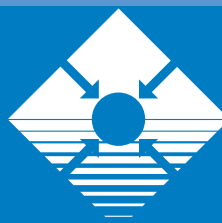




# Annual Report 2004

Australian Institute of  
Project Management





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## National President's Report



Welcome to the AIPM 2004 Report. It identifies the continued achievements of our institute.

As a not-for-profit organisation representing project management practitioners, the AIPM has a charter to further the profession and gain recognition for project managers, raise the awareness of, and contribute to professional standards in project management.

The objectives set for 2003/04 were focused on promoting and improving representation of the profession in Australia and the Asia Pacific region and to ensure that we maximise benefits to our members through the limited funds available. We are undertaking a governance review with focus on the constitution.

The 2004 Report is essentially a governance and financial accounting document; this message will however highlight specific achievements both nationally and in our region.

### **GROWTH**

In a difficult year for all, our growth is comparable to other professional associations. However, we have recently secured two major corporate members with two major national corporations who will progressively sign up all their project managers over the next year. Membership is currently at 4112.

The AIPM expects strong growth in membership in 2005, particularly in the area of our certified membership.

### **SERVICES**

Services to members continue to improve following the overhaul of National Office and the appointment of a new Chief Executive Officer (Peter Shears), Membership Manager (Veroniki Adamou), Information Resource Centre and Website Manager (Kevin O'Donnell), Accounts Manager (Susmita Khisti) and part-time Administrator. The expansion of National Office staff has resulted in improved service to members and we are continuously receiving praise for the IRC and web content with over 700,000 last month thanks to Kevin's great efforts!

### **RECOGNITION**

Recognition of the AIPM by the public and private sector has grown with a number of alliances established with organisations such as the Defence Material Organisation with whom we entered a contract to develop a certification framework for DMO program managers to standardise best practice project management and improve professional opportunities for the acquisition workforce.

Raytheon will become a major corporation member and adopt RegPM as the standard for all their project managers to be benchmarked in terms of competency and project types to manage.

Tennix have become a major corporate member under a fairly innovative agreement.

The AIPM has also completed its role in assisting the Business Services Training Authority in the rewrite of the National Competency Standards of Project Management which were launched in March 2004. The AIPM contributed a panel of experts to provide input into the development of the standards and their review, as well as facilitating a process for public review and comments through its membership.

The AIPM itself also continues to expand and improve its Project Management Achievement Awards, its Student Awards, the Project Managed Organisation assessment and award as well as setting up a committee to review and improve the RegPM program to ensure its rigour and currency.



## GLOBALISATION

Globalisation remains a high priority with the set up of the Asia Pacific Federation for Project Management last year involving nine countries in the region. Later this year Australia will hand over its leadership of the Federation following an election process, but will continue to play a key role in the development of an Asia Pacific Standard and agreements on the reciprocity of accreditation programs between the Federation members.

Recently, and in addition to our existing International Collaborative Agreements with various countries in Europe, South Africa, North America and the Asia Pacific, the AIPM is negotiating an agreement with the CIOB which has the potential for expanding our reach to 40,000+ members in 91 countries and enables us to jointly promote and sponsor membership events.

## EDUCATION

We recognise this as an area which we need to improve. However, our course endorsement program continues to gain recognition and we continue to promote our services to the academic community and represent the profession on many course advisory committees.

## NATIONAL OFFICE

There is a change in the presentation of the accounts to align with current best practice standard. As a public company, AIPM requires to present our accounts to the highest disclosure level.

Debtors and unearned income at 30 June 2004 are lower than in previous years. This is a result of a change in the treatment of future year membership subscriptions. Previously, future year membership subscriptions which only became due and payable on 1 July each year were included in debtors and unearned income at 30 June. This year, only debtors due and payable at 30 June were included in debtors. Unearned income this year represents membership subscriptions for the coming year that had actually been received by 30 June.

There is more to be done, and we continue to push for continuous improvement particularly of services to members. The National Council is determined to improve, and we are putting in place measures to ensure that we achieve our plans. We are undertaking a governance review with focus on the constitution.

Leigh Cunningham resigned as Executive Director in January 2004. Leigh's contribution over a number of years and to the present standing of the AIPM, is recognised by the Council and is again, very much appreciated. Peter Shears was appointed to the position of Chief Executive Officer in April 2004 and has been warmly welcomed by the Council.

The bi-annual election of the Executive positions of the National Council was conducted in August-September 2003. The position of National Secretary was not filled during this period. Dr David Dombkins accepted to fill the vacant position of Secretary after being invited by the National Council in December 2003 in accordance with Clause 18.8 of the Articles of Association.

