



strata
community
australia
(NSW)

11

Annual Report



Institute of Strata Title
Management Ltd

INSTITUTE OF STRATA TITLE MANAGEMENT LIMITED

ANNUAL REPORT 30 JUNE 2011

BUSINESS PARTNERS



Institute of Strata Title
Management Ltd

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INSTITUTE OF STRATA TITLE MANAGEMENT LIMITED

A.B.N. 74 001 767 997

Trading as



www.nsw.stratacommunity.org.au

PRESIDENT'S REPORT



On 1 July 1961 the first strata title legislation was introduced into NSW. Over those past 50 years strata in Australia has emerged as a strong industry which has as its very heart the needs and concerns of consumers.

The initial strata legislation from its very humble 1961 beginnings has done us proud and has even been exported to Singapore and Dubai as a model from which those countries can administer their own schemes.

Today we have an industry that has grown to the point that change was necessarily on the horizon and in May this year, members of the Institute of Strata Title Management (ISTM) voted overwhelmingly to rebrand as Strata Community Australia (NSW) and become part of an organisation that aims to have a bigger presence and a bigger say in strata and community title industry at both a state and national level.

“THE FOCUS FOR THE YEAR AHEAD WILL BE ON CONSOLIDATION AND THE MOVE TO NATIONAL LICENSING.”

I am very proud of the industry support for these changes and wish to thank all those involved. Strata Community Australia is on track to become a well-known brand and advocate for issues affecting consumers and those who work in the industry.

We also have a closer working relationship with the national body, formerly NCTI, and each of the state affiliates.

The next 12 months are going to be as equally busy and exciting as the past 12 months have been. The focus for the year ahead will be on consolidation and the move to national licensing.

During the year we also ensured there was a better focus for the ISTM committees with the Strata Manager, Supplier, Education and Events committees each workshopping and co-ordinating their approaches for the past 12 months at dedicated workshop session held late in 2010.

Each came up with two to three areas they wanted to concentrate on during the year such as delivering an Annual Convention which meets members' expectations and educational requirements, reviewing document templates and developing a position on certain issues.

I would also like to pay special attention to the Secretariat which has been integral in producing the very pleasing results we have had for 2010/2011. It is mainly because of their hard work and dedication that members are seeing the best results we have had in a number of years. Congratulations Suresh and the team for building a more professional Secretariat.

It was encouraging to see the engagement of all members but special mention should go to the involvement of the life members without whose contribution we would not be celebrating 50 years of strata in NSW.

David Ferguson
ISTM President

EXECUTIVE OFFICER'S REPORT



As many of you know, I arrived just three weeks before the end of the previous financial year, now 12 months later I am proud to present to you a positive outlook and a professional Secretariat.

2010/2011 has been an extremely busy year and we have achieved a lot.

During 2010/2011 we posted a surplus of \$44,278 for 2010/2011. We achieved this by analysing and decreasing our expenses. We also focused on eliminating inefficiencies and offering members more of what they want – education and great events.

“THE INDUSTRY’S SUCCESS IS BECAUSE OF YOUR SUPPORT AND ENTHUSIASM. SPECIAL THANKS TO OUR INDUSTRY VOLUNTEERS, WHO CONTRIBUTED TO A GREAT EVENING.”

Importantly, we have delivered this in an environment where membership fees were increased by no more than the CPI figure.

The 2010 Annual Convention was our first major event for the year. It was co-branded with the National Community Titles Institute (NCTI) now Strata Community Australia (SCA) and saw the number of trade booths which provided convention delegates with a wider variety of suppliers to engage with. Our Christmas Party and the Sailing Day saw 10 percent and 30 percent increases in attendance respectively.

The most successful event of the year was the 2011 Schindler Strata Industry Awards for Excellence. This year we filled the new venue, Doltone House, to capacity. With 440 guests, I am advised by many in the industry that this was the most well-attended ISTM ever – I’ll let you form your own view.

It was encouraging to see the level of industry engagement on the evening. Congratulations to the winners, the highly commended recipient and all finalists. Thank you also to our major sponsor Schindler Lifts as well as our awards category sponsors. The industry’s success is because of your support and enthusiasm. Special thanks to our industry volunteers, who contributed to a great evening.

