

Mental Health Council of Australia Incorporated

ABN 67 592 218 493

Financial Statements

For the Year Ended 30 June 2013

Mental Health Council of Australia Incorporated

ABN 67 592 218 493

For the Year Ended 30 June 2013

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Mental Health Council of Australia Incorporated

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Board Members' Report

For the Year Ended 30 June 2013

Your board members submit the financial statements of the Association for the financial year ended 30 June 2013.

1. General information

Board Members

The names of the board members throughout the year and at the date of this report are:

Ms Jennifer Westacott	Chairperson, appointed: March 2013
Professor Lyn Littlefield	Deputy Chairperson
Mr Tony Fowke AM	
Ms Clare Guilfoyle	
Mr Geoff Harris	
Mr Jack Heath	Appointed: October 2012
Dr Caroline Johnson	
The Hon Craig Knowles	
Mr Arthur Papakotsias	
Dr Valerie Gerrand	Resigned: October 2012
The Hon Rob Knowles	Resigned: June 2013

Principal Activities

The principal activities of the Association during the financial year were to promote quality mental health for everyone in Australia as well as represent and promote the interests of the Mental Health sector.

Significant Changes

No significant change in the nature of these activities occurred during the year.

2. Operating Results


The profit of the Association for the financial year amounted to \$ 44,377 (2012: \$ 263,925).

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

Board Member:


Ms Jennifer Westacott

Board Member:


Mr Arthur Papakotsias

Dated: 13 September 2013

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Statement by Members of the Board

In the opinion of the Board the financial statements as set out on pages 3 to 27:

1. Present a true and fair view of the financial position of the Mental Health Council of Australia Incorporated as at 30 June 2013 and its performance for the year ended on that date in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board.
2. At the date of this statement, there are reasonable grounds to believe that the Mental Health Council of Australia Incorporated will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Board and is signed for and on behalf of the Board by:

Board Member: 
Ms Jennifer Westacott

Board Member: 
Mr Arthur Papakotsias

Dated: 13 September 2013

Mental Health Council of Australia Incorporated

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Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2013

	Note	2013 \$	2012 \$
Revenue	9	<u>4,148,890</u>	<u>3,101,497</u>
Administrative expenses	10	(433,404)	(565,827)
Grant payments		(427,876)	(463,737)
Other operating grants expenditure		(1,524,589)	(549,120)
Employee benefits expense		(1,679,998)	(1,226,463)
Depreciation expense		<u>(38,646)</u>	<u>(32,425)</u>
Profit before income tax		44,377	263,925
Income tax expense		-	-
Profit for the year		<u>44,377</u>	<u>263,925</u>
Total comprehensive income for the year		<u>44,377</u>	<u>263,925</u>

The accompanying notes form part of these financial statements.

Mental Health Council of Australia Incorporated

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Statement of Financial Position

As At 30 June 2013

	Note	2013 \$	2012 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2	2,442,589	2,229,938
Trade and other receivables	3	364,432	891,262
Other financial assets	4	48,015	40,117
Other assets	5	58,002	48,255
TOTAL CURRENT ASSETS		<u>2,913,038</u>	<u>3,209,572</u>
NON-CURRENT ASSETS			
Property, plant and equipment	6	238,807	161,882
TOTAL NON-CURRENT ASSETS		<u>238,807</u>	<u>161,882</u>
TOTAL ASSETS		<u>3,151,845</u>	<u>3,371,454</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	1,350,482	1,618,824
TOTAL CURRENT LIABILITIES		<u>1,350,482</u>	<u>1,618,824</u>
NON-CURRENT LIABILITIES			
Provisions	8	17,916	13,560
TOTAL NON-CURRENT LIABILITIES		<u>17,916</u>	<u>13,560</u>
TOTAL LIABILITIES		<u>1,368,398</u>	<u>1,632,384</u>
NET ASSETS		<u>1,783,447</u>	<u>1,739,070</u>
EQUITY			
Retained earnings		1,783,447	1,739,070
TOTAL EQUITY		<u>1,783,447</u>	<u>1,739,070</u>

