

PESA HONORARY TREASURER'S REPORT

For the Year Ended 31 December 2004

The Financial Statements of the Petroleum Exploration Society of Australia Limited for the year ended 31 December 2004 are presented together with the statutory directors' report and directors' declaration.

The audited accounts represent the consolidation of the Federal accounts the PESA publications accounts and the ACT, NSW, QLD/NT, SA, VIC/TAS and WA Branch accounts. The accounts include all Society activities (excluding golf) which are principally the publication of the PESA News, the proceedings of conferences and other publications, and Branch functions, meetings, courses, symposia and sundry activities both technical and social. The legal position is that any retained funds are held as reserves amongst each of the six Branches and the Federal Executive to underwrite future activities of the society. The practical position is that each Branch executive controls the cash of that Branch, subject to overview by the Federal executive.

The society now operates under a process instigated in 2002 to provide greater fiduciary control over the governance of the society's finances. Procedures were put in place at that time to ensure appropriate controls and transparency in all dealings and contracts. These rules can be viewed on the PESA website at <pesa.com.au>.

The Society receives funds from membership subscriptions, PESA News advertising, sales of publications (inclusive of income from online activities), surpluses from symposia, seminars and courses, sponsorships and from investment of the surplus funds of the Federal Executive and the Branches.

The operating revenue for 2004 was \$699,046 which is an increase of 13% above 2003 (\$619,985) mainly as a result of two major symposia (EABSII in Adelaide and the joint ASEG-PESA convention in Sydney) occurring during the year and a more efficient investment of funds. With this strong result the directors have taken the opportunity to clean up the balance sheet and write off \$20,756 of accumulated irreconcilable branch debts that have been incurred across all branches since incorporation. The consolidated result for the Society is an excellent turn around compared with 2003 and gives an operating gain of \$34,835 compared to a loss of \$33,475 in 2003. The retained surplus at year-end was \$533,145 which is an increase of 7.0% from the retained surplus of \$498,310 at the end of 2003 and reverses a recent trend of declining retained surplus.

The Balance Sheet in the Financial Statements shows that over the year Total Members' Funds increased by \$34,835 from \$751,844 in 2003 to \$786,679 in 2004. Of the Total Members' Funds, an unchanged amount from 2003 of \$253,534 is held as reserve funds and an increased amount of \$533,145 is retained for use as capital of the Society. The Society currently has total assets of \$850,126 made up of cash (\$797,750), receivables (\$33,942), prepayments (\$4,736) and inventory such as books/proceedings (\$13,698) together with current liabilities of \$63,447 which is a 34% reduction from 2003. It is significant that those liabilities have again been substantially reduced from \$96,596 at year end 2003.

The overall financial position of PESA continues to be very sound due largely to the continued popular success of the PESA News and the symposia proceedings with advertisers, the quality educational courses run or sponsored by PESA and high quality well organised symposia. Individual branches continue to demonstrate timely and efficient management of their activities.

As a result of decisions made by current and previous management of PESA at Federal and State Branch level, a well considered ongoing initiative was implemented to improve services to the membership in the form of online bookings/payments, membership database and technical papers. This initiative will modernise the society and bring future benefits through exposure on the world wide web and should generate increasing income through online orders of technical papers. While the membership database and online bookings commenced in 2003, thanks to the hard work of a dedicated group of individuals, the online papers initiative became reality in 2004. In particular, considerable effort went into establishing mutually advantageous terms for third party services in relation to PESA's publications, website and database management. As a result – PESA remains able to provide desirable and affordable print and online services and the 2004 federal budget contained significant expenditure commitments to complete these projects and some of that expenditure has had to be carried over into 2005 to allow completion of the scanning of the technical papers database. This initiative deserves continued attention and funding to ensure it is a substantial success in every sense of the word.

PESA has a number of major symposia in the planning stages expected to run in Australia over the next few years with the AAPG conference in Perth and the huge AGC international event in Brisbane in 2012. During 2004, the second Eastern Australasian Basins Symposium was run in Adelaide in September 2004 and the joint ASEG-PESA Conference in Sydney in August 2004. Both of these symposia were well attended and were successes in all respects, including financial.

The year completed year 2004 and forecast 2005 shows a continued trend of improvement with continuing reduction of deficits while incorporating the necessary expenditure to implement the finalisation of the online initiatives and result in the 2005 financial outlook remaining positive.

I thank Mr Rowley Butters (PESA Company Secretary and accountant to the Federal Executive and PESA publications) and his dedicated wife Bev for their ongoing support and efforts in maintaining the society's Federal and consolidated accounts. Without these secretariat services, it would not have been possible to operate PESA in the professional manner required. Rowley and Bev have recently indicated their intention to begin some well earned time off travelling during 2005, thereby necessitating a change to the society's secretariat arrangements. We have been very lucky in obtaining the services of Wendy Fletcher to take over this role.

I would like to take this opportunity to recognise the long term commitment that Bev and Rowley have made to PESA over many years and I hope that they will enjoy their semi retirement.

I also thank all the members of the Federal Executive and each of the Branch Treasurers who have again provided excellent support to the activities of the Federal Treasurer throughout 2004 and Mr Brent Steedman, Partner of KPMG for their audit.

Mike Hanzalik
Honorary Federal Treasurer
8 March 2005