

2008 ANNUAL FINANCIAL REPORT

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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 to 31 May 2008 and the state of affairs of the Society at that date.

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 results

The net surplus for the year ended 31 May 2008 is \$1,752,666 (2007: \$1,168,213 surplus).

Dividends and share options

The Society is a company limited by guarantee and does not have share capital. No portion of the surplus in any year shall be paid to members by way of dividends, bonus or otherwise. No options for shares in the company have been issued during the financial year and no options remain unexercised.

Review of operations

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

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 2008 not otherwise disclosed in the Annual Report.

Subsequent events

No other matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect:

- (i) the operations of the Society;
- (ii) the results of those operations; or
- (iii) the state of affairs of the Society in subsequent financial years.

Likely developments

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

Registered office

The registered office of The Australian Psychological Society is located at:
Level 11
257 Collins Street
Melbourne VIC 3000

Employees

The Society employed 59.6 full time equivalent employees (including staff contracted to work on various externally funded projects) as at 31 May 2008 (2007: 55.5).

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. To assist the Board to fulfil 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 2008 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 uphold the law.

The Board meets at least six times a year for scheduled meetings. The Board is committed to holding at least two of these meetings interstate, 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 Executive Director. 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.

Directors' meetings including Committee meetings

(1 June 2007 to 31 May 2008)

	Committees							
	Directors meetings		Finance and Investment		Governance		Risk Management, Compliance and Audit	
	H	A	H	A	H	A	H	A
A Gordon	10	10	5	4	3	3	3	3
L Littlefield	10	10	5	5	3	2	3	3
Q Black	7	5					1	1
S Crowe	3	3	2	1				
E Frydenberg	10	10			3	2		
A Lipzker	10	10						
I Montgomery	10	10					3	3
R Montgomery	10	10	3	2	2	2	3	3
K Moore	10	10	5	5				
T Thomas	10	8			3	2		
T Waring	5	4						

H = Number of meetings held whilst in office

A = Number of meetings attended

Indemnification and insurance of Directors and officers

During the financial year, the company has paid premiums in respect of a contract insuring all Directors, office bearers and employees of the Society against costs incurred in defending any wrongful act.

The total amount of insurance contract premiums paid was \$14,790 (2007: \$14,033).

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 66.

Signed in accordance with a resolution of the Directors.

Dated at Melbourne this 20th day of August 2008.



A GORDON
President



K MOORE
Director

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INCOME STATEMENT – Year ended 31 May 2008

	Note	2008 \$	2007 \$
REVENUE	2	13,847,215	10,193,941
EXPENSES			
General services and benefits for members		(7,164,553)	(4,754,461)
Marketing, promotion & publications		(1,529,078)	(1,472,516)
Governance, administration and occupancy (a)		(3,400,918)	(2,798,751)
TOTAL EXPENSES	2	(12,094,549)	(9,025,728)
SURPLUS FROM CONTINUING ACTIVITIES		1,752,666	1,168,213

(a) includes depreciation and rental expenses

BALANCE SHEET – as at 31 May 2008

	Note	2008 \$	2007 \$
CURRENT ASSETS			
Cash and cash equivalents	3	9,781,484	7,400,522
Trade and other receivables	4	1,507,161	764,252
Prepayments	5	267,624	216,768
TOTAL CURRENT ASSETS		11,556,269	8,381,542
NON CURRENT ASSETS			
Property, Plant and Equipment	6	504,545	574,800
Investment Property	7	1,600,000	1,475,000
TOTAL NON CURRENT ASSETS		2,104,545	2,049,800
TOTAL ASSETS		13,660,814	10,431,342
CURRENT LIABILITIES			
Trade and other payables	8	4,490,185	3,143,559
Provisions	9	473,870	362,634
TOTAL CURRENT LIABILITIES		4,964,055	3,506,193
NON CURRENT LIABILITIES			
Provisions	9	72,224	53,280
TOTAL NON CURRENT LIABILITIES		72,224	53,280
TOTAL LIABILITIES		5,036,279	3,559,473
NET ASSETS		8,624,535	6,871,869
MEMBERS' EQUITY			
Retained Surplus	11	8,624,535	6,871,869
TOTAL MEMBERS' EQUITY		8,624,535	6,871,869

STATEMENT OF CHANGES IN EQUITY – Year ended 31 May 2008

	Retained Surplus \$ (NOTE 11)	Total Member's Equity \$
Balance at 1 June 2006	5,703,656	5,703,656
Total income for the year recognised directly in equity	-	-
Surplus for the year	1,168,213	1,168,213
Balance at 31 May 2007	6,871,869	6,871,869
Total income for the year recognised directly in equity	-	-
Surplus for the year	1,752,666	1,752,666
BALANCE AT 31 MAY 2008	8,624,535	8,624,535

