



Australian Government
Australian Industrial Registry

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Mr K Cox
Vice President
The Pharmacy Guild of Australia
ACT Branch
guild.act@guild.org.au

Dear Mr Cox

Re: Financial Documents - FR2004/299 - for financial year ended 30 June 2004

I have received the financial documents of the Pharmacy Guild of Australia Australian Capital Territory Branch for the year ended 30 June 2004. The documents were lodged in the Industrial Registry on 21 September 2004

The documents have been filed.

Although the documents have been filed I would like to comment on some issues arising from my examination of the financial documents. You do not need to take further action in respect of the financial documents already lodged.

Operating Report

Significant changes

Subsections 254(2)(a) and (b) of Schedule 1B of the Workplace Relations Act 1996 provide in the first instance that the reporting unit must report on matters which represented significant changes in the nature of the financial reporting unit's principal activities. The second reference to the reporting of significant changes is qualified by reference to the phrase "financial affairs".

In the Operating Report submitted it is not clear whether the parts (b) (i) to (iii) are intended in satisfaction of one or both of the obligations referred to above. Perhaps consideration could be given to break this category into two; the first relating to significant changes to the reporting unit's principal activities and, the second to significant changes to the reporting unit's 'financial affairs'.

Members advice - Resignation

Section 254(2)(c) requires the reporting unit to *give details* of the rights of members to resign as members of the reporting unit. It is our view that this requirement necessitates, as a minimum, the inclusion of a reference to the specific rule in the rules of the reporting unit and/or registered organisation which makes provision for the resignation of members. Of course, if you choose to reproduce the whole of the relevant rule that would clearly satisfy the requirements of that provision.

Officers/Members holding position of Trustee or Director of superannuation entity

The supplement to Section 254(2)(d) qualifies the obligation in that subsection to the reporting of the names of only those persons who hold the specified positions because they are "officers or members of a registered

organisation". It would appear the persons referred to in part (d) do not fall into this category. If I am wrong in this regard please ignore this comment.

Prescribed Information

Subsection 254(2)(f) requires the reporting unit to include any prescribed information. Regulation 159 of the Workplace Relations (Registration and Accountability of Organisations) Regulations 2003 includes, in part, a requirement that the name of each person who has been a member of the committee of management of the *reporting unit* is included in the Operating Report. I note that in part (e) of your Operating Report you have only referred to two office holders (who I suspect are members of the National Committee of Management). The provision relates to the reporting unit's committee of management.

Also, I draw your attention to the requirement that the period such persons have held the position should be included. So, if a committee of management member resigned during the reporting period, you would need to include reference to that person and the period they held that office and in addition, include details of the person who filled that vacancy and the period they held office.

Committee of Management Statement

Please note that under reporting Guideline 18(d) for the purposes of s253 this Statement need only be signed by a designated officer.

Auditor's Report

It is not clear from the Report whether or not the Auditor is an approved auditor. In this regard I draw your attention to the definition of approved auditor in regulation 4 of the RAO Regulations. In all likelihood the Auditor is such a person however, it is our preference that this is made explicit in the Report. I recommend you draw this comment to the attention of your Auditors.

If you wish to discuss these or any related matters I can be contacted on (03) 8661 7774 (Mon- Thurs).

Yours sincerely

Iain Stewart
Statutory Services Branch

5 October 2004



The PHARMACY GUILD of AUSTRALIA
ACT BRANCH

Designated Officer's Certificate

s268 of Schedule 1B Workplace Relations Act 1996

I Kenneth Cox being the Vice President of The Pharmacy Guild of Australia ACT Branch committee certify:

- that the documents lodged herewith are copies of the full report referred to in s268 of the RAO Schedule; and
- that the full report was made available to members on 20 August 2004 and
- that the full report was presented to a general meeting of members of the reporting unit on 13 September 2004 in accordance with section 266 of the RAO Schedule.

