

# 5 FINANCIAL 4 REPORT

# FINANCIAL REPORT

## DIRECTORS' REPORT

The Directors present their report on the results of The Australian Psychological Society Limited ABN 23 000 543 788 (the Society) for the financial year ended 31 May 2012 and the state of affairs of the Society at that date. The following persons were directors of the Society during the whole of the financial year and up to date of this report, or for a lesser time period as indicated:

Simon Crowe	
Lyn Littlefield	
Sue Carter (a)	
Elizabeth Celi	Retired 6/10/2011
Erica Frydenberg	Commenced 6/10/2011
Gina Geffen	
Tim Hannan	
Mike Kyrios	Commenced 6/10/2011
Alan Plumb	Commenced 6/10/2011
Nick Reynolds	Commenced 8/10/2011
Bob Rich	
Trang Thomas	
Robyn Vines	Retired 6/10/2011
Deborah Wilmoth	Retired 6/10/2011

(a) Sue Carter was initially appointed as a director on 21 December 2010 for a term expiring at the 2011 Annual General Meeting (AGM) held on 6 October 2011, in accordance with clause 67 (d) of the Society's constitution. She was then re-appointed on 8 October 2011 for a further term expiring at the 2012 AGM.

Qualifications and experience of the Directors in office at the end of the financial year are on pages 4 and 5 of the Annual Report.

### Principal activities

The principal activities of the Society during the year were the advancement of the scientific study and the professional practice of psychology. There were no significant changes in the nature of these activities during that period.

### Operating and financial review

The net surplus for the year ended 31 May 2012 is \$230,995 (2011: \$1,395,059 surplus).

The review of the operations during the financial year and the results of those operations are noted elsewhere in the Annual Report.

### Risk management

The Society takes a proactive approach to risk management. The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Society's objectives and activities are aligned with the risks and opportunities identified by the Board.

The Board has established a separate Risk Management Committee to assist the Board to manage risk. From time to time the Board may also convene separate committees to further examine specific issues and risks, and have that committee report back to the Board.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of a Strategic Plan, which encompasses the Society's vision, mission and strategy statements, designed to meet stakeholders' needs and manage business risk
- Implementation of Board-approved operating plans and budgets and Board monitoring of progress against these budgets
- The establishment of the Finance, Investment and Audit Committee, which assists in meeting the Board's responsibility to manage the Society's financial risks. The Committee advises the Board on such matters as the Society's liquidity, interest rate and credit policies and exposures, and monitors management's actions to ensure they are in line with the Society's policy.

### Dividends

No portion of surplus in any year shall be paid to members by way of dividends, bonus or otherwise.

### Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Society during the year ended 31 May 2012 not otherwise disclosed in the Annual Report.

### **Likely developments and expected results**

The Society intends to continue with its existing activities and consider possible new activities that are consistent with its objectives.

### **Significant matters subsequent to the end of the financial year**

No matters or circumstances have arisen since 31 May 2012 that have significantly affected or may significantly affect:

- a. the Society's operations in future financial years, or
- b. the results of those operations in future financial years, or
- c. the Society's state of affairs in future financial years.

### **Indemnification and insurance of directors and officers**

During or since the financial year, the Society has paid premiums in respect of a contract insuring all directors, office bearers and employees of the Society against costs incurred in defending proceedings for conduct involving:

- a. A wilful breach of duty; and
- b. A contravention of sections 182 or 183 of the *Corporations Act 2001*, as permitted by section 199B of the *Corporations Act 2001*.

The total amount of insurance contract premiums paid was \$15,530 (2011: \$15,530).

### **Indemnification of auditors**

The Society has entered into an agreement to indemnify their auditor, PricewaterhouseCoopers, against any claims or liabilities (including legal costs) asserted by third parties arising out of their services as auditor of the Society, where the liability arises as a direct result of the Society's breach of its obligations to the auditor, unless prohibited by the *Corporations Act 2001*.

### **Environmental regulation**

The Society is not subject to any significant environmental regulation.

### **Registered office**

The registered office of The Australian Psychological Society Limited is located at:

Level 11, 257 Collins Street  
Melbourne VIC 3000

### **Employees**

The Society employed 85 full time equivalent employees (including staff contracted to work on various externally funded projects) as at 31 May 2012 (2011: 88).

