



**ANNUAL REPORT 2003/04**



Facility Management Association  
of Australia Limited

**FMA**  
AUSTRALIA

# Facility Management Association of Australia Limited Annual Report 2003/04

Published by Facility Management Association of Australia Limited  
ABN 57 003 551 844

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Graphic Design: Artwords  
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## Chairman's Report

### The last financial year has seen our Association continue the trend of growth in membership numbers.

Our membership has grown from a nine percent increase in the 2002/2003 financial year to 15 percent this year (2003/2004) with total membership numbers now exceeding 1600. This growth, along with the tireless efforts by our Branch Committees and National Office team has assisted the Association to this year achieve surplus funds of \$20,438.

A major focus for our leadership team over the past 12 months has been the continued implementation of our five year strategic plan, Agenda 2007. By capitalising on the reorganisation of our leadership teams at a Board, Branch and National Office level into national portfolios, we have managed to achieve significant achievements that are aligned to our vision.

In the Advocacy portfolio a major commitment of the Association has been the development of an Action Agenda for the FM Industry that is supported by the Federal Government under the Department of Industry, Tourism and Resources. Our Action Agenda submission to the Government focused on five key areas being:

#### **Recognition:**

Better defining the role and contribution that the facility management professional can make towards the built environment and also how the overall industry contributes to Australia's gross domestic product.

#### **Innovation:**

Improved understanding of how a facility's construction impacts on its operation, greater understanding of the key drivers of workplace productivity, and the improved application of information technology.

#### **Education:**

Improving access to dedicated facility management education and training opportunities. This will ensure school leavers can aspire to a career in facility management and have clear pathways into the profession.

#### **Sustainability:**

Better access to existing knowledge and the development of tools and opportunities to improve the environmental performance of Australian facilities.

#### **Regulation:**

Developing opportunities to harmonize state regulations that have an FM impact

Action agendas are designed to facilitate growth of individual industry sectors with support provided at all levels of government. A strategic industry leaders group chaired by John McCarthy has worked together over the past nine months to identify issues and develop recommendations on improving business practice and industry competitiveness. With the draft reports now completed, the implementation period is anticipated to last for three years and will commence in 2005.

The support from the federal government of the FM Action Agenda is vital to the continuing development of our profession. Its development will considerably raise the profile of facilities management throughout all levels of government as well as other industries and professions. The Action Agenda required an additional financial investment from the Association that has reduced our 2003/2004 profit from last financial year, but the Board recognised that the Association will continue to reap the benefits of this investment for many years to come. Our sound financial position enabled us to carry this additional cost.

Our Community Council has continued to grow membership of our numerous Special Interest Groups (SIGs). We now have established groups in Indoor Air Ecology, Women in FM, Performance Measurement and Building Services. It was particularly pleasing to see the work of several SIGs profiled in international FM journals and at this year's Ideaction 2004 conference.

## Chairman's Report (continued)

In the Knowledge portfolio we have further enhanced our professional development and research programs to continually add value to our membership offer. Numbers in the Facility Management Accreditation System have grown to over 130 as many employers are realising the benefits of advertising positions and expressing preference for candidates who have achieved accreditation.

Other key highlights and success for the year include the Facility Management Guidelines to Managing Risk publication which has become FMA's highest selling publication, with over 440 copies sold.

Yet another successful Ideaction conference in Brisbane was attended by over 350 delegates and saw the signing of our third international Partners in Excellence agreement with the International Facility Management Association (IFMA). Under this agreement FMA members can access all the benefits of IFMA membership in a similar fashion to our existing agreement with the British Institute of Facility Management (BIFM). The three Associations, FMA, BIFM and IFMA, will together continue to develop common strategies at an international level with a focus on adding more value to our members.

I would like to make a special mention and vote of thanks to a number of people. Firstly, to Stephen Ballesty, our Vice Chair who has provided me personally with a vast amount of support, motivation and words of encouragement over the past two years and has never hesitated in taking on extra roles to ensure that we collectively achieve our results. Also to my other fellow Board members, Sue Pridmore, Kerry Lodge, Richard Mayes, Greg Tenbrink, Alan McGrath and Marko Misko, thank you for your individual contributions and your support and council throughout the past 12 months.

I also thank our State Chairs and Branch Committee members whose team spirit and dedication ensures we continue to achieve success. Thank you also to your employers for supporting your contribution to the Association.

Thanks also to the staff in our National Office who have worked tremendously as a team to support the Board and Committees in delivering value to our members. We will commence 2005 with a new CEO to replace Stephen Betros who recently resigned. A special word of thanks must go to Stephen who has provided our Association with a great foundation from which we can continue to build upon well into the future.

And finally, as I mentioned last year, a special thank you, "to you" our members – this is your Association and without you, your support and enthusiasm, we would not be able to achieve our vision "to be best in class, an internationally acknowledged leader, building learning communities for FM thought and practice".

**Steve Gladwin**  
National Chair

## National Office Report

### FMA is now in an exciting time of growth and development as we focus on a change of leadership for the organisation.

At the end of the 2003/04 financial year, FMA had enjoyed a membership growth of 15 percent to reach the record membership number of 1667, having also reached the record milestone of 1500 during the Ideaction 2004 week in May. Membership marketing has been significantly more active over the past year as National Office and the Branch Committees have worked to actively encourage potential members to join as well as welcome new members to make the most of their member benefits.

The new category of team general membership has facilitated a significant proportion of the year's membership growth. At the end of June 2004, we had 35 teams already signed on each with an average of 7.1 members. The introduction of team general membership in February 2004 was enabled following the Extraordinary General Meeting in November 2003 at which members voted overwhelmingly in favour the proposed changes to the Association's constitution.

Fiona Parker and Matt Vaughan, supported by FMA's National Board and the membership representatives on each Branch, worked to research, develop, price and promote the team membership offer, as well as arrange logistics and manage all communications for the Extraordinary General Meeting. It is very satisfying to see that the team membership has been so well received.

In addition to membership, FMA's special interest groups are also part of the Community portfolio. National Office has worked with the Chairs of each Special Interest Group to support their communications and marketing activity and provide a framework to ensure effective communications across the Special Interest Groups. We now have four unique groups, all producing knowledge for the benefit of FMA members and the industry, as well as facilitating networks and learning for their participants. These are Indoor Ecology, Building Services, Women in FM and Performance Measurement.

Branch liaison has been enhanced through Susan Ralph's ongoing work supporting the branch event coordinators through the distribution of branch forum marketing material. She has improved communication and information sharing across branches through regular teleconference meetings, has introduced a new online feedback system to be implemented in each branch and has also made enormous improvements to the members' only online Knowledge Bank.

Under the Knowledge portfolio, led in the National Office by Sue Whitfield, a range of key initiatives have been delivered including FMA's flagship product, Ideaction 2004. Held this year in Brisbane, Ideaction 2004 enjoyed a record attendance, very positive feedback from delegates and the best-ever financial surplus.

The Facility Management Guidelines to Managing Risk were published, promoted and sold through National Office, and have proven to be our fastest selling publication. The 2004 Salary Survey was released in June and again provided members with the FM industry's best guide to salaries and responsibilities.

The 2003 Executive Briefings, Driving FM Performance, and the 2003 Professional Development Workshops, High Performance Facilities through Sustainability, both enjoyed outstanding feedback from delegates.

The Facility Management Accreditation System (FMAS) has also had an extremely successful year as organisations began to use it for position descriptions, and to set training requirements and performance targets. In addition, over the last 12 months there has been a 50 percent growth rate in the number of FMAS candidates who have successfully become Accredited Facility Managers. The growth of the FMAS has now warranted the recruitment of Justine Franklin as an additional staff member in the National Office.

## National Office Report (continued)

Our work with the Commonwealth Government on the Action Agenda has been a priority in developing a strategic road map for the industry and the profession. It is designed to ensure that we are improving the recognition of facility management through greater emphasis and resources to FM innovation, improved access to relevant formal education and training opportunities, improving the efficiency of regulation compliance and better equipping the sector to be more involved in the sustainability of their facilities.

