

Australian Institute of Project Management

ANNUAL REPORT

2002



From the National President, Colin Dobie

Welcome to the 2002 Report, reflecting a year of achievement and growth.

As a not-for-profit organisation representing the interests of project managers and project management in this region, the AIPM has a charter to further the profession, and gain recognition for project managers in the conduct of their profession. The objectives that were set for 2001/02 were ranked in benefits terms to you the members, and to project managers generally. A benefits analysis was critical to ensure that limited funds were used to best effect. This report, while essentially a governance and financial accounting document, also highlights a number of successes, which I will touch on briefly.

Growth, in a difficult year at home and internationally, has been 15%, well above the average of other professional associations. **Services** to members continue to improve, and I congratulate Leigh Cunningham, Marisa Pavan and Maria Nguyen of the National Office in the development and rollout of publications and advisory services. **Recognition** of the AIPM by the public and private sector has grown, with advice sought from a range of institutions. The AIPM currently is assisting the Business Services Training Authority in the rewrite of the National Competency Standards of Project Management. We in turn have continued with **AIPM recognition of excellence**, with the expanding RegPM program at individual level, Project Management Achievement Awards at project level, and Project Managed Organisation assessment and award at organisational level. AIPM has also endorsed



benchmarking services providers, and is supporting that process with standards. **Globalisation** remains a high priority, with agreement on individual and organisational project management standards an objective of the Asia-Pacific Forum in October this year, with cooperation between Australia, New Zealand, Indonesia, China, Japan, Malaysia and Singapore on the agenda. **Administrative Reform** has also been important, as a means of management transparency and best use of funding, with governance, financial system and office-bearer audit processes implemented and refined. Finally, as an element of growth, it's great to see **new and expanding Chapters**, with increased membership in most Chapters and the Northern Territory in particular, and the entry of the Tasmanian Chapter.

There is more to be done, and a demand for continuous improvement. Be assured you have elected competent and hardworking Councillors at each Chapter, and they constitute the bulk of the National Council that continues to represent your interests.

I commend this Report to your perusal.

A handwritten signature in black ink, appearing to read 'Colin Dobie', written over a horizontal line.

Colin Dobie
President.



Executive Director's Report

2001-2002 continued with the strong growth in membership established in previous years with 12% net growth. Our membership base continues to diversify with members from a vast array of industry groups including telecommunications, IT, banking, finance, insurance, defence, environment, infrastructure, local government, construction and law to list a few.

Membership by grade

Life Fellow	▪	3
Fellow	▪	30
Member	▪	1503
Associate	▪	2161
Student	▪	20

Membership by Chapter

▪ NSW 1175	▪ QLD 749	▪ VIC 767
▪ WA 416	▪ ACT 233	▪ SA 215
▪ NT 130	▪ TAS 32	

The AIPM's certification program; The Registered Project Manager (RegPM) continues to grow in stature with a large number of organisations adopting the RegPM as the internal professional development program for project managers. The Register of Project Managers is now published on the AIPM's website and employers are taking note before recruiting for key positions.

Our annual employment survey is a review of positions advertised in key Australian newspapers in all states and territories. The survey is expected to reveal a marked increase in the number of positions advertised requiring project management skills, experience and more importantly, competence.

The Project Management Achievement Awards continue to grow exponentially in relation to the number of submissions, sponsorship support, interest from the media, and the number of

members attending the award ceremonies. Tasmania began its PMAA program this year with an excellent response/involvement from the project management community in Tasmania. This follows the formation of the inaugural Tasmanian Chapter Council in October 2001, lead by Chapter President, Stuart Hughson.

At a Board level (National Council), we have introduced a new portfolio for Marketing and engaged a team of people to form the inaugural National Marketing Committee. They will meet in October to formulate a Marketing Plan for the AIPM. This is a new approach to marketing which aims to draw on the vast and diverse expertise of our members - this diversity sets us apart from other institutes.