### **Corporate governance**

The Board of Directors governs the Society and has overall responsibility for pursuing the Society's mission, determining the strategic plan and priorities, monitoring implementation and developing a resource base to support the Society's activities. The Board is the ultimate decision-making and policy-setting body. It is also responsible for the financial viability of the Society and ensuring compliance with statutory requirements applicable to a company limited by guarantee. To assist the Board to fulfill its role and responsibilities various Board Committees, Advisory Groups, Reference Groups and Member Forums are appointed each year.

The Society's Constitution provides for the Board of Directors to be comprised of the President, Executive Director, six elected General Directors and up to three Directors appointed by the Board. The Executive Director is appointed by the Board. Every second year a President-Elect is elected to the Board to assume the role of President for a term of two years commencing at the end of their one year term as President-Elect. Each General Director is elected for a term of three years and each Additional Director appointed by the Board is appointed for a term of one year. Profiles of members of the Board of Directors as at 31 May 2012 are included at the front of this Annual Report.

All Directors must comply with the Board's code of conduct. This code covers issues such as the requirement to act in good faith, duties of due care and diligence, conflict of interest, proper use of power and information, independence, confidentiality and the obligation to comply with the Society's governing documents.

The Board meets at least six times a year for scheduled meetings. The Board is committed to holding at least two of these meetings outside of Melbourne, with the remaining meetings held at the Society's National Office in Melbourne.

Day-to-day management of the organisation's affairs and implementation of corporate strategy and policy initiatives are the responsibility of the Society's Executive Director, Professor Lyn Littlefield. The Society's company secretary is Barry Whitmore who has been a member of both the Institute of Chartered Accountants in Australia and CPA Australia for more than 20 years, and is a graduate member of the Australian Institute of Company Directors.

# FINANCIAL REPORT

## DIRECTORS' REPORT (CONT.)

### Directors' meetings including Committee meetings (1 June 2011 to 31 May 2012)

	Directors Meetings		Committees					
			Finance, Investment and Audit		Governance		Risk Management and Compliance	
	H	A	CMH	A	CMH	A	CMH	A
Simon Crowe	9	9	4	2	1	1	-	-
Lyn Littlefield	9	9	4	4	1	1	3	3
Sue Carter	9	7	4	4	1	1	2	1
Elizabeth Celi	4	4	-	-	-	-	-	-
Erica Frydenberg	5	4	2	2	-	-	-	-
Gina Geffen	9	6	-	-	-	-	-	-
Tim Hannan	9	9	2	2	1	1	1	1
Mike Kyrios	5	5	-	-	1	-	-	-
Alan Plumb	5	5	-	-	-	-	1	1
Nick Reynolds	4	4	-	-	-	-	-	-
Bob Rich	9	9	-	-	-	-	3	3
Trang Thomas	9	9	4	3	-	-	-	-
Robyn Vines	4	4	-	-	-	-	2	2
Deborah Wilmoth	4	3	-	-	-	-	-	-

H = Number of meetings held whilst in office

CMH = Number of committee meetings held whilst a member of that committee

A = Number of meetings attended

### Auditor's Declaration

A copy of the auditor's independence declaration, as required under section 307C of the *Corporations Act 2001*, is set out on page 49.

Signed in accordance with a resolution of the Directors.



**Simon Crowe**  
President



**Sue Carter**  
Director

Melbourne 16 August 2012

## AUDITOR'S INDEPENDENCE DECLARATION



### Auditor's Independence Declaration

As lead auditor for the audit of The Australian Psychological Society Limited for the year ended 31 May 2012, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of The Australian Psychological Society Limited during the period.

A handwritten signature in blue ink that reads 'Trevor Johnston'.

Trevor Johnston  
Partner  
PricewaterhouseCoopers

Melbourne  
16 August 2012

---

**PricewaterhouseCoopers, ABN 52 780 433 757**  
Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001  
T: 61 3 8603 1000, F: 61 3 8603 1999, [www.pwc.com.au](http://www.pwc.com.au)

Liability limited by a scheme approved under Professional Standards Legislation.

