

2009 ANNUAL  
FINANCIAL REPORT

## DIRECTORS' REPORT

The Directors present their report on the results of The Australian Psychological Society Limited ABN 23 000 543 788 (the Society) for the financial year to 31 May 2009 and the state of affairs of the Society at that date. The names, qualifications and experience of the Directors in office at the end of the financial year are on pages 4 and 5 of the Annual Report.

### Principal activities

The principal activities of the Society during the year were the advancement of the scientific study and the professional practice of psychology. There were no significant changes in the nature of these activities during that period.

### Operating and financial review

The net profit for the year ended 31 May 2009 is \$1,451,812 (2008: \$1,752,666 profit).

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 Society 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 Society's objectives and activities are aligned with the risks and opportunities identified by the Board.

The Board has established a separate Risk Management Committee to assist the Board to manage risk. From time to time the Board may also convene separate committees to further examine specific issues and risks, and have that committee report back to the Board.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of a Strategic Plan, which encompasses the Society's 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 discharging the Board's responsibility to manage the organisation's financial risks. The Committee advises the Board on such matters as the Society's liquidity, interest rate and credit policies and exposures, and monitors management's actions to ensure they are in line with Society policy.

### Dividends

No portion of profit 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 2009 not otherwise disclosed in the Annual Report.

### Likely developments and expected results

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

## Indemnification and insurance of directors and officers

During or since the financial year, the company has paid premiums in respect of a contract insuring all Directors, office bearers and employees of the Society against costs incurred in defending proceedings for conduct involving:

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

The total amount of insurance contract premiums paid was \$13,474 (2008: \$14,790).

## Registered office

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

## Employees

The Society employed 70.3 full-time equivalent employees (including staff contracted to work on various externally funded projects) as at 31 May 2009 (2008: 59.6).

## Corporate governance

The Board of Directors governs the Society and has overall responsibility for pursuing the Society's mission, determining the Strategic Plan and priorities, monitoring implementation and developing a resource base to support the Society's activities. The Board is the ultimate decision-making and policy-setting body. It is also responsible for the financial viability of the Society and ensuring compliance with statutory requirements applicable to a company. To assist the Board to fulfil its role and responsibilities various Board Committees, Advisory Groups, Reference Groups and Member Forums are appointed each year.

The Society's Constitution provides for the Board of Directors to be comprised of the President, Executive Director, six elected General Directors and up to three Directors appointed by the Board. The Executive Director is appointed by the Board. Every second year a President-Elect is elected to the Board to assume the role of President for a term of two years commencing at the end of their one-year term as President-Elect. Each General Director is elected for a term of three years and each Additional Director appointed by the Board is appointed for a term of one year. Profiles of members of the Board of Directors as at 31 May 2009 are included at the front of this Annual Report.

All Directors must comply with the Board's code of conduct. This code covers issues such as the requirement to act in good faith, duties of due care and diligence, conflict of interest, proper use of power and information, independence, confidentiality and the obligation to uphold the law.

The Board meets at least six times a year for scheduled meetings. The Board is committed to holding at least two of these meetings outside of Melbourne, with the remaining meetings held at the Society's National Office in Melbourne.

Day-to-day management of the organisation's affairs and implementation of corporate strategy and policy initiatives are the responsibility of the Executive Director. The Society's company secretary is Barry Whitmore who has been a member of both the Institute of Chartered Accountants in Australia and CPA Australia for more than 20 years.

## DIRECTORS' REPORT *(cont.)*

### Directors' meetings including Committee meetings

(1 June 2008 to 31 May 2009)

The number of meetings of directors (including meetings of Committees of directors) held during the year and the number of meetings attended by each Director were as follows.

