2020 FINANCIAL REPORT

APS Australian Psychological Society

CONTENTS

General information

The financial statements cover The Australian Psychological Society Limited as an individual entity. The financial statements are presented in Australian dollars, which is The Australian Psychological Society Limited's functional and presentation currency.

The Australian Psychological Society is a not-for-profit unlisted public company limited by guarantee.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 August 2020.

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

DIRECTORS' REPORT

31 MAY 2020

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 2020 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.

Ms Tamara Cavenett FAPS GAICD – elected as President-Elect effective from the conclusion of the 2019 AGM held on 26 October 2019 and will commence her term as President following the 2020 AGM. Tamara is an experienced practitioner with substantial experience in both professional and organisational leadership. Currently in private practice, she previously held senior management positions, including managing Adelaide's leading private outpatient psychiatric hospital. This included supervision of, and responsibility for a multidisciplinary team, as well as full responsibility for all operations; managing all non-clinical staff departments, corporate governance and accreditation. In addition to post-graduate training in psychology, Tamara has undertaken formal training in executive leadership. She has been a member of the APS since 2011.

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 for a further two terms, on 28 September 2018 and 26 October 2019 consecutively, and will complete her term at the conclusion of the 2020 AGM. Robyn has held CEO and executive director positions in health, local government, community, and aged care across four Australian states. Robyn is a very experienced non-executive director and is currently the Chair or a Director of four companies in addition to the APS. 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 Director, Clinical Services for Open Arms' – Veterans and Families Counselling. 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.

Professor Tim Carey FAPS GAICD – commenced his term as a General Director following the 2017 AGM held on 7 October 2017 and completed his term at the conclusion of the 2019 AGM, held on 26 October 2019. 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 Hannah Challis MAPS GAICD – commenced her term as an Additional Director on 3 December 2018 and completed her term at the conclusion of the 2019 AGM held on 26 October 2019. 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, and a Member of the Coaching Psychology Interest Group and the American Society for Industrial and Organisational Psychology. She is a graduate of the Australian Institute of Company Directors and a Certified Fellow of the Australian Human Resource Institute. Hannah is the Chair and Non-Executive Director of The Shalom Institute at UNSW Sydney. She has been a member of the APS since 1994.

Professor Simon Crowe Hon FAPS FAICD – commenced his term as a General Director following the 2019 AGM held on 26 October 2019 and will complete that term at the conclusion of the 2022 AGM. Simon is Professor of Neuroscience and Clinical Neuropsychology in the School of Psychology and Public Health, La Trobe University. He is a past President of The Australian Psychological Society (APS: 2010-2012) and was on the Board of the APS from 2006-2010. Professor Crowe has been extensively involved in the psychology curriculum for upper secondary education and was Chief examiner for year 12 Psychology in Victoria from 2003-2004. He has been a member of the APS since 1986.

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 20 years, having worked in a range of settings including community health, tertiary counselling, private practice and academia. He has been a member of the APS since 1996.

Mr Paul Flanagan MAPS GAICD – commenced his term as an Additional Director on 7 February 2020 and will that term at the conclusion of the 2020 AGM. Paul is an Organisational Psychologists and has 20 years' experience as a company director in private sector companies. Paul was a founder of Davidson Trahaire Corpsych, a national EAP and Consulting firm, and the Employee Assistance Professionals Association of Australia. During his career Paul has also been on government advisory bodies and has worked internationally in employee psychological health. He is currently a Director of Executive Health Solutions, a corporate health service, and Life Street, an employee assistance and wellbeing company. He has been a member of the APS since 1979.

Dr Aaron Frost FAPS – commenced his term as a General Director following the 2016 AGM held on 15 September 2016 and completed his term at the conclusion of the 2019 AGM held on 26 October 2019. 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.

