

2019 FINANCIAL REPORT

CONTENTS

Directors' Report	4
Auditor's Independence Declaration under Section 307C of the <i>Corporations Act 2001</i>	10
Statement of Profit or Loss and Other Comprehensive Income	11
Statement of Financial Position	12
Statement of Changes in Equity	13
Statement of Cash Flows	14
Notes to the Financial Statements	15
Directors' Declaration	32
Independent Audit Report	33

Learn more about APS activities over the past year at
psychology.org.au/annual-report

DIRECTORS' REPORT

31 MAY 2019

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 2019
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:

Ms Ros Knight FAPS GAICD – was elected as President-Elect effective from the conclusion of the 2017 AGM held on 7 October 2017 and commenced her term as President following the 2018 AGM held on 28 September 2018. Ros will conclude her two-year term as President following the 2020 AGM. Ros is the Clinic Director at Macquarie University – which provides postgraduate training in Clinical, Clinical Neuropsychology and Organisational psychology. Ros is also a Clinical and Counselling Psychologist in private practice. She has been a member of the APS since 1992.

Professor Tim Carey FAPS GAICD – 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 held on 15 September 2016. Tim is a Professor at Flinders University and Director of Flinders' Centre for Remote Health in Alice Springs. He has been a member of the APS since 2007.

Ms Robyn Batten FAICD – commenced her term as an Additional Director on 8 February 2018 and completed that term following the 2018 AGM held on 28 September 2018. Robyn was reappointed on 28 September 2018 and will complete her term at the conclusion of the 2019 AGM. Robyn has held CEO and executive director positions in health, local government, community, and aged care across four Australian states. Robyn is the current Chair of the Governance and Risk Committee.

Dr Sally Bradford MAPS GAICD – commenced her term as a General Director following the 2018 AGM held on 28 September 2018 and will complete her term at the conclusion of the 2020 AGM. Sally is a Clinical Psychologist with an interest in using technology to improve mental health service delivery and operations. Her research has earned her several awards. Sally is currently employed as a Senior Project Manager

for Lifeline Australia where her role is to oversee a portfolio of agile digital service improvement projects. Sally also works in private practice where her interest is in treating mood, anxiety and personality disorders. She is a current Board Director of Karralika Programs, a drug and alcohol service in the ACT. She has been a member of the APS since 2009.

Ms Hannah Challis MAPS GAICD – commenced her term as an Additional Director on 3 December 2018 and will complete her term at the conclusion of the 2019 AGM. Hannah is an endorsed Organisational Psychologist with more than 25 years of experience in human capital and organisational & leadership development. Her career spans both consulting and corporate roles. She is a Fellow of the Australian Psychological Society College of Organisational Psychologists, Coaching Psychology Interest Group, the American Society for Industrial and Organisational Psychology, a graduate of the Australian Institute of Company Directors, and a fellow of the Australian Human Resource Institute. Hannah is also a Non-Executive Director on the Board of The Shalom Institute at UNSW Sydney. She has been a member of the APS since 1994.

Mr Anthony Cichello FAPS GAICD – commenced his term as President following the 2016 AGM held on 15 September 2016 and completed his term at the conclusion of the 2018 AGM held on 28 September 2018. 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.

Mr Michael Di Mattia MAPS GAICD – commenced his term as a General Director following the 2018 AGM held on 28 September 2018 and will complete his term at the conclusion of the 2021 AGM. Michael is a Counselling Psychologist and has been an APS member for over 20 years. Michael has been a registered psychologist for 18 years, working in settings including community health, tertiary counselling, private practice and academia. He has been a member of the APS since 1996.

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 GAICD – 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.

Mr Geoff Gallas MAPS – commenced his term as an Additional Director on 4 December 2018 and will complete his term at the conclusion of the 2019 AGM. Geoff holds Master degrees in Organisational Psychology and Public Administration, and is a Fellow of the College of Organisational Psychologists. His contributions to the APS include participation in the APS Ethics Committee, the Expert Working Panel on Record Keeping & Confidentiality in Organisations, and the Working Group on Single File Record Keeping in Organisations. Geoff has a background in professional regulation, having been a member of the Psychology Board of Australia (2009–2015). He has been a member of the APS since 1994.