CASH FLOW STATEMENT – Year ended 31 May 2008

	Note	2008 \$	2007 \$
Cash Flows from Operating Activities			
Receipts from Customers & Members		16,356,496	12,954,883
Payments to Suppliers & Employees		(14,490,881)	(10,338,544)
Interest & Other Costs of Finance Paid		(114,699)	(99,355)
NET CASH FROM OPERATING ACTIVITIES	3	1,750,916	2,516,984
Cash Flows from Investing Activities			
Interest Received		632,776	425,424
Rent Received		157,413	143,578
Payments for Property, Plant & Equipment		(160,143)	(407,757)
NET CASH FROM INVESTING ACTIVITIES		630,046	161,245
Net Increase/(Decrease) in Cash Held		2,380,962	2,678,229
Cash at Beginning of Financial Year		7,400,522	4,722,293
CASH AT THE END OF THE FINANCIAL YEAR	3	9,781,484	7,400,522

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NOTES TO AND FORMING PART OF THE ACCOUNTS – Year ended 31 May 2008

Note 1: Statement of significant accounting policies

(a) Basis of the preparation of the accounts

The accounts have been prepared under the convention of historical cost accounting, except for freehold land and buildings which have been measured at fair value based on an independent valuation of market value obtained in August 2008. Cost in relation to assets represents the cash amount paid or the fair value of the asset given in exchange.

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001 which includes applicable accounting standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

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

(b) Statement of compliance

The financial report complies with Australian Accounting Standards.

Australian Accounting Standards that have recently been issued or amended, but not required to be adopted until after the Society's accounting period ended 31 May 2008, have not been adopted for this current annual reporting period. We do not believe that these recently issued or amended standards will have significant impact on the Society's financial reporting.

(c) Income tax

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

(d) Property, plant and equipment

Depreciation is provided on a straight line basis on all property, plant and equipment other than freehold land and buildings, with freehold land and buildings measured at fair value. Major depreciation periods are:

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

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. We have considered all property, plant and equipment and assessed no impairment for the year ended 31 May 2008.

(e) Investment property

Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

(f) 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 included in the determination of the operating result for the year.

(g) Branches, Colleges and Interest Groups

The operating surplus includes the net result of Branches, Colleges and Interest Groups.

(h) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Society and the revenue can be reliably measured. The following specific criteria must also be met before revenue is recognised:

Membership subscriptions

Subscriptions related to the reporting period have been received from members.

Interest

Control of the right to receive consideration for the provision of, or investment in, assets has been attained.

(i) Employee entitlements

"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."

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.

(j) Recoverable amounts of assets

Where an asset may be impaired, an estimate of recoverable amount is calculated. Where the carrying amount of the asset exceeds the recoverable amount, it is considered impaired and written down to the recoverable amount. No such write down has occurred for the year ended 31 May 2008.

(k) 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 balance sheet.

Cash flows are included in the Cash Flow Statement 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.

(l) Cash and cash equivalents

Cash and short term deposits in the balance sheet comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(m) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate of doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(n) Income in advance

As identified in Note 1(h), membership subscription revenue must be recognised in the relevant reporting year. Therefore, any subscription revenue received prior to 31 May 2008 which relates to the subscription period 1 June 2008 to 31 May 2009 is recognised as Income in advance at 31 May 2008.

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 2008 which have not been earned are recognised as income in advance at 31 May 2008.

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NOTES TO AND FORMING PART OF THE ACCOUNTS – Year ended 31 May 2008

Note 2: Operating surplus

Operating surplus for the year has been determined after:	2008 \$	2007 \$
(a) Revenue from operating activities:		
Membership Subscriptions	5,507,451	5,067,290
Newsletters, Branch, College and Interest Group revenue	699,462	549,302
Referrals Revenue	294,332	242,086
Event Registrations (Conferences & Workshops)	1,126,392	647,014
Advertising and Commission	966,907	705,060
Assessment of Qualifications	423,865	413,747
Externally Funded Projects	2,545,141	1,073,154
Application Fees	99,915	101,006
Other Operating Revenue	890,030	559,564
	12,553,495	9,358,223
	2008 \$	2007 \$
(b) Revenue from non-operating activities:		
Rental	157,413	143,578
Interest	711,657	450,158
Gain on Investment Property Revaluation	125,000	5,000
Other Non-Operating Revenue	299,650	236,982
	1,293,720	835,718
TOTAL REVENUE	13,847,215	10,193,941
	2008 \$	2007 \$
(c) Charging/(crediting) the following items:		
Depreciation of property, plant and equipment	229,809	242,342
Wages and Salaries	4,118,142	3,217,599
Superannuation costs	420,092	289,306
Provisions:		
- Long Service Leave	36,016	94,098
- Annual Leave	153,543	37,907
(Gain)/loss on disposal of property, plant & equipment	588	(3,765)