At the end of 2010 ISTM moved to new premises in North Sydney allowing us to provide better training, boardroom and office facilities for its members and staff.

Following the 2010 Convention, ISTM took on board requests from members to improve the educational content at the 2011 Convention. We asked the membership to submit their ideas for topics. The education committee has subsequently set a program that is sure to be of interest to members.

Other educational achievements for the year include the delivery of the Certificate IV Property Services and Operations and the development of a free online training program for executive committees. The online program was developed out of a pilot program run in August 2010, and with the financial assistance from NSW Fair Trading. The course is due to be launched soon with plans underway to promote it to executive committee members.

I’d like to personally acknowledge and thank all our industry sponsors and volunteers for the countless hours they have contributed to the ISTM and the industry over the past 12 months. I’d also like to thank the ISTM staff whose professionalism has enabled the delivery of these results, notably Lucy Byers, Rachel Lynn and Jess Boyden.

The year ahead is shaping up to be as busy as last year. I’m personally looking forward to working both with the SCA and all state bodies. We have come a long way in 50 years - the next 50 is just beginning.

I commend to you the 2011 Annual Report.

Suresh Manickam
Executive Officer

ISTM Operations

Business Partners and Sponsors

Sponsors make an important contribution to the ISTM and our ability to provide for the industry. ISTM would like to thank the Business Partners and all tiers of Sponsors for their contributions - professionally, financially and in-kind. We look forward to working with the Business Partners and all tiers of Sponsors over the next 12 months as we evolve into the new brand – Strata Community Australia (NSW)

ISTM has three Business Partners:

Bannermans Lawyers

CHU Underwriting Agencies Pty Ltd

Macquarie Bank Limited

Integrated Consultancy Group ceased its sponsorship agreement in early 2011.

This year Schindler Lifts was the major sponsor of the industry awards for excellence – known as the 2011 Schindler Strata Industry Awards for Excellence.

At 30 June 2011 ISTM had the following sponsors:

Gold Sponsors:

Body Corporate Services (BCS)

Demlakian Strata and Remedial

Havencab

Silver Sponsors:

Lannock Strata Finance

Magnatex

XLR8'd Solutions

Kladis ceased its silver sponsorship in early 2011.

Bronze Sponsors:

Commercial Cleaning and Caretaking

Express Glass

Gold Crest Security

Grace Lawyers

Kelly+Partners

Sinking Fund Plans (Aust) Pty Limited

Windowline

Kevin Joyce Pest Management, Strata Plus and 3 Colours Painting Services ceased their sponsorships during the year.

Events

Our year started off with the 2010 Annual Convention held at the Sydney Convention Centre and jointly run by ISTM and the National Community Titles Institute. Attendance from NSW and interstate visitors was good with quite a large contingent from our Queensland and Victorian neighbours.

The 2010 Convention also saw the largest ever number of trade booths – 56 in total – with representation from across the industry – from insurance, finance, maintenance to electrical and plant equipment and software systems. All events were sponsored and the hit of the event was the Carnivale night at Sydney's Luna Park, which ended the three day convention.



Other events such as the Business Partners Christmas Party by the Harbour and the Sailing Day and networking event – again at Luna Park – saw attendance increase by between 10 and 30 percent on previous years.

Winner of this year's Sailing Day was the combined crew from Windowline and Commercial Cleaning and Caretaking.

The annual Golf Day was held at the beginning of May and tee off was preceded by the Extraordinary General Meeting where a motion was put to the ISTM membership that it joins SCA and rebrand as Strata Community Australia (NSW). This was supported by an overwhelming 95% of the membership.

As for the winners of the Golf Day competition, they were:

- David Bannerman, Bannermans Lawyers
- David Ferguson, Strata Plus
- Anthony Montibeler, Premier Strata Management
- Maurice Virgine, Strathfield Management Pty Ltd

Our Industry Briefing Sessions have also been popular with three presented during the year. One in mid-August with Sydney's Lord Mayor, Clover Moore. One in late September 2010 presented by David Bannerman to update members on the new Strata Schemes Management Regulation 2010, which came into effect on 1 September 2010. And one in late April 2011 with representatives from NSW Fair Trading and the Owners Corporation Network.

SCA (NSW) will continue to deliver further sessions in 2011/2012 as demand and the need for updated briefings arise.

