subsidiaries in the form of dividend payments and long term financing arrangements to fund its operations.

For the year ended 31 December 2016, the consolidated entity reported a profit before taxation of $1,448,830, and had generated net cash inflows from operations of $2,812,138.

Similarly, the parent entity generated a profit before taxation of $95,209 and had net cash inflows from operations of $248,108.

Current liabilities include the classification of the bank facility of $5,400,000 as a current liability as at 31 December 2016. The bank facility had an expiry date of 28 April 2017. Current liabilities also includes the $3,000,000 related party borrowing agreement which is due to expire in May 2017. Subsequent to year end the loan agreement has been extended to May 2018.

In their going concern assessment, the Directors have considered the following facts and circumstances:

i) Subsequent to year end on 12 April 2017, the Company has accepted a Letter of Offer provided by one of the four major Australian banks. The facility includes a Loan facility for $5,400,000 with a termination date of 30 April 2020. The facility also includes Overdraft, Electronic Payaway and Commercial Card facilities.

ii) when the bank facility is in place, both the consolidated entity and parent entity are expected to have positive working capital.

iii) at 31 December 2016 the Group has net assets of $35,341,399 and the parent entity has net assets at 31 December 2016 of $21,109,469.

iv) the Group has the ability to realise cash from the investment property portfolio if so required.

v) cost savings realised from the parent entity's restructure program.

## 3 Significant accounting policies (cont'd)

**Going concern basis (cont'd)**

vi) the ongoing implementation of effective management strategies to ensure the business model is sustainable and the group returns to an operating surplus position

vii) surplus cash reserves of a subsidiary entity.

The directors are confident of both the parent entity's and the consolidated entity's ability to continue as going concerns. However, in the event that the Parent entity and consolidated entity are unable to achieve successful outcomes in relation to the above matters, significant uncertainty would exist as to the ability of the Parent entity and consolidated entity to continue as going concerns and therefore, whether they will be able to realise their assets and extinguish their liabilities in the normal course of business.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Parent entity and consolidated entity not continue as going concerns.

**Functional and presentation currency**

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency and the functional currency of the Group.

**Use of estimates and judgements**

The preparation of financial statements in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation of uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Note 14 – valuation of land and buildings
Note 15 – valuation of investment property
Note 17 – utilisation of tax losses
Note 21 – provisions

*Key estimates - Profit share on insurance policies*

Under agreements with its underwriters, IBL Limited is entitled to receive commission based on the ultimate profitability of the portfolio of insurance policies which it manages. The profitability is contingent upon the value of future claims under those policies. IBL Limited may receive an interim profit commission two years after the close of an underwriting year. Based on external actuarial assessment, IBL Limited recognises provisional profit commission revenue based on achieving an acceptable probability of sufficiency. The final profit commission calculations will be performed five years after the close of an underwriting year.

In the current year, $2,493,416 has been recognised as deferred profit commission, representing $1,088,208 received in respect of the 2012/2013 year of account and $970,962 for the 2011/2012 year of account and $434,246 received for the 2010/2011 year of account. The deferral of this commission reflects management assessment that the probability of sufficiency threshold has not been met.

## 3. Significant accounting policies (cont'd)

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group entities.

**Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee
- is exposed, or has rights, to variable returns from its involvement with the investee, and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders
- potential voting rights held by the Company, other vote holders or other parties
- rights arising from other contractual arrangements, and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

***Changes in the Group's ownership interests in existing subsidiaries***

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139, when applicable, the cost on initial recognition of an investment in an associate.

## 3. Significant accounting policies (cont'd)

***Associates***

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The results of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the Company's share of the profit or loss and other comprehensive income of the associate. When the Company's share of losses of an associate exceeds the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate

### (a) Comparatives

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

Where the Company and/or Group has retrospectively applied an accounting policy, made a retrospective restatement or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

### (b) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments that are readily convertible to known amounts of cash (such as term deposits with original maturities under 3 months) and which are subject to an insignificant risk of changes in value and bank overdrafts.

### (c) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses

### (d) Property, Plant and Equipment

*(i) Recognition and measurement*

Land and buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

*(ii) Subsequent costs*

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 Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

*(iii) Revaluation*

Increases in the carrying amounts arising on revaluation of land and buildings are credited to revaluation reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in the statement of profit or loss and other comprehensive income, the increase is first recognised in profit and loss. Decreases that reverse previous increases of the same asset class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset class; all other decreases are charged to the statement of profit or loss and other comprehensive income.

## 3. Significant accounting policies (cont'd)

### (d) Property, Plant and Equipment (cont'd)

*(iv) Depreciation*

Land including leasehold land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

| | |
|---|---|
| - Freehold buildings | 40 - 50 years |
| - Leasehold buildings | 50 years |
| - Plant, equipment, furniture and fittings | 3 - 15 years |

The assets' residual values, useful lives, and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 3(i)).

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of profit or loss and other comprehensive income. When revalued assets are sold, it is Group policy to transfer the amounts included in the asset revaluation reserve in respect of those assets to retained earnings.

### (e) Intangible assets

Intangible assets are initially carried at cost. Following the initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment when there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite life are reviewed at least each financial year-end, and the amortisation expense is recognised in the profit and loss.

Intangible assets with an indefinite useful life are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

### (f) Investment Property

Investment property, comprising a freehold retail and office complex, is held to generate long term rental yields. All tenant leases are on an arm's length basis. Investment property is carried at fair value. Fair value approximates market value and is determined annually by the directors and triennially by independent property valuers. Changes to fair value are recorded in the statement of profit or loss and other comprehensive income.

### (g) Bequest funds

Revenue from estates is recognised when the Company gains control of the contribution, as it is impossible for the Company to reliably measure these prior to this time. Revenue from specifically designated bequests is recorded separately in equity.

## 3. Significant accounting policies (cont'd)

### (h) Financial Instruments

***Recognition***

Financial instruments are initially measured at cost or fair value 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.

***Financial assets at fair value through profit and loss (FVTPL)***

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: Financial Instruments: Recognition and Measurement. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in profit or loss in the period in which they arise. There were no derivative instruments held during the year.

***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, less any impairment.

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

These investments have fixed maturities, and it is the Company's intention to hold these investments to maturity. Any held-to-maturity investments held by the Company are stated at amortised cost using the effective interest rate method. There were no held-to-maturity instruments during the year.

***Available-for-sale financial assets***

Available-for-sale financial assets include any financial assets not included in the above categories.

Available-for-sale financial assets are reflected at fair value where possible. Investment in equity Instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost in the absence of reliable fair value information. Gains and losses arising from changes in fair value are taken directly to equity, except for impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

***Financial liabilities***

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

***Fair value***

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine fair value for all unlisted securities, including recent arm's length transactions, industry-specific valuation norms, the assessment of future maintainable earnings prepared by an appropriately qualified independent valuer, reference to similar instruments and option pricing models.

## 3. Significant accounting policies (cont'd)

### (h) Financial Instruments (cont'd)

***Impairment of financial assets***

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence Indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flow discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Financial assets are tested for impairment on an individual basis.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed If the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the increase is recognised directly in other comprehensive income.

### (i) Impairment of Assets

***Impairment determination***

At each reporting date, the Group 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 profit or loss unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal in impairment loss is recognised immediately in profit or loss unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset for which the estimates of future cash flows have not been adjusted. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less disposal costs.

***Recoverable amount not possible to estimate***

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

## 3. Significant accounting policies (cont'd)

### (j) Employee Benefits

*(i) Short-term benefits*

Short term employee benefits are defined as employee benefits that are 'expected to be settled wholly before twelve months after the end of the annual reporting period.

Liabilities for employee benefits for wages, salaries, annual leave, long service leave and any contracted bonuses represent present obligations resulting from employees' services provided or achievements accomplished to reporting date and are calculated at discounted amounts (where relevant) based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

*(ii) Other long-term employee benefits*

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on Commonwealth Government bonds that have maturity dates approximating the terms of the Group's obligations.

Where contracted long-term employee benefits exist, a provision equal to the proportional value pertaining to the current year is made in anticipation of the long-term achievement. The value of the benefit is undiscounted in terms of present value since there is no significant difference over the time frame involved.

### (k) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

### (l) Leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

***Company / Group as lessor***

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

***Company / Group as lessee***

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the company's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

## 3. Significant accounting policies (cont'd)

### (m) Income Taxes

Income tax expense/income comprises current and deferred tax. Income tax expense/income is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

***Relevance of tax consolidation to the Group***

The company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 1st January 2004 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is The Royal Australian Institute of Architects Ltd. The members of the tax-consolidated group are identified in note 29. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the separate taxpayer within group approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the Company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement.

On 6 September 2016, Archicentre Pty Ltd and Archicentre Services Pty Ltd entered voluntary liquidation and exited the tax consolidated Group

### (n) Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

*(i) Non-derivate financial liabilities*

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

**3. Significant accounting policies (cont'd)**

**(n) Determination of fair values (cont'd)**

*(ii) Investment property*

Fair value, which is determined for disclosure purposes, approximates market value and has been determined annually by directors and triennially by independent property valuers. It represents the amount at which the property could be exchanged between a knowledgeable willing buyer and the Group in an arm's length transaction at the date of valuation.