	COMMITTEES							
	Directors meetings		Finance, Investment and Audit		Governance		Risk Management and Compliance	
	H	A	CMH	A	CMH	A	CMH	A
R Montgomery *	10	4	5	3	4	3	1	1
A Gordon	4	4	3	3	1	1	1	1
L Littlefield	10	10	5	5	4	3	2	2
Q Black	4	1						
S Crowe	6	6	2	2	3	3		
E Frydenberg	10	10			4	4	1	1
A Lipzker	10	10						
I Montgomery	4	3					1	1
K Moore	10	10	5	5				
T Thomas	10	9			4	4		
R Vines	6	6					1	1
T Waring	9	9			3	2		

H = Number of meetings held whilst in office      CMH = Number of Committee meetings held whilst a member of that Committee  
A = Number of meetings attended

\* R Montgomery was on leave of absence from the Board from September 2008 to February 2009, a period during which five Directors' meetings were held, as well as two Finance, Investment and Audit Committee meetings and one Governance Committee meeting.

### Auditor's declaration

A copy of the auditor's independence declaration, as required under section 307C of the *Corporations Act 2001*, is set out on page 84.

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

**Dated at Melbourne this 27th day of August 2009.**



**B MONTGOMERY**  
President



**K MOORE**  
Director

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## ANNUAL ACCOUNTS 2009

### INCOME STATEMENT – Year ended 31 May 2009

	NOTE	2009 \$	2008 \$
<b>REVENUE</b>	3	14,956,249	13,847,215
<b>EXPENSES</b>			
General services and benefits for members		(8,293,647)	(7,164,553)
Marketing, promotion and publications		(1,698,176)	(1,529,078)
Governance, administration and occupancy (a)		(3,512,614)	(3,400,918)
<b>TOTAL EXPENSES</b>		(13,504,437)	(12,094,549)
<b>PROFIT FROM CONTINUING ACTIVITIES</b>		<b>1,451,812</b>	<b>1,752,666</b>

(a) includes depreciation and rental expenses

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

## BALANCE SHEET – as at 31 May 2009

	NOTE	2009 \$	2008 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	11,232,808	9,781,484
Trade and other receivables	6	1,966,740	1,507,161
Prepayments	7	276,791	267,624
<b>TOTAL CURRENT ASSETS</b>		<b>13,476,339</b>	<b>11,556,269</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	1,088,345	504,545
Investment property	9	1,500,000	1,600,000
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,588,345</b>	<b>2,104,545</b>
<b>TOTAL ASSETS</b>		<b>16,064,684</b>	<b>13,660,814</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	5,365,641	4,490,185
Provisions	11	579,428	473,870
<b>TOTAL CURRENT LIABILITIES</b>		<b>5,945,069</b>	<b>4,964,055</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	11	43,268	72,224
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>43,268</b>	<b>72,224</b>
<b>TOTAL LIABILITIES</b>		<b>5,988,337</b>	<b>5,036,279</b>
<b>NET ASSETS</b>		<b>10,076,347</b>	<b>8,624,535</b>
<b>MEMBERS' EQUITY</b>			
Retained earnings	13	10,076,347	8,624,535
<b>TOTAL MEMBERS' EQUITY</b>		<b>10,076,347</b>	<b>8,624,535</b>

The above Balance Sheet should be read in conjunction with the accompanying notes.

## ANNUAL ACCOUNTS 2009 *(cont.)*

### STATEMENT OF CHANGES IN EQUITY – Year ended 31 May 2009

	2009 \$	2008 \$
<b>Balance at the beginning of the year</b>	8,624,535	6,871,869
Total income for the year recognised directly in equity	-	-
Profit for the year	1,451,812	1,752,666
<b>BALANCE AT THE END OF THE YEAR</b>	<b>10,076,347</b>	<b>8,624,535</b>