By far the most popular event in 2011 was the Schindler Strata Industry Award for Excellence gala dinner held in mid-June. Around 440 people attended the event – the biggest attendance recorded in a very long time. ISTM also noted a 60 percent increase in the number of submissions across the awards categories, which were altered from last year to more accurately reflect the industry.

Apart from the main sponsor, Schindler Lifts, individual awards sponsors were:

- Small Business of the Year sponsored by XLR8D Solutions
- Large Business of Year sponsored by Havencab
- Professional Commitment to Ethics and Service Award sponsored by Strata Plus
- Education Award sponsored by Body Corporate Services (BCS)
- Young Strata Manager of the Year sponsored by BPS Strata Maintenance
- Strata Manager of the Year sponsored by Wesfarmers Insurance (WFI)
- Business Person of the Year sponsored by NSW Fair Trading

We thank all sponsors for their important contribution to the evening.

The night was hosted by MC Wendy Harmer and entertainment provided by the Enormous Horns. A special mention must go to Bert and Pattie Newton (aka Richard and Narelle Holloway) and our very own Frank Sinatra, Peter Callaghan, for being a part of the entertainment and making everyone smile. We were also privileged to have many life members share their experiences with the audience.

Awards winners were:

- The Shower Repair Centre, Small Business of the Year
- Express Glass, Large Business of Year
- Dynamic Property Services, Professional Commitment to Ethics and Service Award
- Andrea Quinnell, Education Award
- Natalie Fitzgerald, Young Strata Manager of the Year
- Reena Van Aalst, Strata Manager of the Year
- Bill Coles, Business Person of the Year with Daniel Linders awarded a Highly Commended

A well deserved congratulations go to all the winners and highly commended recipients for 2011.



Education

Over the last 12 months, our Registered Training Organisation (RTO) and trainers continued to deliver quality programs in NSW.

ISTM also successfully delivered the Certificate of Registration to a total of 97 students. With seven courses delivered, the average attendance was 16 participants per course.

Continuing Professional Education (CPD) roadshows continued in earnest this year with 293 members attending 11 roadshows held across Sydney, Newcastle/Central Coast, Wollongong, Cronulla, Queanbeyan and Tweed Heads. ISTM also ran numerous CPD Direct for members.

Following the success of the pilot program of the Executive Committee Training course in April 2010, funding was provided by NSW Fair Trading to develop and deliver a free online course. That course is due to be rolled out in the first quarter of 2011/2012 and ISTM has already undertaken promotion of the course direct to lot owners who may hold positions on their executive committees or who may contemplate holding a position in future. We thank NSW Fair Trading for their contribution.



Committees

ISTM has five committees – Strata Manager Chapter, Supplier Chapter, Education, Events and Ethics. These are some of the major outcomes the committees have achieved this year.

The Strata Manager Chapter Committee organised a very successful Principal's Retreat which was held in Queenstown, New Zealand with 30 delegates including Business Partners attending. The Strata Manager Chapter also commenced a review of the fact sheets and best practice guides to update and rebrand them.

The Supplier Chapter also assisted in the fact sheet review and identified supplier training as an element in raising the professionalism of the industry.

The Education Committee reviewed member submissions and provided guidance on content for the Convention. It also provided input for topics for CPD, Consumer Awareness and Industry Briefing Sessions.

Events Committee had another successful year with well-attended events and of course the successful Annual Convention.

The Ethics Committee continued to raise the bar on professional conduct within the industry.

Government Relations

Following the appointment of Suresh Manickam to the role of Executive Officer the ISTM launched a new policy statement after reviewing its policies for the first time in more than three years.

The new policy statement pared down the previous policy directions statement to nine key areas under the banner "Improving Education, Boosting Capacity, Ensuring Residential Equity".

The nine policy positions are:

1. Equity for strata residents
2. Termination of schemes mechanism
3. Self-managed schemes
4. Inappropriate use of buildings
5. Certainty of ownership
6. Preparing for a carbon economy
7. Digital switchover and National Broadband Network
8. OH&S clarification of controller
9. Clarification of service providers

In addition to the recommendations for each policy ISTM provided realistic indicators, where appropriate, where government funding may be sought.