Ms Kathrine Johansen MAPS GAICD – commenced her term as a General Director following the 2018 AGM held on 28 September 2018 and will complete her term at the conclusion of the 2021 AGM. Kathrine runs two private psychological clinics in Perth. Kathrine's special practice interests are relationship therapy, adult attention deficit hyperactivity disorder (ADHD) and Autism Spectrum Disorder (ASD) assessment and healing from developmental trauma. She consults to universities, government and non-government organisations in Asia and has been on the Advisory Council to the Minister for Child Protection in Western Australia. She has been a member of the APS since 1996.

Ms Mary Latham GAICD – commenced her term as an Additional Director on 8 February 2018 and completed that term following the 2018 AGM held on 28 September 2018. Mary was reappointed 28 September 2018 and will complete her term at the

conclusion of the 2019 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 Finance, Investment, and Audit Committee.

Associate Professor Christopher Lee MAPS GAICD – 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 he was an Additional Director from 13 February 2017 and completed that term at the conclusion of the 2017 AGM. Christopher has worked in private practice, community and inpatient psychiatric service, and in academia. He has been a member of the APS since 1986.

Professor Lyn Littlefield OAM FAPS FAICD – 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 resigned as Executive Director on 3 August 2018. She has been a member of the APS since 1980.

Ms Ronita Neal MAPS GAICD – commenced her term as an Additional Director on 8 February 2018 and completed her term at the conclusion of the 2018 AGM held on 28 September 2018. 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.

Dr Deborah Wilmoth FAPS GAICD – 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 2018 AGM held on 28 September 2018. Previously she was an Additional Director from 1 January 2011 and completed that term at the conclusion of the 2011 AGM, 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.

Mr Peter Zarris MAPS – commenced his term as an Additional Director on 8 February 2018 and completed his term at the conclusion of the 2018 AGM held

on 28 September 2018. 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.

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 2019 is \$1,880,034 (2018: \$210,110) excluding other comprehensive income and a deficit of \$1,781,037 (2018: \$189,376) including other comprehensive income.

The financial result for the year ended 31 May 2019 includes expenditure of \$1,202,165 (2018: \$NIL) associated with costs incurred in the restructure of the APS and is consistent with the Board's aims to transform the company into a modern, outward facing organisation advancing the science of psychology for the benefit of the community and its members.

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 Governance and Risk Committee to assist the Board. The Governance and Risk Committee is to assist the Board to manage risk and to discharge its responsibilities.

The Board requires that APS adopt an active approach to risk management as a risk-aware organisation, and not a risk-averse one. In keeping with this philosophy, the

Board recognises that:

- prudent risk management does not require that all risks are identified and/or eliminated;
- the Board aims to ensure that procedures are in place to identify material risks and, where an evaluation of the likelihood and potential consequences of such risks occurring demand, steps are taken, and controls are in place, to appropriately manage risks; and
- only where the materiality of the potential risk demands, is it required that the risk be eliminated.

The Board requires the CEO to ensure that there is a framework for managing risk which is implemented and maintained as part of the day-to-day operations of the APS, which includes identifying, monitoring and managing material risks. The Board also 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 2019 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

There were no significant matters in the state of affairs of the Company subsequent to the end of the financial year.

Indemnification and insurance of officers and auditors

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 \$14,481 (2018: \$17,464).

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 59 full time equivalent employees (including staff contracted to work on various externally funded projects) as at 31 May 2019 (2018: 72).

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.

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' National Office in Melbourne.

Day-to-day management of the organisation's affairs and implementation of corporate strategy and policy initiatives are the responsibility of The APS' Chief Executive Officer, Ms Frances Mirabelli who commenced 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. For the period 1 June 2018 to 30 July 2018, Ms Lyn Littlefield was the Executive Director of the APS.

The APS' company secretary is Mr Harry Georgalas who has been a member of Chartered Accountants Australia and New Zealand for more than 30 years and is a Fellow of the Governance Institute of Australia. He commenced in that role on the 18 February 2019 succeeding Ms Frances Mirabelli who held the position from the 31 August 2018 following the resignation of Mr Barry Whitmore who served from 1 June 2018.

