Australian Institute of Project Management

Australian Institute of Project Management Limited

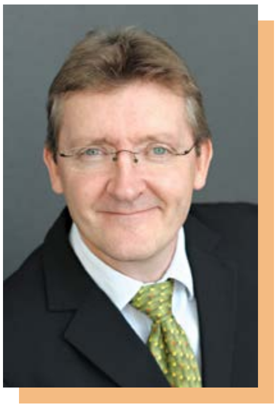
ABN 49 001 443 303

2011 Annual Report

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

Contents

National President's Report



This year saw the completion of many of the essential changes commenced over the past several years.

The 2010 Membership Satisfaction Survey showed overall strong satisfaction by Members with the AIPM. Membership growth has been steadily increasing and strategies are in place to ensure continued growth.

Activities and events progressed:

- The AIPM's National Support Office in Sydney was restructured with significant improvements made in its processes and operations. Sheryle Moon joined the AIPM in May as Chief Executive Officer to provide a stronger focus on AIPM's organisational strategic development and marketing efforts.
- The AIPM's Board of Directors, supported by AIPM's Governance Committee, commenced the development of a whole-of-organisation Balanced Score Card process, aligned to the AIPM's five-year Strategic Plan. The results of this approach will enable more efficient and effective tracking of progress.
- Within the AIPM's Professional Development area: the Project Management Organisation Standard has been further refined; the International Project Management Association (IPMA) Certification integration program was established; IPMA's international Standards Consensus project launched with the AIPM making a substantial contribution through leading this project.
- The AIPM's Knowledge and Research Council is set to hold its Research Forum, incorporating IPMA's International Knowledge Festival. This will be held straight after the World Congress in Brisbane in October 2011.
- All State Chapter Project Management Achievement Awards events have finished and reported as being highly successful.
- This year in Brisbane the AIPM will host the 25th IPMA Project Management World Congress; it is expected to be the largest Project Management event ever held in Australia.

Financially, the Board made a number of strategic investments that reduced our Operating surplus for this year, but the Institute will reap the benefits over the next few years. Over and above our usual spending, we significantly re-structured our National Support Office (NSO); this included the hiring of a new CEO and the changeover of six staff members, plus additions of extra staff to cover maternity leave and support in several key areas.

We made deliberate investments in our international relationships with IPMA and the Asia Pacific Federation of Project Management (APFPM). This included our Certification integration and alignment with two of the IPMA's Certification levels. This investment recognised the increasing granularity of Certification being requested by employers and individual members. In the NSO, there was significant replacement/upgrade of ICT equipment across the office. Notwithstanding the Operational investments, the Board ensured that the Institute retained a solid financial asset balance. It has also carefully structured the 2011-12 budget to focus on building the Institute's cash holdings for the upcoming financial year.

The AIPM has become globally recognised as a leading Project Management organisation. Our membership in IPMA has contributed to this recognition; and to our role as Secretariat of the twelve-nation APFPM. These progressive developments have enabled the AIPM to be a significant contributor to the global Project Management community. Some notable comments made by our global peers in August 2011 include:

> *Roberto Mori, President of IPMA stated: '….. there is worldwide recognition of AIPM being an absolutely outstanding player in the global Project Management Community.'*
>
> *Dr Martin Barnes CBE, President of APM UK stated: 'The AIPM is such a well reputed organisation in your own country and around the world that it is a great privilege to be associated with it.'*

As I conclude my role as National President this year, I wish to thank the current and past Boards of Directors, our dedicated National Support Office staff, and the many volunteers who have put in a huge effort to build a strong AIPM and develop it for a bright future.

I believe the AIPM's strength comes from our people working well together; and that will be the key to the Institute's future growth and success.

Dr Bill Young

National President

Directors Report

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

National Directors	
President:	Dr Bill Young *Commenced 11 October 2004*
National Directors	Keith O'Shea *Commenced 12 October 2009*
	Leh Simonelli *Commenced 12 October 2009*
	Alan Tupicoff *Commenced 11 October 2002*

Chapter Presidents

Northern Territory:	Paul Clark *Commenced 11 October 2010*	Peter Meyer *Commenced 13 October 2008*
Queensland:	David Hudson *Commenced 28 April 2008*	
New South Wales:	Paul Campbell *Commenced 24 May 2008*	
Australian Capital Territory:	Boyd McCarron *Commenced 11 October 2010*	Peter Dechaineux *Commenced 26 May 2008*
Victoria:	Trevor Alex *Commenced 29 April 2008*	
South Australia:	Steven Milner *Commenced 26 May 2008*	
Western Australia:	Mark Newton *Commenced 28 November 2009*	
Tasmania:	Maria Skillern *Commenced 11 October 2010*	Kathy Kuryl *Commenced 24 October 2008*