The policy paper was provided to the incumbent government and opposition prior to the NSW State Election in March 2011 as well as to NSW Fair Trading and the Owners Corporation Network (OCN). The majority of the policy positions have support from politicians and the bureaucracy. We engaged OCN on our policy positions and they support all with the exception of the policy on the termination of schemes.

One of the new regular initiatives is inviting articles from a Minister and their opposition counterpart for each edition of Inside Strata.

Media Relations

The media relations program was again pursued in 2010/2011 with media releases issued on topics such as sustainability, working from home, the Fire Services Levy and the business awards. There was a high level of newspaper and radio interest.

Relationships have also been maintained with the Australian Financial Review, Daily Telegraph, Sydney Morning Herald and Cumberland Newspapers (Sydney local community newspapers). In the past year a higher proportion of commentary has come from being approached as thought-leaders on strata issues rather than as a result of media releases (24 clips as thought-leaders and 11 clips from media releases). This is the result that ISTM had been seeking when it first sought media relations assistance.

The current relationships will assist in establishing the new SCA branding with the media.

“ISTM ALSO NOTED A
60 PERCENT INCREASE IN
THE NUMBER OF
SUBMISSIONS ACROSS THE
AWARDS...”



Financial Report

**“THE NUMBER OF MEMBERS AT
30 JUNE 2011 WAS 1,201. THIS
WAS A 20% INCREASE FROM
2010 OF 1,003 MEMBERS.”**

DIRECTORS' REPORT

The Directors present their report together with the annual financial statements of the Institute of Strata Title Management Limited for the year ended 30 June 2011.

Directors

The Directors of the company in office during the financial year and until the date of this report are:

Name	Occupation	Date Appointed
D Ferguson (President)	Company Director	26/10/2006
S Machin (Snr Vice President)	Company Director	26/10/2007
P Keating (Vice President)	Company Director	26/10/2006
A Robinson (Vice President)	Company Director	17/10/2008
D Bannerman	Company Director	26/10/2007
G Haywood	Company Director	08/11/2007
N Trenwith	Company Director	21/10/2010 Retired
D Terry	Company Director	21/10/2010 Retired
O Pisanu	Company Director	09/10/2009
C Duggan	Company Director	09/10/2009
C Chapman	Company Director	21/10/2010
B Coles	Company Director	21/10/2010
D Marchand	Company Director	21/10/2010

Directors' meetings and executive committee meetings

The Board of Directors met on six occasions, the attendance at the board meetings was as follows:

Name	Meetings Eligible to Attend	Meetings Attended	E/C Meetings Eligible to	E/C Meetings Attended
D Ferguson	6	6	6	6
S Machin	6	6	6	5
P Keating	6	6	6	6
A Robinson	6	6	6	6
D Bannerman	6	6		
G Haywood	6	6		
N Trenwith	1	1		
D Terry	1	1		
O Pisanu	6	6		
C Duggan	6	6		
C Chapman	5	5		
B Coles	5	5		
D Marchand	5	3		

Principal Activities

The principal continuing activities of the Institute include:-

(a) The promotion of a high standard of expertise and integrity in the management of group title properties and provision of services to group title properties.

(b) The promotion of education, discourse and instruction about any matter relating to the management of group title properties.

(c) The promotion of ethical standards of conduct in dealings by members of the Institute with their clients or the general public.

(d) The provision of assistance and information about management of group title properties to its members and to members of the general public.

(e) The enhancement of recognition by the public of the Institute and of its members in their management of and provision of services to group title properties, including representation of the views of the Institute and its members to government and other bodies.

(f) The performance of any regulatory, educational or supervisory function of the Institute according to the requirements of government.

(g) The promotion of professional relationships with persons practicing group title management or providing other services to group title properties in other states and territories of Australia and other countries.

(h) The performance of all such other things as are necessary, incidental or conducive to the attainment of these objects.

Number of Members

The number of members at 30 June 2011 was 1,201. This was a 20% increase from 2010 of 1,003 members. Our strata to supplier individual membership ratio is approximately 2:1. Our member representation is as follows:

Life	10
Corporate Strata	129
Corporate Supplier	150
Licensed Manager Chapter	334
Associate Chapter	257
Supplier Chapter	285
Associate Member	35
Group Title Scheme	1
Total	1,201

Results

Operating Profit/(Loss) for the year after income tax

2011	2010
\$44,278	\$(60,051)

Dividends

No dividend was paid or declared during the year ended 30 June, 2011.