With the recent chapter elections we have strengthened our core of competent councillors who complement the role of the National Council and provide local contracts to assist us in meeting our obligations to for you, the members.

I commend this Report to you.

**Dr Neveen Moussa**  
*National President*



# National Councillors' Report

Your directors referred to throughout this report as National Councillors, present their report on the company for the financial year ended 30 June 2004.

## NATIONAL COUNCILLORS

The name of the National Councillors in office at any time during or since the end of the year are:

### Executive:

President:	Dr Neveen Moussa <i>Commenced 11 October 2003</i>	Colin Dobie <i>Retired 10 October 2003</i>
Past President:	Colin Dobie <i>Commenced 11 October 2003</i>	Phil Harlow <i>Retired 10 October 2003</i>
Vice President:	Granville May <i>Commenced 11 October 2003</i>	
Secretary:	Dr David Domkins <i>Commenced 11 December 2003</i>	
Treasurer:	Ray Abé	

### Chapter Presidents:

Northern Territory:	Phil Jennings <i>Commenced 11 October 2003</i>	Richard Exley <i>Retired 10 October 2003</i>
Queensland:	Darryl Gomersall	
New South Wales:	Justine Mercer Moore <i>Commenced 23 September 2003</i>	Chivonne Watt <i>Resigned 23 September 2003</i>
ACT:	Paul Black	
Victoria:	Heinz Haselroither	
South Australia:	Stephen Beaty <i>Commenced 2 June 2003</i>	Lyn Travar <i>Resigned 6 May 2004</i>
Western Australia:	Leigh Thomson <i>Commenced 11 October 2003</i> <i>Resigned February 9 2004</i>	David Swallow <i>Resigned 10 February 2004</i>
	David Baccharini <i>Commenced 15 March 2003</i>	
Tasmania:	Stuart Hughson	
<b>Executive Director:</b>	Leigh Cunningham <i>Resigned 31 May 2003</i>	

## PRINCIPAL ACTIVITIES

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

- Award and recognition programs acknowledging excellence within industry;
- Promotion of the profession of Project Management both nationally and internationally through conferences, seminars, forums and related educational functions;
- Certification Programs for Project Managers, the RegPM®;
- Assessing opportunities to grow the membership of the AIPM;
- Publications including the quarterly journal, newsletters, reports, etc; and
- Enhancing the Information Resource Centre.

There were no significant changes in the nature of the company's principal activities during the financial year.



## **OPERATING RESULTS**

The profit of the company after providing for income tax amounted to \$89,698 compared to a profit of \$140,877 in 2002 – 2003. The Institute is exempt from paying income tax.

## **DIVIDENDS PAID OR RECOMMENDED**

The company's Memorandum of Association prohibits the distribution of dividends.

## **REVIEW OF OPERATIONS**

The National Councillors continued to operate the company in the best interest of the members.

## **SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

No significant changes in the company's state of affairs occurred during the financial year.

## **AFTER BALANCE DATE EVENTS**

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

## **FUTURE DEVELOPMENTS**

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company. The AIPM expects strong growth in membership in 2005, particularly in the area of our certified membership. We are undertaking a governance review with focus on the constitution.

## **ENVIRONMENTAL ISSUES**

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

## **INFORMATION ON NATIONAL COUNCILLORS**

**Neveen Moussa** President

National Councillor since 2001.

Dr Neveen Moussa is an Associate of the leading global consulting firm Sinclair Knight Merz in Australia, providing Project Management and consulting services as part of SKM's Project Management Support Office.

Prior to joining Sinclair Knight Merz, Neveen worked in Europe and the Middle East in various Project Management and consulting roles in the aviation, building, and infrastructure industries. She has expertise in the fields of Project Management and Program Management, Contract Management, Public Private Partnership Projects and Value Management.

Dr Moussa holds a Masters and PhD in Project Management, and is currently contracted to write a book on innovative procurement strategies in the construction industry. She is a registered Master Project Director with the Australian Institute of Project Management.

**Colin Dobie** Past President

National Councillor since 1996.

**Granville May** Vice-President

National Councillor since 2003.

National Vice President Australian Institute of Project Management.

'Fellow' Australian Institute of Project Management.

Master Project Director (MPD).

Member of Australian Institute of Training and Development.

