



APS

Australian
Psychological
Society

2014 FINANCIAL REPORT

Financial report

DIRECTORS' REPORT

The Directors present their report on the results of The Australian Psychological Society Limited (the APS) ABN 23 000 543 788 for the financial year ended 31 May 2014 and the state of affairs of the APS at that date.

The Board

The following persons were directors of the APS during the whole of the financial year and up to the date of this report, or for a lesser time period as indicated:

Associate Professor Tim Hannan FAPS - commenced his term as President following the 2012 AGM and completes his term at the conclusion of the 2014 AGM. Tim is an Associate Professor of Clinical Psychology in the School of Psychology at Charles Sturt University. He has been a member of the APS since 1992.

Professor Mike Kyrios FAPS – commenced a term as a General Director following the 2011 AGM and part way through that term was elected as President-Elect effective from the conclusion of the 2013 AGM held on 10 October 2013. He will commence his two year term as President following the 2014 AGM. Mike is Director, Research School of Psychology at the Australian National University. He has been a member of the APS since 1984.

Professor Lyn Littlefield OAM FAPS – was appointed as Executive Director of the APS in 2001. Lyn was previously the Head of the School of Psychological Science at La Trobe University and was the inaugural Director of the Victorian Parenting Centre. She has been a member of the APS since 1980.

Mr Michael Burge OAM FAPS – commenced his term as a General Director at the 2012 AGM and will complete his term at the conclusion of the 2015 AGM. Michael is currently Director of the Australian College of Trauma Treatment and has many years experience in counselling, education and training. He has been a member of the APS since 1990.

Professor Tim Carey MAPS - commenced his term as a General Director following the 2013 AGM held on 10 October 2013 and will complete his term at the conclusion of the 2016 AGM. Tim is Professor of Mental Health at the Centre for Remote Health in Alice Springs, a joint centre of Flinders University and Charles Darwin University. He has been a member of the APS since 2007.

Ms Sue Carter - completed her one year term as an Additional Director at the 2013 AGM held on 10 October 2013. Sue is a Chartered Accountant and has a consulting practice specialising in corporate governance and board effectiveness, and has held non-executive director positions on a number of Boards in the public and private sectors.

Associate Professor Erica Frydenberg FAPS - commenced her term as a General Director following the 2011 AGM and will complete her term at the conclusion of the 2014 AGM. Erica is a Principal Research Fellow at the University of Melbourne. She has been a member of the APS since 1970.

Ms Anne Lipzker MAPS – commenced a term as an Additional Director on 13 October 2012 and completed that term on 10 October 2013. She was re-appointed on 11 October 2013 for a further one year term as an Additional Director and will complete her term at the conclusion of the 2014 AGM. Anne is the Coordinator of Child and Adolescent Mental Health for the Northern NSW Local Health District. She has been a member of the APS since 1976.

Professor Kate Moore FAPS - commenced her term as an Additional Director on 22 November 2013 will complete her term at the conclusion of the 2014 AGM. Kate is Professor of Psychology at Charles Darwin University. She has been a member of the APS since 1985.

Mr Alan Plumb FAPS - completed his term as a General Director at the 2013 AGM held on 10 October 2013. Prior to his recent retirement Alan was the head Psychologist at the Bunbury Behaviour Centre in Western Australia and had previously worked as a psychologist in education since 1976. He has been a member of the APS since 1988.

Dr Nicholas Reynolds FAPS - commenced his term as a General Director following the 2013 AGM held on 10 October 2013 and will complete his term at the conclusion of the 2016 AGM. For many years he has practised as an organisational psychologist based in Sydney, and undertakes consultancy work nationwide. He has been a member of the APS since 1977.

Professor Debra Rickwood FAPS - commenced her one year term as a General Director following the 2013 AGM held on 10 October 2013 and will complete her term at the conclusion of the 2014 AGM. Debra is Professor of Psychology at the University of Canberra and Chief Scientific Advisor at headspace National Youth Mental Health Foundation. She has been a member of the APS since 1995.

Emeritus Professor Trang Thomas AM FAPS - completed her term as a General Director at the 2013 AGM held on 10 October 2013. Prior to her retirement Trang was a Professor of Psychology at RMIT University. She has been a member of the APS since 1967.