*(iii) Land and buildings*

Land and buildings are measured at fair value. Fair value approximates market value and is determined by independent property valuers, at a minimum, every three years.

*(iv) Available for sale financial assets*

Certain investments held by the Group are classified as being available-for-sale and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in equity. For listed equity securities, quoted bid prices in an active market are used to determine fair value. For private equity investments, estimated future income approach is used to determine fair value. In this approach the discounted cash flow method is used to determine the present value of the expected future economic benefits to be derived from the ownership of these investees.

**(o) Revenue and other income**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised for the major business activities as follows:

*(i) Sales of goods*

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is not continuing management involvement with the goods, and the amount of revenue can be measured reliably.

*(ii) Services*

Revenue from services rendered is recognised in the statement of profit or loss and other comprehensive income when the relevant service is provided. Monies received in advance of services being provided are recorded as a liability in the statement of financial position and recognised in the statement of profit or loss and other comprehensive income when the service is provided.

*(iii) Provision of insurance & risk management services*

Commission is recognised in the month of receipt of premium from the customer. Profit commissions on underwriting agreements are recognised when the right to receive the profit commission is established and when the amounts can be reliably measured. Provisional profit commissions on underwriting agreements are recognised at amounts estimated by independent actuarial assessment.

**(o) Revenue and other income (cont'd)**

*(iv) Membership subscriptions*

Revenue from the membership subscriptions is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is determined by reference to the membership year. Subscription fees received prior to the commencement of the period to which they relate are carried forward in the financial statements as unearned income.

*(v) Investment Income*

Revenue from distributions from controlled entities is recognised by the parent entity when they are declared by the controlled entities. Dividend revenue from associates and other investments is recognised on the date that the Group's right to receive payment is established.

*(vi) Rental income*

Rental income from investment property and surplus office space is recognised in the income on a straight-line basis over the term of the lease.

(*vii) Dividend and interest income*

Dividend income from investments is recognised when the shareholders' right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(*viii) Management service income*

Income from management service rendered is recognised in the statement of profit or loss and other comprehensive income when the relevant service is provided, which includes the revenue from Archicentre Pty Ltd with regards to the Service Level Agreement.

(ix) Other revenue

Other revenue is recognised when the right to receive the revenue has been established. All revenue is stated net of the amount of goods and service tax (GST).

**(p) Goods and Services Tax (GST)**

Revenues and expenses are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the costs of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the statement of financial position.

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

**(q) Trade creditors**

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company.

Trade creditors include broking creditors which are recorded as a liability at the date of inception of a policy. In the event that the premium charged to clients is not paid, the liability to the corresponding broking creditor is extinguished under the provisions of the Financial Services Reform Act 2002. Broking creditors are settled either within 90 days following the month in which the premium is received or within 90 days of the inception of the policy depending on the terms of the underwriting agreement under which the policy is issued.

## 4.(a) Revenue

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | 2016 $ | 2015 $ | 2016 $ | 2015 $ |
| *Revenue from operating activities* | | | | |
| Revenue from services | **22,306,590** | 21,547,554 | **10,854,678** | 9,959,664 |
| Management service income | **1,022,648** | 1,169,926 | **1,941,711** | 2,699,927 |
| Revenue from bequests | **600,000** | 1,321,197 | **600,000** | 1,321,197 |
| Revenue from sale of goods | **550,851** | 961,910 | **550,851** | 961,910 |
| Rental revenue | **460,701** | 402,425 | **292,118** | 334,168 |
| Interest income | **141,983** | 188,616 | **37,995** | 1,459 |
| Dividend income | **574,317** | 567,252 | **1,400,172** | 2,900,078 |
| Other revenue | **568,130** | 101,816 | **498,308** | 14,193 |
| Total Revenue | **26,225,220** | 26,260,696 | **16,175,833** | 18,192,596 |

## 4.(b) Other gains and losses

| | Consolidated 2016 $ | Consolidated 2015 $ | Parent 2016 $ | Parent 2015 $ |
|---|---|---|---|---|
| Net fair value gain on revaluation of investment property | **337,000** | - | **-** | - |
| Net loss from disposal of subsidiary | **(155,337)** | - | **(314,725)** | - |
| | **181,663** | - | **(314,725)** | - |

## 5. Profit / (Loss) for the Year

### Profit / (Loss) before tax for the year is derived after the following:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2016** | **2015** | **2016** | **2015** |
| | **$** | **$** | **$** | **$** |
| *Depreciation* | | | | |
| Freehold buildings | **304,948** | 321,837 | **243,279** | 260,277 |
| Leasehold buildings | **44,000** | 44,000 | **44,000** | 44,000 |
| Plant, equipment, furniture & fittings | **264,877** | 310,704 | **214,337** | 233,791 |
| Software | **44,729** | 66,350 | **24,796** | 38,126 |
| Total depreciation and amortisation | **658,554** | 742,891 | **526,412** | 576,194 |
| Interest and finance charges paid/payable | **174,108** | 278,828 | **297,531** | 431,911 |
| Revaluation of investment property | **337,000** | - | **-** | - |
| Bad Debts | **565** | - | **565** | - |
| Loss on disposal/write off of property, plant and equipment | **99,824** | 233,179 | **-** | 233,179 |
| Gain on disposal of assets held for sale | **(10,381)** | - | **(10,381)** | - |
| Impairment of assets | **-** | 310,080 | **-** | 310,080 |
| Employee benefits | **12,353,030** | 13,136,573 | **7,038,497** | 8,169,161 |

## 6. Income Tax

### (a) Income tax recognised in profit or loss:

| | Consolidated 2016 $ | Consolidated 2015 $ | Parent 2016 $ | Parent 2015 $ |
|---|---|---|---|---|
| Current tax | **-** | - | **(575,388)** | (605,237) |
| Movement in deferred tax | **326,377** | (665,462) | **124,491** | (644,621) |
| Under (over) provided in prior years | **(36,370)** | (9,123) | **-** | - |
| Deferred tax assets not recognised | **(236,199)** | 468,471 | **( 236,199 )** | 468,471 |
| Effect of change in tax and mutuality rate | **-** | - | **-** | - |
| Income tax expense/(benefit) | **53,808** | (206,114) | **(687,096)** | (781,387) |

### (b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

| | Consolidated 2016 $ | Consolidated 2015 $ | Parent 2016 $ | Parent 2015 $ |
|---|---|---|---|---|
| Profit/(Loss) before income tax expense | **1,448,830** | (1,125,274) | **95,209** | (522,489) |
| Income tax using the Group's domestic tax rate of 30% (2015 – 30%) | **434,649** | (337,582) | **28,563** | (156,747) |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income | | | | |
| Mutual income and expenses | **(338,545)** | (95,165) | **(338,545)** | (95,165) |
| Deductions allowable for tax purposes | **(2,433)** | - | **-** | - |
| Non-deductible expenses | **115,807** | 179,369 | **(288,820)** | (654,156) |
| Non-assessable income | **(180,000)** | (396,359) | **(180,000)** | (396,359) |
| Under (over) provided in prior years | **(32,657)** | (9,183) | **3,714** | - |
| Gain on sale of investment property | **375,000** | 52,569 | **375,000** | 52,569 |
| Tax credits and offsets applied | **(81,814)** | (68,234) | **(50,809)** | - |
| Deferred tax assets not recognised | **(236,199)** | 468,471 | **(236,199)** | 468,471 |
| Income tax expense / (benefit) attributable to entity | **53,808** | (206,114) | **(687,096)** | (781,387) |
| The applicable weighted average effective tax rates are: | 6.34% | n/a | n/a | n/a |

### (c) Income tax recognised directly in equity:

| | Consolidated 2016 $ | Consolidated 2015 $ | Parent 2016 $ | Parent 2015 $ |
|---|---|---|---|---|
| Net Deferred tax debited to equity | **(90,179)** | 196,991 | **(124,800)** | 256,361 |

| | | Consolidated | | Parent | |
|---|---|---|---|---|---|
| | | **2016** | **2015** | **2016** | **2015** |
| | | **$** | **$** | **$** | **$** |

## 7. Auditors' Remuneration

| | | | | |
|---|---|---|---|---|
| *Auditors of the parent entity* | | | | |
| - Auditing the financial report | **76,000** | 76,000 | **76,000** | 76,000 |
| - Additional payment for prior year audit | **42,000** | 34,545 | **42,000** | 34,545 |
| - Other services | **7,000** | - | **7,000** | - |
| | **110,545** | 110,545 | **125,000** | 110,545 |
| *Auditors of the controlled entities* | | | | |
| - Auditing the financial report | **48,720** | 48,720 | **-** | - |
| - Other non-audit services | **11,590** | 6,090 | **-** | - |
| | **60,310** | 54,810 | **-** | - |

The auditor of The Royal Australian Institute Of Architects Ltd And Controlled Entities is Deloitte Touche Tohmatsu.