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity

For the Year Ended 30 June 2013

2013

	Retained Earnings	Total
Note	\$	\$
Balance at 1 July 2012	1,739,070	1,739,070
Profit attributable to members of the entity	44,377	44,377
Balance at 30 June 2013	<u>1,783,447</u>	<u>1,783,447</u>

2012

	Retained Earnings	Total
Note	\$	\$
Balance at 1 July 2011	1,475,145	1,475,145
Profit attributable to members of the entity	263,925	263,925
Balance at 30 June 2012	<u>1,739,070</u>	<u>1,739,070</u>

The accompanying notes form part of these financial statements.

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Statement of Cash Flows

For the Year Ended 30 June 2013

	2013	2012
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	4,708,785	3,267,532
Payments to suppliers and employees	(4,435,272)	(2,981,847)
Interest received	62,607	99,005
Net cash provided by (used in) operating activities	14(b) <u>336,120</u>	<u>384,690</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of held-to-maturity investments	(7,898)	-
Purchase of property, plant and equipment	(115,571)	(19,689)
Net cash used in investing activities	<u>(123,469)</u>	<u>(19,689)</u>
Net increase (decrease) in cash held	212,651	365,001
Cash and cash equivalents at beginning of financial year	2,229,938	1,864,937
Cash and cash equivalents at end of financial year	14(a) <u>2,442,589</u>	<u>2,229,938</u>

The accompanying notes form part of these financial statements.

Mental Health Council of Australia Incorporated

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Notes to the Financial Statements

For the Year Ended 30 June 2013

The financial statements cover Mental Health Council of Australia Incorporated as an individual entity. Mental Health Council of Australia Incorporated is an Association incorporated in the Australian Capital Territory under the *Associations Incorporation Act 1991* (ACT).

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, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Associations Incorporation Act 1991* (ACT). The Association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

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 to which they apply. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, 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. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 13 September 2013 by the board members of the Association.

(b) 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, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(c) Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(k) for further discussion on the determination of impairment losses.

(d) Property, Plant and Equipment

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

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Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies (continued)

(d) Property, Plant and Equipment (continued)

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses.

In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(e) for details of impairment).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Association and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the Association commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rates
Office equipment	20-33.33%
Leasehold improvements	7.5%

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise.

(e) Impairment of Assets

At the end of each reporting period, the Association assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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 Association would, if deprived of the asset, replace its

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Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies (continued)

(e) Impairment of Assets (continued)

remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an individual asset, the Association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(f) 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 Association during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(g) Provisions

Provisions are recognised when the Association has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(h) Employee Benefits

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. 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. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy any vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows attributable to employee benefits.

(i) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Association are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period. Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Association will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

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Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies (continued)

(j) Unexpended Grants

The Association receives grant monies to fund projects either for contracted periods of time or for specific projects irrespective of the period of time required to complete those projects. It is the policy of the Association to treat grant monies as unexpended grants in the statement of financial position where the Association is contractually obliged to provide the services in a subsequent financial period to when the grant is received or in the case of specific project grants where the project has not been completed.

(k) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Association 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.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

(i) Financial assets at fair value through profit or loss

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Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies (continued)

(k) Financial Instruments (continued)

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) 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. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Association's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

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Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies (continued)

(k) Financial Instruments (continued)

Impairment

At the end of each reporting period, the Association assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets will be deemed to be impaired if, and only if, there is objective evidence of impairment as a result of the occurrence of one or more events (a 'loss event'), which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include indications that the debtors, or a group of debtors, are experiencing significant financial difficulty, default or delinquency in interest or principal payments, indications that they will enter into bankruptcy or other financial reorganisation and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having undertaken all possible measures of recovery, if the management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated the Association recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Association 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 discharged, cancelled or have expired. The difference between the carrying amount 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.

Mental Health Council of Australia Incorporated

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Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies (continued)

(l) Revenue and Other Income

Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the Association obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the Association and the amount of the grant can be measured reliably. If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Donations are recognised as revenue when received. Interest revenue is recognised using the effective interest method. Membership income is recognised on a receipts basis as it is voluntary in nature.

