

# 2018 FINANCIAL REPORT



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## 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 2018 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:

**Mr Anthony Cichello FAPS** – commenced his term as President following the 2016 AGM held on 15 September 2016 and will complete his term at the conclusion of the 2018 AGM. Anthony has many years of experience as a psychologist across the broad primary, secondary and tertiary public mental health/hospital and independent private practice sectors, across three Australian States within both rural and metropolitan areas. He has been a member of the APS since 2003.

**Ms Ros Knight MAPS** – commenced her term as President-Elect following the 2017 AGM held on 7 October 2017. She will commence her two year term as President following the 2018 AGM. Ros is the Clinic Director at Macquarie University – which provides postgraduate training in Clinical, Clinical Neuro and Organisational psychology. She has been a member of the APS since 1992.

**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. Lyn has announced her intention to retire and resigned as a Director, effective 3 August 2018. She has been a member of the APS since 1980.

**Dr Felicity Allen MAPS** – commenced her term as a General Director following the 2015 AGM held on 1 October 2015 and completed her term at the conclusion of the 2017 AGM, on 7 October 2017. Felicity works as a consultant in her own business and was an Associate Professor at Monash University. She has been a member of the APS since 1975.

**Ms Robyn Batten** – commenced her term as an Additional Director on 8 February 2018 and will complete her term at the conclusion of the 2018 AGM. Robyn has held CEO and executive director positions in health, local government, community, and aged care across four Australian States.

**Professor Tim Carey FAPS** – commenced his term as a General Director following the 2017 AGM held on 7 October 2017 and will complete his term at the conclusion of the 2019 AGM. Previously, Tim was a General Director from the 2013 AGM held on 10 October 2013 and completed his term at the conclusion of the 2016 AGM, on 15 September 2016. 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.

**Dr Michael Carr-Gregg MAPS** – commenced his term as a General Director following the 2015 AGM held on 1 October 2015 and completed his term at the conclusion of the 2017 AGM held on 7 October 2017. He is a nationally registered child and adolescent psychologist working in private practice in Melbourne. Michael previously worked as the Managing Director of The Young and Well Cooperative Research Centre. He has been a member of the APS since 1997.

**Associate Professor Jacquelyn Cranney FAPS** – commenced her term as an Additional Director on 13 February 2017 and completed her term at the conclusion of the 2017 AGM, on 7 October 2017. Jacquelyn is an Associate Professor at the School of Psychology, University of New South Wales and is in a number of leadership positions at a local, national and international level for a variety of educational organisations. She has been a member of the APS since 1992.

**Dr Aaron Frost MAPS** – commenced his term as a General Director following the 2016 AGM held on 15 September 2016 and will complete his term at the conclusion of the 2019 AGM. Aaron is the Director and founder of Benchmark Psychology and consults for small and large organisations interested in moving towards clear outcome evaluation in their work. He has been a member of the APS since 2007.

**Mr Joseph Gagliano MAPS** – commenced his term as a General Director following the 2017 AGM held on 7 October 2017 and will complete his term at the conclusion of the 2020 AGM. Joseph has worked in diverse areas, including emergency services, large organisations, trauma, and critical incidents,

along with individual clients in many areas (anxiety, depression, workplace bullying, injured workers). He has been a member of the APS since 1997.

**Ms Mary Latham** – commenced her term as an Additional Director on 8 February 2018 and will complete her term at the conclusion of the 2018 AGM. Mary is an experienced finance professional whose career has spanned chartered accounting firms, the financial services industry, and the not-for-profit sector, both in Australia and overseas and is the current Chair of the Board's Finance, Investment, and Audit Committee.

**Associate Professor Christopher Lee MAPS** – commenced his term as a General Director following the 2017 AGM held on 7 October 2017 and will complete his term at the conclusion of the 2020 AGM. Previously, Chris was an Additional Director from 13 February 2017 and completed that term at the conclusion of the 2017 AGM. Chris has worked in private practice, community and inpatient psychiatric service, and in academia. He has been a member of the APS since 1986.

**Ms Mary Magalotti MAPS** – commenced her term as a General Director following the 2014 AGM held on 2 October 2014 and completed her term at the conclusion of the 2017 AGM held on 7 October 2017. Mary is the founder, Director and Principal Psychologist of Life Resolutions and Virtual Briefcase, which include approximately 30 branded Life Resolutions practices and support to a further 140 independently branded practices across Australia. She has been a member of the APS since 1999.

**Ms Ronita Neal MAPS** – commenced her term as an Additional Director on 8 February 2018 and will complete her term at the conclusion of the 2018 AGM. Ronita currently runs her own private practice and also delivers training and coaching in Government, corporate and small business settings. Ronita has worked in many settings including the public and private sectors, higher education (including lecturer roles), health sector and private practice. She has been a member of the APS since 1991.

**Ms Fay Oberklaid FAPS** – commenced her term as an Additional Director on 13 February 2017 and completed her term at the conclusion of the 2017 AGM held on 7 October 2017. Fay has more than 30 years' experience as a psychologist working in a range of university, corporate and private practice settings. She has also worked in a number of corporate and faculty manager roles. She has been a member of the APS since 1980.

