Australian Institute of
Project Management

Australian Institute of Project Management Limited

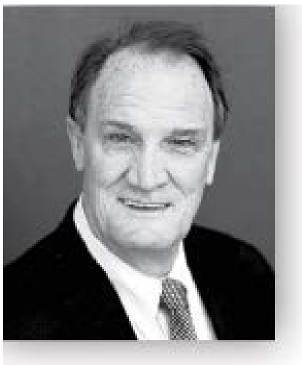
ABN 49 001 443 303

2012 Annual Report

*Encouraging Excellence through Professionalism in **Project Management***

Contents

National President's Report



2011-2012 has been somewhat of a rollercoaster year for AIPM, but in the spirit of good project management the Board has embraced the opportunities and challenges inherent in this change management environment.

AIPM is the leading national association for project management in Australia, supporting and representing AIPM's membership and promoting the wider interests of project management as both a profession and as a sector. Our membership presentation rate is second to none. Approaching 11,000 members now we are the second largest national project management professional body in the world. In total numbers we are only outpaced by our British mates in the APM but on a population proportion comparison of major project management professional bodies, we are indeed second to none.

As National President, I represent the Institute on the International Project Management Association (IPMA), of which AIPM is the second largest entity as mentioned above. Part of my role is to ensure there is greater connection between AIPM and international project management communities of interest, to work with the IPMA Board and Committees, to improve international standards and assessment in relation to international competencies, to provide leadership in terms of project management learning and development programs and initiatives, and to support AIPM's profile in the international community.

On the home front, the AIPM Board has been committed to improving over the last twelve months AIPM's membership engagement and value proposition to members through the Membership Council. AIPM will continue to review communication through an improved website and communication products and to support as much as possible greater interactivity with membership.

Of key importance in the next twelve months will be the development of two new standards, namely the Certified Practicing Senior PM (CPSPM) and the Certified Practicing Project Executive (CPPE), which will complement AIPM's existing standards. The former will allow senior practitioners to achieve enhanced professional recognition, and the latter will advance AIPM's representation at the important business threshold of portfolio management. Through the Professional Development Council and the Standards Committee, AIPM will continue to review and improve standards to ensure they are the leading certification standards in the world. These standards are complemented by AIPM's international and Australian certification assessment program, which AIPM will also continue to review in terms of its validation and marketing profile and to assist a streamlined approach between membership and certification.

AIPM will be engaging in a new initiative over the next twelve months to provide, in our national lead role, high-quality professional development seminar programs for membership around some key project management topics. These programs will ensure that AIPM's project manager members are at the highest level of competency possible for the sector. These will meet the current gap in development activities for senior project managers in particular but the seminar series will be of interest to project managers across a broad range of experience.

In terms of our events overall, the Institute is developing a national events policy and program to ensure there is synergy between chapters and between national and chapter level events. The events strategy will bring greater focus on our support for remote and regional members and will greater define the contribution of WIPM and the Young and Emerging Project Professionals groups in the bigger AIPM picture. It is all about continuous improvement to provide the most representative, broadest and richest range of services to the professional community. For me, our growth depends on getting our events programs in front of non members as much as for current members.

A challenge over the coming years will be to develop the profile both of the Institute and project managers as a profession. Another key challenge will be to ensure that AIPM has established key messages that can be communicated to government, industry, and the sector, as well as clearly articulating the vision, mission, and objectives of the national Association.

The Board, together with the CEO, is committed to ensuring both financial sustainability and good corporate governance, and AIPM has set in place a number of initiatives through the Audit and Risk Committee and Board processes to ensure ongoing confidence in the operational activities of the organisation.

I would like to acknowledge the contributions of the previous GM Ian Baxter and CEO Sheryle Moon. In February 2012, the Board appointed a new CEO, Margie O'Tarpey, who is providing a high-level of professionalism, commitment, and optimism to support the Board in its strategic imperatives over the coming year.

I would like to acknowledge the significant efforts the AIPM Board, namely the National Directors and Chapter Presidents, the Chapters for their tireless efforts, all of the members who contribute to national and Chapter Councils and Committees, and finally to the hardworking AIPM staff.

We look forward to an exciting and productive program for AIPM in the coming twelve months. Thank you for your support and contribution.