Kenneth Cox
Vice President
20 September 2004



**The PHARMACY GUILD of AUSTRALIA
ACT BRANCH**

The Pharmacy Guild of Australia A C T Branch

Financial Report For the Year Ended 30 June 2004

Table of Contents

President's Report	2-3
Operating Report	4-5
Committee of Management's Certificate	6
Independent Audit Report	7-8
Statement of Financial Performance	9
Statement of Financial Position	10
Statement of Cash Flows	11
Notes To and Forming Part of the Financial Statements	12-23
Minutes from 2003 AGM	24

The PHARMACY GUILD of AUSTRALIA ACT BRANCH

President's Report

The 2003-2004 financial year has been a year of change for pharmacy and also for the ACT Branch. As the president of this small Branch, the second smallest branch after the Northern Territory, it has been my great pleasure to serve the pharmacy owners and pharmacists of Canberra. Our Branch has led the way this year on battles and topics such as supermarket pharmacy, friendly society pharmacy, training and professional services and 4th Agreement issues. The staff of your Branch deserves special mention for their dedication, commitment and skill, all of them striving hard to ensure your future and the future of pharmacy. I also take the opportunity to welcome some of our new staff who come to us well credentialed and eager to support your endeavours.

As mentioned previously this has been a year of change for the Branch. A number of challenges have presented themselves (a restructure of the Branch, transfer of accounting to international standards, training standards compliance, supermarket and legislative campaigns etc) and the Branch has risen to those challenges in the best possible way. Most of those challenges are now behind us and this has been in no small way due to the support of our other state branches and the national office who have given us their ideas, infrastructure and sometimes their money without hesitation.

A short list of achievements of the Branch will highlight just how much change this year has brought:

- § Woolworths campaign – local and federal;
- § Supermarkets in pharmacies lobbying and amendments;
- § Health Professionals Act response and lobbying of amendments;
- § Friendly society pharmacy lobbying and amendments;
- § National Competition Policy lobbying and amendments;
- § Restructure of the Branch finances, IT systems and staffing;
- § AQTF compliance – training standards compliance; and
- § Training Program Pilot – SNAPs.

I would note that the first two items of that list were national campaigns, as well as local, and Ann Dalton coordinated the state and national response to this threat. This item alone took almost 8 months of full time effort to complete, but I am sure you would agree that federal and state protection from supermarkets has been time well spent.

Naturally, in such a small Branch these changes have been seismic rather than gradual, so I will add some statistics to show you how these events have affected the Branch:

- § Revenue up 2.25 times;
- § Member subscriptions remained the same;
- § Commissions up 20%;
- § Training revenue doubled;
- § Professional services (MMR, QCPP & Pharmacy Assistant Training Pilot Program) \$137,000;
- § Wages up 2.9 times;
- § Insurance costs increased significantly; and
- § Payroll tax doubled.

I recently read an article from 1953 stating that 'Pharmacy is at the crossroads'. As one friend of mine said 'you people (pharmacists) are like traffic lights, you are always at the crossroads'. This is so very true. Although we have managed to stave off the threat from supermarkets and friendly societies, they will be back and they will come back stronger, more powerful and more

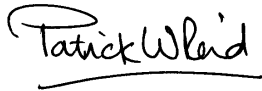
**The PHARMACY GUILD of AUSTRALIA
ACT BRANCH**

determined. This new year will bring a 4th Agreement, possible further deregulation, more supermarket battles, federally funded projects and more.

This small Branch requires your help, your wisdom and most of all, your presence. Consider joining the branch committee, as I am not always able to fight the battles for you as well as you may do yourself.

Thank you for allowing me the honour of representing you at the local, national and international level.

Yours in pharmacy,

A handwritten signature in black ink that reads "Patrick Reid". The signature is written in a cursive style with a horizontal line underneath the name.