Mrs Jill Wright MAPS - commenced her term as a General Director in May 2013 and will complete her term at the conclusion of the 2015 AGM. Jill is the founder, principal psychologist and executive director of Psychology Melbourne and has worked in private practice as a psychologist for many years. She has been a member of the APS since 1993.

Principal activities

The principal activities of the APS 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 deficit for the year ended 31 May 2014 is \$173,876 (2013: \$496,922 deficit).

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 APS 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 APS' 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 APS' 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 APS' financial risks. The Committee advises the Board on such matters as the APS' liquidity, interest rate and credit policies and exposures, and monitors management's actions to ensure they are in line with the APS' 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 APS during the year ended 31 May 2014 not otherwise disclosed in the Annual Report.

Likely developments and expected results

The APS 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 2014 that have significantly affected or may significantly affect:

- a. The APS' operations in future financial years, or
- b. The results of those operations in future financial years, or
- c. The APS' state of affairs in future financial years.

Indemnification and insurance of Directors and officers

During or since the financial year, the APS has paid premiums in respect of a contract insuring all Directors, office bearers and employees of the APS 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 \$15,740 (2013: \$15,545).

DIRECTORS' REPORT cont...

Indemnification of auditors

The APS 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 APS, where the liability arises as a direct result of the APS' breach of its obligations to the auditor, unless prohibited by the *Corporations Act 2001*.

Environmental regulation

The APS 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 APS employed 82 full time equivalent employees (including staff contracted to work on various externally funded projects) as at 31 May 2014 (2013: 95).

Corporate governance

The Board of Directors governs the APS and has overall responsibility for pursuing the APS' mission, determining the strategic plan and priorities, monitoring implementation and developing a resource base to support the APS' activities. The Board is the ultimate decision-making and policy-setting body. It is also responsible for the financial viability of the APS 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 APS' 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. All of those who were APS Directors during the financial year covered by this report have completed the Australian Institute of Company Directors

(AICD) *Company Directors Course* or have extensive experience as a Director that has been formally recognised by the AICD.

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 APS' 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 APS' 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 APS' Executive Director, Professor Lyn Littlefield. The APS' 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 25 years, and is a graduate member of the Australian Institute of Company Directors.

**Directors' meetings including Committee meetings
(1 June 2013 to 31 May 2014)**

	Directors Meetings		Committees			
			Finance, Investment and Audit		Risk Management and Compliance	
	H	A	CMH	A	CMH	A
Tim Hannan	9	9	3	2	2	2
Michael Burge	9	9	-	-	-	-
Tim Carey	6	5	-	-	-	-
Sue Carter	3	2	2	2	-	-
Erica Frydenberg	9	8	2	2	-	-
Mike Kyrios	9	9	3	3	-	-
Anne Lipzker	9	9	-	-	-	-
Lyn Littlefield	9	9	3	3	2	2
Kate Moore	4	4	1	1	2	2
Alan Plumb	3	3	-	-	-	-
Nicholas Reynolds	6	5	-	-	-	-
Debra Rickwood	6	6	-	-	-	-
Trang Thomas	3	2	-	-	-	-
Jill Wright	9	9	-	-	2	2

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 6.

Signed in accordance with a resolution of the Directors.



Tim Hannan
President



Kate Moore
Director

Melbourne 16 August 2014

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 2014, 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 black ink that reads 'Amanda Campbell'.

Amanda Campbell
Partner
PricewaterhouseCoopers

Melbourne
16 August 2014

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

Liability limited by a scheme approved under Professional Standards Legislation.

ANNUAL ACCOUNTS 2014

STATEMENT OF COMPREHENSIVE INCOME - Year ended 31 May 2014

	NOTE	2014 \$	2013 \$
TOTAL REVENUE FROM CONTINUING OPERATIONS	3	20,753,335	19,798,013
EXPENSES			
Marketing and Media		(743,403)	(761,287)
Resources, services and benefits for APS members including continuing professional development		(8,019,993)	(8,312,259)
Supporting the discipline and profession		(1,097,252)	(1,247,952)
Enhancement of community wellbeing (includes expenditure on externally funded projects)		(6,281,701)	(5,265,572)
Governance, management and administration		(4,784,862)	(4,707,865)
TOTAL EXPENSES		(20,927,211)	(20,294,935)
(DEFICIT)/SURPLUS FOR THE YEAR		(173,876)	(496,922)
TOTAL COMPREHENSIVE INCOME		(173,876)	(496,922)

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

ANNUAL ACCOUNTS 2014 cont...