The signing of the 'International Memorandum of Understanding' in April between the International Facility Management Association, the British Institute of Facilities Management and FMA has already had benefits to our members through mutual web access for members and will soon deliver additional benefits.

We are very fortunate to have two new staff members recently join us: Justine Franklin and Lisa Garratt. Justine has come on board to ensure the FMAS continues to be well supported, and Lisa is taking over in the membership officer role. We welcome you to our team and look forward to working with you both.

Much of what the FMA achieves is generously supported by key organisations in the sector. With their support activities we are able to maintain our breadth and high standards of professional development opportunities. Special thanks to our Gold Supporter Members Dexion, Johnson Controls, Rider Hunt Terotech and Tungsten Group. Thank you also to our Silver Supporter Members Global Risk Alliance, Hays Montrose, ICAD technology consultants, Interface Inc, Metering Dynamics, Multiplex Facilities Management, Nilsen, Programmed Maintenance Services, Queensland Department of Public Works, Resolve FM, Sustainable Energy Development Authority, Spotless, Toll Transitions Workplace and Transfield Services.

Efforts from the national office staff have contributed to ongoing improvements across each of the portfolio areas of Community, Knowledge, Advocacy and Support. However, key initiatives are not possible without the work and guidance of our extraordinary volunteer effort. Without their commitment FMA could not continue to deliver the range of excellence in professional development opportunities. FMA's branch activities are designed and delivered by enthusiastic committees who each make an enormous contribution to the association. Thank you also to FMA's National Board for their direction and ongoing support of the Association.

### **Sue Whitfield**

Manager, Organisational Development and Knowledge

### **Fiona Parker**

Marketing and Community Manager

## Finance Director's Report

### Another financial year has past and again I am able to report a strong financial result.

Building upon the success of last financial year FMA has been able to achieve another satisfactory surplus. This success has been built on increases in membership, a fantastic national conference and continued positive results from the Branches.

The final operating result for the year achieved a surplus of \$20,438 against a budgeted surplus of \$45,838. This is a good result considering it reflects some changes to the treatment of membership revenue. Also included within this surplus is further one-off expenditure on the revision of the Memorandum and Articles of Association which cost \$8,000 more than forecast, and increased audit costs due to the increasing complexity of the Association's finances.

The primary reason for the lower than budget target is the revised treatment of revenue from special membership offers made late in the financial year. More detail of this revised revenue treatment is provided below.

The Branches continued to contribute to the positive financial result. The result was marginally behind forecast targets but still contributed a 10 percent increase on last year's surplus.

This year's positive result was primarily due to Ideaction 2004. This was the association's most successful conference ever and achieved a surplus of \$148,880. This is almost double that of last year's conference and far in excess of any previous result.

The overall positive financial result was achieved through the dedicated efforts from staff in the national office and the positive, financially sound, and focussed hard work from the many volunteers who are the backbone of operations at both national and state branch levels. They are to be warmly congratulated for their efforts.

Items which should be noted as part of the result included:

- In previous years, membership revenue from the special offer has been attributed to the financial year in which the membership sale occurred, although the greater part of the fee payment is for membership related to the following year. This revenue has now been allocated to the membership year to which the fees are related. In this financial year, the effect of this change, which also included income from the team general membership introductory offer, has meant that membership income has been reduced by \$49,907, thus reducing the surplus by this amount. Correspondingly, next year's membership income will increase by the same amount.
- The profit levels returned from state branches compared with the anticipated budgets continued previous year's positive results. The overall budgeted surplus from branches was estimated at \$82,629. The final result was a surplus of \$69,483. All state branches should be proud of their achievements in this area, and I offer on behalf of the board my thanks for their efforts this year.
- The full cost of the revision of the Memorandum and Articles of Association into a new Constitution was \$42,283. \$26,864 was absorbed in this year's accounts against a budget of \$19,000 which was wholly expensed during the financial year.

My aim during the next financial year is to further consolidate the financial stability of the association to build reserves which can assist with the association's cashflow. We will also be moving to electronic transaction processing for credit cards which should result in lower bank charges, easier transaction management by the national office and branches and more convenience for our members.

**Greg Tenbrink**  
Director, Finance

## Directors' Portfolio Reports

### Advocacy

The second year of the Advocacy portfolio and operation of the Advocacy Council has proven to be one of considerable challenges and successes.

FMA's work on the sustainability agenda, through the Barton Group's Energy in the Built Environment Task Force bore fruit, with the Australian Greenhouse Office (AGO) announcing funding for the 'Retrofit Study'. FMA will join with a number of leading industry associations to support this study. The involvement of our former National Chair Brian Purdey, should ensure that this research provides a valuable and practical platform for improving the performance of the Australia's vast stock of existing buildings.

Notwithstanding the importance of the environment, our major success for 2003/04 was the announcement of the Action Agenda for our industry by the Federal Minister for Industry, Resources and Tourism, the Hon Ian MacFarlane on 19 January 2004. Given the competition for these industry programs, this announcement was a major triumph for our industry and FMA. Advocacy Council member Mike Radda's advocacy experience and specific knowledge of the Action Agenda process was instrumental in this success. Mike's recent recognition as National Member of the Year was a timely reminder of the vital role FMA's Councils are now playing. The Action Agenda process is now well advanced and proposes to report to the Federal Government in late 2004 on its five main themes: sustainability, innovation, regulatory reform, education and training and recognition.

During the year, FMA also made contributions to several industry studies and regulatory reviews. Of these, the most important was the proposed changes to the Building Code of Australia (BCA) to address equity and access for people with disabilities. The proposed changes will affect everyone in our industry. Our submission addressed FMA's support and concerns for various aspects of the proposed changes and should lead to a more practical and achievable update of the BCA. I would like to thank Phil Limberg from the Advocacy Council for his considerable effort on this project.

This year's Awards for Excellence in Facility Management were again a great success. I would like to recognise the considerable efforts of all the entrants to this year's and particularly to congratulate the winners. They have a significant role to play in FMA's constant drive to improve our profession and industry. In 2005, further changes will be made to streamline the awards entry process. I expect these changes will encourage more entries in our industry-leading awards. My special thanks to the judging panel, for their expertise and time in making the awards possible.

The Action Agenda report in late 2004 and the subsequent response by Government will be pivotal events for our industry and association. I anticipate the report will identify key tasks for improving our industry in the five 'themes'. In the interim period, the Council will work to release a position paper on occupational health and safety (OH&S) for our industry to complement our earlier work 'High Performance Facilities' and to support our OH&S policy.

#### **Alan McGrath**

Director, Advocacy

### Community

We have had an extremely busy and exciting year, and have achieved our objectives outlined within the FMA's business strategy, Agenda 2007.

The community portfolio is divided into special interest group and membership councils. Both teams have contributed a great deal to the ongoing success and growth of the association.

At a national level the terms of reference have been developed and agreed for the community portfolio and this document provides a framework for the operation of both councils.

## Directors' Portfolio Reports (continued)

### Membership

Increasing member numbers and ensuring we continue to provide value to our members are the key objectives for the membership council. Since the introduction of team membership 35 teams have joined, with an average of 7.1 members. Overall we now have more than 1600 members.

A new brochure for membership has been developed and better reflects the value membership now offers. The implementation of the membership database will take place in three stages and will allow us to significantly improve the quality of our data. We will also be able to better understand the composition and needs of our members.

### Special Interest Groups

Four special interest groups have now been established – Performance Measurement, Building Services, Indoor Ecology and Women in FM. It was great to see two of these groups present papers at the Ideaction conference in May. The groups are now well established and the recently introduced round table format will support their development and growth in all states. In total, over 400 members and non members are involved in the Special Interest Groups. Our aim is to double the number of groups in 2005 and to improve communication and knowledge captured through the development of the web site. We encourage participation from individuals who work within the FM industry as service providers, consultants and practicing facilities managers with operational or strategic experience.

I would personally like to thank all the participants on the membership and special interest group councils for their hard work, and let's not forget the support from both Fiona and Matt in the national office. Let's aim to continue to flourish and grow in the year ahead.