David Hudson
National President

CEO's Report

In terms of a report on the corporate and operational activities of AIPM, I would like to focus particularly on the last six months and the initiatives of organisation of the AIPM Board, Councils, Committees and staff in re-energising and articulating the Strategic, Business planning and operational programs. In his report, the President will focus on the future strategic directions for the coming year.

Firstly, some comments on the operational initiatives in recent months.

After an extensive review and business case development, a new CRM IT system was approved at the February 2012 Board meeting.

The rationale for this significant initiative is to:

- Improve the services provided to membership through an online interactive membership database.
- Improve accurate trend based data analysis on membership profiling in terms of retention, growth, and membership movement.
- Improve the administrative efficiencies and effectiveness of the National Office in order to provide better services to members and events programs.

Members have been made aware that there have been some changes in staffing of the National Office. These changes have been in part due to general movement and attrition, but also the opportunity to reframe operational activities in order to ensure AIPM has highly professional, skilled, and competent staff who can support the work of the Membership Council, Communications Council, Professional Development Council, Governance Council, Audit and Risk Committee, and the various other sub-committees that drive the national organisation. I am very pleased to have a very cohesive national team supported by Chapter Coordinators in order to better serve AIPM's membership.

A particular focus in recent months has been to support the work of the Membership Council, chaired by National Director Trevor Alex, with a strategic review of membership designed to focus on the importance of retaining current AIPM members, to allow easier entry points for membership engagement, and to ensure that AIPM tracks members who have, for whatever reason, lapsed or suspended membership. An important focus of this operation has been the consideration of the value proposition for membership of AIPM, as well as to give greater attention to AIPM's corporate members.

Professional Development is a key cornerstone of AIPM's raison d'etre. The Professional Development Council, chaired by National Director Leh Simonelli, has major responsibilities in terms of the development of AIPM's certified project management program – RegPM. AIPM has engaged a National Manager of Professional Development and a Certification Coordinator in order to improve support to AIPM's assessor community and to members undertaking certification with AIPM.

AIPM's flagship national event, the International World Congress, saw record members, non-members, and international colleagues attending in Brisbane in October 2011. By all evaluative accounts, the Congress was a very successful, high-profile event.

Over the last twelve months, the Chapters have continued the important work of providing regular forums, seminars, and events to AIPM's local and regional members and to the project management sector. Also, many Chapters have continued their support for AIPM's Special Interest Groups, such as forums with Project Management Office representatives and AIPM's Women in Project Management and Young & Emerging Professionals groups.

AIPM is committed to continually improving communication to members and the project management sector. To this end, AIPM continues to manage and oversee the Project Manager Magazine, which in a current survey was rated highly in terms of readership, engagement, and contributions by members and the project management sector. Project Manager Magazine was complemented in April 2012 by the introduction of e-news, which is designed to provide a more current monthly update on AIPM and related news and events for the membership. AIPM has also established an AIPM LinkedIn forum and a number of subsidiary forums, which provide an opportunity for members to engage across and within membership groups.

AIPM could not do its work without the contribution of many volunteers who actively participate in a range of National Councils and Committees. I would like to make particular reference to:

- The Council of Fellows, which has continued to meet to consider applications for Fellow membership, to oversee the development of project management as a discipline and profession
- The Governance Council, which oversaw the improvement of the election process in 2011 and oversees ongoing considerations of strategic business and balance scorecard approaches to governance improvement
- The Audit and Risk Committee, which is chartered by the Board to provide advice on financial and risk profiling for the organisation, as well as a forensic analysis of financial probity. The Audit and Risk Committee has recently developed a risk register, which is currently being developed into a risk plan to prioritise identification of risks and long-term planning in order to mitigate risks.

With the consideration of the Board, Chapter Councils, national Councils and Committees, and the very active commitment, professionalism, and dedication of the AIPM staff, AIPM continues to manage the largest national Institute for project management in Australia and to work with AIPM's members to provide the best services for members and the wider project management community. AIPM looks forward to continuing that work in the coming year.

Margie O'Tarpey
CEO

Governance Committee Report

2012 ANNUAL REPORT TO MEMBERS

Committee Membership

Stuart Hughson (Chair); Ray Abé; Yvonne Butler; Gary Yorke; Graham Watt; Ian Sharpe; Boyd McCarron(Board contact) ; Sheryle Moon (CEO - Ex–officio from Oct-Dec 2011); Margie O'Tarpey(CEO - Ex–officio from January 2012.

