

**From the National President,
Colin Dobie**

It is appropriate to introduce this (Financial Year) Annual Report with an overview of the successes of the year. There have been many: excellent growth in membership; increased services to members; contribution to the spread of knowledge of project management through professionalisation at the individual level and support to corporates (recognition of Project-Managed-Organisation). Through promotion of the value of project management to individual and organisational objectives, the community at large has understood a little more of the value of project management to society, no better illustrated than in the enormous interest shown in AIPM's Project Management Achievement Awards (PMAA). Although they are events yet to occur, this year's PMAA, and the National Conference in October, are each 80 percent complete in the planning phases through the superb efforts of planning teams comprising AIPM volunteers. On the international front, we continue to take a lead in globalisation matters, both for commonality in standards and for a consistent approach to recognition of individual competency in project management.

At the risk of criticism for taking a business approach to a largely volunteer association of professionals, I must take my overview of the Financial Year a step further. I will leave details of membership growth and the physical financial reports to the person charged with such details, and that of course is the Executive Director Leigh Cunningham. I would instead like to report a few simple facts, the processes put in place for due diligence management, and the outcomes of these initiatives. First, the facts. Our professional association is a company, responsible to act in accordance with the



Company Act and corporate law generally. It is governed by a Board (National Council), with fiduciary and governance responsibilities under corporate law. AIPM is in the 'larger' small company category with a turnover of approximately \$1,000,000, with responsibility to its shareholders, which are each of you.

In the year governed by this report, through the efforts of the National Council and often on advice of the Executive Director, AIPM has introduced **governance** guidance for the Institute as a whole, the National Council, and each National Council (Board) member. Review processes have ensured **compliance** with corporate law in all respects, including closely managed cash flow to guarantee viability of the company. Portfolio or **program management** and managers have been installed, along with selection and **prioritisation criteria**, to ensure initiatives approved are those that best further project management generally and the well-being of individual members (shareholders) specifically. **Products** have been reviewed, analysed and improved to ensure that the AIPM continues to lead in some fields, and remains **competitive** in the remainder.

AIPM must be relevant to Australia first, and also the Asia-Pacific Region. AIPM has no charter, nor

inclination, to establish Chapters in other countries. Instead, support has been approved to assist in the establishment of similar Institutions in Asia-Pacific. If this Region is considered the **Market**, then our **products** should be made freely available for customization and use in the context of the operating environments of interested countries such as Indonesia, China, Malaysia, Singapore, and Japan. In FY 2000/01, this is exactly what AIPM has done, and will continue in FY 2001/02: cooperation to establish localized relevant, individual Institutions in the other countries of the Asia-Pacific Region, with public-domain shared **products** for mutual growth and support on an equal and cooperative footing. That may be large in concept, but it encapsulates essential cornerstones of AIPM objectives in the preceding year and I trust many more to come:

- Freely available information to support growth in project management
- Support for other institutions to create a local infrastructure relevant to their members
- Cooperative agreements with the broader project management community
- A viable, progressive Institution and Company with processes transparent and auditable to all, and potentially a model for others to use should they so choose.

As the Program Manager for Certification, I am pleased to report that the AIPM's certification program; The Registered Project Manager (RegPM) continues to grow in stature with corporate take-up of the program increasing. Organisations are now

adopting the RegPM as the internal professional development program for project managers. Employers are also contacting the AIPM to obtain the Register of Project Managers (RegPM recipients) before recruiting for key positions. We expect to see an increase in the number of positions that will require RegPM as a pre-requisite when we conduct our annual employment survey later this year.

The RegPM program is based on the Australian National Competency Standards for Project Management (NSCPM). These standards are now under review to ensure their relevance to industry and to ensure that they incorporate all the key performance indicators applicable to project managers.

Largely, this Report is about the significant progress that has been made to capture a very broad range of measurable objectives; the many steps or activities in a monitored and controlled WBS, that are in place to ensure progress continues to be made; the underpinning processes that will be refined and improved to increase the probability of success. A Team at national and regional levels has contributed to a significant culture change in AIPM governance and management, and the initial results can be analysed in this Report.