# FINANCIAL REPORT

## ANNUAL ACCOUNTS 2012

### Statement of Comprehensive Income – Year ended 31 May 2012

	NOTE	2012 \$	2011 \$
TOTAL REVENUE FROM CONTINUING OPERATIONS	3	20,373,686	20,348,608
OTHER INCOME	4	-	400,000
<b>EXPENSES</b>			
General services and benefits for members		(12,951,927)	(12,769,798)
Marketing, promotion and publications		(3,002,565)	(2,581,864)
Governance, administration and occupancy		(4,188,199)	(4,001,887)
<b>TOTAL EXPENSES</b>		<b>(20,142,691)</b>	<b>(19,353,549)</b>
<b>SURPLUS FOR THE YEAR</b>		<b>230,995</b>	<b>1,395,059</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>230,995</b>	<b>1,395,059</b>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

## Statement of Financial Position – As at 31 May 2012

	NOTE	2012 \$	2011 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	13,637,507	15,662,960
Trade and other receivables	8	2,494,142	1,446,732
Prepayments	9	554,657	605,971
<b>TOTAL CURRENT ASSETS</b>		<b>16,686,306</b>	<b>17,715,663</b>
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	10	744,675	881,821
<b>TOTAL NON CURRENT ASSETS</b>		<b>744,675</b>	<b>881,821</b>
<b>TOTAL ASSETS</b>		<b>17,430,981</b>	<b>18,597,484</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	3,881,397	5,330,134
Provisions	12	881,599	844,875
<b>TOTAL CURRENT LIABILITIES</b>		<b>4,762,996</b>	<b>6,175,009</b>
<b>NON CURRENT LIABILITIES</b>			
Provisions	12	101,455	86,940
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>101,455</b>	<b>86,940</b>
<b>TOTAL LIABILITIES</b>		<b>4,864,451</b>	<b>6,261,949</b>
<b>NET ASSETS</b>		<b>12,566,530</b>	<b>12,335,535</b>
<b>MEMBERS' EQUITY</b>			
Retained earnings	14	12,566,530	12,335,535
<b>TOTAL MEMBERS' EQUITY</b>		<b>12,566,530</b>	<b>12,335,535</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

# FINANCIAL REPORT

## ANNUAL ACCOUNTS 2012 (CONT.)

### Statement of Changes in Equity – Year ended 31 May 2012

	2012 \$	2011 \$
OPENING RETAINED EARNINGS	12,335,535	10,940,476
Total comprehensive income for the year	230,995	1,395,059
<b>CLOSING RETAINED EARNINGS AT YEAR END</b>	<b>12,566,530</b>	<b>12,335,535</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.



## Statement of Cash Flows – Year Ended 31 May 2012

	NOTE	2012 \$	2011 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and members (a)		18,754,800	22,931,323
Interest received		1,005,094	869,039
Payments to suppliers, employees and others		(21,184,800)	(22,600,231)
Interest and other costs of finance paid		(189,226)	(161,681)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>7</b>	<b>(1,614,132)</b>	<b>1,038,450</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		-	1,900,000
Payments for property, plant and equipment	10	(411,321)	(266,142)
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>(411,321)</b>	<b>1,633,858</b>
Net increase/(decrease) in cash held		(2,025,453)	2,672,308
Cash at beginning of financial year		15,662,960	12,990,652
<b>CASH AT THE END OF THE FINANCIAL YEAR</b>	<b>6</b>	<b>13,637,507</b>	<b>15,662,960</b>

- (a) The Commonwealth of Australia has developed the KidsMatter initiative and appointed *beyondblue* to act as the contract manager during the service period from 1 January 2012 to 30 June 2014. The KidsMatter services agreement between the APS and *beyondblue* was signed on 18 July 2012 providing for *beyondblue* to fund the APS to deliver services in support of the KidsMatter initiative for the forementioned period. During the period 1 January 2012 to 31 May 2012 the APS incurred approximately \$1.1m of expenses related to this initiative. The cash flow related to this expenditure is included in the Statement of Cash Flows as part of the 'Payments to suppliers, employees and others' figure, however as the above mentioned services agreement was not signed until after 31 May 2012, no funds to cover this expenditure were received by the APS from *beyondblue* by 31 May 2012. Funds to be received have been recognised in the Statement of Financial Position as a receivable at 31 May 2012. Typically the receipt of funding under such service agreements is more closely aligned to the timing of expenditure than has been the case in this instance.