We will also continue our leading role in the Asia-Pacific Region by hosting a meeting of the Asia-Pacific regional forum in October, in conjunction with our now annual, national conference. Delegates from China, Malaysia, Singapore, Japan, New Zealand and Vietnam will be attending. The AIPM is keen to assist interested groups wishing to form national project management institutes in our region - this will strengthen the profession as we learn from each other and improve project management capabilities across national borders.

Be sure to register to attend the national conference this year, which again has a program of excellent speakers and thought-provoking, challenging topics. Our conference is not only about sharing of knowledge and experiences, but is a time for building our project management community; "the whole is greater than the sum of all its parts". I look forward to seeing you at Royal Pines on the Gold Coast.



Leigh Cunningham
Executive Director



National Councillors' Report

Throughout this report the Directors of the company are referred to as National Councillors. National Councillors of the Institute as at the date of this report are:

Executive:

President:	Colin Dobie
Vice President:	Neveen Moussa
Treasurer:	Ray Abé

Chapter Presidents:

Northern Territory:	Jim Davidson
Queensland:	Darryl Gomersall
New South Wales:	Chivonne Watt
ACT:	Ramesh Malik
Victoria:	Paul Steinfort
South Australia:	Robin Schliebs
Western Australia:	Leigh Thomson
Tasmania:	Stuart Hughson

Principal activities

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

- Award and recognition programs
- Conference, seminars, forums and other functions
- certification program for Project Managers; the RegPM®
- Publications including quarterly journal, newsletters, reports etc
- Information Resource Centre

Results and dividends

The financial year concluded with a profit of **\$44,643** compared to a loss of \$(52,762) in the 2000-2001 financial year.

The Institute is exempt from the payment of income tax. The company's Memorandum of Association prohibits the distribution of dividends.

Review of operations

The Institute continues to grow with 1013 new members during the financial year, compared to 823 new members in the previous financial year. Overall income increased by approximately 7% while expenses decreased marginally by 1%. Increase in income is primarily attributable to growth in membership and take up of the RegPM award program.

Significant events after the balance date

No matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect:

- the operations of the company;
- the results of those operations; and
- the state of affairs of the company in subsequent financial years.



Significant changes in the state of affairs

There were no significant changes in the state of affairs of the company during the year ended 30 June 2002.

Likely developments and expected results

It is expected that membership will continue to grow at around 12% with improved services to members. The AIPM will also continue its campaign to promote the profession of project management and to dedicate funding to projects that advance this objective. The AIPM is also taking a key role in the development of the Asia-Pacific Regional Forum and the formation of national institutes in our region to facilitate better understanding of project management in our region.

Resources, financial and human resources, have been allocated to projects on a priority basis in 2002-2003. The result for the 2002-2003 financial year is expected to be a profit in excess of \$50,000. With the reduction in administrative costs arising from recent business process re-engineering, more funds will be allocated to strategic initiatives.

We will continue to provide a high quality service to members by valuing our employees and their valued contribution to the delivery of member services.

Signed in accordance with a resolution of Councillors.



Colin Dobie
President

Dated: 27 August 2002

Council meetings

Councillors met three times during the financial year ended 30 June 2002; one meeting was held by teleconference. The biennial election for the National Executive was conducted in October 2001 with two new Executive members joining the National Council; the Vice-President, Dr Neveen Moussa and Ray Abe, National Treasurer. The National Executive together with the eight Chapter Presidents and the Executive Director comprise the National Council of the AIPM.

Robin Schliebs, Ramesh Malik and Leigh Thomson attended two of the three meetings. Stuart Hughson was declared elected as the inaugural President of the Tasmanian Chapter at the AGM in October 2001 and attended the meeting held since his election. Chivonne Watt was appointed NSW Chapter President in October 2001 arising from a casual vacancy and attended the one meeting held since her appointment. All other National Councillors attended all meetings of the National Council.

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.



Ray Abé
Honorary Treasurer



Independent Auditor's Report

To the Members of the **Australian Institute of Project Management**

Scope

We have audited the financial report of the Australian Institute of Project Management for the financial year ended 30 June 2002, as set out on pages 8 to 17, including the Declaration by National Councillors. The Company's Councillors are responsible for the preparation and presentation of the financial report and the information it contains. 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 aspects, the financial report is presented fairly in accordance with Australian Accounting Standards, other mandatory professional reporting requirements and statutory requirements, so as to present a view which is consistent with our understanding of the Company's financial position, the results of its operations and cash flows.