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

(m) Income Tax

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

(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 Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

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Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies (continued)

(o) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. Where the Association has retrospectively applied an accounting policy, made a retrospective restatement or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(p) Critical Accounting Estimates and Judgments

The board members 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 Association.

Key estimates - Impairment

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

(q) Economic dependence

Mental Health Council of Australia Incorporated is dependent on Australian Government funding from various government departments for the majority of its revenue used to operate the business. At the date of this report the board members have no reason to believe the Australian Government will not continue to support Mental Health Council of Australia Incorporated via its funding agreements with various government departments.

(r) New Accounting Standards and Interpretations

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

Standard Name	Effective date for entity	Requirements	Impact
AASB 9 Financial Instruments and amending standards AASB 2010-7 / AASB 2012-6	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.

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Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies (continued)

(r) New Accounting Standards and Interpretations (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 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 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>
<p>AASB 2012-5 - Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle [AASB 1, AASB 101, AASB 116, AASB 132 & AASB 134 and Interpretation 2]</p>	30 June 2014	<p>AASB 1 - this standard clarifies that an entity can apply AASB 1 more than once.</p> <p>AASB 101 - clarifies that a third statement of financial position is required when the opening statement of financial position is materially affected by any adjustments.</p> <p>AASB 116 - clarifies the classification of servicing equipment.</p> <p>AASB 132 and Interpretation 2 - Clarifies that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with AASB 112 Income Taxes.</p> <p>AASB 134 - provides clarification about segment reporting.</p>	<p>No expected impact on the entity's financial position or performance.</p>

Mental Health Council of Australia Incorporated

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Notes to the Financial Statements

For the Year Ended 30 June 2013

2 Cash and Cash Equivalents

	Note	2013 \$	2012 \$
CURRENT			
Cash on hand		106	200
Cash at bank		<u>2,442,483</u>	<u>2,229,738</u>
	14, 15	<u><u>2,442,589</u></u>	<u><u>2,229,938</u></u>

3 Trade and Other Receivables

	Note	2013 \$	2012 \$
CURRENT			
Trade receivables	15	<u>364,432</u>	<u>891,262</u>
Total current trade and other receivables		<u><u>364,432</u></u>	<u><u>891,262</u></u>

(a) Provision for Impairment of Receivables

Current trade receivables are generally on 30-day terms. These receivables are assessed for recoverability and a provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. No provision for impairment was required at year end.

(b) Credit risk - Trade and Other Receivables

The Association does not have any material credit risk exposure to any single receivable or group of receivables. The following table details the Association's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the Association and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Association. The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross amount \$	Past due and impaired \$	Past due but not impaired (days overdue)				Within initial trade terms \$
			< 30 \$	31-60 \$	61-90 \$	> 90 \$	
2013							
Trade and other receivables	364,432	-	-	-	-	29,700	334,732
2012							
Trade and other receivables	891,262	-	-	35,600	-	-	855,662

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Notes to the Financial Statements

For the Year Ended 30 June 2013

4 Other Financial Assets

	2013	2012
Note	\$	\$
CURRENT		
Held-to-maturity financial assets	48,015	40,117
Total Current Assets	<u>48,015</u>	<u>40,117</u>
(a) Held-to-maturity investments comprise:		
Fixed interest securities - current	48,015	40,117
	<u>48,015</u>	<u>40,117</u>

5 Other Assets

	2013	2012
Note	\$	\$
CURRENT		
Prepayments	58,002	48,255
	<u>58,002</u>	<u>48,255</u>

6 Property, Plant and Equipment

	2013	2012
Note	\$	\$
Office equipment		
At cost	203,225	142,582
Accumulated depreciation	(132,194)	(112,736)
Total office equipment	<u>71,031</u>	<u>29,846</u>
Leasehold improvements		
At cost	272,054	217,126
Accumulated depreciation	(104,278)	(85,090)
Total leasehold improvements	<u>167,776</u>	<u>132,036</u>
Total property, plant and equipment	<u>238,807</u>	<u>161,882</u>