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

# FINANCIAL REPORT

## ANNUAL ACCOUNTS 2012 (CONT.)

### Notes to and forming part of the financial statements – Year Ended 31 May 2012

#### Note 1: Corporate information

The financial statements of The Australian Psychological Society Limited (the Society) for the year ended 31 May 2012 were authorised for issue in accordance with a resolution of the Directors dated 16 August 2012.

The Society is a company limited by guarantee, does not have share capital and is incorporated in Australia.

The nature of the operations and principal activities of the Society are described in the Directors' report.

#### Note 2: Statement of significant accounting policies

##### (a) Basis of preparation

The financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Interpretations.

The financial statements are presented in Australian dollars and all values are rounded to the nearest dollar.

##### (i) Compliance with Australian Accounting Standards

The financial statements comply with Australian Accounting Standards Reduced Disclosure requirements as issued by the Australian Accounting Standards Board (AASB).

##### (ii) Adoption of standards-new and amended

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 June 2011 affected any of the amounts recognised in the current period and are not likely to affect future periods.

##### (iii) Historical cost convention

These financial statements have been prepared under the historical cost convention.

##### (b) Income tax

The Commissioner of Taxation has ruled that all income derived is exempt from income tax.

##### (c) Property, plant and equipment

Property, plant and equipment, are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is provided on a straight line basis on all property, plant and equipment. Depreciation periods are:

- Plant and equipment: 3 to 8 years
- Leasehold Improvements: Lease term

##### Impairment of non-financial assets

The Society assesses impairment of all assets at each reporting date by evaluating conditions specific to them and to the particular asset that may lead to impairment. If an impairment trigger exists the recoverable amount of the asset is determined.

##### (d) Leases

Operating leases are leases under which the lessors effectively retain substantially all of the risks and benefits of ownership of leased items. Payments made under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

##### (e) Branches, Colleges and Interest Groups

The financial result of the activities of the Society's Branches, Colleges and Interest Groups are included within the Society's operating surplus.

##### (f) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefit will flow to the Society and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognised.

##### (i) Sale of goods

Revenue from the sale of goods is recognised when goods are shipped to the customer.

##### (ii) Rendering of services

Revenue is recognised by reference to the stage of completion of a contract or contracts in progress at balance date or at the time of completion. Stage of completion is measured by reference to total cost incurred to date as a percentage of total estimated cost for each contract which is determined by a set quotation with the customer. This policy is also applied to the fee for service contracts with Australian Government and related bodies.

**(iii) Interest revenue**

Revenue is recognised as interest accrues using the effective interest method.

**(iv) Membership subscriptions**

Subscriptions related to the reporting period are recognised when these have been received from members.

**(g) Employee benefits**

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave. Superannuation contributions are made for employees at 10% (9% for 'casual' employees) in compliance with government legislation.

Liabilities arising in respect of wages and salaries, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at their nominal amounts. All other employee entitlement liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the interest rates attaching to government guaranteed securities which have terms to maturity approximating the terms of the related liability are used.

**(h) Other taxes**

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

**(i) Cash and cash equivalents**

Cash and short term deposits in the Statement of Financial Position comprise cash at bank and in hand and short term deposits with an original maturity of six months or less.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

**(j) Trade and other receivables**

Trade receivables, which generally have 14 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest methods, less an allowance for impairment. Given the short term nature of these assets fair value on recognition generally remains the fair value until these are extinguished.

Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectable are written off when identified.

**(k) Revenue received in advance**

As identified in Note 2(f)(iv), membership subscription revenue must be recognised in the relevant reporting year it relates to. Therefore, any subscription revenue received on or prior to 31 May 2012 which relates to the subscription period 1 June 2012 to 31 May 2013 is recognised as Revenue received in advance at 31 May 2012.