Granville is the Chairman of the Australian Project Management Group, a leading Project Management Trainer in Australia and South East Asia and is an established Benchmarking Coordinator. He has extensive experience in Project Management across a variety of industries including tourism, aviation, banking and finance, IT, telecommunication, construction, police and military etc. in the field of productivity and performance improvement in Australia and throughout the Asia Pacific Region.

Granville also project managed the preservation and automation of the archived and fragile NSW Pictorial History for the State Government of NSW. A Master Project Director and accredited Assessor in both the tourism industry and with the Australian Institute of Project Management, Granville has guided and assessed an increasing number of organizations to Project Managed Organization status and individual candidates through competency based training and assessment.

**Ray Abé** Treasurer

National Councillor since 2001.

Ray Abé is a senior manager and engineer with the Sydney Water Corporation. He joined the organisation in 1972 and has developed wide experience in project and business management. This experience spans investigation and design, construction and contract management for a number of major infrastructure projects, as well as the review of strategic business processes. Over the last 15 years, Ray's expertise has developed to cover project and program management, project alliancing and private sector partnerships, procurement, and organisational change management. A key aspect to Ray's approach to projects has been the focus on stakeholder management and the effectiveness of project management competencies to strategic issues. Ray graduated in 1976 with a Bachelor of Engineering (Honours), obtained a post-graduate Diploma in Management in 1992, gained an Advanced Diploma in Project Management in 2001, and has been assessed as meeting the criteria for a Master Project Director (AIPM RegPM Program).

**Dr David Dombkins** Secretary

National Councillor since 2003.

Dr Dombkins has extensive international project and program management experience as a senior executive and strategic consultant in the IT, finance, infrastructure, defence, mining and government sectors. He specialises in the project/program management of complexity.

David is an internationally recognised thought leader in project management: his paper titled 'Project Managed Change' was a best seller at the Australian Graduate School of Management and has been described by leading academics as a "revolutionary breakthrough" in the implementation of change programs; and his recent paper on 'Next Generation Project Management' at IPMA 2004 in Budapest was described as "quite the most refreshing and forward looking piece on project management for a long time".

Dr Dombkins has been a faculty member at the Australian Graduate School of Management and a senior lecturer in the Faculty of Civil Engineering (UNSW), and is currently a Professor in Project Management at Sydney University. He was awarded the first Doctor of Technology in Australia.



**Paul Black** ACT Chapter President  
National Councillor since 2001.

Paul Black is a Senior Project Manager with EDS.

Paul's involvement with the IT industry stretches back to 1968, when, as part of a small team of Overseas Telecommunications Commission (OTC) people, he assisted with the installation of arguably Australia's first computerised message switching system. In 1974, Paul relocated to Canberra with Sperry Univac, and for the next eight years enjoyed being the ACT and then the NSW Service Manager. During this time he took an international contract providing specialist support to Univac Mainframes in UK and Europe. Three years in Sydney as National Sales Manager with Chloride (large UPS) and with Oracle as a Solutions PM saw Paul join Advantra, now TES, in 1999, happily resettling in Canberra.

**Justine Mercer Moore** New South Wales Chapter President  
National Councillor since 2003.

Justine is a Level 6 Registered Project Manager (MPD) and is a Senior Consultant for TSA Management. Justine has a BEng (Hon) in Civil Engineering (1st Class) and MEng in Structural Engineering from Liverpool University, UK.

As a Project Manager and a chartered structural engineer based in Sydney, Justine has over 12 years of experience in both design and management of multi-disciplinary jobs, both Program and Project Management. She has worked on a wide variety of multidisciplinary jobs in UK, Hong Kong and Australia.

Justine has been in Australia for the last six years and whilst working with Ove Arup undertook the role as the nominated NSW Program Manager for national ATSIC NAHS EHP Program and OATSIH Programs. Both Programs involved extensive consultation with the client, Aboriginal communities and other stakeholders and agencies, such as NSW Health, DEWRSB and DET. Justine was also responsible for the procurement, appointment and monitoring of Project Managers and Aboriginal Communities, consultation, reporting, both financial and status, for numerous projects, ranging from \$0.5m to \$4m, under these programs.

**Phil Jennings** Northern Territory Chapter President  
National Councillor since 2003.

Phil Jennings is a Level 5 Registered Project Manager (RegPM) and a Registered Architect and has experience in all phases of projects from feasibility studies, work scope definition and briefing, design, procurement and contract administration.

Since June 2001 Phil has been a Senior Project Manager at the Darwin office of Ove Arup Pty Ltd, where he is part of the program management team delivering federally-funded housing and infrastructure capital works projects throughout the Northern Territory.