**Dr Deborah Wilmoth FAPS** – commenced her term as a General Director following the 2015 AGM held on 1 October 2015 and will complete her term at the conclusion of the 2018 AGM. Previously she was an Additional Director from 1 January 2011 and completed that term at the conclusion of the 2011 AGM held on 6 October 2011. Deborah is the Clinic Director at Bond University with responsibility for the practical training (internship and externship) for the Masters in Clinical Psychology and Masters in Forensic Psychology. She has been a member of the APS since 1997.

**Mrs Jill Wright MAPS** – commenced her term as a General Director following the 2016 AGM held 15 September 2016 and completed her term at the conclusion of the 2017 AGM held on 7 October 2017. Previously Jill was a General Director from May 2013 and completed that term at the conclusion of the 2015 AGM held on 1 October 2015. Jill is the founder, Principal Psychologist and Director of Psychology Melbourne and has been working in private practice as a psychologist for many years. She has been a member of the APS since 1993.

**Mr Peter Zarris MAPS** – commenced his term as an Additional Director on 8 February 2018 and will complete his term at the conclusion of the 2018 AGM. Peter is an Organisational Psychologist and an Executive Coach with over 18 years' experience in the development of individual, team, and organisational capability. He consults to major Businesses and Government Organisations. He has been a member of the APS since 1991.

## DIRECTORS' REPORT continued

All of those who were APS Directors during the financial year covered by this report, as listed above, have completed either the Australian Institute of Company Directors (AICD) *Company Directors Course* or one or more other AICD courses for Directors, or have extensive experience as a Director that has been formally recognised by the AICD.

### 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 deficit from the continuing operations for the year ended 31 May 2018 is (\$166,466) excluding other comprehensive income and a deficit of (\$189,376) including other comprehensive income [2017: (\$617,569) deficit excluding other comprehensive income and (\$521,902) deficit including other comprehensive income]. The financial result for the year ended 31 May 2018 includes expenditure of \$208,762 which is part of a major advertising campaign approved by the Board to run across the 2016-17 and 2017-18 financial years (this expenditure was \$1,332,257 at 31 May 2017). The key message of this campaign is 'Believe in Change', with the Australian public being encouraged to seek assistance from a psychologist to help make important changes in their lives.

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.

### 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 2018 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

Professor Lyn Littlefield has announced her intention to retire from the role of APS Executive Director effective 3 August 2018. The Board has appointed Ms Frances Mirabelli as Chief Executive Officer who succeeded Professor Lyn Littlefield upon her retirement.

Other than the matter noted above, there were no other significant changes in the state of affairs of the Company during the financial year.

### 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 that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving:

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

The total amount of insurance contract premiums paid was \$17,464 (2017: \$19,225).

### **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 13, 257 Collins Street  
Melbourne VIC 3000

### **Employees**

The APS employed 72 full time equivalent employees (including staff contracted to work on various externally funded projects) as at 31 May 2018 (2017: 76).

### **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.

At a general meeting of members held on 6 June 2017 various changes to The Constitution were adopted. The Constitution currently provides that following a transition period the Board will comprise at any one time a President, a President-Elect (in alternate years), the Executive Director, six (6) elected non-executive Directors (General Directors) and up to four (4) non-executive Additional Directors appointed by the Board (Additional Directors) on the recommendation of a Nominations Committee. In order to help ensure that the Board of Directors is diverse in its composition General Directors elected to the Board will be derived from: the Division of Colleges – one Director to be elected by and from those who are members of an APS College other than the APS College of Clinical Psychologists and one Director to be elected by and from those who are members of

the APS College of Clinical Psychologists; the Division of General Psychological Practice (DGPP) – two Directors to be elected by and from DGPP; the Division of Psychological Research, Education and Training (DPRET) – one Director elected by and from DPRET; Early Career members [members within their first seven (7) years of employment within the profession and/or discipline] – one Director elected by all voting members. With regard to Additional Directors, the Board is required to appoint two 'external' (an appointee cannot be a member or eligible to be a member of the Society) Directors who have necessary skills and experience to help ensure good governance of the Society. Further, the Board may appoint up to two more Additional Directors who are members of the Society to fill any 'gaps' in the skills or background of the elected Board members.

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 some of these meetings outside of Melbourne, with the majority of meetings held at the APS's National Office in Melbourne.

Day-to-day management of the organisation's affairs and implementation of corporate strategy and policy initiatives were the responsibility of the APS' Executive Director, Professor Lyn Littlefield up to 30 July 2018. Details of Professor Littlefield's qualifications and experience are contained elsewhere in this Directors' Report. Ms Frances Mirabelli commenced as the APS Chief Executive Officer on 30 July 2018. Ms Mirabelli has extensive experience in medical science, aged and homeless housing, which has included roles as Chief Executive Officer of the Australian Medical Association (AMA – Victoria), Leading Aged Care Services Australia (LASA) and the Mayflower Group.

The APS' company secretary is Barry Whitmore who has been a member of both Chartered Accountants Australia and New Zealand and CPA Australia for more than 30 years, and is a graduate member of the Australian Institute of Company Directors.

### **Members' guarantee**

The Australian Psychological Society Limited is a public company limited by guarantee. The Society's 24,059 members (2017: 22,842) have each undertaken to contribute \$20 in the event that the Society is wound up.