Mr Geoff Gallas MAPS – commenced his term as an Additional Director on 4 December 2018 and completed his term at the conclusion of the 2019 AGM held on 26 October 2019. 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 – 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 assessment and therapy of adult attention deficit hyperactivity disorder (ADHD) and Autism Spectrum Disorder (ASD) and healing from developmental trauma. She consults to universities, government and nongovernment 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 for a further two terms, on 28 September 2018 and 26 October 2019 consecutively, and will complete her current term at the conclusion of the 2020 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. She is the current Chair of the 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 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 services, and in academia. He has been a member of the APS since 1986.

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 for the year ended 31 May 2020 is $148,567 (In 2019 the Total Comprehensive Deficit was $1,781,037). Prior year expenditure included $1,202,165 associated with costs incurred in the restructure of the APS.

The financial result for the year ended 31 May 2020 reflects an operating environment that has been significantly different to that of prior years with an emphasis on providing an agile response to rapidly changing environmental factors. The review of the operations during the financial year, including our organisation wide response to the COVID-19 pandemic, which is summarised below, is noted elsewhere in the Annual Report to members.

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 APS 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 mechanisms 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

Dr Zena Burgess commenced as transition Chief Executive Officer on 21 July 2020. Dr Burgess holds a PhD in Organisational Psychology and is a Fellow of the Australian Institute of Company Directors. Prior to Dr Burgess' appointment the role was held by Ms Frances Mirabelli.

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, other than the following:

Implementation of leasing standard AASB 16

In the current year, the APS fully implemented AASB 16 *Leases* which is effective for financial periods beginning on or after the 1 January 2019. The new leasing standard introduces a single lessee accounting model and requires a lessee, like the APS, to recognise assets and liabilities for all leases with a term of more than 12 months.

Implementation of this leasing standard has had a negative impact on the APS's operating performance over the year, increasing costs of by $386,546. The new AASB 16 standard has led to an increase in assets and liabilities in the APS's Statement of Financial Position. As at 31 May 2020, the Right of Use Asset is $7,767,574 whilst the Lease Liability stands at $8,949,491. To reflect the prior period impact on Retained Earnings, an adjustment of $793,371 has been taken up in the Statement of Financial Position.

Impact of COVID-19

The APS has been impacted by COVID-19 in a number of ways including ceasing all face-to-face member interactions through Colleges, Member Groups Events and Professional Development training as well as requiring all staff to relocate from our offices at 257 Collins Street and begin to work in a "virtual office" at home. This successful transition has occurred at the same time as continuing to provide a high level of services and support to our members and the community who look to us for advice around living and working in a challenging environment.

JobKeeper Incentives have contributed $354,000 in the 2 months since it became effective in late March 2020 and it is expected that this will contribute an additional $756,000 to the end of September 2020.

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 $15,980 (2019: $14,841).

Indemnification of auditors

RSM Australia commenced as auditors of the APS at the time of the 2019 Annual General Meeting following the retirement of PWC.

The APS has entered into an agreement to indemnify their auditors, RSM Australia 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 52 full time equivalent employees (including staff contracted to work on various externally funded projects) as at 31 May 2020 (2019: 59).

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 fulfil 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's National Office in Melbourne. During the COVID-19 pandemic, all scheduled meetings since March 2020 have been held by electronic means.

Day-to-day management of the organisation's affairs and implementation of corporate strategy and policy initiatives are the responsibility of the APS' transition Chief Executive Officer, Dr Zena Burgess who commenced on 21 July 2020. Dr Burgess holds a PhD in Organisational Psychology and for the past 11 years Zena has been Chief Executive Officer of the Royal Australian College of General Practitioners (RACGP). Prior to Dr Burgess' appointment the role was held by Ms Frances Mirabelli.

The APS' company secretary is Mr Harry Georgalas who is a member of Chartered Accountants Australia and New Zealand for more than 30 years, and is a fellow member of the Governance Institute of Australia. He commenced in that role on the 18 February 2019.

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, Executive Director, 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 Executive Director; 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 comprises an Independent Non-Executive Director as Chair, the President and President-Elect (when applicable), APS Director(s) and up to two non-member experts. The Committee aims to meet at least 3 times per annum.