## 8. Cash and Cash Equivalents

| | | | | | |
|---|---|---|---|---|---|
| Cash and cash equivalents | | **13,358,131** | 8,693,437 | **3,763,952** | 1,619,748 |
| The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows: | | | | | |
| Cash at bank and cash in hand | | **5,194,885** | 2,201,431 | **1,599,291** | 34,390 |
| Bequest accounts (Jack Hobbs, Philip Bisset and Jennifer Taylor) | (a) | **2,164,661** | 1,585,358 | **2,164,661** | 1,585,358 |
| Short term deposits with financial institutions | (b) | **2,163,628** | 2,125,203 | **-** | - |
| Balances as per statement of cash flows | | **9,523,174** | 5,911,992 | **3,763,952** | 1,619,748 |
| Cash balances held in the insurance broking accounts | (c) | **3,834,957** | 2,781,445 | **-** | - |
| Balances as per balance sheet | | **13,358,131** | 8,693,437 | **3,763,952** | 1,619,748 |

(a) Bequest accounts

The bequest money is not to be used for the payment of any other debt or for any purpose other than the purpose for which specific bequest allows for.

(b) The effective interest rates on short-term bank deposits was 2.45% (2015: 2.50%). These deposits have an average maturity of 90 days (2015: 90 days). Short term deposits included an amount of $306,000 provided to the Bank of Melbourne as security for service costs relating to the parent entity’s total facilities.

(c) Insurance broking accounts are restricted funds which are passed to the underwriters.

## 9. Trade and other receivables

| | Consolidated 2016 $ | Consolidated 2015 $ | Parent 2016 $ | Parent 2015 $ |
|---|---|---|---|---|
| Trade receivables | **3,491,990** | 3,755,133 | **540,337** | 352,835 |
| Allowance for doubtful debts | **(2,302)** | (2,302) | **(2,302)** | (2,302) |
| | **3,489,688** | 3,752,831 | **538,035** | 350,533 |
| Receivable from Subsidiaries | **-** | - | **500,000** | 500,000 |
| | **3,489,688** | 3,752,831 | **1,038,035** | 850,533 |

Trade receivables are non-interest bearing and are generally on 30 day terms. Carrying value approximates fair value due to the short-term nature of the receivables. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired. No expense has been recognised for the current year for specific debtors for which such evidence exists.

Trade receivables disclosed above include amounts (see Note 31) that are past due at the end of the reporting period for which the Company has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amount (which include interest accrued after the receivable is more than 60 days outstanding) are still considered recoverable.

The Group's exposure to credit risks is disclosed in note 31

## 10. Inventories

| | Consolidated 2016 $ | Consolidated 2015 $ | Parent 2016 $ | Parent 2015 $ |
|---|---|---|---|---|
| Finished goods | **3,307** | 92,289 | **3,307** | 92,289 |

Finished goods are stated at the lower of cost or net realisable value.

## 11. Assets classified as held for sale

| | Consolidated 2016 $ | Consolidated 2015 $ | Parent 2016 $ | Parent 2015 $ |
|---|---|---|---|---|
| Assets held for sale | **-** | 1,980,000 | **-** | 1,980,000 |

The company entered a contract for sale for its South Australia property in January 2016 and settlement of the property sale was completed in April 2016.

## 12. Other assets

| | Consolidated 2016 $ | Consolidated 2015 $ | Parent 2016 $ | Parent 2015 $ |
|---|---|---|---|---|
| CURRENT | | | | |
| Prepayments | **391,468** | 400,603 | **228,359** | 311,661 |
| Other financial assets | **-** | 5,969 | **-** | - |
| | **391,468** | 406,572 | **228,359** | 311,661 |

## 13. Investments Accounted for Using the Equity Method

| | Note | Consolidated 2016 $ | Consolidated 2015 $ | Parent 2016 $ | Parent 2015 $ |
|---|---|---|---|---|---|
| Associated companies | 13(a) | **828,185** | 1,021,819 | **1** | 1 |

**Associated Companies**

Interests are held in the following associated companies:

| Name | Principal Activities | Country of Incorporation | Report date | Ownership Interest 2016 % | Ownership Interest 2015 % | Consolidated Carrying Amount of Investment 2016 $ | Consolidated Carrying Amount of Investment 2015 $ | Parent Carrying Amount of Investment 2016 $ | Parent Carrying Amount of Investment 2015 $ |
|---|---|---|---|---|---|---|---|---|---|
| *Direct Interest* | | | | | | | | | |
| *Unlisted*: | | | | | | | | | |
| Architecture Media Australia Pty Ltd | Publishing | Australia | 30-June | **50%** | 50% | **793,500** | 987,134 | **-** | - |
| Architecture Media Holdings Pty Limited | Investments | Australia | 30-June | **50%** | 50% | **1** | 1 | **1** | 1 |
| *Indirect Interest* | | | | | | | | | |
| RAIA International Insurance Brokers Ltd | Insurance Brokers | Hong Kong | 31-Dec | **50%** | 50% | **34,684** | 34,684 | **-** | - |
| Architect Centre Sdn. Bhd. | | Malaysia | 31-Dec | **0%** | 49% | **-** | - | **-** | - |
| | | | | | | **828,185** | 1,021,819 | **1** | 1 |

### (a) Movements during the Year in Equity Accounted Investments in Associated Companies

| | Consolidated 2016 $ | Consolidated 2015 $ |
|---|---|---|
| Balance at beginning of the financial year | **1,021,819** | 1,156,343 |
| Share of profits after income tax | **206,367** | 267,547 |
| Dividends received/receivable | **(400,000)** | (400,000) |
| Adjustment to prior year share of associates loss | **(2,071)** | (2,071) |
| Balance at end of the financial year | **826,115** | 1,021,819 |

## 13. Investments Accounted for Using the Equity Method (cont'd)

Control of Architecture Media Australia Pty Ltd (AMA) and RAIA International Insurance Brokers Ltd is not achieved as discussed in Note 3(m)
In the current year, the Company equity accounted for their investment in Architecture Media Australia Pty Limited based on audited results for the 6 month period to 30 June 2016 and unaudited results for the 6 month period to 31 December 2016. The Company does not believe that the use of unaudited information has led to a material misstatement in the financial report for either year.

**(b) Summarised presentation of Performance of Associates**

| | Net Assets | Revenues | Profit |
|---|---|---|---|
| | $ | $ | $ |
| **2016** | | | |
| Architecture Media Australia Pty Ltd | **1,586,997** | **6,929,041** | **783,310** |
| RAIA International Insurance Brokers Ltd | **69,368** | **200,701** | **5,369** |
| | **1,656,365** | **7,129,742** | **788,679** |
| **2015** | | | |
| Architecture Media Australia Pty Ltd | 1,974,269 | 6,221,398 | 730,989 |
| RAIA International Insurance Brokers Ltd | 69,368 | 166,741 | 2,469 |
| | 2,043,637 | 6,388,139 | 733,458 |

## 14. Property, Plant and Equipment

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2016** | **2015** | **2016** | **2015** |
| | **$** | **$** | **$** | **$** |
| *Freehold Land and Buildings* | | | | |
| At valuation | **19,752,548** | 18,449,482 | **18,000,000** | 16,696,934 |
| Accumulated depreciation | **(144,062)** | (568,828) | **-** | (486,435) |
| | **19,608,486** | 17,880,654 | **18,000,000** | 16,210,499 |
| *Leasehold Land and Buildings* | | | | |
| At valuation | **7,050,000** | 5,300,000 | **7,050,000** | 5,300,000 |
| Accumulated amortisation | **-** | (88,000) | **-** | (88,000) |
| | **7,050,000** | 5,212,000 | **7,050,000** | 5,212,000 |
| *Plant, equipment, furniture and fittings* | | | | |
| At cost | **3,855,623** | 5,009,058 | **3,022,988** | 2,984,362 |
| Accumulated Depreciation | **(2,526,655)** | (3,418,790) | **(2,232,610)** | (2,018,271) |
| | **1,328,968** | 1,590,268 | **790,378** | 966,091 |
| *Total Property, Plant and Equipment* | | | | |
| At cost | **3,855,623** | 5,009,058 | **3,022,988** | 2,984,362 |
| At valuation | **26,802,548** | 23,749,482 | **25,050,000** | 21,996,934 |
| Accumulated Amortisation / Depreciation | **(2,670,717)** | (4,075,618) | **(2,232,610)** | (2,592,706) |
| | **27,987,454** | 24,682,922 | **25,840,378** | 22,388,590 |

## 14. Property, Plant and Equipment (cont'd)

Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current and previous financial year.