**Sue Pridmore**

Director, Community

### Knowledge

As the global property market continues to change so does the world of facility managers. They are required to provide evidence for high performing, safe, sustainable and secure workplaces for their occupants and visitors.

As a reflection of this, the last 12 months has seen the Facility Management Association experience an enormous growth in membership and ongoing interest in professional development. The knowledge provided to our members through publications, education & training and branch forums continues to be successful.

Over the last 12 months, the knowledge council undertook a review of its delivery model and established terms of reference to support its development. Sub groups were formed which include the Knowledge Delivery Advisory Group, the Education and Training Advisory Group, the Research Advisory Group and the Professional Affairs Committee.

During this last year we have launched the Facility Management Guidelines to Managing Risk which proved to be a valuable and informative document to the FM fraternity and received national media coverage.

Our Executive Briefings and Professional Development Workshops continue to be very popular.

With the implementation of a new delivery model for the Facility Management Accreditation System, the enrolment of new participants has grown from strength to strength.

Ideaction 2004, our national conference held in May this year with the theme 'Spheres of Influence' attracted record numbers and very high quality speakers.

This next year will see the release of the Sizing Study and Taxonomy of Knowledge. The Facility Management Taxonomy of Knowledge will provide the greatest value to members, for access to facility management knowledge that will support and improve skills and performance in the delivery of facility managers' daily responsibilities and duties.

## Directors' Portfolio Reports (continued)

The knowledge council will continue to enhance the knowledge, research, education and training delivery models through a variety of means which will include:

- Ideaction 2005
- Executive Briefings
- Professional Development Workshops
- Facility Management Accreditation Program

The alliances established with the British Institute of Facilities Management and the International Facility Management Association will provide the opportunity for sharing knowledge and research to benefit members of each association.

The input of the knowledge, research and education council members who volunteer their time to deliver numerous projects for FMA significantly contributes to the success of the organisation. Special thanks must go to the volunteers on the knowledge and research council and the national office staff. I must also thank our national office staff for all their support and the members and corporate supporters who participate in our events.

### **Kerry Lodge**

Director, Knowledge

## Support

The FMA's Support Council has undertaken a significant change in the 2003/04 financial year as a result of the Extraordinary General Meeting in November 2003.

Members voted overwhelmingly in favour of the revised Constitution which is now consistent with current legislation and best practice.

Key changes included improved structure of the Branches and streamlining the Board from 10 to six directors where four of these directors are now directly elected by the general membership. Transition arrangements have also changed to facilitate continuity of the Board.

In addition, the changes to the constitution enabled the introduction of Team General Membership which, as detailed in the Community report, has been enormously successful in terms of membership growth and revenue.

The establishment of the governance structure for each of the four portfolio areas: Community, Knowledge, Advocacy and Support was also formalised through the changes to the constitution.

The Support Council structure has proved successful in addressing organisational development, finance, and strategic issues impacting on the Association. It has also facilitated communication across the Board, each of the Branches and the National Office, and owes its success to the hard work of numerous volunteers and staff.

Additional responsibilities of the Vice Chair position have been across a number of portfolios including the Facility Management Accreditation System, the Professional Affairs Committee and being the Ideaction Director for 2004. The success of these initiatives has been discussed elsewhere within the annual report.

### **Stephen Ballesty**

National Vice Chair

## State Branch Reports

### Australian Capital Territory

The prime objective of the ACT Branch for the year was to increase the awareness of FMA within the FM industry in the ACT and region. This was to be achieved through the following actions:

- Maintain an active branch committee that participates in both local and national FMA activities
- Produce an annual calendar of high quality events
- Advertise FMA capabilities and activities to increase attendances
- Increase membership within the ACT
- Operate the branch on a better structured commercial arrangement with a broader range of sponsorships

The highlight of the year was being awarded the FMA Branch of the Year at the 2004 Gala Dinner. It was also very satisfying to have achieved many of our objectives set at the start of the reporting year.

Some of our key achievements have been:

Branch membership has increased from 100 to 124 during the period. There has been an active policy of ensuring that members are known to the Committee and made to feel welcome at activities.

The annual calendar of events was established in November 2003 for the period January to December 2004. The aim of the calendar was to consolidate some of the activities that had already been initiated and to try some new ideas.

We were able to attract good levels of sponsorship and attendance at our Pitch and Putt Golf Day and as a new initiative we presented an industry discussion forum to members and guests.

Attendance of members and guests at activities, both lunch forums and site visits, has generally increased from low 30s to high 40s.

The Branch has exceeded its budget forecast by a considerable amount. This is a reflection of the success of the sponsorship program as well as the increased attendance at functions.

The ACT committee has been very active and committed to providing interesting and well run functions. Committee members who are representatives on FMA Councils have actively participated in meetings and teleconferences as well as achieving a high level of attendance at Branch Committee meetings.

The ACT Branch will consolidate its achievements over the last few years by focusing on the following;

- Continued support through participation in, and where appropriate, the hosting of activities that are managed centrally by the national office
- Continued committee member participation in the Councils
- Support to the Action Agenda where required
- Providing greater value to FMA members from the region. This will include the retention of current members, the recruitment of further members and the provision of high quality activities.
- Further development of the relationship between the FMA and the industry within our region
- Establishing professional development opportunities through both the Facility Management Accreditation System and educational providers.

**Steve Jones**

ACT Branch Chair

### New South Wales

The vision of the NSW Branch is for FMA to be clearly recognised as the representative body of all FM industry practitioners in NSW. To realise this vision NSW Branch set out in July 2002 to meet a series of key challenges and objectives over the subsequent two years. These included:

- Improving the visibility and relevance of FMA to the wider FM industry in NSW
- Increasing membership to a point where FMA is viewed as being truly representative of FM practitioners in NSW

## State Branch Reports (continued)

- Developing a mixed program of educational and social activities which would appeal to and cater for all FM practitioners in NSW
- Reinforcing relationships with universities and other education institutions who deliver FM related courses in NSW
- Realigning and evolving the branch structure so as to be able to better support the implementation of the FMA's strategic plan Agenda 2007, and
- Creating a branch committee support structure which optimises effort and provides continuity and stability of the branch committee and its direction over the medium to longer term.

Following restructuring and consolidation of our efforts in the 2002/2003 financial year the NSW Branch embarked on a growth strategy for NSW in 2003/2004.

Achievements during our growth year include:

- Membership growth in NSW of over 20 percent during the 2003/04 financial year
- Development of a 12 month forward program for lunch forums
- Development of a wider range of topics and speakers to appeal to the increasingly broader membership of NSW members
- Increased attendees at lunch forms which now average 100-130 attendees
- Development of a 12 month forward program for site visits
- Consistent numbers of 50-70 attendees at site visits
- A successful branch golf day with 150 attendees plus sports star guests
- A Christmas lunch forum with 200 attendees at Luna Park Sydney
- Large number of prospective members equivalent to approximately 20 percent of total event attendees attending lunch forums and site visits in NSW, and
- Sponsorship achieved for lunch forums and site visits.

NSW Branch finances remain fairly healthy with a surplus of around \$25,000 at the end of the 2003/2004 financial year.

Future direction will build upon the framework created over the past two years including:

- Continuing to develop a varied educational and social events program which caters for the diverse interests of our NSW membership including lunch forums, breakfast and evening sessions
- Focus on events sponsorship an even more attractive product offering
- Continuation of plan to develop and maintain industry and educational relationships, and
- Continued emphasis on membership retention and growth.

Ultimately in concert with the efforts of the national board, national office and other branches, the NSW Branch will continue to contribute to and promote the relevance and benefits of FMA membership to the wider FM community in both NSW and Australia.

### **Charlie Reilly**

NSW Branch Chair

## Queensland

The 2003/2004 financial year has been an exciting time for the Queensland Branch of FMA. The dedicated committee has continued to work towards achieving the four portfolio objectives of Agenda 2007.