Finance Investment and Audit Committee

The Finance Investment and Audit Committee (FIAC) is responsible for assisting Board to fulfil its oversight responsibility of The APS's 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 at least 4 time per annum.

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 as follows:

Board composition per Constitution

Position	Positions	College or Other	Elected by
President	1	N/A	All voting members
President Elect (in alternate years)	1	N/A	All voting members
General Directors	1	College of Clinical Psychologists	Members of respective College or from DGPP as applicable
	1	College other than Clinical Psychologists	
	2	Division of General Psychological Practice (DGPP)	
	1	Division of Psychological Research, Education and Training (DPRET)	
	1	Early Career Member	All voting members
Additional Directors	2	Non-APS members directors	Appointed by the Board on the recommendation of the Nominations Committee
	2	Additional directors may be appointed who are members of the APS	
Total Directors	**12**		

Directors' meetings including Committee meetings (1 June 2019 to 31 May 2020)

	Directors' Meetings		Finance, Investment and Audit Committee		Governance and Risk Committee	
	H	A	CMH	A	CMH	A
Ros Knight	11	11	7	5	5	5
Tamara Cavenett	8	8	3	3	3	3
Robyn Batten	10	10	-	-	5	5
Sally Bradford	11	11	-	-	-	-
Tim Carey	3	3	-	-	-	-
Hannah Challis	3	3	-	-	2	2
Simon Crowe	8	8	-	-	2	2
Michael Di Mattia	11	11	7	4	-	-
Paul Flanagan	6	6	1	1	-	-
Aaron Frost	3	3	-	-	-	-
Joe Gagliano	11	10	-	-	-	-
Geoff Gallas	3	3	-	-	-	-
Kathrine Johansen	11	10	-	-	-	-
Mary Latham	10	9	7	7	-	-
Christopher Lee	11	8	-	-	-	-

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

Members' guarantee

The Australian Psychological Society Limited is a public company limited by guarantee. The Society's 25,068 members (2019: 24,361) have each undertaken to contribute $20 in the event that the Society is wound up.

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 11.

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

Ros Knight
President

Melbourne
28 August 2020

Mary Latham
Director

Melbourne
28 August 2020

AUDITOR'S INDEPENDENCE DECLARATION

under Section 307C of the *Corporations Act 2001*

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of the Australian Psychology Society Limited for the year ended 31 May 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Rsm

RSM AUSTRALIA PARTNERS

KJDundon

K J DUNDON
Partner

Dated: 1 September 2020
Melbourne, Victoria

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 May 2020

	Note	2020 $	2019 $
Revenue from operating activities	3	15,784,454	17,121,719
Finance income	3	321,527	302,707
Other income	3	336,014	362,123
TOTAL REVENUE FROM CONTINUING OPERATIONS		**16,441,995**	**17,786,549**
Expenses from continuing operations*			
Governance, management and administration		(4,304,299)	(7,741,156)
Information technology expenses		(1,470,686)	(1,649,476)
Policy Expense		(630,707)	(859,335)
Professional Standards and Funded Projects Expense		(2,853,098)	(2,340,889)
Membership, Member Groups & Events Expense		(3,096,312)	(4,118,318)
Publications, Resources & PAS Expense		(1,013,180)	(1,045,357)
Marketing & Communication Expense		(863,463)	(1,254,620)
Depreciation		(1,680,479)	(558,435)
Finance expenses		(678,342)	-
TOTAL EXPENSES FROM CONTINUING OPERATIONS		**(16,590,566)**	**(19,567,586)**
Deficit from operations for the year		**(148,571)**	**(1,781,037)**
Other comprehensive income for the year		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(148,571)**	**(1,781,037)**

*Expenses from continued operations of the comparative period have been reclassified to align with The APS's operating functions. The reclassification of expense is not material and has no impact to the comprehensive income.