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

Audit Opinion

In our opinion, the financial report presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements the financial position of the Australian Institute of Project Management as at 30 June 2002, and the results of its operations and its cash flows for the year then ended.

RSM Bird Cameron Partners
Chartered Accountants

Dated: 27 August 2002

H Moll
H R MOLL
Partner



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Declaration by National Councillors

In accordance with a resolution of National Councillors of the Australian Institute of Project Management, we state, on behalf of the Council that:

In the opinion of the Councillors:

- (a) The Statement of Financial Performance is drawn up so as to give a true and fair view of the profit of the company for the financial year ended 30 June 2002;
- (b) the Statement of Financial Position is drawn up so as to give a true and fair view of the state of affairs of the company as at 30 June 2002; and
- (c) at the date of this statement, there are reasonable grounds to believe the company will be able to pay its debts as and when they fall due.

On behalf of the Council.



Colin Dobie
President



Ray Abé
Honorary Treasurer

Dated: 27 August 2002



Statement of financial performance
For the year ended 30 June 2002

	Notes	2002	2001
		\$	\$
Revenue from ordinary activities	2	1,011,919	922,854
Marketing/Public Relations expenses		(77,917)	(46,533)
Project Management Achievement Awards		(190,878)	(139,046)
Occupancy expenses	3	(48,605)	(53,172)
Meeting/Seminar expenses		(98,615)	(79,743)
Depreciation and amortisation expenses	3	(37,472)	(30,520)
Printing and distribution expenses		(55,236)	(55,163)
Employee benefits expense		(276,644)	(363,766)
Other expenses form ordinary activities		(181,909)	(207,673)
Profit from ordinary activities before income tax expense		44,643	(52,762)
Income tax expense relating to ordinary activities		-	-
Net profit from ordinary activities after income tax expense attributable to members of the company		44,643	(52,762)
Total revenues, expenses and valuation adjustments attributable to members of the company recognised directly in equity		92,885	145,647
Total changes in equity other than those resulting from transactions with owners as owners		137,528	92,885

The accompanying Notes form part of these financial statements.



Statement of financial position
For year ended 30 June 2002

	Notes	2002 \$	2001 \$
CURRENT ASSETS			
Cash	5	340,898	457,918
Receivables	6	612,243	319,767
Inventories	7	23,344	20,577
Other	8	60,992	77,117
TOTAL CURRENT ASSETS		<u>1,037,477</u>	<u>875,379</u>
NON-CURRENT ASSETS			
Plant and equipment	9	107,996	78,835
Other	10	7,630	10,631
TOTAL NON-CURRENT ASSETS		<u>115,626</u>	<u>89,466</u>
TOTAL ASSETS		<u>1,153,103</u>	<u>964,845</u>
CURRENT LIABILITIES			
Creditors	11	219,458	191,476
Interest-bearing liabilities	12	8,758	-
Provisions	13	7,477	-
Other	14	762,700	680,484
TOTAL CURRENT LIABILITIES		<u>998,393</u>	<u>871,960</u>
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	12	17,182	-
		<u>17,182</u>	<u>-</u>
TOTAL LIABILITIES		<u>1,015,575</u>	<u>871,960</u>
NET ASSETS		<u>137,528</u>	<u>92,885</u>
ACCUMULATED FUNDS			
Retained profits	15	137,528	92,885
TOTAL ACCUMULATED FUNDS		<u>137,528</u>	<u>92,885</u>

The accompanying Notes form part of these financial statements.



Statement of
Cash Flows
For the year ended 30 June 2002

	Notes	2002 \$	2001 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		1,473,313	1,529,409
Payments to suppliers and employees		(1,535,527)	(1,508,861)
Interest received		8,828	13,863
Net cash provided by (used in) operating activities	18(b)	(53,386)	34,411
 CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(63,633)	(59,720)
Net Cash provided by investing activities		(63,633)	(59,720)
 NET INCREASE/DECREASE IN CASH HELD			
Cash at beginning of year		457,918	483,227
Cash at end of year	18(a)	340,898	457,918

The accompanying Notes form part of these financial statements.