The timing of the receipt of payments for work undertaken on externally funded projects is typically set out in the project contract. Payments received, and amounts due and receivable, up to 31 May 2012 which have not been earned are recognised as revenue received in advance at 31 May 2012, and will only be recognised as revenue when the Society has met the conditions set out in the project contract.

**(l) Other creditors**

Other creditors are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Society prior to the end of the financial year that are unpaid at the end of the financial year and arise when the Society becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

# FINANCIAL REPORT

## ANNUAL ACCOUNTS 2012 (CONT.)

### Note 3: Revenue

Operating surplus for the year has been determined after:

	2012 \$	2011 \$
<b>(a) Revenue from operating activities:</b>		
Membership subscriptions	7,505,753	7,112,100
Newsletters, Branch, College and Interest Group revenue	2,069,698	1,439,115
Referrals revenue	385,793	365,087
Event registrations <i>(Conferences and workshops including the International Congress of Applied Psychology hosted by the Society in July 2010, but excluding those run by the Society's Member Groups)</i>	1,055,667	2,876,593
Advertising and commission	1,189,819	1,200,662
Assessment of qualifications	344,936	695,908
Externally funded projects revenue	5,276,396	4,308,711
Application fees	32,707	105,012
Other operating revenue	1,520,287	1,313,866
	<b>19,381,056</b>	<b>19,417,054</b>
<b>(b) Revenue from non-operating activities:</b>		
Interest revenue	992,630	931,554
	<b>992,630</b>	<b>931,554</b>
<b>TOTAL REVENUE FROM CONTINUING OPERATIONS</b>	<b>20,373,686</b>	<b>20,348,608</b>

### Note 4: Other income

	2012 \$	2011 \$
Gain on sale of investment property	-	400,000

The gain on sale pertains to the sale of the Grattan Street investment property on the 26 July 2010.

## Note 5: Expenses

	2012 \$	2011 \$
Surplus includes the following expenses:		
Depreciation of property, plant and equipment	548,465	436,380
Wages and salaries	7,302,028	6,545,755
Superannuation costs	737,354	649,702
Provisions: - Long service leave	28,627	83,504
- Annual leave	150,480	147,098

## Note 6: Cash and cash equivalents

	2012 \$	2011 \$
Cash at bank	306,888	562,960
Term deposits	13,330,619	15,100,000
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>13,637,507</b>	<b>15,662,960</b>

Cash at bank earns interest at floating rates on daily deposit rates. Term deposits are made for 30 to 180 days and earn interest on the respective short term deposit rates.

The total shown in this note equates to the Statement of Cash Flows.

# FINANCIAL REPORT

## ANNUAL ACCOUNTS 2012 (CONT.)

### Note 7: Reconciliation of cash flows

For purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and investments in money market instruments. 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:

	2012 \$	2011 \$
<b>Reconciliation of surplus for the period to net cash flows from operating activities</b>		
Surplus for the period	230,995	1,395,059
<b>Plus/(minus) non-operating items:</b>		
Proceeds from sale of investment asset – Grattan Street	-	(1,900,000)
<b>Plus/(minus) non-cash items:</b>		
Depreciation	548,465	436,380
Carrying amount of written off assets	2	-
Carrying amount of sold investment asset – Grattan Street	-	1,500,000
<b>Change in assets and liabilities:</b>		
(Increase)/decrease in trade and other receivables	(1,047,410)	79,622
(Increase)/decrease in prepayments	51,314	(327,268)
(Decrease) in trade and other payables	(1,448,736)	(339,777)
Increase in provisions	51,238	194,434
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>(1,614,132)</b>	<b>1,038,450</b>

## Note 8: Trade and other receivables

	2012 \$	2011 \$
Advertising, products, sponsorship and commission (trade debtors)	117,095	105,588
Externally-funded projects	394,684	387,278
	<b>511,779</b>	<b>492,866</b>
The Australian Psychology Accreditation Council Limited (APAC) – refer Notes 16 and 19	372,055	239,662
Other debtors and accruals	1,610,308	714,204
	<b>2,494,142</b>	<b>1,446,732</b>

Trade debtors are non-interest bearing and have payment terms of 14 days.