Review of Operations

A review of operations for the year is set out in the Executive Officer's Report.

Events subsequent to balance date

No matters or circumstances have arisen since 30 June 2011 which significantly affected or may significantly affect the company's operations the results of those operations or the company's state of affairs in financial years subsequent to 30 June 2011.

Likely Developments

The company expects to maintain the present status and level of operations and hence there are no likely known developments in future financial years.

Directors' Benefits

Since 30 June 2010 no director of the company has received or become entitled to receive a benefit because of a contract made by the company or a related body corporate with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for a Presidents honorarium paid to Mr D Ferguson of \$16,000.

Directors' Indemnity

The company has paid premiums totalling \$11,034 (2010 \$4,414) during the year for Directors and Officers liability insurance. The insurance is in respect of legal liability for damages and legal costs to a maximum of \$10 million any one claim and \$20 million in the aggregate arising from claims made by reason of any omissions or acts (other than dishonesty) by them, whilst acting in their individual or collective capacity as Directors or Officers of the company.

Staffing

The Directors wish to express their thanks to Suresh Manickam (Executive Officer), Lucy Byers (Manager, Marketing & Events), Rachel Lynn (Manager, Finance & Administration) and Jessica Boyden (Co-ordinator, Events & Education) for their valued contributions.

Auditors

Foster Raffan continue to act as auditors in accordance with Section 327 of the Corporations Act, 2001. The auditors Independence Declaration as required by section 307C of the Corporations Act 2001 is set out on page 4 and forms part of the Directors' Report for the year ended 30 June 2011.

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



Director – D Ferguson



Director – G Haywood

North Sydney, 11 August, 2011.

“THE PRINCIPAL CONTINUING ACTIVITIES OF THE INSTITUTE INCLUDE THE PROMOTION OF A HIGH STANDARD OF EXPERTISE AND INTEGRITY IN THE MANAGEMENT OF GROUP TITLE PROPERTIES AND PROVISION OF SERVICES TO GROUP TITLE PROPERTIES.”

Partners:
 Graeme J McLean
 George D D Raffan
 G Douglas Wood
 Vivien H Tang

Associates:
 Louise J Cottee
 Christine M Watson

ABN 20 203 719 909
 PO Box 629
 North Sydney NSW 2059
 Australia
 Level 6, 8 West St
 North Sydney NSW 2060
 Tel: (02) 9956 7500
 Fax: (02) 9956 7355
 email@fosterraffan.com.au
 www.fosterraffan.com.au

5 August 2011

The Directors
 Institute of Strata Title Management Ltd
 Level 8/99 Mount Street
 NORTH SYDNEY NSW 2060

Attention: Mr S Manickam

Dear Sirs,

RE: FINANCIAL REPORT – 30 JUNE 2011

We have completed our examination of the financial report for the Institute for the year ended 30 June 2011. We note the following matters for Board attention:-

- (i) A brief review of the 2011 operating result reveals an improved result of \$104,000, comprised from the following:-

- (i) Gross profit has increased by 7% (\$64k).

This is largely as a result of an improved surplus on the 2010 convention of \$94k. The result is offset by a \$74k decline in sponsorship. Events and education and publication both achieved breakeven results for the year compared to 2010, where the first incurred a loss of \$80k but the second earned a profit of \$100k.

- (ii) Operating expenditure has declined by 4% (\$40k).

This is largely as a result of removal of computer costs (\$35k), legal expense (\$11k) and savings of \$44k on telephone, website, travel and accommodation and advertising. These savings totalling \$90k are offset by the relocation cost of \$12k and the double up of the Presidents honorarium of \$30k.

