



Australian Association of Practice Managers Ltd  
excellence in healthcare management

Australian Association of Practice Managers

ACN 010 067 615

FINANCIAL STATEMENTS FOR

THE YEAR ENDED

30 JUNE 2012

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# The Australian Association of Practice Managers Ltd

A.C.N. 010 067 615

## Directors' Report

30 June 2012

Your Directors present their report on for the company for the financial year ended 30 June 2012.

### 1. General information

#### Directors

The names of the directors in office at any time during, or since the end of, the year are:

<b>Names</b>	<b>Appointed/Resigned</b>
Mr Brett McPherson	
Ms Narelle Supanz	Resigned October 2011
Ms Marina Fulcher	
Ms Carolyn Ingram	
Ms Linda Osman	
Ms Debra Smith	
Ms Tamara Ruff	Resigned May 2012
Ms Fiona Wong	Appointed October 2011
Mr Gary Smith	Appointed July 2012

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

#### Company secretary

The following person held the position of company secretary at the end of the financial year:

Debra Smith has been the company secretary since 2009. Her qualifications include Diploma in Practice Management, Cert. IV in Training and Assessment. Debra is also a Justice of the Peace.

#### Members guarantee

The Australian Association of Practice Managers Ltd is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$ 50, subject to the provisions of the company's constitution.

At 30 June 2012 the collective liability of members was \$ 83,200 (2011: \$ 85,950).

#### Principal activities

The principal activity of The Australian Association of Practice Managers Ltd during the financial year was to promote professional excellence in healthcare management throughout Australia.

There have been no significant changes in the nature of The Australian Association of Practice Managers Ltd's principal activities during the financial year.

# The Australian Association of Practice Managers Ltd

A.C.N. 010 067 615

## Directors' Report

30 June 2012

### 1. General information continued

#### Business review

#### Operating Results

The surplus / (deficit) from ordinary activities amounted to \$(50,423) (2011: \$6,107).

### 2. Other items

#### Significant changes in state of affairs

There have been no significant changes in the company's state of affairs during the financial year.

#### After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

#### Auditors independence declaration

The lead auditors independence declaration for the year ended 30 June 2012 has been received and can be found on page 5 of the financial report.

#### Short and Long Term Objectives

The mission of the organisation is to:

- Represent and unite Practice Managers
- Promote professional development
- Raise the profile of AAPM in the health community
- Provide specialised services and networks for Practice Managers

The short term objectives of the organisation are to:

- Increase the profile and awareness of AAPM
- Increase the membership of the organisation
- Increase revenue for the organisation
- Increase the organisation's equity

To achieve these objectives, the organisation has adopted the following strategies:

- Increase the channels to promote AAPM through use of social media
- Provide a clear professional development pathway for members
- Increase opportunities for members to access education including on-line education.
- Develop partnerships with key stakeholders to benefit both members and the organisation.
- Develop additional services and products for the benefit of members.

# The Australian Association of Practice Managers Ltd

A.C.N. 010 067 615

## Directors' Report

30 June 2012

### 3. Director Information

#### Information on directors

Mr Brett McPherson	Fellow of AAPM
Qualifications	Post Graduate Diploma in Business (University of Tasmania), Further Education Teaching Certificate (Oxford, U.K.).
Ms Narelle Supanz	Resigned October 2011.
Qualifications	Narelle is a Fellow of AAPM, a member of the Australian Institute of Management and has a Diploma in Practice Management.
Ms Marina Fulcher	Fellow of AAPM
Qualifications	Diploma in Practice Management, Diploma in Management and Leadership, OND Business Studies, Certificate IV in Training and Assessment.
Ms Carolyn Ingram	
Qualifications	Diploma of Practice Management
Ms Linda Osman	
Qualifications	Diploma of Business, Certificate IV in Workplace Training and Assessment
Ms Debra Smith	
Qualifications	Debra is a fellow of AAPM, holds a Diploma in Practice Management, Cert. IV in Workplace Training & Assessment, JP.
Ms Tamara Ruff	Resigned May 2012
Qualifications	Postgraduate Certificate in Practice Management.
Ms Fiona Wong	Appointed October 2011
Qualifications	Diploma of Practice Management.
Mr Gary Smith	Life Member and Fellow of AAPM - Appointed July 2012
Qualifications	Diploma of Practice Management, Diploma of Corporate Governance, Certificate IV in Training and Assessment.