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2016** | **2015** | **2016** | **2015** |
| | **$** | **$** | **$** | **$** |
| *Freehold Land and Buildings* | | | | |
| Opening balance | **17,880,656** | 19,818,491 | **16,210,499** | 18,086,776 |
| Add(Deduct): Transfers to assets classified as held for sale | **-** | (1,980,000) | **-** | (1,980,000) |
| Add: Additions | **-** | - | **-** | - |
| Add Write back of accumulated depreciation | **729,712** | 34,000 | **729,712** | 34,000 |
| Add: Fair value revaluation gains | **1,303,068** | 330,000 | **1,303,068** | 330,000 |
| Less: Depreciation/Amortisation expense | **(304,950)** | (321,835) | **(243,279)** | (260,277) |
| Closing balance | **19,608,486** | 17,880,656 | **18,000,000** | 16,210,499 |
| *Leasehold Land and Buildings* | | | | |
| Opening balance | **5,212,000** | 5,256,000 | **5,212,000** | 5,256,000 |
| Add: Additions | **-** | - | **-** | - |
| Add Write back of accumulated depreciation | **132,000** | - | **132,000** | - |
| Add: Fair value revaluation (losses)/gains | **1,750,000** | - | **1,750,000** | - |
| Less: Depreciation/Amortisation expense | **(44,000)** | (44,000) | **(44,000)** | (44,000) |
| Closing balance | **7,050,000** | 5,212,000 | **7,050,000** | 5,212,000 |
| *Plant, equipment, furniture and fittings* | | | | |
| Opening balance | **1,590,265** | 1,885,212 | **966,091** | 1,123,564 |
| Add: Additions | **102,863** | 135,338 | **38,626** | 111,994 |
| Add/Deduct: Transfers | **-** | (65,851) | **-** | - |
| Less: Disposals / impairment | **(99,284)** | (53,730) | **-** | (35,676) |
| Less: Depreciation/Amortisation expense | **(264,876)** | (310,704) | **(214,337)** | (233,791) |
| Closing balance | **1,328,968** | 1,590,265 | **790,380** | 966,091 |
| *Total Property, Plant and Equipment* | | | | |
| Opening balance | **24,682,922** | 26,959,703 | **22,388,590** | 24,466,340 |
| Add: Additions | **102,863** | 135,338 | **38,626** | 111,994 |
| Add: Fair value revaluation gains | **3,053,068** | 330,000 | **3,053,068** | 330,000 |
| Add(Deduct) Transfers | **-** | (2,045,850) | **-** | (1,980,000) |
| Less: Disposals / impairment / write back of accumulated depreciation | **762,428** | (19,730) | **861,712** | (1,676) |
| Less: Depreciation/Amortisation expense | **(613,827)** | (676,539) | **(501,618)** | (538,068) |
| Closing balance | **27,987,454** | 24,682,922 | **25,840,378** | 22,388,590 |

Security

The carrying amount of assets pledged as security for current and non-current interest bearing liabilities are disclosed at note 20

## 15. Investment Property

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2016** **$** | **2015** **$** | **2016** **$** | **2015** **$** |
| Balance at 1 January | **2,000,000** | 4,175,000 | **-** | 2,175,000 |
| Disposals | **-** | (2,175,000) | **-** | (2,175,000) |
| Revaluation | **337,000** | - | **-** | - |
| Balance at 31 December | **2,337,000** | 2,000,000 | **-** | - |

**a) Fair value**
The investment property as at 31 December 2016 is Level 5, 41 Exhibition Street which was purchased from the Institute by IBL Limited in 2014 for a price of $2,000,000. The investment properties at 31 December 2014 included Level 7, 41 Exhibition Street which was sold in 2015.

## 16. Intangible Assets

| | | | | |
|---|---|---|---|---|
| *Software* | | | | |
| At cost | **1,417,328** | 1,417,328 | **1,245,086** | 1,245,086 |
| Accumulated Depreciation | **(1,367,413)** | (1,322,683) | **(1,233,231)** | (1,208,434) |
| Total Intangible Assets | **49,915** | 94,645 | **11,855** | 36,652 |

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current and previous financial year.

| | | | | |
|---|---|---|---|---|
| *Software* | | | | |
| Opening balance | **94,645** | 226,039 | **36,652** | 226,039 |
| Add: Additions | **-** | 93,964 | **-** | 73,598 |
| Add: Transfers | **-** | 65,851 | **-** | - |
| Less: Disposals | **-** | (224,859) | **-** | (224,859) |
| Less: Depreciation/Amortisation expense | **(44,730)** | (66,350) | **(24,797)** | (38,126) |
| Closing balance | **49,915** | 94,645 | **11,855** | 36,652 |

## 17. Deferred Tax Assets and Liabilities

**Net deferred tax labilities**

| | | | | |
|---|---|---|---|---|
| Deferred tax liability comprises temporary differences attributable to: | | | | |
| Fair value gain adjustments | **1,023,002** | 1,113,181 | **735,827** | 860,627 |
| Investment property | **101,100** | - | **-** | - |
| Other | **20,301** | - | **-** | - |
| Total | **1,144,403** | 1,113,181 | **735,827** | 860,627 |

| | Consolidated 2016 $ | Consolidated 2015 $ | Parent 2016 $ | Parent 2015 $ |
|---|---|---|---|---|
| **17. Deferred Tax Assets and Liabilities (cont'd)** | | | | |
| **Net deferred tax assets** | | | | |
| Deferred tax assets comprises temporary differences attributable to: | | | | |
| Property Plant & Equipment | **16,403** | 22,312 | **-** | - |
| Provisions & Accruals | **513,427** | 647,615 | **144,110** | 205,866 |
| Change in value of investments | **133,675** | 133,675 | **-** | - |
| Tax losses recognised | **472,747** | 299,284 | **472,747** | 299,284 |
| Other | **8,151** | 10,294 | **-** | - |
| Total | **1,144,403** | 1,113,180 | **616,857** | 505,150 |
| **Gross Movements:** | | | | |
| Net deferred tax asset and liability | | | | |
| The overall movement in the deferred tax account is as follows: | | | | |
| Opening balance at 1 January | **-** | - | **(355,478)** | (275,266) |
| Credited/(charged) to the income statement | **(90,179)** | 196,991 | **111,708** | 176,149 |
| Credited/(charged) to equity | **90,179** | (196,991) | **124,800** | (256,361) |
| Closing balance at 31 December | **-** | - | **(118,970)** | (355,478) |
| **Deferred Tax Liabilities** | | | | |
| The movement in deferred tax liabilities for each temporary difference during the year is as follows: | | | | |
| Fair value gain adjustments | | | | |
| Opening balance at 1 January | **1,113,180** | 916,190 | **860,627** | 604,266 |
| Credited/(charged) to the income statement | **-** | - | **-** | - |
| Credited/(charged) to equity | **( 90,179 )** | 196,991 | **( 124,800 )** | 256,361 |
| Closing balance at 31 December | **1,023,001** | 1,113,181 | **735,827** | 860,627 |
| Other | | | | |
| Opening balance at 1 January | **-** | 1,804 | **-** | - |
| Credited/(charged) to the income statement | **20,302** | ( 1,804 ) | **-** | - |
| Credited/(charged) to equity | **-** | - | **-** | - |
| Closing balance at 31 December | **20,302** | - | **-** | - |
| Investment Property | | | | |
| Opening balance at 1 January | **-** | - | **-** | - |
| Credited/(charged) to the income statement | **101,100** | - | **-** | - |
| Credited/(charged) to equity | **-** | - | **-** | - |
| Closing balance at 31 December | **101,100** | - | **-** | - |
| **Total Deferred Tax Liabilities** | **1,144,403** | 1,113,181 | **735,827** | 860,627 |

## 17. Deferred Tax Assets and Liabilities (cont'd)

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | 2016<br>$ | 2015<br>$ | 2016<br>$ | 2015<br>$ |
| **Deferred Tax Assets** | | | | |
| The movement in deferred tax assets for each temporary difference during the year is as follows: | | | | |
| Plant and Equipment | | | | |
| Opening balance at 1 January | **22,312** | 22,593 | **-** | - |
| Credited/(charged) to the income statement | **( 5,909 )** | ( 281 ) | **-** | - |
| Credited/(charged) to equity | **-** | - | **-** | - |
| Closing balance at 31 December | **16,403** | 22,312 | **-** | - |
| Provisions and Accruals | | | | |
| Opening balance at 1 January | **647,615** | 738,726 | **205,866** | 323,418 |
| Credited/(charged) to the income statement | **(134,188)** | (91,111) | **(61,756)** | (117,552) |
| Credited/(charged) to equity | **-** | - | **-** | - |
| Closing balance at 31 December | **513,427** | 647,615 | **144,110** | 205,866 |
| Change in value of investments | | | | |
| Opening balance at 1 January | **133,675** | 134,787 | **-** | - |
| Credited/(charged) to the income statement | **-** | (1,112) | **-** | - |
| Credited/(charged) to equity | **-** | - | **-** | - |
| Closing balance at 31 December | **133,675** | 133,675 | **-** | - |
| Tax losses recognised | | | | |
| Opening balance at 1 January | **299,284** | 5,583 | **299,284** | 5,583 |
| Credited/(charged) to the income statement | **173,463** | 293,701 | **173,463** | 293,701 |
| Credited/(charged) to equity | **-** | - | **-** | - |
| Closing balance at 31 December | **472,747** | 299,284 | **472,747** | 299,284 |
| Other | | | | |
| Opening balance at 1 January | **10,294** | 16,305 | **-** | - |
| Credited/(charged) to the income statement | **(2,143)** | (6,011) | **-** | - |
| Credited/(charged) to equity | **-** | - | **-** | - |
| Closing balance at 31 December | **8,151** | 10,294 | **-** | - |
| **Total Deferred Tax Assets** | **1,144,403** | 1,113,180 | **616,857** | 505,150 |

## 18. Other financial assets

| | Consolidated 2016 $ | Consolidated 2015 $ | Parent 2016 $ | Parent 2015 $ |
|---|---|---|---|---|
| Available for sale financial assets comprise: | | | | |
| **Huatai Insurance Agency and Consultant Service Ltd** | | | | |
| Principal activities are insurance broking, loss adjusting and Lloyds marine agent. | | | | |
| IBL Limited has a 12.5% interest. | | | | |
| Cost | **1,178,358** | 1,178,358 | - | - |
| Impairment | **(367,000)** | (367,000) | - | - |
| | **811,358** | 811,358 | - | - |
| Listed Investments, at fair value | **2,088,296** | 1,912,750 | - | - |
| Managed Investment Portfolio, at fair value | **1,436,935** | 1,392,485 | - | - |
| | **4,336,589** | 4,116,593 | - | - |
| Security Deposits | **15,000** | - | **15,000** | - |
| Investments in subsidiaries at cost | **52** | - | **330,052** | 644,777 |
| Lease Asset | **67,669** | - | - | - |
| Other investments | **2,047** | 2,047 | **2,047** | 2,047 |
| Note (a) | **4,421,357** | 4,118,640 | **347,099** | 646,824 |

(a) Non-current- other financial assets comprise investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity date attached to these investments.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost (and assessed annually for impairment) in the absence of reliable fair value information. This is the case with the Company's investment in Huatai Insurance Agency and Consultant Service Ltd. Huatai Insurance Agency and Consultant Service Ltd is an unlisted Company based in China. The Chinese business and regulatory environment differs significantly from the operations of the Australian market making direct comparison difficult. There are limited buyers, potentially only the other shareholders, and no formal valuation technique is included in the shareholders agreement. As a result of these issues, fair value cannot be determined reliably.

