



**Australian Government**  
**Australian Industrial Registry**

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Mr Kenneth Cox  
Branch Vice President  
The Pharmacy Guild of Australia  
ACT Branch  
PO Box 13  
DEAKIN WEST ACT 2600

Dear Mr Cox,

**Re: Schedule 1B of the Workplace Relations Act 1996 (the RAO Schedule)  
Financial reports for year ended 30 June 2005 - FR2005/267**

Thank you for the financial reports of the ACT Branch of the Pharmacy Guild of Australia for year ended 30 June 2005. The documents were lodged in the Industrial Registry on 4 October 2005.

The documents have been filed.

I notice under Note 4(b) (Expenses) of the Notes to the Financial Statements that the item 'Donations' totals \$4,955. Section 237 of Schedule 1B requires that an organisation or branch shall, as soon as practicable after the end of the financial year, lodge with the Registrar a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding \$1,000 made by the organisation or branch during the financial year. If any single donation exceeds \$1,000 then the Branch is required to lodge the relevant particulars set out in subsection 237(6) for each such donation. Obviously, no action is required if any single donation did not exceed \$1,000.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'R. Pfeiffer'.

Robert Pfeiffer  
Statutory Services Branch, Melbourne

21 November 2005

FR 2005/267



The PHARMACY GUILD of AUSTRALIA  
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**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 31 August 2005; and
- that the full report was presented to a general meeting of members of the reporting unit on 26 September 2005 in accordance with section 266 of the RAO Schedule.

Kenneth Cox  
Vice President  
28 September 2005



The PHARMACY GUILD of AUSTRALIA  
ACT BRANCH

# The Pharmacy Guild of Australia A C T Branch

Financial Report  
For the Year Ended 30 June 2005

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**The PHARMACY GUILD of AUSTRALIA  
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**OPERATING REPORT**

I, Kenneth Cox being the designated officer responsible for preparing this report for the financial year ended 30 June 2005 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) The ACT Branch continues its campaign to protect community pharmacy from supermarkets establishing pharmacies in store in the ACT. The implementation of the Pharmacy Protection Campaign encompasses a considerable amount of time and effort in protecting community pharmacy in the ACT as well as ensuring ownership principles are retained in the new ACT Health Professionals legislation.
- (vii) The ACT Branch administers 3<sup>rd</sup> Agreement funded Medication Management Review, Pharmacy Liaison Officer and Quality Care Pharmacy programs.

**(b) Significant changes to the principal activities of the ACT Branch:**

- (i) The *Pharmacy Medicines* and *Pharmacist Only Medicines* Training Program Pilot was successfully implemented and completed during the period.
- (ii) The Pharmacy Liaison Officer position (under QCPP) was established in July 2004 to conduct Standard Maintenance Assessment visits.
- (iii) The ACT Branch's Training Division was transferred in March 2005 to operate under the control of the Guild's National Office in order to streamline the activities of the ACT Branch and ensure compliance with training industry requirements. This has allowed a greater concentration of ACT Branch resources in the area of protecting community pharmacy.

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**Operating Report (continued)**

**(c) Significant changes to the financial affairs of the ACT Branch:**

- (i) In order to cover the costs associated with the extensive Pharmacy Protection Campaign activities, the ACT Branch continued to receive financial support provided by the Guild's National Office through the member levy held in the Guild's fighting fund.
- (ii) The costs associated with the implementation of the *Pharmacy Medicines* and *Pharmacist Only Medicines* Training Program Pilot were offset by funding received from the Commonwealth Department of Health and Aged Care.
- (iii) Funding was received for the Broadband for Health (BB4H), Barcode Reader Reimbursement projects and the Why all the Questions? Campaign.
- (iv) The transfer of the Branch's Training Division to the National Office saw a reduction in costs across the board but specifically in the area of salaries. The transfer saw the recognition of all outstanding provisioned funding as income in this financial year's accounts.