- (ii) Summary of adjustments to the draft operating profit of \$141,813 are as follows:- (Dr to Profit)

	\$
(a) increase in membership income in advance in the balance sheet to reflect 50% of the 2011 members subscription	(42,360)
(b) depreciation charge on office furniture and equipment for 2011 year	(10,165)
(c) 50% writedown on the course establishment costs deferred at 30 June 2010	(43,100)
(d) writeoff of imbalance between the aged debtors list and MYOB	(2,410)
(e) writeback of suspense account in MYOB balance sheet	500
	(97,535)
Operating profit per draft financial statements	\$44,278



Liability limited by a scheme approved under Professional Standards Legislation

- (iii) Included as a non-current asset in Note 7 is an intangible asset of \$43,100 established during the 2010 year to reflect the development of the Institutes income earning courses. We concur with the treatment to write down by half this financial year and to eliminate in the 2012 financial year. The directors have a responsibility to review the carrying value annually.
- (iv) We highlight that in Note 4 no provision for doubtful debts exists at 30 June 2011 due to the significant effort applied during the year to tidy up the aged receivables listing. Our review did reveal four accounts with balances 90 days overdue and not provided for; namely Havencab \$11,227, Macquarie Group \$5,643, Kelly & Partners \$2,668 and Commerical Cleaning \$1,256. Please satisfy yourselves that no provision for non-recovery is required at 30 June, 2011.
- (v) We highlight that included in Note 5 Other prepayments of \$24,193 is \$6,969 relating to an October, 2003 security deposit for part of the Chatswood premises. We accept for these financial statements that negotiations are currently in progress in an endeavour to recover the majority of this deposit no longer required. We anticipate that partial recovery will occur prior to 30 June 2012. If not resolved by then we would require that the deposit be written off.
- (vi) We have included Note 10 – Lease Commitments to disclose the operating lease commitment, net of the incentive for the period ended 31 October, 2014. We do note for Board attention that there is no option to renew under this Lease Agreement.
- (vii) No provision for income tax has been established as tax losses would have continued in both years to add to the \$482,543 brought forward from 2009. We understand that we are not required to prepare the 2010 income tax return, please provide us a copy once its is lodged. We look forward to assisting with respect to the 2011 return if that is your desire.

Please contact me if you wish to discuss any matter set out above.

Conclusion

Thank you for Suresh and Rachel's cooperation to ensure the efficient completion of the 2011 audited financial report. We enclose herein a final draft of the financial statements for Board review and our signed audit report dated 5 August, 2011.

Yours sincerely,

Foster Raffan



G D Wood

Partner

INSTITUTE OF STRATA TITLE MANAGEMENT LIMITED

Directors' Declaration

In accordance with a resolution of the Board of Directors of the Institute of Strata Title Management Limited in the opinion of the Directors the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in note 1 to the financial statements.

The Directors of the company declare that:-

(a) the financial statements and notes as set out as pages 6 to 11 are in accordance with the Corporations Act, 2001 and

(i) give a true and fair view of the company's financial position as at 30 June, 2011 and of its performance for the year ended on that date in accordance with the accounting policies described in note 1 to the financial statements, and

(ii) comply with Accounting Standards.

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



Director – D Ferguson



Director – G Haywood

North Sydney, 11 August, 2011.

Statement of Comprehensive Income for the year ended 30 June 2011

	Notes	2011 \$	2010 \$
Revenue			
Certificates of Registration		79,761	67,468
Convention		567,582	351,693
Publications		186,027	268,349
Events & Education		204,319	226,181
Interest		10,209	9,647
Membership & Sponsorship		918,994	945,407
Professional Development		84,744	212,761
Research & Decision Support		39,600	56,288
		2,091,236	2,137,794
Less:			
Expenses			
Certificates of Registration		30,375	49,070
Convention		464,088	342,506
Consultancies		142,467	269,811
Corporate Overheads		929,198	969,720
Publications		188,118	166,893
Events & Education		204,969	304,258
Membership & Sponsorship		87,743	95,587
		2,046,958	2,197,845
Operating profit/(loss) before income tax (page 12)		44,278	(60,051)
Income tax expense	2	-	-
Profit/(loss) for the year		44,278	(60,051)
Other Comprehensive Income for the year, net of tax		-	-
Total Comprehensive Income for the year		44,278	(60,051)
Retained earnings – 1 July 2010		21,033	81,084
Retained earnings – 30 June 2011		\$65,311	\$21,033

The accompanying notes form part of these financial statements

Statement of Financial Position 30 June 2011

	Notes	2011 \$	2010 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	279,672	167,722
Receivables	4	86,169	221,961
Other current assets	5	89,810	37,543
Total Current Assets		455,651	427,226
NON-CURRENT ASSETS			
Plant and equipment	6	16,056	12,945
Intangible assets	7	43,100	86,200
Total Non-Current Assets		59,156	99,145
TOTAL ASSETS		514,807	526,371
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	436,907	491,460
Provision	9	12,589	13,878
Total Current Liabilities		449,496	505,338
TOTAL LIABILITIES		449,496	505,338
NET ASSETS		\$65,311	\$21,033
MEMBERS' EQUITY			
Retained earnings		\$65,311	\$21,033