Notes to the Financial Statements

For the year ended 30 June 2002

Note 1. Statement of significant accounting policies

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standard's Board. The financial report is for the Australian Institute of Project Management as an individual entity. The Australian Institute of Project Management is a company limited by shares, 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 or 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.

Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a first-in first-out basis and include direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenses.

Property, Plant and Equipment

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

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors 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 the recoverable amount.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated on a straight line basis over their 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.



Notes to the Financial Statements

For the year ended 30 June 2002

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

Class of Fixed Asset	Depreciation Rate
Plant and equipment	5–10%
Leased plant and equipment	10%

Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to 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 value. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the economic entity 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 under 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.

Employee Entitlements

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

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

Cash

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

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 in to 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.



Notes to the Financial Statements

For the year ended 30 June 2002

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.

	2002	2001
Note 2. Revenue	\$	\$
Operating activities		
Membership subscriptions	661,947	577,218
Project Management Achievement awards	100,990	101,976
RegPM program	99,962	80,191
Courses/Seminars/Forums	47,852	50,085
Course endorsement fees	24,500	28,500
Interest received	8,828	13,863
Sale of publications	16,728	13,788
Other income	51,112	57,233
TOTAL REVENUE	1,011,919	922,854

Note 3. Profit from ordinary activities

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

(a) Expenses

Depreciation of property, plant and equipment	33,379	26,760
Amortisation of leased plant and equipment	4,093	3,760
Remuneration of auditor		
- audit	6,600	5,500
Rental expense	48,605	53,172



Notes to the Financial Statements

For the year ended 30 June 2002

Note 4. Dividends

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

Note 5. Cash Assets

	2002	2001
	\$	\$
Cash at bank	265,892	439,471
Cash - deposits	74,756	18,247
Cash on hand	250	200
	<u>340,898</u>	<u>457,918</u>

Note 6. Receivables

Trade debtors	<u>612,243</u>	<u>319,767</u>
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Note 7. Inventories

Stock and publications	<u>23,344</u>	<u>20,577</u>
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Note 8. Other assets (current)

Prepayments	<u>60,992</u>	<u>77,117</u>
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Note 9. Plant & equipment

Plant and equipment at cost	167,191	136,543
Less: accumulated depreciation	<u>(91,087)</u>	<u>(57,708)</u>
	<u>76,104</u>	<u>78,835</u>
Capitalised leased plant and equipment	32,985	-
Less: accumulated amortisation	<u>(1,093)</u>	<u>-</u>
	<u>31,892</u>	<u>-</u>
Total plant and equipment	<u>107,996</u>	<u>78,835</u>



Notes to the Financial Statements

For the year ended 30 June 2002

	Note	2002	2001
Note 10. Other assets (non-current)		\$	\$
Deferred expenditure		15,036	15,036
Provision for amortisation		<u>(7,406)</u>	<u>(4,405)</u>
		<u>7,630</u>	<u>10,631</u>

Note 11. Creditors

PMRCA Loan		88,544	89,127
ATO - GST payable		60,548	68,400
Other creditors and accruals		<u>70,366</u>	<u>33,949</u>
		<u>219,458</u>	<u>191,476</u>

Note 12. Interest bearing liabilities

CURRENT

Lease liability		8,758	-
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NON-CURRENT

Lease liability		<u>17,182</u>	-
	16	<u>25,940</u>	-

Note 13. Provisions

Employee Entitlements		<u>7,477</u>	-
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Note 14. Other liabilities (current)

Subscriptions received in advance		754,750	667,484
Other income received in advance		<u>7,950</u>	<u>13,000</u>
		<u>762,700</u>	<u>680,484</u>



Notes to the Financial Statements

For the year ended 30 June 2002

Note 15. Accumulated funds	2002	2001
	\$	\$
Retained profits at beginning of the financial year	92,885	145,647
Net profit attributable to members of the company	44,643	(52,762)
Retained profits at the end of the financial year	137,528	92,885

Note 16. Capital and leasing commitments

(a) Finance lease commitments

Payable

- not later than 1 year	11,275	-
- later than 1 year but not later than 5 years	19,036	-
- later than 5 years	-	-
Minimum lease payments	30,311	
Less future finance charges	4,371	
Total lease liability	25,940	

The above finance lease commitments are for computer equipment.