Key Board Committees are comprised of:

Governance and Risk Committee

The Governance and Risk Committee is to assist the Board to manage risk and to discharge its responsibilities in particular with regard to the governance of the APS through its advice to the Board around the following:

- advising the Board on the nomination and election process for director positions;
- ensuring that the size, composition and skills of the Board are appropriate to meet the needs of the Society; advising on appropriate and effective means of increasing the percentage participation by Members of the Society in voting in elections for Directors;
- advising on the content of the Directors' induction and education program;
- advising on the content of a Code of Conduct for Directors;
- reviewing Board operations (the Board as a whole and individual Directors) to ensure that they comply with legal obligations and approved standards of conduct;

- ensuring that appropriate procedures exist to assess the performance of the President, non-executive Directors, Chief Executive Officer, Board Committees and the Board as a whole, on an annual basis;
- ensuring that appropriate procedures exist to assess the remuneration levels of the President, non-executive Directors and Chief Executive Officer; and
- advising on any other matters relevant to the governance of the Society, whether at the request of the Board or of its own initiative.

The Governance and Risk Committee was tasked with reviewing the APS risk strategy in the 2018/2019 year. The Governance and Risk Committee comprises of a minimum of two APS Directors and with up to five to seven other people. The Committee meets at least three times per annum.

Finance Investment and Audit Committee

The Finance Investment and Audit Committee (FIAC) is responsible for assisting the Board to fulfil its oversight responsibility of The APS' investment management, the integrity of the Society's financial performance and ongoing financial viability (among other things). FIAC comprises at a minimum two APS Directors and two independent financial advisors drawn from the business community. The President and Chief Executive Officer act as ex officio members. The Committee aims to meet four times per annum.

Members' guarantee

The Australian Psychological Society Limited is a public company limited by guarantee. The Society's 24,361 members (2018: 24,059) have each undertaken to contribute \$20 in the event that the Society is wound up.

**Directors' meetings including Committee meetings
(1 June 2018 to 31 May 2019)**

	Directors' Meetings		Finance, Investment and Audit Committee		Governance and Risk Committee	
	H	A	CMH	A	CMH	A
Ros Knight	12	12	3	3	4	4
Tim Carey	12	12	-	-	2	2
Robyn Batten	12	11	-	-	4	4
Sally Bradford	9	9	-	-	-	-
Hannah Challis	7	6	-	-	2	2
Anthony Cichello	3	3	1	-	1	-
Michael Di Mattia	9	9	1	1	-	-
Aaron Frost	12	11	-	-	-	-
Joseph Gagliano	12	12	-	-	-	-
Geoff Gallas	7	6	-	-	-	-
Kathrine Johansen	9	9	-	-	-	-
Mary Latham	12	11	3	3	-	-
Christopher Lee	12	12	-	-	-	-
Lyn Littlefield	2	2	-	-	-	-
Ronita Neal	3	3	-	-	-	-
Deborah Wilmoth	3	2	-	-	-	-
Peter Zarris	3	3	-	-	-	-

- 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 independence declaration

A copy of the auditor's independence declaration, as required under section 307C of the *Corporations Act 2001* is set out on page 10.

Signed in accordance with a resolution of the Board of Directors.



Ros Knight
President



Mary Latham
Director

Melbourne
30 August 2019

AUDITOR'S INDEPENDENCE DECLARATION

under Section 307C of the *Corporations Act 2001*



Auditor's Independence Declaration

As lead auditor for the audit of The Australian Psychological Society Limited for the year ended 31 May 2019, 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
30 August 2019