**Patrick Reid
18 August 2004**

**The PHARMACY GUILD of AUSTRALIA
ACT BRANCH**

Operating Report

I, Patrick Reid being the designated officer responsible for preparing this report for the financial year ended 30 June 2004 of The Pharmacy Guild of Australia – ACT Branch, report as follows:

(a) Principal Activities:

- (i) The Pharmacy Guild of Australia (“the Guild”), is an employers’ organisation servicing the needs of proprietors of independent community pharmacies and to represent their interests in industrial matters.
- (ii) The Guild functions as a single entity and acts under its Constitution and Rules and reports under the Workplace Relations (Registration and Accountability of Organisations) Legislation 2003.
- (iii) The development of Guild policy is the responsibility of the Guild’s supreme governing body, the National Council, on which all State and Territory Branches are represented.
- (iv) The implementation of this policy is overseen by the National Executive through the National Secretariat.
- (v) Within the framework of National Guild policy, development and implementation of the activities and operations of the ACT Branch is set by the members of the ACT Branch Committee.
- (vi) These activities are referred to the various ACT Branch Divisions who deliver the activities and services that address the various objectives and targets set for them.
- (vii) Included in the Annual report is the President’s report outlining the activities for the year. There have been significant changes in the volume and nature of the Branch’s activities during the year which are reviewed below.

(b) Significant changes:

- (i) The ACT Branch commenced a number of government funded projects during the year. The Medication Management Review Facilitator Service, funded by the Commonwealth Department of Health and Aged Care, was set up in support of the outcomes and objectives of the Domiciliary Medication Management Review (DMMR) Program. The commencement stage of the Training Program Pilot for Pharmacy Assistants in the Handling of *Pharmacy Medicines* and *Pharmacist Only Medicines* has also been implemented.
- (ii) The ACT Branch embarked on an extensive lobbying campaign during the period to protect community pharmacy from pharmacies being established in supermarkets in the ACT. This extra workload had an impact on staffing costs for the financial year with financial support provided by the Guild’s National Office through membership funds held in the Guild’s fighting fund.
- (iii) The Training Division developed and delivered the School-based New Apprenticeships (SNAPs) training pilot program. The increase in staffing costs incurred in the training division as a result of this program were recovered

**The PHARMACY GUILD of AUSTRALIA
ACT BRANCH**

following sale of the intellectual property of the project to the Guild's National office.

(c) Members advice:

- (i) Under Section 174 of the Registration and Accountability of Organisations schedule (RAO), a member may resign from membership by written notice addressed and delivered to the Branch Director; and
- (ii) The register of members of the organisation was maintained in accordance with the RAO.


(d) Officers of the organisation holding the position of a trustee of a superannuation entity are as follows:

- (i) Peter Downing, director of Tranploys Pty Ltd. Tranploys acts as trustee of the Downing Family Superannuation Fund.
- (ii) Kenneth Cox, director of Poel Holding Pty Ltd. Poel Holding acts as trustee of the Poel Superannuation Fund.
- (iii) Jim Atkinson, director of Bomiten Pty Ltd. Bomiten acts as trustee of the Atbridge Superannuation Fund.
- (iv) Patrick White, director of Northcliff Pty Ltd. Northcliff acts as trustee of the Northcliff Superannuation Fund.

(e) Prescribed and other Information:

- (i) As at 30 June 2004 to which this report relates the number of members of the organisation was 58 including Nominal Associate and Honorary Life Members.
- (ii) As at 30 June 2004 the total number of employees employed by the reporting entity was 9 including casual and contract staff.
- (iii) During the reporting period the following persons were members of the Management Committee:

Patrick Reid	ACT Branch President
Kenneth Cox	ACT Branch Vice President – Finance



Patrick Reid
18 August 2004


**The PHARMACY GUILD of AUSTRALIA
ACT BRANCH**

Committee of Management's Certificate

We, Patrick Reid (President) and Kenneth Cox (Vice-President) being two members of the Pharmacy Guild of Australia ACT Branch, do state on behalf of the Branch Committee and in accordance with a resolution passed by the Branch Committee in relation to the general purpose financial report (GPFR) of the Pharmacy Guild of Australia ACT Branch for the financial year ended 30 June 2004:

The Committee of Management declares in relation to the GPFR that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the Industrial Registrar;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows for the Pharmacy Guild of Australia ACT Branch for the financial year ended the 30 June 2004;
- (d) there are reasonable grounds to believe that the Pharmacy Guild of Australia ACT Branch will be able to pay its debts as and when they become due and payable;
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the Pharmacy Guild of Australia ACT Branch were held in accordance with the rules of the organisation; and
 - (ii) the financial affairs of the Pharmacy Guild of Australia ACT Branch have been managed in accordance with the rules of the organisation; and
 - (iii) the financial records of the Pharmacy Guild of Australia ACT Branch have been kept and maintained in accordance with the Registration and Accountability of Organisations (RAO) Schedule and Regulations; and
 - (iv) to the knowledge of any member of the Pharmacy Guild of Australia ACT Branch, there have been no instances where records of the organisation or other documents have not been furnished, or made available, to members or the Registrar in accordance with the requirements of section 272 of the RAO Schedule; and
 - (v) the Pharmacy Guild of Australia ACT Branch has complied with any order for inspection of financial records made by the Commissioner under section 273 of the RAO Schedule.



Patrick Reid (Branch President)
18 August 2004



Kenneth Cox (Branch Vice-President)
18 August 2004

Independent audit report to members of the Pharmacy Guild of Australia ACT Branch

Scope

The financial report and committee of managements' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, the committee of managements' certificate, the operating report and the accounting officer's certificate for the Pharmacy Guild of Australia ACT Branch (the ACT Branch), for the year ended 30 June 2004.

The ACT Branch's committee of management is responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the ACT Branch, and that complies with Accounting Standards in Australia, in accordance with the *Workplace Relations Act 1996*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the ACT Branch. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Workplace Relations Act 1996*, including compliance with Accounting Standards in Australia, other mandatory financial reporting requirements in Australia a view which is consistent with our understanding of the ACT Branch's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and

- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the committee of management.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the committee of management of the ACT Branch.

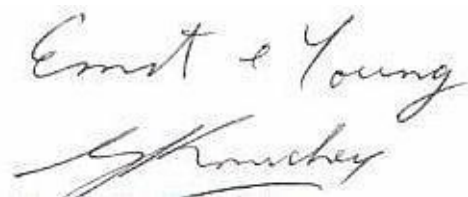
Independence

We are independent of the ACT Branch, and have met the independence requirements of Australian professional ethical pronouncements.

Audit opinion

In our opinion, the financial report of the Pharmacy Guild of Australia ACT Branch presents fairly, in accordance the *Workplace Relations Act 1996*, including compliance with Accounting Standards, other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Pharmacy Guild of Australia ACT Branch's financial position as at 30 June 2004, and of its performance as represented by the results of its operations and cash flows for the year then ended.

Ernst & Young



G J Knuckey
Partner
Register Company Auditor
Canberra
Date: 18 August 2004

**The PHARMACY GUILD of AUSTRALIA
ACT BRANCH**

**Statement of Financial Performance
for the Year Ended 30 June 2004**

	<i>Note</i>	<i>2004</i> \$	<i>2003</i> \$
REVENUES FROM ORDINARY ACTIVITIES	3	535,415	237,335
Remuneration and employee benefits expense	4(a)	265,387	90,934
Depreciation expense		4,190	1,276
Other expenses from ordinary activities	4(b)	<u>244,060</u>	<u>144,239</u>
SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE		21,778	886
INCOME TAX EXPENSE RELATING TO ORDINARY ACTIVITIES	1 (d)	<u>-</u>	<u>-</u>
SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES AFTER INCOME TAX		<u>21,778</u>	<u>886</u>
SURPLUS/(DEFICIT) ATTRIBUTABLE TO THE MEMBERS OF PHARMACY GUILD OF AUSTRALIA ACT BRANCH		<u>21,778</u>	<u>886</u>
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS ATTRIBUTABLE TO MEMBERS OF PHARMACY GUILD OF AUSTRALIA ACT BRANCH		<u>21,778</u>	<u>886</u>