The Committee has also continued to work together as a team acknowledging that there can be no true separation of roles within the areas of Knowledge, Advocacy, Community and Support. Each of these Agenda 2007 portfolio positions is linked.

The success of Ideaction 2004 - Spheres of Influence marks a great achievement for both FMA and for the Queensland Branch. The dedication of the local

## State Branch Reports (continued)

committee working with the national board and the national office culminated in FMA's most successful conference to date. Both the program of international presentations and the social program was well received with the 350 plus attendees.

Over the past three years the Queensland Branch has held an annual innovation forum for our members and supporters. This year's innovation forum was our most successful to date taking the form of a mini trade show with three exceptional speakers kicking things off. We heard from Keith Hampson of the Cooperative Research Centre for Construction Innovation, Jim McNoulty of the Australian Green Development Forum and Peter Kavan on behalf of FMA.

Key achievements have included:

**Knowledge Theme:** We are particularly proud of the content and quality of the branch events held over the past year evidenced by the number of attendees at our breakfasts, lunches and site visits. We enjoyed a visit to the 'Gabba', home of the Brisbane Lions and were treated not only to a tour of the facility but also the opportunity to watch part of a Lions training session. Neil Davidson gave an illuminating presentation on lighting issues.

The taxonomy of knowledge project plan has been submitted to the Knowledge Council who are now considering options for continuing development and dissemination of the taxonomy.

**Advocacy Theme:** The advocacy team is supporting the advocacy council in the development of the OH&S position paper. The team also supported the development of a response to proposed changes to the Disability Access Code.

**Community Theme:** There has been a membership increase of 14 percent over the past year in the Queensland Branch. We are all very excited and determined to keep up the good work and achieve even better results next year.

The Queensland team have set up and held several meetings for the Special Interest Group 'Women in FM'.

**Support Theme:** Profit margins for forums and functions have remained stable without the benefit of local sponsorship. The support team is developing a strategy to build on the sponsorship package and improve overall margins over the next year.

Many thanks to the hard-working Queensland committee for the many hours of dedicated time, planning and 'brain-power' given to helping to increase awareness of facilities management in general and the Facility Management Association of Australia in particular.

### **Romy Barron**

Queensland Branch Chair

## South Australia and Northern Territory

It has been pleasing to note that, whilst there have been some small losses from our existing members, there has been a healthy interest generated through new members representing an increasing spread of FM professions and companies. National initiatives such as the Executive Briefings Seminar Series and sources of support and information from branch newsletters and the website have been well received. The committee, whilst small in number, has endeavoured to provide support to members and we thank Michael Smith for his contribution as Branch Chair.

The strength of national products/initiatives, marketing and support from the national FMA staff have contributed significantly to the maintenance of state membership and continued interest in FMA's role supporting the FM industry in South Australia.

There is opportunity to build on the current membership and to inject a fresh direction into the management of the state activities. This will require initial assistance from the national body but also support and a commitment by local members to generating local product and programs whilst growing the presence of the association throughout the South Australian FM industry.

### **Andrew Pill**

Acting SA Branch Chair

## State Branch Reports (continued)

### Victoria

The Victorian Branch achieved a significant amount of success during the 2003-2004 financial year. This has been due to the tremendous collective efforts of all of the committee members and supporting members on various sub-groups within the state. The Victorian Branch has built up a great deal of momentum across all aspects of Agenda 2007 together with driving improvements in terms of local business needs. This momentum has been achieved through having a constant and consistent team over the past number of years.

Key activities delivered and actions planned include:

**Membership:** A 15 percent increase in membership was achieved for the financial year. The Victorian Branch's approach to membership has resulted in attracting new members through regular follow up from events and raising awareness of membership benefit through FMA marketing at forums. It is considered that a wider membership strategy combining local and national office efforts will yield even greater returns.

**Finance:** Financial performance has exceeded budget and our expectations. An increased profit margin has been due to continued sponsorship, profitable annual golf event and increased attendance numbers at regular forums. Treasurer Derek Wilson has structured and managed finances very proactively.

**Sponsorship Support:** Both breakfast and lunch forums were sponsored for 2004 with the lunch forums also secured for 2005. A view to expanding sponsorship is being considered.

**Special Interest Groups (SIGs):** Adoption of SIGs (formerly Communities of Practice,) has continued to be developed successfully under the guidance of Ralph Brinkmann. The following SIGs are established in Victoria;

- Indoor Air Quality – chaired by John Walter
- Performance Measurement – chaired by Peter Kavan
- Building Services – chaired by Bryon Price
- Women in FM – chaired by Kerry Lodge

Each of these SIGs has created substantial interest from our member base.

**Advocacy:** The advocacy drive, in conjunction with national office, has been pursued extremely well through Victorian Advocacy theme leader, Mike Radda. Mike was awarded the National Member of the Year for his contribution towards FMA achieving an Action Agenda with the Federal Government. A strategy has been implemented to drive the Action Agenda strategy in Victoria. Support is being sought from the Minister of Manufacturing in terms of supporting local initiatives that dovetail with the overall Action Agenda.

**Knowledge & Research:** Greg McManus has been actively working with national office to reproduce the sizing study report. It is expected that this report will be launched in March 2005.

**Communications:** Mark Lennox has done a terrific job in improving communications within the Victorian Branch, particularly with regard to two-way communications with FM Magazine.

**Events:** The Victorian Branch has achieved its highest level of sustained attendance at events over the past year. This has been achieved due to the creation of strategy talks at lunch forums as well as technical and hot spot talks at breakfast forums. This structured way of planning events has worked exceptionally well to date.

The proactive approach taken in developing the events program, for example the 2004 program was locked in six months in advance, has meant that we are able to market and sell upcoming events more easily. Excellent support by Glen Morcom, Bruce Chaplin and Mark Anderson has achieved this outcome.

#### **Steve Taylor**

Victorian Branch Chair

## State Branch Reports (continued)

### Western Australia

The WA Branch experienced a somewhat challenging year owing in part to increasing workloads of our committee members. As a result, there were fewer events than planned but those that were held ran successfully.

The branch objectives were to:

- Provide informative and interesting functions and events for our members, that attract good attendances and are financially healthy,
- Increase WA membership by 15 percent,
- Identify training opportunities from TAFE and tertiary providers,
- Improve the awareness and participation rates in the Facility Management Accreditation System,
- Work with allied associations on synergistic events and training opportunities,
- Continue the development of the Community, Knowledge and Advocacy portfolios.

The branch organised a good range of well attended functions and site visits including key highlights:

- Site Visit to the Woodside Building and Hendersen Marine Complex
- Breakfast Functions
- Launch of the Facility Management Guidelines to Managing Risk
- The 2003 Executive Briefings Series: Driving FM Performance
- The annual golf day

The financial performance of the Branch has traditionally relied very heavily on one event: the golf day. This year the sponsorship contribution decreased which resulted a lower profit than in former years. However, the site visits, breakfast functions and other events all met or exceeded target returns.

New memberships in WA generally kept pace with resignations and non-renewals. The lack of growth was attributed to overtasking of the membership sub-committee, who traditionally have achieved very good growth rates and a lack of events to recruit new members. Team membership has been taken up by some of the larger organisations. Additional members for the membership and events and calendars sub-committees have been sought.

The aims of the WA Branch Committee for the forthcoming financial year are to:

- Foster the health and diversity of the committee by recruiting additional members and developing a succession plan for each position,
- Continue working with allied associations such as the Royal Institute of Architects, Engineers Australia, Infrastructure and Public Works Engineers Australia, Venue Managers Association, Parks and Gardens Association, and the Institute of Hospital Engineering Australia to investigate synergies for members.
- Grow the membership by reactivation and reinvigoration of the buddy system of follow up and other initiatives to target a 15 percent increase
- Improve the participation of sponsors for events to assist the financial return of each event

#### **Mark Bourhill**

WA Branch Chair

# Financial Statements

## Independent Audit Report to the Members of Facility Management Association of Australia Limited

### Scope

#### The Financial Report and Directors' Responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Facility Management Association of Australia Limited, for the year ended 30 June 2004.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

### Audit Approach

We have conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

## Financial Statements (continued)

### Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

### Audit Opinion

In our opinion, the financial report of Facility Management Association of Australia Limited is in accordance with:

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



**BDO**

Chartered Accountants



**J F Knott**

Partner

Melbourne: 15 October 2004.