# The Australian Association of Practice Managers Ltd

A.C.N. 010 057 615

## Directors' Report

30 June 2012

### 3. Director Information continued

#### Meetings of directors

During the financial year, 6 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Mr Brett McPherson	6	6
Ms Narelle Supanz	2	2
Ms Marina Fulcher	6	6
Ms Carolyn Ingram	6	6
Ms Linda Osman	6	6
Ms Debra Smith	6	6
Ms Tamara Ruff	5	4
Ms Fiona Wong	4	4

### 4. Indemnification and insurance of officers and auditors

#### Insurance premiums paid for Directors

The company has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company. The amount of the premium is not disclosed due to the terms of the insurance contracts and to protect commercially sensitive information of the company.

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

Director: .....

Director: .....

Dated 8 October 2012

# The Australian Association of Practice Managers Ltd

A.C.N. 010 067 615

## Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of The Australian Association of Practice Managers Ltd

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2012, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

*Cutcher & Neale Assurance Pty Ltd*

Cutcher & Neale  
Assurance Pty Ltd  
(An authorised audit company)



M.J. O'Connor CA  
Director

5 October 2012

NEWCASTLE

# The Australian Association of Practice Managers Ltd

A.C.N. 010 067 615

## Independent Audit Report to the members of The Australian Association of Practice Managers Ltd

### Report on the Financial Report

We have audited the accompanying financial report of The Australian Association of Practice Managers Ltd, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

### Directors' Responsibility 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 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.

### 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view 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 company's internal control. 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 complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of The Australian Association of Practice Managers Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.



# The Australian Association of Practice Managers Ltd

A.C.N. 010 067 615

## Independent Audit Report to the members of The Australian Association of Practice Managers Ltd

### Audit Opinion

In our opinion the financial report of The Australian Association of Practice Managers Ltd is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### *Emphasis of Matter*

As at 30 June, the company's current liabilities exceeded its current assets by \$553,520. We draw attention to Note 1(o) to the financial statements which addresses the negative working capital position of the company.

Our opinion is not qualified in respect of this matter.



Cutcher & Neale  
Assurance Pty Ltd  
(An authorised audit company)



M.J. O'Connor CA  
Director

Newcastle

9 October 2012

# The Australian Association of Practice Managers Ltd

A.C.N. 010 067 615

## Directors' Declaration

The directors of the entity declare that:

1. The financial statements and notes, as set out on pages 9 to 30, are in accordance with the *Corporations Act 2001* and:
  - (a) comply with Australian Accounting Standards; and
  - (b) give a true and fair view of the financial position as at 30 June 2012 and of the performance for the year ended on that date of the entity.
2. In the directors' opinion, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director .....

Director

Director .....

Director

Dated 8 October 2012

# The Australian Association of Practice Managers Ltd

A.C.N. 010 067 615

## Statement of Comprehensive Income For the Year Ended 30 June 2012

		2012	2011
	Note	\$	\$
Revenue	2	962,519	919,459
Other revenue	2	24,624	6,138
Employee benefits expense		(351,118)	(368,208)
Depreciation and amortisation expense	3	(34,946)	(24,989)
Board and governance expense		(107,610)	(155,250)
Occupancy expense		(24,330)	-
Project and communication expense		(366,950)	-
Finance costs	3	(59,649)	(53,954)
Other expenses		(92,963)	(317,089)
<b>Surplus / (deficit) before income tax</b>		<b>(50,423)</b>	<b>6,107</b>
Income tax expense	1(d)	-	-
<b>Surplus / (deficit) after income tax</b>		<b>(50,423)</b>	<b>6,107</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive income</b>		<b>(50,423)</b>	<b>6,107</b>

The accompanying notes form part of these financial statements.

# The Australian Association of Practice Managers Ltd

A.C.N. 010 067 615

## Statement of Financial Position

As At 30 June 2012

	Note	2012 \$	2011 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	264,794	313,051
Trade and other receivables	7	120,556	58,662
Other assets	8	64,637	63,138
<b>TOTAL CURRENT ASSETS</b>		<b>449,987</b>	<b>434,851</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	1,007,220	1,017,863
Intangible assets	10	79,624	29,945
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,086,844</b>	<b>1,047,808</b>
<b>TOTAL ASSETS</b>		<b>1,536,831</b>	<b>1,482,659</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	353,321	226,332
Borrowings	12	642,404	655,988
Short-term provisions	13	7,782	9,695
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,003,507</b>	<b>892,015</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	12	-	6,897
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>-</b>	<b>6,897</b>
<b>TOTAL LIABILITIES</b>		<b>1,003,507</b>	<b>898,912</b>
<b>NET ASSETS</b>		<b>533,324</b>	<b>583,747</b>
<b>FUNDS</b>			
Accumulated Surplus		533,324	583,747
<b>TOTAL FUNDS</b>		<b>533,324</b>	<b>583,747</b>

The accompanying notes form part of these financial statements.