Amounts shown as 'Externally funded projects' have been invoiced by the APS at year end and are based on contractual arrangements with the Australian Government or statutory authorities.

For 2012, an amount of approximately \$1.1m has been included within 'Other debtors' as a receivable related to the KidsMatter initiative. The Commonwealth of Australia has developed the KidsMatter initiative and appointed *beyondblue* to act as the contract manager during the service period from 1 January 2012 to 30 June 2014. The KidsMatter services agreement between the APS and *beyondblue* was signed on 18 July 2012 providing for *beyondblue* to fund the APS to deliver services in support of the KidsMatter initiative for the forementioned period. During the period 1 January 2012 to 31 May 2012 the APS incurred approximately \$1.1million of expenses related to KidsMatter. As the above mentioned services agreement was not signed until after 31 May 2012, no funds to cover this expenditure were received by the APS from *beyondblue* by 31 May 2012 and therefore this amount has been recognised as a receivable.

Due to the short term nature of these receivables, their carrying amounts approximate their fair value and all amounts are considered collectible.

## Note 9: Prepayments

	2012 \$	2011 \$
Prepayments	554,657	605,971

# FINANCIAL REPORT

## ANNUAL ACCOUNTS 2012 (CONT.)

### Note 10: Property, plant and equipment

	2012 \$	2011 \$
<b>Plant and equipment</b>		
At cost	2,167,062	2,350,428
Accumulated depreciation	(1,607,489)	(1,780,021)
	<b>559,573</b>	<b>570,407</b>
<b>Leasehold improvements</b>		
At cost	1,479,591	1,353,692
Accumulated depreciation	(1,294,489)	(1,042,278)
	<b>185,102</b>	<b>311,414</b>
<b>Total property, plant and equipment</b>		
At cost	3,646,653	3,704,120
Accumulated depreciation and amortisation	(2,901,978)	(2,822,299)
	<b>744,675</b>	<b>881,821</b>
<b>Reconciliation</b>		
<b>Plant and equipment</b>		
Carrying amount at beginning	570,407	
Additions	285,422	
Disposals	(2)	
Depreciation expense	(296,254)	
	<b>559,573</b>	
<b>Leasehold improvements</b>		
Carrying amount at beginning	311,414	
Additions	125,899	
Depreciation expense	(252,211)	
	<b>185,102</b>	
<b>Total property, plant and equipment</b>		
Carrying amount at beginning	881,821	
Additions	411,321	
Disposals	(2)	
Depreciation expense	(548,465)	
	<b>744,675</b>	

The Society assessed at 31 May 2012 whether there is any indication that an asset may be impaired. There is no indication that an impairment loss is present, that is where the carrying amount of an asset exceeds its recoverable amount.



## Note 11: Trade and other creditors

	2012 \$	2011 \$
<b>Revenue received in advance:</b>		
Membership subscriptions	1,602,138	1,210,286
Event income (conferences and workshops)	572,425	704,078
Externally-funded projects	609,487	2,268,251
Other	42,256	72,895
	<b>2,826,306</b>	<b>4,255,510</b>
Other creditors and accruals	1,055,091	1,074,624
	<b>3,881,397</b>	<b>5,330,134</b>

Other creditors are non-interest bearing and are settled within thirty days. The Society pays within the allocated settlement period when prompt payment discounts are available.

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

The Society has issued a bank guarantee to a maximum amount of \$229,416, related to the lease of its National Office premises at 257 Collins Street, Melbourne under a lease agreement commencing 1 January 2008 with a term of five years. The lease agreement is with RAM Investments No.1 Pty Ltd.

## Note 12: Provisions

	2012 \$	2011 \$
<b>Current</b>		
Employee benefits - Annual leave (a)	571,347	541,016
- Long service leave (a)	310,252	303,859
	<b>881,599</b>	<b>844,875</b>
<b>Non-current</b>		
Employee benefits - Long service leave	101,455	86,940
<b>TOTAL PROVISIONS</b>	<b>983,054</b>	<b>931,815</b>

(a) The provision for employee benefits classified as 'current' includes accrued annual leave and long service leave. For long service leave it covers all unconditional entitlements where employees have completed the required period of service (10 years) and also those where employees are entitled to pro-rata payments in certain circumstances, including termination of employment (completed at least seven years service).