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

As at 31 May 2020

	Note	2020 $	2019 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	4,923,395	5,330,557
Short-term deposits	5	1,970,333	785,000
Trade and other receivables	7	401,642	179,642
Prepayments		709,949	603,737
TOTAL CURRENT ASSETS		**8,005,319**	**6,898,936**
NON-CURRENT ASSETS			
Property, plant and equipment	8	8,883,823	1,372,474
Financial assets at fair value through profit and loss (FVPL)	13	7,810,705	8,495,471
TOTAL NON-CURRENT ASSETS		**16,694,528**	**9,867,945**
TOTAL ASSETS		**24,699,847**	**16,766,881**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	5,722,125	5,796,592
Employee benefits provisions	10	685,338	662,701
Lease liabilities	11	738,294	-
TOTAL CURRENT LIABILITIES		**7,145,757**	**6,459,293**
NON-CURRENT LIABILITIES			
Provisions	10	357,306	380,059
Lease liabilities	11	8,211,197	-
TOTAL NON-CURRENT LIABILITIES		**8,568,503**	**380,059**
TOTAL LIABILITIES		**15,714,260**	**6,839,352**
NET ASSETS		**8,985,587**	**9,927,529**
EQUITY			
Retained earnings		8,802,846	9,744,788
Other reserves		182,741	182,741
TOTAL EQUITY		**8,985,587**	**9,927,529**

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 May 2020

	2020 $	2019 $
OPENING RETAINED EARNINGS	9,744,788	11,488,924
Impact of adoption of AASB 16	(793,371)	-
ADJUSTED OPENING BALANCE AT 1 JUNE 2019	8,951,417	11,488,924
Deficit for the period	(148,571)	(1,781,037)
Net gain on sale of equity investments held as FVOCI - reclassified from Other reserves	-	36,901
CLOSING RETAINED EARNINGS	**8,802,846**	**9,744,788**
OPENING OTHER RESERVES	182,741	219,642
Other comprehensive income	-	-
Net gain on sale of equity investments held as FVOCI - reclassified to Retained earnings	-	(36,901)
CLOSING OTHER RESERVES	**182,741**	**182,741**
TOTAL EQUITY	**8,985,587**	**9,927,529**

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

For the Year Ended 31 May 2020

	Note	2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and members (inclusive of GST)		17,333,738	21,972,154
Payments to suppliers, employees, and others (inclusive of GST)		(15,556,092)	(21,413,954)
Interest and other costs of finance paid		(887,774)	(200,495)
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	6	**889,872**	**357,705**
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received		60,449	108,481
Interest received from long term investments		191,159	141,470
Interest received from short term deposits		69,154	138,013
Payments for acquisition of financial assets		(7,640,118)	(4,194,785)
Payments for investment adviser fees		(48,189)	(49,649)
Proceeds from sale of financial assets		8,291,552	3,710,870
Distribution from liquidation of GAM Absolute Return Fund		-	330,681
Payments for property, plant and equipment and intangibles	9	(399,958)	(703,579)
NET CASH (USED IN)/PROVIDED BY INVESTING ACTIVITIES		**524,049**	**(518,498)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities		(635,750)	-
NET CASH (USED IN) FINANCING ACTIVITIES		**(635,750)**	**-**
Net increase/(decrease) in cash held		778,171	(160,793)
Cash and short-term deposits at the beginning of the financial year		6,115,557	6,276,350
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		**6,893,728**	**6,115,557**

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 May 2020

Note 1: Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

The following Accounting Standards and Interpretations are most relevant to the company:

AASB 15 Revenue from Contracts with Customers

The company has adopted AASB 15 from 1 June 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

AASB 1058 Income of Not-for-Profit Entities

The company has adopted AASB 1058 from 1 June 2019. The standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where: an asset is received in a transaction, such as by way of grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the entity to further its objectives. For transfers of financial assets to the entity which enable it to acquire or construct a recognisable non-financial asset, the entity must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137. The liability is brought to account as income over the period in which the entity satisfies its performance obligation. If the transaction does not enable the entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately. Where the fair value of volunteer services received can be measured, a private sector not-for-profit entity can elect to recognise the value of those services as an asset where asset recognition criteria are met or otherwise recognise the value as an expense.