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 May 2019

	Note	2019 \$	2018 \$
Revenue from operating activities	3	17,121,719	18,209,341
Finance income	3	302,707	502,914
Other income	3	291,317	-
TOTAL REVENUE FROM CONTINUING OPERATIONS		17,715,743	18,712,255
Marketing and media		(749,945)	(904,516)
Resources, services and benefits for APS members including continuing professional development		(9,348,392)	(9,412,725)
Supporting the discipline and profession		(1,417,365)	(1,172,049)
Enhancement of community wellbeing (includes expenditure on externally funded projects)		(1,310,786)	(2,024,763)
Governance, management and administration		(5,538,933)	(5,301,585)
Restructuring costs	4	(1,202,165)	-
Other losses	17	(28,191)	(106,727)
TOTAL EXPENSES		(19,595,777)	(18,922,365)
DEFICIT FOR THE YEAR		(1,880,034)	(210,110)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
Changes in the fair value of equity investments at FVOCI	17	98,997	20,734
TOTAL COMPREHENSIVE INCOME (DEFICIT) FOR THE YEAR		(1,781,037)	(189,376)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 May 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	5,330,557	2,291,350
Short-term deposits	5	785,000	3,985,000
Trade and other receivables	7	179,642	288,887
Prepayments	8	603,737	858,365
TOTAL CURRENT ASSETS		6,898,936	7,423,602
NON-CURRENT ASSETS			
Property, plant and equipment	9	1,372,474	1,221,376
Financial assets at fair value through other comprehensive income (FVOCI)	17	1,317,797	1,297,280
Financial assets at fair value through profit and loss (FVPL)	17	7,177,674	6,682,835
TOTAL NON-CURRENT ASSETS		9,867,945	9,201,491
TOTAL ASSETS		16,766,881	16,625,093
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	5,796,592	3,265,136
Provisions	11	662,701	1,234,996
TOTAL CURRENT LIABILITIES		6,459,293	4,500,132
NON-CURRENT LIABILITIES			
Provisions	11	380,059	416,395
TOTAL NON-CURRENT LIABILITIES		380,059	416,395
TOTAL LIABILITIES		6,839,352	4,916,527
NET ASSETS		9,927,529	11,708,566
EQUITY			
Retained earnings	13	9,744,788	11,488,924
Other reserves	13	182,741	219,642
TOTAL EQUITY		9,927,529	11,708,566

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 May 2019

	2019 \$	2018 \$
OPENING RETAINED EARNINGS	11,488,924	11,694,153
Deficit for the period	(1,880,034)	(210,110)
Net gain on sale of equity investments held as FVOCI - reclassified from Other reserves	135,898	4,881
CLOSING RETAINED EARNINGS AT YEAR END	9,744,788	11,488,924
OPENING OTHER RESERVES	219,642	203,789
Other comprehensive income	98,997	20,734
Net gain on sale of equity investments held as FVOCI - reclassified to Retained earnings	(135,898)	(4,881)
CLOSING OTHER RESERVES AT YEAR END	182,741	219,642
TOTAL EQUITY	9,927,529	11,708,566

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

For the Year Ended 31 May 2019

	Note	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and members (inclusive of goods and services tax)		21,972,154	19,494,176
Payments to suppliers, employees and others (inclusive of goods and services tax)		(21,413,954)	(20,379,166)
Interest and other costs of finance paid		(200,495)	(194,187)
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	6	357,705	(1,079,177)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received		108,481	213,849
Interest received from long-term investments		141,470	120,366
Interest received from short-term deposits		138,013	153,559
Payments for acquisition of financial assets		(4,194,785)	(123,605)
Payments for Investment adviser fees		(49,649)	(51,005)
Proceeds from sale of financial assets		3,710,870	139,408
Distributions from liquidation of GAM Absolute Return Fund		330,681	-
Payments for property, plant and equipment and intangibles	9	(703,579)	(301,198)
NET CASH (USED IN)/PROVIDED BY INVESTING ACTIVITIES		(518,498)	151,374
CASH FLOWS FROM FINANCING ACTIVITIES			
Net (decrease)/increase in cash and cash equivalents held		(160,793)	(927,803)
Cash and cash equivalents at beginning of year		6,276,350	7,204,153
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	5	6,115,557	6,276,350

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

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2019

Note 1: Corporate information

The financial statements of The Australian Psychological Society Limited (the APS) for the year ended 31 May 2019 were authorised for issue in accordance with a resolution of the Directors dated 30 August 2019. 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 standards 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.

NOTES TO THE FINANCIAL STATEMENTS continued

For the Year Ended 31 May 2019

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:

Fixed asset class	Depreciation rate
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% or 9.5% (for employees commencing on or after August 2018) in compliance with government legislation.

Note 2: Statement of Significant Accounting Policies continued

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

(h) Other taxes

Revenue, expenses and assets are recognised net of the amount of goods and services tax (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.

NOTES TO THE FINANCIAL STATEMENTS continued

For the Year Ended 31 May 2019

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 2019 which relates to the membership subscription period 1 June 2019 to 31 May 2020 is recognised as Revenue received in advance at 31 May 2019.

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 2019 which have not been earned are recognised as revenue received in advance at 31 May 2019 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.