This is the 4rd Governance Committee report prepared for the AIPM 2012 Annual Report.

Committee Meetings

- The Committee has convened three meetings over the last 12 months principally via teleconferencing.
- The Committee has had to review one complaint raised by two members in September 2011. The matter related to the role of the AIPM and National Support Office (NSO) in facilitating the provision of professional services to a government agency. The Committee concluded that due process had been followed. Notwithstanding, the Board accepted the Committee's recommendation to set clear procedures on the AIPM's role as a broker between organisations seeking services on a commercial basis from AIPM members.
- The Committee endorsed the 2012 Election Ballot Procedures for the recent Chapter elections.

Governance Matters

- Further to a resolution at the February 2012 Board Meeting, the CEO tabled an "AIPM Governance Review" discussion paper at the June 2012 Board meeting. The intent is to facilitate thinking about the suitability of current governance arrangements against current and foreseeable future organisational governance requirements.
- At the September meeting, the Board resolved that a sub-committee be formed under the direction of the Governance Committee to review the AIPM governance framework. The scope of this review will be informed by AIPM strategic planning to be undertaken by the Board. Should any changes to the constitution be required, these will be brought forward to the members at the 2013 Annual General Meeting.
- The Board and the CEO continue to maintain a high standard of governance compliance. The 2010-2015 Strategic Plan will shortly be reviewed to support the 2012-13 Business Plan. The review will continue the development of a 'Balanced Scorecard' approach by the Board to strengthen the effective management of the AIPM on behalf of its members.

Final Comment

The Governance Committee wish to acknowledge the positive contribution of the AIPM Board, Chapters, the CEO and NSO staff in maintaining professional and ethical standards of business management. This has been reflected by the few issues raised with the Committee.

The Committee would also like to acknowledge the contribution of Stuart Hughson as a member and Chair of the Governance Committee. Stuart has decided to step down from the Committee. His contribution to the AIPM, as a former Director and more the last two years on the Governance Committee, has been invaluable. I'm sure you will join the Committee in wishing Stuart the very best in the future

The Governance Committee will shortly seek Expressions of Interest from members interested in joining the Committee. This will provide opportunities for members to be more involved in the AIPM as well as support the Committee's succession plans.

R. Abé

On behalf of the Governance Committee

10 September 2012

Directors Report

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

Directors		
President:	David Hudson *Commenced 28 April 2008*	
National Directors	Leh Simonelli *Commenced 12 October 2009*	
	Trevor Alex *Commenced 29 April 2008*	
	Steve Milner *Commenced 26 May 2008*	
Chapter Presidents/Directors		
Northern Territory	Paul Clark *Commenced 11 October 2010*	
Queensland	Peter Fowler *Commenced 10 October 2011*	
New South Wales	Paul Campbell *Commenced 24 May 2008*	
Australian Capital Territory	Boyd McCarron *Commenced 11 October 2010*	
Victoria	Michael Ratcliffe *Commenced 10 October 2011*	
South Australia	Sami Abou-Hamdan *Commenced 10 October 2011*	
Western Australia	Mark Newton *Commenced 28 November 2009*	
Tasmania	Michael King *Commenced 25 February 2012*	Maria Skillern *Commenced 11 October 2010* *Resigned 10 January 2012*

The dates identified above indicate the date of commencement as a Director.

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, RegPM;
- assessing opportunities to grow the membership of AIPM;
- publications including a bi-monthly magazine, newsletters, and reports; 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 Institute had an operating profit of $64,894 for the 2011/12 year, compared to an operating deficit of $516,535 for the 2010/11 year. As a result, the deficit in members' equity decreased to $541,385 from a deficit of $606,279 in 2010/11. There is no income tax payable for the 2011/12 year.

Dividends Paid or Recommended

The company's Constitution prohibits the distribution of dividends.

Review of Operations

The Directors continued to operate the company in the best interests 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

As at the date of this report, no matters or circumstances have arisen since the end of the financial year that 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

AIPM expects more sustainable growth in membership in 2012/13, particularly in the area of our certified membership.