**(d) 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. A notice of resignation from membership takes effect:
  - ◆ where the member ceases to be eligible to become a member of the Guild;
  - ◆ on the day on which the notice is received by the Guild; or
  - ◆ on the day specified in the notice, which is a day not earlier than the day when the member ceases to be eligible to become a member;
- whichever is later, or in any other case:
  - ◆ at the end of three months after the notice is received by the Guild; or
  - ◆ on the day specified in the notice;
- whichever is later.
- (ii) The register of members of the organisation was maintained in accordance with the RAO.

**(e) Prescribed and other information:**

- (i) As at 30 June 2005 to which this report relates the number of members of the organisation was 52 including Honorary Life Members. Nominals and Associates totalled 7.
- (ii) As at 30 June 2005 the total number of employees employed by the reporting entity was 4 including 2 casual staff.

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**Operating Report (continued)**

(iii) During the reporting period the following persons were members of the ACT Branch Committee of Management for the whole period unless stated otherwise:

Patrick Reid	Branch President
Kenneth Cox	Branch Vice President – Finance
Matthew Develin	Branch Vice President
Peter Downing	
Jim Atkinson	
Patrick White	
Amanda Galbraith	joined 12 July 2004



**Kenneth Cox**  
**Branch Vice President – Finance**  
**23 August 2005**

**The PHARMACY GUILD of AUSTRALIA  
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**Committee of Managements' Certificate**

I, Kenneth Cox (Vice-President) 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 2005:

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

- (a) the financial statements and notes comply with 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 30 June 2005;
- (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 Branch Committee, 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.



Kenneth Cox  
Branch Vice-President - Finance  
Canberra  
23 August 2005

## **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 and the operating report for the Pharmacy Guild of Australia ACT Branch (the ACT Branch), for the year ended 30 June 2005.

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. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

#### **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 2005, 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

Chartered Accountant

Canberra

Date: 23 August 2005

The PHARMACY GUILD of AUSTRALIA  
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**Statement of Financial Performance  
for the Year Ended 30 June 2005**

	<i>Note</i>	<b>2005</b>	<b>2004</b>
		\$	\$
<b>REVENUES FROM ORDINARY ACTIVITIES</b>	3	595,371	535,415
Remuneration and employee benefits expense	4(a)	228,115	265,387
Depreciation expense		7,331	4,190
Other expenses from ordinary activities	4(b)	<u>367,860</u>	<u>244,060</u>
<b>SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE</b>		(7,935)	21,778
<b>INCOME TAX EXPENSE RELATING TO ORDINARY ACTIVITIES</b>	1 (d)	<u>-</u>	<u>-</u>
<b>SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES AFTER INCOME TAX</b>		<u>(7,935)</u>	<u>21,778</u>
<b>SURPLUS/(DEFICIT) ATTRIBUTABLE TO THE MEMBERS OF PHARMACY GUILD OF AUSTRALIA ACT BRANCH</b>		<u>(7,935)</u>	<u>21,778</u>
<b>TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS ATTRIBUTABLE TO MEMBERS OF PHARMACY GUILD OF AUSTRALIA ACT BRANCH</b>		<u>(7,935)</u>	<u>21,778</u>

The PHARMACY GUILD of AUSTRALIA  
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**Statement of Financial Position  
as at 30 June 2005**

	<i>Note</i>	<b>2005</b> \$	<b>2004</b> \$
<b>CURRENT ASSETS</b>			
Cash	9 (a)	177,644	131,339
Trade and other receivables	5	73,951	191,993
Inventory		<u>2,758</u>	<u>1,854</u>
<b>TOTAL CURRENT ASSETS</b>		<u>254,353</u>	<u>325,186</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	<u>18,306</u>	<u>15,475</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>18,306</u>	<u>15,475</u>
<b>TOTAL ASSETS</b>		<u>272,659</u>	<u>340,661</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	73,955	115,222
Provision for employee benefits	8	17,089	14,644
Revenue received in advance		<u>5,950</u>	<u>31,130</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>96,994</u>	<u>160,996</u>
<b>NON - CURRENT LIABILITIES</b>			
Provision for employee benefits	8	<u>7,713</u>	<u>3,778</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>7,713</u>	<u>3,778</u>
<b>TOTAL LIABILITIES</b>		<u>104,707</u>	<u>164,774</u>
<b>NET ASSETS</b>		<u>167,952</u>	<u>175,887</u>
<b>EQUITY</b>			
Accumulated surpluses	12	<u>167,952</u>	<u>175,887</u>
<b>TOTAL EQUITY</b>		<u>167,952</u>	<u>175,887</u>