## 19. Trade and Other Payables

| | Consolidated 2016 $ | Consolidated 2015 $ | Parent 2016 $ | Parent 2015 $ |
|---|---|---|---|---|
| CURRENT | | | | |
| Unsecured liabilities | | | | |
| Trade and sundry creditors | **6,373,007** | 6,632,355 | **468,574** | 807,668 |
| Accrued expenses | **1,206,248** | 565,265 | **258,144** | 589,307 |
| Revenue in advance | **254,553** | 671,464 | **254,553** | 578,827 |
| | **7,833,808** | 7,869,084 | **981,271** | 1,975,802 |

a) The average credit period on purchases of goods and services is between 30 and 90 days. No interest is charged on trade payables outstanding. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

## 20. Loan and Borrowings

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | 2016 $ | 2015 $ | 2016 $ | 2015 $ |
| **At amortised cost** | | | | |
| Bank Overdraft Facility - secured | **-** | 30,864 | **-** | 30,864 |
| Commercial Bills | **-** | - | **-** | - |
| Other interest bearing borrowings owed to a controlled entity | **-** | - | **3,000,000** | 3,000,000 |
| Commercial Bills - secured | **5,400,000** | 5,404,098 | **5,400,000** | 5,404,098 |
| Total interest bearing borrowings | **5,400,000** | 5,434,962 | **8,400,000** | 8,434,962 |

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | 2016 $ | 2015 $ | 2016 $ | 2015 $ |
| CURRENT | **5,400,000** | 30,864 | **8,400,000** | 30,864 |
| NON-CURRENT | **-** | 5,404,098 | | 8,404,098 |
| | **5,400,000** | 5,434,962 | **8,400,000** | 8,434,962 |

**Terms and Conditions**

Terms and conditions of outstanding loans were as follows:

| | | | | Consolidated | | Parent | |
|---|---|---|---|---|---|---|---|
| | | | | **2016 $** | 2015 $ | **2016 $** | 2015 $ |
| | **Currency** | **Nominal interest rate** | **Year of Maturity** | **Face value** | Face value | **Carrying amount** | Carrying amount |
| Bank Overdrafts | AUD | 8.45% | 2016 | **-** | 30,864 | **-** | 30,864 |
| Bank bill acceptance/discount facility | AUD | 4.21% | 2017 | **5,400,000** | 5,404,098 | **5,400,000** | 5,404,098 |
| Other interest bearing borrowings owed to a controlled entity | AUD | 4.00% | 2017 | **3,000,000** | 3,000,000 | **3,000,000** | 3,000,000 |
| | | | | **8,400,000** | 8,434,962 | **8,400,000** | 8,434,962 |

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | 2016 $ | 2015 $ | 2016 $ | 2015 $ |
| *First mortgage* | | | | |
| Freehold land and buildings | **18,300,000** | 15,283,473 | **18,300,000** | 15,283,473 |
| Investment property | **-** | - | **-** | - |
| Total non-current assets pledged as security | **18,300,000** | 15,283,473 | **18,300,000** | 15,283,473 |

(a) The bank bill and bank overdraft facilities are secured by mortgages over the 41 Exhibition Street, Melbourne, Hughes Street Potts Point, Sydney and Manning Street, Potts Point, Sydney.

(b) Freehold land and buildings also includes leasehold.

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | 2016 $ | 2015 $ | 2016 $ | 2015 $ |

## 20. Loan and Borrowings (cont'd)

**(b) Financing arrangements**

Unrestricted access was available at balance date to the following lines of credit:

| | | | | |
|---|---|---|---|---|
| **Credit standby arrangements** | | | | |
| Total facilities | | | | |
| Bank overdrafts | **500,000** | 600,000 | **500,000** | 500,000 |
| Other interest bearing borrowings owed to a controlled entity | **-** | - | **3,000,000** | 3,000,000 |
| Bank bill acceptance/discount facility | **5,400,000** | 5,404,098 | **5,400,000** | 5,404,098 |
| | **5,900,000** | 6,004,098 | **8,900,000** | 8,904,098 |
| Unused at balance date | | | | |
| Bank overdrafts | **500,000** | 569,136 | **500,000** | 469,136 |
| Other interest bearing borrowings owed to a controlled entity | **-** | - | **-** | - |
| Bank bill acceptance/discount facility | **-** | - | **-** | - |
| | **500,000** | 569,136 | **500,000** | 469,136 |

## 21. Provisions

| | | | | |
|---|---|---|---|---|
| **Employee Entitlements** | | | | |
| Balance at 1 January | **2,170,034** | 2,835,568 | **939,035** | 1,643,781 |
| Provisions made during the period | **898,656** | 956,174 | **526,446** | 526,452 |
| Provisions used during the period | **(1,270,808)** | (1,621,708) | **(842,205)** | (1,231,198) |
| **Balance as at 31 December** | **1,797,882** | 2,170,034 | **623,276** | 939,035 |
| **Other Provisions** | | | | |
| Balance at 1 January | **174,503** | 65,919 | **-** | - |
| Provisions made during the period | **160,280** | 148,368 | **-** | - |
| Provisions used during the period | **(334,783)** | (39,784) | **-** | - |
| **Balance as at 31 December** | **-** | 174,503 | **-** | - |

### Analysis of Total Provisions

| | | | | |
|---|---|---|---|---|
| Current | **1,639,357** | 2,183,158 | **534,138** | 803,182 |
| Non-current | **158,525** | 161,379 | **89,138** | 135,853 |
| | **1,797,882** | 2,344,537 | **623,276** | 939,035 |

## 22. Other Liabilities

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | 2016 $ | 2015 $ | 2016 $ | 2015 $ |
| CURRENT | | | | |
| Deferred Underwriting Profit Commission | **2,493,416** | 1,405,208 | - | - |
| | **2,493,416** | 1,405,208 | - | - |

## 23. Reserves

The amounts and movements in reserves are included in the statement of changes in equity on page 10.

**(a) Bequest Reserve**

The bequest reserve records funds for Jack Hobbs McConnell Bequest Trust, Philip Bisset Bequest Trust Fund and Jennifer Taylor Bequest Trust.

**(b) General Reserve**

The general reserve records funds set aside for the future expansion of the business.

**(c) Financial Asset Reserve**

The financial assets reserve records revaluations of financial assets. Where a revalued financial asset is sold, that portion of the reserve which relates to that financial asset and is effectively realised, is recognised in the statement of profit or loss and other comprehensive income. Where a revalued financial asset is impaired, that portion of the reserve which relates to that financial asset is recognised in the statement of profit or loss and other comprehensive income.

**(d) Asset Revaluation Reserve**

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in note 3(d). Deferred tax has been provided for on the net increment resulting from the revaluation and takes into the consideration the individual tax position of each non-current asset.

## 24. Operating Lease Commitments

**(a) Leases as lessee**

Non-cancellable operating lease rentals are payable as follows:

| | Consolidated 2016 $ | Consolidated 2015 $ | Parent 2016 $ | Parent 2015 $ |
|---|---|---|---|---|
| Payable - minimum lease payments | | | | |
| - no later than 12 months | **344,123** | 394,591 | **204,570** | 269,119 |
| - between 12 months and 5 years | **411,681** | 388,583 | **72,295** | 198,545 |
| Minimum lease payments | **755,804** | 783,174 | **276,865** | 467,664 |

The Group leases office premises under operating leases. The leases typically run for an initial period of between 2 and 5 years, with an option to renew the lease after that date. Lease payments are increased annually to reflect market rentals. None of the leases include contingent rentals.

## 24. Operating Lease Commitments (cont'd)

### (b) Leases as lessor

The Group leases out its investment properties and surplus office space under operating leases. Non-cancellable operating lease rentals are receivable as follows:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2016** | **2015** | **2016** | **2015** |
| | **$** | **$** | **$** | **$** |
| - no later than 12 months | **422,412** | 199,968 | **290,336** | 141,970 |
| - between 12 months and 5 years | **734,153** | 819,676 | **241,095** | 222,658 |
| Minimum lease payments | **1,156,565** | 1,019,644 | **531,431** | 364,628 |

### (c) Capital Expenditure Commitments

The company has no material capital commitments as at 31 December 2016 (2015: nil).