# The Australian Association of Practice Managers Ltd

A.C.N. 010 067 615

## Statement of Changes in Funds

For the Year Ended 30 June 2012

2012

	Accumulated Surplus
	\$
Balance at 1 July 2011	583,747
Total comprehensive income	(50,423)
Balance at 30 June 2012	<u>533,324</u>

2011

	Accumulated Surplus
	\$
Balance at 1 July 2010	577,640
Total comprehensive income	6,107
Balance at 30 June 2011	<u>583,747</u>

The accompanying notes form part of these financial statements.



# The Australian Association of Practice Managers Ltd

A.C.N. 010 067 615

## Statement of Cash Flows For the Year Ended 30 June 2012

	2012	2011
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers & members	1,007,973	883,654
Payments to suppliers and employees	(909,134)	(846,207)
Interest received	7,016	6,138
Finance costs	(59,649)	(53,954)
Net cash provided by (used in) operating activities	14 <u>46,206</u>	<u>(10,369)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment	9(a) (3,638)	(16,224)
Purchase of intangible assets	10(b) (70,345)	(8,200)
Net cash used by investing activities	<u>(73,983)</u>	<u>(24,424)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from borrowings	12,703	5,917
Repayment of borrowings	(33,183)	(23,243)
Net cash used by financing activities	<u>(20,480)</u>	<u>(17,326)</u>
Net increase / (decrease) in cash and cash equivalents held	(48,257)	(52,119)
Cash and cash equivalents at beginning of year	313,051	365,171
Cash and cash equivalents at end of financial year	6 <u>264,794</u>	<u>313,052</u>

The accompanying notes form part of these financial statements.

# The Australian Association of Practice Managers Ltd

A.C.N. 010 067 615

## Notes to the Financial Statements

For the Year Ended 30 June 2012

The financial statements are for The Australian Association of Practice Managers Ltd as an individual entity, incorporated and domiciled in Australia. The Australian Association of Practice Managers Ltd is a not-for-profit company limited by guarantee.

### 1 Summary of Significant Accounting Policies

#### (a) Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations), authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

#### (b) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

#### (c) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

##### Key estimates - impairment of plant and equipment

The company assesses impairment at the end of the reporting year by evaluating conditions specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

#### (d) Income tax

No provision for income tax has been raised as the company is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

# The Australian Association of Practice Managers Ltd

A.C.N. 010 067 615

## Notes to the Financial Statements

For the Year Ended 30 June 2012

### 1 Summary of Significant Accounting Policies continued

#### (e) Revenue and other income

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of activities as discussed below.

##### **Conference income**

Conference income is recognised as revenue in the period to which the conference relates.

##### **Membership income**

Membership income is recognised as revenue in the period to which it relates.

##### **Interest revenue**

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

##### **Provision of services**

Revenue recognition relating to the provision of services is recognised on delivery of service to the member.

No amounts are included in the financial statements for services donated by volunteers.

All revenue is stated net of the amount of goods and services tax (GST).

#### (f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

#### (g) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less or fair value as indicated, less where applicable, any accumulated depreciation and impairment losses.

##### **Property**

Land and buildings are measured at cost less accumulated depreciation and impairment losses.

##### **Plant and equipment**

Plant and equipment are measured on the cost basis less depreciation and impairment losses. Cost includes expenditure that is directly attributable to the asset.

# The Australian Association of Practice Managers Ltd

A.C.N. 010 067 615

## Notes to the Financial Statements

For the Year Ended 30 June 2012

### 1 Summary of Significant Accounting Policies continued

#### (g) Property, plant and equipment continued

##### Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5% PC
Plant and Equipment	5-25% PC

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

#### (h) Financial instruments

##### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is the equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.