Note 3: Cash and cash equivalents

	2008 \$	2007 \$
Cash at Bank	281,484	1,650,522
Term Deposits	9,500,000	5,750,000
TOTAL CASH AND CASH EQUIVALENTS	9,781,484	7,400,522

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

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 balance sheet as follows:

	2008 \$	2007 \$
a) Reconciliation of surplus for the period to net cash flows from operating activities		
Surplus for the period	1,752,666	1,168,213
Plus/(minus) non-operating items:		
Interest income received	(632,775)	(425,425)
Rental income received	(157,413)	(143,578)
Plus/(minus) non-cash items:		
Depreciation	229,809	242,342
(Gain)/Loss on Disposal of Fixed Assets	588	-
(Gain) on restatement of Investment Property to fair value	(125,000)	(5,000)
Change in Assets & Liabilities:		
(Increase)/decrease in Trade and other receivables	(742,909)	(236,961)
(Increase)/decrease in Prepayments	(50,856)	18,089
Increase/(decrease) in Trade and other payables	1,346,626	1,803,507
Increase/(decrease) in Provisions	130,180	95,797
NET CASH FLOW FROM OPERATING ACTIVITIES	1,750,916	2,516,984

	2008 \$	2007 \$
b) Financing Facilities		
The Society has access to overdraft facilities secured by mortgage over freehold land and buildings.		
Facilities used at reporting date		
Bank overdraft	-	-
Facilities unused at reporting date		
Bank overdraft	20,000	20,000
Total Facilities		
Bank overdraft	20,000	20,000

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NOTES TO AND FORMING PART OF THE ACCOUNTS – Year ended 31 May 2008

Note 4: Trade and other receivables

	2008 \$	2007 \$
Advertising, products, sponsorship and commission revenue	90,716	132,148
Externally funded projects revenue	1,242,971	412,604
Provision for Doubtful Debts	(2,827)	(20,249)
	1,330,860	524,503
Other Debtors	176,301	239,749
	1,507,161	764,252

Trade debtors, and other sundry debtors, are non-interest bearing and have payment terms of fourteen days.

Externally funded projects are based on contractual arrangements with the Australian Government or statutory authorities and all related receivables are considered collectible.

Note 5: Prepayments

	2008 \$	2007 \$
Prepayments	267,624	216,768

Note 6: Property, plant and equipment

	2008 \$	2007 \$
Plant and Equipment		
At Cost	1,566,076	1,470,497
Accumulated Depreciation	(1,137,121)	(924,879)
	428,955	545,618
Leasehold Improvements		
At Cost	589,554	526,534
Accumulated Depreciation	(513,964)	(497,352)
	75,590	29,182
Total Property, Plant and Equipment		
Cost	2,155,630	1,997,031
Accumulated Depreciation and Amortisation	(1,651,085)	(1,422,231)
	504,545	574,800

Reconciliation	2008 \$	2007 \$
Plant & Equipment		
Carrying amount at beginning	545,618	409,385
Additions	97,123	374,013
Disposals	(588)	-
Depreciation expense	(213,198)	(237,780)
	428,955	545,618
Leasehold Improvements		
Carrying amount at beginning	29,182	-
Additions	63,020	33,744
Depreciation expense	(16,612)	(4,562)
	75,590	29,182

Note 7: Investment property

	2008 \$	2007 \$
Opening balance as at 1 June	1,475,000	1,470,000
Net gain from fair value adjustment	125,000	5,000
Closing balance as at 31 May	1,600,000	1,475,000

Freehold Land and Buildings (including Building Improvements) at 1 Grattan Street, Carlton, Victoria are stated at fair value based on an independent valuation, conducted in August 2008, determined by Mr Michael D Jackson, B.Bus(Prop), AAPI, Certified Practising Valuer, of Charter Keck Cramer, which assessed a market valuation of \$1,600,000.