(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:

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For the Year Ended 30 June 2013

6 Property, Plant and Equipment (continued)

(a) Movements in Carrying Amounts (continued)

	Office Equipment	Leasehold Improvements	Total
	\$	\$	\$
Balance at the beginning of year	29,846	132,036	161,882
Additions	60,643	54,928	115,571
Depreciation expense	(19,458)	(19,188)	(38,646)
Carrying amount at the end of 30 June 2013	<u>71,031</u>	<u>167,776</u>	<u>238,807</u>
Balance at the beginning of year	28,567	146,051	174,618
Additions	17,461	2,228	19,689
Depreciation expense	(16,182)	(16,243)	(32,425)
Carrying amount at the end of 30 June 2012	<u>29,846</u>	<u>132,036</u>	<u>161,882</u>

7 Trade and Other Payables

	Note	2013 \$	2012 \$
CURRENT			
Unsecured liabilities			
Trade payables		339,511	310,309
Accrued expenses		56,837	42,025
Short-term employee benefits		72,334	58,138
Amounts received in advance		881,800	1,208,352
		<u>1,350,482</u>	<u>1,618,824</u>

(a) Financial liabilities at amortised cost classified as trade and other payables

	Note	2013 \$	2012 \$
Trade and other payables			
- Total Current		1,350,482	1,618,824
Less:			
Employee benefits		(72,334)	(58,138)
Amounts received in advance		(881,800)	(1,208,352)
Financial liabilities as trade and other payables	15	<u>396,348</u>	<u>352,334</u>

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For the Year Ended 30 June 2013

8 Provisions

	2013	2012
Note	\$	\$
NON-CURRENT		
Long-term employee benefits	17,916	13,560
	<u>17,916</u>	<u>13,560</u>
		Long-term employee benefits
		\$
Opening balance at 1 July 2012		13,560
Additional provisions		<u>4,356</u>
Balance at 30 June 2013		<u>17,916</u>

Provision for Long-Term Employee Benefits

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1 to these financial statements.

9 Revenue and Other Income

	2013	2012
Note	\$	\$
Revenue		
- operating grants	3,826,591	2,769,001
- member subscriptions	20,137	19,318
- donations	13,465	3,973
- sales	9,144	2,361
- other trading revenue	214,838	207,839
- interest received	64,715	99,005
Total Revenue	<u>4,148,890</u>	<u>3,101,497</u>

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For the Year Ended 30 June 2013

10 Profit for the Year

	2013	2012
Note	\$	\$
Profit includes the following specific expenses:		
Administrative expenses		
Corporate services	253,377	436,164
Governance	83,552	71,073
Marketing, communications and fundraising	35,753	27,261
State consultation workshops	60,722	31,329
Total administrative expenses	<u>433,404</u>	<u>565,827</u>
Rental expense on operating leases		
Minimum lease payments	207,031	184,837

11 Auditors' Remuneration

	2013	2012
Note	\$	\$
Remuneration of the auditor of the Association for:		
- auditing or reviewing the financial statements	6,750	6,600
- other services	445	2,720

12 Capital and Leasing Commitments

(a) Operating Lease Commitments

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

	2013	2012
Note	\$	\$
Payable - minimum lease payments:		
- not later than 12 months	223,211	205,035
- between 12 months and 5 years	276,872	474,848
	<u>500,083</u>	<u>679,883</u>

The property lease is a non-cancellable lease with a 3 year term expiring on 17 September 2015, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments shall be increased by 4% per annum. An option exists to renew the lease at the end of the 3 year term for an additional 3 years.

The other operating leases are non-cancellable leases with 1-3 year terms and with fixed monthly payments.

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Notes to the Financial Statements

For the Year Ended 30 June 2013

12 Capital and Leasing Commitments (continued)

(b) Service Contract Expenditure Commitments

	2013	2012
Note	\$	\$
Payable:		
- not later than 12 months	21,575	18,000
	<u>21,575</u>	<u>18,000</u>

13 Key Management Personnel Compensation

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Association, directly or indirectly, including any board member is considered key management personnel.