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 deficit of $516,535 for the 2010/11 year, compared to an operating surplus of $72,037 for the 2009/10 year. As a result, the deficit in members' equity increased to $606,279 from a deficit of $95,232 in 2009/10. There is no income tax payable for the 2010/11 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

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. AIPM expects continued, sustainable growth in membership in 2011/12, particularly in the area of our certified membership.

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, 5 meetings of Directors were held. Attendances by each Director during the year were:

	Eligible	Attended
Bill Young	5	5
Keith O'Shea	5	5
Leh Simonelli	5	5
Alan Tupicoff	5	5
Paul Clark	3	1.25
Peter Meyer	2	0
David Hudson	5	3.5
Paul Campbell	5	5
Boyd McCarron	3	3
Peter Dechaineux	2	2
Trevor Alex	5	4.25
Steve Milner	5	5
Mark Newton	5	4
Maria Skillern	3	3
Kathy Kuryl	2	1

Sheryle Moon commenced employment as Chief Executive Officer in May 2011; and was appointed as Company Secretary effective 11 May 2011.

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 2011 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 12.

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

National Director: **Keith O'Shea**

Chair: **Audit & Risk Committee**

Dated this 16th day of September 2011

Governance Committee Report

AIPM Governance Committee

2011 ANNUAL REPORT TO MEMBERS

Committee Membership

Ray Abé	(Chair)
Kathy Kuryl	
Yvonne Butler	
Estelle Farwell	
Gary Yorke	
Stuart Hughson	
Chris Richards	(Legal Counsel)
Boyd McCarron	(Board Point of Contact)
Ian Baxter	(Ex – officio member until April 2011)
Sheryle Moon	(Ex – officio from May 2011)

This is the 3rd Governance Committee report prepared for the AIPM 2011 Annual Report.

Committee Meetings

- The Committee has convened a meeting about every 6-8 weeks principally via teleconferencing.
- The Committee has been represented at two Board meetings since October 2010. In November 2010, Ray Abé, Yvonne Butler and Chris Richards facilitated a review with Board on the responsibilities of directors. At the July 2011 Board meeting, Yvonne and Ray facilitated a workshop to commence the development of a Balanced Score Card (BSC) for the Institute. The aim of the BSC is to support strategic planning initiatives and performance management in accordance with the governance framework. Other key contributions have been:
    - Development of guidelines for succession in National Councils and Committees.
    - Development of the proposed 2011 Election Ballot Procedures (for President and Director Elections).
    - Review of governance compliance with the General Manager.
    - Reviewed a number of governance matters referred by the Board.

There have only been two member complaints raised in the last year. One related to membership services, the other to certification processes. Both were addressed promptly by the National Support Office.

Compliance Outcomes

- A review of compliance areas of the Constitution and Governance Charter was undertaken with the General Manager in February 2011.
- 32 areas were assessed as being compliant with 1 non-compliant. The non-compliance was the requirement to develop a BSC, which is now in progress.
- The Board and the General Manager continue to maintain a high standard of governance compliance. The 2010-2015 Strategic Plan (updated 6 May 2011), and steps in determining KPIs (responsibilities and clear metrics), will support monitoring of the strategic and business

performance as outlined in Section 10 of the Governance Charter. Making the Strategic Plan and the BSC available to members on the AIPM website is a positive move by the Board in terms of their openness and accountability to members.

Initiatives for 2011/12

- Commence implementation of succession plans for the Governance Committee.
- Review and recommend enhancements to the Constitution and associated governance documentation where this is in the interests of the AIPM.
- Facilitate the assessment of future operation models for the AIPM - discussion document to be made available to members early 2012 for comment.
- Arrange assessment of governance compliance at Chapter level.

Moving Forward

The Governance Committee will continue to support the Board and Chapters to ensure good governance practice. There has been a marked shift towards what might be termed as “business as usual” with no significant issues raised with the Committee.

I would also like to acknowledge the contribution of Kathy Kuryl and Estelle Farwell in the first 3 years of the Governance Committee. Both ladies are stepping down as part of the first phase of the succession plan for the Committee. Their contribution and wisdom on matters considered by the Committee over the past years will be missed. My best wishes to you both and every success in the future.