STATEMENT OF FINANCIAL POSITION - As at 31 May 2014

	NOTE	2014 \$	2013 \$
CURRENT ASSETS			
Cash and cash equivalents	5	15,340,806	14,199,288
Trade and other receivables	7	752,774	1,554,545
Prepayments	8	575,922	557,821
TOTAL CURRENT ASSETS		16,669,502	16,311,654
NON CURRENT ASSETS			
Property, plant and equipment	9	1,195,535	1,008,858
TOTAL NON CURRENT ASSETS		1,195,535	1,008,858
TOTAL ASSETS		17,865,037	17,320,512
CURRENT LIABILITIES			
Trade and other creditors	10	4,312,099	3,754,576
Provisions	11	1,137,222	1,066,055
TOTAL CURRENT LIABILITIES		5,449,321	4,820,631
NON CURRENT LIABILITIES			
Provisions	11	519,984	430,273
TOTAL NON CURRENT LIABILITIES		519,984	430,273
TOTAL LIABILITIES		5,969,305	5,250,904
NET ASSETS		11,895,732	12,069,608
MEMBERS' EQUITY			
Retained earnings	13	11,895,732	12,069,608
TOTAL MEMBERS' EQUITY		11,895,732	12,069,608

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

STATEMENT OF CHANGES IN EQUITY - Year ended 31 May 2014

	2014 \$	2013 \$
OPENING RETAINED EARNINGS	12,069,608	12,566,530
Total comprehensive income for the year	(173,876)	(496,922)
CLOSING RETAINED EARNINGS AT YEAR END	11,895,732	12,069,608

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

ANNUAL ACCOUNTS 2014 cont...

STATEMENT OF CASH FLOWS - Year ended 31 May 2014

	NOTE	2014 \$	2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and members (a)		23,515,373	21,773,620
Interest received		643,804	755,434
Payments to suppliers, employees and others		(22,141,843)	(21,325,133)
Interest and other costs of finance paid		(190,738)	(223,478)
NET CASH FROM OPERATING ACTIVITIES	6	1,826,596	980,443
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment	9	(685,078)	(418,662)
NET CASH FROM INVESTING ACTIVITIES		(685,078)	(418,662)
Net increase/(decrease) in cash held		1,141,518	561,781
Cash at beginning of financial year		14,199,288	13,637,507
CASH AT THE END OF THE FINANCIAL YEAR	5	15,340,806	14,199,288

(a) Throughout the 2013-14 financial year the APS continued to undertake various projects under fee for service agreements, typically for the Australian Government or agencies of the Government. Revenue from these agreements is recognised based on the stage of completion of the project. The timing of the receipt of funding under such service agreements is not always in line with the timing of revenue recognition. For the 2013-14 financial year approximately \$1.3m (GST inclusive) of project funds were received where the revenue was recognised in a past, or will be recognised in a future, accounting period.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - Year ended 31 May 2014

NOTE 1: Corporate information

The financial statements of The Australian Psychological Society Limited (the APS) for the year ended 31 May 2014 were authorised for issue in accordance with a resolution of the Directors dated 16 August 2014.

The APS 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 APS 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 2013 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

(i) Impairment of non-financial assets

Impairment of all assets is assessed 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.

ANNUAL ACCOUNTS 2014 cont...

(ii) Make good provisions

Provisions for make good obligations are recognised when the APS has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(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 APS' Branches, Colleges and Interest Groups is included within the APS' surplus or deficit for the year.

(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 APS and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognised.

(i) Membership subscriptions

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

(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 the Australian Government and related bodies.

(iii) Interest revenue

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

(iv) Sale of goods

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

(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% (9.25% 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 method, 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)(i), membership subscription revenue must be recognised in the relevant reporting year it relates to. Therefore, any membership subscription revenue received on or prior to 31 May 2014 which relates to the membership subscription period 1 June 2014 to 31 May 2015 is recognised as Revenue received in advance at 31 May 2014.