**The PHARMACY GUILD of AUSTRALIA  
ACT BRANCH**

**Statement of Cash Flows  
for the Year Ended 30 June 2005**

	<i>Note</i>	<b>2005</b>	<b>2004</b>
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		735,271	431,571
Payments to suppliers and employees		(667,664)	(438,966)
Interest received		9,235	7,010
GST paid		<u>(20,375)</u>	<u>(29,824)</u>
<b>NET CASH FLOWS FROM /(USED IN) OPERATING ACTIVITIES</b>	9(b)	<u>56,467</u>	<u>(30,209)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		<u>(10,162)</u>	<u>(12,819)</u>
<b>NET CASH FLOWS (USED IN) INVESTING ACTIVITIES</b>		<u>(10,162)</u>	<u>(12,819)</u>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		46,305	(43,028)
Add opening cash brought forward		131,339	174,367
<b>CLOSING CASH CARRIED FORWARD</b>	9(a)	<u><u>177,644</u></u>	<u><u>131,339</u></u>

**The PHARMACY GUILD of AUSTRALIA  
ACT BRANCH**

**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.

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## 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:	<b>2005</b>	2004
Plant & Equipment:		
- office equipment	3 years	3 years

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## 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).

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## Notes to the Financial Statements

### Note 3: Revenues from Ordinary Activities

	2005	2004
	\$	\$
<b>Revenues from Operating Activities</b>		
Subscriptions from members	98,227	93,572
Commissions	72,623	84,152
National Training Programs	57,205	46,193
Campaign funding (NCC & PPC)	15,250	42,448
Merchandising	16,423	15,373
Professional Services (MMR, PLO, QCPP, PAPP)	221,187	137,278
Project Income (BB4H, BRRP, WATQ)	32,308	-
Training Pharmacists	9,920	19,630
Consultancy Fees	47,047	45,930
Total revenues from operating activities	<u>570,190</u>	<u>484,576</u>
<b>Revenues from Non-Operating Activities</b>		
Interest earned on investments	9,235	7,010
Other income	15,946	43,829
Total revenues from non-operating activities	<u>25,181</u>	<u>50,839</u>
<b>Total revenues from ordinary activities</b>	<u><u>595,371</u></u>	<u><u>535,415</u></u>

### Note 4: Expenses

#### (a) Remuneration and employee benefits expense

Remuneration to employees	210,950	248,153
Superannuation	17,165	17,234
<b>Total remuneration and employee expenses</b>	<u><u>228,115</u></u>	<u><u>265,387</u></u>

#### (b) Other expenses from ordinary activities

Annual Dinner	6,552	6,587
Professional services (MMR, QCPP)	12,912	14,315
General Administration	40,210	42,277
Meetings/Conferences	5,361	8,383
Donations	4,955	-
Insurance	14,378	13,165
Legal Fees	-	2,496
Merchandising	6,184	4,244
Motor vehicle expenses	-	90
Membership subscriptions (paid to National Secretariat)	62,136	59,528
Payroll tax	13,878	13,734
PAPP expenses (excluding employee costs)	147,875	-
Printing and stationery	9,274	6,595
Remuneration to auditors	3,500	2,400
Rental expense	24,034	26,350
Telephone and communication	8,806	4,820
Training Pharmacists	7,805	16,652
Other expenses	-	22,423
<b>Total other expenses from ordinary activities</b>	<u><u>367,860</u></u>	<u><u>244,060</u></u>

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**Notes to the Financial Statements**