## 25. Contingent Liabilities and Contingent Assets

### Contingent Liabilities

The company received correspondence from the Bank of Melbourne ('BOM') advising that it had not increased its income by $130,000 relating to Credit Card Surcharges for the year ended 31 December 2016. In addition, the company did not meet its reporting obligation to provide BOM with consolidated financial statements by 15 February 2016, however unaudited "Parent" entity accounts were provided by that date.

In the view of directors, there were no adverse consequences to the company and for the Group due to the following reasons:

i) A $306,000 cash security deposit was lodged with BOM on 26 October 2016

ii) All facilities have been classified as current and at present are being renewed/renegotiated with other bank providers.

(ii) no additional charges/interest have been levied by BOM post year end as a consequence of the breaches in the covenants.

Accordingly, there are no contingent liabilities as at 31 December 2016.

### Contingent Asset

Under agreements with its underwriters, IBL is entitled to receive a profit commission based on the ultimate profitability of the portfolio of insurance policies which it manages. As such, the amount of profit commission receivable as a result of policies already written under agreement is contingent upon the amount of future claims under those policies up until the time that the final profit commission calculation is made and becomes ultimately due and payable by the underwriter. However the Company will recognise interim profit commissions based on achieving an acceptable probability of sufficiency as calculated with the assistance of a professional actuarial consultant.

IBL manages a claims funding facility which is in run off. As at 31 December 2016 funds held are in excess of presently reserved sums for known claims. The Company intends to finalise the facility after determining any future liability for claims and/or associated costs. Once final claims have been determined and settled the Company may be entitled to residual funds, if any and/or management fees (subject to funds being available).

## 26. Cash Flow Information

### (a) Reconciliation of Cash Flow from Operations with Profit after Income Tax

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | 2016<br>$ | 2015<br>$ | 2016<br>$ | 2015<br>$ |
| Profit/(loss) for the year after tax | **1,395,022** | (919,160) | **782,305** | 258,898 |
| Depreciation, amortisation and impairment | **658,554** | 1,052,971 | **526,415** | 886,274 |
| Provisions | **(546,655)** | (556,951) | **(315,759)** | (704,747) |
| Gain on revaluation of investment property | **(337,000)** | - | **-** | - |
| Write off of investment in Subsidiary | **-** | - | **314,725** | - |
| Gain on disposal of Assets held for sale | **(10,381)** | - | **(10,381)** | - |
| Net loss on disposal of non-current assets | **99,824** | (265,054) | **-** | (270,786) |
| Dividends received under dividend reinvestment plan | **(98,057)** | (53,546) | **-** | - |
| Impairment on investments | **2,721** | - | **-** | - |
| **Operating profit before changes in working capital** | **564,028** | (2,062,937) | **697,305** | (1,151,558) |
| Share of profits of associates not received as dividends | **193,634** | 134,523 | **-** | - |
| (Increase) / Decrease in trade debtors | **195,474** | (389,528) | **(187,502)** | (98,657) |
| Decrease in inventories | **88,982** | 253,348 | **88,983** | 253,348 |
| Decrease in other operating assets | **52** | 53,375 | **68,301** | 53,375 |
| Increase / (Decrease) in deferred tax asset / liability (net) | **50,473** | 38,476 | **(111,707)** | 80,211 |
| Decrease in income taxes payable / receivable | **87,260** | - | **87,260** | - |
| Increase / (Decrease) in accounts payable | **381,635** | 65,563 | **(994,532)** | (237,475) |
| Increase / (Decrease) in deferred income | **671,297** | (149,204) | **-** | - |
| **Net cash inflow from operating activities** | **2,832,835** | (735,187) | **248,108** | 220,441 |

## 27. Related Party Transactions

### (a) Identity of related parties

*(i) Wholly owned group*

Information relating to controlled entities is set out in Note 29.

*(ii) Directors and Management personnel*

The consolidated entity has a related party relationship with its subsidiaries (see note 29), associates (see note 13), remuneration to key management personnel (refer note 28), and Australian Institute of Architects Foundation Ltd.

During the financial year, the Company paid a premium in respect of a contract insuring current directors and officers of the Company against certain liabilities. The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors and Officers Liability Insurance contract as such disclosures are prohibited under the terms of the contract. The insurance policies outlined above do not contain details of the premiums paid in respect of individual directors and officers of the Company.

## 27. Related Party Transactions (cont'd)

### (b) Transactions with key management personnel, councillors or directors

The following transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

| Type of transaction | Related party | Consolidated 2016 $ | Consolidated 2015 $ | Parent 2016 $ | Parent 2015 $ |
|---|---|---|---|---|---|
| Legal fees | Thynne & Macartney, a firm of which John Moore is a partner | **-** | 5,172 | **-** | 5,172 |
| Consulting fees paid to Terry Ibbotson | Terry Ibbotson | **30,000** | 33,987 | **-** | - |
| Consulting fees paid to Ross Clark | Ross Clark | **-** | 32,869 | **-** | 32,869 |
| **(c) Other related party transactions** | | | | | |
| Insurance Premiums | IBL Limited | **-** | - | **192,433** | 195,000 |
| ICT consultancy support | IBL Limited | **-** | - | **25,000** | 25,000 |
| Rent & other property costs | IBL Limited | **-** | - | **62,612** | 127,800 |
| Agency Fees | IBL Limited | **-** | - | **60,000** | 60,000 |
| Income tax contribution paid | IBL Limited | **-** | - | **734,755** | 315,659 |
| Dividends received from subsidiaries | IBL Limited | **-** | - | **1,000,000** | 2,500,000 |
| Service Level Agreement | Archicentre Pty Ltd | **-** | - | **859,062** | 1,530,000 |
| Reimbursement of expenses/Provision of Services | Architecture Media Pty Limited | **25,035** | 25,000 | **25,035** | 25,000 |
| Dividends | Architecture Media Pty Limited | **400,000** | 400,000 | **400,000** | 400,000 |
| Donations | Australian Institute of Architects Foundation | **91,660** | 144,101 | **91,660** | 144,101 |

### (d) Loans and other amounts due to/from related parties

| | Consolidated 2016 $ | Consolidated 2015 $ | Parent 2016 $ | Parent 2015 $ |
|---|---|---|---|---|
| IBL Limited - loan payable (Note: 20) | **-** | - | **3,000,000** | 3,000,000 |
| IBL Limited – loan advanced during the year | **-** | - | **-** | 500,000 |
| IBL Limited – loan receivable from | **-** | - | **98,341** | 253,943 |
| IBL Limited - dividends receivable | **-** | - | **500,000** | 500,000 |
| IBL Limited - debtor | | | **5,500** | - |
| IBL Limited - interest prepayment | | | **110,000** | 188,083 |
| Archicentre Pty Limited - group tax sharing payable | **-** | - | **-** | 366,211 |
| Australian Institute of Architects Foundation - loan receivable | **74,535** | 50,000 | **74,535** | 50,000 |

## 28. Key management personnel disclosures

The following were key management personnel of the consolidated entity at any time during the reporting period, and unless otherwise indicated were key management personnel for the entire period.

**Directors of the RAIA**

D J K Karotkin – until 13 May 2016
J W Clements
B W Wheeler – until 23 August 2016
D R Homburg – until 23 August 2016
K J Maher
A L Wilson – until 17 March 2016
S M Dugdale – until 23 August 2016
S L Scally – until 17 March 2016
R L Kirk
R Henry – until 23 August 2016
P F Malatt – until 17 March 2016
P J Griffiths
P Violett – until 17 March 2016
H M Lochhead
S Carter – until 23 August 2016
A V Broffman – until 23 August 2016
B J Wolfe – until 23 August 2016
V L Bird – until 23 August 2016
K Totoeva – until 23 August 2016
C S Black – until 23 August 2016
C Cousins – until 23 August 2016
G M Overell – from 26 August 2016
S Richardson – from 29 August 2016
G M Collins – from 26 October 2016

**IBL Limited Key Management Personnel**

J R Moore
S G Purser

E W Passaris
P J R Nash
T W Ibbotson
K J Maher
G M Ridder
J Cunich

**Archicentre Pty Ltd Key Management Personnel**

C Townsend – resigned 6 September 2016
M Eric – resigned 6 September 2016
R Caulfield – resigned 6 September 2016
G Williams – resigned 6 September 2016
D Karotkin – resigned 6 September 2016

**RAIA Key Management Personnel**

J Cunich (Chief Executive Officer) – from 16 May 2016
R Barton (General Counsel and Company Secretary) – until 16 December 2016
J Penrose (General Manager Membership Engagement)
T Hayes (Chief Financial Officer)

Key management of the Group are the Directors and Executive staff of Responsible Entities.