I commend the Report to your perusal.



Colin Dobie
President

Executive Director's Report

2000-2001 continued the strong growth in membership in previous years with 15.4% net growth. Our membership base continues to diversify with members from a vast array of industry groups including telecommunications, IT, banking and finance, defence, environment, infrastructure, local government, construction and insurance to list a few.

Membership by grade

Life Fellow	▪	4
Fellow	▪	13
Member	▪	2011
Associate	▪	1284
Student	▪	4

Membership by Chapter

NSW 1051 ▪ QLD 664 ▪ VIC 654
WA 354 ▪ ACT 274 ▪ SA 196
Overseas 83 ▪ NT 22 ▪ TAS 18

With a cash surplus from previous years, the National Council committed considerable resources to promoting the profession of project management in 2000-2001. This resulted in numerous articles on project management being published in key newspapers and professional journals across Australia. AIPM representatives also took a leading role in promoting the profession at every opportunity both in Australia and internationally. This dedicated campaign lifted the profile of project management in Australia and resulted in project management featuring for the first time in the Careers section in various leading newspapers.

The 2000-2001 Business Plan focused our efforts and resources in eight program areas: membership, education, public affairs, global affairs, standards, certification, practice and management and administration. Program Managers are responsible for ensuring the 52

projects in those eight program areas are delivered on time, and within budgets. This year the business planning process included a prioritisation phase to ensure that resources are allocated appropriately - we do not wish to commit time and effort to deliver outcomes that will not benefit our members and the profession of project management.

Our strategies are aimed at creating a relevant, responsive and innovative organisation dedicated to the needs of Australian Project Managers. The year ahead will capitalise on the efforts and investments made in 2000-2001. The evidence will be in continued strong membership growth and an ever increasing professional profile for, and recognition of, project management.

In this International Year of the Volunteer, we cannot miss the opportunity to once again, thank the many volunteers who have given their time, effort, business acumen, creativity, dedication and commitment to the AIPM. If it had not been for the efforts of volunteers back in 1976, the AIPM may never have come in to existence. It is particularly worthy of note today - as a society, we appear to be busier than ever before. How our National Councillors, Chapter Councillors, Forum Members, SIG Organisers and other active AIPM members find the time to devote to the AIPM continues to be a mystery to me. But as they say; "if you want something done, give it to a busy person"

And last but certainly not least - a special thanks to you, our members for your continued support of the AIPM - we look forward to the challenge of meeting your needs in the years ahead.



Leigh Cunningham
Executive Director

National Councillors' Report

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

Executive:

President: Colin Dobie

Vice President: David Farwell

Secretary: Roy Sargent

Treasurer: Peter Lang

Northern Territory: Jim Davidson

Queensland: Darryl Gomersall

New South Wales: Lynn Crawford

ACT: Ramesh Malik

Victoria: Paul Steinfort

South Australia: Robin Schliebs

Western Australia: Leigh Thomson

Chapter Presidents:

Principal activities

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

- seminars, forums and other functions
- certification program for Project Managers; the RegPM
- Project Management Achievement Awards
- Publications including quarterly journal, newsletters, reports etc
- Information Resource Centre

Results and dividends

The financial year concluded with a loss of **\$(52,762)** compared to a profit of \$26,651 in the 1999-2000 financial year. A loss budget of \$60,000 was approved for the 2000-2001 year so this result is \$7,239 ahead of budget. The loss budget was approved by the National Council in May 2000 in response to a cash surplus and need to give priority in 2000-2001 to a dedicated public relations campaign to promote the profession of project management.

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

Review of operations

The Institute continues to grow with 823 new members during the financial year, compared to 697 new members in the previous financial year.

Overall income increased by approximately 25% while expenses increased by 41%. This increase in expenses is primarily attributed to the inaugural Project Management Achievement Awards (\$139,000) which represents 50% of the total increase in expenses. Other major expense items were wages and marketing.