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

## CASH FLOW STATEMENT – Year ended 31 May 2009

	NOTE	2009 \$	2008 \$
<b>Cash flows from operating activities (a)</b>			
Receipts from customers and members		17,489,193	16,356,496
Payments to suppliers, employees and others		(15,963,535)	(14,490,881)
Interest and other costs of finance paid		(139,345)	(114,699)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	5	<b>1,386,313</b>	<b>1,750,916</b>
<b>Cash flows from investing activities</b>			
Interest received		826,679	632,776
Rent received		161,248	157,413
Payments for property, plant and equipment		(922,916)	(160,143)
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>65,011</b>	<b>630,046</b>
<b>Cash flows from financing activities</b>			
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>
Net increase in cash held		1,451,324	2,380,962
Cash at beginning of financial year		9,781,484	7,400,522
<b>CASH AT THE END OF THE FINANCIAL YEAR</b>	4	<b>11,232,808</b>	<b>9,781,484</b>

(a) In the 2008-09 financial year approximately \$1.5m was paid to the Society by the Australian Government as funds to be forwarded to scholarship holders under the Mental Health Postgraduate Scholarship Scheme Clinical Psychology Initiative administered by the Society on behalf of the Australian Government. This amount is included in the Cash Flow Statement as part of the 'Receipts from Customers and Members' figure, however given the basis upon which the funds have been provided to the Society they have not been recognised as revenue. Similarly, payments of these funds to scholarship holders have been included in the Cash Flow Statement as part of the 'Payments to suppliers, employees and others' figure, but have not been recorded as an expense.

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

## ANNUAL ACCOUNTS 2009 *(cont.)*

### NOTES TO AND FORMING PART OF THE ACCOUNTS – Year ended 31 May 2009

#### NOTE 1: Corporate information

The financial report of The Australian Psychological Society Limited (the Society) for the year ended 31 May 2009 was authorised for issue in accordance with a resolution of the directors dated 27 August 2009.

The Society 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 Society are described in the Directors' report.

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

##### (a) Basis of preparation

The Financial Report is a general purpose Financial Report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The Financial Report has also been prepared on a historical cost basis, except for the land and buildings that have been measured at fair value.

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

##### (b) Summary of significant accounting policies

###### (i) Compliance with IFRS

The Financial Report complies with Australian Accounting Standards and the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

###### (ii) New accounting standards and interpretation

Australian accounting standards and interpretations that have been recently issued or amended but are not yet effective have not been adopted by the entity for the annual reporting period ending 31 May 2009. Those relevant to the Society are outlined in the table below.

Reference	Title	Summary	Application date of standard	Impact on the APS financial reports	Application date for the APS
AASB101 (revised) AASB 2007-08 and AASB 2007-10	Presentation of financial statements	New titles for components of a full set of financial statements	Annual period beginning on or after 1 Jan 09	The amendments are expected to only affect the presentation of the Society's financial report and will not have a direct impact on the measurement and recognition of amounts under the current AASB 101. The Society has not determined at this stage whether to present the new statement of comprehensive income as a single statement or two statements.	Year ended 31 May 2010

(ii) New accounting standards and interpretation (cont.)

Reference	Title	Summary	Application date of standard	Impact on the APS financial reports	Application date for the APS
AASB7	Financial instruments: Disclosure	Finance cost and finance income to be presented gross on the face of the income statement and disclosures in the notes to be updated if the breakdown into finance income and finance costs is also provided in the notes to the financial statements.	Annual period beginning on or after 1 Jan 09	The amendments are expected to only affect the presentation of the Society's financial report and will not have a direct impact on the measurement and recognition of amounts under the current AASB 7. There is no immediate impact on the Society as finance revenue is currently disclosed in the notes and finance costs have been deemed to be immaterial.	Year ended 31 May 2010

**(c) Income tax**

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

**(d) Property, plant and equipment**

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

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

**Impairment of non-financial assets**

The entity assesses impairment of all assets 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. Given the current uncertain economic environment, management considered that the indicators of impairment were significant enough and as such these assets have been tested for impairment in this financial period.

**(e) Investment property**

Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties as determined by an independent expert are included in the Income Statement in the year in which they arise.

**(f) Leases**

Operating leases are leases under which the lessors effectively retain substantially all of the risks and benefits of ownership of leased items. Payments made under operating leases are included in the determination of the operating result for the year.