Key Management Personnel remuneration includes the following expenses:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2016** | **2015** | **2016** | **2015** |
| | **$** | **$** | **$** | **$** |
| Short-term employee benefits | **1,799,984** | 2,503,432 | **932,037** | 1,391,397 |
| Post-employment benefits | **149,187** | 263,716 | **100,000** | 203,481 |
| Termination benefits | **180,516** | 471,050 | **180,516** | 471,050 |
| Total Key Management Personnel remuneration | **2,129,687** | 3,238,198 | **1,212,553** | 2,065,928 |

## 29. Subsidiaries

| Name of entity | Class of shares | Country of incorporation | Equity holding 2016 | Equity holding 2015 |
|---|---|---|---|---|
| Archicentre Pty Ltd | Ordinary | Australia | **- %** | 100% |
| IBL Limited | Ordinary | Australia | **100%** | 100% |
| Archicentre Services Pty Ltd (a) | Ordinary | Australia | **- %** | 100% |
| Architecture Australia Pty Ltd | Ordinary | Australia | **100%** | 100% |

(a) Archicentre Services Pty Ltd is a subsidiary company of Archicentre Pty Ltd. Archicentre Pty Ltd went into voluntary administration on 6 September 2016.

## 30. Segment Reporting

The Company operates predominately in one business and geographical segment being Australia, deriving its income from broking and underwriting of insurance policies, and risk and claim management activities.

## 31. Financial Risk Management

### (a) Categories of financial Instruments

**Carrying amount**

| | Consolidated 2016 $ | Consolidated 2015 $ | Parent 2016 $ | Parent 2015 $ |
|---|---|---|---|---|
| **Financial Assets** | | | | |
| Cash and cash equivalents | **13,358,131** | 8,693,437 | **3,763,952** | 1,619,748 |
| Loans and receivables | **3,489,688** | 3,752,831 | **1,038,035** | 850,533 |
| Available for sale financial assets | **4,421,305** | 4,118,640 | **347,099** | 646,824 |
| | **21,269,124** | 16,564,908 | **5,149,086** | 3,117,105 |
| **Financial Liabilities** | | | | |
| Trade and other payables | **7,833,808** | 7,869,084 | **981,271** | 1,975,802 |
| Interest bearing loans and borrowings | **5,400,000** | 5,434,962 | **8,400,000** | 8,434,962 |
| | **13,233,808** | 13,304,046 | **9,381,271** | 10,410,764 |

**Fair Value**

| | Consolidated 2016 $ | Consolidated 2015 $ | Parent 2016 $ | Parent 2015 $ |
|---|---|---|---|---|
| **Financial Assets** | | | | |
| Cash and cash equivalents | **13,358,131** | 8,693,437 | **3,763,952** | 1,619,748 |
| Loans and receivables | **3,489,688** | 3,752,831 | **1,038,035** | 850,533 |
| Available for sale financial assets | **4,421,305** | 4,118,640 | **347,099** | 646,824 |
| | **21,269,124** | 16,564,908 | **5,149,086** | 3,117,105 |
| **Financial Liabilities** | | | | |
| Trade and other payables | **7,833,808** | 7,869,084 | **981,271** | 1,975,802 |
| Interest bearing loans and borrowings | **5,400,000** | 5,434,962 | **8,400,000** | 8,434,962 |
| | **13,233,808** | 13,304,046 | **9,381,271** | 10,410,764 |

## 31. Financial Risk Management (cont'd)

### (b) Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's cash at banks and short term deposits that earn floating interest rates based on the daily bank deposit rates. The carrying value of the cash at banks and short term deposits approximates their fair values.

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Interest rate sensitivity analysis

As of 31 December 2016, the Company's consolidated borrowings consisted of $5,400,000 in variable rate under commercial bills. A change in interest rates impacts the interest incurred and cash flows, but does not impact the net financial instrument position. If the interest rate on the commercial bills increase by 1%, the increase in annual interest expense would decrease future earnings before taxation and cash flow by approximately $54,000. The Institute is considering options in relation to the renewal of these facilities which expire on 28 April 2017.

### (c) Price risk - equity

Equity price risk is the risk that the fair value of equities decreases as the result of changes in the levels of equity indices and the values of individual stocks. To limit this risk the Group diversifies its portfolio. The majority of the investments are of a high quality and are publicly traded on the ASX. The price risk for both listed and unlisted securities is immaterial in terms of a possible impact on profit and loss or total equity and as such a sensitivity analysis has not been completed.

The Group is exposed to fluctuations in foreign currencies by its holding in investments in available-for-sale Huatai Insurance Agency and Consultant Service Limited and in the associated company RAIA International Insurance Brokers Limited. The Group holds these investments for strategic rather than trading purposes and as such does not actively trade these investments.

### 31. Financial Risk Management (cont'd)

#### (d) Liquidity risk

Liquidity risk is the risk that the Group will be unable to meets its payment obligations when they fall due. The Group uses a number of strategies to minimise this risk including cash forecasting to project any pressures, maintenance of standby credit facilities and ensuring credit risk is minimised.

The following tables detail the Groups' contractual maturities of non-derivative financial assets and liabilities. The tables have been drawn up based on the undiscounted cash flows of financial assets and liabilities based on the earliest date on which the Company can be required to pay or receive the cash flow. The table includes both interest and principal cash flows.

**Consolidated**

| | Weighted Average Effective Interest Rate | | At Call | | 1 - 3 Months | | 3 - 6 Months | | 6+ Months | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| | % | % | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| **Financial Assets:** | | | | | | | | | | | | |
| Investments accounted for using the equity method | - | - | - | - | - | - | - | - | 34,684 | 34,684 | 34,684 | 34,684 |
| Available for sale | - | - | - | - | - | - | - | - | 4,336,589 | 4,116,593 | 4,336,589 | 4,116,593 |
| Non-interest bearing receivables | - | - | - | - | 3,194,172 | 3,163,361 | - | - | - | - | 3,194,172 | 3,163,361 |
| Cash and cash equivalents | 2.45% | 2.50% | 13,358,131 | 8,693,437 | - | - | - | - | - | - | 13,358,131 | 8,693,437 |
| Trade and other receivables | 0% | 0% | - | - | 3,489,688 | 3,752,831 | - | - | - | - | 3,489,688 | 3,752,831 |
| **Total Financial Assets** | | | 13,358,131 | 8,693,437 | 6,683,860 | 6,916,192 | - | - | 4,371,273 | 4,116,593 | 24,413,264 | 19,760,906 |
| **Financial Liabilities:** | | | | | | | | | | | | |
| Interest bearing loans and borrowings | | | - | - | - | 30,864 | 5,400,000 | - | - | 5,404,098 | 5,400,000 | 5,434,962 |
| Trade and other payables | 0% | 0% | - | - | - | - | 7,833,808 | 7,869,084 | - | - | 7,833,808 | 7,869,084 |
| **Total Financial Liabilities** | | | - | - | - | 30,864 | 13,233,808 | 7,869,084 | - | 5,404,098 | 13,233,808 | 13,304,046 |

# THE ROYAL AUSTRALIAN INSTITUTE OF ARCHITECTS LTD and CONTROLLED ENTITIES

**ABN: 72 000 023 012**

**Notes to the Financial Statements**

**For the Year Ended 31 December 2016**

## 31. Financial Risk Management (cont'd)

### (d) Liquidity risk (cont'd)

**Parent**

| | Weighted Average Effective Interest Rate | | At Call | | 1 - 3 Months | | 3 - 6 Months | | 6+ Months | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| | % | % | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| **Financial Assets:** | | | | | | | | | | | | |
| Investments accounted for using the equity method | - | - | - | - | - | - | - | - | 34,684 | 34,684 | 34,684 | 34,684 |
| Available for sale | - | - | - | - | - | - | - | - | 4,336,589 | 4,116,593 | 4,336,589 | 4,116,593 |
| Non-interest bearing receivables | - | - | - | - | 3,194,172 | 3,163,361 | - | - | - | - | 3,194,172 | 3,163,361 |
| Cash and cash equivalents | 2.45% | 2.50% | 3,763,952 | 1,619,748 | - | | - | - | - | - | 3,763,952 | 1,619,748 |
| Trade and other receivables | 0% | 0% | - | - | 1,038,035 | 850,533 | - | - | - | - | 1,038,035 | 850,533 |
| **Total Financial Assets** | | | 3,763,952 | 1,619,748 | 4,232,207 | 4,013,894 | - | - | 4,371,273 | 4,116,593 | 12,367,432 | 9,784,919 |
| **Financial Liabilities:** | | | | | | | | | | | | |
| Interest bearing loans and borrowings | 4% -6% | 4% - 6% | - | - | - | 30,864 | 5,400,000 | - | 3,000,000 | 8,404,098 | 8,400,000 | 8,434,962 |
| Trade and other payables | 0% | 0% | - | - | - | - | 981,271 | 1,975,802 | - | - | 981,271 | 1,975,802 |
| **Total Financial Liabilities** | | | - | - | - | 30,864 | 6,381,271 | 1,975,802 | 3,000,000 | 8,404,098 | 9,381,271 | 10,410,764 |

## 31. Financial Risk Management (cont'd)

### (e) Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as described in the relevant accounting policies at Note 3.
The Councillors consider that the carrying amounts of financial assets and financial liabilities recorded in the financial statements at cost or amortised cost approximates their fair values.

### (f) Significant Accounting Policies

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instruments are disclosed in Note 3 to the financial statements.