In response to the disappointing deficit result in the last financial year; 2010/2011, the AIPM is introducing a number of initiatives to address the deficit in order to ensure the organisation returns to positive results. Firstly has been the reported surplus for 2011 -2012 of $64,894

Secondly the development of a 3- 5 year long term financial Turnaround Plan; and

Thirdly, the introduction of an amount as a Transfer to Accumulated Funds within the 2012-2013 Budget in order to increase Member Equity.

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.

Meetings of Board of Directors

During the financial year, 7 meetings of Directors were held. Attendances by each Director during the year were:

	Eligible	Attended
David Hudson	7	7
Leh Simonelli	7	5
Trevor Alex	7	6
Steve Milner	7	6
Paul Clark	7	4
Peter Fowler	4	4
Sami Abou-Hamdan	4	4
Paul Campbell	7	7
Boyd McCarron	7	7
Maria Skillern	4	4
Michael Ratcliffe	4	4
Mark Newton	6	5
Dr. Bill Young	3	3
Keith O'Shea	3	3
Alan Tupicoff	3	1
Mike King	3	3

Sheryle Moon resigned on 2 December 2011.

Margie O'Tarpey commenced employment as Chief Executive Officer on 31 January 2012; and was appointed Company Secretary effective 6 February 2012.

Directors' Benefits

As at the date of this report, no Directors have 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 Director has received or become entitled to receive a benefit from the Institute.

The CEO received normal benefits as an employee, which is disclosed in Notes to the Financial Statements for the Year Ended 30 June 2012 at Note 5.

Indemnifying Officers

The company has paid premiums to insure the Directors 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.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 24.

Signed in accordance with a resolution of the Board of Directors at the Board Meeting held on 8 September 2012:

President: **David Hudson**

Dated this 8th day of September 2012

Accru+ Felsers

AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS' OF THE AUSTRALIAN INSTITUTE OF PROJECT MANAGEMENT LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2012 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit ; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

FELSERS

Chartered Accountants

Felsers

Steven Zabeti

Partner

Sydney, 7 September 2012

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Statement of Comprehensive Income

for the year ended 30 June 2012

	Note	2012 $	2011 $
Revenues and other income	2	3,783,426	3,534,701
Cost of sales	3	(912,517)	(1,199,809)
Distribution expenses		(41,837)	(39,017)
Marketing expenses		(77,431)	(113,296)
Occupancy expenses		(105,508)	(94,658)
Administration expenses		(831,679)	(742,135)
Finance costs	3	(50,016)	(45,755)
Depreciation and amortisation		(63,388)	(59,246)
Employee benefits expense		(1,626,084)	(1,622,355)
Other expenses		(5,009)	(140,028)
Surplus (Deficit) before income tax expense		**69,957**	**(521,598)**
Income tax revenue / (expense)	4a	(5,063)	5,063
Surplus (Deficit) attributable to members of the company	18b	**64,894**	**(516,535)**
Other comprehensive income		-	-
Total comprehensive income for the year attributable to members of the company		**64,894**	**(516,535)**

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2012

	Note	2012 $	2011 $
CURRENT ASSETS			
Cash and cash equivalents	7	650,839	775,880
Trade and other receivables	8	241,977	113,703
Inventories	9	20,508	-
Other assets	10	89,171	81,007
TOTAL CURRENT ASSETS		1,002,495	970,590
NON-CURRENT ASSETS			
Property, plant and equipment	11	150,734	193,273
Intangible assets	12	17,809	30,772
Deferred tax assets		-	5,063
TOTAL NON-CURRENT ASSETS		168,543	229,108
TOTAL ASSETS		1,171,038	1,199,698
CURRENT LIABILITIES			
Trade and other payables	13	231,725	346,825
Other liabilities	14	1,428,651	1,404,613
Provisions	15	40,927	49,435
TOTAL CURRENT LIABILITIES		1,701,303	1,800,873
NON-CURRENT LIABILITIES			
Provisions	15	11,120	5,104
TOTAL NON-CURRENT LIABILITIES		11,120	5,104
TOTAL LIABILITIES		1,712,423	1,805,977
NET ASSETS		(541,385)	(606,279)
EQUITY			
Members' guarantee	16	-	-
Retained earnings		(541,385)	(606,279)
TOTAL MEMBERS FUNDS		(541,385)	(606,279)