**The PHARMACY GUILD of AUSTRALIA
ACT BRANCH**

**Statement of Financial Position
as at 30 June 2004**

	<i>Note</i>	2004 \$	2003 \$
CURRENT ASSETS			
Cash	9 (a)	131,339	4,780
Investments	9 (a)	0	169,587
Trade and other receivables	5	191,993	13,712
Inventory		<u>1,854</u>	<u>975</u>
TOTAL CURRENT ASSETS		<u>325,186</u>	<u>189,054</u>
NON-CURRENT ASSETS			
Property, plant and equipment	6	<u>15,475</u>	<u>6,846</u>
TOTAL NON-CURRENT ASSETS		<u>15,475</u>	<u>6,846</u>
TOTAL ASSETS		<u>340,661</u>	<u>195,900</u>
CURRENT LIABILITIES			
Trade and other payables	7	115,222	21,014
Provision for leave entitlements	8	14,644	4,857
Revenue received in advance		<u>31,130</u>	<u>11,268</u>
TOTAL CURRENT LIABILITIES		<u>160,996</u>	<u>37,139</u>
NON - CURRENT LIABILITIES			
Provision for long service leave	8	<u>3,778</u>	<u>4,652</u>
TOTAL NON-CURRENT LIABILITIES		<u>3,778</u>	<u>4,652</u>
TOTAL LIABILITIES		<u>164,774</u>	<u>41,791</u>
NET ASSETS		<u>175,887</u>	<u>154,109</u>
EQUITY			
Accumulated surpluses	12	<u>175,887</u>	<u>154,109</u>
TOTAL EQUITY		<u>175,887</u>	<u>154,109</u>

**The PHARMACY GUILD of AUSTRALIA
ACT BRANCH**

**Statement of Cash Flows
for the Year Ended 30 June 2004**

	<i>Note</i>	2004 \$	2003 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		431,571	255,724
Payments to suppliers and employees		(438,966)	(251,363)
Interest received		7,010	8,418
GST paid		<u>(29,824)</u>	<u>(14,652)</u>
NET CASH FLOWS FROM /(USED IN) OPERATING ACTIVITIES	9(b)	<u>(30,209)</u>	<u>(1,873)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		<u>(12,819)</u>	<u>(718)</u>
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		<u>(12,819)</u>	<u>(718)</u>
NET INCREASE/(DECREASE) IN CASH HELD		(43,028)	(2,591)
Add opening cash brought forward		174,367	176,958
CLOSING CASH CARRIED FORWARD	9(a)	<u><u>131,339</u></u>	<u><u>174,367</u></u>

**The PHARMACY GUILD of AUSTRALIA
ACT BRANCH**

Notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Workplace Relations Act 1996 and applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

The accounting policies adopted are consistent with those of the previous period.

(b) Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and money market investments readily convertible to cash within two working days, net of outstanding bank overdrafts.

(c) Inventories

Inventories are valued at the lower of cost and net realisable value.

(d) Taxes

Income Tax

No provision for income tax is necessary as the Pharmacy Guild of Australia is exempt from income tax under Section 23(f) of the Income Tax Assessment Act 1939.

Goods and Services Tax (GST)

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

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

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

**The PHARMACY GUILD of AUSTRALIA
ACT BRANCH**

Notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies (continued)

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

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

(e) Employee Benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, sick leave, annual leave and long service leave.

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

Employee benefits expenses and revenues arising in respect of the following categories:

- wages and salaries, non-monetary benefits, annual leave, long service leave, sick leave and other leave entitlements; and
- other types of employee benefits;

are charged against surpluses on a net basis in their respective categories.

(f) Property, plant and equipment

Property, plant and equipment are carried at cost.

Depreciation is provided on a straight-line basis on all property, plant and equipment at rates calculated to allocate the cost less estimated residual value at the end of the useful lives of the assets against revenue over those estimated useful lives.

Major depreciation periods are:	2004	2003
Plant & Equipment:		
- office equipment	3 years	3 years

**The PHARMACY GUILD of AUSTRALIA
ACT BRANCH**

Notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies (continued)

(g) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of Goods

Control of the goods has passed to the buyer.