### (g) Fair value hierarchy

The following table provides an analysis of financial assets that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| ***Financial assets – 31 December 2016*** | | | | |
| Quoted equities | **2,912,936** | **-** | **-** | **2,912,936** |
| Property, plant and equipment | **-** | **-** | **25,050,000** | **25,050,000** |
| Investment property | **-** | **2,000,000** | **-** | **2,000,000** |
| Total | **2,912,936** | **2,000,000** | **25,050,000** | **29,962,936** |

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| ***Financial assets – 31 December 2015*** | | | | |
| Available for sale assets | 1,980,000 | - | - | 1,980,000 |
| Quoted equities | 2,912,936 | - | - | 2,912,936 |
| Property, plant and equipment | - | - | 21,422,499 | 21,422,499 |
| Investment property | - | 2,000,000 | - | 2,000,000 |
| Total | 4,892,936 | 2,000,000 | 21,422,499 | 28,315,435 |

## 31. Financial Risk Management (cont'd)

### (g) Fair value hierarchy (cont'd)

The company has entered into a contract for sale for its South Australia property after the 2015 financial year end, after accepting an offer in December 2015. Settlement of the property occurred in April 2016. This resulted in a transfer out of Level 3 into Level 1 for Asset held for sale.

For Level 3 financial instruments, the Company did not have a quoted price in an active market for identical items. The Company select the revaluation model for the measurement of its property and plant and equipment respectively in accordance with AASB 116 because its fair value cannot otherwise be measured reliably.

### (h) Credit risk exposure

Credit risk arises from the financial assets of the Group, which comprises cash and cash equivalents, and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure at reporting date equal to the carrying amount (net of any provisions for impairment) of these instruments being:

| | **Consolidated** | | **Parent** | |
|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 |
| | **$** | $ | **$** | $ |
| Cash and cash equivalents | **13,358,131** | 8,693,437 | **3,763,952** | 1,619,748 |
| Trade and other receivables | **3,489,688** | 3,752,831 | **1,038,035** | 850,533 |

The Group does not hold any credit derivatives to offset its credit risk.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

- Credit risk in trade receivables is managed in the following ways:
- payment terms are generally 30 days or prepaid;
- discounts are offered to encourage prepayment;
- active follow up of slow paying debtors.

The Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Group. The credit risk on liquid funds is limited due to the counter parties being banks with high credit ratings.

## 31. Financial Risk Management (cont'd)

**(h) Credit risk exposure (cont'd)**

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| | $ | $ | $ | $ |
| The aging of the Group's loans and receivables at the reporting date was: | | | | |
| Not past due | **3,278,626** | 3,419,849 | **826,973** | 576,489 |
| Past due 0-30 days | **93,809** | 198,279 | **93,809** | 163,522 |
| Past due 31-60 days | **7,893** | 71,226 | **7,893** | 68,349 |
| Past due 61-90 days | **6,614** | 10,526 | **6,614** | 4,222 |
| Past due 91 days to one year | **102,746** | 52,951 | **102,746** | 37,951 |
| More than one year | **-** | - | **-** | - |
| | **3,489,688** | **3,752,831** | **1,038,035** | **850,533** |

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| | $ | $ | $ | $ |
| The movement in the allowance for impairment in respect of loans and receivables during the year was as follows: | | | | |
| Balance at 1 January | **2,302** | 51,151 | **2,302** | 2,302 |
| Net movement | **-** | (48,849) | - | - |
| Balance at 31 December | **2,302** | 2,302 | **2,302** | 2,302 |

The allowance accounts in respect of loans and receivables are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amount is considered irrecoverable and is written off against the financial asset directly.

## 32. Subsequent events

On 12 April 2017, the Company has signed a Letter of Offer for a banking facility with one of the four major Australian banks that includes a Loan Facility to the value of $5,400,000 with a termination date of 30 April 2020. Further, the $3,000,000 related party borrowing agreement has been extended to May 2018.

Other than noted above, there are no adjusting or significant non-adjusting events that have occurred between the reporting date and the date of this report.

## 33. Prior year restatement

In the prior year, RAIA received bequest amounts of $1,321,197 which were recognised but not recognised as income in the Statement of Profit or Loss and Other Comprehensive Income. It has been determined that it was an error not to recognise bequests as income in the Statement of Profit or Loss and Other Comprehensive Income and the comparative information has been restated. The impact on comparative period disclosures of this restatement is as follows:

Statement of Profit or Loss and Other Comprehensive Income:

| **Consolidated** | **Previously reported 2015 $** | **Restatement $** | **Restated 2015 $** |
|---|---:|---:|---:|
| Revenue | 24,939,499 | 1,321,197 | 26,260,696 |
| Loss before income tax | (2,446,471) | 1,321,197 | (1,125,274) |
| Loss attributable to members | (2,240,357) | 1,321,197 | (919,160) |
| Other comprehensive income/(loss) | 83,192 | - | 83,192 |
| Total comprehensive income/(loss) attributable to members | (2,157,165) | 1,321,197 | (835,968) |

| **Parent** | | | |
|---|---:|---:|---:|
| Revenue | 16,871,399 | 1,321,197 | 18,192,596 |
| Loss before income tax | (1,843,686) | 1,321,197 | (522,489) |
| (Loss)/Profit attributable to members | (1,062,299) | 1,321,197 | 258,898 |
| Other comprehensive income/(loss) | 107,639 | - | 107,639 |
| Total comprehensive income/(loss) attributable to members | (954,660) | 1,321,197 | 366,537 |

Statement of Cash Flows:

| **Consolidated** | | | |
|---|---:|---:|---:|
| *Cash from operating activities* | | | |
| Revenue from bequests | - | 1,321,197 | 1,321,197 |
| Net cash used in operating activities | (2,056,384) | 1,321,197 | (735,187) |
| *Cash from financing activities* | | | |
| Revenue from bequests | 1,321,197 | (1,321,197) | - |
| Net cash used in financing activities | (102,011) | (1,321,197) | (1,423,208) |

| **Parent** | | | |
|---|---:|---:|---:|
| *Cash from operating activities* | | | |
| Revenue from bequests | - | 1,321,197 | 1,321,197 |
| Net cash provided by operating activities | (1,100,756) | 1,321,197 | 220,441 |
| *Cash from financing activities* | | | |
| Revenue from bequests | 1,321,197 | (1,321,197) | - |
| Net cash provided by financing activities | 397,989 | (1,321,197) | (923,208) |

### 33. Prior year restatement (cont'd)

Statement of changes in equity:

| **Retained Earnings** | **Consolidated** | | | **Parent** | | |
|---|---|---|---|---|---|---|
| | **Previously reported 2015 $** | **Restatement $** | **Restated 2015 $** | **Previously reported 2015 $** | **Restatement $** | **Restated 2015 $** |
| Loss for the year | (2,240,357) | 1,321,197 | (919,160) | (1,062,299) | 1,321,197 | 258,898 |
| Total comprehensive income | (2,240,357) | 1,321,197 | (919,160) | (1,062,299) | 1,321,197 | 258,898 |
| Transfer to bequest reserve | - | (1,321,197) | (1,321,197) | - | (1,321,197) | (1,321,197) |

| **Bequest Reserves** | **Consolidated** | | | **Parent** | | |
|---|---|---|---|---|---|---|
| | **Previously reported 2015 $** | **Restatement $** | **Restated 2015 $** | **Previously reported 2015 $** | **Restatement $** | **Restated 2015 $** |
| Balance at 1 January 2015 | - | 270,125 | 270,125 | - | 270,125 | 270,125 |
| Transfer to bequest reserve | - | 1,321,197 | 1,321,197 | - | 1,321,197 | 1,321,197 |
| Balance at 31 December 2015 | - | 1,585,358 | 1,585,358 | - | 1,585,358 | 1,585,358 |

| **General Reserves** | **Consolidated** | | | **Parent** | | |
|---|---|---|---|---|---|---|
| | **Previously reported 2015 $** | **Restatement $** | **Restated 2015 $** | **Previously reported 2015 $** | **Restatement $** | **Restated 2015 $** |
| Balance at 1 January 2015 | 778,764 | (270,125) | 508,639 | 270,125 | (270,125) | - |
| Transfer to general reserve | 1,321,197 | (1,321,197) | - | 1,321,197 | (1,321,197) | - |
| Balance at 31 December 2015 | 2,093,997 | (1,585,358) | 508,639 | 1,585,358 | (1,585,358) | - |

### 34. Company Details

#### (a) Registered office

The registered office of the Company is:

2A Mugga Way
Red Hill ACT 2603

Deloitte Touche Tohmatsu
ABN 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

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Tel: +61 (0) 3 9671 7000
Fax: +61 (0) 3 9671 7001
www.deloitte.com.au

# Independent Auditor's Report to the Members of THE ROYAL AUSTRALIAN INSTITUTE OF ARCHITECTS

*Opinion*

We have audited the financial report of THE ROYAL AUSTRALIAN INSTITUTE OF ARCHITECTS (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the declaration by the Directors as set out on pages 8 to 54.

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 31 December 2016 and of their financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards 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.

*Other information*

The Directors are responsible for the other information. The other information comprises the information includes the information included in the Group's annual report and in the Directors Report as detailed in pages 1 to 6 of the financial statements for the year ended 31 December 2016, but does not include the financial report and our auditor's report thereon.

Deloitte.

Our opinion on the financial report does not cover the other information and we do no express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report on this regard.

*Responsibilities of Directors for the Financial Report*

Directors of the Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards 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 ability of the Group 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 has 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 the 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 this financial report.

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 director's 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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.

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

Jane Fisher
Partner
Chartered Accountants
Melbourne, 18 April 2017