From 1997 to 2001, Phil was employed by Savant Pty Ltd as a project manager and as the architectural superintendent for the Army Presence in the North (APIN) Project, a \$463 million state-of-the-art facility constructed near Darwin for the Australian Army's 1st Brigade.

In 1997 Phil completed a Master of Business Administration Degree.



**Darryl Gomersall** Queensland Chapter President  
National Councillor since 2000.

Darryl Gomersall has a diverse business background having been employed in the finance, business development, property and project management industries within the private and public sectors. Darryl is currently employed by the Queensland Government and previous employers include the Bank of America, London (dealing in the Money Market) and Safeway in British Columbia, Canada.

Darryl is a registered and certified practising valuer with post-graduate qualifications in Project Development and Project Management. He is a recipient of Queensland University of Technology/Australian Institute of Project Management (AIPM) Queensland Chapter prize for the highest grade point average for the Graduate Diploma in Project Management course.

Darryl is a Fellow of the Australian Institute of Bankers and Financiers and an Associate of the Australian Property Institute as well as being a Member of the AIPM. He has served for four years on the AIPM National Council and, as President Elect of the Redcliffe City Rotary Club for 2005, is looking forward to taking a greater role in the many community projects Rotary conducts both within Australia and overseas.

**Stephen Beaty** South Australia Chapter President  
National Councillor since 2004.

Stephen Beaty has been self-employed for over nine years as Managing Director of project management and engineering consulting company IPMG (SA) Pty Ltd.

Stephen has over twenty years' multi-disciplinary experience in Project Management, including Post & Telecom Corp in PNG, the Civil Aviation Authority nationally, BHP Whyalla and stints in industrial battery sales and financial planning.

Stephen has been on the South Australian Chapter of AIPM for five years, for the last 18 months as Sec/Treasurer, and organized the PMAA for the first three years in South Australia.

Qualifications:

- Bachelor Electrical Engineering, SA Institute of Technology, 1982
- Grad Dip. Management, Central Queensland University, 1993
- MBA, Central Queensland University, 1998
- Grad Cert. Applied Science (Environmental Management), University of South Australia, 2000
- Masters in Environmental Management, Flinders University, 2003.

**Stuart Hughson** Tasmanian Chapter President  
National Councillor since 2001.

Stuart Hughson has been a Director of AIPM since October 2001, when he founded the Tasmanian Chapter of AIPM, and has remained in these positions since that time. Stuart has been a member of AIPM for nearly eight years. Stuart also took on the role of National Program Manager for Events in October 2002.

Stuart works for Hydro Tasmania as a Project Manager. Since commencing there 12 months ago, Stuart has managed two of the largest civil projects Hydro Tasmania has undertaken in many years. Prior to working for Hydro Tasmania, Stuart worked as a Project Manager for Sinclair Knight Merz for eight years.

Stuart has a Bachelor of Engineering (Hons) and a Master of Business Administration (Technology). Stuart has obtained his RegPM.



**Heinz Haselroither** Victorian Chapter President  
National Councillor since 2002.

Heinz received a Degree in Mechanical Engineering in Vienna in 1961 and, after completing compulsory Army service in Austria, moved to Australia in 1963. For the next 20 years he held various engineering and project management positions in the timber and mining industry throughout Australia.

From 1984 to 2001 he held the position of Manager Contract for Lurgi (Australia) Pty Ltd and with the aid of up to 12 Project Managers was responsible for execution of all Lurgi's contracts which included the construction of major chemical, environmental, metallurgical and petrochemical plants in Australia and New Zealand with a current day value in excess of A\$2.0 billion.

In October 2001 Lurgi (Australia) Pty Ltd was taken over by Outokumpu and Heinz was appointed Operations Manager for Outokumpu Technology Australasia Pty Ltd with responsibility for all project execution and engineering. In July 2004, after 25 years of service, he retired from full time employment. Currently he is providing services through a private consulting company, HASCON.

He is a Fellow of the AIPM, registered as Master Project Director by the AIPM and currently is the President of the Victorian Chapter of the AIPM.

**David Baccharini** Western Australian Chapter President  
National Councillor since 2004.

David is Senior Lecturer in Project Management at Curtin University of Technology. He formulated the Master of Project Management program at Curtin, which was the first post-graduate university program in Western Australia. David is the Course Coordinator for this program and lectures in project management, cost management, procurement management and risk management. David has undertaken numerous training and consultancy assignments in project management and risk management.