**Directors' meetings including Committee meetings  
(1 June 2017 to 31 May 2018)**

	Committees							
	Directors' Meetings		Finance, Investment and Audit		Governance		Risk Management and Compliance	
	H	A	CMH	A	CMH	A	CMH	A
Anthony Cichello	7	7	6	3	5	5		
Ros Knight	4	4	2	2	2	2		
Lyn Littlefield	7	7	6	5	5	4	-	-
Felicity Allen	3	3					-	-
Robyn Batten	2	2			2	2	-	-
Tim Carey	4	4			2	1		
Michael Carr-Gregg	3	2						
Jacquelyn Cranney	3	3						
Aaron Frost	7	7			3	3		
Joseph Gagliano	4	4					-	-
Mary Latham	2	2	2	2				
Christopher Lee	7	7						
Mary Magalotti	3	-						
Ronita Neal	2	2						
Fay Oberklaid	3	3	4	4				
Deborah Wilmoth	7	7					-	-
Jill Wright	3	3			2	2		
Peter Zarris	2	2						

H = Number of meetings held whilst in office

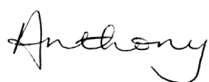
A = Number of meetings attended

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

**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 9.

Signed in accordance with a resolution of the Directors.



Anthony Cichello  
President



Mary Latham  
Director

Melbourne  
13 August 2018



# 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 2018, 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.

A handwritten signature in black ink that reads 'Amanda Campbell'.

Amanda Campbell  
Partner  
PricewaterhouseCoopers

Melbourne  
13 August 2018

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*PricewaterhouseCoopers, ABN 52 780 433 757  
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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 2018

### STATEMENT OF COMPREHENSIVE INCOME - Year ended 31 May 2018

	NOTE	2018 \$	2017 \$
<b>REVENUE</b>			
Revenue from operating activities	3	18,209,341	17,906,059
Finance income	3	502,914	583,889
Other gains	3	-	24,246
<b>TOTAL REVENUE FROM CONTINUING OPERATIONS</b>		<b>18,712,255</b>	<b>18,514,194</b>
<b>EXPENSES</b>			
Marketing and media		(904,516)	(2,380,068)
Resources, services and benefits for APS members including continuing professional development		(9,412,725)	(8,362,575)
Supporting the discipline and profession		(1,172,049)	(972,694)
Enhancement of community wellbeing (includes expenditure on externally funded projects)		(2,024,763)	(2,482,143)
Governance, management and administration		(5,301,585)	(4,934,283)
Other losses	17	(63,083)	-
<b>TOTAL EXPENSES</b>		<b>(18,878,721)</b>	<b>(19,131,763)</b>
<b>(DEFICIT) FOR THE YEAR</b>		<b>(166,466)</b>	<b>(617,569)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Items that will not be reclassified to profit and loss:			
Changes in the fair value of equity investments at FVOCI*	17	(22,910)	95,667
<b>TOTAL COMPREHENSIVE (DEFICIT) FOR THE YEAR</b>		<b>(189,376)</b>	<b>(521,902)</b>

\*Fair value through other comprehensive income.

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

**STATEMENT OF FINANCIAL POSITION -  
As at 31 May 2018**

	NOTE	2018 \$	2017 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	2,291,350	2,404,153
Short term deposits	5	3,985,000	4,800,000
Trade and other receivables	7	288,887	536,450
Prepayments	8	858,365	1,026,844
<b>TOTAL CURRENT ASSETS</b>		<b>7,423,602</b>	<b>8,767,447</b>
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment and intangibles	9	1,221,376	1,255,667
Financial assets at fair value through other comprehensive income (FVOCI)	17	2,630,378	2,650,346
Financial assets at fair value through profit and loss (FVPL)	17	5,349,737	5,431,565
<b>TOTAL NON CURRENT ASSETS</b>		<b>9,201,491</b>	<b>9,337,578</b>
<b>TOTAL ASSETS</b>		<b>16,625,093</b>	<b>18,105,025</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	3,265,136	4,457,945
Provisions	11	1,234,996	1,237,158
<b>TOTAL CURRENT LIABILITIES</b>		<b>4,500,132</b>	<b>5,695,103</b>
<b>NON CURRENT LIABILITIES</b>			
Provisions	11	416,395	511,980
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>416,395</b>	<b>511,980</b>
<b>TOTAL LIABILITIES</b>		<b>4,916,527</b>	<b>6,207,083</b>
<b>NET ASSETS</b>		<b>11,708,566</b>	<b>11,897,942</b>
<b>MEMBERS' EQUITY</b>			
Retained earnings	13	11,532,568	11,694,153
Other reserves	13	175,998	203,789
<b>TOTAL MEMBERS' EQUITY</b>		<b>11,708,566</b>	<b>11,897,942</b>

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

## ANNUAL ACCOUNTS 2018 continued

### STATEMENT OF CHANGES IN EQUITY - Year ended 31 May 2018

	2018 \$	2017 \$
<b>OPENING RETAINED EARNINGS</b>	11,694,153	12,277,668
(Deficit) for the period	(166,466)	(617,569)
Net gain on sale of equity investments held as FVOCI- reclassified from Other reserves	4,881	34,054
<b>CLOSING RETAINED EARNINGS AT YEAR END</b>	<b>11,532,568</b>	<b>11,694,153</b>
<b>OPENING OTHER RESERVES</b>	203,789	142,176
Other comprehensive income (OCI)	(22,910)	95,667
Net gain on sale of equity investments held as FVOCI- reclassified to Retained earnings	(4,881)	(34,054)
<b>CLOSING OTHER RESERVES AT YEAR END</b>	<b>175,998</b>	<b>203,789</b>
<b>TOTAL EQUITY</b>	<b>11,708,566</b>	<b>11,897,942</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 2018**