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the year ended 30 June 2012

	Note	Retained Earnings	Total
		$	$
Balance at 1 July 2010		(95,232)	(95,232)
Surplus / (Deficit) attributable to members of the company		(516,535)	(516,535)
Other comprehensive income for the year		-	-
Adjustment		5,488	5,488
Balance at 30 June 2011		(606,279)	(606,279)
Surplus / (Deficit) attributable to members of the company		64,894	64,894
Other comprehensive income for the year		-	-
Balance as at 30 June 2012		(541,385)	(541,385)

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the year ended 30 June 2012

	Note	2012 $	2011 $
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from members and sponsors		4,033,495	3,593,024
Interest received		20,011	40,714
Payments to suppliers and employees		(4,170,661)	(3,999,604)
Net cash provided by / (used in) operating activities	18b	(117,155)	(365,866)
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment and intangibles		-	78
Payment for plant and equipment and intangibles		(7,886)	(185,300)
Net cash provided by / (used in) investing activities		(7,886)	(185,222)
Net increase/(decrease) in cash and cash equivalents held		(125,041)	(551,088)
Cash and cash equivalents at the beginning of the financial year		775,880	1,326,968
Cash and cash equivalents at the end of the financial year	18a	650,839	775,880

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

for the year ended 30 June 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are for 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.

Basis of preparation

Australian Institute of Project Management Limited has elected to early adopt the pronouncements AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements to the annual reporting period beginning 1 July 2010.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards' reduced disclosure requirements of the Australian Accounting Standards Board, and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below, and have been consistently applied unless otherwise stated.

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

Notes to the Financial Statements

for the year ended 30 June 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. **Plant and equipment**

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

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

Plant and equipment that have been contributed at no cost or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets including buildings maintenance and equipment, but excluding freehold land, is depreciated on a diminishing value basis over their estimated useful lives to the company commencing from the time the asset is held ready for use. 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 depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Building maintenance	5.7%
Computer equipment	50%
Office equipment	20%
Office furniture	20%

The assets' residual values and useful lives 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.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When re-valued assets are sold, the amount included in the revaluation reserve relating to that asset is transferred to retained earnings at the time of sale.

Notes to the Financial Statements

for the year ended 30 June 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. **Intangibles**

Software

Expenditure on software has been capitalised when the software was operational and able to derive future economic benefits and when these benefits are reliably measured.

Software is amortised using diminishing value method over its estimated useful life of 3 years.

Website

Expenditure on major website development has been capitalised when the website was operational and able to derive future economic benefits and when these benefits are reliably measured.

The website costs are amortised using diminishing value method over its estimated useful life of 3 years.

AIPM standards

Legal expenditure incurred during the initial phase of a revising the AIPM Standards is recognised as an expense when incurred. Legal costs are amortised only when standards have been implemented across all members and there is a certainty that the standards will deliver future economic benefits and these benefits can be measured reliably.

Legal costs on Standards have a finite life and are amortised on a systematic basis matched to the future economic benefits over the 5 year useful life of their implementation.

c. **Impairment of assets**

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

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

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Notes to the Financial Statements

for the year ended 30 June 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. **Employee benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

e. **Provisions**

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

f. **Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

g. **Inventories**

Inventories are measured at the lower of cost and net realisable value.

h. **Revenue and other income**

Revenue from the membership subscriptions is recognised upon the delivery of services to members.

Interest revenue is recognised using the effective interest rate method which for floating rate financial assets is the rate inherent in the instrument.

Other revenue (sponsorship, advertising and endorsement fees) 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).

i. **Trade and other payables**

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remains unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Notes to the Financial Statements

for the year ended 30 June 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. **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.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

k. **Comparative figures**

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

l. **Income tax**

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Notes to the Financial Statements

for the year ended 30 June 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

The company is assessed for income tax purposes on the Principle of Mutuality, whereby the income from members, less a proportion of expenses is exempt from income tax.

m. **Financial instruments**

Initial Recognition and Measurement

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

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and Subsequent Measurement

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

Amortised cost is calculated as:

i. the amount at which the financial asset or financial liability is measured at initial recognition;

ii. less principal repayments;

iii. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method; and

iv. less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instruments to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The company does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Notes to the Financial Statements

for the year ended 30 June 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ii) *Loans receivable*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be as non-current assets.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held to maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period, which will be classified as current assets.