# The Australian Association of Practice Managers Ltd

A.C.N. 010 067 615

## Notes to the Financial Statements

For the Year Ended 30 June 2012

### 1 Summary of Significant Accounting Policies continued

#### (h) Financial instruments continued

##### Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

##### (i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting year.

##### (ii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Fees payable on the establishment of loan facilities are recognised as transaction costs of the loan.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

##### Impairment

Objective evidence that a financial asset is impaired includes default by a debtor, evidence that the debtor is likely to enter bankruptcy or adverse economic conditions in the stock exchange. At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired through the occurrence of a loss event.

Impairment losses are recognised through an allowance account for loans and receivables in the statement of comprehensive income.

Where a subsequent event causes the amount of the impairment loss to decrease (e.g. payment received), the reduction in the allowance account (provision for impairment of receivables) is taken through profit and loss.



# The Australian Association of Practice Managers Ltd

A.C.N. 010 067 615

## Notes to the Financial Statements

For the Year Ended 30 June 2012

### 1 Summary of Significant Accounting Policies continued

#### (h) Financial instruments continued

##### Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

#### (i) Impairment of non-financial assets

At the end of each reporting year, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Value in use is either the discounted cash flows relating to the asset or depreciated replacement cost if the criteria in AASB 136 'Impairment of Assets' are met. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the company would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Impairment losses are recognised as an expense immediately, unless the relevant asset is property, plant and equipment held at fair value (other than investment property carried at a revalued amount) in which case the impairment loss is treated as a revaluation decrease as described in the accounting policy for property, plant and equipment.

#### (j) Intangibles

##### Trademarks

Trademarks are recognised at cost of acquisition. Trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Trademarks are amortised over their useful life of 10 years.

##### Software

Software is recorded at cost. Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between four and five years.

# The Australian Association of Practice Managers Ltd

A.C.N. 010 067 615

## Notes to the Financial Statements

For the Year Ended 30 June 2012

### 1 Summary of Significant Accounting Policies continued

#### (j) Intangibles continued

##### Amortisation

Amortisation is based on the cost of an asset less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

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

#### (k) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid including credit card liabilities. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

#### (l) Borrowings

Secured and unsecured loans have been obtained. Carrying amounts represent the amount expected to be repaid at settlement. Unsecured loans are considered to be repayable at call and therefore presented as current liabilities.

#### (m) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting year. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Contributions are made by the company to an employee superannuation fund and are charged as expenses when incurred.

#### (n) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

# The Australian Association of Practice Managers Ltd

A.C.N. 010 067 615

## Notes to the Financial Statements

For the Year Ended 30 June 2012

### 1 Summary of Significant Accounting Policies continued

#### (o) Going concern

The financial statements records as a current liability a loan payable for the purchase of the head office premises. The loan is classified as current as it is payable on demand by the finance provider and therefore impacts on the working capital position of the company. The loan is secured by a registered first mortgage over the property, which has a value in excess of the loan balance. At the date of this report there is no indication that the loan will be recalled by the finance provider.

For this reason the directors continue to adopt the going concern basis in preparing the financial statements.

#### (p) Adoption of new and revised accounting standards

During the current year, the company adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these Standards has not impacted the recognition, measurement and disclosure of transactions.

#### (q) New accounting standards for application in future periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The company has decided against early adoption of these Standards . The following table summarises those future requirements, and their impact on the company:

Standard name	Effective date for entity	Requirements	Impact
AASB 9 Financial Instruments and amending standards AASB 2009-11 / AASB 2010-7	30 June 2016	- Changes to the classification and measurement requirements for financial assets and financial liabilities. - New rules relating to derecognition of financial instruments.	The impact of AASB 9 has not yet been determined as the entire standard has not been released



# The Australian Association of Practice Managers Ltd

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## Notes to the Financial Statements

For the Year Ended 30 June 2012

### 1 Summary of Significant Accounting Policies continued

#### (q) New accounting standards for application in future periods continued

Standard name	Effective date for entity	Requirements	Impact
<p>AASB 13 Fair Value Measurement.</p> <p>AASB 2011-8 - Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 &amp; 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 &amp; 132]</p>	30 June 2014	<p>AASB 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across Accounting Standards but does not change when fair value is required or permitted.</p> <p>There are a number of additional disclosure requirements.</p>	<p>Fair value estimates currently made by the entity will be revised and potential changes to reported values may be required.</p> <p>The entity has not yet determined the magnitude of any changes which may be needed.</p> <p>Some additional disclosures will be needed.</p>
AASB 2011-9 - Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income.	30 June 2013	Entities will be required to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).	The items shown in other comprehensive income will be separated into two categories.
AASB 1053	30 June 2014	This standard allows certain entities to reduce disclosures.	The Australian Association of Practice Managers Ltd is not able to apply this standard or the impact of this standard has not yet been determined as the entity has a choice on whether to apply

#### (r) Authorisation of financial statements

The financial statements were approved and authorised for issue by the Board of Directors on 15 October 2012. The Directors have the power to amend the financial report at any time.