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 2014 which have not been earned are recognised as revenue received in advance at 31 May 2014, and will only be recognised as revenue when the APS 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 APS prior to the end of the financial year that are unpaid at the end of the financial year and arise when the APS 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.

ANNUAL ACCOUNTS 2014 cont...

NOTE 3: Revenue

Operating deficit for the year has been determined after:

	2014 \$	2013 \$
(a) Revenue from operating activities:		
Member Subscriptions and Segmented Fees	8,258,997	7,803,339
Externally funded projects	5,865,067	4,776,002
APS Member Groups [Branches, Colleges and Interest Groups], State Committees and Newsletters	1,864,063	2,442,481
Continuing Professional Development (excluding events run by APS Member Groups which are shown above):		
- Conferences	392,291	491,153
- Workshops, eLearning, webinars	997,649	762,141
Advertising and Commission	1,244,401	1,247,732
Assessment of Qualifications	404,759	420,379
'Find a Psychologist'	381,642	391,782
Income from other sources	712,411	719,855
	20,121,280	19,054,864
(b) Revenue from non-operating activities:		
Interest revenue	632,055	743,149
	632,055	743,149
TOTAL REVENUE FROM CONTINUING OPERATIONS	20,753,335	19,798,013

NOTE 4: Expenses

	2014 \$	2013 \$
Deficit includes the following expenses:		
Depreciation and amortisation of property, plant and equipment	498,401	471,693
Wages and salaries	7,970,843	7,564,915
Superannuation costs	805,503	767,572
Provisions:		
- Long service leave	135,663	82,932
- Annual leave	145,291	157,210

NOTE 5: Cash and cash equivalents

	2014 \$	2013 \$
Cash at bank	790,806	449,288
Term deposits	14,550,000	13,750,000
TOTAL CASH AND CASH EQUIVALENTS (a)	15,340,806	14,199,288

Cash at bank earns interest at floating rates on daily deposits 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.

(a) The Commonwealth of Australia 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.

Funds received from *beyondblue* to deliver services in support of the KidsMatter initiative are maintained in a separate bank account and not invested in short term deposits, as required under the signed service agreement between *beyondblue* and the APS (KidsMatter bank account balance of \$493,300 is included in cash at bank at 31 May 2014, \$257,657 at 31 May 2013).

Each APS Member Group receives an annual allocation of funds based on a funding formula. Member Groups may generate additional revenue by conducting activities such as Professional Development workshops or conferences. Funds from both of these sources, as well as any grant money provided from general APS revenue, become part of each Member Group's 'accumulated funds' available for use for the benefit of members of the Member Group. Member Groups do not maintain separate bank accounts, with a record of each Member Group's 'accumulated funds' being maintained within the National Office finance system. Total Member Groups accumulated funds are part of the 'Total Cash and Cash Equivalents' amount shown above and held, along with other APS funds, in appropriate term deposit accounts. APS Member Groups funds of \$1,313,727 are included in the total cash and cash equivalents at 31 May 2014 (\$1,134,114 at May 2013). 192 Member Groups were active at May 2014 (193 at May 2013).

ANNUAL ACCOUNTS 2014 cont...

NOTE 6: 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:

	2014 \$	2013 \$
Reconciliation of deficit for the period to net cash flows from operating activities		
(Deficit) for the period	(173,876)	(496,922)
Plus/(minus) non-cash items:		
Depreciation and amortisation	498,401	471,694
Carrying amount of written off assets	-	7,324
Change in assets and liabilities:		
Decrease in trade and other receivables	801,773	939,597
(Increase) in prepayments	(18,102)	(3,164)
Increase/(decrease) in trade and other creditors	557,523	(126,821)
Increase in provisions for employee benefits	160,877	188,735
NET CASH FLOW FROM OPERATING ACTIVITIES	1,826,596	980,443

NOTE 7: Trade and other receivables

	2014 \$	2013 \$
Advertising, products, sponsorship and commission (trade debtors)	35,938	51,973
Externally funded projects	152,690	530,287
	188,628	582,260
The Australian Psychology Accreditation Council Limited (APAC)- refer Notes 15 and 18	40,348	138,160
Other debtors and accrued revenue	523,798	834,125
	752,774	1,554,545

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 *beyondblue*.