Increase in income is attributable to membership growth and RegPM application fees.

Significant events after the balance date

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

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

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the company during the year ended 30 June 2001.

Likely developments and expected results

It is expected that membership will continue to grow at 15% with improved services to members. The AIPM will also continue its campaign to promote the profession of project management and to dedicate funding to projects that advance this objective for example the Project Management Achievement Awards.

Resources, financial and human resources, have been allocated to projects on a priority basis in 2001-2002. The result for the 2001-2002 financial year is expected to be a profit in excess of \$30,000. Following the loss result, as budgeted in 2000-2001, the next financial year will be focussed

Signed in accordance with a resolution of Councillors.



Colin Dobie
President

Dated: 30 July 2001

on reducing expenditure with e-commerce and information technology solutions delivering this objective.

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

Council meetings

Councillors met four times during the financial year ended 30 June 2001. The biennial election for Chapter Councils was conducted in October 2000 with four new Chapter Presidents elected, Darryl Gomersall, Ramesh Malik, Paul Steinfort and Leigh Thomson. Chapter Presidents are also National Councillors.

Robin Schliebs, Peter Lang and Jim Davidson attended three of the four meetings. Newly elected Chapter Presidents, Paul Steinfort and Ramesh Malik, attended one of the two meetings held since their elections. All other National Councillors attended all meetings scheduled since taking office.

Councillors benefits

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



Peter Lang
Honorary Treasurer

Independent Auditor's Report

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

Scope

We have audited the financial report of the Australian Institute of Project Management for the financial year ended 30 June 2001, as set out on pages 8 to 17, including the Declaration by National Councillors. The Company's Councillors are responsible for the preparation and presentation of the financial report and the information it contains. We have conducted an independent audit of this financial report in order to express an opinion on it to the Members of the Company.

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

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

Audit Opinion

In our opinion, the financial report presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements the financial position of the Australian Institute of Project Management as at 30 June 2001, and the results of its operations and its cash flows for the year then ended.

RSM Bird Cameron Partners

Chartered Accountants

H R MOLL

Partner

Dated: 6 August 2001

Declaration by National Councillors

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

In the opinion of the Councillors:

- (a) the Profit and Loss Statement is drawn up so as to give a true and fair view of the profit of the company for the financial year ended 30 June 2001;
- (b) the Balance Sheet is drawn up so as to give a true and fair view of the state of affairs of the company as at 30 June 2001; and
- (c) at the date of this statement, there are reasonable grounds to believe the company will be able to pay its debts as and when they fall due.

On behalf of the Council.



Colin Dobie
President



Peter Lang
Honorary Treasurer

Dated: 6 August 2001

Profit And Loss
Statement
30 June 2001

	Notes	2001	2000
		\$	\$
OPERATING REVENUE	2	922,888	734,447
OPERATING PROFIT	2	(52,762)	26,651
OPERATING PROFIT after income tax		(52,762)	26,651
RETAINED PROFITS			
at the beginning of the financial year		145,647	118,996
RETAINED PROFITS			
at the end of the financial year		92,885	145,647

The accompanying Notes form part of these financial statements.

Balance Sheet
30 June 2001

	Notes	2001 \$	2000 \$
CURRENT ASSETS			
Cash		457,918	483,227
Receivables	5	407,970	259,666
Inventories	6	20,577	17,053
Other	7	77,117	70,639
TOTAL CURRENT ASSETS		963,582	830,585
NON-CURRENT ASSETS			
Plant and equipment	8	78,835	54,713
Other	9	10,631	5,553
TOTAL NON-CURRENT ASSETS		89,466	60,266
TOTAL ASSETS		1,053,048	890,851
CURRENT LIABILITIES			
Creditors	10	279,679	143,335
Provisions	11	-	-
Other	12	680,484	601,869
TOTAL CURRENT LIABILITIES		960,163	745,204
TOTAL LIABILITIES		960,163	745,204
NET ASSETS		92,885	145,647
ACCUMULATED FUNDS			
Retained profits	13	92,885	145,647
TOTAL ACCUMULATED FUNDS		92,885	145,647

The accompanying Notes form part of these financial statements.