# The Australian Association of Practice Managers Ltd

A.C.N. 010 067 615

## Notes to the Financial Statements

For the Year Ended 30 June 2012

### 2 Revenue and Other Income

	2012	2011
	\$	\$
Operating activities		
- Service revenue	856,267	841,221
- Conference revenue	106,252	78,238
	<u>962,519</u>	<u>919,459</u>
Other revenue		
- Interest income	7,016	6,138
- Other income	17,608	-
	<u>24,624</u>	<u>6,138</u>
Total revenue & other income	<u>987,143</u>	<u>925,597</u>

### 3 Result for the Year

(a) The result for the year includes the following specific expenses

Finance costs - interest	59,649	53,954
Depreciation and amortisation expense	34,946	41,248
Bad and doubtful debts	1,470	-

### 4 Remuneration of Key Management Personnel

The totals of remuneration paid to the key management personnel of The Australian Association of Practice Managers Ltd during the year are as follows:

Short-term employee benefits	38,242	104,591
Post-employment benefits	516	-
Termination benefits	24,252	-
	<u>63,010</u>	<u>104,591</u>

### 5 Auditors' Remuneration

Remuneration of the auditor of the company, for:

- audit of the financial statements - Cutcher & Neale	13,500	-
- audit of the financial statements - Brentnalls SA and branch audits	19,104	24,552
	<u>32,604</u>	<u>24,552</u>



# The Australian Association of Practice Managers Ltd

A.C.N. 010 067 615

## Notes to the Financial Statements

For the Year Ended 30 June 2012

### 6 Cash and Cash Equivalents

	2012	2011
	\$	\$
Cash on hand	76	76
Cash at bank	264,718	268,348
Short-term bank deposits	-	44,627
	<u>264,794</u>	<u>313,051</u>

#### Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	<u>264,794</u>	<u>313,051</u>
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### 7 Trade and Other Receivables

CURRENT		
Trade debtors	38,380	23,263
Provision for impairment	(1,470)	-
Accrued income	83,646	35,399
	<u>120,556</u>	<u>58,662</u>

### 8 Other Assets

CURRENT		
Prepayments	9,905	36,138
Conference seeding	37,000	27,000
Deposits Paid	17,732	-
	<u>64,637</u>	<u>63,138</u>

# The Australian Association of Practice Managers Ltd

A.C.N. 010 067 615

## Notes to the Financial Statements

For the Year Ended 30 June 2012

### 9 Property, Plant and Equipment

	2012	2011
	\$	\$
LAND AND BUILDINGS		
Land		
At cost	590,000	590,000
Building		
At fair value	391,341	391,341
Accumulated depreciation	(9,784)	-
Total buildings	381,557	391,341
Total land and buildings	971,557	981,341
Plant and equipment		
At cost	81,407	77,769
Accumulated depreciation	(45,744)	(41,247)
Total plant and equipment	35,663	36,522
Total property, plant and equipment	1,007,220	1,017,863

#### (a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land	Buildings	Plant and Equipment	Total
	\$	\$	\$	\$
<b>Balance at 30 June 2012</b>				
Balance at the beginning of year	590,000	391,341	36,522	1,017,863
Additions	-	-	3,638	3,638
Depreciation expense	-	(9,784)	(4,497)	(14,281)
<b>Balance at 30 June 2012</b>	<b>590,000</b>	<b>381,557</b>	<b>35,663</b>	<b>1,007,220</b>
<b>Balance at 30 June 2011</b>				
Balance at the beginning of year	590,000	393,284	30,317	1,013,601
Additions	-	-	15,864	15,864
Lease expense	-	(1,943)	-	(1,943)
Depreciation expense	-	-	(9,659)	(9,659)
<b>Balance at 30 June 2011</b>	<b>590,000</b>	<b>391,341</b>	<b>36,522</b>	<b>1,017,863</b>