	NOTE	2018 \$	2017 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and members (inclusive of goods and services tax)		19,494,176	20,579,989
Payments to suppliers, employees and others (inclusive of goods and services tax)		(20,379,166)	(20,543,824)
Interest and other costs of finance paid		(194,187)	(213,897)
<b>NET CASH (USED IN) FROM OPERATING ACTIVITIES</b>	6	<b>(1,079,177)</b>	<b>(177,732)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Dividends received		213,849	202,735
Interest received from long term investments		120,366	121,975
Interest received from short term deposits		153,559	278,205
Payments for acquisition of financial assets		(123,605)	(1,351,372)
Payments for Investment adviser fees		(51,005)	(49,055)
Proceeds from sale of financial assets		139,408	538,722
Payments for property, plant and equipment and intangibles	9	(301,198)	(926,830)
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>151,374</b>	<b>(1,185,620)</b>
Net (decrease) in cash held		(927,803)	(1,363,352)
Cash and short term deposits at beginning of financial year		7,204,153	8,567,505
<b>CASH AND SHORT TERM DEPOSITS AT THE END OF THE FINANCIAL YEAR</b>	5	<b>6,276,350</b>	<b>7,204,153</b>

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

## ANNUAL ACCOUNTS 2018 continued

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - Year ended 31 May 2018

#### NOTE 1: Corporate information

The financial statements of The Australian Psychological Society Limited (the APS) for the year ended 31 May 2018 were authorised for issue in accordance with a resolution of the Directors dated 13 August 2018. The directors have the power to amend and reissue the financial statements.

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 APS is a not-for-profit entity for the purpose of preparing the financial statements.

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 2017 affected any of the amounts recognised in the current period and are not likely to affect future periods.

The following standards may affect the APS in the period of initial application:

Standard	Title	Effective date	Impact on the APS financial statements
AASB 15	Revenue from Contracts with Customers	Annual reporting period beginning on or after 1 January 2019 (1 June 2019 to 31 May 2020 reporting period for the APS)	The APS is currently assessing the effects of applying the new standard on the financial statements and the APS will complete a full and detailed assessment of the effects over the next twelve months.
AASB 16	Leases	Annual reporting period beginning on or after 1 January 2019 (1 June 2019 to 31 May 2020 reporting period for the APS)	The APS is currently assessing the effects of applying the new standard on the financial statements and the APS will complete a full and detailed assessment of the effects over the next twelve months.

##### (iii) Historical cost convention

These financial statements have been prepared under the historical cost convention, except for financial assets measured at fair value.

##### (b) Income tax

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

## NOTE 2: Statement of significant accounting policies continued

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

Property, plant and equipment and intangibles, 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 and intangibles. Depreciation periods are:

- Plant and equipment: 3 to 8 years
- Intangibles: 3 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.

#### (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% (9.5% 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

## ANNUAL ACCOUNTS 2018 continued

### NOTE 2: Statement of significant accounting policies continued

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

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### (j) Investments and other financial assets

##### (i) Classification

The company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The company reclassifies debt investments when and only when its business model for managing those assets changes.

##### (ii) Measurement

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Purchases and sales of financial assets are accounted for at settlement date.

##### *Equity instruments*

The company subsequently measures all equity investments at fair value. The company has elected to present fair value gains and losses on equity instruments in other comprehensive income, with no subsequent reclassification of fair value gains or losses to profit and loss. Dividends from such investments continue to be recognised in profit or loss as other income when the company's right to receive payments is established.

There are no impairment requirements for equity investments measured at fair value through other comprehensive income.



## NOTE 2: Statement of significant accounting policies continued

### *Debt Instruments*

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the company classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method.
- **Fair value through profit or loss (FVPL):** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the profit or loss statement within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in the finance income.

Based on the cash flow characteristics of the current instruments and the APS' business model for managing the assets, the measurement of debt instruments is at fair value through profit and loss.

### **(iii) Impairment**

The company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

### **(k) 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.

### **(l) 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 2018 which relates to the membership subscription period 1 June 2018 to 31 May 2019 is recognised as Revenue received in advance at 31 May 2018.

The timing of the receipt of payments for work undertaken on externally funded projects is typically set out in the project contract. Payments received, up to 31 May 2018 which have not been earned are recognised as revenue received in advance at 31 May 2018, and will only be recognised as revenue when the APS has met the conditions set out in the project contract.