**(g) Branches, Colleges and Interest Groups**

The financial result of the activities of the Society's Branches, Colleges and Interest Groups are included within the Society's operating profit.

## ANNUAL ACCOUNTS 2009 *(cont.)*

### **(h) 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 Society and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognised.

#### **(i) Sale of goods**

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

#### **(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 labour hours incurred to date as a percentage of total estimated labour hours for each contract which is determined by a set quotation with the customer.

#### **(iii) Interest revenue**

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

#### **(iv) Membership subscriptions**

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

#### **(v) Rental revenue**

Rental revenue from the investment property is accounted for on a straight line basis over the lease term.

### **(i) Employee entitlements**

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave. Superannuation contributions are made for employees at 10% (9% for 'casual' employees) in compliance with government legislation.

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

### **(j) Other taxes**

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST components 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.

### **(k) Cash and cash equivalents**

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

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

### **(l) Trade and other receivables**

Trade receivables, which generally have 30-60 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest methods, less an allowance for impairment. Given the short term 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.

### **(m) Income in advance**

As identified in Note 1(h), membership subscription revenue must be recognised in the relevant reporting year it relates to. Therefore, any subscription revenue received prior to 31 May 2009 which relates to the subscription period 1 June 2009 to 31 May 2010 is recognised as income in advance at 31 May 2009.

The timing of the receipt of payments for work undertaken on externally funded projects is typically set out in the project contract. Payments received, and amounts due and receivable, up to 31 May 2009 which have not been earned are recognised as income in advance at 31 May 2009, and will only be recognised as income when the Society has met the conditions set out in the project contract.

### **(n) 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 Society prior to the end of the financial year that are unpaid at the end of the financial year and arise when the Society 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.

# 2009 ANNUAL FINANCIAL REPORT

## ANNUAL ACCOUNTS 2009 *(cont.)*

### NOTES TO AND FORMING PART OF THE ACCOUNTS – Year ended 31 May 2009

#### NOTE 3: Revenue and expenses

Operating profit for the year has been determined after:

	2009 \$	2008 \$
<b>(a) Revenue from operating activities:</b>		
Membership subscriptions	6,083,166	5,507,451
Newsletters, Branch, College and Interest Group revenue	1,016,163	699,462
Referrals revenue	333,757	294,332
Event registrations (Conferences and workshops excluding those run by APS Units)	1,174,062	1,126,392
Advertising and commission	1,015,819	966,907
Assessment of qualifications	520,521	423,865
Externally funded projects revenue	2,968,034	2,545,141
Application fees	7,443	99,915
Other operating revenue	887,055	890,030
	<b>14,006,020</b>	<b>12,553,495</b>
<b>(b) Revenue from non-operating activities:</b>		
Rental revenue	161,248	157,413
Interest revenue	773,462	711,657
Gain on investment property revaluation to fair value	-	125,000
Other non-operating revenue	15,519	299,650
	<b>950,229</b>	<b>1,293,720</b>
<b>TOTAL REVENUE</b>	<b>14,956,249</b>	<b>13,847,215</b>
	2009 \$	2008 \$
<b>(c) Charging/(crediting) the following items:</b>		
Depreciation of property, plant and equipment	339,116	229,809
Loss on restatement of investment property to fair value	100,000	-
Wages and salaries	4,534,225	4,118,142
Superannuation costs	444,810	420,092
Provisions:		
- Long service leave	53,084	36,016
- Annual leave	65,928	153,543
Loss on disposal of property, plant and equipment	-	588

## NOTE 4: Cash and cash equivalents

	2009 \$	2008 \$
Cash at bank	1,732,808	281,484
Term deposits	9,500,000	9,500,000
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>11,232,808</b>	<b>9,781,484</b>

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

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

## NOTE 5: Reconciliation of cash flows

For purposes of the Cash Flow Statement, cash includes cash on hand and in banks and investments in money market instruments. Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the balance sheet as follows.