Statement of
Cash Flows
30 June 2001

	Notes	2001 \$	2000 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		1,529,409	793,040
Payments to suppliers and employees		(1,508,861)	(649,006)
Interest received		13,863	9,667
NET CASH FLOW FROM OPERATING ACTIVITIES	3(b)	34,411	153,701
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of plant and equipment		(50,882)	(54,575)
Acquisition of other assets		(8,838)	(6,198)
NET CASH FLOW FROM INVESTING ACTIVITIES		(59,720)	(60,773)
NET INCREASE/DECREASE IN CASH HELD		(25,309)	92,928
Cash at beginning of year		483,227	390,299
CASH AT END OF YEAR	3(a)	457,918	483,227

The accompanying Notes form part of these financial statements.

Notes to and forming part of the Financial Statements

30 June 2001

Note 1. Statement of significant accounting policies

Basis of accounting

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Accounting Standard's Board.

Chapters

The Financial Statements include those of the National Office and the seven State and Territory Chapters of the Australian Institute of Project Management.

Plant and equipment

Plant and equipment are carried at cost. Any gain or loss on the disposal of assets is determined as the difference between the carrying value of the asset at the time of disposal and the proceeds from disposal and is included in the result of the company in the year of disposal.

Recoverable amount

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

Depreciation of fixed assets

The depreciable amount of all fixed assets are depreciated on a straight line basis over its useful life to the company commencing from the time the asset is held ready for use.

Leases

Lease payments under operating leases, where substantially all the risks and

benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Inventories

Stock on hand has been valued at the lower of cost and net realisable value.

Employee benefits

Provision is made for employee entitlement benefits accumulated as a result of employees rendering service up to the reporting date.

These benefits include wages, salaries, unused and accrued annual leave. Liabilities arising in respect of wages and salaries, annual leave and any other employee entitlement expected to be settled within twelve months of the reporting date are measured at their normal amounts. All other employee entitlements are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Employee entitlement expense and revenues arise with respect to the following categories:

- wages and salaries, non-monetary benefits, annual leave and other leave entitlements; and
- other types of employee entitlements are charged against profit on a net basis in their respective categories.

Cash

For the purpose of the Statement of Cash Flows, cash includes cash on hand, cash at bank and money market investments readily convertible to cash within two months, net of outstanding bank overdrafts.

Financial Instruments

The accounting policies adopted in relation to financial instruments are set out in Note 16.

Revenue

Revenue from membership subscriptions are recognised in the year in which they relate.

**Notes to and forming part of the
Financial Statements**
30 June 2001

	2001	2000
Note 2. Revenue	\$	\$

The operating profit before income tax is arrived at after charging/(crediting) the following items:

Depreciation and amortisation	30,520	12,781
Auditor's fees	5,500	5,500

Included in the operating profit are the following items of operating revenue:

Membership subscriptions and application fees	577,218	508,662
PMAA	101,976	-
RegPM program	80,191	85,584
Courses/Seminars/Forums	50,085	36,257
Course endorsement fees	28,500	15,000
Interest received	13,863	9,667
Sale of publications	13,788	20,779
Conferences	-	43,700
Other income	57,267	14,798
TOTAL REVENUE	922,888	734,447

Note 3. Statement of cash flows

(a) Reconciliation of cash balance comprises :

Cash (at bank, invested and petty cash)	457,918	483,227
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**Notes to and forming part of the
Financial Statements**
30 June 2001