Membership subscriptions

Revenue from membership subscriptions is recognised over the period of the membership.

Commissions

Revenue from commissions is recognised as and when the sale has occurred.

Interest

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

(h) Comparatives

Where necessary comparatives have been reclassified for consistency with current year disclosures.

Note 2: Information to be Provided to Members or Registrar

In accordance with the requirements of the Registration and Accountability of Organisations Schedule (RAO) (Schedule 1B to the Workplace Relations Act 1996), the attention of members is drawn to the provisions of sub-sections (1), (2), and (3) of Section 272, which read as follows:

- (1) A member of a reporting unit, or a Registrar, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- (2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.
- (3) A reporting unit must comply with an application made under subsection (1).

**The PHARMACY GUILD of AUSTRALIA
ACT BRANCH**

Notes to the Financial Statements

Note 3: Revenues from Ordinary Activities

	2004	2003
	\$	\$
Revenues from Operating Activities		
Subscriptions from members	93,572	94,401
Commissions	84,152	64,420
National Training Programs	46,193	23,149
Campaign funding	42,448	-
Merchandising	15,373	15,256
Professional Services (MMR, QCPP, PAPP)	137,278	-
Training Pharmacists	19,630	14,972
Consultancy Fees	45,930	6,250
Total revenues from operating activities	<u>484,576</u>	<u>218,448</u>
Revenues from Non-Operating Activities		
Interest earned on investments	7,010	8,417
Other income	43,829	10,470
(\$30,000 from National Secretariat for branch restructure)		
Total revenues from non-operating activities	<u>50,839</u>	<u>18,887</u>
Total revenues from ordinary activities	<u>535,415</u>	<u>237,335</u>

Note 4: Expenses

(a) Remuneration and employee benefits expense

Remuneration to employees	248,153	81,902
Superannuation	17,234	9,032
Total remuneration and employee expenses	<u>265,387</u>	<u>90,934</u>

(b) Other expenses from ordinary activities

Annual Dinner	6,587	5,518
Professional services	14,315	-
General Administration	42,277	17,461
Meetings/Conferences	8,383	-
Donations	0	80
Insurance	13,165	6,799
Legal Fees	2,496	1,572
Merchandising	4,244	6,149
Motor vehicle expenses	90	2,175
Membership subscriptions (paid to National Secretariat)	59,528	59,040
Payroll tax	13,734	6,910
Printing and stationery	6,595	2,088
Remuneration to auditors	2,400	2,200
Rental expense	26,350	19,390
Telephone and communication	4,820	1,704
Training Pharmacists	16,652	13,153
Other expenses ¹	22,423	-
Total other expenses from ordinary activities	<u>244,060</u>	<u>144,239</u>

¹ This expense relates to the year ended 30 June 2003.

**The PHARMACY GUILD of AUSTRALIA
ACT BRANCH**

Notes to the Financial Statements

	2004	2003
	\$	\$
Note 5: Trade and other debtors		
Trade debtors	172,382	8,868
Other debtors	2,467	3,408
Other financial assets	9,691	-
GST credits available	7,453	1,436
	<u>191,993</u>	<u>13,712</u>
 Note 6: Property, plant and equipment		
Office equipment - at cost	24,266	16,497
Provision for depreciation	(8,791)	(9,651)
	<u>15,475</u>	<u>6,846</u>
 (a) Reconciliation of movements		
<i>Property, plant and equipment</i>		
Carrying amount at beginning	6,846	7,404
Additions	12,819	718
Disposals	-	-
Depreciation expense	(4,190)	(1,276)
	<u>15,475</u>	<u>6,846</u>
Carrying amount at end	<u>15,475</u>	<u>6,846</u>
 Note 7: Trade and other creditors		
Trade creditors	23,563	16,500
Accrued expenses	3,046	2,200
Salaries payable	35,130	-
GST payable	23,801	2,314
PAYG payable	15,890	-
Payroll Tax payable	13,734	-
Other	58	-
	<u>115,222</u>	<u>21,014</u>
 Note 8: Employee Benefits		
The aggregate employee entitlement liability comprises:		
Accrued wages, salaries, and on costs	-	-
Provisions - current	14,644	4,857
- non-current	3,778	4,652
	<u>18,422</u>	<u>9,509</u>
 Number of employees at the end of the financial year	 3	 3