	2009 \$	2008 \$
<b>a) Reconciliation of profit for the period to net cash flows from operating activities</b>		
Profit for the period	1,451,812	1,752,666
Plus/(minus) non-operating items:		
Interest revenue received	(826,679)	(632,775)
Rental revenue received	(161,248)	(157,413)
Plus/(minus) non-cash items:		
Depreciation	339,116	229,809
Loss on disposal of fixed assets	-	588
(Gain)/Loss on restatement of investment property to fair value	100,000	(125,000)
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(459,579)	(742,909)
(Increase)/decrease in prepayments	(9,167)	(50,856)
Increase/(decrease) in trade and other payables	875,456	1,346,626
Increase/(decrease) in provisions	76,602	130,180
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>1,386,313</b>	<b>1,750,916</b>

### b) Financing facilities

The Society has access to overdraft facilities secured by mortgage over freehold land and buildings

Facilities used at reporting date

Bank overdraft

-

Facilities unused at reporting date

Bank overdraft

20,000

20,000

Total facilities

Bank overdraft

20,000

20,000

## ANNUAL ACCOUNTS 2009 *(cont.)*

### NOTES TO AND FORMING PART OF THE ACCOUNTS – Year ended 31 May 2009

#### NOTE 6: Trade and other receivables

	2009 \$	2008 \$
Advertising, products, sponsorship and commission	164,237	90,716
Externally-funded projects	1,455,475	1,242,971
Allowance for impairment loss	(2,827)	(2,827)
	<b>1,616,885</b>	<b>1,330,860</b>
Other debtors	349,855	176,301
	<b>1,966,740</b>	<b>1,507,161</b>

Trade debtors, and other sundry debtors, are non-interest bearing and, with the exception of receivables arising from externally-funded projects, have payment terms of fourteen days.

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

Fair value and carrying amount: due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value.

Movements in the allowance for impairment loss were as follows.

	2009 \$	2008 \$
At the beginning of the financial year	2,827	2,827
Charge for the year	-	-
Amounts written off	-	-
<b>AT 31 MAY</b>	<b>2,827</b>	<b>2,827</b>

At 31 May, the ageing analysis of trade receivables is as follows.

	Total \$	0-30 days \$	31-60 days \$	61-90 days \$	91+ days \$
2009	1,619,712	1,029,547	568,853	7,724	13,588
2008	1,333,687	511,766	45,077	5,694	771,150

Whilst some trade receivables are past their due date none of these amounts are considered impaired.

#### NOTE 7: Prepayments

	2009 \$	2008 \$
Prepayments	276,791	267,624

## NOTE 8: Property, plant and equipment

	2009 \$	2008 \$
<b>Plant and equipment</b>		
At cost	1,769,321	1,566,076
Accumulated depreciation	(1,343,444)	(1,137,121)
	<b>425,877</b>	<b>428,955</b>
<b>Leasehold improvements</b>		
At cost	1,309,225	589,554
Accumulated depreciation	(646,757)	(513,964)
	<b>662,468</b>	<b>75,590</b>
<b>Total property, plant and equipment</b>		
Cost	3,078,546	2,155,630
Accumulated depreciation and amortisation	(1,990,201)	(1,651,085)
	<b>1,088,345</b>	<b>504,545</b>

	2009 \$	2008 \$
<b>Reconciliation</b>		
<b>Plant and equipment</b>		
Carrying amount at beginning	428,955	545,618
Additions	203,245	97,123
Disposals	-	(588)
Depreciation expense	(206,323)	(213,198)
	<b>425,877</b>	<b>428,955</b>
<b>Leasehold improvements</b>		
Carrying amount at beginning	75,590	29,182
Additions	719,671	63,020
Depreciation expense	(132,793)	(16,612)
	<b>662,468</b>	<b>75,590</b>

The Society assessed at 31 May 2009 whether there is any indication that any of the above assets 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 12: Lease commitments