Note 8: Trade and other payables

	2008 \$	2007 \$
Income Received in Advance		
Membership subscriptions	1,108,417	930,202
Event income (Conferences & Workshops)	135,614	370,760
Externally funded projects	2,293,641	779,521
Other	44,675	2,238
Other Creditors	907,838	1,060,838
	4,490,185	3,143,559

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.

Note 9: Provisions

	2008 \$	2007 \$
Current		
Employee Benefits - Annual Leave	317,362	199,617
- Long Service Leave	156,508	163,017
	473,870	362,634
Non-current		
Employee Benefits - Long Service Leave	72,224	53,280
TOTAL PROVISIONS	546,094	415,914

Note 10: Lease commitments

	2008 \$	2007 \$
Operating Leases		
Commitments are as follows:		
Not Later than One Year	780,738	510,806
Later than One Year and Not Later than Five Years	3,069,680	1,667,857
TOTAL OPERATING LEASE COMMITMENTS	3,850,418	2,178,663
Operating lease expenses recognised as an expense during the period	617,550	494,191

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NOTES TO AND FORMING PART OF THE ACCOUNTS – Year ended 31 May 2008

Note 11: Retained surplus

	2008 \$	2007 \$
Retained Surplus at the Beginning of the Financial Year	6,871,869	5,703,656
Surplus from Ordinary Activities	1,752,666	1,168,213
RETAINED SURPLUS	8,624,535	6,871,869

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 12: Key management personnel disclosure

Details of Key Management Personnel

		2007/2008 \$ Remuneration (including Superannuation)
(i) Non-Executive Directors		
A Gordon	(President)	31,665
R Montgomery	(President-Elect)	17,113
Q Black	Commenced 27 September 2007	11,990
S Crowe	Retired on 27 September 2007	5,123
E Frydenberg		17,113
A Lipzker		17,113
I Montgomery		17,113
K Moore		17,113
T Thomas		17,113
T Waring	Commenced 24 October 2007	11,990

(ii) Executives

Throughout the year the Society employed Professor Lyn Littlefield as Executive Director and Mr Barry Whitmore as General Manager and Chief Financial Officer.

Compensation of Key Management Personnel

Aggregated compensation of key management personnel was as follows:

	Short-term employee benefits \$	Total \$
2008		
Total Compensation	567,246	567,246
2007		
Total Compensation	494,130	494,130

Note 13: Auditors' remuneration

	2008 \$	2007 \$
Amounts received or due and receivable by the auditors for:		
- an audit or review of the financial report of the entity	22,000	19,500
- an audit or review of a special-purpose financial report related to course accreditation	1,150	-
- an audit or review of various externally funded projects (as required by project contracts)	2,850	2,850
- tax compliance advice	850	-
	26,850	22,350

Note 14: Related parties

The Society engages a wide range of suppliers in carrying out its business. The following payments were made to Directors of the Society for the supply of services identified below and all transactions to which the payments relate were on normal terms and conditions:

	2008 \$	2007 \$
Simon Crowe provided professional development services to the Society	\$4,200	\$6,100
Amanda Gordon provided professional development services to the Society	\$1,400	\$1,400
Robert Montgomery provided professional development services to the Society	\$1,400	\$22,400
Kate Moore provided consultant services related to APS Conferences	\$12,960	\$3,900
Iain Montgomery received sitting fees for participation on government-funded scholarship selection committees	\$2,727	nil

The above transactions only reflect those transactions incurred during the tenure of the respective Director.

Note 15: Financial reporting by segments

The Society operates predominantly in one industry. The principal activities of the Society are the advancement of scientific study and the professional practice of psychology. The Society operates directly and/or indirectly in all states and territories of Australia.

Note 16: Contingent liabilities

There are no contingent liabilities of a material nature as at balance date.

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NOTES TO AND FORMING PART OF THE ACCOUNTS – Year ended 31 May 2008

Note 17: Financial instruments and financial risk management

(a) Interest Rate Risk

As the Society has cash investments at balance date and is likely to continue to invest cash, any increase in prevailing interest rates would have a positive impact on the Society's earnings. Any decrease in interest rates, whilst reducing the Society's earnings, is unlikely to have a material negative impact on earnings or the Society's ability to achieve its strategic and operational objectives.

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

Year ended 31 May 2008	<1 year \$	1-2 years \$	2-3 years \$	3-4 years \$	4-5 years \$	>5 years \$	Totals \$	Weighted average eff. Interest rate %
FINANCIAL ASSETS								
Fixed rate								
Short Term deposits	9,500,000	-	-	-	-	-	9,500,000	7.05%
Floating rate								
Cash and cash equivalents	281,484	-	-	-	-	-	281,484	4.45%
Year ended 31 May 2007	<1 year \$	1-2 years \$	2-3 years \$	3-4 years \$	4-5 years \$	>5 years \$	Totals \$	Weighted average eff. Interest rate %
FINANCIAL ASSETS								
Fixed rate								
Short Term deposits	5,750,000	-	-	-	-	-	5,750,000	6.17%
Floating rate								
Cash and cash equivalents	1,650,522	-	-	-	-	-	1,650,522	4.28%

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.