### **(m) 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 2018 continued

### NOTE 3: Revenue

	2018 \$	2017 \$
<b>Revenue from operating activities:</b>		
Member Subscriptions and Segmented Fees	9,604,197	9,459,934
Externally funded projects	1,527,080	2,018,801
APS Member Groups [Branches, Colleges and Interest Groups]	2,770,901	1,347,021
Continuing Professional Development (including events run by the APS Training Institute but excluding events run by APS Member Groups which are shown above):		
- Conferences	-	946,164
- Workshops, eLearning, webinars	1,480,962	1,325,510
Advertising and Commission	1,673,540	1,607,292
Assessment of Qualifications	398,428	350,550
'Find a Psychologist'	327,951	384,299
Income from other sources	426,282	466,488
	<b>18,209,341</b>	<b>17,906,059</b>
<b>Finance income:</b>		
Interest revenue from short term deposits	159,647	246,424
Dividends and Interest from long term investments	343,267	337,465
<b>Other gains:</b>		
Fair value gains on financial assets at fair value through profit and loss (FVPL)	-	25,658
(Loss) on sale of financial assets at fair value through profit and loss (FVPL)	-	(1,412)
<b>TOTAL REVENUE FROM CONTINUING OPERATIONS</b>	<b>18,712,255</b>	<b>18,514,194</b>

### NOTE 4: Expenses

	2018 \$	2017 \$
<b>The operating (deficit) includes the following expenses:</b>		
APS Branding - external advertising (a)	208,762	1,332,257
Depreciation and amortisation of property, plant and equipment and intangibles	419,024	503,349
Wages and salaries	7,614,391	7,425,004
Superannuation costs	761,154	749,629
Provisions:		
- Long service leave	98,009	131,398
- Annual leave	77,700	104,940

(a) The financial result for the year ended 31 May 2018 includes expenditure of \$208,762 which was part of a major advertising campaign approved by the Board to run across the 2016-17 and 2017-18 financial years (\$1,332,257 was the expenditure to 31 May 2017). The key message of this campaign was 'Believe in Change', with the Australian public being encouraged to seek assistance from a psychologist to help make important changes in their lives.

**NOTE 5: Cash, cash equivalents and short term deposits**

	2018 \$	2017 \$
Cash at bank and cash equivalents (a)	2,291,350	2,404,153
Short Term deposits (b)	3,985,000	4,800,000
<b>TOTAL CASH, CASH EQUIVALENTS AND SHORT TERM DEPOSITS</b>	<b>6,276,350</b>	<b>7,204,153</b>

Cash at bank earns interest at floating rates on daily deposits rates. Term deposits are made for one month to six months and earn interest on the respective short term deposit rates.

For details on Long Term investments please refer to Note 17.

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

(a) Cash at bank and cash equivalents include short term deposits with maturity three months or less from the date of acquisition of \$1,370,000 at 31 May 2018 (\$800,000 at 31 May 2017).

Perpetual Private Investment Wrap account balance of \$34,511 is included in cash at bank and cash equivalents at 31 May 2018 (\$593,357 at 31 May 2017). APS long term investments, together with the re-investment of returns realised through Perpetual investment activities since July 2015 (less administration and adviser fee), are held in a separate bank-Perpetual Private Investment Wrap account.

(b) These Short term deposits with maturity longer than three and up to six months from the date of acquisition are organised throughout each financial year so that maturity dates align with working capital needs, to support the company's day-to-day operations.

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, Cash Equivalents and Short term deposits' amount shown above and held, along with other APS funds, in appropriate term deposit accounts. APS Member Groups funds of \$1,847,137 are included in the 'Total Cash, Cash Equivalents and Short term deposits' at 31 May 2018 (\$1,667,424 at May 2017). 192 Member Groups were active at May 2018 (189 at May 2017).

## ANNUAL ACCOUNTS 2018 continued

### NOTE 6: Reconciliation of cash flows

	2018 \$	2017 \$
<b>Reconciliation of (deficit) for the period to net cash flows from operating activities:</b>		
(Deficit) for the period	(166,466)	(617,569)
<b>Plus/(minus) non-cash items and investing activities cash items:</b>		
Depreciation and amortisation	419,024	503,349
Interest received from short term deposits	(153,559)	(278,205)
Dividends and Interest received from long term investments	(334,215)	(324,710)
Payments for Investment adviser fees	51,005	49,055
Fair value loss/(gain) on financial assets through profit and loss (FVPL)	63,592	(25,658)
(Gain)/loss on sale of financial assets through profit and loss (FVPL)	(509)	1,412
<b>Change in operating assets and liabilities:</b>		
Decrease in trade and other receivables	247,563	500,108
Decrease/(increase) in prepayments	168,479	(665,588)
(Decrease)/increase in trade and other payables	(1,192,809)	558,727
(Decrease)/Increase in provisions for employee benefits and make good	(181,282)	121,347
<b>NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>(1,079,177)</b>	<b>(177,732)</b>

**NOTE 7: Trade and other receivables**

	<b>2018 \$</b>	<b>2017 \$</b>
Advertising, products, sponsorship and commission (trade debtors)	57,126	124,850
Externally funded projects	-	57,200
	<b>57,126</b>	<b>182,050</b>
The Australian Psychology Accreditation Council Limited (APAC) - refer Notes 15 and 18	2,750	3,041
Other debtors and accrued revenue	229,011	351,359
<b>TOTAL TRADE AND OTHER RECEIVABLES</b>	<b>288,887</b>	<b>536,450</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 mainly 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 collectable.