R. Abé
Chair of Governance Committee
2 August 2011

Auditor’s Independence Declaration

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AUSTRALIAN INSTITUTE OF PROJECT MANAGEMENT LIMITED

ABN 49 001 443 303

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 2011 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

Steven Zabeti
Partner
Sydney, 16 September 2011

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Chartered Accountants + Business Advisors
Sydney + Melbourne + Brisbane
Perth + Adelaide + Hobart + Auckland

Statement of Comprehensive Income

for the year ended 30 June 2011

	Note	2011 $	2010 $
Revenues and other income	2	3,534,701	3,467,541
Cost of sales	3	(1,199,809)	(1,236,085)
Distribution expenses		(39,017)	(29,386)
Marketing expenses		(113,296)	(66,503)
Occupancy expenses		(94,658)	(86,737)
Administration expenses		(742,135)	(549,410)
Finance costs	3	(45,755)	(37,512)
Depreciation and amortisation		(59,246)	(54,475)
Employee benefits expense		(1,622,355)	(1,328,519)
Other expenses		(140,028)	(6,877)
Surplus (Deficit) before income tax expense		**(521,598)**	**72,037**
Income tax revenue / (expense)	4a	5,063	-
Surplus (Deficit) attributable to members of the company	18b	**(516,535)**	**72,037**
Other comprehensive income		-	-
Total comprehensive income for the year attributable to members of the company		**(516,535)**	**72,037**

The accompanying notes form part of these financial statements.

Statement of Financial Position
as at 30 June 2011

	Note	2011 $	2010 $
CURRENT ASSETS			
Cash and cash equivalents	7	775,880	1,326,968
Trade and other receivables	8	113,703	104,410
Financial assets	9	-	7,513
Other assets	10	81,007	70,838
TOTAL CURRENT ASSETS		970,590	1,509,729
NON-CURRENT ASSETS			
Property, plant and equipment	11	193,273	35,790
Intangible assets	12	30,772	63,399
Deferred tax assets		5,063	5,662
TOTAL NON-CURRENT ASSETS		229,108	104,851
TOTAL ASSETS		1,199,698	1,614,580
CURRENT LIABILITIES			
Trade and other payables	13	346,825	353,081
Other liabilities	14	1,404,613	1,292,672
Provisions	15	49,435	58,397
TOTAL CURRENT LIABILITIES		1,800,873	1,704,150
NON-CURRENT LIABILITIES			
Provisions	15	5,104	5,662
TOTAL NON-CURRENT LIABILITIES		5,104	5,662
TOTAL LIABILITIES		1,805,977	1,709,812
NET ASSETS		(606,279)	(95,232)
EQUITY			
Members' guarantee	16	-	-
Retained earnings		(606,279)	(95,232)
TOTAL MEMBERS FUNDS		(606,279)	(95,232)

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the year ended 30 June 2011

	Note	Retained Earnings	Total
		$	**$**
Balance at 1 July 2009		(167,269)	(167,269)
Surplus / (Deficit) attributable to members of the company		72,037	72,037
Other comprehensive income for the year		-	-
Balance at 30 June 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 as at 30 June 2011		(606,279)	(606,279)

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the year ended 30 June 2011

	Note	2011 $	2010 $
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from members and sponsors		3,593,024	3,461,974
Interest received		40,714	32,834
Payments to suppliers and employees		(3,999,604)	(3,254,411)
Net cash provided by / (used in) operating activities	18b	(365,866)	240,397
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment and intangibles		78	-
Payment for plant and equipment and intangibles		(185,300)	(11,500)
Net cash provided by / (used in) investing activities		(185,222)	(11,500)
Net increase/(decrease) in cash and cash equivalents held		(551,088)	228,897
Cash and cash equivalents at the beginning of the financial year		1,326,968	1,098,071
Cash and cash equivalents at the end of the financial year	18a	775,880	1,326,968

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

for the year ended 30 June 2011

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 2011

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 2011

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.

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. 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).

h. 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.

i. 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

j. **Comparative figures**

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

k. **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.

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.

Notes to the Financial Statements

for the year ended 30 June 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. **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.

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 2011

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.

Notes to the Financial Statements

for the year ended 30 June 2011

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 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. **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.

n. **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 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. **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.

At the time of preparation of the financial report, key information required for the calculation and provision for income tax was not available. Consequently, the directors have calculated the average percentage over the past three financial years in order to determine the members' portion used in estimating the current year's tax balances. The estimated amounts for deferred tax assets and provision for income tax are $5,063 and nil respectively and disclosed under Notes 4a and 15.