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

(b) Credit Risk

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the Society. The Society only trades with recognised and credit worthy third parties.

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount, net of any provisions for impairment of these assets, as disclosed in the balance sheet and notes to the financial statements. The Society monitors receivables balances closely and whilst there are significant amounts owing from The Australian Government, as set out in Note 4 to the accounts, we do not assess there is any risk as to their collectibility.

(c) Price Risk

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values determined in accordance with the accounting policies disclosed in Note 1 of the financial statements. The Society is not exposed to price risk on any of its cash at bank or short term deposit amounts.

(d) Foreign Currency

The Society is not exposed to movements in the value of foreign currencies.

(e) Liquidity Risk

The Society's liquidity risk is low due to the active monitoring and management of the Society's cash holdings.

(f) Net Fair Value

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximates their carrying value. All financial assets are due and receivable, and financial liabilities due and payable, within 12 months of balance date.

The carrying amount and net fair values of financial assets and liabilities at balance date are as follows:

	2008 \$		2007 \$	
	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
On-balance sheet				
Financial Assets				
Cash	281,484	281,484	1,650,522	1,650,522
Trade and other Receivables	1,507,161	1,507,161	764,252	764,252
Short Term deposits	9,500,000	9,500,000	5,750,000	5,750,000
	11,288,645	11,288,645	8,164,774	8,164,774
Financial Liabilities				
Trade and other Creditors	907,838	907,838	1,060,838	1,060,838
Fees in Advance	3,582,347	3,582,347	2,082,721	2,082,721
	4,490,185	4,490,185	3,143,559	3,143,559

Note 18: Subsequent events

No significant events have occurred subsequent to year end that require disclosure in the financial report.

Note 19: Interest in jointly controlled entity


The Society and the Council of Psychologists Registration Boards [Australasia] Inc (CPRB) hold joint control of the Australian Psychology Accreditation Council Limited (APAC). APAC, a public company limited by guarantee, was incorporated on 2 December 2005 to establish standards of education for the training and registration of psychologists throughout Australia, and to assess whether schools of psychology of Australian universities meet these standards. As at 31 May 2008 the Society's share of assets and liabilities and profit or loss of APAC is not material to the financial report of the Society.

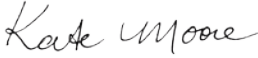
Directors' declaration

In accordance with a resolution of the Directors of The Australian Psychological Society Limited, we state that in the opinion of the Directors:

- (a) the financial statements and notes to the financial statements of the company are in accordance with the Corporations Law, including:
- (i) giving a true and fair view of the company's financial position as at 31 May 2008 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and Corporations Regulations; and
- (b) at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

**Signed in accordance with a resolution of the Directors.
Dated at Melbourne this 20th day of August 2008.**


A GORDON
President


K MOORE
Director

Independent audit report

Independent Audit Report to members of The Australian Psychological Society Limited

We have audited the accompanying financial report of The Australian Psychological Society Limited, which comprises the balance sheet as at 31 May 2008, and the income statement, statement of changes in equity and cash flow statement 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 preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls 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 controls. 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.

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 met the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration.

Auditor's Opinion

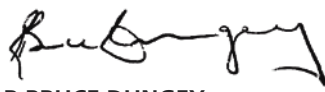
In our opinion the financial report of The Australian Psychological Society Limited is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the financial position of The Australian Psychological Society Limited at 31 May 2008 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

Dated at Melbourne this 20th day of August 2008.



ERNST & YOUNG



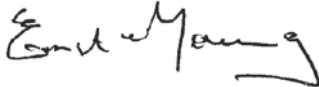
R BRUCE DUNGEY
Partner
Melbourne

Auditor's independence declaration

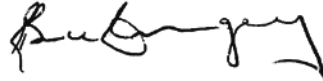
Auditor's Independence Declaration to Directors of The Australian Psychological Society Limited

In relation to our audit of the financial report of The Australian Psychological Society Limited for the financial year ended 31 May 2008, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Dated at Melbourne this 20th day of August 2008.



ERNST & YOUNG



R BRUCE DUNGEY
Partner
Melbourne