	<b>2005</b>	<b>2004</b>
	\$	\$
<b>Note 5: Trade and other debtors</b>		
Trade debtors	59,447	172,382
Other debtors	2,340	2,467
Other financial assets	7,179	9,691
GST credits available	4,985	7,453
	<u>73,951</u>	<u>191,993</u>
 <b>Note 6: Property, plant and equipment</b>		
Office equipment - at cost	34,428	24,266
Provision for depreciation	(16,122)	(8,791)
	<u>18,306</u>	<u>15,475</u>
 <b>(a) Reconciliation of movements</b>		
<i>Property, plant and equipment</i>		
Carrying amount at beginning	15,475	6,846
Additions	10,162	12,819
Disposals	-	-
Depreciation expense	(7,331)	(4,190)
	<u>18,306</u>	<u>15,475</u>
Carrying amount at end	<u>18,306</u>	<u>15,475</u>
 <b>Note 7: Trade and other creditors</b>		
Trade creditors	20,361	23,563
Accrued expenses	11,176	3,046
Salaries payable	-	35,130
GST payable	4,981	23,801
PAYG payable	10,406	15,890
Payroll Tax payable	229	13,734
Credit Card payable	4,768	-
Unspent Program Funds (MMR, PLO)	21,808	-
Other	226	58
	<u>73,955</u>	<u>115,222</u>

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## Notes to the Financial Statements

### Note 8: Employee Benefits

The aggregate employee entitlement liability comprises:

	<b>2005</b>	<b>2004</b>
	\$	\$
Accrued wages, salaries, and on costs	4,640	3,046
Provisions - current	17,089	14,644
- non-current	<u>7,713</u>	<u>3,778</u>
	<u><u>29,442</u></u>	<u><u>21,468</u></u>
 Number of employees at the end of the financial year	 4	 3

### Note 9: Statement of Cash Flows

#### (a) Reconciliation of cash

Cash balance comprises

Cash on hand	100	100
Cash at bank	<u>177,544</u>	<u>131,239</u>
Closing cash balance	<u><u>177,644</u></u>	<u><u>131,339</u></u>

#### (b) Reconciliation of operating surplus after tax to the net cash flows from operations

Operating surplus	(7,935)	21,778
Non cash items		
Depreciation	7,331	4,190
Changes in assets and liabilities		
Decrease / (Increase) in trade and other debtors	115,530	(168,590)
Decrease / (Increase) in prepayments	2,512	(9,691)
Decrease / (Increase) in inventory	(904)	(879)
Increase / (Decrease) in trade and other creditors	(41,267)	94,208
Increase / (Decrease) in revenue received in advance	(25,180)	19,862
Increase / (Decrease) in employee benefits	<u>6,380</u>	<u>8,913</u>
Net cash flows from operating activities	<u><u>56,467</u></u>	<u><u>(30,209)</u></u>

**The PHARMACY GUILD of AUSTRALIA  
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## **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:

<b>Recognised Financial Instruments</b>	<b>Balance Sheet Notes</b>	<b>Accounting Policies</b>	<b>Terms and Conditions</b>
<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.
<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.

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**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	
			1 year or less		Over 1 to 5 years		More than 5 years							
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
		\$		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>(i) Financial assets</b>														
Cash	177,544	131,239	-	-	-	-	-	-	100	100	177,644	131,339	5.45%	5.20%
Receivables - Trade and others	-	-	-	-	-	-	-	-	73,951	191,993	73,951	191,993	N/A	N/A
Total financial assets	177,544	131,239	-	-	-	-	-	-	74,051	192,093	251,595	323,332		

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

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**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	
			1 year or less		Over 1 to 5 years		More than 5 years							
	2005 \$	2004 \$	2005 \$	2004 \$	2005 \$	2004 \$	2005 \$	2004 \$	2005 \$	2004 \$	2005 \$	2004 \$	2005 \$	2004 \$
<b>(i) Financial liabilities</b>														
Trade and sundry creditors	-	-	-	-	-	-	-	-	52,147	115,222	52,147	115,222	N/A	N/A
Total financial Liabilities	-	-	-	-	-	-	-	-	52,147	115,222	52,147	115,222		

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

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**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**

	<b>2005</b>	<b>2004</b>
	<b>\$</b>	<b>\$</b>
Balance at the beginning of the year	175,887	154,109
Surplus/(deficit) for the year	<u>(7,935)</u>	<u>21,778</u>
Balance at the end of the year	<u><u>167,952</u></u>	<u><u>175,887</u></u>

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## 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  
Kenneth Cox  
Matthew Develin  
Peter Downing  
Jim Atkinson  
Patrick White  
Amanda Galbraith

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

#### *Transactions with Other Related Parties*

Commission revenue of \$70,283 (2004: \$84,152) was received or receivable at 30 June 2005 from other entities under common control and the National Secretariat. Revenue is recognised as earned and receivable on normal commercial terms.