The accompany notes form part of these financial statements

Statement of Cash Flows for the year ended 30 June 2011

	Notes	2011	2010
		\$	\$
Cash flows from operating activities			
Receipts from members and sponsors		2,217,061	2,044,061
Payments to suppliers and employees		(2,096,951)	(2,075,534)
Interest paid		(5,093)	-
Interest received		10,209	9,647
Net cash inflow/(outflow) from operating activities	11	125,226	(21,826)
Cash flows from investing activities			
Purchase of fixed assets	6	(13,276)	-
Purchase of website and communication software		-	(66,200)
		(13,276)	(66,200)
Net increase/(decrease) in cash held		111,950	(88,026)
Cash - 1 July 2010		167,722	255,748
Cash - 30 June 2011	3	\$279,672	\$167,722

The accompanying notes form part of these financial statements.

Notes to the Financial Report 30 June 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report has have been prepared in accordance with the relevant Accounting Standards and the disclosure requirements of Australian Accounting Standard 1034.

The financial report is prepared in accordance with the historical cost convention. The accounting policies adopted are consistent with those of the previous year.

(a) Membership Income

Membership fees received from members are brought to account on receipt. The membership year is a calender and not financial year. The membership fees paid in advance set out in note 8 represents the period 1 July to 31 December 2011.

(b) Income Tax

Income tax is payable only on income by the company from non-members after deduction of related expenditure. The income tax payable on any assessable income for the year is calculated at the current rate of tax. Due to the lack of virtual certainty of recoupment no deferred tax asset is established for the tax losses set out in note 2.

(c) Depreciation

Depreciation is calculated on a straight line basis so as to write off the net cost of each item of equipment over its expected useful life. Furniture and fittings are depreciated over 4 years (25%) and office equipment over 5 years (20%).

2. INCOME TAX

The aggregate amount of income tax attributable to the financial year differs from the amount prima facie payable on operating profit. The difference is reconciled as follows:

	2011	2010
	\$	\$
Operating profit/(loss) before income tax	44,278	(60,051)
Income tax expense/(credit) @ 30%	13,283	(18,015)
Tax effect of permanent differences:-		
Adjustment for mutual income net of expenses	(23,421)	(83,581)
Writedown of intangible asset	12,930	21,338
Prima facie income tax expense/(credit)	2,792	(80,258)
Timing differences during the year:-		
Other items - provision	(7,386)	(1,807)
Tax losses (utilised)/carried forward	4,594	82,065
Income tax payable	-	-
Tax losses carried forward	569,202	564,608

Notes to the Financial Report 30 June 2011 (continued)

	2011	2010
	\$	\$
CURRENT ASSETS		
3. CASH AND CASH EQUIVALENT		
Cash on hand	94	31
Macquarie Bank Limited		
- Cash Management	168,543	47,078
- Term Deposit	110,926	104,890
- Imprest account	-	1,279
- Education account	-	14,027
- Convention account	109	417
	279,672	167,722
4. CURRENT ASSETS - Receivables		
Trade receivables	79,370	215,404
Less: Provision for impairment	-	(6,098)
	79,370	209,306
GST refund	6,799	12,655
	86,169	221,961
5. CURRENT ASSETS - Other		
Security deposit	49,994	15,919
Prepayments - Convention	14,646	16,559
- Venues	977	5,065
- Other	24,193	-
	89,810	37,543
6. NON-CURRENT ASSETS – Plant and equipment		
Office Furniture & Equipment - at cost	89,113	75,837
Less: Accumulated depreciation	(73,057)	(62,892)
	16,056	12,945
7. NON-CURRENT ASSETS – Intangible assets		
Website & CRM - at cost	157,328	157,328
Less: Accumulated impairment	(114,228)	(71,128)
	43,100	86,200