Note 17. Related party disclosures

The Australian Institute of Project Management was incorporated in 1978 as the Project Managers Forum to develop, promote and protect the profession of project management and all associated matters in Australia and overseas. The company changed its name in 1986 to the Australian Institute of Project Management. The Institute established the Project Management Recognition Council, Australia (PMRCA) in 1997 to quality assure the AIPM's Registered Project Manager program (RegPM). The PMRCA is currently in the process of being wound up with the AIPM nominated as the beneficiary of the assets of the PMRCA.

National Councillors in office during the year were: Colin Dobie, Neveen Moussa, David Farwell, Lynn Crawford, Roy Sargent, Ray Abe, Peter Lang, Jim Davidson, Darryl Gomersall, Chivonne Watt, Ramesh Malik, Paul Steinfort, Robin Schliebs, Leigh Thomson, Stuart Hughson.

No Councillor received remuneration or any other benefit during the year.



Notes to the Financial Statements

For the year ended 30 June 2002

Note 18: Cash flow information

(a) Reconciliation of Cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the statement of financial position as follows:

	2002	2001
	\$	\$
Cash (at bank, invested and petty cash)	340,898	457,918

(b) Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities after Income Tax

Profit from ordinary activities after income tax	44,643	(52,762)
Changes in assets and liabilities:		
Increase/(Decrease) in receivables	470,223	620,384
(Increase) in inventories	(2,767)	(3,524)
Increase/(Decrease) in other assets	120,916	(64,162)
(Increase)/Decrease in trade creditors	(5,917)	136,344
Other current liabilities	(680,484)	(601,869)
Cash flows from operations	(53,386)	34,411

Note 19. Financial Instruments

(a) Terms, conditions and accounting policies

The company's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised, at the balance date are as follows:

(i) Financial assets

Recognised Financial Instruments	Notes	Accounting Policies	Terms and Conditions
Receivables - trade	5	trade receivables are carried at nominal amounts	payment to be within 7 days of invoicing



Notes to the Financial Statements

For the year ended 30 June 2002

Note 19. Financial Instruments *continued*

(ii) Financial liabilities

Recognised Financial Instruments	Notes	Accounting Policies	Terms and Conditions
Creditors	10	liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the economic entity	trade liabilities are normally settled on 30 day terms

(b) Interest rate risk

The company's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities both recognised and unrecognised at the balance date are as follows:

(i) Financial assets

Financial Instrument	Floating rate		Fixed rate		Non-interest bearing		Total per Balance Sheet		Weighted average	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
Cash	265,892	439,471	74,756	18,247	250	200	340,898	457,918		5.35
Receivables	-	-	-	-	612,243	319,767	612,243	319,767		N/A
Total financial assets	265,892	439,471	74,756	18,247	612,493	319,967	953,141	777,685		-

(ii) Financial liabilities

Financial Instrument	Floating rate		Fixed rate		Non-interest bearing		Total per Balance Sheet		Weighted Average rate	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
Trade creditors	-	-	-	-	191,476	279,679	191,476	279,679	N/A	N/A
Total financial liabilities	-	-	-	-	191,476	279,679	191,476	279,679	-	-

(c) Net fair values

The aggregate net fair values of the financial assets and financial liabilities, both recognised and unrecognised, at the balance date approximate the carrying book value of the financial assets and liabilities in the financial statements.

(d) Credit risk exposures

The company's maximum exposures to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Statement of financial performance.

Credit risk in trade receivables is managed in the following ways:

- payment terms are seven days from date of invoice;
- statements are sent monthly.