(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.

During the financial year, membership and other income received in advance were not adequately classified due to high staff turnover. Consequently, the current financial year's income received in advance was estimated based on the average percentage of income received in advance as a total of revenue over the 2010 and 2009 financial years. The estimated total of income received in advance is $1,404,613 as disclosed under Note 14.

p. **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 16 September 2011 by the Board of Directors.

Notes to the Financial Statements

for the year ended 30 June 2011

	2011 $	2010 $
NOTE 2: REVENUE AND OTHER INCOME		
Operating activities		
— Membership subscriptions	2,183,185	2,116,601
— Project management achievement awards	221,901	203,884
— Reg PM program	182,925	145,463
— Courses, seminars and forums	195,562	164,924
— Assessor fees	33,942	36,741
— Conference fees	495,367	588,090
— Endorsement fees	73,612	52,276
— PMO Income	1,029	1,000
— Interest received	40,714	32,834
— Other income	3,711	11,912
— Journal subscriptions, journal advertising and website advertising	102,753	113,816
Total revenue	3,534,701	3,467,541

NOTE 3: SURPLUS FOR THE YEAR

Surplus before income tax expense has been determined after:

	2011 $	2010 $
a. **Expenses**		
Cost of sales	1,199,809	1,236,085
Finance costs		
— other persons	45,755	37,512
Rental expense on operating leases		
— minimum lease payments	94,658	86,737
Amortisation of non-current intangibles		
— software	3,738	10,687
— website	-	-
— AIPM standards	28,908	28,908
Total amortisation	32,646	39,595
Depreciation of non-current assets		
— plant and equipment	26,600	14,880
Contributions to defined contribution superannuation funds	101,398	96,383
Bad and doubtful debts:		
— trade and other receivables	4,035	3,880

Notes to the Financial Statements

for the year ended 30 June 2011

	2011 $	2010 $
NOTE 3: SURPLUS FOR THE YEAR (Continued)		
Remuneration of auditor		
— audit or review of the financial report	20,300	16,500
— other services	-	-
NOTE 4: INCOME TAX EXPENSE		
a. The components of tax expense comprise:		
Deferred tax on current year activities	599	(1,296)
Deferred tax on opening balances	(5,662)	(4,366)
Recoupment of prior year tax losses	-	5,662
	(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%	(156,479)	21,611
Add:		
Tax effect of permanent differences:		
- other non-allowable items	413	79
- 100% member related income	(720,015)	(697,241)
- 100% member related expenses	25,863	32,184
- member % of mixed income	(138,356)	(144,328)
- member % of mixed expenses	976,868	783,473
	(11,706)	4,222
Less:		
Adjustment due to recognition (derecognition) of tax losses carried forward	6,643	(4,222)
Income tax attributable to the entity	(5,063)	-
The applicable weighted average effective tax rates are as follows:	-0.9%	0%
NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION		
Salary and fees	231,941	159,513
Superannuation	18,133	14,356
Reportable fringe benefits	-	-
Total package	250,074	173,869

NOTE 6: DIVIDENDS

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

Notes to the Financial Statements

for the year ended 30 June 2011

	2011 $	2010 $
NOTE 7: CASH AND CASH EQUIVALENTS		
Cash at bank	480,501	187,104
Short-term bank deposits	294,698	1,139,575
Cash on hand	681	289
	775,880	1,326,968
NOTE 8: TRADE AND OTHER RECEIVABLES		
CURRENT		
Trade receivables	98,619	91,860
Less: Provision for Doubtful Debts	(4,035)	(3,880)
Sundry debtors	19,119	16,430
	113,703	104,410
NOTE 9: FINANCIAL ASSETS		
CURRENT		
Sundry loans to employees	-	7,513
NOTE 10: OTHER ASSETS		
CURRENT		
Prepayments	81,007	70,838
NOTE 11: PROPERTY, PLANT AND EQUIPMENT		
Plant and equipment at cost	348,567	172,316
Less accumulated depreciation	(155,294)	(136,526)
	193,273	35,790

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	35,790	35,790
Additions	185,300	185,300
Disposals	(1,217)	(1,217)
Depreciation expense	(26,600)	(26,600)
Carrying amount at the end of the year	193,273	193,273