### Meetings of National Councillors

During the financial year, five meetings of National Councillors were held. Attendances by each National Councillor during the year were:

	Number eligible to attend	Number attended
Neveen Moussa	5	5
Colin Dobie	5	3
Granville May	4	4
Ray Abé	5	5
David Dombkins	3	2
Paul Black	5	4
Justine Mercer Moore	4	3
Phil Jennings	4	4
Darryl Gomersall	5	4
Stephen Beaty	–	–
Stuart Hughson	5	5
Heinz Haselroither	5	5
David Baccharini	3	3
Chivonne Watt	1	1
Phil Harlow	1	1
Leigh Thomson	1	1
Richard Exley	1	–
David Swallow	2	–
Lyn Travar	5	5
Leigh Cunningham	4	4



The Council met five times during the financial year, two meetings being 'face-to-face', the balance being by teleconferencing.

Leigh Cunningham resigned as Executive Director in January 2004. Peter Shears was appointed to the position of Chief Executive Officer in April 2004.

#### **COUNCILLORS' BENEFITS**

No Councillor has received, or become entitled to receive, a benefit during or since the end of the financial year. No company, controlled entity or body corporate directly connected to any Councillor has received or become entitled to receive a benefit from the Institute.

The Executive Director received normal benefits as an employee which is disclosed in Notes to the Financial Statements for the Year Ended 30 June 2004 at 5a.

#### **Indemnifying Officers or Auditor**

The company has paid premiums to insure the National Councillors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than wilful breach of duty in relation to the company. It is a condition of the insurance contract that the amount of the premium is not disclosed.

#### **Proceedings on Behalf of Company**

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

The company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the Board of National Councillors:

Councillor:

Dated this 1st day of October 2004.



## RSM Bird Cameron Partners

Chartered Accountants

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### INDEPENDENT AUDIT REPORT TO THE MEMBERS OF THE AUSTRALIAN INSTITUTE OF PROJECT MANAGEMENT LIMITED

#### Scope

We have audited the financial report of the Australian Institute of Project Management Limited for the financial year ended 30 June 2004, comprising the directors' declaration, statement of financial performance, statement of financial position, statement of cash flows and notes to the financial statements.

The company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australian and statutory requirements so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

#### Audit Opinion

In our opinion, the financial report of the Australian Institute of Project Management Limited is in accordance with:

- (a) the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2004 and of its performance for the year ended on that date; and
  - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

  
RSM Bird Cameron Partners  
Sydney, New South Wales

  
H R Moll  
Partner

Dated this 1st day of October 2004

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Scheme pursuant to the NSW  
Professional Standards Act 1994'

Major Offices in:  
Perth, Sydney, Melbourne,  
Adelaide and Canberra  
ABN 36 965 185 036

RSM Bird Cameron Partners is an  
independent member firm of RSM  
International, an affiliation of independent  
accounting and consulting firms.



## Statement of Financial Performance

For the year ended 30 June 2004

	Note	2004 \$	2003 \$
Revenues from ordinary activities	2	1,360,893	1,140,113
Audit	3	(8,000)	(7,910)
AGM expenses		(19,968)	(317)
Bank charges		(19,975)	(24,061)
Communications expenses		(16,768)	(19,298)
Depreciation and amortisation expenses	3	(36,185)	(44,909)
Employee benefits expense		(254,549)	(236,115)
Endorsement expense		(6,000)	(1,500)
Global and public affairs expenses		(21,277)	(19,620)
Insurance expense		(8,728)	(8,956)
Journal expenses		(36,482)	(38,784)
Management expenses		(9,808)	(6,598)
Maintenance expenses		(31,478)	(28,858)
Marketing and public relations expenses		(52,676)	(100,073)
Meeting and seminar expenses		(140,282)	(108,023)
Project Management Achievement Awards		(270,987)	(174,929)
Printing and distribution expenses		(40,713)	(25,910)
Occupancy expenses	3	(62,664)	(67,542)
Other expenses from ordinary activities		(123,413)	(29,809)
Secretarial expenses		(95,692)	(56,024)
Showcase event expenses		(15,550)	–
Result from ordinary activities before income tax expense	3	89,698	140,877
Income tax expense relating to ordinary activities	4	–	–
Net result from ordinary activities after income tax expense attributable to members of the company	17	89,698	140,877
Total changes in equity other than those resulting from transactions with owners as owners		89,698	140,877