**The PHARMACY GUILD of AUSTRALIA
ACT BRANCH**

Notes to the Financial Statements

	2004	2003
	\$	\$
Note 9: Statement of Cash Flows		
(a) Reconciliation of cash		
Cash balance comprises		
Cash on hand	100	100
Cash at bank	131,239	4,680
Short – term deposits	-	169,587
	131,339	174,367
Closing cash balance	131,339	174,367
(b) Reconciliation of operating surplus after tax to the net cash flows from operations		
Operating surplus	21,778	886
Non cash items		
Depreciation	4,190	1,276
Changes in assets and liabilities		
Decrease / (Increase) in trade and other debtors	(168,590)	5,528
Decrease / (Increase) in prepayments	(9,691)	-
Decrease / (Increase) in inventory	(879)	-
Increase / (Decrease) in trade and other creditors	94,208	(244)
Increase / (Decrease) in revenue received in advance	19,862	8,611
Increase / (Decrease) in employee benefits	8,913	(17,930)
	8,913	(17,930)
Net cash flows from operating activities	(30,209)	(1,873)

**The PHARMACY GUILD of AUSTRALIA
ACT BRANCH**

Notes to the Financial Statements

Note 10 Financial Instruments

10(a) Terms, conditions and accounting policies

The Branch's accounting policies, including the terms and condition of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at the balance date, are as follows:

Recognised Financial Instruments	Balance Sheet Notes	Accounting Policies	Terms and Conditions
<i>(i) Financial Assets</i>			
Receivables - trade and other	5	Trade receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable.	Credit sales are on 30-day terms. Other debtors are settled on receipts of amounts.
Short term deposits	9 (a)	Short Term Deposits are stated at the lower of cost and net realisable value. Interest is recognised in the profit and loss when earned.	Short-term deposits have an average maturity of 182 days and effective interest rate of 4%.
<i>(ii) Financial Liabilities</i>			
Trade and other creditors	7	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Branch.	Trade liabilities are normally settled on 30-day terms.

**The PHARMACY GUILD of AUSTRALIA
ACT BRANCH**

Notes to the Financial Statements

10(b) Interest rate risk

The branch's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

Financial Instruments	Floating interest rate		Fixed interest rate maturing in:						Non-interest bearing		Total carrying amount as per the balance sheet		Weighted average effective interest rate	
	2004	2003	1 year or less		Over 1 to 5 years		More than 5 years		2004	2003	2004	2003	2004	2003
		\$		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(i) Financial assets														
Cash	131,239	4,680	-	-	-	-	-	-	100	100	131,339	4,780	5.20%	4%
Receivables - Trade and others	-	-	-	-	-	-	-	-	191,993	13,712	191,993	13,712	N/A	N/A
Short Term Deposits	-	-	-	169,587	-	-	-	-	-	-	-	169,587	N/A	4%
Total financial assets	131,239	4,680	-	169,587	-	-	-	-	192,093	13,812	323,332	188,079		

N/A Not applicable for non interest bearing financial instruments.

**The PHARMACY GUILD of AUSTRALIA
ACT BRANCH**

Notes to the Financial Statements

Financial Instruments	Floating interest rate		Fixed interest rate maturing in:						Non-interest bearing		Total carrying amount as per the balance sheet		Weighted average effective interest rate	
	2004	2003	1 year or less		Over 1 to 5 years		More than 5 years		2004	2003	2004	2003	2004	2003
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(i) Financial liabilities														
Trade and sundry creditors	-	-	-	-	-	-	-	-	115,222	21,014	115,222	21,014	N/A	N/A
Total financial Liabilities	-	-	-	-	-	-	-	-	115,222	21,014	115,222	21,014		

N/A Not applicable for non-interest bearing financial instruments.