If during the period the company sold or reclassified more than an insignificant amount of the held to maturity investments before maturity, the entire held to maturity investments category would be tainted and reclassified as available for sale.

(iv) *Available for sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature or are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available for sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period, which will be classified as current assets.

(v) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's lengths transactions, reference to similar instruments and option pricing models.

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Financial guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition. The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability weighted discounted cash flow approach. The probability has been based on:
– the likelihood of the guaranteed party defaulting in a year period;
– the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
– the maximum loss exposed if the guaranteed party were to default.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Notes to the Financial Statements

for the year ended 30 June 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. **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 company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the lease term.

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

o. **Subscriptions**

Subscriptions are accounted for as income in the period to which they relate. Subscriptions received in advance for future periods are brought to account as a current liability.

Subscriptions receivable are brought to account as a current asset, where they are likely to be recovered.

Notes to the Financial Statements

for the year ended 30 June 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p. **Critical Accounting Estimates and Judgements**

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

Key estimates

(i) Provision for Income Tax and Deferred Tax Assets

The company is assessed for income tax purposes under the Principle of Mutuality whereby, the income from members, less a proportion of expenses, is exempt from income tax.

(ii) *Income Received in Advance*

For income received in advance, it is the policy of the company to bring income received to account within the period to which it relates, rather than the period within which it is received.

Key judgements

(i) Doubtful Debts provision

The directors have determined the provision for doubtful debts based on their assessment of the likelihood of recoverable customer receipts.

The financial statements were authorised for issue on 8 September 2012 by the Board of Directors.

Notes to the Financial Statements

for the year ended 30 June 2012

	2012 $	2011 $
NOTE 2: REVENUE AND OTHER INCOME		
Operating activities		
— Membership subscriptions	2,577,395	2,183,185
— Project management achievement awards	142,338	221,901
— RegPM program	202,572	182,925
— IPMA program	60,426	-
— Courses, seminars and forums	256,771	195,562
— Assessor fees	55,845	33,942
— Conference fees	137,251	495,367
— Endorsement fees	39,342	73,612
— PMO Income	6,645	1,029
— Interest received	20,011	40,714
— Other income	145,510	3,711
— Journal subscriptions, journal advertising and website advertising	139,320	102,753
Total revenue	3,783,426	3,534,701

NOTE 3: SURPLUS FOR THE YEAR

Surplus before income tax expense has been determined after:

	2012 $	2011 $
a. **Expenses**		
Cost of sales	912,517	1,199,809
Finance costs		
— other persons	50,016	45,755
Rental expense on operating leases		
— minimum lease payments	105,508	94,658
Amortisation of non-current intangibles		
— software	4,430	3,738
— AIPM standards	14,454	28,908
Total amortisation	18,884	32,646
Depreciation of non-current assets		
— plant and equipment	44,504	26,600
Contributions to defined contribution superannuation funds	77,295	101,398
Bad and doubtful debts:		
— trade and other receivables	57,008	4,035

Notes to the Financial Statements

for the year ended 30 June 2012

	2012 $	2011 $
NOTE 3: SURPLUS FOR THE YEAR (Continued)		
Remuneration of auditor		
— audit or review of the financial report	21,000	20,300
— other services	3,500	-
NOTE 4: INCOME TAX EXPENSE		
a. The components of tax expense comprise:		
Deferred tax on current year activities	-	599
Deferred tax on opening balances	5,063	(5,662)
Recoupment of prior year tax losses	-	-
	5,063	(5,063)
b. The prima facie tax on surplus before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on surplus (deficit) before income tax at 30%	(20,987)	(156,479)
Add:		
Tax effect of permanent differences:		
- other non-allowable items	-	413
- 100% member related income	-	(720,015)
- 100% member related expenses	-	25,863
- member % of mixed income	-	(138,356)
- member % of mixed expenses	-	976,868
	(20,987)	(11,706)
Less:		
Adjustment due to recognition (derecognition) of tax losses carried forward	26,050	6,643
Income tax attributable to the entity	5,063	(5,063)
The applicable weighted average effective tax rates are as follows:	7.2%	-0.9%
NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION		
Salary and fees	181,583	231,941
Superannuation	16,107	18,133
Total package	197,690	250,074

NOTE 6: DIVIDENDS

The company's Constitution prohibits the distribution of dividends.