Note 3: Revenue

	2019 \$	2018 \$
Revenue from operating activities:		
Member Subscriptions and Segmented Fees	9,697,253	9,604,197
Externally funded projects	863,454	1,527,080
APS Member Groups (Branches, Colleges and Interest Groups)	2,011,623	2,770,901
Continuing Professional Development (including events run by the APS Institute but excluding events run by APS Member Groups which are shown above):		
- APS Congress	727,616	-
- Workshops, eLearning, webinars	1,029,167	1,480,962
Advertising and Commission	1,695,152	1,673,540
Assessment of Qualifications	375,915	398,428
'Find a Psychologist'	276,145	327,951
Income from other sources	445,394	426,282
	17,121,719	18,209,341
Finance income:		
Interest revenue from short-term deposits	144,320	159,647
Dividends and Interest from long-term investments	158,387	343,267
	302,707	502,914
Fair value gains on financial assets at fair value through profit and loss (FVPL)	291,317	-
TOTAL REVENUE FROM CONTINUING OPERATIONS	17,715,743	18,712,255

Note 4: Expenses

	2019 \$	2018 \$
The operating (deficit) includes the following expenses:		
Restructure Costs (a)	1,202,165	-
APS Branding - external advertising	-	208,762
Depreciation and amortisation of property and equipment and intangibles	552,481	419,024
Wages and salaries	6,855,425	7,614,391
Superannuation costs	695,556	761,154
Provisions:		
- Long service leave	(18,522)	98,009
- Annual leave	212,519	77,700

(a) The financial result for the year ended 31 May 2019 includes expenditure of \$1,202,165 associated with costs incurred in the restructure of The APS and is consistent with the Board's aims to transform the company into a modern, outward facing organisation advancing the science of psychology for the benefit of the community and its members.

NOTES TO THE FINANCIAL STATEMENTS continued

For the Year Ended 31 May 2019

Note 5: Cash, cash equivalents and short-term deposits

	2019 \$	2018 \$
Cash at bank and cash equivalents (a)	5,330,557	2,291,350
Short-term deposits (b)	785,000	3,985,000
TOTAL CASH, CASH EQUIVALENTS AND SHORT-TERM DEPOSITS	6,115,557	6,276,350

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 \$4,006,218 at 31 May 2019 (2018: \$1,370,000).

Perpetual Private Investment Wrap account balance of \$328,620 (2018: \$34,511) is included in cash at bank and cash equivalents at 31 May 2019. 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 seven 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.

The short-term deposit of \$785,000 consists of a seven month term deposit held with the Commonwealth Bank (CBA). This amount is required to be held in a term deposit with CBA due to the bank guarantee that was required as part of the lease of its National Office premises at 257 Collins Street, Melbourne.

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 \$2,173,179 are included in the 'Total Cash, Cash Equivalents and short-term deposits' at 31 May 2019 (2018: \$1,847,137). 180 Member Groups were active at May 2019 (2018: 192).

Note 6: Reconciliation of cash flows

	2019 \$	2018 \$
Reconciliation of (deficit) for the period to net cash flows from operating activities:		
(Deficit) for the period	(1,880,034)	(210,110)
Plus/(minus) non-cash items and investing activities cash items:		
Depreciation and amortisation	552,482	419,024
Interest received from short-term deposits	(138,013)	(153,559)
Dividends and Interest received from long-term investments	(249,951)	(334,215)
Payments for Investment adviser fees	49,649	51,005
Fair value (gain)/loss on financial assets through profit and loss (FVPL)	(291,317)	107,236
Loss/(gain) on sale of financial assets through profit and loss (FVPL)	28,191	(509)
Changes in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	109,245	247,563
Decrease/(increase) in prepayments	254,628	168,479
Increase/(decrease) in trade and other payables	2,531,456	(1,192,809)
(Decrease)/increase in provisions for employee benefits and make good	(608,631)	(181,282)
NET CASHFLOWS FROM OPERATIONS	357,705	(1,079,177)

Note 7: Trade and other receivables

	2019 \$	2018 \$
Advertising, products, sponsorship and commission (trade debtors)	66,080	57,126
The Australian Psychology Accreditation Council Limited (APAC) - refer to Note 18	-	2,750
Other debtors and accrued revenue	113,562	229,011
TOTAL CURRENT TRADE AND OTHER RECEIVABLES	179,642	288,887