Notes to the Financial Statements

for the year ended 30 June 2011

	2011	2010
	$	$
NOTE 12: INTANGIBLE ASSETS		
Software at cost:	140,666	140,647
Less accumulated amortisation	(138,802)	(135,064)
	1,864	5,583
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	(115,632)	(86,724)
	28,908	57,816
Total intangible assets	30,772	63,399

	Software	Website	AIPM Standards	Total
	$	$	$	$
Balance at the beginning of the year	5,583	-	57,816	63,399
Additions	19	-	-	19
Disposals	-	-	-	-
Amortisation expense	(3,738)	-	(28,908)	(32,646)
Carrying amount at the end of the year	1,864	-	28,908	30,772

	2011	2010
NOTE 13: TRADE AND OTHER PAYABLES		
CURRENT		
Trade payables	146,465	116,890
Sundry creditors and accrued expenses	89,173	108,516
Assessor fees payable	113,737	119,882
Fringe benefits tax liability	(7,443)	1,845
Payroll tax liability	-	5,948
Wages Control Account	4,893	-
	346,825	353,081

Notes to the Financial Statements
for the year ended 30 June 2011

	2011	2010
	$	$
NOTE 14: OTHER LIABILITIES		
Subscriptions received in advance	1,378,113	1,177,581
Other income received in advance	26,500	115,091
	1,404,613	1,292,672
NOTE 15: PROVISIONS		
CURRENT		
Employee benefits	49,435	58,397
NON-CURRENT		
Income tax payable	-	5,662
Employee benefits	5,104	-
	5,104	5,662
b. Number of employees at year end	15	16

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 2011

	2011	2010
	$	$
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	480,501	187,104
Short-term bank deposits	294,698	1,139,575
Cash on hand	681	289
	775,880	1,326,968
b. **Reconciliation of Cash Flow from Operations with Surplus after Income Tax**		
Surplus (Deficit) after income tax	(516,535)	72,037
Non-cash flows		
Amortisation	32,646	39,595
Depreciation	26,600	14,880
Net loss on disposal of fixed assets	1,120	960
Net gain on disposal of fixed assets	-	-
Employee loan written off	7,513	-
Changes in assets and liabilities		
(Increase)/Decrease in receivables	(9,293)	(34,583)
(Increase)/Decrease in other assets	(10,169)	(6,594)
Increase/(Decrease) in trade and other payables	105,685	140,382
Increase/(Decrease) in income tax payable	(5,662)	1,296
(Decrease)/Increase in deferred tax assets	599	(1,296)
Increase/(Decrease) in provisions	(3,858)	13,720
Adjustment in opening retained earnings	5,488	-
Cash flows from operations	(365,866)	240,397

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 2011

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	2011	2010
		$	$
Cash and cash equivalents	7	775,880	1,326,968
Loans and receivables	8 & 9	113,703	111,923
		889,583	1,438,891

Financial Liabilities		2011	2010
		$	$
Trade and other payables	13	(346,825)	(353,081)
		(346,825)	(353,081)

NOTE 20: GOING CONCERN

The company's going concern assumption is based on available and continued finance.

NOTE 21: 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

Director's Declaration

The Directors of the company declare that:

1. The financial statements and notes, as set out on page 13 to 33, are in accordance with the *Corporations Act 2001* and:

    a. comply with Accounting Standards; and

    b. gives a true and fair view of the financial position as at 30 June 2011 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.

Director: **Keith O'Shea**

Chair: **Audit & Risk Committee**

Dated this 16th day of September 2011

Independent Auditor's Report to the Members

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Felsers

AUSTRALIAN INSTITUTE OF PROJECT MANAGEMENT LIMITED

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 2011, 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.

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AUSTRALIAN INSTITUTE OF PROJECT MANAGEMENT LIMITED

ABN 49 001 443 303

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:

i. Giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

ii. 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 would like to draw your attention to the following matters:

1. The financial report indicates that the company incurred a net deficit of $516,535 during the year ended 30 June 2011 and, as of that date, the company's current liabilities exceeded its total assets by $601,175 as a consequence of $1,404,613 income received in advance. These conditions indicate the existence of a material uncertainty that may cast doubt regarding the company's ability to continue as a going concern and therefore the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

2. Note 1(o), Note 4, Note 14, and Note 15, describe the directors' estimates and judgments incorporated within the financial report relating to income tax, deferred tax and income received in advance.

Our opinion is not qualified with respect to these matters.

FELSERS
Chartered Accountants

Steven Zabeti
Partner
Sydney, 16 September 2011

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