## Financial Statements (continued)

### Directors' Report

Your directors present their report for the year ended 30 June 2004 made in accordance with a resolution of the directors.

#### Directors

The names and details of the directors in office during the year and at the date of this report are:

		<b>Qualifications, Experience and Special Responsibilities (if any):</b>
<b>Mr Steven Gladwin</b> (Chairman)	Director since 2000	Director at Tungsten Group. MBA from the AGSM. Over 15 years experience in property and facilities management in the UK and Australia.
<b>Mr Stephen Ballesty</b> (Vice Chairman)	Director since 1998	Director at Rider Hunt Terotech. MBA from Deakin University. Over 20 years of property, construction and facilities experience, spanning projects in Australia, New Zealand, the USA, England and Hong Kong.
<b>Mr Greg Tenbrink</b> (Finance Director)	Director since 2001	Manager (Built Environment) for the Department of Main Roads. Employed in Queensland Government since 1978.
<b>Mr Alan McGrath</b>	Director since 2002	Manager Facilities Services at the Australian Sports Commission. Over 25 years experience in facilities management. Worked in the Airforce as a Facilities Officer having acquired a degree in Engineering, before joining the Australian Sports Commission in 1996.
<b>Ms Sue Pridmore</b>	Director since 2002	National Facilities Manager at Myer Stores Limited. Over 15 years experience in Facility Management in Australia and the UK. MBA from the University of Westminster, London.
<b>Ms Kerry Lodge</b>	Director since 2002	Senior Facilities Manager at Multiplex Facilities Management. Over 12 years experience in property and facilities and corporate services management in Australia & Asia.
<b>Mr Peter Scott</b>	Director since 1993. Resigned 26/11/2003	Manager Office Facilities at Woodside Energy Limited. Chartered member of the AHRI. Has many years of experience in Building operations management, maintenance management, security contract management, and office design and fitout.
<b>Mr Andrew Pill</b>	Director since 2002. Resigned 26/11/2003	Graduated with a Diploma in Teaching. Undertook roles within his schools encompassing curriculum development, facilities planning and financial management.
<b>Mr Christopher Marrable</b>	Director since 2002. Resigned 26/11/2003	General Manager, Strategy and Planning, Project Control Group. Registered architect, AFM 3, Masters in Design Science (FM) Hons. Chair of Steering Committee of Facility Management Guidelines to Managing Risk.
<b>Mr Richard Mayes</b> (Ex-Officio)	Director since 1998	Head - Facilities Management Department at the Reserve Bank of Australia.
<b>Mr Marko Misko</b>	Honorary Secretary since 2002	Partner at law firm Clayton Utz

## Financial Statements (continued)

### Directors' Report (continued)

#### Directors' Meetings

During the financial year ended 30 June 2004, meetings of the company's directors were held in respect of which, each director of the company attended the following number:-

	<b>DIRECTORS' MEETINGS</b>	
	<b>Number eligible to attend</b>	<b>Number attended</b>
S. Gladwin	6	5
S. Ballesty	6	6
G. Tenbrink	6	6
A. McGrath	6	4
S. Pridmore	6	3
P. Scott (resigned 26/11/03)	2	1
K. Lodge	6	6
A. Pill (resigned 26/11/03)	3	3
C. Marrable (resigned 26/11/03)	2	2
R. Mayes	6	4

#### Principal Activities

The principal activities of the company for the financial year were to lead the facility management industry and support our members in the practice of facility management (FM) through providing professional development opportunities. These included an annual conference, seminars, workshops and other events, as well as published research papers both in hardcopy and online. The Facility Management Association of Australia (FMA) was also involved in working with government for the Facilities Management Action Agenda.

#### Operating Results

The surplus for the association was \$20,438 (2002/03: \$33,675).

#### Dividends

Under the Memorandum and Articles of Association of the Company, dividends are not payable.

#### Review of Operations

##### Governance and Support

The revised governance arrangements including a new constitution as notified in the last annual report were supported by the membership and ratified at an Extraordinary General Meeting held in October 2003. The board of the FMA has now been reduced to six directors as follows:

Chairman  
Vice-Chairman  
Finance Director  
3 Portfolio Directors

and aligned to the primary themes of Agenda 2007 (the organisation's strategic plan).

In addition, National Office operations and branch committee structures have been successfully realigned to mirror the revised board structure. This has led to a more inclusive decision making process on the implementation of strategies identified for action from Agenda 2007 and a more cohesive integration of knowledge and support initiatives for association members.

##### Community

Membership growth during the year has been extremely successful with the new team membership offer contributing to significant growth in overall membership numbers. Total association membership now exceeds 1600 with membership growth meeting the board target of 15 percent growth during the year. Membership fees contribute the largest portion of revenue in the association's accounts contributing more than 30 percent of total income.

Special Interest Groups have now been established in a number of areas including Indoor Ecology and Women in FM. The establishment of these groups has also exceeded board targets and as the groups are now well established the board aims to improve knowledge capture from the projects instigated by each group for distribution to the membership.

## Financial Statements (continued)

### Directors' Report (continued)

#### Advocacy

This area of operation is where major success has been achieved during the year. The FM Industry with primary support from FMA has lobbied for the development of an industry Action Agenda as a key platform for moving the FM industry forward. In early 2004 the Federal Minister for Industry announced the approval of the FM Industry Action Agenda which will report to the Federal Government in late 2004 on several key themes including sustainability, innovation, regulatory reform, education and training, and recognition.

Work has also progressed on sustainability through a task force working with the Australian Greenhouse Office and the FMA has also contributed submissions to several industry studies and regulatory reviews.

#### Knowledge

In 2004, the FMA released its major research paper for the year "Facility Management Guidelines to Managing Risk". The publication draws on existing industry standards and specifically addresses the needs of the FM Industry.

The Facility Management Accreditation System (FMAS) has built on the operational changes introduced in mid 2003 with an increased participation rate from the membership and increased successful completion rate.

The association has also continued its regular program of knowledge delivery events. In the past year these included Ideaction 2004, the Executive Briefing Seminar Series, Driving FM Performance, the 2003 Professional Development Workshops, High Performance Facilities through Sustainability, and the regular branch events programmes conducted in each state.

Ideaction 2004 proved to be the association's most successful conference ever held both financially and in delegate numbers. Branches contributed positively to the overall surplus and the Executive Briefing Series met budget targets. The Professional Development workshops were not as successful as previous years and

the Knowledge Council is investigating ways to improve the delivery of this program. Overall the knowledge development programs contributed \$267,277 to the association's surplus.

#### Significant Changes

There were no significant changes in the state of affairs of the Company during the year.

#### Events Subsequent to Balance Date

No matters or circumstances have arisen since the end of the financial year which significantly affected all may significantly affect the operation was of the Company, the results of those operations, though the state of affairs of the Company in financial year's subsequent to the financial year ended 30 June 2004.

#### Future Developments

Future developments in the operations of the company and the expected results of those operations have not been included in this report as the directors believe, on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the company.

#### Environmental Legislation

The company is not subject to significant environmental legislation.

#### 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.

#### Options

The company does not have a share capital and no options to shares have been granted.

## Financial Statements (continued)

### Directors' Report (continued)

#### Directors Benefits

During the financial year no Director, or any firm in which a Director has a substantial financial interest, has received or become entitled to receive a benefit as a result of a contract between a Director, firm or corporate and the Company, other than benefits arising from the provision of certain minor goods and services in the normal cause of the Company's activities.

The Directors of the Company act in an honorary capacity and accordingly receive no remuneration for their services as Directors.

Certain Directors of the Company participate in the facility management industry either individually or through related entities. This involvement is on terms and conditions no more favourable than other participants in the facility management industry.

Since the end of the previous financial year no payments have been made in respect to services provided by any FMA directors.