	2001	2000
	\$	\$
Note 3. Statement of cash flows		
(b) Reconciliation of the operating profit after tax to the net cash flows from operations:		
Operating profit	(52,762)	26,651
Changes in assets & liabilities:		
Receivables	620,384	(259,086)
Inventories	(3,524)	(3,361)
Other current assets	(64,162)	(47,654)
Creditors	136,344	97,710
Provisions	0	(685)
Other current liabilities	(601,869)	327,345
Net cash flow from operating activities	34,411	153,701

Note 4. Dividends paid or provided for

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

Note 5. Receivables

Trade debtors	319,767	258,151
ATO - GST receivable	88,203	1,515
	407,970	259,666

Note 6. Inventories

Publications	20,577	17,053
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Note 7. Other assets (current)

Prepayments	77,117	70,639
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**Notes to and forming part of the
Financial Statements**
30 June 2001

Note 8. Plant & equipment	2001	2000
	\$	\$
Cost	136,543	85,661
Provision for depreciation	(57,708)	(30,948)
	<u>78,835</u>	<u>54,713</u>

Note 9. Other assets (non-current)

Deferred expenditure	15,037	6,198
Provision for amortisation	(4,406)	(645)
	<u>10,631</u>	<u>5,553</u>

Note 10. Creditors

PMRCA	89,127	46,502
ATO - GST payable	156,603	62,884
Other creditors and accruals	33,949	33,949
	<u>279,679</u>	<u>143,335</u>

Note 11. Provisions

Provision for Employee Entitlements	<u>-</u>	<u>-</u>
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Note 12. Other liabilities (current)

Subscriptions received in advance	667,484	601,869
PMAA sponsorship income received in advance	13,000	-
	<u>680,484</u>	<u>143,335</u>

Note 13. Accumulated funds

RETAINED PROFIT		
Balance at beginning of period	145,647	118,996
Operating profit	(52,762)	26,651
Balance at end of period	<u>92,885</u>	<u>145,647</u>

**Notes to and forming part of the
Financial Statements
30 June 2001**

Note 14. Remuneration of auditors	2001	2000
	\$	\$
Amounts payable to the auditors for auditing the accounts	<u>5,500</u>	<u>5,500</u>

Note 15. Related party disclosures

The Australian Institute of Project Management was incorporated in 1978 as the Project Managers Forum to develop, promote and protect the profession of project management and all associated matters in Australia and overseas. The company changed its name in 1986 to the Australian Institute of Project Management. The Institute established the Project Management Recognition Council, Australia (PMRCA) in 1997 to quality assure the AIPM's Registered Project Manager program (RegPM) At present the Immediate Past President of the AIPM is the Chairman of the PMRCA.

National Councillors in office during the year were: Colin Dobie, David Farwell, Roy Sargent, Peter Lang, Jim Davidson, Darryl Gomersall, Lynn Crawford, Ramesh Malik, Paul Steinfort, Robin Schliebs, Leigh Thomson, Allen Stewart, John Barker, Ravi Chopra and Terry Fennessy.

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

Note 16. Financial Instruments

(a) Terms, conditions and accounting policies

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

(i) Financial assets

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

Notes to and forming part of the Financial Statements 30 June 2001

Note 16. Financial Instruments *continued*

(ii) Financial liabilities

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

(b) Interest rate risk

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

(i) Financial assets

Financial Instrument	Floating rate		Fixed rate		Non-interest bearing		Total per Balance Sheet		Weighted average	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
Cash	439,471	315,427	18,247	167,600	200	200	457,918	483,227	5.35	1.47
Receivables	-	-	-	-	407,970	259,666	407,970	259,666	N/A	N/A
Total financial assets	439,471	315,427	18,247	167,400	408,170	259,866	865,888	742,893	-	-

(ii) Financial liabilities

Financial Instrument	Floating rate		Fixed rate		Non-interest bearing		Total per Balance Sheet		Weighted Average rate	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
Trade creditors	-	-	-	-	279,679	143,335	279,679	143,335	N/A	N/A
Total financial liabilities	-	-	-	-	-	143,335	-	143,335	-	-

(c) Net fair values

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

(d) Credit risk exposures

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

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

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