AASB 16 Leases

The company has adopted AASB 16 from 1 June 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Note 1: Significant Accounting Policies continued

Impact of adoption

AASB 15, AASB 1058 and AASB 16 were adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact on opening retained profits as at 1 June 2019.

The impact of the new Accounting Standards compared with the previous Accounting Standards on the current reporting period is as follows:

The adoption of AASB 15 and AASB 1058 had no impact on the opening retained earnings as at 1 June 2019.

The impact of adoption of AASB 16 on opening retained earnings as at 1 June 2019 was as follows:

	1 June 2019 $
Operating lease commitments as at 1 June 2019 (AASB 117)	10,242,955
Accumulated depreciation as at 1 June 2019 (AASB 16)	1,451,085
Right-of-use asset (AASB 16)	**8,791,870**
Lease liabilities – current (AASB 16)	635,750
Lease liabilities – non-current (AASB 16)	8,949,491
Reduction in opening retained profits as at 1 June 2019	**793,371**

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards-Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'), the *Victorian Fundraising Act* 1998 and associated regulations, and *Corporations Act 2001*, as appropriate for not-for-profit oriented entities.

Historical cost convention

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

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. All revenue is stated net of the amount of goods and services tax (GST).

Rendering of services

Service revenue is recognised in profit or loss when the company satisfies the performance obligations stated within the funding agreements.

If conditions are attached to the grant which must be satisfied before the company is eligible to retain the contribution, the amount will be recognised in the statement of financial position as a liability until those conditions are satisfied.

Note 1: Significant Accounting Policies continued

Membership subscriptions

Membership subscriptions fees are recognised as revenue over the period in which the membership relates to.

Interest income

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

As the Company is a charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

Current and non-current classification

Assets and liabilities are presented in the Statement of Financial Position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes 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.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 14 days.

Property plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Right of use assets

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- Any lease payments made at or before the commencement date less any lease incentive received; plus
- Any initial direct costs incurred; and
- An estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

Subsequent measurement

Property, plant and equipment as well as right-of-use assets under leases are subsequently measured at fair value less accumulated depreciation and impairment.

Note 1: Significant Accounting Policies continued

Depreciation

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Asset class	Useful life
Plant and equipment	3-8 years
Right of use assets	10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments) less any lease incentive receivable;
- variable payments based on an index or rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments arising from purchase and termination options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 1: Significant Accounting Policies continued

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Goods and Services Tax ('GST')

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

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

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 31 May 2020. The company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

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.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets

The Company assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal, which incorporate a number of key estimates and assumptions.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Note 3: Revenue

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	2020 $	2019 $
Revenue from operating activities:		
Corporate Services & Business Development Revenue	1,587,091	1,657,446
Professional Standards and Funded Projects Revenue	2,909,808	2,486,267
Membership, Member Groups & Events Revenue	11,093,222	12,724,023
Publications, Resources & PAS Revenue	194,333	230,649
Marketing & Communications Revenue	-	23,334
	15,784,454	**17,121,719**
Finance income:		
Interest revenue from short term deposits	60,738	128,602
Interest revenue from trading accounts	8,585	15,718
Dividends and Interest from long term investments	252,204	158,387
	321,527	**302,707**
Other revenue:		
Job Keeper - other income	354,000	-
Fair value gains on financial assets at fair value through profit and loss (FVPL)	227,286	70,806
Realised (loss) / gain on investments	(245,272)	291,317
	336,014	**362,123**

AASB 15 and AASB 1058 were adopted using the modified retrospective approach and as such comparatives have not been provided for disaggregation of revenue.

As the adoption of AASB15 means that disaggregation was required and could be done so by type, APS have opted to only show the disaggregation and have excluded any prior year mapping. This is as the disaggregation aligns with the objectives of the organisation, aligns with Board reports, and was decided to be more useful for the understanding of APS's operations.