*The accompanying Notes form part of these financial statements.*



## Statement of Financial Position

as at 30 June 2004

	Note	2004 \$	2003 \$
<b>CURRENT ASSETS</b>			
Cash assets	7	<b>770,702</b>	767,531
Receivables	8	<b>101,124</b>	608,979
Inventories	9	–	14,294
Other	10	<b>12,577</b>	16,828
<b>TOTAL CURRENT ASSETS</b>		<b>884,403</b>	1,407,632
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	<b>48,296</b>	76,458
Other	12	–	3,466
<b>TOTAL NON-CURRENT ASSETS</b>		<b>48,296</b>	79,924
<b>TOTAL ASSETS</b>		<b>932,699</b>	1,487,556
<b>CURRENT LIABILITIES</b>			
Payables	13	<b>555,613</b>	1,189,707
Interest-bearing liabilities	14	<b>8,202</b>	8,758
Provisions	15	<b>781</b>	2,262
<b>TOTAL CURRENT LIABILITIES</b>		<b>564,596</b>	1,200,727
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing liabilities	14	–	8,424
<b>TOTAL NON-CURRENT LIABILITIES</b>		–	8,424
<b>TOTAL LIABILITIES</b>		<b>564,596</b>	1,209,151
<b>NET ASSETS</b>		<b>368,103</b>	278,405
<b>EQUITY</b>			
Members' guarantee	16	–	–
Retained profits	17	<b>368,103</b>	278,405
<b>TOTAL EQUITY</b>		<b>368,103</b>	278,405

*The accompanying Notes form part of these financial statements.*



## Statement of Cash Flows

For the year ended 30 June 2004

	Note	2004 \$	2003 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		1,461,027	2,169,948
Interest received		32,853	18,099
Payments to suppliers and employees		(1,477,119)	(1,733,020)
Net cash provided by operating activities	20b.	<u>16,761</u>	<u>455,027</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(4,610)	(9,207)
Net cash used in investing activities		<u>(4,610)</u>	<u>(9,207)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of borrowings		(8,980)	(19,188)
Net cash used in financing activities		<u>(8,980)</u>	<u>(19,188)</u>
Net increase (decrease) in cash held		3,171	426,632
Cash at beginning of year		767,531	340,899
Cash at end of year	20a.	<u>770,702</u>	<u>767,531</u>

*The accompanying Notes form part of these financial statements.*



# Notes to the Financial Statements

For the year ended 30 June 2004

## Note 1. Statement of significant accounting policies

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers the Australian Institute of Project Management Limited as an individual entity. The Australian Institute of Project Management Limited is a company limited by guarantee, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

### a. Property, Plant and Equipment

Each class of property, plant and equipment is measured on the cost basis less, where applicable, any accumulated depreciation.

#### Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of property, plant and equipment is reviewed annually by National Councillors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

#### Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding leasehold land, is depreciated on a straight line basis over their estimated useful lives to the company commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to a depreciation charge. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of assets are:

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Plant and equipment	5% to 10%
Leased plant and equipment	33%

### b. Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the entities within the company are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the company will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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



# Notes to the Financial Statements

For the year ended 30 June 2004

## c. Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the company to an employee superannuation fund and are charged as expenses when incurred.

## d. Cash

For the purposes of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, investments in money market instruments maturing within less than two months and net of bank overdrafts and excluding client funds.

## e. Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

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

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

## f. Goods and Services Tax (GST)

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

## g. Comparative Figures

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

## h. Adoption of Australian Equivalents to International Financial Reporting Standards

Australia is currently preparing for the introduction of International Financial Reporting Standards (IFRS) effective for financial years commencing 1 January 2005. This requires the production of accounting data for future comparative purposes at the beginning of the next financial year.

The company's management, along with its auditors, are assessing the significance of these changes and preparing for their implementation. We will seek to keep stakeholders informed as to the impact of these new standards as they are finalised.



# Notes to the Financial Statements

For the year ended 30 June 2004

	2004	2003
	\$	\$
<b>Note 2: Revenue</b>		
<b>Operating activities</b>		
Membership subscriptions	934,703	743,330
Project Management Achievement Awards	129,167	126,510
Reg PM program	67,227	116,435
Courses, seminars and forums	26,444	58,662
Dividend received	78,114	
Endorsement fees	59,947	44,166
Interest received	32,853	18,099
Other income	30,918	28,748
Sale of publications	1,520	4,163
Total revenue	<u>1,360,893</u>	<u>1,140,113</u>

## Note 3: Result from ordinary activities

Result from ordinary activities before income tax expense has been determined after:

### a. Expenses

Cost of sales	332	653
Borrowing costs		
– other persons	1,322	2,178
Depreciation of non-current assets		
– plant and equipment	21,724	20,538
– leased plant and equipment	10,995	9,629
Total depreciation	<u>32,719</u>	<u>30,167</u>
Amortisation of non-current assets		
– deferred expenditure	3,466	14,742
Remuneration of auditor		
– audit or review	8,000	7,250
– other services	–	660
Rental expense on operating leases		
– minimum lease payments	62,664	67,542
Net loss on disposal of plant and equipment	<u>53</u>	<u>–</u>



# Notes to the Financial Statements

For the year ended 30 June 2004

2004	2003
\$	\$

## Note 4: Income tax expense

The company is exempt from income tax.

## Note 5: Remuneration and retirement benefits

### a. Remuneration of National Councillors

Remuneration paid or payable to directors of the company by the company or any related party

133,031	119,879
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Number of National Councillors whose income from the company or any related party was within the following bands

	No.	No.
\$0 to \$9,999	19	15
\$110,000 to \$119,999	-	1
\$130,000 to \$139,999	1	-

The names of National Councillors who have held office during the financial year:

Neveen Moussa	Colin Dobie
Granville May	Ray Abé
David Dombkins	Paul Black
Justine Mercer Moore	Phil Jennings
Darryl Gomersall	Stephen Beaty
Stuart Hughson	Heinz Haselroither
David Baccarini	Chivonne Watt
Leigh Thomson	Richard Exley
David Swallow	Phil Harlow
Leigh Cunningham	Lyn Travar

### b. Retirement Benefits

Amounts of a prescribed benefit given during the year by the company or a related party to a director or prescribed superannuation fund in connection with the retirement from office

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# Notes to the Financial Statements

For the year ended 30 June 2004

	2004	2003
	\$	\$
<b>Note 6: Dividends</b>		
The company's Memorandum of Association prohibits the distribution of dividends.		
<b>Note 7: Cash assets</b>		
Cash at bank	341,615	94,473
Cash on deposit	428,939	672,936
Cash on hand	148	122
	770,702	767,531
<b>Note 8: Receivables</b>		
CURRENT		
Trade debtors	101,124	608,979
<b>Note 9: Inventories</b>		
CURRENT		
Stock and publications	-	14,294
<b>Note 10: Other assets</b>		
CURRENT		
Prepayments	6,484	16,828
Deposit paid	6,093	-
	12,577	16,828



# Notes to the Financial Statements

For the year ended 30 June 2004

	2004 \$	2003 \$
<b>Note 11: Property, plant and equipment</b>		
Plant and equipment at cost	155,821	153,127
Less accumulated depreciation	(118,793)	(98,932)
	<u>37,028</u>	<u>54,195</u>
Leased plant and equipment		
Capitalised leased assets	32,985	32,985
Less accumulated depreciation	(21,717)	(10,722)
	<u>11,268</u>	<u>22,263</u>
Total property, plant and equipment	<u>48,296</u>	<u>76,458</u>

## Movements in Carrying Amounts

	Plant and Equipment \$	Leased Plant and Equipment \$	Total \$
Balance at the beginning of the year	54,195	22,263	76,458
Additions	4,610	–	4,610
Disposals	(1,915)	–	(1,915)
Depreciation written back on disposals	1,862	–	1,862
Depreciation expense	(21,724)	(10,995)	(32,719)
Carrying amount at the end of the year	<u>37,028</u>	<u>11,268</u>	<u>48,296</u>

	2004 \$	2003 \$
<b>Note 12: Other assets</b>		
NON-CURRENT		
Deferred expenditure	–	15,036
Less accumulated amortisation	–	(11,570)
	<u>–</u>	<u>3,466</u>



# Notes to the Financial Statements

For the year ended 30 June 2004

	Note	2004 \$	2003 \$
<b>Note 13: Payables</b>			
CURRENT			
Trade creditors		14,713	45,735
Sundry creditors and accrued expenses		48,067	65,353
PMRCA loan		–	78,114
Subscriptions received in advance		353,289	934,780
Other income received in advance		139,544	65,725
		<b>555,613</b>	<b>1,189,707</b>

## Note 14: Interest bearing liabilities

CURRENT			
Lease liability	18	8,202	8,758
NON-CURRENT			
Lease liability	18	–	8,424

## Note 15: Provisions

CURRENT			
Employee benefits		781	2,262
a. Aggregate employee benefit liability		781	2,262
b. Number of employees at year end		7	6

## Note 16: Members' guarantee

Every member of the Institute undertakes to contribute to the property of the Institute in the event of the company being wound up while the member is a member, or within one year after the member ceases to be a member, for the debts and liabilities of the Institute (contracted before the member ceases to be a member) and of the costs, charges and expenses of winding up and for the adjustment of the rights of the contributories among themselves, such amount as may be required but not exceeding fifty dollars (\$50) per member.