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

	2013	2012
Note	\$	\$
Short-term benefits	644,834	608,668
	<u>644,834</u>	<u>608,668</u>

Three board member positions receive honoraria for work performed in relation to the Association's affairs. No other board members, or parties related to them, received any remuneration from the Association during the year other than reimbursement for expenses incurred.

14 Cash Flow Information

(a) Reconciliation of cash

	2013	2012
Note	\$	\$
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	2,442,589	2,229,938
	<u>2,442,589</u>	<u>2,229,938</u>

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14 Cash Flow Information (continued)

(b) Reconciliation of Cash Flow from Operations with Profit after Income Tax

	Note	2013 \$	2012 \$
Profit for the year		44,377	263,925
Non-cash flows in profit			
- Depreciation		38,646	32,425
Changes in assets and liabilities			
- (Increase)/decrease in trade receivables		526,830	(94,219)
- (Increase)/decrease in prepayments		(9,747)	(17,492)
- Increase/(decrease) in income in advance		(326,552)	78,159
- Increase/(decrease) in trade payables and accruals		58,210	122,252
- Increase/(decrease) in provisions		4,356	(360)
Cash flow from operations		<u>336,120</u>	<u>384,690</u>

(c) Credit Standby Arrangements with Banks

Credit facility	54,000	42,000
Amount utilised	<u>(11,833)</u>	<u>(13,443)</u>
	<u>42,167</u>	<u>28,557</u>

The Association has credit card facilities setup with their banks with general terms and conditions. Interest rates are variable and subject to adjustment.

(d) Non-cash Financing and Investing Activities

There were no non-cash financing or investing activities during the year.

15 Financial Risk Management

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

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

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Notes to the Financial Statements

For the Year Ended 30 June 2013

15 Financial Risk Management (continued)

	Note	2013 \$	2012 \$
Financial Assets			
Cash and cash equivalents	2	2,442,589	2,229,938
Loans and receivables	3	364,432	891,262
Other financial assets	4	48,015	40,117
Total Financial Assets		2,855,036	3,161,317
Financial Liabilities			
Financial liabilities at amortised cost			
Trade and other payables	7(a)	396,348	352,334
Total Financial Liabilities		396,348	352,334

Financial Risk Management Policies

The board members' risk management strategy seeks to assist the Association in meeting its financial targets whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the board members on a regular basis. These include credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the Association is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk.

There have been no substantive changes in the types of risks the Association is exposed to, how these risks arise, or the board's objectives, policies and processes for managing or measuring the risks from the previous period.

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counter parties of contract obligations that could lead to a financial loss to the Association.

Credit risk is managed through the maintenance of procedures ensuring to the extent possible, that customers and counter parties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms are generally 30 days from the invoice date.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating.

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Notes to the Financial Statements

For the Year Ended 30 June 2013

15 Financial Risk Management (continued)

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

The Association has no significant concentration of credit risk with any single counter party or group of counter parties. Details with respect to credit risk of Trade and Other Receivables are provided in Note 3.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at Note 3.

Credit risk related to balances with banks and other financial institutions is managed by the board members. The following table provides information regarding credit risk relating to cash and money market securities based on Standard & Poor's counter party credit ratings.

		2013	2012
	Note	\$	\$
Cash and cash equivalents			
- AA Rated	2	2,442,483	2,229,738
		<u>2,442,483</u>	<u>2,229,738</u>
Held-to-maturity securities			
- AA Rated	4	48,015	40,117
		<u>48,015</u>	<u>40,117</u>

(b) Liquidity risk

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

- preparing forward looking cash flow analysis in relation to its operational, investing and financial activities;
- monitoring undrawn credit facilities;
- maintaining a reputable credit risk profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

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Notes to the Financial Statements