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

NOTE 8: Prepayments

	2014 \$	2013 \$
Prepayments	575,922	557,821

ANNUAL ACCOUNTS 2014 cont...

NOTE 9: Property, plant and equipment

	2014 \$	2013 \$
Plant and Equipment		
At cost	2,891,941	2,256,231
Accumulated depreciation	(2,003,322)	(1,663,697)
	888,619	592,534
Leasehold Improvements		
At cost	1,593,709	1,544,342
At cost Make good provision (a)	324,539	324,539
Accumulated depreciation and amortisation	(1,611,332)	(1,452,557)
	306,916	416,324
Total property, plant and equipment		
Cost	4,810,189	4,125,112
Accumulated depreciation and amortisation	(3,614,654)	(3,116,254)
	1,195,535	1,008,858
Reconciliation		
Plant and equipment		
Carrying amount at beginning	592,534	
Additions	635,711	
Depreciation expense	(339,626)	
	888,619	
Leasehold Improvements		
Carrying amount at beginning	416,324	
Additions	49,367	
Depreciation and amortisation expense	(158,775)	
	306,916	
Total property, plant and equipment movements		
Carrying amount at beginning	1,008,858	
Additions	685,078	
Depreciation and amortisation expense	(498,401)	
	1,195,535	

(a) The APS is required to restore Collins St leased premises (levels 7, 8, 11 and 13) to their original condition at the end of the respective lease terms, as per a lease agreement commencing 1 January 2013 (Note 10). These costs also have been capitalised as part of the cost of leasehold improvements along with a corresponding provision (Note 11) and are amortised over the lease period.

The APS assessed at 31 May 2014 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 10: Trade and other creditors

	2014 \$	2013 \$
Revenue received in advance:		
- Membership subscriptions	1,086,446	1,649,186
- Event income (conferences and workshops)	805,107	568,437
- Externally-funded projects	1,089,714	359,663
- Other	88,276	102,348
	3,069,543	2,679,634
Other creditors and accruals	1,242,556	1,074,942
	4,312,099	3,754,576

Other creditors are non-interest bearing and are settled within thirty days. The APS 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 APS 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 2013 for a term of five years. The lease agreement is with RAM Investments No.1 Pty Ltd.

ANNUAL ACCOUNTS 2014 cont...

NOTE 11: Provisions

	2014 \$	2013 \$
Current		
Employee benefits - Annual leave (a)	707,369	679,593
- Long service leave (a)	429,853	386,462
	1,137,222	1,066,055
Non-current		
Employee benefits - Long service leave	173,301	105,734
Make good provision to restore premises (b)	346,683	324,539
	519,984	430,273
TOTAL PROVISIONS	1,657,206	1,496,328
Total employee benefit provisions	1,310,523	1,171,789

(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 APS does not expect all employees to take the full amount of accrued long service leave or require payment within the next 12 months.

(b) Costs required to return the APS' leased premises to their original condition as set out in the lease agreements are recognised as a make good provision in the financial statements. The provision has been calculated as an estimate of future costs discounted to a present value and will be revised on an annual basis.

NOTE 12: Lease commitments

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

	2014 \$	2013 \$
Operating leases - the APS as Lessee		
Commitments are as follows:		
- Not later than one year	1,394,304	1,321,887
- Later than one year and not later than five years	3,157,640	4,590,985
TOTAL OPERATING LEASE COMMITMENTS	4,551,944	5,912,872
Operating lease expenses recognised as an expense during the period	1,356,787	1,283,139

NOTE 13: Retained earnings

	2014 \$	2013 \$
Balance at the beginning of the financial year	12,069,608	12,566,530
(Deficit) for the year	(173,876)	(496,922)
BALANCE AT THE END OF THE FINANCIAL YEAR	11,895,732	12,069,608

The APS is a company limited by guarantee and accordingly each Member of the APS undertakes to contribute to the assets of the APS 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 APS contracted before he or she ceased 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 14: Key management personnel disclosures*

	2014 \$	2013 \$
(a) Key management personnel compensation		
Key management personnel compensation	922,176	902,283
(b) Transactions with key management personnel		
The following amounts were recognised during the reporting period from other transactions with key management personnel:		
Expenses		
Provision of professional development services to the APS	9,950	9,060

* Key management personnel includes Directors and Senior Executives

ANNUAL ACCOUNTS 2014 cont...