#### Indemnifying Officer or Auditor

The company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the company or a related body corporate:

- indemnified or made any relevant agreement indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings.
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs for expenses to defend legal proceedings.

Signed in accordance with a resolution of the Board of Directors



**Steve Gladwin,**  
Chairman



**Greg Tenbrink,**  
Director, Finance

Signed on the 15 October 2004

## Financial Statements (continued)

### Directors' Declaration

In the opinion of the directors of the company:

- (a) The Statement of Financial Performance is drawn up so as to give a true and fair view of the results of the company for the financial year ended 30 June 2004.
- (b) The Statement of Financial Position is drawn up so as to give a true and fair view of the state of affairs of the company as at the end of the financial year.
- (c) In the Directors' opinion, the attached financial statements are in accordance with the Corporations Act 2001; and
- (d) At the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

This statement is made in accordance with the resolution of the Board of Directors and is signed on behalf of the Directors by:



**Steve Gladwin,**  
Chairman



**Greg Tenbrink,**  
Director, Finance

Signed on the 15 October 2004

## Financial Statements (continued)

### Statement of Financial Performance

For the year ended 30 June 2004

	Note	2004 \$	2003 \$
Revenue from ordinary activities	2	1,408,623	1,237,437
Employee expenses		(378,732)	(317,539)
Depreciation and amortisation	3	(30,704)	(39,301)
Branch expenses	3	(225,221)	(161,654)
Conference expenses	3	(205,770)	(237,034)
Administration expenses		(168,412)	(177,724)
Knowledge initiatives		(147,060)	(116,861)
Governance expenses		(109,278)	(81,618)
Other expenses from ordinary activities		(123,008)	(72,031)
Profit from ordinary activities before income tax	3	<b>20,438</b>	<b>33,675</b>
Income tax expense relating to ordinary activities	1(k)	-	-
Net profit from ordinary activities after income tax expense attributed to the association		<b>20,438</b>	<b>33,675</b>
Total change in equity of the association		<b>20,438</b>	<b>33,675</b>

The accompanying notes numbered 1 to 19 form part of this financial report.

## Financial Statements (continued)

### Statement of Financial Position

For the year ended 30 June 2004

	Note	2004 \$	2003 \$
<b>CURRENT ASSETS</b>			
Cash		363,481	231,239
Receivables	4	102,056	105,407
Inventory	5	27,818	14,327
Other	6	66,302	23,654
<b>TOTAL CURRENT ASSETS</b>		559,657	374,627
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	42,912	53,500
Other	8	20,999	27,999
<b>TOTAL NON-CURRENT ASSETS</b>		63,911	81,499
<b>TOTAL ASSETS</b>		623,568	456,126
<b>CURRENT LIABILITIES</b>			
Accounts payable	9	116,456	95,082
Other creditors	10	361,350	248,230
Provisions	11	25,402	12,892
<b>TOTAL CURRENT LIABILITIES</b>		503,208	356,204
<b>TOTAL LIABILITIES</b>		503,208	356,204
<b>NET ASSETS</b>		120,360	99,922
<b>EQUITY</b>			
Members Funds	12	120,360	99,922

The accompanying notes numbered 1 to 19 form part of this financial report.

# Financial Statements (continued)

## Statement of Cash Flows

For the year ended 30 June 2004

	Note	2004 \$	2003 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts from members and customers		1,426,427	1,203,918
Payments to suppliers and employees		(1,286,825)	(1,097,103)
Interest received		5,756	5,403
Net cash provided by operating activities	18(b)	145,358	112,218
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payment for property, plant & equipment		(13,116)	(54,470)
Net cash used in investing activities		(13,116)	(54,470)
<b>CASH FLOW FROM FINANCIING ACTIVITIES</b>			
Increase / (Repayment) of borrowings		-	-
Net cash provided by / (used in) financing activities		-	-
Net increase in cash held		132,242	57,748
Cash at the beginning of the financial year		231,239	173,491
Cash at the end of the financial year	18(a)	363,481	231,239

The accompanying notes numbered 1 to 19 form part of this financial report.

# Financial Statements (continued)

## Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2004

### NOTE 1 – Summary of Significant Accounting Policies

#### (a) Basis of accounting

The financial statements are a general purpose financial report and have been prepared in accordance with the applicable Australian Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the Corporations Act 2001.

Except where stated, the financial statements have been prepared in accordance with the historical cost convention and do not take into account changing money values or, except where stated, current valuations of non-current assets. The accounting policies adopted are generally consistent with those of the previous year.

The accrual basis of accounting has been adopted for all transactions and balances.

Facility Management Association of Australia Limited is a company limited by guarantee operating and domiciled in Australia.

#### (b) Revenue Recognition

Revenue is accounted for in the period in which it is earned and matched against associated expenses unless specifically stated otherwise below. Revenues are measured at the fair value of the consideration or contributions received or receivable. All revenue is stated net of the amount of goods and services tax (GST).

##### Membership Fees

Membership charges and fees controlled by the association are recognised as revenues. The association controls membership charges and fees where these can be deployed for the achievement of the association's objectives. Revenue from members is recognised in the financial year to which the membership relates.

##### Conference Revenue

Revenue from conferences is recognised once the conference has taken place

#### (c) Specific revenues and expenses

Items of revenue or expenditure considered to be outside the ordinary operations of the association and not of a recurring nature are classified separately and disclosed on the face of the Statements of Financial Performance.

#### (d) Cash

For financial reporting purposes, cash includes cash on hand, cash at bank and on deposit and cheques received but not banked.

#### (e) Accounts Receivable

Receivables are recognised as the amount due at the time of sale or service provision. The collectability of receivables is assessed throughout the year and at balance date with adequate provision made for doubtful debts. Known bad debts have been written off. Settlement of trade debtors is generally required within 30 days.

#### (f) Intangibles

##### General

The association has two classes of intangible assets, being intellectual property (research) and IT development (Web Site) that is either developed internally or purchased. Intangible assets have been recognised at cost.

##### Amortisation

Amortisation on intangibles is calculated on a straight-line basis to write off the amortisable amount (being the cost or other value of each amortisable intangible asset, less its estimated residual value) progressively over its estimated useful life. In the case of research this has been assessed at three (3) years in the case of IT Development this has been assessed at five (5) years.

Amortisation rates are reviewed annually and, if necessary, adjusted so that they will reflect the most recent assessment of the useful lives of the respective intangible assets, having regard to such factors as asset usage and the rate of technical and commercial obsolescence.

## Financial Statements (continued)

### Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2004

**(g) Acquisition of Assets**

Cost is used for the initial recording of all acquisitions of assets by the association.

**(h) Property, Plant and Equipment**

**General**

All items of property, plant and equipment, purchased with a cost or other value in excess of \$500 are capitalised in the year of acquisition. All other items with a cost or other value less than the threshold are expensed. Property, plant and equipment are carried at cost or at independent or directors' valuation, less, where applicable, any accumulated depreciation or amortisation. The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amount.

**Depreciation**

Depreciation on property, plant and equipment is calculated on a straight-line basis to write off the depreciable amount (being the cost or other value of each depreciable asset, less its estimated residual value) progressively over its estimated useful life 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. Depreciation rates are reviewed annually and, if necessary, adjusted so that they will reflect the most recent assessments of the useful lives of the respective property, plant and equipment items, having regard to such factors as asset usage and the rate of technical and commercial obsolescence.

**Class Depreciation Rates**

Furniture and Fittings, Other	
Plant and Equipment	27%-33%
Leasehold Improvements	20%-27%

**(i) Accounts Payable**

Payables are recognised at the amount to be paid in the future for goods and services received by balance date. Trade Creditors are normally settled within 30 days.

**(j) Provisions**

Provision is made for the company's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, and annual leave which will be settled after one year, have been measured at their nominal amount.

**Annual leave**

Liabilities for annual leave are recognised and are measured as the amount unpaid at the reporting date at expected pay rates in respect of employees' service up to that date. On-costs related to annual leave are included within the annual leave provision.