# The Australian Association of Practice Managers Ltd

A.C.N. 010 067 615

## Notes to the Financial Statements

For the Year Ended 30 June 2012

### 10 Intangible Assets

#### (a) Carrying values table

	2012	2011
	\$	\$
Patents, trademarks and other rights		
Cost	4,660	1,440
Accumulated amortisation	(466)	-
<b>Net carrying value</b>	<b>4,194</b>	<b>1,440</b>
Computer software		
Cost	127,125	60,000
Accumulated amortisation	(51,694)	(31,495)
<b>Net carrying value</b>	<b>75,431</b>	<b>28,505</b>
<b>Total Intangibles</b>	<b>79,625</b>	<b>29,945</b>

#### (b) Reconciliation Detailed Table

	Patents, trademarks and other rights	Computer software	Total
	\$	\$	\$
<b>Year ended 30 June 2012</b>			
Balance at the beginning of the year	1,440	28,505	29,945
Additions	3,220	67,125	70,345
Amortisation	(466)	(20,199)	(20,665)
<b>Closing value at 30 June 2012</b>	<b>4,194</b>	<b>75,431</b>	<b>79,625</b>
<b>Year ended 30 June 2011</b>			
Balance at the beginning of the year	360	36,356	36,716
Additions	1,080	7,120	8,200
Amortisation	-	(14,971)	(14,971)
<b>Closing value at 30 June 2011</b>	<b>1,440</b>	<b>28,505</b>	<b>29,945</b>

# The Australian Association of Practice Managers Ltd

A.C.N. 010 067 615

## Notes to the Financial Statements

For the Year Ended 30 June 2012

### 11 Trade and Other Payables

	2012	2011
	\$	\$
CURRENT		
Unsecured liabilities		
Amounts received in advance	214,032	114,086
Trade payables	55,193	56,546
Sundry payables and accrued expenses	84,096	55,699
	<u>84,096</u>	<u>55,699</u>
	<u>353,321</u>	<u>226,331</u>

### 12 Borrowings

CURRENT		
Other loans - unsecured	11,704	25,288
Secured liabilities:		
Bank loans	12(a) 630,700	630,700
<b>Total current borrowings</b>	<u>642,404</u>	<u>655,988</u>

#### NON-CURRENT

Other loans - unsecured	-	6,897
	<u>-</u>	<u>6,897</u>

#### (a) Total current and non-current secured liabilities

Bank loans	630,700	630,700
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The bank loan is secured by a registered first mortgage over the freehold land and buildings of the company. Refer to Note 1(o) for additional disclosure.

### 13 Provisions

CURRENT		
Provision for employee benefits	7,782	9,695
	<u>7,782</u>	<u>9,695</u>

#### Provision for Employee Benefits

A provision has been recognised for employee entitlements relating to annual leave.

# The Australian Association of Practice Managers Ltd

A.C.N. 010 067 615

## Notes to the Financial Statements

For the Year Ended 30 June 2012

### 14 Cash Flow Information

#### (a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net surplus to net cash provided by operating activities:

	2012	2011
	\$	\$
Profit for the year	(50,423)	6,107
Cash flows excluded from net surplus / (deficit) attributable to operating activities		
Non-cash flows in surplus / (deficit):		
- depreciation	14,281	9,659
- amortisation	20,665	15,330
Changes in assets and liabilities		
- (increase)/decrease in trade and other receivables	(61,894)	(40,420)
- (increase)/decrease in other assets	(1,499)	(14,418)
- increase/(decrease) in trade and other payables	126,989	(2,536)
- increase/(decrease) in property	-	1,943
- increase/(decrease) in employee provisions	(1,913)	13,966
Cashflow from operations	<u>46,206</u>	<u>(10,369)</u>

#### (b) Credit standby arrangements with banks

Credit facility	20,000	-
Amount utilised	(16,324)	-
	<u>3,676</u>	-

The major facilities are summarised as follows:

Credit cards:

The company has a credit card facility amounting to \$20,000. At 30 June 2012, \$16,324 of this facility was used. Interest rates are variable.



# The Australian Association of Practice Managers Ltd

A.C.N. 010 067 615

## Notes to the Financial Statements

For the Year Ended 30 June 2012

### 15 Capital and Leasing Commitments

#### (a) Operating lease commitments - Lessor

Non-cancellable operating leases contracted for but not capitalised in the financial statements

	2012	2011
	\$	\$
Payable - minimum lease payments:		
- no later than 1 year	20,000	-
- between 1 year and 5 years	40,000	-
	<u>60,000</u>	<u>-</u>

An operating leases has been entered into for Ground floor, 60 Lothian Street, North Melbourne. Lease charges receivable are increased on an annual basis to reflect market rentals.