Notes to the Financial Statements

for the year ended 30 June 2012

	2012 $	2011 $
NOTE 7: CASH AND CASH EQUIVALENTS		
Cash at bank	389,079	480,501
Short-term bank deposits	261,633	294,698
Cash on hand	127	681
	650,839	775,880
NOTE 8: TRADE AND OTHER RECEIVABLES		
CURRENT		
Trade receivables	241,977	98,619
Less: Provision for Doubtful Debts	-	(4,035)
Sundry debtors	-	19,119
	241,977	113,703
NOTE 9: Inventories		
CURRENT		
Merchandise	20,508	-
NOTE 10: OTHER ASSETS		
CURRENT		
Prepayments	89,171	81,007
NOTE 11: PROPERTY, PLANT AND EQUIPMENT		
Plant and equipment at cost	383,516	348,567
Less accumulated depreciation	(232,782)	(155,294)
	150,734	193,273

Movements in Carrying Amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year	Plant and Equipment $	Total $
Balance at the beginning of the year	193,273	35,790
Additions	1,965	185,300
Disposals	-	(1,217)
Depreciation expense	(44,504)	(26,600)
Carrying amount at the end of the year	150,734	193,273

Notes to the Financial Statements

for the year ended 30 June 2012

	2012	2011
	$	$
NOTE 12: INTANGIBLE ASSETS		
Software at cost:	146,595	140,666
Less accumulated amortisation	(143,240)	(138,802)
	3,355	1,864
Website at cost	67,172	67,172
Less accumulated amortisation	(67,172)	(67,172)
	-	-
AIPM Standards at cost	144,540	144,540
Less accumulated amortisation	(130,086)	(115,632)
	14,454	28,908
Total intangible assets	17,809	30,772

	Software	Website	AIPM Standards	Total
	$	$	$	$
Balance at the beginning of the year	1,864	-	28,908	30,772
Additions	5,921	-	-	5,921
Disposals	-	-	-	-
Amortisation expense	(4,430)	-	(14,454)	(18,884)
Carrying amount at the end of the year	3,355	-	14,454	17,809

	2012	2011
NOTE 13: TRADE AND OTHER PAYABLES		
CURRENT		
Trade payables	193,715	146,465
Sundry creditors and accrued expenses	38,010	89,173
Assessor fees payable	-	113,737
Fringe benefits tax liability	-	(7,443)
Payroll tax liability	-	-
Wages Control Account	-	4,893
	231,725	346,825

Notes to the Financial Statements

for the year ended 30 June 2012

	2012	2011
	$	$
NOTE 14: OTHER LIABILITIES		
Subscriptions received in advance	1,342,409	1,378,113
Other income received in advance	86,242	26,500
	1,428,651	1,404,613
NOTE 15: PROVISIONS		
CURRENT		
Employee benefits	40,927	49,435
NON-CURRENT		
Income tax payable	-	-
Employee benefits	11,120	5,104
	11,120	5,104
b. Number of employees at year end	16	15

Provisions for Employee Entitlements

A provision has been recognised for employee entitlements relating to annual and long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been included in Note 1.

NOTE 16: MEMBERS' GUARANTEE

Every member of the company undertakes to contribute to the property of the company 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 company (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.

NOTE 17: 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 2012

	2012	2011
	$	$
NOTE 18: CASH FLOW INFORMATION		
a. **Reconciliation of Cash and cash equivalents**		
Cash and cash equivalents at the end of the financial year as shown in the statements of cash flows is reconciled to items in the statement of financial position as follows:		
Cash at bank	389,079	480,501
Short-term bank deposits	261,633	294,698
Cash on hand	127	681
	650,839	775,880

	2012	2011
b. **Reconciliation of Cash Flow from Operations with Surplus after Income Tax**		
Surplus (Deficit) after income tax	64,894	(516,535)
Non-cash flows		
Amortisation	18,884	32,646
Depreciation	44,504	26,600
Net (gain)/loss on disposal of fixed assets	-	1,120
Employee loan written off	-	7,513
Changes in assets and liabilities		
(Increase)/Decrease in receivables	(128,274)	(9,293)
(Increase)/Decrease in inventories	(20,508)	-
(Increase)/Decrease in other assets	(8,164)	(10,169)
Increase/(Decrease) in trade and other payables	(91,062)	105,685
Increase/(Decrease) in income tax payable	-	(5,662)
(Decrease)/Increase in deferred tax assets	5,063	599
Increase/(Decrease) in provisions	(2,492)	(3,858)
Adjustment in opening retained earnings	-	5,488
Cash flows from operations	(117,155)	(365,866)

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

No non-cash financing and investing activities occurred during the year.