**Sick leave**

No provision is made for sick leave entitlements as these entitlements do not vest and sick leave taken during any financial year is not expected to exceed normal usage of sick leave credits.

**Long service leave**

During the year, the association determined that it would recognise long service in accordance with Victorian Law at an accelerated rate once an employee had completed five years continuous service. At the reporting date no employees of the association had completed five years of service and as such no provision for long service leave is required at this time.

**Superannuation**

The association pays superannuation contributions on behalf of employees in accordance with Commonwealth Government legislation. These contributions are expensed in the year which they occur. No liability is recognised for accruing superannuation benefits as this liability is held by the respective employee's private superannuation funds.

# Financial Statements (continued)

## Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2004

### (k) Taxation

The association's activities are exempt from all forms of Commonwealth taxation with the exception of the provisions of the Fringe Benefits Tax and Goods and Services Tax (GST) legislation. As such, GST input tax credits receivable and GST payable from/to the Australian Tax Office are recognised and accrued.100

### (l) Rounding

Amounts included in the financial statements have been rounded to the nearest \$1.

### (m) Currency and comparative amounts

All financial values shown in the association's financial statements are expressed in Australian currency. Where necessary to facilitate comparison, comparative figures have been adjusted to conform to changes in presentation in the current year. Notes

are provided at the amounts where adjustments or explanations are required.

### (n) Adoption of Australian Equivalents to International Financial Reporting Standards (IFRS)

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

The company's management are assessing the significance of these changes and are preparing for their implementation.

The directors are of the opinion that there will be no significant differences in the company's accounting policy arising from the adoption of IFRS.

## NOTE 2 – Revenue

	<b>2004</b>	<b>2003</b>
	<b>\$</b>	<b>\$</b>
<b>Operating Activities</b>		
Branch Activities	294,782	224,880
Membership Fees (*)	538,713	545,047
Conference Revenue	354,651	312,326
Interest Received	5,756	5,403
Other Income	-	109
Accreditation Application Fees	18,187	6,020
Knowledge Initiatives	195,895	143,579
Sundry Income	639	73
<b>Total Revenue</b>	<b>1,408,623</b>	<b>1,237,437</b>

(\*) The association has amended the accounting treatment of membership fees received under the special and team membership offers, resulting in a decrease in revenue in the 2004 year as compared with previous years. This revenue is now recognised in the financial year to which the membership relates in accordance with Note 1(b) Revenue Recognition – Membership

# Financial Statements (continued)

## Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2004

### NOTE 3 – Profit from Ordinary Activities

Profit from ordinary activities before Income Tax expense has been determined after:

<b>Expenses</b>	<b>2004</b>	<b>2003</b>
	<b>\$</b>	<b>\$</b>
Branch Expenses	225,221	161,654
Accreditation Operating Costs	16,096	4,484
Cost of Sales	57,047	115,609
Conference Expenses	205,770	237,034
Depreciation of Property, Plant and Equipment	23,704	20,069
Amortisation of Accreditation expenses	7,000	19,232
Remuneration of Auditor – Audit Services	9,000	7,000
– Other Services	8,011	3,100
Rental Expense on Operating Leases - minimum lease payments	17,758	18,467

### NOTE 4 – Receivables

Trade Debtors	69,504	64,753
Other Debtors	32,552	40,654
	102,056	105,407

### NOTE 5 – Inventory

Churn Research – Publications	6,610	7,511
Glossary of Terms – Publication	722	1,433
Contracting Guidelines – Publications	3,592	5,383
Risk Management Manual	16,894	-
	27,818	14,327

### NOTE 6 – Other Current Assets

Prepayments	26,138	9,310
GST Input tax credits	40,164	14,344
	66,302	23,654

### NOTE 7 – Property Plant and Equipment

Plant and equipment at cost	139,244	126,129
Less Accumulated depreciation	(96,332)	(72,629)
	42,912	53,500

# Financial Statements (continued)

## Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2004

### NOTE 7 – Property Plant and Equipment (continued)

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are as follows:

	<b>Plant &amp; Equipment</b>	<b>Computer Equipment</b>	<b>Leasehold Improvements</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1 July 2003	19,742	8,656	25,102	53,500
Additions	13,116	-	-	13,116
Disposals (Net)	-	-	-	-
Depreciation Expense	(15,301)	(2,807)	(5,596)	(23,704)
Carrying Amount at 30 June 2004	17,557	5,849	19,506	42,912

### NOTE 8 – Other Assets

	<b>2004</b>	<b>2003</b>
	<b>\$</b>	<b>\$</b>
Web-site Development Costs	34,999	34,999
Accreditation Costs	38,500	38,500
	73,499	73,499
Accumulated Amortisation	(52,500)	(45,500)
	20,999	27,999

### NOTE 9 – Accounts Payable

Trade Creditors	82,167	44,898
American Express Credit Card	34,289	50,184
	116,456	95,082

### NOTE 10 – Other Creditors

Accruals	32,017	16,000
GST Collected	71,438	-
Superannuation	6,039	1,813
Taxation (PAYG)	7,238	6,008
Membership fees received in advance	225,848	189,117
Research Support in Advance	-	5,000
Knowledge Initiative in Advance	18,770	30,292
	361,350	248,230

# Financial Statements (continued)

## Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2004

	<b>2004</b>	<b>2003</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 11 – Provisions - Current</b>		
Annual Leave	25,402	12,892
No of Employees at year end	7	6

### NOTE 12 – Retained Profits

Retained profits at 1 July 2003	99,922	66,247
Net surplus / (deficit) attributable to the Association	20,438	33,675
Retained earnings at 30 June 2004	120,360	99,922

### NOTE 13 – Auditors Remuneration

Audit services	9,000	7,000
Other services	8,011	3,100
	17,011	10,100

The auditors did not receive any other benefits.

### NOTE 14 – Members Guarantee

The company is a company limited by guarantee domiciled in Australia. If the company is wound up, the Memorandum of Association states that each member is required to contribute a maximum of \$100 towards meeting any outstanding obligations of the company.

	<b>2004</b>	<b>2003</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 15 – Capital and Leasing Commitments</b>		
(i) Office Rental Payable		
Not later than one year	34,172	32,665
Longer than 1 year but not longer than 5 years	88,291	147,830
	122,463	180,495
(ii) Operating Lease Payable		
Not later than one year	5,024	19,061
Longer than 1 year but not longer than 5 years	-	5,024
	5,024	24,085

# Financial Statements (continued)

## Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2004

### NOTE 16 – Remuneration and Retirement Benefits

#### Directors' Remuneration

Income received or due and receivable by all directors of the company and any related bodies corporate, including insurance premiums to indemnify liabilities while acting as a director.

Number of company directors whose income from the company and any related bodies corporate was within the following bands:

	No.	No.
\$0 - \$9,999	10	10

The names of company directors who have held office during the financial year are:

Peter Scott (resigned 26/11/03)	Richard Mayes	Alan McGrath
Steven Gladwin	Greg Tenbrink	Stephen Ballesty
Sue Pridmore	Andrew Pill (resigned 26/11/03)	Kerry Lodge
Christopher Marrable (resigned 26/11/03)		

### NOTE 17 – Comparative Adjustments

Where necessary, comparative figures were adjusted to conform with changes in presentation in 2004.

### NOTE 18 – Cash Flow Information

#### (a) Reconciliation of Cash

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

	2004 \$	2003 \$
Cash on Hand	363,481	231,239

#### (b) Reconciliation of net cash from operating activities to operating profit after income tax:

Profit from ordinary activities after income tax	20,438	33,675
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#### Non-cash flows in operating profit

Depreciation	23,704	20,069
Loss on disposal of assets	-	-
Bad debts	2,736	741
Amortisation Expense	7,000	19,232
Transfers from Provisions	12,510	(1,913)

#### Change in Assets and Liabilities

Decrease (increase) in receivables	615	(19,411)
Decrease (increase) in prepayments and other current assets	(56,139)	(13,213)
(Decrease) increase in accounts payable	21,374	68,726
(Decrease) Increase in other creditors	113,120	4,312

Cash flow from operations	145,358	112,218
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## Financial Statements (continued)

### Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2004

#### NOTE 19 – Financial Instruments

##### (a) Interest Rate Risk

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

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Within 1 Year		Rate Maturing 1 to 5 Years	
	2004 %	2003 %	2004 \$	2003 \$	2004 \$	2003 \$	2004 \$	2003 \$
<b>Financial Assets</b>								
Trading Accounts	2.5	2.5	326,324	231,239	-	-	-	-
Investments Accounts	2.0	-	37,157	-	-	-	-	-
Total Financial Assets	-	-	363,481	231,239	-	-	-	-

##### (b) Credit Risk

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

##### (c) Net Fair Value

The net fair values of assets and liabilities approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the company intends to hold these assets to maturity.