However, based on past experience, the Society does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

# FINANCIAL REPORT

## ANNUAL ACCOUNTS 2012 (CONT.)

### Note 13: Lease commitments

The Society leases office premises and office equipment under non-cancellable operating leases expiring within one to four years.

	2012 \$	2011 \$
<b>Operating leases – the Society as Lessee</b>		
Commitments are as follows:		
Not later than one year	768,676	1,140,369
Later than one year and not later than five years	361,414	784,256
<b>TOTAL OPERATING LEASE COMMITMENTS</b>	<b>1,130,090</b>	<b>1,924,625</b>
Operating lease expenses recognised as an expense during the period	1,146,796	1,001,065

### Note 14: Retained earnings

	2012 \$	2011 \$
Balance at the beginning of the financial year	12,335,535	10,940,476
Surplus for the year	230,995	1,395,059
<b>BALANCE AT THE END OF THE FINANCIAL YEAR</b>	<b>12,566,530</b>	<b>12,335,535</b>

The Society is a company limited by guarantee and accordingly each Member of the Society undertakes to contribute to the assets of the Society in the event of the same being wound up during the time that he or she is a Member, or within one year after he or she ceases to be a Member, for payment of debts and liabilities that the Society contracted before he or she ceases to be a Member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories amongst themselves such amount as may be required, not exceeding twenty dollars.

### Note 15: Key management personnel disclosures\*

	2012 \$	2011 \$
<b>(a) Key management personnel compensation</b>		
Key management personnel compensation	850,504	799,095
<b>(b) Transactions with key management personnel</b>		
The following amounts were recognised during the reporting period from other transactions with key management personnel:		
<b>Expenses</b>		
Provision of professional development services to the Society	14,358	7,100

\* Key management personnel includes Directors and Senior Executives

## Note 16: Related party transactions

The following transactions occurred with related party – APAC (note 19):

	2012 \$	2011 \$
Amounts billed to APAC and recognised in the Society's Statement of Comprehensive Income for costs incurred by the Society in assessing psychology training programs offered by higher education providers on behalf of APAC.	201,947	217,875

In addition to the \$201,947 for staff costs in the 2012 financial year, the Society also paid various costs on behalf of APAC amounting to \$136,285 and sought reimbursement of those costs from APAC. At 31 May 2012 the total amount of \$338,232 GST exclusive (\$372,055 GST inclusive) related to the 12 months to 31 December 2011 has been billed to and is receivable from APAC.

The Society has also recognised a receivable amounting to \$82,124 related to costs incurred on behalf of APAC for the period 1 January 2012 to 31 May 2012. This will be invoiced to APAC post 31 May 2012.

## Note 17: Contingent assets and liabilities

There are no contingent assets or contingent liabilities of a material nature as at the end of the reporting period.

# FINANCIAL REPORT

## ANNUAL ACCOUNTS 2012 (CONT.)

### Note 18: Financial instruments and interest rate risk

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cashflows of a financial instrument, will fluctuate due to changes in interest rates. The Society's exposure to interest rate risk arises due to its deposits with financial institutions.

The financial assets and financial liabilities of the Society that are not included in the tables below are non-interest bearing and are therefore not subject to interest rate risk. This includes Trade and other receivables and Trade and other creditors.

The objective of managing interest rate risk is to minimise the Society's exposure to fluctuations in interest rates that might impact its interest revenue and cash flow. To manage interest rate risk, the Society invests the majority of its cash in short-term deposits for varying periods of between 30 days and 180 days, depending on the short and long-term cash requirements of the Society which is determined based on the Society's cash flow forecast. This consideration also takes into account the costs associated with breaking a term deposit should early access to cash and cash equivalents be required. Cash is not locked into long-term deposits at fixed rates so as to mitigate the risk of earning interest below the current floating rate.

The Society does not have any borrowings.