Notes to the Financial Statements

for the year ended 30 June 2012

NOTE 19: FINANCIAL RISK MANAGEMENT

The company's financial instruments consist mainly of deposits with banks and accounts receivable and payable and loans.

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

Financial Assets

	Note	2012	2011
		$	$
Cash and cash equivalents	7	650,839	775,880
Trade and other receivables	8	241,977	113,703
		892,816	889,583

Financial Liabilities		2012	2011
		$	$
Trade and other payables	13	(231,725)	(346,825)
		(231,725)	(346,825)

NOTE 20: BANK GUARANTEES

The National Australia Bank holds a rental guarantee investment in relation to the company's registered office $47,706 (2011: $45,434).

NOTE 21: GOING CONCERN

The company's total liabilities exceed total assets by $541,385. However, in the directors' opinion, the going concern assumption is based on available and continued finance.

It is important to note that whilst an amount of $1,428,651 for Subscriptions in Advance at Note 14 is determined by the Australian Accounting Standards to be a liability, the AIPM Constitution at 3.22 states: *Termination of Membership or de-registration does not entitle a Member to any refund of all or part of any membership fee.* As a matter of AIPM policy, all applicants applying for membership are required to acknowledge compliance with the AIPM Constitution as a condition of membership. Effectively the AIPM is able to pay its bills as and when they fall due.

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

Accru+ Felsers

Director's Declaration

The Directors of the company declare that:

1. The financial statements and notes, as set out on pages 13 to 34, are in accordance with the *Corporations Act 2001* and:

   a. comply with Australian Accounting Standards; and

   b. gives a true and fair view of the financial position as at 30 June 2012 and of the performance for the year ended on that date of the company.

2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors at the Board Meeting held on 8 September 2012.

David Hudson
President: **Board of Directors**

Steve Milner
Chair: **Audit & Risk Committee**

Dated this 8th day of September 2012

ABN 49 001 443 303

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE AUSTRALIAN INSTITUTE OF PROJECT MANAGEMENT LIMITED

Report on the Financial Report

We have audited the accompanying financial report of the Australian Institute of Project Management Limited, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report
The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards' Reduced Disclosure Requirements (including Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with Australian Accounting Standards' Reduced Disclosure Requirements ensures that the financial report, comprising the financial statements and notes, complies with the requirements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

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

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

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

Independence
In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of the Australian Institute of Project Management Limited and contained earlier in this report, would be on the same terms if provided to the directors as at the date of this auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE AUSTRALIAN INSTITUTE OF PROJECT MANAGEMENT LIMITED

Auditor's Opinion
In our opinion, the financial report of the Australian Institute of Project Management Limited is in accordance with the *Corporations Act 2001*, including:

Giving a true and fair view of the company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

Complying with Australian Accounting Standards' Reduced Disclosure Requirements (including Australian Accounting Interpretations) as described in Note 1 and the Corporations Regulations 2001.

Emphasis of Matter
From our audit, we draw your attention to the following matter:

The financial report indicates a net surplus of $64,894 from operations for the year ended 30 June 2012, while total liabilities exceed total assets by $(541,385) as at year end.

At Note 21, the directors state that, as a consequence of the company's constitution regarding the treatment of subscriptions, the directors believe the going concern assumption is reasonable and that the company will remain in a position to realise its assets and discharge its liabilities within the normal course of business.

During our audit fieldwork, we observed significant changes in operations and our review of management budgets for the year ended 30 June 2013 indicates a forecast improvement.

Our audit report is not qualified with respect to this matter.

FELSERS
Chartered Accountants

Felsers

Steven Zabeti
Partner
Sydney, 8 September 2012

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