For the Year Ended 30 June 2013

15 Financial Risk Management (continued)

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities. Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 Years		Total Contractual Cash Flow	
	2013	2012	2013	2012	2013	2012
	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment						
Trade and other payables (excluding estimated leave and amounts received in advance)	396,348	352,334	-	-	396,348	352,334
Total contractual outflows	396,348	352,334	-	-	396,348	352,334
Total expected outflows	396,348	352,334	-	-	396,348	352,334
Financial assets - cash flows realisable						
Cash and cash equivalents	2,442,589	2,229,938	-	-	2,442,589	2,229,938
Trade, term and loans receivables	364,432	891,262	-	-	364,432	891,262
Held-to-maturity investments	48,015	40,117	-	-	48,015	40,117
Total anticipated inflows	2,855,036	3,161,317	-	-	2,855,036	3,161,317
Net (outflow)/inflow on financial instruments	2,458,688	2,808,983	-	-	2,458,688	2,808,983

(c) Market risk

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 Association is also exposed to earnings volatility on floating rate instruments.

Sensitivity Analysis

The following table illustrates sensitivities to the Association's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

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Notes to the Financial Statements

For the Year Ended 30 June 2013

15 Financial Risk Management (continued)

	Profit	Equity
	\$	\$
Year Ended 30 June 2013		
+/- 2% in interest rates	50,000	50,000
Year Ended 30 June 2012		
+/- 2% in interest rates	45,000	45,000

There have been no changes in any of the assumptions used to prepare the above sensitivity analysis from the prior year.

Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities approximate their carrying values as presented in the statement of financial position and notes to the financial statements. Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below.

Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Association. Most of these instruments which are carried at amortised cost are to be held until maturity and therefore the fair value figures calculated bear little relevance to the Association.

The fair values of financial assets and financial liabilities as disclosed in the statement of financial position and in the notes to the financial statements have been determined based on the following methodologies: Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for leave entitlements and amounts received in advance which are not considered to be financial instruments.

16 Capital Management

The board members control the capital of the Association to ensure that adequate cash flows are generated to fund its operations and that returns from investments are maximised within tolerable risk parameters. The board members ensure that the overall risk management strategy is in line with this objective.

The Association's capital consists of financial liabilities, supported by financial assets.

The board members effectively manage the Association's capital by assessing the Association's financial risks and responding to changes in these risks and in the market. These responses may include the consideration of debt levels.

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Notes to the Financial Statements

For the Year Ended 30 June 2013

16 Capital Management (continued)

There have been no changes to the strategy adopted by the board members to control the capital of the Association since the previous year.

The gearing ratios for the year ended 30 June 2013 and 30 June 2012 are as follows:

	Note	2013	2012
		\$	\$
Total borrowings		-	-
Less Cash and cash equivalents	2	<u>(2,442,589)</u>	<u>(2,229,938)</u>
Net debt		(2,442,589)	(2,229,938)
Equity		<u>1,783,447</u>	<u>1,739,070</u>
Total capital		<u>(659,142)</u>	<u>(490,868)</u>
Gearing ratio		- %	- %

17 Association Details

The principal place of business of the Association is:
Mental Health Council of Australia Incorporated
ALIA House, Level 1
9-11 Napier Close
Deakin ACT 2600

Independent Auditor's Report

To the members of Mental Health Council of Australia Incorporated

Report on the Financial Report

We have audited the accompanying financial report of Mental Health Council of Australia Incorporated, which comprises the statement of financial position as at 30 June 2013, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and statement by members of the board.

Board Members' Responsibility for the Financial Report

The board members are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Associations Incorporation Act 1991 (ACT)*, and for such internal control as the board members determine is necessary to enable the preparation of the financial report that 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 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, the auditor considers internal control relevant to the Association'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 Association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board members, 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.

Independent Auditor's Report

To the members of Mental Health Council of Australia Incorporated

Opinion

In our opinion, the financial report gives a true and fair view of the financial position of Mental Health Council of Australia Incorporated as at 30 June 2013, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and the *Associations Incorporation Act 1991 (ACT)*.

Hardwickes
Chartered Accountants

Hardwickes

R Johnson

Robert Johnson FCA
Partner

Canberra

Dated: 13 September 2013