The following table sets out the carrying amount and effective interest rate, by contractual maturity, of the financial instruments that are exposed to interest rate risk:

Year ended 31 May 2012	< 1 year \$	Totals \$	Weighted average effective interest rate for the year %
<b>Financial assets</b>			
<b>Short term deposits</b>			
Fixed rate	12,900,000	12,900,000	5.90%
<b>Cash at bank</b>			
Floating rate	737,507	737,507	4.20%

Year ended 31 May 2011	< 1 year \$	Totals \$	Weighted average effective interest rate for the year %
<b>Financial assets</b>			
<b>Short term deposits</b>			
Fixed rate	15,100,000	15,100,000	5.98%
<b>Cash at bank</b>			
Floating rate	562,960	562,960	4.24%

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year.

Interest on financial instruments classified as fixed rate is fixed until maturity of the instrument.

## Note 19: Interest in controlled entity

The Australian Psychology Accreditation Council Limited (APAC), a public company limited by guarantee, was incorporated on 24 November 2005 with two members, The Australian Psychological Society Limited (APS) and The Council of Psychologists Registration Boards [Australia] Inc (CPRB). APAC's mission is to establish standards of education for the training and registration of psychologists throughout Australia, and to assess whether Schools of Psychology of Australian universities and non-university providers meet these standards. Effective 1 July 2010 national registration for the health professions including psychologists was introduced triggering the wind-up of one of the members of APAC, the CPRB. As a result, APAC changed its constitution and now the APS is its sole member.

Up until 31 December 2011 APAC's day to day operations were managed by the APS in accordance with APAC's business plan and budget as approved by APAC's Board of Directors. Most of APAC's operational costs were incurred by the APS and then reimbursed by APAC. From the beginning of 2012 APAC has employed its own staff, including a CEO, a Manager and two Administrative Officers and conducted its operations almost entirely independently from the APS. The APS has continued to provide a limited range of support services to APAC including office space, IT systems, as well as professional advice related to accounting, human resource, information technology and legal matters. APAC pays the APS for the cost of these services provided.

As at 31 May 2012 the assets and liabilities and profit or loss of APAC are not material to the financial statements of the APS and have not been included within these financial statements.

## Note 20: Auditors' remuneration

	2012 \$	2011 \$
During the year the following fees were paid or payable for services provided by the auditors of the Society:		
(a) PricewaterhouseCoopers Australia		
- an audit or review of the financial statements of the entity	19,500	17,555
- an audit or review of various externally-funded projects (as required by project contracts)	15,500	10,100
- an audit or review of a special-purpose financial statement related to course accreditation	2,000	-
<b>Total remuneration of PricewaterhouseCoopers Australia</b>	<b>37,000</b>	<b>27,655</b>
(b) Non-PricewaterhouseCoopers		
- an audit or review of the financial statements of the entity	-	-
- an audit or review of various externally-funded projects	-	-
- an audit or review of a special-purpose financial statements related to course accreditation	-	2,000
<b>Total remuneration of non-PricewaterhouseCoopers audit firms</b>	<b>-</b>	<b>2,000</b>
<b>TOTAL AUDITORS' REMUNERATION</b>	<b>37,000</b>	<b>29,655</b>

# FINANCIAL REPORT

## DIRECTORS' DECLARATION 2012

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 50 to 65 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the entity's financial position as at 31 May 2012 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



**Simon Crowe**  
President



**Sue Carter**  
Director

Melbourne 16 August 2012

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK.

# FINANCIAL REPORT

## INDEPENDENT AUDITOR'S REPORT



### **Independent auditor's report to the members of The Australian Psychological Society Limited**

#### ***Report on the financial report***

We have audited the accompanying financial report of The Australian Psychological Society Limited (the company), which comprises the statement of financial position as at 31 May 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

#### ***Directors' responsibility for the financial report***

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

#### ***Auditor's responsibility***

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Independence***

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

---

**PricewaterhouseCoopers, ABN 52 780 433 757**  
Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001  
T: 61 3 8603 1000, F: 61 3 8603 1999, [www.pwc.com.au](http://www.pwc.com.au)

Liability limited by a scheme approved under Professional Standards Legislation.





*Auditor's opinion*

In our opinion the financial report of The Australian Psychological Society Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 31 May 2012 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers', written in a cursive style.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Trevor Johnston', written in a cursive style.

Trevor Johnston  
Partner

Melbourne  
16 August 2012