Note 4: Expenses

	2020 $	2019 $
The operating (deficit) includes the following expenses:		
Restructure Costs	-	1,202,165
Depreciation and amortisation of property and equipment and right of use assets	1,686,121	558,435
Wages and salaries	7,636,880	8,326,707
Superannuation costs	534,628	695,556
Provisions:		
- Long service leave	(58,475)	(18,522)
- Annual leave	52,718	212,519

Note 5: Cash and cash equivalents

	2020 $	2019 $
Cash at bank and cash equivalents (a)	4,923,395	5,330,557
Short-term deposits (b)	1,970,333	785,000
TOTAL CASH AND CASH EQUIVALENTS	**6,893,728**	**6,115,557**

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.

(a) Cash at bank and cash equivalents include short term deposits with maturity three months or less from the date of acquisition of $3,000,000 at 31 May 2020 (2019: $4,006,218).

(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 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 $2,131,773 are included in the 'Total Cash, Cash Equivalents and short term deposits' at 31 May 2020 (2019: $2,173,179). 179 Member Groups were active at 31 May 2020 (2019: 180).

Note 6: Reconciliation of cash flows

	2020 $	2019 $
Reconciliation of (deficit) for the period to net cash flows from operating activities:		
(Deficit) for the period	(148,571)	(1,880,034)
Plus/(minus) non-cash items and investing activities cash items:		
Depreciation and amortisation	1,686,120	552,482
Interest received from short term deposits	(69,154)	(138,013)
Dividends and Interest received from long term investments	(251,608)	(249,951)
Payments for Investment adviser fees	48,189	49,649
Fair value loss/(gain) on financial assets through profit and loss (FVPL)	245,272	(291,317)
(Gain)/loss on sale of financial assets through profit and loss (FVPL)	(227,286)	28,191
Changes in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(222,000)	109,245
Decrease/(increase) in prepayments	(106,212)	254,628
Increase/(decrease) in trade and other payables	(64,762)	2,531,456
(Decrease)/increase in provisions for employee benefits and make good	(116)	(608,631)
NET CASH INFLOW FROM OPERATING ACTIVITIES	**889,872**	**357,705**

Note 7: Trade and other receivables

	2020 $	2019 $
Advertising, products, sponsorship and commission	56,820	66,081
Other debtors and accrued revenue	344,822	113,561
TOTAL TRADE AND OTHER RECEIVABLES	**401,642**	**179,642**

Note 8: Property, plant and equipment

	Plant and equipment $	Leasehold improvements $	Right of use assets $	Total $
At 31 May 2019				
At cost	4,312,255	1,445,138	-	5,757,393
Accumulated depreciation	(3,011,482)	(1,373,437)	-	(4,384,919)
NET BOOK AMOUNT	**1,300,773**	**71,701**	**-**	**1,372,474**
At 31 May 2020				
At cost	4,712,213	1,361,603	10,326,490	16,400,306
Accumulated depreciation	(3,659,311)	(1,361,603)	(2,495,569)	(7,516,483)
NET BOOK AMOUNT	**1,052,902**	**-**	**7,830,921**	**8,883,823**

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial period are set out below:

	Plant and equipment $	Leasehold improvements $	Right of use assets $	Total $
Balance at 1 June 2018	1,141,322	80,054	-	1,221,376
Additions	703,579	-	-	703,579
Depreciation expense	(544,128)	(8,353)	-	(552,481)
BALANCE AT 31 MAY 2019	**1,300,773**	**71,701**	**-**	**1,372,474**
Initial recognition			8,791,870	8,791,870
Reclassification*		(71,701)	71,701	-
Additions	399,958	-		399,958
Depreciation expense	(647,829)	-	(1,032,650)	(1,680,479)
BALANCE AT 31 MAY 2020	**1,052,902**	**-**	**7,830,921**	**8,883,823**

*Due to the adoption of AASB 16, make good asset that were classified in leasehold improvements has been reclassified to Right of use assets.

Note 9: Trade and Other Payables

	2020 $	2019 $
Revenue received in advance:		
- Membership subscriptions	3,120,458	3,362,864
- Event income (conferences and workshops)	111,563	409,015
- Externally funded projects	953,383	1,045,714
- Other	450,205	40,466
	4,635,609	**4,858,059**
Other payables	1,086,516	938,533
TOTAL TRADE AND OTHER PAYABLES	**5,722,125**	**5,796,592**

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.