**NOTE 8: Prepayments**

	<b>2018 \$</b>	<b>2017 \$</b>
Prepayments	858,365	1,026,844

## ANNUAL ACCOUNTS 2018 continued

### NOTE 9: Property, plant and equipment and intangibles

	2018 \$	2017 \$
<b>Plant and equipment and intangibles:</b>		
At cost	3,638,294	3,361,989
Accumulated depreciation	(2,496,972)	(2,175,672)
	1,141,322	1,186,317
<b>Leasehold improvements:</b>		
At cost	1,521,091	1,521,091
At cost- Make good provision (a)	83,535	270,434
Accumulated depreciation and amortisation	(1,524,572)	(1,722,175)
	80,054	69,350
<b>Total Property, plant and equipment and intangibles:</b>		
Cost	5,242,920	5,153,514
Accumulated depreciation and amortisation	(4,021,544)	(3,897,847)
	<b>1,221,376</b>	<b>1,255,667</b>
<b>Reconciliation</b>		
<b>Plant and equipment and intangibles:</b>		
Carrying amount at beginning	1,186,317	
Additions (b)	302,122	
Disposals	(924)	
Depreciation expense	(346,193)	
	<b>1,141,322</b>	
<b>Leasehold improvements:</b>		
Carrying amount at beginning	69,350	
Make good obligation (a)	83,535	
Depreciation and amortisation expense	(72,831)	
	<b>80,054</b>	
<b>Total Property, plant and equipment and intangibles movements:</b>		
Carrying amount at beginning	1,255,667	
Additions	302,122	
Make good obligation (a)	83,535	
Disposals	(924)	
Depreciation and amortisation expense	(419,024)	
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLES</b>	<b>1,221,376</b>	

(a) The APS had entered into an agreement with RAM Investments No. 1 Pty Ltd related to the APS' lease of its National Office premises at 257 Collins Street, Melbourne. This agreement, which expired on 31 December 2017, included various make good obligations that were to apply upon cessation of occupancy by the APS. These make good costs were capitalised as part of the cost of leasehold improvements along with a corresponding provision (Note 11) and were fully amortised over the lease period which ended on 31 December 2017.

## NOTE 9: Property, plant and equipment and intangibles continued

The APS continued its occupancy at 257 Collins Street, Melbourne beyond the aforementioned lease end and entered into a new lease agreement with RAM Investments No. 1 Pty Ltd, commencing from 1 January 2018 and finishing 31 December 2027.

Under this current agreement the APS' make good obligations differ from the obligations under the previous lease. Accordingly, in the 2018 financial year the make good provision for level 8 has been reversed and the level 11 provision has been reduced. The new make good costs 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.

(b) Development of the APS' new website began in the 2016-17 financial year and is scheduled to be completed in the 2018-19 financial year. An amount of \$634,561 has been spent on this project in 2016-17 and \$137,708 in 2017-18 (included in Total Additions above) with further expenditure to be incurred in 2018-19. Depreciation commenced in 2017-18 from the time at which the website stage 1 (out of 3 stages) was completed.

The APS assessed at 31 May 2018 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 payables

	2018 \$	2017 \$
Revenue received in advance:		
- Membership subscriptions	990,955	1,177,421
- Event income (conferences and workshops)	447,881	1,085,188
- Externally funded projects	578,435	367,749
- Other	94,223	109,300
	<b>2,111,494</b>	<b>2,739,658</b>
Other creditors and accruals	1,153,642	1,718,287
<b>TOTAL TRADE AND OTHER PAYABLES</b>	<b>3,265,136</b>	<b>4,457,945</b>

Other creditors are non-interest bearing and are settled within 30 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 \$485,000, related to the lease of its National Office premises at 257 Collins Street, Melbourne under a lease agreement commencing 1 January 2018 for a term of ten years. The lease agreement is with RAM Investments No.1 Pty Ltd.

## ANNUAL ACCOUNTS 2018 continued

### NOTE 11: Provisions

	2018 \$	2017 \$
<b>Current:</b>		
Employee benefits - Annual leave (a)	529,684	615,453
- Long service leave (a)	705,312	621,705
	1,234,996	1,237,158
<b>Non-current:</b>		
Employee benefits - Long service leave	132,309	179,940
Make good provision to restore premises (b)	284,086	332,040
	416,395	511,980
<b>TOTAL PROVISIONS</b>	<b>1,651,391</b>	<b>1,749,138</b>
Total employee benefit provisions	1,367,305	1,417,098

(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 in one to ten years.

	2018 \$	2017 \$
<b>Operating leases - the APS as Lessee</b>		
<b>Commitments are as follows:</b>		
Not later than one year	1,352,663	762,835
Later than one year and not later than five years	5,819,233	169,056
Later than five years and not later than ten years	7,645,909	-
<b>TOTAL OPERATING LEASE COMMITMENTS</b>	<b>14,817,805</b>	<b>931,891</b>
Operating lease expenses recognised as an expense during the period	1,250,186	1,332,462



**NOTE 13: Retained earnings and other reserves**

	2018 \$	2017 \$
<b>Retained earnings:</b>		
Balance at the beginning of the financial year	11,694,153	12,277,668
(Deficit) for the year	(166,466)	(617,569)
Net gain on sale of equity investments held as FVOCI-reclassified from Other reserves	4,881	34,054
<b>Retained earnings at the end of the financial year</b>	<b>11,532,568</b>	<b>11,694,153</b>
<b>Other reserves (a):</b>		
Balance at the beginning of the financial year	203,789	142,176
Other comprehensive income (OCI)	(22,910)	95,667
Net gain on sale of equity investments held as FVOCI-reclassified to Retained earnings	(4,881)	(34,054)
<b>Other reserves at the end of the financial year</b>	<b>175,998</b>	<b>203,789</b>
<b>TOTAL MEMBERS' EQUITY AT THE END OF THE FINANCIAL YEAR</b>	<b>11,708,566</b>	<b>11,897,942</b>

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 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 20 dollars.