# Notes to the Financial Statements

For the year ended 30 June 2004

	2004	2003
	\$	\$
<b>Note 17: Retained profits</b>		
Retained profits at the beginning of the financial year	278,405	137,528
Net result attributable to members of the company	89,698	140,877
Retained profits at the end of the financial year	<u>368,103</u>	<u>278,405</u>

## Note 18: Capital and leasing commitments

### a. Finance Lease Commitments

Payable

– not later than 1 year	8,585	10,302
– later than 1 year but not later than 5 years	–	8,585
Minimum lease payments	8,585	18,887
Less future finance charges	(383)	(1,705)
Total lease liability	<u>8,202</u>	<u>17,182</u>

The finance lease is for computer equipment.  
The lease commenced in 2002 for a three year term,  
with lease payments paid monthly in advance.

### b. Operating Lease Commitments

Non-cancellable operating leases contracted for  
but not capitalised in the financial statements:

Payable

– not later than 1 year	66,465	62,664
– later than 1 year but not later than 5 years	132,930	–
	<u>199,395</u>	<u>62,664</u>

The operating lease is for the office premises.  
The lease commenced in 2004 for a three year term.  
Rent is payable monthly in advance.

## Note 19: Segment reporting

The company operates predominantly in one business  
and geographical segment being the project management  
industry throughout Australia.



# Notes to the Financial Statements

For the year ended 30 June 2004

2004  
\$

2003  
\$

## Note 20: Cash flow information

### a. Reconciliation of Cash

Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash at bank	341,615	94,473
Cash on deposit	428,939	672,936
Cash on hand	148	122
	<b>770,702</b>	<b>767,531</b>

### b. Reconciliation of Cash Flow from Operations with Result from Ordinary Activities after Income Tax

Result from ordinary activities after income tax	89,698	140,877
Non-cash flows in result from ordinary activities		
Amortisation	3,466	14,742
Depreciation	32,719	30,167
Net loss on disposal of fixed assets	53	–
Changes in assets and liabilities		
Decrease in receivables	507,855	241,069
Decrease in other assets	4,251	44,165
Decrease in inventories	14,294	9,050
Decrease in payables	(634,094)	(19,828)
Decrease in provisions	(1,481)	(5,215)
Cash flows from operations	<b>16,761</b>	<b>455,027</b>

### c. Non-cash Financing and Investing Activities

There were no non-cash financing and investing activities during the year.



# Notes to the Financial Statements

For the year ended 30 June 2004

## Note 21: Financial instruments

### a. Interest Rate Risk

The company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate Maturing Within 1 Year	
	2004	2003	2004	2003	2004	2003
<b>Financial Assets</b>	%	%	\$	\$	\$	\$
Cash at bank	3.45	4.35	341,615	94,473	–	–
Cash on deposit	4.93	4.35	411,340	672,936	17,600	–
Total Financial Assets			752,955	767,409	17,600	–
<b>Financial Liabilities</b>						
Lease Liabilities	10.06	10.06	–	–	8,202	17,182
Total Financial Liabilities			–	–	8,202	17,182

### b. Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

The company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the company.

### c. Net Fair Values

The net fair values of listed investments have been valued at the quoted market bid price at balance date adjusted for transaction costs expected to be incurred. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the company intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.



# Notes to the Financial Statements

For the year ended 30 June 2004

## **Note 22: Company details**

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

Australian Institute of Project Management Limited  
Level 9, 139 Macquarie Street  
Sydney NSW 2000



## National Councillors' Declaration

The National Councillors of the company declare that:

1. The financial report, being the statement of financial performance, statement of financial position, statement of cash flows and notes to the financial statements, is in accordance with the *Corporations Act 2001*:
  - a. comply with Accounting Standards and the *Corporations Regulations 2001*; and
  - b. gives a true and fair view of the financial position as at 30 June 2004 and of the performance for the year ended on that date of the company.
2. In the National Councillors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of National Councillors.

Councillor

A handwritten signature in blue ink, appearing to read 'R. M. A. S. E.', is written over a horizontal line.

Dated this 1st day of October 2004.