Note 10: Provisions

	2020 $	2019 $
CURRENT		
Employee benefits		
- Annual leave (a)	392,272	339,553
- Long service leave (a)	293,066	323,148
	685,338	**662,701**
NON-CURRENT		
Employee benefits - Long service leave (a)	61,665	90,061
Make good provision (b)	295,641	289,998
	357,306	**380,059**
TOTAL PROVISIONS	**1,042,644**	**1,042,760**

(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 11: Leases

	2020 $	2019 $
Lease liability		
Current		
- Lease liability	738,294	-
Non-current		
- Lease liability	8,211,197	-
TOTAL LEASE LIABILITY	**8,949,491**	**-**

Note 12: Retained earnings and other reserves

	2020 $	2019 $
Retained earnings:		
Balance at the beginning of the financial year	9,707,887	11,488,924
Deficit for the year	(148,571)	(1,781,037)
Retained earnings at the end of the financial year	**9,559,316**	**9,707,887**
Other reserves (a):		
Balance at the beginning of the financial year	219,642	219,642
Other reserves at the end of the financial year	**219,642**	**219,642**
TOTAL MEMBERS' EQUITY AT THE END OF THE FINANCIAL YEAR	**9,778,958**	**9,927,529**

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 13: Financial instruments and risk management

	2020 $	2019 $
Fair value through P&L:		
Equity instruments	3,319,398	1,317,797
Debt instruments	4,491,307	7,177,673
TOTAL INVESTMENTS	**7,810,705**	**8,495,470**

During the year, APS have reclassified the Equity instruments to be measured at Fair Value through Profit and Loss. This was previously measured at Fair Value through Other Comprehensive Income. The move was to correctly align the measurement with the Board's objectives of holding the assets.

Note 14: Key Management Personnel Disclosures*

	2020 $	2019 $
(a) Key management personnel compensation		
Compensation	1,202,531	1,550,302
(b) Transactions with key management personnel		
Provision of professional development services to the APS presenter fees	-	3,618

*Key management personnel include Directors and Senior Executives.

Note 15: Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 14.

Transactions with related parties

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.

	2020 $	2019 $
The following transactions occurred with MHPN:		
Received from MHPN during the financial year, GST inclusive	172,454	152,041
Revenue, as recognised in the APS' Statement of Comprehensive Income	157,228	138,464
Paid to MHPN during the financial year, GST inclusive	(17,600)	(17,600)
Expense, recognised in the APS' Statement of Comprehensive Income	(8,000)	(24,000)
Receivable from and payable to related parties		
The following transactions occurred with MHPN:		
Receivables at year end, GST inclusive	14,656	14,159
Payables at year end, GST inclusive	-	(8,800)

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Note 16: 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.

- 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 17: Commitments and contingencies

The Company had no commitments or contingent liabilities or contingent assets as at 31 May 2020 or 31 May 2019.

Note 18: Events after reporting date

No matter or circumstance has arisen since 31 May 2020 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years (2019: None noted).

DIRECTORS' DECLARATION

31 May 2020

In the Directors' opinion:

- the attached financial statements and notes comply with the Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001*.
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 31 May 2020 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Ros Knight
President

Melbourne
28 August 2020

Mary Latham
Director

Melbourne
28 August 2020

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INDEPENDENT AUDITOR'S REPORT
To the Members of the Australian Psychological Society

Opinion

We have audited the financial report of the Australian Psychological Society Limited (the Company), which comprises the statement of financial position as at 31 May 2020, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

i) giving a true and fair view of the Company's financial position as at 31 May 2020 and of its financial performance for the year then ended; and

ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

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 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.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

RSM

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 2020, but does not include the financial report and the 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.

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, 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 this 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.

Rsm

RSM AUSTRALIA PARTNERS

KJDundon

K J DUNDON
Partner

Dated: 1 September 2020
Melbourne, Victoria

APS Australian Psychological Society

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