**The PHARMACY GUILD of AUSTRALIA
ACT BRANCH**

Notes to the Financial Statements

Note 10 Financial Instruments (continued)

10(c) Net fair values

Financial assets and financial liabilities, both recognised and unrecognised, at balance date, are carried at their net fair value. The carrying amounts of the Branch's financial assets and financial liabilities is the same as their net fair value.

(i) The following methods and assumptions are used to determine the net fair values of financial assets and liabilities

Recognised financial instruments

Cash and cash equivalents and short-term investments: The carrying amount approximates fair value because of their short-term to maturity.

Receivables and creditors: The carrying amount approximates fair value.

Unrecognised financial instruments

There are no unrecognised financial instruments

10(d) Credit risk exposures

The branch's maximum exposures to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the balance sheet.

Concentrations of credit risk

The branch minimises concentrations of credit risk in relation to trade accounts receivable by undertaking transactions with members.

Note 11: Segment Information

The Branch operates in the one business and geographical segment, being directed towards the mutual aid and promotion of the interests of its members in the retail pharmacy sector wholly within the Australian Capital Territory.

Note 12: Accumulated surpluses

	2004	2003
	\$	\$
Balance at the beginning of the year	154,109	153,223
Surplus/(deficit) for the year	<u>21,778</u>	<u>886</u>
Balance at the end of the year	<u><u>175,887</u></u>	<u><u>154,109</u></u>

**The PHARMACY GUILD of AUSTRALIA
ACT BRANCH**

Notes to the Financial Statements

Note 13: Related Party Disclosures

The Committee members of the Pharmacy Guild of Australia ACT Branch during the financial year were:

Patrick Reid
Jim Atkinson
Peter Downing
Kenneth Cox
Patrick White
Matthew Develin

The Branch President has been reimbursed for out-of-pocket expenses during the year.

Transactions with Other Related Parties

The Branch paid \$59,528 (2003: \$59,040) for national dues to the National Secretariat of The Pharmacy Guild of Australia.

Commission revenue of \$84,152 (2003: \$64,421) was received or receivable at 30 June 2004 from other entities under common control and the National Secretariat. Revenue is recognised as earned and receivable on normal commercial terms.

Trade and other debtors as at 30 June 2004, include the following:

- § Funding receivable from the National Secretariat for the Pharmacy Assistant Pilot Project amounting to \$106,937, and
- § Funding receivable from the National Secretariat Fighting Fund for costs associated with the National Competition Council Campaign amounting to \$41,544.

Note 14: Auditors' Remuneration

	2004	2003
	\$	\$
Auditors' remuneration		
Audit	2,400	2,200
Other services	-	-
	<u>2,400</u>	<u>2,200</u>

**The PHARMACY GUILD of AUSTRALIA
ACT BRANCH**

Notes to the Financial Statements

Note 15: Lease Expenditure Commitments

Operating Leases	2004	2003
	\$	\$
Minimum lease payments		
- not later than one year	13,125	13,125
- later than one year and not later than five years		13,125
- later than five years		
Aggregate lease expenditure	<u>13,125</u>	<u>26,250</u>

These commitments represent payments due for leased premises made under a non-cancellable operating lease.

Note 16: International Financial Reporting Standards

The ACT Branch has commenced transitioning its accounting policies and financial reporting from current Australian Standards to Australian equivalents of International Financial Reporting Standards (IFRS). The ACT Branch has allocated internal resources to identify and conduct impact assessments to isolate key areas that will be impacted by the transition to IFRS. As the ACT Branch has a 30 June year-end, consideration will also be given to the preparation of an opening balance sheet in accordance with AASB equivalents to IFRS at 1 July 2004. This will form the basis of accounting for Australian equivalents of IFRS in the future, and is required when the ACT Branch prepares its first fully IFRS compliant financial report for the year ending 30 June 2006.

It is not expected that there will be a material impact as a result of adoption of IFRS.