### 16 Related Party Transactions

#### Related Parties

The company's related party transactions are as follows:

#### (a) Transactions with Directors

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with Directors:

Some directors of the company and their associates who presented as speakers at AAPM events were paid speaker fees or provided with accommodation and complimentary registration in lieu of speaker fees.

	12,600	8,136
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### 17 Members' Guarantee

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$ 50 each towards meeting any outstanding and obligations of the company. At 30 June 2012 the number of members was 1,664 (2011: 1,719).

# The Australian Association of Practice Managers Ltd

A.C.N. 010 067 615

## Notes to the Financial Statements

For the Year Ended 30 June 2012

### 18 Financial Risk Management

The main risks The Australian Association of Practice Managers Ltd is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

The company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable and bank loans.

The totals for each category of financial instruments, are as follows:

	2012	2011
	\$	\$
<b>Financial Assets</b>		
- Cash and cash equivalents	264,793	313,051
- Trade and other receivables	120,556	58,662
<b>Total financial assets</b>	<b>385,349</b>	<b>371,713</b>
<b>Financial Liabilities</b>		
Financial liabilities at amortised cost		
- Trade and other payables	353,321	226,332
- Current borrowings	11,704	25,289
- Non-current borrowings	630,700	637,597
<b>Total financial liabilities</b>	<b>995,725</b>	<b>889,218</b>

#### Financial risk management policies

The Board of Directors has overall responsibility for the establishment of The Australian Association of Practice Managers Ltd's financial risk management framework. This includes the development of policies covering specific areas such as credit risk, liquidity risk and market (interest rate) risk.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and The Australian Association of Practice Managers Ltd's activities.

The day-to-day risk management is carried out by The Australian Association of Practice Managers Ltd's finance function under policies and objectives which have been approved by the Board of Directors. The Chief Executive Officer has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rates and assessment of market movements.

The Board of Directors receives monthly reports which provide details of the effectiveness of the processes and policies in place.

The Australian Association of Practice Managers Ltd does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

# The Australian Association of Practice Managers Ltd

A.C.N. 010 067 615

## Notes to the Financial Statements

For the Year Ended 30 June 2012

### 18 Financial Risk Management continued

#### Financial risk management policies continued

Mitigation strategies for specific risks faced are described below:

#### (a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to The Australian Association of Practice Managers Ltd and arises principally from The Australian Association of Practice Managers Ltd's receivables.

#### (b) Liquidity risk

Liquidity risk arises from the possibility that The Australian Association of Practice Managers Ltd might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The company manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financial activities which are monitored on a monthly basis;
- monitoring undrawn credit facilities;
- maintaining a reputable credit profile; and,
- only investing surplus cash with major financial institutions

Typically, The Australian Association of Practice Managers Ltd ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days.

The available funds to the company are discussed in note 14.

#### (c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

##### *Interest rate risk*

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period, whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The company is also exposed to earnings volatility on floating rate instruments.

# The Australian Association of Practice Managers Ltd

A.C.N. 010 067 615

## Notes to the Financial Statements

For the Year Ended 30 June 2012

### 18 Financial Risk Management continued

#### *Sensitivity analysis*

The following sensitivity analysis is based on the interest rate risk exposures in existence at the end of the reporting period.

An increase of 100 basis points or a decrease of 50 basis points would have affected equity and net surplus / (deficit) by the amounts shown below. This analysis assumes that other variables are held constant.

	Surplus / (deficit)	
	100 basis points increase	50 basis points decrease
2012	(435)	(478)
2011	217	239

The movements in profit are due to higher interest costs from variable rate debt and cash balances.

The net exposure at the end of the reporting period is representative of what The Australian Association of Practice Managers Ltd was and is expecting to be exposed to at the end of the next twelve months.

#### (d) Net Fair Values

There is no material difference between the carrying value of assets and liabilities and the fair values of the assets and liabilities.

### 19 Company Details

The registered office of and principal place of business of the company is:

Level 1,  
60 Lothian Street,  
North Melbourne,  
Victoria 3051





Australian Association of Practice Managers Ltd