	2009 \$	2008 \$
<b>Operating leases – the Society as Lessee</b>		
Commitments are as follows:		
Not later than one year	832,243	780,738
Later than one year and not later than five years	2,318,162	3,069,680
<b>TOTAL OPERATING LEASE COMMITMENTS</b>	<b>3,150,405</b>	<b>3,850,418</b>
Operating lease expenses recognised as an expense during the period	787,030	617,550

### Operating leases – the Society as Lessor

The Society has entered into a commercial property lease for the lease of its investment property. The lease agreement currently provides for either the Lessor or Lessee to terminate the tenancy arrangement by providing three months notice to the other party. The agreement also provides for a fixed annual increase in the rental charge.

## NOTE 13: Retained earnings

	2009 \$	2008 \$
Retained earnings at the beginning of the financial year	8,624,535	6,871,869
Profit from ordinary activities	1,451,812	1,752,666
<b>RETAINED EARNINGS</b>	<b>10,076,347</b>	<b>8,624,535</b>

The Society is a company limited by guarantee and accordingly each member of the Society undertakes to contribute to the assets of the Society in the event of the same being wound up during the time that he or she is a member, or within one year after he or she ceases to be a member, for payment of debts and liabilities that the Society contracted before he or she ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories amongst themselves such amount as may be required but not exceeding twenty dollars.

## ANNUAL ACCOUNTS 2009 *(cont.)*

### NOTES TO AND FORMING PART OF THE ACCOUNTS – Year ended 31 May 2009

#### NOTE 14: Key management personnel disclosure

##### Details of key management personnel

		2008-09 \$ remuneration (including superannuation)
<b><i>(i) Non-executive directors</i></b>		
R Montgomery	President from 1/10/2008 (on leave of absence from Sep 08 to Jan 09 inclusive)	18,494
A Gordon	President until 1/10/2008	11,990
Q Black	Retired 1/10/2008	5,995
S Crowe	Commenced 1/10/2008 (acting President from Sep 08 to Jan 09 inclusive)	18,748
E Frydenberg		18,494
A Lipzker		18,494
I Montgomery	Retired 1/10/2008	5,995
K Moore		18,494
T Thomas		18,494
R Vines	Commenced 1/10/2008	12,499
T Waring		18,494

#### ***(ii) Executives***

L Littlefield (Executive Director)

B Whitmore (General Manager and Chief Financial Officer)

#### Compensation of key management personnel

Aggregated compensation of key management personnel was as follows.

	2009 \$	2008 \$
Short-term employee benefits	622,679	590,096
Long-term employee benefits	14,568	14,313
	<b>637,247</b>	<b>604,409</b>

## NOTE 15: Auditor's remuneration

	2009 \$	2008 \$
Amounts received or due and receivable by the auditors for:		
- an audit or review of the Financial Report of the entity	22,000	22,000
- an audit or review of a special-purpose Financial Report related to course accreditation	1,318	1,150
- an audit or review of various externally-funded projects (as required by project contracts)	1,000	2,850
- tax compliance advice	900	850
	<b>25,218</b>	<b>26,850</b>

## NOTE 16: Related parties

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

	2009 \$	2008 \$
Erica Frydenberg provided professional development services to the Society	500	nil
Simon Crowe provided professional development services to the Society	nil	4,200
Amanda Gordon provided professional development services to the Society	nil	1,400
Robert Montgomery provided professional development services to the Society	nil	1,400
Kate Moore provided consultant services related to APS conferences	nil	12,960
Iain Montgomery received sitting fees for participation on government-funded scholarship selection committees	nil	2,727

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

## NOTE 17: Contingent assets and liabilities

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

## ANNUAL ACCOUNTS 2009 (cont.)

### NOTE 18: Financial instruments and financial risk management objectives and policies

#### Financial instruments

The Society's principal financial instruments include investments in cash, trade and other receivables and trade and other payables. The accounting classification of each category of financial instruments as defined in Note 2(l) and 2(m), and their carrying amounts, are set out below:

31 May 2009	NOTE	Loans and Receivables \$	Financial Liabilities at amortised cost \$	Total Carrying Amount \$
<b>Financial Assets</b>				
Trade and other receivables (current)	6	1,966,740		1,966,740
<b>Financial Liabilities</b>				
Trade and other payables (current)	10	-	1,102,595	1,102,595

31 May 2008	NOTE	Loans and Receivables \$	Financial Liabilities at amortised cost \$	Total Carrying Amount \$
<b>Financial Assets</b>				
Trade and other receivables (current)	6	1,507,161		1,507,161
<b>Financial Liabilities</b>				
Trade and other payables (current)	10		907,838	907,838

The Society's investments and obligations expose it to market, liquidity and credit risks. The nature of these risks and the policies the Society has for controlling them and any concentrations of exposure are discussed below.

#### Risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board provides principles for overall risk management, covering market risks, credit and liquidity risks. The objective of these policies is to support the delivery of the Society's financial targets whilst protecting future financial security. The Board does not have a policy to use derivatives.

The Board also oversees how management monitors compliance with the Society's risk management policies and procedures.

#### (a) Market risk

Market risk is the risk that the fair value or future cash flows of the Society's financial instruments will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, other price risk and currency risk.

#### (i) 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 Society's exposure to interest rate risk arises due to its investments in cash and cash equivalents.

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

The objective of managing interest rate risk is to minimise the Society's exposure to fluctuations in interest rates that might impact its interest revenue and cash flow. To manage interest rate risk, the Society invests the majority of its cash in short-term deposits for varying periods of between 30 days and 90 days, depending on the short and long-term cash requirements of the Society which is determined based on the Society's 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 Society does not have any borrowings.

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

Year ended 31 May 2009	<1 year \$	Totals \$	Weighted average effective interest rate %
<b>Financial Assets</b>			
<i>Short term deposits:</i>			
Fixed rate	9,500,000	9,500,000	7.06%
<i>Cash and cash equivalents:</i>			
Floating rate			
Cash and cash equivalents	1,732,808	1,732,808	4.40%
Year ended 31 May 2008	<1 year \$	Totals \$	Weighted average effective interest rate %
<b>Financial Assets</b>			
<i>Short term deposits:</i>			
Fixed rate			
Short-term deposits	9,500,000	9,500,000	7.05%
<i>Cash and cash equivalents:</i>			
Floating rate			
Cash and cash equivalents	281,484	281,484	4.45%

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until maturity of the instrument.

#### **Sensitivity analysis**

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

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the Society believes it is reasonable to use a sensitivity of +/-50 basis points. At 31 May 2009, if interest rates had moved as illustrated in the table below, with all other variables held constant, the impact on the profit and the impact on equity would have been as follows:

## ANNUAL ACCOUNTS 2009 *(cont.)*

Financial Period	VARIABLE RATE INSTRUMENTS			
	-50 basis points		+50 basis points	
	Profit/ (Loss) impact \$	Equity Impact \$	Profit/ (Loss) impact \$	Equity Impact \$
31 May 2009: Total increase/ (decrease)	(62,533)	(62,533)	62,537	62,537
31 May 2008: Total increase/ (decrease)	(50,591)	(50,591)	50,557	50,557

### (ii) Other Price Risk

Other price risk is the risk that the fair value or future cash flows of the transacted financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Society is not exposed to other price risk.

### (iii) Currency Risk

Currency risk is the risk that the fair value or future cashflows of a financial item will fluctuate as a result of movements in international exchange rates. The Society is not exposed to movements in the value of foreign currencies.

The Society does not enter into any hedging transactions.

### (b) Credit Risk

Credit risk is associated with those financial assets of the Society which comprise trade and other receivables. Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the Society.

The Society only trades with recognised and credit worthy third parties.