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

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

	2019 \$	2018 \$
Prepayments	603,737	858,365

NOTES TO THE FINANCIAL STATEMENTS continued

For the Year Ended 31 May 2019

Note 9: Property, plant and equipment

	2019 \$	2018 \$
Plant and equipment and intangibles		
At cost	4,312,255	3,638,294
Accumulated depreciation	(3,011,482)	(2,496,972)
TOTAL PLANT AND EQUIPMENT	1,300,773	1,141,322
Leasehold improvements		
At cost	1,361,604	1,521,091
At cost - Make good provision (a)	83,535	83,535
Accumulated amortisation	(1,373,438)	(1,524,572)
TOTAL LEASEHOLD IMPROVEMENTS	71,701	80,054
Cost	5,757,394	5,242,920
Accumulated depreciation and amortisation	(4,384,920)	(4,021,544)
TOTAL PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLES	1,372,474	1,221,376

RECONCILIATION

	Plant and Equipment \$	Leasehold Improvements \$	Total \$
Year ended 31 May 2019			
Balance at the beginning of the year	1,141,322	80,054	1,221,376
Additions	703,579	-	703,579
Depreciation and amortisation expense	(544,128)	(8,353)	(552,481)
BALANCE AT THE END OF THE YEAR	1,300,773	71,701	1,372,474

	Plant and Equipment \$	Leasehold Improvements \$	Total \$
Year ended 31 May 2018			
Balance at the beginning of the year	1,186,317	69,350	1,255,667
Additions (b)	302,122	-	302,122
Make good obligation (a)	-	83,535	83,535
Disposals	(924)	-	(924)
Depreciation expense	(346,193)	(72,831)	(419,024)
BALANCE AT THE END OF THE YEAR	1,141,322	80,054	1,221,376

Note 9: Property, plant and equipment continued

(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.

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) Major additions for 2018/19 included further development of the APS website and Customer Relationship Manager (CRM) for \$286,914, a new Document Management System for \$86,298, refreshment of IT infrastructure hardware including servers, desktops, monitors and laptops for \$226,400.

The APS assessed at 31 May 2019 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

	2019 \$	2018 \$
Revenue received in advance:		
- Membership subscriptions	3,362,864	990,955
- Event income (conferences and workshops)	409,014	447,881
- Externally funded projects	1,045,714	578,435
- Other	40,466	94,223
	4,858,058	2,111,494
Other creditors and accruals	938,533	1,153,642
TOTAL TRADE AND OTHER PAYABLES	5,796,592	3,265,136

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.

NOTES TO THE FINANCIAL STATEMENTS continued

For the Year Ended 31 May 2019

Note 11: Provisions

	2019 \$	2018 \$
CURRENT		
Employee benefits - Annual leave (a)	339,553	529,684
- Long service leave (a)	323,148	705,312
	662,701	1,234,996
NON-CURRENT		
Employee benefits - Long service leave	90,061	132,309
Make good provision to restore premises (b)	289,998	284,086
	380,059	416,395

(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 of 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.

	2019 \$	2018 \$
Operating leases - the APS as Lessee		
Commitments are as follows:		
- not later than one year	1,406,602	1,352,663
- later than one year and not later than five years	5,972,088	5,819,233
- later than five years and not later than ten years	6,089,378	7,645,909
TOTAL OPERATING LEASE COMMITMENTS	13,468,068	14,817,805
Operating lease expenses recognised as an expense during the period	1,351,350	1,250,186

Note 13: Retained earnings and other reserves

	2019 \$	2018 \$
Retained earnings:		
Balance at the beginning of the financial year	11,488,924	11,694,153
Deficit for the year	(1,880,034)	(210,110)
Net gain on sale of equity investments held as FVOCI - reclassified from Other reserves	135,898	4,881
Retained earnings at the end of the financial year	9,744,788	11,488,924
Other reserves (a):		
Balance at the beginning of the financial year	219,642	203,789
Changes in the fair value of equity investments at FVOCI	98,997	20,734
Net gain on sale of equity investments held as FVOCI - reclassified to Retained earnings	(135,898)	(4,881)
Other reserves at the end of the financial year	182,741	219,642
TOTAL MEMBERS' EQUITY AT THE END OF THE FINANCIAL YEAR	9,927,529	11,708,566

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.