(a) Changes in the fair value arising on translation of investments that are classified as equities are recognised in Other comprehensive income and accumulated in a separate reserve within equity. Amounts are reclassified to Retained earnings when the associated assets are sold or impaired.

**NOTE 14: Key management personnel disclosures\***

	2018 \$	2017 \$
<b>(a) Key management personnel compensation</b>		
Key management personal compensation	891,567	946,635

**(b) Transactions with key management personnel**

The following amounts were recognised during the reporting period arising from other transactions with key management personnel:

	2018 \$	2017 \$
<b>Expenses</b>		
Provision of professional development services to the APS-presenter fees	6,233	1,091

\* Key management personnel includes Directors and Senior Executives.

## ANNUAL ACCOUNTS 2018 continued

### NOTE 15: Related party transactions

In line with Note 18, the Australian Psychology Accreditation Council Limited (APAC) and Mental Health Professionals Network (MHPN) are related parties.

- The APS has the right to appoint three Directors to the APAC Board, as nominees of the APS. For any APS appointed Director who is also an employee of the APS Directors remuneration will be forwarded to the APS and is included in the APS' transactions with APAC.
- Throughout the reporting period the APS provided a limited range of support services to MHPN including office space, certain IT support, as well as accounting services.

The following transactions occurred with APAC:	2018 \$	2017 \$
- Receivables at year end, GST inclusive	2,750	3,041
- Received from APAC during the financial year, GST inclusive	5,643	23,352
- Revenue, as recognised in the APS' Statement of Comprehensive Income	5,352	6,255

The following transactions occurred with MHPN:	2018 \$	2017 \$
- Receivables at year end, GST inclusive	13,862	12,688
- Received from MHPN during the financial year, GST inclusive	159,155	149,032
- Revenue, as recognised in the APS' Statement of Comprehensive Income	159,357	147,923

### 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 risk management

This note provides information about the company's financial instruments.

### Financial assets

The company's financial instruments resulted in the following income, expenses and gains and losses recognised as finance income and other gains:

	2018 \$	2017 \$
Interest from short term deposits	159,647	246,424
Dividends from equity investments held at FVOCI	155,854	155,129
Interest from debt investments held at FVPL	187,413	182,336
Fair value (loss)/gain (net) on debt investments at FVPL	(63,592)	25,658
Net gain/(loss) on sale of debt investments held at FVPL	509	(1,412)
<b>TOTAL</b>	<b>439,831</b>	<b>608,135</b>

The company's financial instruments resulted in the following income, expenses and gains and losses recognised in other comprehensive income (OCI):

	2018 \$	2017 \$
Fair value (loss)/gain (net) on equity investments at FVOCI	(22,910)	95,667

### (a) Financial assets at fair value through other comprehensive income (FVOCI):

#### (i) Classification of financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income comprise:

- equity securities which are not held for trading, and for which the company has made an irrevocable election at initial recognition to recognise changes in fair value through OCI rather than profit or loss

#### (ii) Equity investments at fair value through other comprehensive income

Equity investments at fair value through other comprehensive income (FVOCI) comprise the following individual investment groups:

	2018 \$	2017 \$
	Non-current	Non-current
Equity investments-listed	1,297,280	1,266,332
Property Securities and Infrastructure Funds - managed investments	1,333,098	1,384,014
<b>TOTAL</b>	<b>2,630,378</b>	<b>2,650,346</b>

- Upon disposal of these equity investments, any balance within the OCI reserve for these equity investments is reclassified to retained earnings and is not reclassified to profit or loss.

## ANNUAL ACCOUNTS 2018 continued

### NOTE 17: Financial instruments and risk management continued

#### (b) Financial assets at fair value through profit and loss (FVPL)

##### (i) Classification of financial assets at fair value through profit and loss

The APS classifies the following financial assets at fair value through profit or loss:

- debt investments that do not qualify for measurement at amortised cost, and
- debt investments that do not qualify for measurement at fair value through other comprehensive income.

Financial assets mandatorily measured at fair value through profit or loss include the following classes of financial assets:

	2018 \$	2017 \$
	Non-current	Non-current
Money market funds*	5,349,737	5,431,565

\* This investment consists of a holding of redeemable units in money market funds. The company's investment in these funds does not meet the criteria for classification at amortised cost as the contractual cash flows are not solely payments of principal and interest. The investment also does not qualify as equity due to the redeemable nature of the units. Accordingly, this investment is carried at fair value through profit or loss.

##### (ii) Amounts recognised in profit or loss

	2018 \$	2017 \$
Fair value (loss)/gain on debt instruments at fair value through profit or loss recognised in other gains	(63,083)	24,246

#### 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 and investments in certain debt securities.

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, Trade and other payables and Equity securities.

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 company also invests in certain debt securities which have an interest return.

The APS does not have any borrowings.