NOTE 15: Related party transactions

The Australian Psychology Accreditation Council Limited (APAC) refer Note 18 – Throughout the reporting period the APS provided a limited range of support services to APAC including office space, certain IT support, as well as accounting services.

The following transactions occurred with APAC:

	2014 \$	2013 \$
- Receivables at year end, GST inclusive (a)	40,348	138,160
- Received from APAC during the financial year, GST inclusive (a)	177,457	428,128
- Revenue, as recognised in the APS' Statement of Comprehensive Income	71,099	79,569

(a) Up until the 2013 APS financial year some amounts incurred by APAC with third party suppliers that were initially paid for by the APS and then reimbursed to the APS by APAC. Such amounts were not recognised as revenue or expenditure of the APS.

NOTE 16: Contingent assets and liabilities

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

NOTE 17: 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 APS' exposure to interest rate risk arises due to its deposits with financial institutions.

The financial assets and financial liabilities of the APS 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 APS' exposure to fluctuations in interest rates that might impact its interest revenue and cash flow. To manage interest rate risk, the APS 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 APS which is determined based on the APS' 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 APS 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 2014	< 1 year \$	Totals \$	Weighted average effective interest rate for the year
Financial assets			
Short term deposits			
Fixed rate	14,550,000	14,550,000	4.06%
Cash at bank			
Floating rate (a)	790,806	790,806	2.20%

Year ended 31 May 2013	< 1 year \$	Totals \$	Weighted average effective interest rate for the year
Financial assets			
Short term deposits			
Fixed rate	13,750,000	13,750,000	4.99%
Cash at bank			
Floating rate (a)	449,288	449,288	2.95%

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.

(a) The KidsMatter bank account balance of \$493,300 is included in ' < 1 year \$ Floating rate ' at 31 May 2014 (\$257,657 at 31 May 2013). Funds received from *beyondblue* to deliver services in support of the KidsMatter initiative are maintained in a separate bank account and not invested in short term deposits, as required under the signed service agreement between *beyondblue* and the APS.

ANNUAL ACCOUNTS 2014 cont...

Note 18: 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 (the APS) and The Council of Psychologists Registration Boards [Australia] Inc (CPRB). APAC was formed 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, the APS was the sole member of APAC until 29 May 2014 when a new APAC Constitution was adopted.

Under the new Constitution APAC has three members, each with equal voting rights - the APS, the Psychology Board of Australia (PsyBA) Member [the PsyBA may appoint an individual to be a member of APAC], and the Heads of Departments and Schools of Psychology Association (HODSPA).

Key aspects of the APS' membership of APAC as set out in APAC's constitution are:

- If APAC is wound up the maximum amount the APS may be required to contribute is \$20;
- No income or property of APAC can be paid or transferred directly or indirectly to the APS, except in a limited number of prescribed situations which broadly cover commercial transactions for the supply of goods or services to APAC; and
- The right to appoint up to four Directors to the APAC Board (of a maximum of 12 Directors) as nominees of the APS.

NOTE 19: Auditors' remuneration

During the year the following fees were paid or payable for services provided by the auditors of the APS:

PricewaterhouseCoopers Australia

	2014 \$	2013 \$
- an audit or review of the financial statements of the entity	40,000	30,000
- an audit or review of various externally-funded projects (as required by project contracts)	14,184	24,000
- an audit or review of a statement of expenditure related to course accreditation	3,150	6,070
- information technology advice	-	6,458
Total remuneration of PricewaterhouseCoopers Australia	57,334	66,528
TOTAL AUDITORS' REMUNERATION	57,334	66,528

DIRECTORS' DECLARATION 2014

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 7 to 24 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 2014 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.



Tim Hannan
President



Kate Moore
Director

Melbourne 16 August 2014

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 2014, 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

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 2014 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*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Amanda Campbell

Amanda Campbell
Partner

Melbourne
16 August 2014



APS

Australian
Psychological
Society

The Australian Psychological Society Limited
Level 11, 257 Collins Street,
Melbourne, VIC 3000
Ph: 03 8662 3300 | Fax: 03 9663 6177
www.psychology.org.au