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount, net of any provisions for impairment of these assets, as disclosed in the balance sheet and notes to the financial statements. The Society monitors receivables balances closely and whilst there are significant amounts owing from The Australian Government, as set out in Note 6 to the accounts, we do not assess there is any risk as to their collectability.

### (c) Liquidity Risk

Liquidity risk arises from the financial liabilities of the Society and the Society's subsequent ability to meet its obligations to repay its financial liabilities as and when they fall due. The Society's objective is to maintain an appropriate cash asset balance to fund its operations.

The Society's liquidity risk is minimal due to the active monitoring and management of the Society's high levels of cash and cash equivalents.

#### (d) Fair Value

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

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

	2009		2008	
	Carrying amount	Net Fair value	Carrying amount	Net fair value
<b>On-balance sheet financial assets</b>				
Cash	1,732,808	1,732,808	281,484	281,484
Trade and other receivables	1,966,740	1,966,740	1,507,161	1,507,161
Short-term deposits	9,500,000	9,500,000	9,500,000	9,500,000
	<b>13,199,548</b>	<b>13,199,548</b>	<b>11,288,645</b>	<b>11,288,645</b>
<b>Financial liabilities</b>				
Trade and other creditors	1,102,595	1,102,595	907,838	907,838
Fees in advance	4,263,046	4,263,046	3,582,347	3,582,347
	<b>5,365,641</b>	<b>5,365,641</b>	<b>4,490,185</b>	<b>4,490,185</b>

#### NOTE 19: Interest in jointly controlled entity

The Society and the Council of Psychologists Registration Boards [Australasia] Inc (CPRB) hold joint control of the Australian Psychology Accreditation Council Limited (APAC). APAC, a public company limited by guarantee, was incorporated on 2 December 2005 to establish standards of education for the training and registration of psychologists throughout Australia, and to assess whether Schools of Psychology of Australian universities meet these standards. As at 31 May 2009 the Society's share of assets and liabilities and profit or loss of APAC is not material to the financial report of the Society.

#### NOTE 20: Significant events after balance date

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

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

## DIRECTOR'S DECLARATION

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


- (a) the financial statements and notes to the financial statements of the company are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's financial position as at 31 May 2009 and of its performance for the year ended on that date; and
  - (ii) complying with accounting standards and corporations regulations; and
- (b) at the date of this Statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

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

**Dated at Melbourne this 27th day of August 2009.**



**B MONTGOMERY**  
President



**K MOORE**  
Director

## INDEPENDENT AUDIT REPORT

### Independent audit report to members of The Australian Psychological Society Limited

We have audited the accompanying financial report of The Australian Psychological Society Limited, which comprises the balance sheet as at 31 May 2009, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

#### Directors' responsibility for the Financial Report

The Directors of the company are responsible for preparation and fair presentation of the Financial Report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the Financial Report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### Auditor's responsibility

Our responsibility is to express an opinion on the Financial Report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These auditing standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the Financial Report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the Financial Report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the Financial Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

#### Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the Directors of the company a written auditor's independence declaration.

#### Auditor's opinion

In our opinion:

1. The Financial Report of The Australian Psychological Society Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the financial position of The Australian Psychological Society Limited at 31 May 2009 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
2. The Financial Report also complies with International Financial Reporting Standards issued by the International Accounting Standards Board.

Dated at Melbourne this 27th day of August 2009.



ERNST & YOUNG



FIONA CAMPBELL  
Partner  
Melbourne

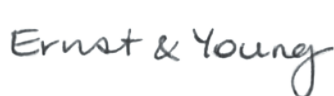
## AUDITOR'S INDEPENDENCE DECLARATION

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### Auditor's independence declaration to Directors of The Australian Psychological Society Limited

In relation to our audit of the Financial Report of The Australian Psychological Society Limited for the financial year ended 31 May 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Dated at Melbourne this 27th day of August 2009.



ERNST & YOUNG



FIONA CAMPBELL

Partner

Melbourne

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