**NOTE 17: Financial instruments and risk management continued**

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:

<b>Year ended 31 May 2018</b>	<b>&lt; 1 year \$</b>	<b>&gt; 1 year \$</b>	<b>Total \$</b>	<b>Weighted average effective interest rate for the year</b>
<b>Financial assets</b>				
<b>Cash at bank:</b>				
Floating rate (a)	921,350	-	921,350	0.76%
<b>Cash equivalents- Short term deposits with maturity three months or less from the date of acquisition, NAB:</b>				
Fixed rate	500,000	-	500,000	2.10%
<b>Short term deposits with maturity longer than three and up to six months from the date of acquisition, NAB/CBA:</b>				
Fixed rate	3,985,000	-	3,985,000	2.44%
<b>Cash equivalents- Short term deposits with maturity three months or less from the date of acquisition, Bank of Queensland:</b>				
Fixed rate (b)	870,000	-	870,000	2.45%
<b>Debt investments:</b>				
Fixed/Floating rate	-	5,349,737	5,349,737	4.16%

<b>Year ended 31 May 2017</b>	<b>&lt; 1 year \$</b>	<b>&gt; 1 year \$</b>	<b>Total \$</b>	<b>Weighted average effective interest rate for the year</b>
<b>Financial assets</b>				
<b>Cash at bank:</b>				
Floating rate (a)	1,604,153	-	1,604,153	0.86%
<b>Cash equivalents- Short term deposits with maturity three months or less from the date of acquisition, NAB:</b>				
Fixed rate	800,000	-	800,000	1.86%
<b>Short term deposits with maturity longer than three and up to six months from the date of acquisition, NAB/CBA:</b>				
Fixed rate	4,800,000	-	4,800,000	2.81%
<b>Debt investments:</b>				
Fixed/Floating rate	-	5,431,565	5,431,565	3.89%

## ANNUAL ACCOUNTS 2018 continued

### NOTE 17: Financial instruments and risk management continued

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

- (a) Perpetual Private Investment Wrap account balance of \$34,511 is included in ' < 1 year \$ Floating rate' at 31 May 2018 (\$593,357 at 31 May 2017). 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.
- (b) A short term deposit with Bank of Queensland is managed by Perpetual Trustee Company Limited. Perpetual is the APS' investment adviser and was appointed in June 2015 to assist the APS to implement the investment policy, provide on-going advice and management of the portfolio, strategies and investment selections.

#### Price risk

The APS exposure to equity securities price risk arises from investments held by the APS and classified in the balance sheet as financial assets at fair value through OCI.

To manage its price risk arising from investments in equity securities, the APS diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Investment Policy of the APS.

All of the APS equity investments are publicly traded and are included in the Australian Securities Exchange 200 Index.

### Note 18: Interest in associated entities

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 and 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, with each of the PsyBA and HODSPA also having the right to appoint up to four Directors to the APAC Board.

The Mental Health Professionals' Network (MHPN), is a not-for-profit public company limited by guarantee and funded by the Australian Government Department of Health, was incorporated on 12 June 2008 with four members; The Australian Psychological Society Limited (the APS), The Royal Australian College of General Practitioners (RACGP), The Royal Australian and New Zealand College of Psychiatrists (RANZCP) and The Australian College of Mental Health Nurses (ACMHN). MHPN was formed to establish and promote the quality of patient care through: supporting and sustaining across Australia clinical interdisciplinary groups of mental health professionals working in the primary care sector; and development of a national interactive website that provides online professional development to practitioners working in community mental health.

MHPN also have three partner organisations actively supporting MHPN's company objectives and principal activities being; The Australian Association of Social Workers (AASW), Occupational Therapy Australia (OTA) and The Australian College of Rural and Remote Medicine (ACRRM).

The APS' membership as set out in the MHPN Constitution states that if MHPN is wound up, each member is required to contribute a maximum of \$100 towards meeting any outstanding debts and obligations of the Company.

**NOTE 19: Auditor’s remuneration**

	<b>2018 \$</b>	<b>2017 \$</b>
<b>During the year the following fees were paid or payable for services provided by the auditor of the APS, PricewaterhouseCoopers Australia:</b>		
- audit and review of financial statements	41,000	39,950
- audit or review of various externally funded projects (as required by project contracts)	5,161	2,510
- accounting advice	-	1,890
- other services	55,879	-
<b>TOTAL AUDITOR’S REMUNERATION</b>	<b>102,040</b>	<b>44,350</b>

## DIRECTORS' DECLARATION 2018

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 10 to 31 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards-Reduced Disclosure Requirements, 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 2018 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.



Anthony Cichello  
President



Mary Latham  
Director

Melbourne  
13 August 2018



# INDEPENDENT AUDITOR'S REPORT



## *Independent auditor's report*

To the members of The Australian Psychological Society Limited

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### *Our opinion*

In our opinion:

The accompanying financial report of The Australian Psychological Society Limited (the Company) 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 2018 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

### **What we have audited**

The financial report comprises:

- the statement of financial position as at 31 May 2018
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

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### *Basis for opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

### **Independence**

We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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### *Other information*

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 May 2018, including the Directors' report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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**PricewaterhouseCoopers, ABN 52 780 433 757**  
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001



In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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*Responsibilities of the directors 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 *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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*Auditor's responsibilities for the audit of the financial report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our auditor's report.

*PricewaterhouseCoopers*

PricewaterhouseCoopers

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

Amanda Campbell  
Partner

Melbourne  
13 August 2018

**FSC**



APS

Australian  
Psychological  
Society

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