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

## Financial Statements (continued)

### Auditors' Report on Additional Information

To the Members of the Company

Our examination of the financial report of the company at 30 June 2004 and for the year then ended included tests of the accounting records from which the additional information presented in the following page has been taken. This additional information is not, in our opinion, necessary for a fair presentation of the company's financial position, results of operations, or changes in financial position. Our examinations were intended primarily for the purpose of formulating an opinion on the basic financial statements taken as a whole and were not such as to enable us to express an opinion as to the fairness of all of the details of the additional information; accordingly, we do not express an opinion thereon.



**BDO**

Chartered Accountants



**J F Knott**

Partner

Melbourne: 15 October 2004.

## Financial Statements (continued)

### Statement of Financial Performance (detailed)

For the year ended 30 June 2004

<b>INCOME</b>	<b>2004 Budget</b>	<b>2004 (\$)</b>	<b>2003 (\$)</b>
<b>Branch Activities</b>			
Australian Capital Territory	15,555	27,350	15,867
New South Wales	102,973	133,337	78,064
Queensland	36,045	19,419	29,149
South Australia	28,920	4,394	4,798
Victoria	92,305	94,216	75,355
Western Australia	32,410	16,066	21,647
<b>Total Branch Activities</b>	<b>308,208</b>	<b>294,782</b>	<b>224,880</b>
<b>Membership</b>	<b>554,600</b>	<b>538,713</b>	<b>545,047</b>
<b>ideaction</b>	<b>373,857</b>	<b>354,651</b>	<b>312,326</b>
<b>Interest Received</b>	<b>3,600</b>	<b>5,756</b>	<b>5,403</b>
<b>Other Income</b>	-	-	<b>109</b>
<b>Accreditation Application Fees</b>	<b>22,352</b>	<b>18,187</b>	<b>6,020</b>
<b>Knowledge Initiatives</b>			
Executive Briefings	52,975	56,780	32,625
PD Workshops	101,752	32,738	74,114
Publications	73,229	66,377	36,840
Research Support	20,000	40,000	-
<b>Total Knowledge Initiatives</b>	<b>247,956</b>	<b>195,895</b>	<b>143,579</b>
<b>Sundry Income</b>	-	<b>639</b>	<b>73</b>
<b>TOTAL INCOME</b>	<b>1,510,573</b>	<b>1,408,623</b>	<b>1,237,437</b>
<b>EXPENDITURE</b>			
<b>Branch Activities</b>			
Australian Capital Territory	9,430	12,495	9,472
New South Wales	78,965	107,989	54,707
Queensland	26,635	17,857	21,609
South Australia	20,590	4,514	2,554
Victoria	65,289	64,031	57,742
Western Australia	24,670	18,335	15,570
<b>Total Branch Activities</b>	<b>225,579</b>	<b>225,221</b>	<b>161,654</b>
<b>Membership</b>	<b>91,725</b>	<b>72,159</b>	<b>43,150</b>
<b>ideaction</b>	<b>293,656</b>	<b>205,770</b>	<b>237,034</b>

# Financial Statements (continued)

## Statement of Financial Performance

For the year ended 30 June 2004

### EXPENDITURE (continued)

	2004 Budget	2004 (\$)	2003 (\$)
<b>Salaries &amp; On-Costs</b>			
Salaries	279,692	316,713	258,804
Superannuation	27,270	28,489	25,371
Annual Leave Provision	23,308	12,510	15,883
WorkCover	5,809	4,632	4,379
Contractors	-	-	-
Temporary Staff	10,400	16,388	13,102
Recruitment	6,000	7,851	8,151
Training	14,000	8,467	3,234
<b>Total Salaries &amp; On-Costs</b>	<b>366,479</b>	<b>395,050</b>	<b>328,924</b>
<b>Governance</b>			
Strategic Planning	-	-	-
Council Expenses	10,425	8,419	5,410
Chair Expenses	8,500	10,952	8,253
Board Expenses	30,000	37,145	34,682
AGM & Election	8,850	8,887	7,754
Audit & Associated Costs	4,000	17,011	10,100
Revision of Articles	19,000	26,864	15,419
<b>Total Governance</b>	<b>80,775</b>	<b>109,278</b>	<b>81,618</b>
<b>Accounting &amp; Banking</b>			
Accounting Fees	-	13,940	355
Amortisation Expense	16,400	7,000	19,232
Bad Debts	500	2,736	741
Depreciation	30,438	23,704	20,069
Company Fees	-	601	846
Loss on Asset Disposal	-	-	-
Banking	21,000	17,541	27,894
<b>Total Accounting &amp; Banking</b>	<b>68,338</b>	<b>65,522</b>	<b>69,137</b>
<b>Communications</b>			
Postage and Couriers	8,500	6,967	7,816
Telephone & FlexiFax	17,600	17,675	21,464
Email & Internet Access	4,320	7,110	7,457
Comms & PR	-	697	609
<b>Total Communications</b>	<b>30,420</b>	<b>32,449</b>	<b>37,346</b>

## Financial Statements (continued)

### Statement of Financial Performance

For the year ended 30 June 2004

<b>EXPENDITURE</b> (continued)	<b>2004 Budget</b>	<b>2004 (\$)</b>	<b>2003 (\$)</b>
<b>Legal &amp; Insurances</b>			
Insurance	7,200	6,003	6,828
Legal Expenses	8,500	5,118	8,952
<b>Total Legal &amp; Insurances</b>	<b>15,700</b>	<b>11,121</b>	<b>15,780</b>
<b>Rent &amp; Occupancy</b>	<b>36,158</b>	<b>34,962</b>	<b>28,324</b>
<b>IT Provisions &amp; Repairs</b>			
Leased Equipment	17,757	17,758	18,467
Computer Equipment & Software	10,300	10,617	25,036
<b>Total IT Provisions &amp; Repairs</b>	<b>28,057</b>	<b>28,375</b>	<b>43,503</b>
<b>Office Provisions</b>	<b>9,500</b>	<b>10,452</b>	<b>9,442</b>
<b>Staff Expenses</b>	<b>17,600</b>	<b>16,235</b>	<b>13,492</b>
<b>Accreditation</b>	<b>28,600</b>	<b>16,096</b>	<b>4,484</b>
<b>Knowledge Initiatives</b>			
Executive Briefings	46,830	42,070	38,244
PD Workshops	55,467	27,520	38,279
Publications	23,950	10,640	23,932
Cost of Sales - Publications	-	57,047	-
Research	25,000	4,440	15,155
Research Scholarship	-	-	-
Reward & Recognition	4,900	5,343	1,251
<b>Total Knowledge Initiatives</b>	<b>156,147</b>	<b>147,060</b>	<b>116,861</b>
<b>Relocation Costs</b>	-	-	<b>13,013</b>
<b>Gifts &amp; Donations</b>	<b>1,000</b>	-	-
<b>Organisational Development</b>	<b>15,000</b>	<b>10,435</b>	-
<b>Membership Subscriptions</b>	-	<b>8,000</b>	-
<b>Other Expenses</b>	-	-	-
<b>TOTAL EXPENSES</b>	<b>1,464,734</b>	<b>1,388,185</b>	<b>1,203,762</b>
<b>Net Profit/(Loss)</b>	<b>45,839</b>	<b>20,438</b>	<b>33,675</b>

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