Other revenue received from the National Secretariat of The Pharmacy Guild of Australia includes the following:

- Funding amounting to \$210,600 for programs including the Pharmacy Liaison Officer and Medication Management Review; projects including the Pharmacy Assistant Pilot, Broadband for Health (BB4H) and Barcode Reader Reimbursement Projects; and the Why All the Questions? campaign;
- Branch support amounting to \$52,700 for items including the Branch Director retainer and the Pharmacy Protection Campaign; and
- Reimbursements amounting to \$16,300 for items including charges against the Quality Care Pharmacy Program.

Trade and other debtors as at 30 June 2005, include the following:

- Funding receivable from the National Secretariat for the Pharmacy Assistant Pilot Project, Broadband for Health and Barcode Reader Reimbursement Program amounting to \$45,672.

The Branch paid \$62,135 (2004: \$59,528) for national dues to the National Secretariat of The Pharmacy Guild of Australia.

Trade creditors as at 30 June 2005, include the following:

- National dues payable due to the National Secretariat amounting to \$665; and
- Promotional materials payable due to the Queensland Branch of The Pharmacy Guild of Australia amounting to \$2,820.

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**Notes to the Financial Statements**

**Note 14: Auditors' Remuneration**

	<b>2005</b>	<b>2004</b>
	\$	\$
Auditors' remuneration		
Audit	3,500	2,400
Other services	2,000	-
	<u>5,500</u>	<u>2,400</u>

**Note 15: Lease Expenditure Commitments**

<b>Operating Leases</b>	<b>2005</b>	<b>2004</b>
	\$	\$
Minimum lease payments		
- not later than one year	-	13,125
- later than one year and not later than five years	-	-
- later than five years	-	-
<b>Aggregate lease expenditure</b>	<u>-</u>	<u>13,125</u>

There is no operating lease in regard to the ACT Branch premises due to a month-by-month arrangement for rent payable to the National Secretariat of The Pharmacy Guild of Australia. In the prior year, rental commitments were represented by payments due under a non-cancellable operating lease.

**Note 16: International Financial Reporting Standards**

The ACT Branch of the Pharmacy Guild of Australia is in the process of transitioning its accounting policies and financial reporting from current Australian Accounting Standards (AGAAP) to Australian equivalents of International Financial Reporting Standards (AIFRS) which will be applicable for the financial year ended 30 June 2006. In 2004 the ACT Branch allocated internal resources to identify and conduct impact assessments to isolate key areas that will be impacted. Priority has been given to the preparation of an opening balance sheet in accordance with AIFRS as at 1 July 2004, the ACT Branch's transition date. 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.

Set out below are the key areas where accounting policies are expected to change on adoption of AIFRS and our best estimate of the quantitative impact of the changes.



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## Notes to the Financial Statements

### Note 16: International Financial Reporting Standards (continued)

The actual effects of transition to AIFRS may differ from the estimates disclosed due to :

- a) Ongoing work being undertaken by the ACT Branch;
- b) Potential amendments to AIFRSs and interpretations thereof being issued by the standard-setters and IFRIC; and
- c) Emerging accepted practice in the interpretation and application of AIFRS and UIG interpretations.

Under AASB 136 *Impairment of Assets* the ACT Branch will assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the ACT Branch will estimate the recoverable amount of the asset. This differs from the ACT Branch's current accounting policy where asset's are not required to be assessed for indicators of impairment. At the date of transition, and at 30 June 2005, the ACT Branch does not believe there are is any indication of impairment and therefore no recoverable amount has been determined.

Management has decided to apply the exemption provided under in AASB1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* which permits entities not to apply the requirements of AASB 132 *Financial Instruments: presentation and Disclosures* and AASB 139 *Financial Instruments: Recognition and Measurement* for the year ended 30 June 2005. The standards will be applied from 1 July 2005. Management is in the process of determining the impact, if any, that adopting the standard would have on the financial statements.