(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*

	2019 \$	2018 \$
(a) Key management personnel compensation		
Key management personnel compensation**	1,550,302	1,018,210

(b) Transactions with key management personnel

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

	2019 \$	2018 \$
Expenses		
Provision of professional development services to the APS - presenter fees	3,618	6,233

*Key management personnel include Directors and Senior Executives.

**Variation in key management personnel compensation includes separation payments to the previous Executive Director and General Manager. These transactions were completed in November 2018.

NOTES TO THE FINANCIAL STATEMENTS continued

For the Year Ended 31 May 2019

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.

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.

	2019 \$	2018 \$
The following transactions occurred with MHPN:		
Receivables at year end, GST inclusive	14,159	13,862
Received from MHPN during the financial year, GST inclusive	152,041	159,155
Revenue, as recognised in the APS' Statement of Comprehensive Income	138,464	159,357
Payables at year end, GST inclusive	8,800	-
Paid to MHPN during the financial year, GST inclusive	17,600	-
Expense, recognised in the APS' Statement of Comprehensive Income	24,000	-

Note 16: Contingencies

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

The 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:

	2019 \$	2018 \$
Interest from short-term deposits	144,320	159,647
Dividends from equity investments held at FVOCI	44,989	62,724
Interest from debt investments held at FVPL	113,398	280,543
Fair value gain/(loss) (net) on debt investments at FVPL	291,317	(107,236)
Net (loss)/gain on sale of debt instruments held at FVPL	(28,191)	509
	565,833	396,187

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

	2019 \$	2018 \$
Fair value net gain/(loss) on equity investments at FVOCI	98,966	20,734

(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:

	2019 \$	2018 \$
	Non-current	Non-current
Equity investments - listed	1,317,797	1,297,280

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.

NOTES TO THE FINANCIAL STATEMENTS continued

For the Year Ended 31 May 2019

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:

	2019 \$	2018 \$
	Non-current	Non-current
Money market funds*	7,177,674	6,682,835

* 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

	2019 \$	2018 \$
Fair value gain/(loss) on debt instruments at FVPL recognised in other gains	263,126	(106,727)

The investments in property securities and infrastructure funds of \$1,225,551 have been reclassified from financial assets at fair value through other comprehensive income to financial assets at fair value through profit and loss, following a technical clarification. Prior year comparatives (\$1,333,099) have been restated accordingly.

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:

31 May 2019	≤ 1 year \$	> 1 year \$	Total \$	Weighted average effective interest rate for the year %
Financial assets				
Cash at bank				
Floating rate (a)	1,324,339	-	1,324,339	0.26%
Cash equivalents - Short-term deposits with maturity three months or less from the date of acquisition, NAB				
Fixed rate	4,006,218	-	4,006,218	2.30%
Medium term deposits with maturity six to twelve months from the date of acquisition, CBA				
Fixed rate	785,000	-	785,000	2.55%
Debt instruments				
Fixed/Floating rate	-	5,699,397	5,699,397	2.43%

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

NOTES TO THE FINANCIAL STATEMENTS continued

For the Year Ended 31 May 2019

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 \$328,260 is included in < 1 year \$ Floating rate at 31 May 2019 (2018: \$34,511).

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: Interests 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 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, 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

	2019	2018
	\$	\$
During the year the following fees were paid or payable for services provided by the auditor of the APS, PricewaterhouseCoopers Australia:		
- auditing and review of financial statements	43,095	41,000
- audit or review of various externally funded projects (as required by project contracts)	-	5,161
- other services	3,500	55,879
TOTAL AUDITOR'S REMUNERATION	46,595	102,040

DIRECTORS' DECLARATION 2019

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 15 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 2019 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 Board of Directors.



Ros Knight
President



Mary Latham
Director

Melbourne
30 August 2019



Independent auditor's report

To the members of The Australian Psychological Society Limited

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 2019 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 2019
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the statement of profit or loss and other comprehensive income for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 May 2019, but does not include the financial report and our auditor's report thereon.

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.



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

In connection with our audit of the financial report, our responsibility is to read the other information 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 that we 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.

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 the *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.

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. This description forms part of our auditor's report.


PricewaterhouseCoopers


Amanda Campbell
Partner

Melbourne
30 August 2019



The Australian Psychological Society Limited
Level 13, 257 Collins Street
Melbourne, VIC 3000
Email: contactus@psychology.org.au
Ph: 03 8662 3300 | Fax: 03 9663 6177

ABN 23 000 543 788



psychology.org.au