2011 **2010**
\$ **\$**

8. CURRENT LIABILITIES – Trade and Other Payables

Trade payables	31,884	75,065
.....		
Accrual - PAYG	9,298	43,344
.....		
Income in advance		
- Membership	378,006	372,226
.....		
- Education	-	825
.....		
- Sponsorship	17,719	-
.....		
	436,907	491,460

9. CURRENT LIABILITIES – Provision

Employee benefits – annual leave	12,589	13,878
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10. LEASE COMITMENTS – Operating

Non cancellable operating lease contracted for but not recognised
In the financial statements:

Payable – minimum lease payments:

- not later than 12 months	97,127	-
.....		
- between 12 months and five years	241,437	-
.....		
	338,564	-

11. CASH FLOW INFORMATION

Reconciliation of Cash Flow from Operations with Profit after Income Tax

Profit/(loss) after income tax	44,278	(60,051)
.....		
Non-cash flows in profit		
- Depreciation (note 6)	10,165	7,494
.....		
- Write-down to recoverable amount (note 7)	43,100	71,128
.....		
Changes in assets and liabilities		
- Decrease/(increase) in receivables	135,792	(167,237)
.....		
- (Increase)/Decrease in other assets	(52,267)	41,441
.....		
- Decrease in inventories	-	36,000
.....		
- (Decrease)/Increase in payables	(54,553)	58,521
.....		
- (Decrease) in provisions	(1,289)	(9,122)
.....		
Net cash inflow/(outflow) from operating activities	125,226	(21,826)

12. COMPANY DETAILS

The registered office and principal place of business of the company is:

Level 8/99 Mount Street, North Sydney NSW 2060

Profit & Loss Statement for the year ended 30 June 2011

	2011 \$	2010 \$
Income		
Membership	768,435	719,921
Sponsorship	150,559	225,486
Events & Education	204,319	226,181
Professional Development	84,744	212,761
Convention	567,582	351,693
Publications	186,027	268,349
Research & Decision Support	39,600	6,288
Certificates of Registration	79,761	67,468
Interest	10,209	9,647
Total Income	2,091,236	2,137,794
Expenses		
Consultancies	142,467	269,811
Events & Education	204,969	304,258
Convention	464,088	342,506
Publications	188,118	166,893
Certificates of Registration	30,375	49,070
Training	35,051	50,888
Industry Briefing Sessions	15,688	26,069
Travel & Accommodation	8,004	18,630
Focus Group – Governance	29,000	-
Total Expenses	1,117,760	1,228,125
Gross Profit (47% v 43%)	973,476	909,669
Expenditure		
Accountancy Fees	14,674	16,264
Administration & Bookkeeping	38,001	21,045
Advertising & Marketing	4,500	22,606
Auditor's Remuneration	7,500	7,000
Bad Debts Written Off	5,216	23,807
Bank & Merchant Charges	12,254	10,184
Board & Meeting Costs	6,539	1,506
Computer	-	35,406
Contractor (STE)	32,256	56,764
Depreciation + Amortisation	53,265	28,377
Equipment Lease	9,448	10,014
General	4,064	4,584
Honorarium	30,545	-
Insurance	18,972	16,340
Interest	5,093	-
Legal	-	11,391
Parking & Tolls	1,062	3,488
Postage & Freight	22,826	31,118
Printing & Stationery	25,552	17,628
Relocation	12,265	-
Rent & On-Costs	69,026	73,083
Salaries & Wages	367,967	373,150
Staff Recruitment	1,199	360
Staff Training & Welfare	5,914	7,499
Subscriptions	115,874	106,388
Superannuation	32,353	34,428
Telephone	22,023	27,239
Travel & Accommodation	6,710	10,556
Website	4,100	21,495
	929,198	969,720
Operating Profit / (Loss) before Income Tax	44,278	(60,051)

“WE POSTED A SURPLUS OF \$44,278 FOR 2010/2011. WE ACHIEVED THIS BY ANALYSING AND DECREASING OUR EXPENSES. WE ALSO FOCUSED ON ELIMINATING INEFFICIENCIES AND OFFERING MEMBERS MORE OF WHAT THEY WANT – EDUCATION AND GREAT EVENTS.”

Institute of Strata Title Management
trading as



PO Box 347
North Sydney NSW 2059
Ph: 02 8904 0450
Fx: 02 8904 0490
www.nsw.stratacommunity.org.au